

**A MEETING OF THE
BOROUGH OF TELFORD & WREKIN**

**Will be held at THE PLACE,
OAKENGATES, TELFORD TF2 6ET
on THURSDAY, 28 FEBRUARY 2019
at 6.00pm**

**All Members are summoned to attend for the transaction
of the under mentioned business**

Assistant Director Governance, Procurement & Commissioning

AGENDA

1. **Prayers**
2. **Apologies for Absence**
3. **Declarations of Interest**
4. **Minutes of the Council**
To confirm the minutes of the meeting of the Council held on
17 January 2019 (A1) and the extraordinary meeting of the
Council on 18 February 2019 (A2).

Appendix **A1**
To Follow
Appendix **A2**
To Follow

5. **Leader's Report & Announcements**

The Leader of the Council may give an oral report on matters of significance to the Borough, comment upon the Cabinet decisions or make any announcements.

6. **Mayor's Announcements**

To note the Mayoral Engagements undertaken since the Council meeting held on 17 January 2019.

Appendix B
White
Pages 5-7

7. **Public Questions**

To receive any questions from the public which have been submitted under Council Procedure Rules 7.11 and 7.12. The session will last no more than 15 minutes with a maximum of 2 minutes allowed for each question and answer. Questions can be asked of The Leader and Cabinet Members.

None received.

8. **Cabinet Decisions Made Since the Last Meeting of the Council**

To receive the report on the Cabinet decisions made since publication of the last Council meeting agenda. Cabinet Members may speak on these decisions and Members may ask questions about key decisions of the relevant Cabinet Member for the purposes of clarification only. Members are asked to note the additional delegations to officers granted at those meetings.

Appendix C
White
Pages 8-9

9. **Recommendations from Cabinet**

Cabinet – 14 February 2019

(i) **2018/19 Financial Management Report**

Recommended that the transfers to reserves set out in section 5.1 of the report be approved and authority be delegated to the Managing Director after consultation with the Cabinet Member for Finance, Commercial Services and Economic Development to allocate this funding to specific projects.

Appendix D
Yellow
Pages 10-12

10. **Service and Financial Planning 2019/20 to 2021/22**

To consider the reports listed below which are contained within the separate Budget document enclosed with the agenda. Reports E1 to E4 were considered by Cabinet on 14 February 2019 for recommendation to Council for approval.

Appendix E1-4
Yellow Pages

- a) Overview & Revenue Budget (E1)
- b) Capital Strategy and Programme (E2)
- c) 2019/20 Investment and Treasury Management Strategies & 2018/19 Treasury Management Update (E3)

Appendix E5
White Pages

- d) Prudential Indicators (E4)
- e) Council Tax Formal Resolutions for 2019/20 (E5)

11. Questions

To answer questions received under Council Procedure Rule 6.2.

NB *In accordance with the provisions of Council Procedure Rule 6.2.9 there will be a maximum of 30 minutes allowed for questions and answers. Any question not answered within the 30 minute time limit will receive a written reply within 5 working days.*

12. Notices of Motion

- (i) Councillor R A Overton will propose the following Motion:-

“Telford and Wrekin Council notes with concern West Mercia Police has been subjected to ruthless government cuts since 2010

- £70m reduction in funding from government since 2010.
- A 13% reduction in workforce
- 20% reduction in community Support officers
- 16% reduction in front line police officers losing over 300 officers in 7 years
- police calls are no longer answered from a local call centre based in Shropshire
- reduction in police station opening hours

Since 2010 in Telford and Wrekin

- crime has increased by 35% (3,973 offences). This was almost twice the rate of increase in the number of recorded offences for England and Wales as a whole (18%).
- violence against a person increased by 216%
- robbery up by 10%
- possession of a weapon up by 146%
- public order offences up by 147%

This Council notes with concern that, despite local police officers and leaders working hard, cuts to policing budgets by this government is letting down Telford and Wrekin residents.

This Council also recognises that despite increases in council tax by the PCC for new police officers, there will be no new police officers on our streets in Telford & Wrekin.

This Council is deeply alarmed that government cuts are putting our community at risk. We therefore call on Government to provide fair funding to West Mercia Police.”

The Motion will be seconded by Councillor G C W Reynolds.

(ii) Councillor W L Tomlinson will propose the following Motion:-

“To help protect the most vulnerable in our society this Council calls for an end to any further reductions in Government grants to this Authority. Furthermore this Council requests our MPs to support this call, lobby the Government and vote against any further cuts.”

The Motion will be seconded by Councillor P J Scott

KEY

Yellow paper	Recommendations from Cabinet to Full Council
White Paper	Reports submitted direct to Full Council
Green Paper	Recommendations from Committees, Boards and Commissions requiring approval by Full Council

FILMING, RECORDING & PHOTOGRAPHY

The Council supports the principle of transparency and encourages filming, recording and taking photographs at its meetings that are open to the public. It also welcomes the use of social networking websites (such as Twitter and Facebook) and micro-blogging to communicate with people about what is happening, as it happens.

There is no requirement to notify the Council in advance, but it should be noted that the Chairman of the meeting will have absolute discretion to terminate or suspend any of these activities if, in their opinion, continuing to do so would prejudice proceedings at the meeting. Full details of the Council’s protocol on audio/visual recording and photography at meetings can be accessed via the following link:

http://www.telford.gov.uk/info/20243/council_meetings/365/filming_photography_recording_and_use_of_social_networking_at_meetings

PUBLIC QUESTIONS

At each Ordinary meeting of the Council a period of 15 minutes will be allocated for public questions. Questions can be asked of The Leader and Cabinet Members. Details of the protocol for public questions can be accessed via the following link:

http://www.telford.gov.uk/info/20243/council_meetings/364/public_questions_at_council_meetings

BOROUGH OF TELFORD & WREKIN

Minutes of the Meeting of the Borough of Telford & Wrekin held on Thursday, 17 January 2019 at 6.00pm at The Place, Oakengates, Telford

Present:

Councillors S L Barnes, K T Blundell, M Boylan, A J Burford, S P Burrell, E J Carter, L D Carter, E A Clare, S Davies, N A Dugmore, A J Eade, A R H England, N A M England, R C Evans, I T W Fletcher, V A Fletcher, J A Francis, E J Greenaway, K R Guy, M B Hosken, J Jones, R T Kiernan, A Lawrence, N C Lowery, C N Mason, A D McClements, R Mehta (Mayor), J C Minor, L A Murray, T J Nelson, R A Overton, J Pinter, G C W Reynolds, S A W Reynolds, S J Reynolds, H Rhodes, K S Sahota, P J Scott, J M Seymour, R J Sloan, C F Smith, M J Smith (Speaker), B D Tillotson, W L Tomlinson, C R Turley, P R Watling and D G Wright

60. Prayers

The Reverend Keith Osmund-Smith expressed new year greetings and said prayers.

61. Apologies for Absence

Councillors S Bentley, C A Furnival, J Loveridge, A A Meredith, and K T Tomlinson.

Councillor J C Ashford was also absent from the meeting.

62. Declarations of Interest

Councillor S Davies declared an interest in minute number 68(i), Youth Justice Plan 2018/19, due to his work as a solicitor occasionally practising in the Youth Court.

Councillor A R H England also declared an interest in minute number 68(i), Youth Justice Plan 2018/19, due to his work in the Youth Court.

63. Minutes of the Council

RESOLVED – that the minutes of the meeting held on 22 November 2018 be confirmed and signed by the Mayor.

Councillor A J Eade requested that the Speaker consider a requisition for an emergency motion to be debated on the topic of Future Fit but the request was declined on the grounds of predetermination of the Joint CCGs decision and that the request was outside of the Constitution.

64. Leader's Report & Announcements

The Leader reflected on the challenges of 2018 but noted a number of highlights in the form of Telford's 50th anniversary and the many associated successful events – he thanked all those involved. Looking ahead, the new year brought new challenges but he was confident in the Council's robust financial management strategy and

successful commercial initiatives. He noted that the Council had designated a record number of local nature reserves and 200 sites under the green guarantee and looked ahead to the implementation of civil parking enforcement. He reflected on the position with regard to hospital configuration and called on the Secretary of State to intervene. He also noted the removal of government grants and urged Councillors to work together.

65. Mayor's Announcements

The Mayor commented upon the engagements he had attended since the meeting on 22 November 2018, in particular noting the numerous events he had attended over the festive period which had included dressing up as Santa Claus for the Princess Royal Hospital. He referred to the successful Charity Golf Day and Christmas Tea Party he had held in support his charity "Building Bridges" and looked forward to the upcoming Mayor's Bollywood Meets Hollywood Charity Ball on Saturday 9 February at the Telford Hotel & Golf Resort.

66. Public Questions

No questions were received.

67. Cabinet Decisions Made Since the Last Meeting of the Council

Members received the report on the Cabinet decisions made since the last meeting of the Council.

Telford & Wrekin Domestic Abuse Strategy 2019-2021

Councillor A D McClements welcomed the strategy and asked if a response had been received from the Secretary of State in relation to the Motion debated at Full Council on 20 September regarding adding domestic abuse to the disqualification criteria for elected members.

Councillor R C Evans confirmed that a letter had been sent to Mr Brokenshire but that no response or acknowledgement had been received; a further letter had been sent.

Councillor A J Eade commented that resourcing for the strategy should be a priority and asked for funding to a greater extent.

Councillor R C Evans noted that there was more funding than it appeared as there was resource input from different departments and partners which was not itemised.

Referencing the foreword of the strategy, Councillor V A Fletcher asked how intervention would take place and how perpetrators of abuse would respond.

Councillor R C Evans referred to the action plan that sat behind the strategy and that officers would be reporting on this to her. She noted that domestic abuse was the responsibility of all but it was more challenging to address when there was less money available to resource tackling the issue and ultimately the government held the biggest responsibility.

Applying for Civil Parking Enforcement Powers

Councillor E J Carter asked for recognition that it was a Conservative motion that brought this issue to the fore.

Councillor R A Overton acknowledged that a Motion had been tabled in July 2016 but that the cost to the Council at that time would have been £200K. The Leader had since successfully negotiated with the Police and Crime Commissioner to provide transitional funding which covered this cost.

Councillor T J Nelson expressed concern that the proposed number of neighbourhood enforcement officers would be sufficient.

Councillor R A Overton noted that the Police were not currently undertaking enforcement hence the application by the Council to take on these powers. Recruitment plans were in place with the proposal being that Officers would also undertake environmental enforcement issues on the basis of education first and not chasing targets for fines.

Councillor P J Scott welcomed the Council's application for CPE powers but also expressed concern at the number of wardens. He asked whether there was any possibility that the powers could be devolved to parishes.

Councillor R A Overton responded that existing partnership agreements with parish and town councils should continue.

Declaration of Dawley Pools and Pit Mounds Local Nature Reserve

Councillor S J Reynolds welcomed the declaration of Local Nature Reserves in the borough alongside the green guarantee and asked whether confirmation could be provided that the Cockshutt would soon be declared a Local Nature Reserve.

Councillor J C Minor advised that consultation was taking place and, subject to the associated financial and legal arrangements, he was hopeful that a declaration would be made regarding this site.

68. Recommendations from Cabinet

Cabinet – 13 December 2018

(i) Youth Justice Plan 2018/19

Councillor P R Watling, Cabinet Member: Children & Adults Early Help & Support, presented the report of the Director of Children's and Adults Services.

RESOLVED that the Youth Justice Plan 2018/19 be approved and endorsed and that the West Mercia YJS responsibilities be noted.

(ii) Telford & Wrekin Domestic Abuse Strategy 2019-2021

Councillor R C Evans, Cabinet Member: People Services, Visitor Economy & Partnerships presented the report of the Assistant Director for Health and Wellbeing together with the Telford & Wrekin Domestic Abuse Strategy 2019-2021 for noting.

Cabinet – 3 January 2019

(iii) 2018/19 Financial Management Report

Councillor L D Carter, Cabinet Member: Finance, Commercial Services and Economic Development, presented the report of the Assistant Director: Finance & HR (Chief Financial Officer).

RESOLVED that the changes to the capital programme as set out in Appendix 1 to the report be approved.

69. Setting of the Council Tax Base for 2019/20

Councillor L D Carter, Cabinet Member: Finance, Commercial Services and Economic Development presented the report of the Assistant Director: Finance & Human Resources (Chief Finance Officer) which determined the Council Tax base for General and Special Fund purposes for 2019/20. Upon being put to the vote, it was unanimously:-

RESOLVED – that

- (a) the calculation of the tax base for 2019/20 as at paragraph 5.8 and Appendix 1 to the report be approved;**
- (b) in accordance with the Local Authorities (Calculation of Council Tax Base) Regulations 2012 (SI 2012:2914), the amount calculated for Telford and Wrekin Council Tax base for 2019/20 for its Special Fund Area shall be as per the appropriate parish amounts detailed in Appendix 1 to the report for the parishes listed in paragraph 5.9 of the report;**
- (c) the policy to exempt young people leaving Council care and living within the Borough from Council Tax as detailed in Appendix 2 to the report be approved; and**
- (d) the changes to the council tax premium on empty dwellings, detailed in paragraph 5.5 of the report be approved.**

70. Questions

The following question was asked under Council Procedure Rule 6.2.2:-

- (a) Councillor Andy Burford asked the following question of Councillor John Minor, Cabinet Member for Leisure, Green Spaces & Parks.**

Dawley Hamlets Parish Council has recently been responsible for the establishment of the Dawley Pools and Pit Mounds Local Nature Reserve. Can the Cabinet Member outline the progress made to date with the creation of Local Nature Reserves (LNRs) across the borough and the role played by Parish and Town Councils in initiating them.

Councillor Minor responded by expressing thanks to Dawley Hamlets Parish Council and Dawley Town Council (particularly Councillors Andy Burford, Concepta Cassar, Alan Scott and Steve Barnes of Dawley Hamlets and Ben Penfold amongst others) who had been central in the establishment of the Dawley Pools and Pit Mounds Local Nature Reserve.

A key part of the Parish Councils' work has been supporting the development of a Local Friends group – who like many others linked with individual LNRs across the Borough, were absolutely central to the maintenance and enhancement of these sites.

The Telford and Wrekin Local Plan identified the potential to declare 17 LNRs. To date, 15 had been approved by this Council including:

- Ketley Paddock Mound
- Apley Woods
- Rough Park
- Randlay Valley
- Lightmoor, and
- Dawley Pools and Pit Mounds

Lillishall Hill would be brought to Cabinet in March.

As a result of action by the Council working with Parish and Town Councils and local communities, the Borough would have three times the national standard LNR provision

These sites would also form one of the largest linked networks of Local Nature Reserves in the West Midlands.

In Telford and Wrekin, Parish and Town Councils played an important role in creating LNRs. Whilst the declaration process was managed at the borough level Parish and Town Councils contributed to consultations on site boundaries, helped in identifying site management requirements and were central to the establishment of friends groups.

Parish and Town Councils also continued to support the sites following declaration. They championed the sites and made financial contributions, which was vital to the management of the sites and being able to attract external funding.

The Council placed great importance on the protection and ensuring access to, the natural environment across the Borough.

The LNR network also supported the Council's commitment to health and wellbeing providing accessible green spaces for the whole community to enjoy.

71. Notice of Motion

None received.

The meeting ended at 6.51pm

Mayor:

Date:

BOROUGH OF TELFORD & WREKIN

Minutes of the Meeting of the Borough of Telford & Wrekin held on Monday, 18 February 2019 at 6.00pm at The Place, Oakengates, Telford

Present:

Councillors J C Ashford, S Bentley, K T Blundell, M Boylan, A J Burford, S P Burrell, E J Carter, L D Carter, E A Clare, G H Cook, S Davies, N A Dugmore, A J Eade, A R H England, N A M England, R C Evans, I T W Fletcher, V A Fletcher, J A Francis, C A Furnival, E J Greenaway, M B Hosken, R T Kiernan, A Lawrence (from 6.22pm), J Loveridge, N C Lowery, C N Mason, A D McClements, R Mehta (Mayor), L A Murray, T J Nelson, R A Overton, J Pinter, G C W Reynolds, S A W Reynolds, S J Reynolds, H Rhodes, K S Sahota, P J Scott, J M Seymour, R J Sloan, C F Smith, M J Smith (Speaker), B D Tillotson, K T Tomlinson, W L Tomlinson, C R Turley, P R Watling and D G Wright

72. Apologies for Absence

Councillors S L Barnes, K R Guy, J Jones, A A Meredith, and J C Minor

73. Declarations of Interest

None.

74. Notice of Motion

Councillor A J Burford moved the following Motion:

“This Council is disappointed by the decision of the Joint Committee of Telford & Wrekin and Shropshire Clinical Commissioning Groups on 29 January 2019 to proceed with recommendations contained in the Decision-Making Business Plan. This is the wrong decision for the people of Telford & Wrekin. This Council is of the opinion that this decision has not been properly consulted upon and is not in the interests of the health services in Telford & Wrekin.

Accordingly this Council should formally report this decision to the Secretary of State and ask for him to review the decision of the Joint Committee in accordance with the powers contained in the Local Authority (Public Health, Health and Wellbeing Boards and Health Scrutiny) Regulations 2013.

Council is asked to agree to this referral and delegate the submission of the referral to the Managing Director in consultation with the Leader.”

The Motion was seconded by Councillor S Davies.

In proposing the Motion, Councillor Burford particularly noted the two points of referral set out in the Motion ie the inadequacy of the consultation that had taken place in that it was not consistent with the Gunning Principles and that the decision was not in the interests of the health service in the area. With regard to this latter

point, Councillor Burford noted the position with regard to the Women's and Children's Unit and Accident and Emergency Department, reflected on the Programme Board's lack of focus on the community and primary care services that would be needed to make Future Fit work, considered conversations Scrutiny had held with local GPs, noted the introduction of Urgent Treatment Centres and detailed his fears over the potential for further downgrade of services in the future as a result of the decision.

Members were supportive of the sentiments of the Motion, focussing comments on the need for political parties to work together and work with MPs and prominent campaigners, the need for services in the local community, the inadequacy of the consultation and the public response to it and the impact on out of county services.

At the conclusion of the debate, a vote was taken and it was unanimously:

RESOLVED - that the motion be approved.

The meeting ended at 6.41pm

Mayor:

Date:



MAYORAL ENGAGEMENTS
07 January 2019 – 16 February 2019

January	07	M	Ironbridge Opening with BBC One Show broadcast at Ironbridge Gorge
	09	M	Queensway School Art Competition Presentation at Queensway School South, Hinkshay Road, Dawley, Telford
	10	M	The Farmstead Management Team Introduction at The Farmstead, Bryce Way, Lawley Village, Telford
	11	M	Consul General of India World Hindi Day at 20 Augusta Street, Jewellery Quarter, Hockley, Birmingham
	13	M	Polish Centre Charity Event at The Place, Oakengates Theatre
	14	M	Visit to Wrekin College at Wrekin College, Sutherland Road, Telford
	19	M	Indian Community Interaction Session at Community Hall, Shri Venkateshwara (Balaji) Temple, 101 Dudley Road East, Tividale, West Midlands
	23	M	Citizenship Ceremony at Register Office, Wellington Civic & Leisure Centre
	24	M	St Patricks School Christmas Card Competition Presentation at St Patricks Catholic Primary School, North Road, Telford.
	25	M	Holocaust Memorial Day Addenbrooke House, Ironmasters Way, Telford
		M	Visit to The Children's Society at 9 Market Street, Wellington, Telford
	26	M	Consul General of India 70 th Republic Day Celebration at Augusta Street, Jewellery Quarter, Hockley, Birmingham

- M** AccessAble Activity Group at Meeting Point House, Southwater
- M** 7 Academy of Performing Arts Annual Production at The Edge Arts Centre, Farley Road, William Brookes School, Much Wenlock
- 27 M** Celebratory Afternoon Tea at Maws Craft Centre, Ferry Road, Jackfield
- 28 M** Visit to Lawley Primary School at Off Arleston Lane, Telford
- M** Building Bridges Badge Walkabout at Addenbrooke House, Darby House and Wellington
- 30 M** University of Wolverhampton Telford Development Dinner at Telford innovation Campus Wilkinson Room, Priorslee House, Telford
- 31 M** T50 Community Buildings & Facilities Fund Plaque Handover at Horsehay Village Hall, 3 Bridge Road, Horsehay, Telford
- M** T50 Community Buildings & Facilities Fund Plaque Handover at Priorslee Pre-School, Priorslee Community Centre, Priorslee Avenue, Priorslee, Telford
- February 01 M** PRH Accommodation Refurb Photocall at Princess Royal Hospital, Apley Castle
- M** Ladygrove Primary School Visit at Old Office Road, Telford
- 05 M** Charity Ball Photocall at Telford Hotel & Golf Resort, Great Hay Drive, Sutton Heights, Telford
- 07 M** Better Homes for All Awards at Holiday Inn, St Quentin's Gate, Telford
- 08 M** Visit to Ricoh Ltd at Ricoh Ltd, Priorslee, Telford

- 09 M** Mayors Bollywood meets Hollywood Charity Ball at Telford Hotel & Golf Resort, Great Hay Drive, Sutton Heights, Telford

- 16 M** Sponsored Walk for Mad about Harry Campaign at The Wrekin, Wellington, Telford

TELFORD & WREKIN COUNCIL

COUNCIL – 28 FEBRUARY 2019

MATTERS DETERMINED BY THE CABINET

REPORT OF CABINET – FOR INFORMATION ONLY

1.0 INTRODUCTION

This report sets out those matters determined by the Cabinet at its meeting on 14 February 2019.

2.0 CABINET BUSINESS

Matters that have been determined by Cabinet are listed below:

	2.1	<u>14 February 2019</u>
K C	2.1.1	2018/19 Financial Management Report
K C	2.1.2	Service & Financial Planning 2019/20 – 2021/22
K	2.1.3	CSE Inquiry Update
K	2.1.4	Superfast Telford Broadband Programme
K	2.1.5	School Admission Arrangements 2020

Key

K	= Key Decisions
NK	= Non-Key Decisions
E	= Exempt Items
PE	= Part Exempt Item
C	= Council
PC	= Part Recommendation to Council

3.0 DELEGATION OF POWERS GRANTED BY THE CABINET

REPORT HEADING	DELEGATION GRANTED TO	DETAIL OF DELEGATION GRANTED
School Admission Arrangements 2020	Assistant Director, Education and Corporate Parenting	To implement these arrangements for all community and voluntary controlled schools at the main points of entry (i.e. Reception, Year 3 for junior schools, and Year 7 for transfer from primary to secondary school) from September 2020.

**LEGAL COMMENT
FINANCIAL COMMENT
LINKS WITH
CORPORATE
PRIORITIES
RISKS AND
OPPORTUNITIES
ENVIRONMENTAL
IMPACT
EQUALITY & DIVERSITY
WARD IMPLICATIONS**

As described in each report considered by Cabinet.
Copies of all reports have been previously circulated to
all Members of the Council.

TELFORD & WREKIN COUNCIL
COUNCIL – 28 FEBRUARY 2019
2018/19 FINANCIAL MANAGEMENT REPORT
REPORT OF THE ASSISTANT DIRECTOR: FINANCE & HR (CHIEF FINANCIAL OFFICER)
LEAD CABINET MEMBER: CLLR LEE CARTER

PART A) – SUMMARY REPORT

1.0 SUMMARY OF KEY ISSUES

1.1 The Financial Management report to Cabinet on 14 February 2019 provided an updated projection for the 2018/19 year end which showed a significant balance remaining in the corporate budget contingency together with the benefit from a successful VAT claim for £2.673m. The report recommended that part the balance is earmarked for investment in key community priorities and to support future budget strategies. These transfers to reserves are now presented for approval by Full Council.

1.2 SUMMARY

The detailed approvals required by Council are listed in Section 5.

2.0 RECOMMENDATION

2.1 Members are asked to approve the transfers to reserves set out in section 5.1 and to delegate authority to the Managing Director after consultation with the Cabinet Member for Finance, Commercial Services and Economic Development to allocate this funding to specific projects;

3.0 SUMMARY IMPACT ASSESSMENT

COMMUNITY IMPACT	Do these proposals contribute to specific Priority Plan objective(s)?	
	Yes	Delivery of all priority objectives depend on the effective use of available resources.
	Will the proposals impact on specific groups of people?	
	No	
TARGET COMPLETION/DELIVERY DATE	The capital programme will be immediately updated to reflect the new approvals.	
FINANCIAL/VALUE FOR MONEY IMPACT	Yes	Financial impacts arising from this report will be reflected in future

		financial management reports and built into the service and financial planning strategy for 2019/20 and beyond
LEGAL ISSUES	No	None directly arising from this report. The S151 Officer has a statutory duty to monitor income and expenditure and take action if overspends /shortfalls emerge.
OTHER IMPACTS, RISKS & OPPORTUNITIES	No	Budget holders actively manage their budgets, both revenue and capital, and the many financial risks and challenges that council services face, examples include the risk of a particularly harsh winter which would impact adversely on the winter gritting and adult social care budgets, the increasing dependency on income from a wide range of activities and the risk of interest rate movements. The Council has comprehensive risk management arrangements in place and an appropriate level of contingency within its revenue budget and actively seeks opportunities for additional external funding which would assist in delivering Council objectives.
IMPACT ON SPECIFIC WARDS	No	Borough Wide

4.0 PREVIOUS MINUTES

Cabinet 14/02/2019 – 2018/19 Financial Management Report

PART B) – ADDITIONAL INFORMATION

5.0 PROPOSED INVESTMENTS

5.1 The following transfers to reserves are proposed:

	£m
Pride in Your High Street	1.000
Pride in Our Community	1.000
Funding to support initiatives with public transport operators and other partners on a range of options potentially including demand responsive transport to serve the main industrial estates and a young person's fare offer.	0.300
Funding to support a range of initiatives including- <ul style="list-style-type: none"> • Promotion of physical activity, • Supporting green spaces and rights of way, • Support for Armed Forces personnel, 	1.300

<ul style="list-style-type: none"> • Campaigns such as support for the retention of services at the Princess Royal Hospital, Business Winning & Business Supporting, recruitment of Foster Carers etc. and • Support for people affected most by the continuing impacts of austerity. 	
Invest To Save/Capacity Fund – which is integral to the delivery of the Council’s service and financial planning strategy funding one-off costs necessary to achieve long term financial sustainability and meeting resource pressures	1.223
VAT/Taxation Reserve – setting aside part of the VAT refund as a contingency to meet any unforeseen taxation costs which may arise in future	0.450
Total	5.273

6.0 BACKGROUND PAPERS

2018/19 Budget Strategy / Financial Ledger reports

Report Prepared by:

Ken Clarke, Assistant Director: Finance & HR (C.F.O.) – 01952 383100; Pauline Harris, Finance Manager – 01952 383701



Telford & Wrekin
C O U N C I L

FULL COUNCIL – 28 FEBRUARY 2019

SERVICE & FINANCIAL PLANNING 2019/20 TO 2021/22

Summary of Recommendations		p 2
Overview and Revenue Budget	Appendix E1	p 6
Capital Strategy and Programme	Appendix E2	p 288
2019/20 Investment and Treasury Management Strategies & 2018/19 Treasury Management Update	Appendix E3	p 358
Prudential Indicators	Appendix E4	p 410
Council Tax Formal Resolutions 2019/20	Appendix E5	p 420

COUNCIL – 28 FEBRUARY 2019
SERVICE & FINANCIAL PLANNING 2019/20- 2021/22
SUMMARY OF RECOMMENDATIONS

RECOMMENDATIONS – E1

1. To agree the service and financial planning strategy for 2019/20 set out in this set of reports, linked to the period of the current Comprehensive Spending Review, the local authority funding settlement from the Ministry for Housing, Communities & Local Government and the uncertainties surrounding future financial arrangements for local authorities.
2. To reaffirm the previous decision that Council Tax should be increased by 3.2% (made up of 2% in respect of the Government's Adult Social Care Precept and a general Council Tax increase of 1.2%) in both 2018/19 and 2019/20.
3. To invest a further £0.842m in to Adult Social Care services, which is over and above the £0.77m built in to the budget model for 2019/20 for Adult Social Care in March 2018.
4. To invest £3.296m more in to Children's Safeguarding & Family Support to protect vulnerable children. This investment comes on top of £0.75m for children's safeguarding built in to the budget model for 2019/20 in March 2018. To invest a further £0.847m in a contingency specifically to address any further cost pressures facing these services during 2019/20.
5. To invest £0.330m to be able to maintain existing subsidised bus routes.
6. To continue work to deliver the budget savings totalling £6.064m in 2019/20 that were approved at Council in March 2018.
7. To take a measured approach to the use of available one-off resources of £2.961m in 2019/20 to seek to cushion the impact of continuing Government cuts in council funding and allow the level of investment required in Adult Social Care and Children's Safeguarding.
8. To continue to work with partner organisations, including Town & Parish Councils and Voluntary Sector and Community Groups to seek to identify ways to mitigate the impact of some of the cuts to services that we can no longer afford and to note the availability of the £0.6m Partnership Capacity Fund.
9. To approve the Local Tax Support Scheme set out in Appendix 15.
10. To approve the Pay Policy for 2019/20 included as Appendix 3.
11. To approve the overall service and financial planning strategy set out in this report and the base budget in Appendix 6.

12. To approve the policy framework for Reserves and Balances outlined in Appendix 9.
13. To note the CFO's robustness statement in Appendix 10.
14. To approve the Risk Register included at Appendix 14.
15. To approve the revenue implications of the medium term capital programme for the period 2018/19 - 2021/22 set out in the Capital Strategy and Programme reports also on this agenda.
16. That authority be delegated to the Assistant Director: Finance & Human Resources to action any virements required following the final allocation of the Dedicated Schools Grant and other related Grants as long as they are within the budget and policy framework.
17. That authority be delegated to the Assistant Director: Adult Social Care, in consultation with the Cabinet Member: Adult Social Care, to enter into appropriate Section 256 and Section 75 Agreements under the NHS Act 2006 (as amended).
18. That the Assistant Director: Governance, Procurement & Commissioning be authorised to execute all necessary contract documentation including the affixing of the common seal of the council as appropriate to enable the council to enter into appropriate Section 256 and Section 75 Agreements under the NHS Act 2006.
19. That this suite of service and financial planning reports be approved as the Council's Efficiency Strategy for 2019/20, including the summary document at Appendix 13, to enable new capital receipts generated in the six year period starting 1 April 2016 to be used to fund the revenue costs of reform as assumed throughout these reports.
20. To note the initial projections for the potential budget gap through to 2021/22 and to start work in order to identify options for how this could potentially be bridged.
21. To approve the Council Tax Support Scheme Policy for 2019/20 attached in Appendix A.
22. That the Council Tax Support Hardship scheme continues with £30k funding for the financial year 2019/20.

RECOMMENDATIONS – E2

1. To approve the Capital Strategy for 2018/19 and 2019/20.

2. To approve the report and associated capital estimates for 2018/19 and 2019/20 – 2021/22, which incorporates the Capital Strategy, the Capital Programme (Annex I), the Planned Building Maintenance Programme (Annex II), and Asset Management Plan (Annex III) and the two year Highways and Transport capital investment programme (Annex IV).
3. To delegate authority to the Assistant Director: Business, Development & Employment and Assistant Director: Commercial Services to deliver the planned programme of works within the Asset Management Plan and to the Assistant Director: Customer & Neighbourhood Services to deliver the Highways and Transport capital investment programme in line with the approved budgets with any variations or changes to schemes in these programmes, that remain within overall approved budgets, after consultation with the appropriate Cabinet Members.
4. To approve the planned building capital maintenance programme for 2019/20 as identified as part of this report and agree that officers may enter into any contracts necessary to deliver the works in accordance with the requirements of the Contract Procedure Rules.
5. To approve the planned Highways and Transport capital investment programme for 2019/20 – 20/21.
6. To delegate responsibility for agreeing any variations or changes to schemes in the capital programme that remain within overall approved budget limits to the Assistant Director Customer & Neighbourhoods Services in consultation with the Cabinet Member for Transport, Roads and Broadband.

RECOMMENDATIONS – E3

1. To approve the Investment Strategy for 2019/20.
2. To note the treasury management activities for the first half year.
3. To note the Treasury Management Policy Statement (Appendix A).
4. To approve the Treasury Strategy, including the Annual Investment Strategy for 2019/20 together with the associated treasury Prudential Indicators and the Minimum Revenue Provision Statement, which will apply from 2019/20 onwards.

RECOMMENDATIONS – E4

1. To approve the prudential indicators proposed in this report as part of setting the budget for 2019/20.

RECOMMENDATION – E5

1. To approve the formal resolutions to determine the levels of Council Tax for 2019/20 as detailed in the report.

TELFORD & WREKIN COUNCIL**CABINET – 14 FEBRUARY 2019
COUNCIL – 28 FEBRUARY 2019****SERVICE AND FINANCIAL PLANNING 2019/20 – 2021/22****REPORT OF THE MANAGING DIRECTOR AND THE CHIEF FINANCIAL
OFFICER****LEAD MEMBERS CLLRS S DAVIES AND L CARTER****1. SUMMARY.**

1.1 This report seeks approval of the Service & Financial Planning strategy for 2019/20. This overview report, along with other linked reports on the agenda including:-

- The medium-term Capital Strategy and Programme
- The Investment and Treasury Management Strategies and
- Prudential Indicators

form the Council's overall Medium Term Service & Financial Planning framework and sets out the service priorities and budget for 2019/20.

1.2 On 1st March 2018 the Council approved a two year service and financial planning strategy for both 2018/19 and 2019/20. The Cabinet considered their draft budget proposals for 2019/20 at the meeting held on 3 January 2019 when they were approved for consultation. A one month engagement period on the Council's proposals commenced on 4 January 2019 and ended on 3 February 2019. The details of the engagement process are summarised in the report.

1.3 This report updates the medium term financial projections and reaffirms the Council's commitment to delivering the second year of its two year strategy whilst also allocating some additional funding for investment in key priority areas including children's safeguarding and adult social care.

1.4 Key points of the strategy include:-

- Council Tax in Telford & Wrekin is currently the lowest across the Midlands region for the services that the Council provides (please see

Appendix 1). This report confirms the previously agreed increase of 3.2% for 2019/20 which includes a general Council Tax increase of 1.2%, which reflects the cut to Council Tax Freeze Grant by the Government, and an increase of 2% for the Government's "Adult Social Care precept".

- Implementation of previously approved savings totalling £6.064m in 2019/20. The Council has a strong track record of sound financial management delivering a financial outturn within budget and unqualified audit opinions for over 10 consecutive years despite having to deliver £117,000,000 annual budget savings and without the need to implement any emergency spending control measures. This has, however, necessitated very active budget management and financial control by Cabinet Members and officers across the Council. The Council's external auditors have consistently reported that our arrangements for securing value for money are satisfactory.
- Despite the financial challenges that we face, it is very important that we keep finding ways to invest in our communities and in our roads, street lights and footways to ensure Telford and Wrekin remains a great place to live, work, learn, visit and do business. We will also continue to prioritise services for the most vulnerable people in our community. Investments that we will be delivering in 2019/20 include:-

Revenue:-

- £3.296m for Children's Safeguarding & Family Support to protect vulnerable children. In addition, since the January Cabinet report, an additional earmarked contingency of £0.847m has been created to fund any additional cost pressures should they arise next year. Whilst numbers of looked after children have remained broadly stable, costs of some of the placements for children with the most complex and challenging needs now exceed £9,000 per week. These investments come on top of the £0.75m for children's safeguarding built in to the budget model for 2019/20 in March 2018. A total additional investment of £4.893m.
- £0.842m for Adult Social Care services, which is over and above the £0.77m built in to the budget model for 2019/20 for Adult Social Care in March 2018.
- £0.330m to maintain existing subsidised bus routes

Capital:-

A programme of capital investments totalling more than £189m is set out in the separate Capital Strategy and Capital Programme reports also on this agenda. Amongst the capital investments included in this programme are:-

- Over £50m for road and transport improvements,

- Over £30m for school projects,
 - Over £28m for further investment in NuPlace, our wholly owned housing company, projects,
 - Almost £19m of investment through the Telford Growth Fund,
 - £9m for the Newport Innovation and Enterprise package – NI Park,
- To take a measured approach to the use of available one-off resources of just under £3m in 2019/20 to seek to cushion the impact of continuing Government cuts in Council funding.

1.5 When Full Council approved the two year service and financial planning strategy in March last year, it was not considered appropriate to set a detailed strategy beyond 2019/20 because the Government's current Comprehensive Spending Review, which sets the Departmental Expenditure Limits for each government department, only extends to 2019/20 and as a result The Ministry of Housing, Communities and Local Government (MoHCLG) have only issued forward funding projections for councils to 2019/20. In addition, fundamental changes to the local government finance system will be made from April 2020 but very little information is available, even now, to indicate how this new system will operate and the impacts that it will have for individual local authorities. Indeed, it is unlikely that the Council will have any real clarity on its funding for 2020/21 and later years until we receive our settlement in December 2019, less than 4 months before the start of the financial year. The changes that will be implemented will potentially have very significant implications for the Council and could include:-

- “Re-setting” the business rates system to reallocate the benefits of growth in the business rates base since April 2013 that have been retained by individual local authorities across the country,
- Increasing the proportion of business rates income retained by councils, at a national level, to 75% but at the same time terminating other funding streams for example the remaining Revenue Support Grant and Public Health Grant and/or transferring additional responsibilities to councils in order to retain “fiscal neutrality” at a national level.
- Implementing a new formula to assess the relative spending needs of all councils.
- Reviewing the New Homes Bonus system which is a significant funding source for Telford & Wrekin Council.

- Probably also implementing a transitional system to limit the amount that any council loses or gains from the introduction of these changes in any one year.
 - Reflecting the implications of the anticipated 2019 Comprehensive Spending Review and the long-awaited Adult Social Care green paper.
- 1.6 As information on the outcomes of the Comprehensive Spending Review planned for 2019 and how the new local government finance system will operate become available, it will be possible to model the potential impacts on the Council. An early priority for the new Council Administration to be elected in May 2019 will be to identify key areas for new investment and, in all probability, significant additional savings proposals that are required in the light of the medium term financial outlook as it emerges over the remainder of 2019.
- 1.7 As there is a very high degree of uncertainty over the future financial outlook for the Council, despite both the Prime Minister and the Chancellor stating that austerity is coming to an end, it is essential to retain as much financial flexibility as possible by retaining a reasonable level of uncommitted one-off resources which can be used to support the budget pending the implementation of further ongoing savings, if these are required, and by minimising additional ongoing financial commitments as far as possible.
- 1.8 The Council has faced a very protracted period of severe financial constraint as the Government has sought to reduce the national budget deficit. The Government has protected many areas of public spending, notably the NHS, but not local government and it has been well documented that the cuts to local government have not been applied uniformly across the country but have hit areas with greater social need harder than average. The Council has already delivered £117,000,000 p.a. of ongoing budget savings which is equivalent to over £1,500 less to spend each year on delivering services for every household in the borough and almost twice the £65.9m income that the Council receives from Council Tax. The Council has sought to make these savings in ways that protect front line services as far as possible and, where services to the public are affected, to do this in as compassionate a way as possible by looking to find new sources of income and means to generate additional income and by working hard to identify any alternative ways to work in partnership with other local organisations to ensure continuing provision. However, it is clear that any further budget reductions are likely to have significant service impacts and may require extensive consultation with service users and the wider community.
- 1.9 Despite the significant budget savings that we have had to make, the Council is still a large organisation delivering many services to local people and it is essential that we use our remaining revenue and

capital resources as effectively as possible to deliver the greatest possible benefit for local people.

- 1.10 The provisional Local Government Finance Settlement was announced a week later than had been expected by James Brokenshire, the Secretary of State for Communities and Local Government on 13 December 2018. The final settlement was announced on 29 January with no changes being made despite the representations made by councils and the Local Government Association. This will see the Council's Revenue Support Grant cut by 30.65% (£4.335m) next year. The £4.3m cut to our Revenue Support Grant alone is the equivalent of a Council Tax increase of just under 7% whilst we are also facing reductions to our Public Health and New Homes Bonus grants next year.
- 1.11 In the provisional funding settlement, it was announced that for 2019/20 councils would be allowed to increase Council Tax by up to 3% before a referendum was held plus any remaining headroom available in the Adult Social Care precept equal to 2% for this Council. For Telford & Wrekin, this would give a maximum increase of 4.99% next year. However, we know that local residents have not seen their incomes increase by anything like this and that Council Tax is already a significant bill for our residents. The Council is therefore proposing to continue with its strategy of increasing Council Tax next year by 3.2%. This comprises the 2% Adult Social Care precept which the Government have assumed we will apply and 1.2% which is equivalent to the amount that we received from Government from Council Tax Freeze Grants before they abolished them. 3.2% is also broadly in line with the current rate of inflation as measured by the Retail Prices Index (3.3% in October 2018) although higher than the CPI measure of inflation (2.4% in October 2018). Whilst we recognise that an increase of 3.2% will still represent a challenge for many residents, we need to balance raising additional income from Council Tax with the pressures now facing many services after budget savings of £117m pa have been made with further savings needed in 2019/20 as our grants from Government continue to be cut.
- 1.12 The Council is firmly of the view that encouraging councils to increase Council Tax bills is no way to deal with the considerable national pressures on funding the care of older people and vulnerable children. In Telford & Wrekin a 1% Council Tax increase raises just £0.625m because Council Tax levels are comparatively low, as demonstrated in Appendices 1 and 2, and because the average property in this area is in Band B. Many wealthier parts of the country would raise significantly more from a 1% Council Tax increase as they will have many more properties in higher Council Tax Bands and generally tend to have better health and more "self-funders" so lower levels of demand for council-funded care.

1.13 The Council has consistently said that it will continue to protect the most vulnerable in our society and prioritises the protection of services to vulnerable adults and children in our community. The Council is committed to ensuring that we always meet the assessed needs of vulnerable people but this does not mean that we can continue to deliver the same services in the same ways. We, like other councils, have to make changes but we will always place priority on these essential services and will not let financial pressures due to Government cuts mean that we fail to meet the assessed statutory needs of the most vulnerable. To do this, we have also had to be innovative in identifying ways to generate more income to fund key front line services as well as seeking to address key issues for the Borough such as economic regeneration and improving housing standards in the private rented sector:-

- The total revenue benefit to the Council from NuPlace after covering all additional costs, last year was £1.238m.
- NuPlace Ltd. made a pre-tax profit of £0.343m in 2017/18, expected to increase to £0.5m in 2019/20 and has increased the availability of high quality homes in the private rented sector managed by a committed and responsible landlord. In addition, Council Tax of £0.2m is payable to the Council from the NuPlace properties and New Homes Bonus of £0.17m will be received by the Council in total based on current build projections and NHB payment arrangements.
- Our solar farm generates a surplus after paying all costs of £200k pa.
- Our Telford Growth Fund is delivering ahead of expectations, attracting new and retaining existing jobs in the borough. The total revenue benefit net of additional costs is projected to be £1.2m this year for the schemes committed to date (expected to increase to £1.5m for the schemes currently approved in a full year)
- Total income from our Commercial Services teams amounted to £19.4m. last year.

The net benefits from these investments are used to support front line services.

2. ROBUSTNESS OF THE BUDGET STRATEGY.

2.1 The Council is required to set a balanced budget and under section 25 of the Local Government Act 2003, the Council's Chief Financial Officer (CFO) is required to report on the adequacy of the Council's reserves and balances and on the Council's financial strategy including the use of balances and of the financial planning process.

2.2 **Appendix 10 gives a more detailed view, but overall, given the continued delivery of savings which now total almost £117m, the long-term service redesign, particularly in relation to Adults and Children’s services, the commercial approach being adopted and the investment being made in the borough, it is considered that the Council is pursuing a sound financial strategy in the context of the most prolonged and challenging financial position it has ever faced due to the combined effect of Government grant cuts and increased service pressures.**

3. RECOMMENDATIONS.

2.1 Members are asked to approve the following recommendations for consideration by full Council on 28 February 2019:-

1. To agree the service and financial planning strategy for 2019/20 set out in this set of reports, linked to the period of the current Comprehensive Spending Review, the local authority funding settlement from the Ministry for Housing, Communities & Local Government and the uncertainties surrounding future financial arrangements for local authorities.
2. To reaffirm the previous decision that Council Tax should be increased by 3.2% (made up of 2% in respect of the Government’s Adult Social Care Precept and a general Council Tax increase of 1.2%) in both 2018/19 and 2019/20.
3. To invest a further £0.842m in to Adult Social Care services, which is over and above the £0.77m built in to the budget model for 2019/20 for Adult Social Care in March 2018.
4. To invest £3.296m more in to Children’s Safeguarding & Family Support to protect vulnerable children. This investment comes on top of £0.75m for children’s safeguarding built in to the budget model for 2019/20 in March 2018. To invest a further £0.847m in a contingency specifically to address any further cost pressures facing these services during 2019/20.
5. To invest £0.330m to be able to maintain existing subsidised bus routes

6. To continue work to deliver the budget savings totalling £6.064m in 2019/20 that were approved at Council in March 2018.
7. To take a measured approach to the use of available one-off resources of £2.961m in 2019/20 to seek to cushion the impact of continuing Government cuts in council funding and allow the level of investment required in Adult Social Care and Children's Safeguarding.
8. To continue to work with partner organisations, including Town & Parish Councils and Voluntary Sector and Community Groups to seek to identify ways to mitigate the impact of some of the cuts to services that we can no longer afford and to note the availability of the £0.6m Partnership Capacity Fund.
9. To approve the Local Tax Support Scheme set out in Appendix 15.
10. To approve the Pay Policy for 2019/20 included as Appendix 3.
11. To approve the overall service and financial planning strategy set out in this report and the base budget in Appendix 6.
12. To approve the policy framework for Reserves and Balances outlined in Appendix 9.
13. To note the CFO's robustness statement in Appendix 10.
14. To approve the Risk Register included at Appendix 14.
15. To approve the revenue implications of the medium term capital programme for the period 2018/19 - 2021/22 set out in the Capital Strategy and Programme reports also on this agenda.
16. That authority be delegated to the Assistant Director: Finance & Human Resources to action any virements required following the final allocation of the Dedicated Schools Grant and other

related Grants as long as they are within the budget and policy framework.

17. That authority be delegated to the Assistant Director: Adult Social Care, in consultation with the Cabinet Member: Adult Social Care, to enter into appropriate Section 256 and Section 75 Agreements under the NHS Act 2006 (as amended).

18. That the Assistant Director: Governance, Procurement & Commissioning be authorised to execute all necessary contract documentation including the affixing of the common seal of the council as appropriate to enable the council to enter into appropriate Section 256 and Section 75 Agreements under the NHS Act 2006.

19. That this suite of service and financial planning reports be approved as the Council's Efficiency Strategy for 2019/20, including the summary document at Appendix 13, to enable new capital receipts generated in the six year period starting 1 April 2016 to be used to fund the revenue costs of reform as assumed throughout these reports.

20. To note the initial projections for the potential budget gap through to 2021/22 and to start work in order to identify options for how this could potentially be bridged.

3.2 Final decisions will be taken by full Council on 1 March 2019 which will agree the budget and Council Tax levels across the Borough for 2019/20.

4. **SUMMARY IMPACT ASSESSMENT**

COMMUNITY IMPACT	Do these proposals contribute to specific priorities?	
	Yes	<i>The service and financial planning strategy is integral to ensuring that available resources are used as effectively as possible in delivering all corporate priority outcomes.</i>
	Will the proposals impact on specific groups of people?	

	Yes	<i>The proposals contained in this report will impact on specific groups of people. An Impact assessment, on the savings proposals, highlights limited equalities, environmental and economic impacts. We will screen all future savings proposals for potential equality impacts relative to the General Equality Duty and will carry out full impact analysis where appropriate, prior to any decisions being taken. Details of this screening and impact analysis process will be included in reports to Cabinet.</i>
TARGET COMPLETION/DELIVERY DATE		<i>Engagement and statutory public consultation will take place between 4 January 2019 and 3 February 2019. The proposals contained in the report were also subject to Member scrutiny during this period. Final proposals will be considered at Full Council on 28 February 2019. The final agreed recommendations will be implemented during 2019/20 and future years.</i>
FINANCIAL/VALUE FOR MONEY IMPACT	Yes	<i>This report sets out the service and financial planning strategy for the Council for 2019/20.</i>
LEGAL ISSUES	Yes	<i>This report develops the proposals for the Council's budget and policy framework which have been consulted upon in accordance with the Policy Framework & Budget Procedure Rules contained in the Constitution. In accordance with the relevant provisions of the Local Government Finance Act 1992, the Local Government Housing Act 1989, the Local Government Act 2003 and the Localism Act 2011, the Council has to set a balanced budget for 2019/20 before the 11 March 2019 and has to have regard to the advice provided by the s.151 officer (Chief Finance Officer) on the robustness of the budget and the adequacy of reserves supporting the budget before doing so.</i>
OTHER IMPACTS, RISKS & OPPORTUNITIES	Yes	<i>This report sets out the strategy framework which includes consideration of corporate risks –</i>

		<p><i>particularly in relation to the availability of balances.</i></p> <p><i>Environmental assessment is a procedure that ensures that the environmental implications of Council decisions are taken into account. The principle is to ensure that plans, programmes and projects likely to have significant effects on the environment are made subject to an environmental assessment.</i></p> <p><i>The Environmental Assessment aims to provide a level of protection to the environment and to contribute to the integration of environmental considerations into the preparation of projects, plans and programmes with a view to reducing their environmental impact. The environmental assessment provides information on the environmental impacts of the budget proposals. Overall, on balance the environmental assessment of the budget proposals is expected to be positive.</i></p> <p><i>The economic impacts of the proposals are expected to be broadly neutral in 2019/20 given the reduction in spending by the Council, much of which will reduce economic activity within the Borough although this is broadly offset by the continuation of initiatives funded from one-off resources and the capital and revenue investments outlined in the report and the Council's "business winning, business supporting approach".</i></p> <p><i>The updated Strategic Risk Register is included at Appendix 14 for approval.</i></p>
IMPACT ON SPECIFIC WARDS	Yes/No	<i>Borough-wide impact.</i>

5. PREVIOUS MINUTES.

- Full Council 4 March 2018 – Service & Financial Planning 2018/19 – 2019/2

- Cabinet 4 January 2019 – Service & Financial Planning 2019/20 – 2021/22.

6. NATIONAL CONTEXT.

- 6.1 When the coalition Government was formed in May 2010 they committed to eliminating the national budget deficit which required very significant cuts in public spending. Since 2010 however, the Government has also protected many areas of public spending – but not local government. Councils have therefore faced very significant reductions and despite the growing awareness of the severe pressures facing Adult Social Care and Children’s Safeguarding services, in particular, this disproportionate targeting of reductions in national funding for councils is set to continue next year.
- 6.2 George Osborne delivered the current Comprehensive Spending Review on 25th November 2015. The Spending Review 2015 (SR15) report set out the Government’s spending plans and priorities for 2016/17 to 2019/20 and set out expectations for economic growth, inflation and tax receipts. No date for a further Comprehensive Spending Review has been announced by the current Government although because there are no national Departmental Expenditure Limits beyond next year there will have to be a Comprehensive Spending Review during 2019.
- 6.3 Philip Hammond, Chancellor of the Exchequer, delivered his 2018 Autumn Budget to the House of Commons on 29 October 2018. This included some additional funding for Adult Social Care/Children’s Safeguarding and repairing potholes. However, the amounts allocated were one-off sums and much less than the Local Government Association have calculated is required to avoid further cuts to social care services.
- 6.4 The Local Government Association (LGA) has stated that the money local government has to deliver services is running out fast and councils face an overall £7.8 billion funding gap nationally by 2024/25. This comprises:-
- £3.6bn pressures within Adult Social Care (ASC) including funding required to stabilise the ASC provider market.
 - £3.0bn for Children’s services
 - £0.6bn for Public Health
 - £0.6bn for Homelessness and other services
- 6.5 The LGA has highlighted that English councils will have had to deal with £16 billion of reductions to Government grant funding by the end of this decade. Nor have these reductions been distributed evenly across the country, with many of the councils with greatest social need

receiving the greatest cuts as demonstrated in work undertaken for the LGA by the Institute for Fiscal Studies.

- 6.6 The National Audit Office (NAO) have calculated that there have been “substantial real terms falls in government funding (for local government): A 49.1% reduction between 2010/11 to 2017/18 and a 56.3% reduction by 2019/20.” The NAO have also stated that “Spending power fell steadily from 2010/11 to 2016/17 then levelled off but (at a national level) relies on substantial anticipated growth in Council Tax”. The Government are assuming that councils will increase Council Tax by the full Adult Social Care precept and to the maximum of the referendum limit – this is a direct transfer of funding local government services from central government to Council Taxpayers regardless of the ability of local taxpayers to fund these increases. As a council with a low level of Council Tax (see appendices 1 and 2) and the majority of properties in Bands A and B a 1% Council Tax increase raises significantly less than in an area which has a high level of Council Tax and has a large proportion of properties in higher Council Tax bands.

7. LOCAL CONTEXT

- 7.1 The Government’s low priority for funding local government compared to other parts of the public sector and its subsequent significant transfer of risks to the local government sector including the introduction of local Council Tax Support rather than centrally funded Council Tax benefits and local retention of business rates at a time when it is also radically reducing the grant that it gives to councils clearly all combine to increase the level of financial risk faced by councils. It is therefore essential that the Council has a medium term service and financial planning strategy in place that includes approaches to reduce reliance on government funding, that an appropriate level of reserves and contingencies is maintained by the Council and that financial performance across the Council is effectively controlled. The Council has a long track record of highly effective financial management and has again received an unqualified External Audit opinion for its latest set of accounts.
- 7.2 Since 2010, Telford & Wrekin Council has faced cuts in the grant we receive from Government whereas prior to this date the grant would increase each year to recognise inflationary and other pressures. The scale of these cuts and the protracted period over which they continue to be made are unprecedented. The cuts in our grants are being made at a time when demand for many services, such as safeguarding children against harm or neglect and Adult Social Care have been increasing. These factors combine to place this Council, like most others, under extreme financial pressure. Since 2010 the Council has had to make ongoing budget savings of £117m pa. This is equivalent to more than £1,500 less that the Council has to spend each year on

delivering services for every household in the borough. Further details of savings made to date are included in Appendix 4.

- 7.3 The Council has sought to offset part of the loss of Government grant by generating income by adopting a more commercial approach from a wide range of existing services whilst seeking to recognise and manage risks as far as possible. We have sought to ensure that this approach, as far as possible, also brings environmental, social or economic benefits to our residents. We were the second council nationally to open a commercial solar farm and are currently investing in NuPlace, a wholly owned company, which offers good quality homes, mainly at market rents – primarily NuPlace was established to increase the supply of private rented accommodation in the area, to regenerate brown field sites that the Council had been unable to sell and to drive up standards in the wider private rented sector. Both of these schemes also generate a surplus after paying the capital costs used to fund the investment and other operating costs. The profit from these and other commercial projects and from our participation in the West Mercia Energy Joint Arrangement is used to help reduce the amount of cuts that we would otherwise have to make to the front line services that the Council provides to our community.
- 7.4 The Council is also committed to investing in Telford's future. Ensuring that the Borough is an attractive place to live, work, learn and visit is essential if we are to attract new businesses that will create jobs and bring prosperity to the area and the people that live here. The Council also benefits from retaining a share of any additional business rates (between "reset periods") which helps to minimise the cuts that we have to make to services. Under Government proposals the share of additional business rates growth that is retained will increase to 74% (75% including 1% for the Combined Fire Authority) in 2020/21.
- 7.5 As part of our "Business Winning, Business Supporting" Approach, the Council is investing an additional £50m in our Property Investment Portfolio which will be invested within the Borough in new and also existing industrial, commercial and property holdings bringing new jobs to the Borough from inward investors but also to retain existing jobs in companies looking to expand and which may otherwise move out of the borough. The net return after debt charges will be used to support front line services as will additional retained income from business rates, between reset periods.
- 7.6 In March 2018, the Council set a two year budget strategy with specific detailed proposals for both 2018/19 and 2019/20. The Council is reaffirming its commitment to delivering the second year of this strategy which includes commitments to:
- Continue to work with partner organisations, including Town & Parish Councils and voluntary sector and community groups to seek to identify ways to mitigate the impact of some of the cuts to services that we can

no longer afford to provide. These discussions have been very successful and the Council is committed to extending this approach further through its Partnership Deals with up to 3 year transitional funding available and further allocation of the Partnership Capacity Fund which was allocated £744k within last year's budget (and which has a current balance of £0.6m.)

- Continue our existing policy of transferring grant to Town & Parish Councils in respect of Local Council Tax Support. In line with the agreement made in January 2013 the amount available to allocate is £98.7k following the latest cut of more than 30% to the Council's Revenue Support Grant next year.

8. **A COUNCIL WORKING FOR, AND TOGETHER WITH, OUR COMMUNITY**

- 8.1 Despite our severe financial constraints, Telford and Wrekin is a progressive Council with ambitions to improve the Borough and the lives of residents. We are tackling the impact of the Government's sustained grant cuts head on and finding new ways to deliver services and to generate income to help offset some of the grant cuts. We have a long track record of sound financial management and innovative solutions.
- 8.2 Our medium term service and financial planning strategy sets out how as a Co-operative Council, the organisation wants to take forward the Borough over the medium term. It is a vision which is centred on building a strong local identity and resilient and healthy communities by driving housing and economic growth whilst protecting and enhancing our reputation as a "green town" - a great place to live, work, learn, visit and do business.
- 8.3 Despite the severe financial challenges we face, our mission is clear. We are attracting new jobs and investment and promoting growth in the borough, whilst seeking to protect, as far as we are able to, priority front-line services and are working co-operatively with our residents and partners to deliver these.
- 8.4 **From our on-going engagement with local people over many years, we are clear that they and their families have some fundamental priorities which we as a Council are working alongside them and in partnership to achieve. We know that the people of Telford & Wrekin want to live:**
- **In a safe community** – we work in partnership with West Mercia Police to ensure that Telford & Wrekin remains a low crime area. Our work to support and safeguard children from sexual exploitation has been recognised by Ofsted as amongst the best in the country. We

have worked to get Telford designated as a White Ribbon Town where domestic violence is not tolerated. Our Public Protection team deliver our enforcement agenda to ensure that local services and facilities are safe, that nuisances are tackled and houses in multiple occupation are better managed. We have made a commitment as a Council to always look after the most vulnerable in our community.

- **In a clean environment** – we work in partnership with TWS and Veolia and also with many Town and Parish Councils and the Parish Environmental Teams to ensure that our streets, parks and public spaces are clean and tidy and that we have first class waste collection and recycling services.
- **In a place with good roads and pavements** – each year we invest in a major programme to repair and maintain our roads and pavements. We have also secured significant amounts of Government funding to improve many roads, roundabouts and junctions so that congestion caused by more cars using our roads in the future will be reduced or avoided. Through our ‘Pride in Your Community’ initiative we have also made lots of little improvements in communities and on estates that can make a big difference to everyday life.
- **Where there are first class schools and education facilities** – we work in partnership to support our primary, secondary and special schools and performance is amongst the best in the West Midlands
- **Where there are excellent and accessible hospital and GP services** – we are working with many GP practices and Health Services in our neighbourhoods to provide more joined-up health and care services that better meet people’s needs there is support in the community to help people to stay healthy. We are also doing all we can to seek to retain full Accident & Emergency services at the Princess Royal Hospital as well as the Women’s and Children’s Centre.
- **Where they have a job and there is a thriving economy** – through our Enterprise Telford approach, we are attracting more new businesses to come to our Borough every year bringing new jobs. We have also supported many existing businesses to succeed and expand. Through our ‘Pride in your High Street’ initiative, we have sought to give local businesses the key skills to both survive and thrive in our town centres. We work to protect local jobs, we have lobbied Government to retain key activity in our town such as HMRC, Cap Gemini and the Land Registry. We also work, through our Job Box and Apprenticeship schemes, to ensure local people, and particularly young people, have the skills they need to get a job.

8.5 **While many other councils have focussed on making cuts while neglecting growth and stopped major development projects, we continue to prudently invest to create jobs and safeguard the future prosperity of the Borough and its residents.**

8.6 In this, our twentieth year as a unitary authority, the Council is proud that, despite almost a decade of severe Government cuts:

1. We are committed to ensuring that budget pressures will never stop us from providing the care and support that is needed to keep vulnerable children and adults safe from harm and neglect.
2. We still provide free swimming for all Under 16s at council-owned leisure centres
3. We teach 3000 children to swim each week
4. We've invested £4m in Telford Town Park – one of the top parks in Europe
5. Just over 100,000 people enjoyed our Telford 50 events in 2018
6. After significant investment, over 98% of borough homes and businesses now enjoy high speed broadband
7. We're home to the UK's biggest overseas investment in the last decade – the new Magna Cosma factory at T54 business park - creating hundreds of new jobs
8. 4.4m people visit Telford every year, bringing in £250m income to the local economy
9. Despite the pressures we face, we've invested £20m in roads, paths and cycle paths as part of Pride in Our Community Programme
10. We're investing £5.2m in LED technology in 20,000 streetlights by March 2019, saving £0.5m pa in energy costs
11. We've been able to create over 200 protected Green Guarantee sites and designated 17 local nature reserves - You're never more than 300 metres from open green space in the borough
12. We're helping borough towns attract more business and visitors through our Pride in Your High Streets scheme
13. The borough has 15m trees - or 88 trees per Telford resident
14. We recycle 45% of household rubbish
15. Unlike most other councils, most of our council owned car parks are free, encouraging people to shop locally
16. The Southwater development alone has created 400 new jobs
17. £200m has been invested in our secondary schools since 2010
18. Our Live Well Telford website helps people get the advice they need at the right time to stay independent
19. We're helping even more people with learning disabilities move into or live in their own home
20. 1,200 people have signed up as volunteers to support our work

9. **BASE BUDGET FOR 2019/20**

9.1 The base budget for 2019/20 (i.e. after already approved savings but before investments and other final adjustments are included) is summarised in the table below.

Service Area	<u>2019/20</u>	<u>2019/20</u>	<u>2019/20</u>
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	<u>GROSS</u> <u>EXPENDITURE</u>	<u>GROSS</u> <u>INCOME</u>	<u>NET</u> <u>EXPENDITURE</u>
	£	£	£
Health & Well-Being	14,148,740	11,786,598	2,362,142
Governance, Procurement & Commissioning	9,218,000	6,444,820	2,773,180
Customer & Neighbourhood Services	105,010,585	75,701,999	29,308,586
Business, Development & Employment	14,689,257	16,121,701	(1,432,444)
Commercial Services*	38,804,376	37,759,200	1,045,177
Finance & Human Resources	20,570,481	7,306,640	13,263,841
Adult Social Care	61,511,991	20,200,029	41,311,962
Children's Safeguarding & Family Support	31,247,942	3,386,758	27,861,184
Education & Corporate Parenting	127,749,737	116,396,112	11,353,625
Co-operative Council	3,138,015	1,893,177	1,244,838
Council Wide Items	17,680,368	25,952,924	(8,272,557)
Netting off of Internal Recharges included above	(50,415,676)	(50,415,676)	0
Total	393,353,816	272,534,281	120,819,534
Contributions To/From Balances	0	434,750	(434,750)
Net Total	393,353,816	272,969,031	120,384,784

* This service area includes a wide range of services including non-commercial services such as homelessness, housing and ICT.

- 9.2 Budgets for Service Areas will be restated once full Council has made final decisions on the savings and investment proposals contained in this report.
- 9.3 Whilst there are many areas of significant uncertainty facing the Council and our financial position beyond 2019/20 (see section 11 for further details of key uncertainties) and it is therefore very difficult to make forward projections It is essential that we now use the best available information to estimate the likely level of budget shortfall in future years so that we can start to plan ahead now. The Council's budget model includes many variables and will need to be regularly updated as further information becomes available. However, using current assumptions, the position is summarised in the table below. However, it must be noted that there is a much greater likelihood than ever before that the actual position may be significantly better or worse than that set out below.

	2019/20	2020/21	2021/22
	£m	£m	£m
Projected Budget Gap presented to Council on 1 March 2018	3.157	17.345	20.401
Changes to funding assumptions - including Revenue Support Grant, Public Health Grant, Business Rates, Council Tax	-2.955	-0.332	5.574
Reductions negotiated as part of pensions negotiations	-1.188	-1.688	-1.688
Pay Inflation - taking assumptions to 2.7% in 19/20 and 2020/21 and 3% in 2021/22		0.569	0.569
Capital Programme	-0.148	0.292	0.484
New Homes Bonus updated projections	0.277	0.244	0.244
Other	-0.174	-0.065	-0.060
Updated Base Gap	-1.031	16.365	25.524
Additional Social Care Funding Announced in Budget 2018	-1.323	-2.100	-2.100
Additional Children's Safeguarding Contingency added for 2019/20	0.847	0.000	0.000
Investments:			
Children's Safeguarding & Family Support	3.296	2.404	2.254
Adult Social Care	0.842	- 0.887	- 0.887
Other Services	0.330	0.146	0.146
Current Shortfall to be covered from further ongoing savings or use of one offs	2.961	15.928	24.937

Notes:-

- The projections assume that all savings previously approved by Council are delivered in full and in accordance with currently anticipated timescales.
- The decisions taken at Council in March 2016 for Council Tax increases totalling 3.2% pa (including the Government's assumed 2% for the Social Care Precept) in 2019/20 is reflected above with no assumption currently made for any Council Tax increases in 2020/21 and 2021/22 at this stage.
- The projections for years after 2019/20 are only intended as a broad indication at this stage for planning purposes and the projections will be updated as additional information becomes available.
- The proposed use of balances in 2019/20 is prudent following the comprehensive review of available one-off resources that has been undertaken which has identified usable balances totalling £16.2m after this planned usage.

9.4 It is with this medium term focus in mind that pressures and any developments need to be considered.

9.5 After having delivered £117m of annual savings already, it is clear that further cuts will be more challenging. Officers will continue work to develop potential options to discuss with the new Council Administration following the May 2019 local elections. Clearly the Council will seek to minimise impacts on our community by working with Town and Parish Councils, local community groups, service users, the voluntary sector, volunteers and other partner organisations. Based on the position summarised above, total savings since the period of austerity began are projected to total £148.413m by the end of 2021/22 made up as follows:-

	£m
Savings made to end of 2018/19	117.482
Savings previously agreed for implementation in 2019/20	6.064
Projected further savings required in 2020/21 and 2021/22	24.937
Total Projected savings by end of 2021/22	148.483

10. OUR 2019/20 SERVICE & FINANCIAL PLANNING STRATEGY

10.1 Our Approach to Developing Savings Proposals Budget Engagement

10.1.1 When the Council agreed its medium term service and financial planning strategy at Council in March 2017 for the three year period 2017/18 to 2019/20, it determined that because of the scale of ongoing annual savings that have now been delivered, it was essential that a

new approach to the development of future savings proposals should be taken. Future savings are likely to be more challenging and more time will be needed to consult with stakeholders about options and ways to minimise impacts. It was therefore agreed that future savings would be developed as soon as opportunities arise and capacity allows, rather than co-ordinating consultation through an annual process as historically was the case when resources were not so tight, and the need to implement change not so urgent. This means that we are able to engage with our community and partners in a more meaningful way to develop more creative solutions to some of our challenges within the Borough. This also means that our budget engagement process takes place throughout the year, rather than for a 4 week period.

10.1.2 Since our last budget was agreed in March 2018 we have continued to implement this approach to our budget engagement, for example during 2018 we have carried out consultation relating to Civil Parking Enforcement and statutory consultation with Foster Carers regarding proposed changes to our Foster Carer Scheme.

10.1.3 We have commenced targeted discussions with our Town and Parish Councils during December this year. This is part of an ongoing dialogue that will continue throughout the year as our budget proposals are developed. Engagement with the business community and voluntary sector partners will commence in January 2019 and will again be part of an ongoing dialogue.

10.2 Approach to Future Development of Savings Proposals.

10.2.1 Our approach to Service and Financial Planning is underpinned and informed by our Co-operative Council ethos. This means that we are working together, with the community and partners, to collectively deliver the best we can for Telford & Wrekin with the combined resources we have. We are working to:

- Bring more public services together so that people get what they need at the right place and the right time;
- Involve local people and our employees more in planning and running services; and
- Support our communities better and encourage local people and organisations to do more to help their communities.

10.2.2 Based on this ethos we have adopted 4 core elements for our medium term service and financial strategy set out in more detail in “Being the Change” - our organisational strategy to take the Council forward and help us to deliver the budget savings. In summary the 4 core elements are:

- Solving Problems and promoting Social Responsibility to reduce demand for services

- Challenging & Changing the way we do things
- Reducing our Dependency on Government Grants
- Being a Modern Organisation Where we Always Get the Basics Right

10.2.3 Solving Problems and promoting Social Responsibility to reduce demand for services.

- **“Demand Management”** - ensure that resources are targeted at those residents most in need of help. This is about understanding why people use our services and keeping them out of high cost systems.
- **“Prevention”** – avoid problems which place demand on public services by encouraging people to help themselves to prevent needs developing in the first place.
- **“Early Help & the Right Help”** – when individuals and families do need help and support, we want to identify them quickly and identify the right, effective support first time to avoid issues escalating and requiring more intensive and expensive intervention but also to avoid long-term dependency on our services.
- **“Working in Communities”** – to reduce demand by targeting our resources at areas in the greatest need of support and working more effectively with the resources which are already in place in our communities. Strong communities place the least demand on public services.
- **“Building Community Capacity”** – the need to harness the resources of the community, community groups and Town and Parish Councils, in helping to develop solutions to improve outcomes for our residents. This includes:
 - **Community self-help** – building people’s social support networks by making best use of the resources and assets which are available in a local area. This helps people remain in and be an active part of their local community. The Council has a clear role in facilitating community self-help, in March 2018 we established our ‘start up’ grants which provide up to £2,000 to residents who want to set up new community groups. We also carry out DBS checks, provide information and advice on how to set up a group and have facilitated a programme of training for voluntary organisations over the past 12 months. Promoting volunteering is also a key part of our role as we manage the volunteering website www.volunteertelford.co.uk. We help to promote volunteering opportunities for a wide range of organisations and now have over 1,000 volunteers that work with the Council to make a difference in our communities.
 - **Effective co-production** – supporting the development of service provision by communities and moving away from a narrow focus of meeting needs through practitioner provided services. We have a number of programmes of work that

support effective co-production, we have established a 'Development' grant which provides up to £10,000 to support the development of new or alternative provision that helps to reduce demand on Council Services. We are also involved in the 'Enterprising Communities' national pilot with Community Catalyst. This project focuses on developing community businesses within the health and social care market that help to reduce the demand on high cost Council services.

- **TWINCL** – We are aware that the voluntary and community sector are also experiencing financial pressures, therefore in June 2018 we launched TWINCL, our Local Authority Online Lottery. This lottery is currently raising money for 45 good causes in Telford and Wrekin and is on target to raise around £35,000 to be shared with these good causes within the first year of operation.

10.2.4 Challenging & Changing the way we do things

Examples of what we have done, and will continue to deliver, include:

- **Redesigning services and business process reengineering** to ensure that they are delivered in the most efficient and effective manner.
- **Redesigning and managing our “front-door”** to enable users to get the right service at the right time. Examples include “First Point for Business” and “Family Connect”.
- **Challenging Policies** – e.g. for calculation of Minimum Revenue Provision (changing debt repayment from equal instalments of principal to an annuity basis with cumulative revenue benefits of over £40m by 2019/20).
- **Working with the private sector** – to drive economic growth in order to generate jobs, increase prosperity for the residents and generate additional income for the Council from business rates and New Homes Bonus and Council Tax on new homes built in the Borough. Examples include work with the Telford Business Board and major local employers, the management of the Telford Town Centre shopping centre, house-builders and our Universities.

Building on this progress, moving forward there are some major ways that we will change as an organisation:

- **“Channel Shift”** by providing services and information in the most efficient way. For example, providing clear and robust information on the Council’s website will mean that residents can “self-serve” and not need to contact the Council in other less efficient, more expensive ways such as by telephone or face to face.
- **“Improving Business Intelligence”** – we are a data rich organisation, but all services need to be better at turning this data into intelligence to understand who is using our services and the

outcomes they receive. As we continue to change the organisation we need to understand the impact of these changes both in terms of efficiency but also in terms of impact on budget and the community too.

- **“Developing new ways of delivering services”** – we will need to be working in an ever more integrated way with our partners including:
 - Telford & Wrekin NHS Clinical Commissioning Group
 - Town & Parish Councils
 - Voluntary and community sector

10.2.5 Reducing our Dependency on Government Grants.

We have already taken significant steps to reduce our dependency on Government Grants and we will continue to drive these forward:

- **“Increasing income through trading our existing services”** – there are many Council services that already “trade” outside the organisation and secure income. For example Finance and HR and Catering.
- **“New commercial development/projects”** – we have developed a track record on taking on new ventures to deliver income to the Council and protect front-line services:
 - A solar farm providing £0.2m pa profit.
 - Established “NuPlace”, a housing company which will provide around 400 new homes for private and affordable rent, with the first homes now occupied.
 - Established a Growth Fund to invest in development of premises for businesses to encourage job creation and retention as well as generating additional rental income and business rates income

We will continue to research and develop new opportunities that can bring in an income stream to the Council. Our approach will always be business case-based.

- **“Maximising existing funding streams”** – there are 3 main areas which we are already progressing and will continue to drive:
 - **Business Supporting, Business Winning** – continuing to work to attract new investment and work to support the retention and growth of existing businesses. As well as being the right thing to develop jobs and growth in the Borough, the Council receives 49% of all new **business rates** rising to 74% in April 2020 subject to the implementation of the Government’s business retention rate programme and resets of the system – the first expected to be in April 2020.
 - **Growth Through Good Planning** - this is a whole Council approach by which all services work to support and enable business investment in the Borough.
 - **Property Investment Portfolio** - a property investment portfolio delivering £7.9m income per annum from rental income.

- **“Securing external funding”** – again we have successfully driven this agenda, including £18.79m through the Marches Local Enterprise Partnership Local Growth Fund. In addition, we have also joined the **West Midlands Combined Authority (WMCA)** and are actively working through this to maximise future opportunities for the Borough to build on the £3.7m already secured from the WMCA. The £3.7m grant we have secured has kick-started building new homes on stalled brownfield sites in the borough and created new jobs. These new homes will generate additional ongoing income for the Council from Council Tax of over £0.5m pa and New Homes Bonus grant of a similar amount for the first 4 years after construction.

To continue to reduce our dependency on Government Grants, building on our achievements to-date, we must continue to be creative, fast-acting and smart to identify and realise opportunities as and when we identify them.

10.2.6 Being a Modern Organisation Where we Always Get the Basics Right.

Core to being a modern organisation is continuing to reshape the Council’s relationship with its staff. We must continue to move towards a more flexible, more pragmatic and less bureaucratic approach to decision making. This means:

- Increased autonomy for managers and staff to take decisions
- Greater focus on development through workforce development programmes
- Greater flexibility including wider more flexible working and job descriptions for staff.
- Encourage creative thinking and challenge
- Focus on efficiency and reducing bureaucracy
- Increased staff engagement so that employee representatives will have a greater influence in the organisation

Whilst driving change and reshaping the relationship between the Council and its staff, we will continue to focus on getting the basics right, including:

- **Safeguarding our most vulnerable children and adults**
- **Health & Safety**
- **Procurement and purchasing** – ensuring that we maximise value from the services which we procure
- **Contract management** – ensuring that we always receive the service or products which we have procured through effective monitoring of delivery and renegotiation of contracts.

11. CAPITAL RECEIPTS AND DEBT CHARGES

- 11.1 The Council’s programme of property rationalisation has not only reduced running costs but is also generating significant capital receipts enabling us to fund some investment from internal resources rather than from increased borrowing. Due to a temporary Government relaxation in regulations, the Council is also able to use new capital receipts to fund severance costs arising from the inevitable downsizing of the organisation. Debt clearly has to be repaid and adds to pressure on the revenue budget so the generation of capital receipts from the sale of surplus assets helps protect essential front line services. This reduces the amount of cuts that would otherwise have to be made.
- 11.2 The Council, unlike the Government, is not able to borrow to fund revenue services as the Council has to set a balanced revenue budget each year with any shortfall being funded by the use of balances – if available, or from further cuts to spending or increased income.
- 11.3 Debt repayments represent a long term fixed charge against the revenue budget which reduces the amount of funding available for the provision of front line services. “Good capital investment” can also fund assets which will increase in value over the longer term. Invest-to-Save schemes such as the solar farm or the Housing Investment Programme and investment in the Property Investment Portfolio represent “good capital investment” as they earn a surplus which can be used to help protect front line services as the surplus generated helps to reduce the impact on the revenue budget of Government cuts to our grants, as well as delivering wider environmental, social or economic benefits.
- 11.4 In Telford & Wrekin debt repayments in 2018/19 accounted for 8.2% of the net revenue budget (including payment to Shropshire Council in respect of pre-unitary authority debt). This compares to:-
- Birmingham 35.0%
 - Unitary Authority average 9.5%
 - Shropshire 9.5%
 - Telford & Wrekin 8.2%
- 11.5 A graph showing the percentage of the net revenue budget allocated to debt repayments in 2018/19 for all unitary authorities is included in Appendix 5.
- 11.6 Our programme of asset sales totals £32.75m over the medium term. The planned profile of these receipts is shown below:

	£m
2018/19	11.015
2019/20	6.490
2020/21	8.340
2021/22	3.410
Later years	3.500

Total	32.755
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11.7 Generation of these receipts is a key requirement within the service and financial planning strategy. The Council has a detailed schedule of asset disposals to address this and this schedule is regularly monitored by both officers and members of the Audit Committee and all the revenue consequences of temporary financing pending these scheduled disposals are built in to the Council's base budget projections contained in this report. This dependency will continue to be subject to close monitoring. If any delay is experienced in generating expected receipts, mitigation factors could include a combination of re-phasing some capital spending schemes, identification of other assets for disposal or additional borrowing on a temporary or long term basis although this would increase revenue costs and necessitate further cuts to other services or the use of additional one-off resources.

12. SECTION 106 AGREEMENTS & FINANCIAL CONTRIBUTIONS

12.1 Planning obligations under Section 106 of the Town and Country Planning Act 1990 (as amended), commonly known as s106 agreements, are a mechanism which make a development proposal acceptable in planning terms, that would not otherwise be acceptable. They are focused on site specific mitigation of the impact of development. S.106 agreements are often referred to as 'developer contributions'. The common uses of planning obligations are to; secure affordable housing, to secure financial contributions to provide infrastructure (for example relating to necessary highways works to provide access to the development) and to help fund new educational facilities for the children of families that move in to newly built houses. Careful negotiations are undertaken with developers in reaching the s.106 agreement which are legally binding and clearly state what the funding can be used for.

12.2 Legally a S.106 can only be requested when it is:

1. necessary to make the development acceptable in planning terms
2. directly related to the development; and
3. fairly and reasonably related in scale and kind to the development.

12.3 Negotiations have to ensure that developments remain viable and the National Planning Policy Framework (NPPF) states where obligations are being sought or revised, local planning authorities should take account of changes in market conditions over time and, wherever appropriate, be sufficiently flexible to prevent planned development being stalled.

12.4 The Council's Children and Young People Scrutiny Committee undertook a scrutiny review of Primary School Places during 2014 which considered s.106 agreements relating to education and it was agreed that details of these agreements would be included in the

service and financial planning report in future years. Details are therefore included in Appendix 8 for the period 1st April 2018 to 31st October 2018 showing income and expenditure on each scheme relating to Education. Details of these and all other s.106 agreements will be included in the final accounts report which is considered by Cabinet in May of each year to show the year-end balance and in-year movement relating to each current s.106 agreement.

13. MEDIUM-TERM FINANCIAL OUTLOOK

13.1 Areas of Uncertainty – Reform of the Local Government Financial System

13.1.1 Significant changes were made to the local government finance system from 2013/14 including the localisation of a share of business rates, the replacement of the national Council Tax benefit scheme with local Council Tax Support schemes and the transfer of responsibility for Public Health services from the NHS to councils. This current local government finance system represented a significant transfer of risk from the Government to councils but also brought opportunities and incentives to encourage growth in local communities. This Council is well placed to benefit from the current financial system with an attractive environment, good motorway connections and ready to go development sites. We have grasped the challenge to become a “Business Supporting, Business Winning” Council.

13.1.2 The funding outlook beyond next year is more uncertain than it has ever been. Radical changes are proposed by the Government to the local government finance system which will come in to effect in 2019/20. The Municipal Journal reported on 19 November 2018 that at the County Councils Network, James Brokenshire M.P., Secretary of State for Housing, Communities and Local Government said that following the easing up of austerity in the Budget, the next review would be in a ‘very different context to the previous Spending Review’. However, very little advance notice of the impact of the changes to the new local government finance system is expected. It is likely that we will not have a clear idea of our financial position for the year starting 1 April 2020 until mid-December 2019. It is therefore essential that the Council maintains financial flexibility so that it is able to set a legal, balanced budget. A reasonable level of available uncommitted one-off resources should therefore be held in reserve and additional savings proposals deliverable in 2020/21 will need to be identified for consideration by the new Administration following the local elections in May 2019.

13.1.3 The changes to the local government finance system could include:-

- A completely new formula used to assess relative needs which will impact on the distribution of available resources between councils. Initial indications are that this review may see councils with a low level of Council Tax and higher levels of deprivation losing out. The

Government currently takes actual income from Council Tax into account when calculating Revenue Support Grant settlements but may in future use an assumed national level of Council Tax. Councils with an actual Council Tax below this would face a funding shortfall. These issues were highlighted recently by the Institute for Fiscal Studies (IFS) which has said that “London boroughs tend to set low Council Tax but receive generous grant funding due to high needs assessments. This means they will suffer when funding distribution across all English councils is changed in 2020, the review seems set to make councils who set low tax rates bear more of the cost themselves”.

- The move to 75% retention of business rates by local authorities (74% for the Council and 1% for the Combined Fire Authority). The Government have made it clear that they will not merely pass the additional funding to councils to make up for the cuts to our grants but rather, they will cease other funding streams such as the Public Health Grant which is currently over £12m and the remaining Revenue Support Grant and may potentially also pass additional responsibilities to councils so that the transfer is fiscally neutral at both a central and local government level. Some councils are likely to gain from these changes while others will lose and it is not currently possible to assess the impact at individual council level as there are many technical aspects of the new system that still need to be agreed. These technical aspects include:-
 - The implications of the “reset of the business rates baseline” which will see the benefits of all growth in business rates income since 2013/14 rebased across the country. This could see 100% of the growth that we have seen lost immediately or a lower percentage given up which could be phased over a number of years. Whilst we would lose the benefit from growth in our area we would benefit from a share in the growth achieved in other parts of the country.
 - The changes to the business rates system may also see changes to the treatment of appeals against the rateable values set by the national Valuation Office Agency. The Government’s Valuation Office Agency takes a considerable period of time to process appeals. Currently around two thirds of the total rateable value in the borough is subject to appeal. The Council has to estimate what proportion of these appeals will be successful and to what extent successful appeals will reduce the rates collected when estimating how much income business rates may contribute towards the Council’s budget.
 - Any transitional damping arrangements to protect councils from the combined impacts of the changes in business rates income and the fair funding review, any protection would be likely to be

funded from limiting the gains for councils that benefit from the new system.

- The New Homes Bonus (NHB) scheme is also under review. NHB has already been reduced with the introduction of a baseline threshold or assumed level of housing growth, currently set at 0.4%pa for which no NHB is paid and the duration of payments has been reduced from 6 years to 4 years. However, despite these changes, NHB is still a very significant funding source for the Council. In 2018/19 we will receive £6.2m, the proposed changes are likely to reduce the funding allocated through NHB. At a national level, this may see funding transferred from district councils so that additional support could be provided for upper tier councils e.g. to provide Adult Social Care (ASC) services.

13.1.4 The Council will continue to take opportunities to respond through all available consultation processes linked to the introduction of these changes to lobby for a fair funding settlement for Telford & Wrekin residents. The Council sent a response to the provisional settlement but no changes were made by the Government for any council other than Northamptonshire. All consultation responses will be agreed by the Cabinet Member for Council Finance, Partnerships and Commercial Services. This response will inevitably have to draw attention to the widely acknowledged inadequate funding for Adult Social Care.

13.2 **Comprehensive Spending Review 2019**

13.2.1 The last Comprehensive Spending Review (CSR) was undertaken in 2015 and set spending limits for 4 years through to 2019/20 which enabled MoHCLG to offer councils a 4 year RSG settlement which has assisted with medium term financial forecasting. However, there is still no indication of what funding may be available after next year.

13.2.2 The Government is due to undertake a Comprehensive Spending Review (CSR) in 2019 although no date for this has been published and there is still no indication of what period it will cover. In undertaking a CSR the Government will update its projections for receipts from taxation, its assumptions for economic growth, inflation etc. and set out its priorities for public spending and its target for budget deficits or surpluses over the medium term. However the Government has already indicated that it will provide real terms growth for the NHS and protection for some other areas of public spending so the outlook for local government is likely to remain challenging.

13.2.3 At the time of writing, the uncertainties arising from Brexit are likely to create a high level of uncertainty over the medium term projections

within the CSR. The CSR will set the Departmental Expenditure Limit (DEL) for the MoHCLG over the medium-term but will not give any indication of the funding that will be available to individual councils. The LGA is actively lobbying in advance of the CSR to highlight the projected funding shortfalls faced by councils and the need for additional funding to be provided rather than further cuts to local services.

13.3. Other areas of uncertainty include:-

- 13.3.1 The impact of BREXIT on inflation and the Government's deficit reduction policy and whether the economy moves in to recession with consequent impacts on the construction of new homes and business premises in the Borough, the generation of assumed capital receipt values and on Council budgets for local Council Tax support (if unemployment increases or household incomes fall), homelessness, housing benefit etc. is uncertain.
- 13.3.2 The possibility of more schools moving to Academisation and the consequent risk of loss of existing and potential income for a wide range of services to academy chains. Maintained schools also face an increasingly tight financial position which could impact on income levels or the ability to maintain the temporary contributions towards High Needs costs agreed for the current year.
- 13.3.3 The levels of demand for key front line services – particularly children's safeguarding, Adult Social Care and SEND services and whether the Government will make new additional sustainable on-going, rather than one-off, funding available for these services. The Council is expected to receive £5.5m through the "Better Care Fund" (BCF) in 2019/20. There is considerable uncertainty over this funding, and the CCG's contribution of over £6m to the BCF, beyond this year.
- 13.3.4 The levels of pay awards from 2020/21 after a decade of public sector pay restraint and the outcome of the pension fund triennial re-valuation to be undertaken in April 2019 and effective from 2020/21.
- 13.3.5 Projections of what the Council's budget gap might be in 2020/21 and beyond are therefore extremely difficult to make and have a high degree of uncertainty. Projections will be refined as and when additional information becomes available.

13.4 Local Government Finance Settlement

- 13.4.1 In the 2016/17 settlement indicative Revenue Support Grant figures were also included for the following three years. The Government offered councils that submitted an acceptable "Efficiency Strategy" a firm 4 year grant settlement. This Council submitted its efficiency

strategy and received confirmation that we are eligible for this 4 year grant settlement as detailed below:-

	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m
RSG	24.899	18.457	14.147	9.812
% Reduction from Previous Year	-20.81%	-25.88%	-23.35%	-30.65%

13.4.2 To some extent this has assisted with medium term financial planning. However, it has to be recognised that the 4 year offer only relates to Revenue Support Grant which represents an ever decreasing proportion of our total funding.

13.4.3 The provisional settlement for 2019/20 was announced a week later than expected on 13 December 2018 and the final settlement which confirmed these figures despite the representations made by councils and the Local Government Association during the consultation period. was announced on 29 January 2019. The settlement will force the Council to continue to make cuts on an unprecedented scale as it has a legal duty to set a “balanced budget”.

13.4.4 Whilst the Comprehensive Spending Review and Autumn Budget set the strategic financial overview for the Government as a whole over the medium term, the provisional local government finance settlement set out the specific proposals affecting local government for 2019/20 with details for each council being provided. Key issues for the Council arising from the provisional settlement include:-

- The referendum limit for unitary authorities has been set at a 3% core threshold plus any remaining headroom in the Adult Social Care precept, giving a potential maximum increase of just under 5% for this Council in 2019/2020.
- The actual amount of business rates available for the budget strategy has now been confirmed following completion of the NNDR 1 form. This has identified £0.86m additional business rates will be available to support the budget next year, over and above, what had been assumed in the January 3rd Cabinet report. It is proposed that this additional funding is used to offset the further reduction on our Housing Benefit Administration grant and to provide additional support to the Children’s Safeguarding & Family Support budget in view of growing pressures facing this service in line with national trends through the creation of a contingency specifically to help to offset any further pressures that arise next year.
- The settlement confirmed that no changes would be made to the New Homes Bonus “deadweight” allowance (for which no New Homes Bonus is payable which had been suggested as a possibility in

September 2018); instead an additional £20m funding has been added to the scheme in 2019/20 to continue to reward council's for delivering additional housing. The 2019/20 provisional grant for Telford & Wrekin announced is therefore £6.187m, which is £0.057m higher than we had estimated.

- A balance of £180m on the national business rates levy account will be distributed to all councils. The allocation for Telford & Wrekin is £0.585m which will be received in the current financial year and has therefore been reflected in the Financial Management report also on the Cabinet agenda for 14 February
- Two consultation papers have been published on the Fair Funding Review and Business Rates Retention. Consultation closes on 21 February 2019. The Council will send responses to both consultations which will be agreed by the Cabinet Member for Council Finance, Partnerships and Commercial Services.
- It is now clear **that despite extensive lobbying by the Local Government Association that the Council's Revenue Support Grant has been cut by 30.65% for next year in cash terms.** In overall terms, the settlement information received is disappointing and means that the Council will have to continue to make very difficult choices about how it prioritises spending decisions.

13.4.5 At a national level:-

- £1.3bn will be cut from Revenue Support Grant (RSG) next year. This brings the total cut to RSG since 2016/17 to 68%.
- Total funding provided to councils from Government will have reduced from £28.1bn in 20212/13 to £18.6bn by 2019/20. The Government expects Council Tax to fund 60% of "core spending power" next year compared to 49% in 2015/16. A clear shift in how the Government expects local government services to be funded.

14. 2018/19 PROJECTED OUTTURN POSITION

- 14.1 As the Financial Management report also on this agenda shows, excellent financial control continues to be exercised and good progress is being made in delivering the overall budget for 2018/19 in very difficult circumstances. However, there are some areas of significant pressure and clearly, the actual outturn will be different, either better or worse, than currently projected as we are only part way through the year. It is essential that all Cabinet Members and budget holders continue to exercise tight financial control and to deliver all planned savings. However, it is now clear that the Council is very likely to have a significant balance remaining in the Corporate budget contingency (currently estimated to be £7.95m) which has not previously been assumed as being available. The Financial Management report also on this agenda therefore recommends that £3.6m of this one-off funding is allocated to support investment in key community priorities with the remainder being reserved to support the delivery of future service and financial planning strategies.

15. SAVINGS PROPOSALS 2019/20

- 15.1 The Service and Financial Planning strategies approved for 2017/18 and 2018/19 included savings due to be delivered in 2019/20 which it is assumed will be delivered next year:-

Savings already approved in the S&FP strategy for delivery in 2019/20:-	£m
Approved in 2017/18 strategy	0.348
Approved in 2018/19 strategy	5.716
Total	6.064

- 15.2 Summaries of the Cost Improvement Plans for Children's Safeguarding & Family Support and Adult Social Care are included as Appendices 11 and 12.

16. INVESTMENTS

- 16.1 Due to the very tight financial position faced by the Council the only new investments that have been included in the Service & Financial Planning Strategy for 2019/20 are those considered to be essential. Additional investment is required in Adult Social Care budgets in order to meet the needs of vulnerable people. This investment totals £0.842m in 2019/20 which is over and above the £0.77m built in to the budget model for 2019/20 for Adult Social Care in March 2018.
- 16.2 Additional investment is also required in Children's Safeguarding & Family Support totalling £3.296m in 2019/20. A specific contingency of £0.847m for these services has also been created. These sums are over and above the £0.75m built in to the budget model for 2019/20 for Children's Safeguarding & Family Support in March 2018.
- 16.3 £0.33m has also been invested to replace temporary funding for subsidised bus routes that would otherwise expire in 2019/20.
- 16.4 The Council has agreed a significant programme of capital investments totalling over £189m over the medium term planning period which will bring significant benefits to the Borough. These are detailed in the Capital Programme report also on this agenda.

17. COUNCIL TAX

- 17.1 Council Tax in Telford & Wrekin has historically been low compared to other councils. Appendix 1 is a graph comparing Council Tax levels across the Midlands region and demonstrates that Council Tax in this area is the lowest in the Midlands region at Band D (£1,261.20). The average Council Tax at Band D in the Midlands region is more than 14% higher than in Telford & Wrekin.

- 17.2 Appendix 2 compares our Council Tax to the other unitary authorities in England and shows that we have the third lowest Council Tax at Band D out of 56 unitary authorities being £169.64 less pa than the average for unitary authorities of £1430.84 which is more than 13% higher than our level at Band D.
- 17.3 If Telford & Wrekin Council had levied a Council Tax at the average level of Midlands authorities (£1438.87 at Band D which is £177.67 or over 14% higher than in Telford & Wrekin) in the current year, we would have an additional £8.8m to spend on local services.
- 17.4 A further factor that has reduced resources in this area is “grant damping” whereby grant that the Government has calculated should be paid to this Council is withheld and used to support spending by councils that would otherwise receive less grant e.g. as a result of reducing population numbers. In the calculations used to establish the current local government finance system which came in to effect from 1st April 2013, £1.6m pa of this loss was perpetuated in the new baseline funding settlement for the Council and will be withheld from us – equivalent to a cumulative loss of over £11m by 2019/20.
- 17.5 The Council also believes that it continues to suffer from a population undercount. We believe that the Office for National Statistics undercounts our population by around 4,000 people which has resulted in a further loss of grant of around £1.2m pa. in recent years – a cumulative loss of over £8m for the period 2013/14 to 2019/20.
- 17.6 As well as a comparatively low level of Council Tax, this area also has comparatively low property values with the majority of our properties being in Council Tax Bands A or B. Whilst this is relatively good news for local residents in terms of their Council Tax bill and although we appreciate that Council Tax bills are still a significant cost for local households, it means that we do not have the same scope to generate income from Council Tax as many other parts of the country where levels of Council Tax are much higher and average property levels are also higher so a 1% increase raises considerably more per property than it does in Telford & Wrekin.
- 17.7 The Council has agreed a medium term strategy for Council Tax increases through to and including 2019/20 and this is reaffirmed in this report i.e. that Council Tax should be increased by 3.2% (made up of 2% in respect of the Government’s Adult Social Care Precept and a general Council Tax increase of 1.2% equivalent to the Council Tax Freeze Grant that the Government used to provide) in 2019/20. As explained earlier, the Council does not support the Government’s approach of simply transferring the cost of funding Adult Social Care from national taxation to local Council Tax payers by making cuts to the grants previously made to councils and then expecting local taxpayers to pick up a higher bill.

18. BASE BUDGET, BALANCES AND CONTINGENCIES

18.1 Base Budget

18.1.1 A summary of the Base Budget position is included at Appendix 6 which shows a net base budget of £120.385m for 2019/20 before investments and additional adult social care funding of £1.323m announced in the Autumn budget giving a base budget funding surplus of £1.031m in 2019/20 – after the assumed Council Tax increase of 3.2% but before the essential new investments flagged above are reflected. Appendix 7 includes an analysis of the main changes in moving from the 2018/19 budget to the 2019/20 base budget.

18.2 Balances

18.2.1 Appendix 9 summarises the overall reserves and balances position of the Council after taking account of the various earmarked reserves and the risks faced by the Council. This currently shows around £16.26m available which could be taken in to account as part of medium term budget strategy considerations, excluding any assumption for unused 2018/19 corporate contingency, which even after the proposed one-off investments detailed in the Financial Management report also on the Cabinet agenda could increase this amount to just under £19m on current projections.

18.2.2 A rigorous review of all reserves, provisions and balances has been undertaken. The Government's temporary relaxation of the rules for using capital receipts meant that in January, it was possible to transfer some funding from the severance fund (as severance costs can be capitalised using new capital receipts until 2021/22) to the invest to Save/Capacity Fund in order to support the delivery of the service and financial planning strategy. This increased the uncommitted balance in the Invest to Save/Capacity Fund to £1.54m and left £1.25m in the Severance Fund. The Government offered councils the ability to fund the one-off costs of service reform projects from new capital receipts generated during a three year period commencing from 1st April 2016, which was subsequently extended to a six year period as part of the provisional settlement on 19th December 2017. This will result in higher levels of debt than would have otherwise been the case and therefore higher debt charges as all capital receipts would otherwise be used to fund planned capital projects. However, whilst the debt charges are ongoing they will be more than offset by the ongoing savings generated from the invest to save measures. In order to take advantage of this flexibility Full Council needs to approve an updated "Efficiency Strategy" at Appendix 13.

18.2.3 The funding released from this review gives total "usable" one-offs of £16.26m as detailed in Appendix 9 which will be used to support the delivery of the medium term service and financial planning strategy as it is developed. The level of usable one-offs gives a level of comfort that the proposals contained in this report are financially robust, given the projected levels of spending in Children's Safeguarding and Adult

Social care in 2019/20 have been fully allowed for in the proposed budget. The Council also has £11.92m of general fund funding set aside for the one-off costs of implementing single status which may not all be required and which certainly won't be required in 2019/20 giving additional potential flexibility if required. Having adequate uncommitted one-off resources is particularly important as the significant benefits obtained in recent years from treasury management activities cannot be assumed to be available in later years as the Council starts to "lock-in" to longer-term fixed rates of interest (as opposed to running a loan book with exposure to very short-term but low cost funding and future year budgets will therefore be under even greater pressure.

18.2.4 The Partnership Capacity Fund has a current balance of £0.611m. This funding is set aside to be used for community grant programmes such as those outlined earlier in this report, to support the development of volunteering schemes and to develop capacity within the voluntary sector.

18.3 Risk Management and Financial Resilience

18.3.1 Local Government has faced unprecedented financial challenges since 2010 and the Council has faced significant grant cuts at a time when demand for many services, such as safeguarding vulnerable children and adults, have been increasing. We are also in a period of considerable financial uncertainty with changes to the Local Government finance system due to be implemented in April 2020 and currently no national Comprehensive Spending Review figures from the Government beyond 2019/20. As an organisation which provides a vast range of different services to the community and spends over £470m per annum financial resilience and risk management are very important considerations when setting the Service & Financial Planning Strategy.

18.3.2 The key elements underpinning the Council's Financial Resilience are:

- **Setting a robust budget strategy which is deliverable and sustainable**
 - ✓ The Council has a proven track record of strong financial management, with no overspends over the past 10 years and has consistently received an unqualified audit opinion from its external auditors
 - ✓ The Council has successfully delivered £117m savings since 2009/10
 - ✓ Although very challenging, many savings have been phased over a number of years to allow adequate time for full consideration, consultation and implementation
 - ✓ An Invest to Save/Capacity Fund and a Partnership Capacity Fund are in place to provide additional resources for priority areas and to assist with the delivery of savings;

bids are subject to a rigorous business case development and approval process

- ✓ The Council has a comprehensive employee restructuring programme which is used consistently and supported by clear, costed rationales to support reductions in ongoing costs whilst maintaining the delivery of essential services and minimising compulsory redundancies as far as possible
- ✓ Where required, additional investment has been included in the budget, £0.842m additional investment in Adult Social Care has been allowed for in 2019/20 and £3.296m additional investment in to Children's Safeguarding & Family Support has been built in to the 2019/20 budget to support Looked After Children
- ✓ Provisions are included in the accounts where required, to safeguard against potential costs, for example for bad debts and NDR Appeals.

- **Strong and Effective Financial Management**

- ✓ A robust risk based financial monitoring regime is in place to identify any adverse variances early so that corrective financial management action can take place. Additional in year savings targets have been delivered when necessary in recent years to meet service pressures.
- ✓ The projected financial outturn for 2018/19 currently shows a considerable amount of contingency should be available at year end.
- ✓ Cost Improvement plans are in place to focus on Children's Safeguarding & Family Support and Adult Social Care, areas of high demand and high cost. These are monitored on a regular basis by Senior Managers and Members.
- ✓ All reports considered by SMT and Cabinet are required to include financial and legal comments prepared by suitably qualified officers to ensure that financial and legal implications are clearly understood before decisions are taken.
- ✓ Decisive corporate action is taken on a timely basis to manage the Council's overall resources in order to address pressures as they, inevitably, arise during the year given the complex disparate range of services provided by the Council.

- **Strong & Effective Capital & Treasury Management**

- ✓ Capital Programme resources are available, in accordance with the Prudential Code of Borrowing and capacity may exist to capitalise expenditure planned to be funded from

revenue and in extreme circumstances the Minister may authorise an application for a capitalisation direction.

- ✓ There is an effective Treasury Management Strategy, also included in this suite of Service & Financial Planning reports which aims to maximise returns for the Council while minimising risks with a solid long track record of exceeding targets set.
- ✓ Long term interest rates are allowed for in the budget projections despite, at the time of drafting this report, holding a high proportion of the debt portfolio in short term loans running at rates below 1%. This enables the Council to lock in to longer term fixed rate loans when advised to do so by our external Treasury Advisors without impacting on the medium term financial projections included in this report.
- ✓ Treasury management decisions are managed at a strategic level in order to deliver best value rather than individual loans being taken out for spending on each separate capital project which often span several years.
- ✓ All capital and revenue investment proposals are subject to a rigorous business case development process to manage and mitigate risks as far as possible and are funded in accordance with the Council's approved Treasury Management Strategy after taking advice from professional advisors.

- **Reserves & Balances**

- ✓ The Council has General Fund and Special Fund balances as a safeguard against unforeseen costs. A rigorous review of reserves and balances has been undertaken which has released a considerable sum. This will be used to support the medium term service and financial planning strategy.
- ✓ One-off resources will be retained to provide financial flexibility due to the high degree of uncertainty over the future financial outlook.
- ✓ In extreme emergency circumstances, general balances and some other funds that have been set-aside for specific purposes could be used and then replaced as part of a future strategy.
- ✓ The Council holds £11.92m set aside for one-off costs associated with the equal pay settlement. This is a significant sum which will be reviewed as modelling work on the likely settlement is firmed-up.
- ✓ Contingencies have been built into the budget: a general contingency of £3.0m in 2019/20 with a further £1.1m for inflation;

- **Strategic Risk Management**

- ✓ The Council has a strategic risk register which is used to identify the substantive issues which may impact negatively on the delivery of the Council's priorities and may also have a financial impact. This is regularly reviewed by Senior Management Team to manage risks and mitigate potential exposures both as part of everyday business and as part of decision making processes.
- ✓ The updated Strategic Risk Register is included as Appendix 14 of this report.

Reducing Dependency on Government Funding

- ✓ A key focus of the budget is on income generation, thus reducing the Council's reliance on Government Grant in the future making the Council more financially independent but also more subject to economic cycles.
- ✓ Despite the financial challenges being faced, the Council has a clear goal to attract new jobs and investment and promote growth in the borough and is committed to an investment programme which will safeguard the prosperity of the borough – growth will result in additional Council Tax, new homes bonus and business rates pending the major changes to the system expected in 2020/21 and periodic resets of the system.
- ✓ The Council has adopted innovative ways to generate income such as from Nuplace, its wholly owned housing company, the solar farm and the Telford Growth Fund. Surpluses from these investments support front line services as well as providing wider environmental, social or economic benefits.
- ✓ The Council has a long track record of achieving good performance against income collection targets for Council Tax, Business Rates and other income. The Revenues team won the national IRRV award for unitary authority revenues team of the year in 2018.

- **Insurance Arrangements**

- ✓ Appropriate insurance arrangements are in place to safeguard the council's assets and protect against liabilities.

- **Experienced Finance Team**

- ✓ The Council employs an in-house Finance team who work closely with service managers developing good working relationships and understanding of the issues and pressures facing services.

- ✓ The Council's Finance team includes a good mix of qualified accountants, accounting technicians and other staff with extensive experience built up in the Council, in other public sector organisations and the private sector.
- ✓ The Council makes sufficient resources available to the Section 151 Officer to enable comprehensive financial management controls to be maintained.
- ✓ The Council employs an experienced S.151 Officer who is a member of the Council's Senior Management Team reporting directly to the Managing Director.
- ✓ Regular Financial Management reports are produced for and considered by the Senior Management Team and for Cabinet and appropriate action taken to manage pressures as they arise.
- ✓ Specialist external knowledge is commissioned for specific projects where appropriate.

18.3.3 These factors together with the Council's long track record of effective financial management over what has been an exceptionally challenging period of austerity, which is unprecedented both in scale and duration, provide a level of assurance that the Council is in a sound financial position despite the further challenges that the Government have now presented with the latest grant announcement.

18.4 Inflation Assumptions and Contingencies

18.4.1 The Council's budget model includes an allowance for pay awards of 2.7% (to reflect the overall cost of the national pay offer) for 2019/20 and also in 2020/21 and 3% for 2021/22. If actual pay awards are lower than this the saving will be used to reduce the savings requirements for these years. If they are higher the Council will need to find further savings. After 9 years of considerable pay restraint which have seen the pay of council employees cut in real terms by over 26% (and considerably more for the most senior roles) there is a risk that as the economy improves the Council may not be able to retain or attract suitably skilled staff to deliver services in what is now a very challenging and competitive environment.

18.4.2 In accordance with practice in recent years, no allowance has been built in for general inflation, although some provision for contractually committed inflation has been made and some provision for the additional costs that care providers will face as a result of the new national "living"/minimum wage.

18.5 Single Status

18.5.1 The Council is planning to implement a new Job Evaluation scheme during 2020/21 to meet the requirements of the Single Status legislation. A considerable amount of work has been undertaken, including developing a comprehensive local Job Evaluation scheme.

Work is progressing with the trades unions to ensure that the local job evaluation scheme has been applied in a fair and consistent way. Phase one of this work has been completed and work on Phase two which covers school based employees is currently underway. However, this is an important process which takes time to complete accurately and it is unlikely that we will move on to the final phase for small groups of corporate roles until late 2019.

18.5.2 An allowance for the additional ongoing costs arising from single status has been built in to the budget for 2020/21 of £0.317m rising to £1.270m in 2021/22. This is after allowing for existing commitments against the funding previously earmarked e.g. to meet the costs of moving away from fixed point grades and some additional payments for social workers to reflect market rates. It is also in the context of introducing a local job evaluation scheme that is expected to have a lower on-going cost than previously assumed. In addition to the ongoing budgetary provision £11.92m one-off funding was set aside several years ago to meet any one-off costs associated with implementing the Single Status agreement. As work progresses on the project it will be possible to assess how appropriate this level of one-off resource is.

19. PAY POLICY

19.1 The Council's Pay Policy for 2019/20 is included as Appendix 3. This was not considered at Personnel Committee this year because there were no proposed changes to the policy. The Localism Act 2011 requires local authorities to produce an annual Pay Policy Statement. The Act requires the statement to detail the Council's policies in respect of remuneration at various tiers within the Council. The Act does not apply to local authority schools.

19.2 The purpose of these provisions is to provide transparency with regard to the Council's approach to setting the pay of its employees by determining:

- The methods by which pay is determined.
- The detail and level of remuneration of its most senior staff
- The Committees responsible for ensuring consistent application of the provisions set out in the Statement.

19.3 The Council's Pay Policy Statement details:-

- pay negotiation bodies,
- initial allocation of pay points.
- lowest paid employees and the ratio comparison with the highest paid officers.
- Senior management remuneration.
- the recruitment of chief officers
- additions to chief officers pay
- termination payments
- where accountability and responsibility lies.

19.4 The Pay Policy for 2019/20 is included as Appendix 3 of this report.

20. EDUCATION FUNDING – DEDICATED SCHOOLS GRANT

20.1 Dedicated Schools Grant (DSG) in 2019-20 will be allocated using four blocks:

20.2 **Schools Block £117m** - funding for all mainstream primary and secondary schools via a local funding formula, although this may be changed to a national school level formula after 2020/21. This is as expected based on the draft census numbers we had and the previously announced amounts per pupil. The amount in the block has increased by around £6m compared to 2018/19, due to more pupils, an increase of around 2.7% in the funding per pupil and some additional funds for growth. The 2.7% increase is due to Telford & Wrekin school funding being gradually brought up to the National Funding Formula (NFF) level – a further increase of just over 1% per pupil would be required for the funding to reach the NFF.

20.3 **High Needs Block £22m** - which funds Special Educational Needs (SEND) placements and support, special schools, pupil referral units and other alternative provision. Up to and including 2017/18, local authorities could move funds between the Schools and High Needs blocks without a requirement for specific School Forum approval. Since 2018/19, DfE rules mean that up to 0.5% of the Schools Block can be moved to high needs, but only after consultation with all schools and then a Forum vote in favour. The forum supported such a transfer in 2018/19 and for 2019/20. For Telford & Wrekin 0.5% represents around £586,000. On 16th December the Government announced an additional allocation of £350m to support High Needs, this included a further £100m to top-up the Special Provision Capital Fund for new places and improved facilities, and £250m of revenue funding. An additional £0.84m of revenue funding (included in the total block amount above) has been allocated to Telford & Wrekin split equally across 2018/19 and 2019/20, detailed capital allocations are yet to be published.

20.4 High Needs is an area of significant financial pressure in Telford & Wrekin, as well as many other Local Authorities, due to the upwards trend in the number and complexity of children and young people with high needs and a reduction in the financial flexibility to respond to these pressures. A number of strands of work are underway to identify strategies to deal with this situation.

20.5 **Early Years Block £12m** – funding for free entitlement provision for 2, 3 and 4 year olds. Since September 2017 publicly funded provision has been extended from 15 hours per week (in term-time) to 30 hours per week for children of working parents. Funding is allocated to settings, both schools and private, voluntary and independent (PVI) providers

based on a local funding formula. There was a significant increase in funding per child amounting to around 8% for Telford & Wrekin in 2017/18, but no further increase per child since then. Cost pressures impacting upon settings include the year on year increases in the minimum (or national 'living') wage. This is a provisional allocation which will be adjusted later in 2019/20 based on actual pupil numbers in place in January 2019 and January 2020.

- 20.6 **Central School Services Block £1m** - funding for Local Authority central services, which in the main are statutory. The Education Services Grant (ESG) ceased at the end of August 2017 and the Government created this new DSG block specifically for central services. However, the amount allocated is far lower than the previous ESG and Local Authorities need to get line by line Schools Forum approval for any funds used to fund central services, despite these services being statutory responsibilities of the local authority.

21. EQUALITY IMPACT ASSESSMENT

- 21.1 Equality Impact Assessment is a tool that is used to ensure our decision making takes into consideration the protected characteristics with regard to the General Equality Duty (GED). In short we must demonstrate that we pay due regard to eliminate unlawful discrimination, harassment and victimisation, to advance equality of opportunity and to foster good relations. We need to assess and analyse the practical impact on those whose needs are affected by changes to the way that we deliver our services or to our spending. We have adopted a proportionate approach that takes into account the relevance of a proposal with regard to equality. This is a measured response recognising that our resources are best aimed at dealing with those proposals that could have the most significant impact. In order to accomplish this we have followed a process designed to screen proposals and ensure that they are fully explored.
- 21.2 Our process involves carrying out an initial scoping exercise to determine which budget proposals may require action or further investigation with regard to equality impact. For proposals where implications are identified and are at a sufficiently developed state a proportionate impact assessment is undertaken. Where a proposal is still at an early stage of development an equality impact assessment will be undertaken during its development. This is an ongoing process that will continue throughout the year. As we engage with our community and partners to identify where we may need to deliver services differently we will ensure that we continue the process of screening these proposals to identify if there are any equality implications.

22. ENVIRONMENTAL AND ECONOMIC IMPACT ASSESSMENTS.

- 22.1 Environmental assessment is a procedure that ensures that environmental implications of Council decisions are taken into account. The principle is to ensure that plans, programmes and projects likely to have significant effects on the environment are made subject to an environmental assessment. Environmental Assessments aim to provide a level of protection to the environment and to contribute to the integration of environmental considerations into the preparation of projects, plans and programmes with a view to reduce their environmental impact.
- 22.2 Overall, on balance the environmental assessment of the budget proposals is expected to be positive for example as the Council operates from fewer buildings energy use will be lower and lower employee numbers will result in decreased car journeys to and from work and potentially work related journeys as we redesign services and use communication technology differently.
- 22.3 An economic impact assessment will be undertaken for those proposals that have a significant individual economic impact. Clearly reducing spending by the Council will impact on the local economy for example through fewer people being directly employed by the Council and less business being placed by the Council with local suppliers as spending cuts are made. The Council adopts a proactive business supporting and business winning approach which will help to reduce the adverse economic impacts caused by the Government's continuing cuts to our grant and has also set out a significant Capital Programme – please see the Capital Strategy and Capital programme reports also on this agenda which will offset the impact of spending cuts to some extent.

23. COMMUNITY ENGAGEMENT AND COMMUNICATION

- 23.1 As outlined earlier in this report we have revised our approach to budget engagement to enable discussion at an earlier stage with partners regarding how we deliver our services in the future and meet our financial challenges. The focus of the 4 week budget engagement process this year has been on communicating our strategy for Service & Financial Planning for next year to our partners and wider community. This has involved clear communication in relation to where the Council intends to spend its budget and highlighted the limited number of areas for new investment. The Council's strategy was published on our website, information was provided on social media and was supported by wider media communications. People were given an opportunity to comment on these proposals by email, telephone or social media.
- 23.2 As part of our engagement process we have also commenced early dialogue with our partners in the voluntary and community sector,

Town and Parish Councils and the business community. These sessions involved presentations on our Service & Financial Planning strategy and provided more detailed information about the challenges we face around our Adult Social Care and Children's Services, innovative approaches in these areas are key to the successful delivery of our financial strategy. The sessions also included an opportunity to consider how we might work in partnership together to develop alternative ways of continuing provision that meets the needs of our community, particularly those that are most vulnerable.

- 23.3 Some common themes were explored across these sessions including sharing examples of how partners are already supporting the delivery of the Council's priorities and how the Council can work with partners to continue to support this good practice. An ongoing theme continues to be a focus on collaborative working and ensuring that we are all making the most of the limited resources we have. The importance of an ongoing dialogue was also identified.
- 23.4 As outlined above, communication of the Council's Service and Financial Planning Strategy has been the start of the process of more in depth engagement that will continue throughout the year. We will use the feedback from partners to enable us to work together as specific proposals relating to service delivery are developed. Our joined up approach to equality and consultation will ensure that we engage residents appropriately in relation to proposed changes to the delivery of Council services.

24. FEEDBACK FROM SCRUTINY

- 24.1 The Finance & Enterprise Scrutiny Committee is a politically balanced committee of seven non-Executive elected members and two co-opted members. The Committee is the main mechanism by which Cabinet consults annually with Scrutiny on the budget proposals.
- 24.2 The Committee held two meetings on 8 January and 21 January 2019 to scrutinise the Service & Financial Planning Strategy 2019/20 – 2021/22 agreed by Cabinet for consultation on 3 January 2019.
- 24.3 An alternative budget was not put forward by the main opposition group.
- 24.4 The Committee would like to thank the Cabinet Member for Finance, Commercial Services and Economic Development and the Chief Financial Officer for their presentation and answering questions to assist the Committee in its deliberations. The Committee also thanks those Officers involved in providing written responses to a number of questions raised.
- 24.5 The general consensus of the Committee was to support the administration's budget approach in light of the lack of clarity around

funding for 2020-21 and beyond. In particular, the Committee made the following observations and expressed concern around the following areas of government funding:-

- (a) Since the Council had assumed responsibility for Public Health from April 2013, there had been a cut to the underlying grant in all years from April 2015 and the grant next year would be cut by £0.3m again in cash terms. Members expressed concern that a reduced grant would be detrimental to the realisation of the national and local ambition for the prevention agenda and asserted that proper funding was required from government for these responsibilities.
- (b) Adult Care continued to be financially challenging, not just for Telford and Wrekin but for local authorities across the country, and the Committee keenly awaited the adult social care green paper proposals and a debate on funding long term social care.
- (c) The Committee recommended that Cabinet reinvigorate the lobby to the Office for National Statistics with regard to the population undercount (around 4000 people) which under the current system equates to a loss of grant of around £1.2m per annum.

24.6 The Committee supported the intention to make maximum use of the powers conferred by the Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018 to encourage owners of properties that have been empty for a long time to bring them back in to use.

25. COUNCIL TAX SUPPORT POLICY 2019/20

25.1 We last consulted on our Council Tax Support Policy in 2016 when we proposed that the current scheme would stay in place until March 2020, unless Government Policy changes significantly. As there have been no major changes in Government Policy we are not proposing any local changes to the scheme for 2019/20 that will affect entitlement, although there are some small technical changes required to keep the scheme functioning in line with the wider welfare benefits system changes, particularly with the introduction of Universal Credit.

25.2 Since 2015/16 a £30,000 Hardship Fund has been approved each year by Cabinet. The Council Tax hardship scheme has been invaluable in providing additional support to the most vulnerable customers, and it is therefore recommended that this scheme be funded for a further 12 months at a cost of £30,000

26. STRATEGIC RISK REGISTER

- 26.1 As an organisation which provides a vast range of different services to the community and spends revenue and capital resources of around £500m pa, the management of risks is an important consideration in the budget setting process. The Council has a strategic risk register – included at Appendix 14, which is used to identify the substantive issues which may impact negatively on the delivery of the Council’s priorities and may also have a financial impact. This is regularly reviewed by the Senior Management Team to manage risks and mitigate potential exposures both as part of everyday business and as part of decision making processes.

27. 6 MONTH PERFORMANCE UPDATE.

- 27.1 Appendix 16 provides an overview of the progress made delivering the Council’s community facing priorities. These performance measures are used to monitor the progress, as well as impact of service change and redesign.

28. ROBUSTNESS OF THE FINANCIAL STRATEGY AND LEVELS OF RESERVES & BALANCES.

- 28.1 The Council is required to set a balanced budget and under section 25 of the Local Government Act 2003, the Council’s Chief Financial Officer (CFO) is required to report on the adequacy of the Council’s reserves and balances and on the Council’s financial strategy including the use of balances and of the financial planning process and the Council must have regard to this report when agreeing the medium term financial strategy.

- 28.2 **Appendix 10 gives a more detailed view, but overall, given the continued delivery of savings which now total almost £117m, the long-term service redesign, particularly in relation to Adults and Children’s services, the commercial approach being adopted, and the investment being made in the borough, it is considered that the Council is pursuing a sound financial strategy in the context of the most prolonged and challenging financial position it has ever faced due to the combined effect of Government grant cuts and increased service pressures.**

29. NEXT STEPS & TIMETABLE

- 29.1 Once the service and financial planning strategy for 2019/20 has been approved by full Council on 28 February 2019 and the Council Tax resolutions have been approved, it will be imperative that considerable resource is devoted to rigorous financial management and monitoring by all managers and budget holders. All managers need to effectively and proactively manage their business. Managers will need to take an increased role in the financial management of their services through increased use of the Agresso financial management system and

appropriate training to facilitate and support this continues to be made available.

- 29.2 The Council faces many financial challenges over and above the obvious and very significant reductions in Government grant. There are many risks and uncertainties inherent in the financial system that was imposed by the Government during 2013/14. As made clear earlier in the report there is a very high level of uncertainty about how the CSR2019 and the new local government finance system to be introduced from April 2020 will impact on the Council.
- 29.3 As well as exercising tight financial control and effective financial management, managers and Cabinet Members will need to continue working together to identify further savings and opportunities for additional income to bridge the significant projected budget shortfalls in 2020/21 and 2021/22. Developing options for consultation will involve discussion with partner organisations, service users and the community. The Council will need to actively respond to the additional consultation opportunities offered by the Government during 2019/20 around the new local government finance system and ensure that the implications of the final changes are understood and opportunities are maximised and the associated risks are effectively managed as far as possible.

30. BACKGROUND PAPERS

- LG Futures Autumn Budget briefing – October 2018
- LG Futures Local Government Finance Settlement briefing – December 2018
- Municipal Journal article by Heather Jamieson “Brokenshire: 2019 will be turning point for local government” published 19 November 2018.
- BBC News Website
- Revenue Support Grant Settlement Announcement – CLG Website
- Service & Financial Planning Report to Council – 1 March 2018
- Service & Financial Planning Report to Cabinet – 3 January 2019

Report prepared by:-

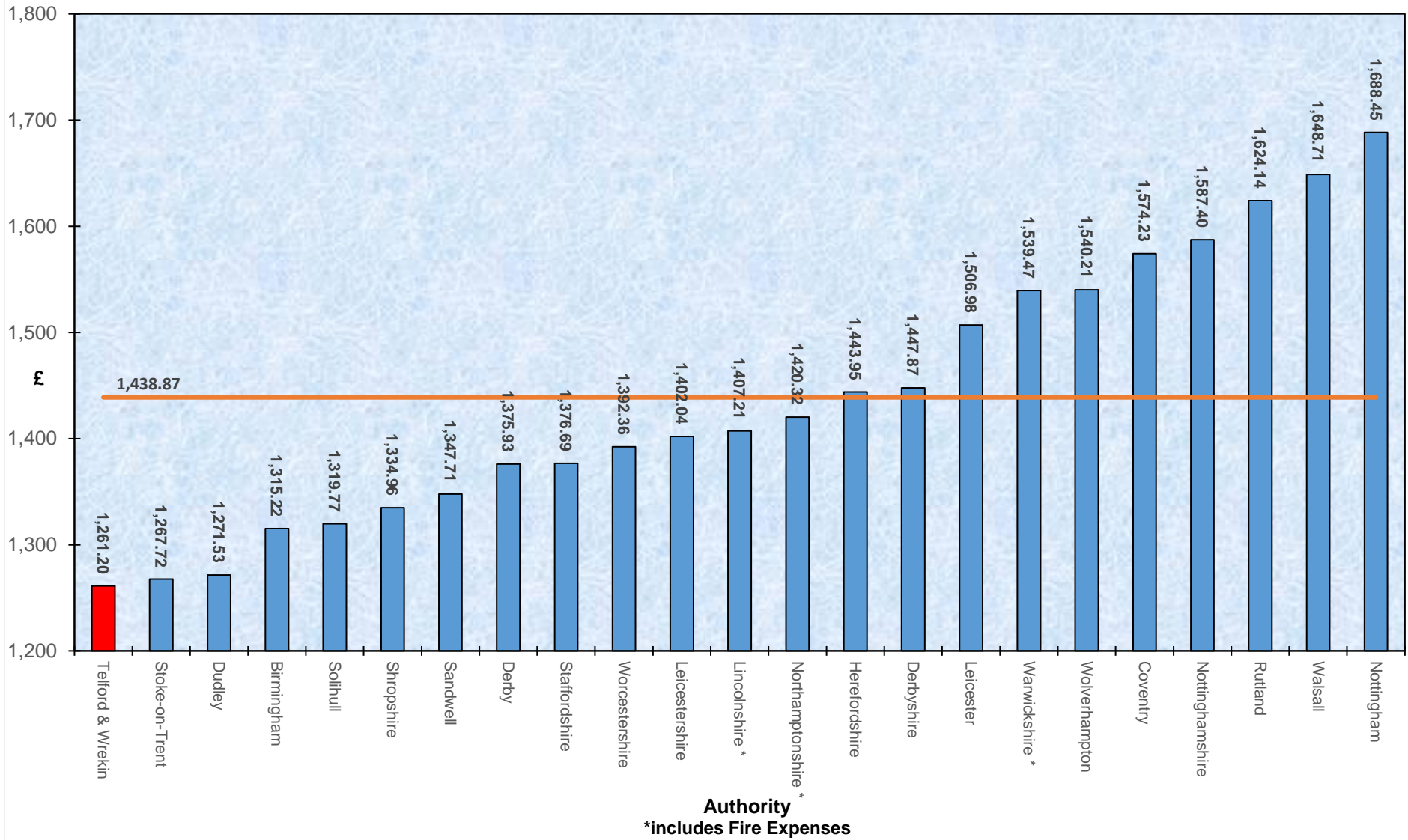
- **Ken Clarke, Assistant Director: Finance & H.R. (C.F.O.) - Tel: (01952) 383100**

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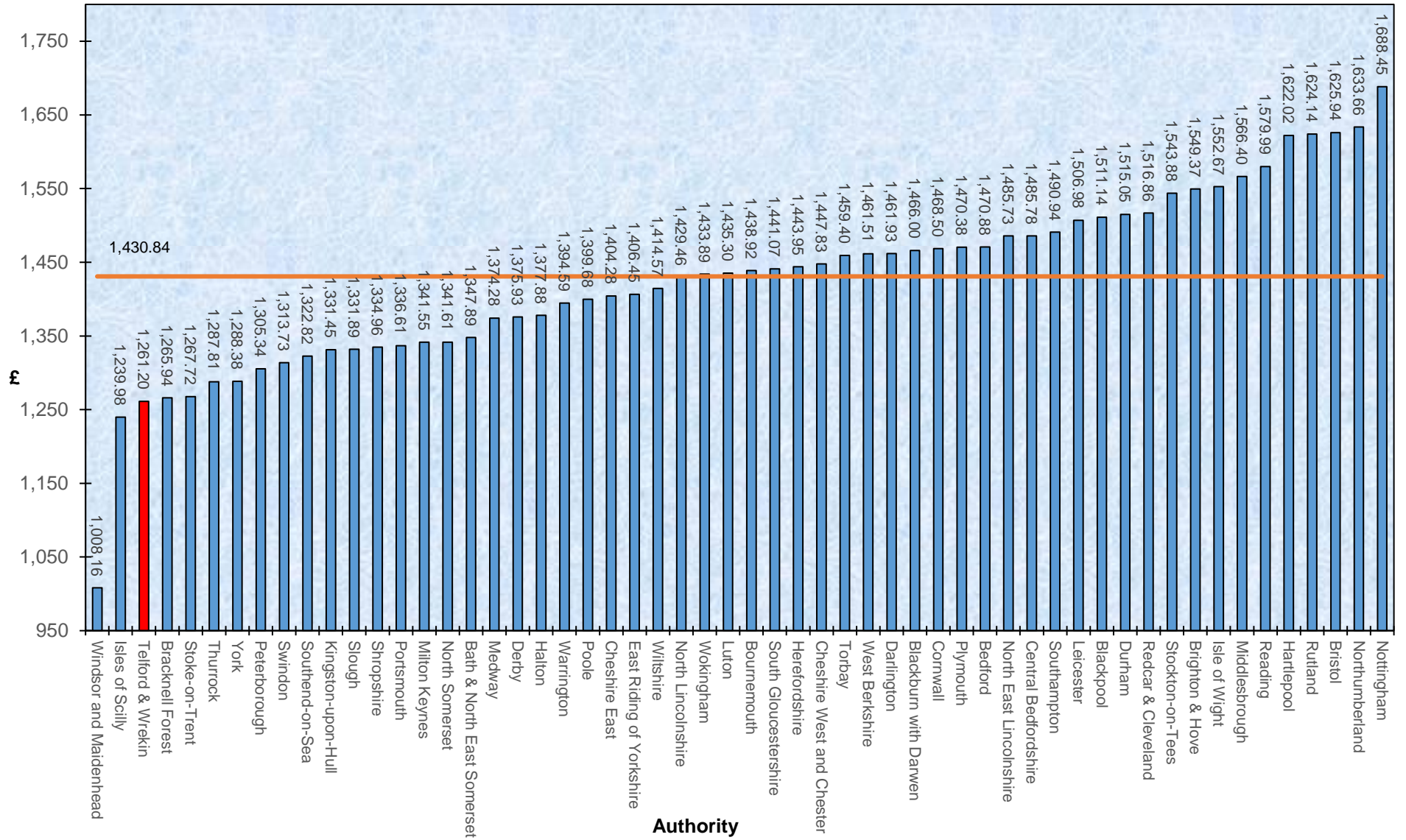
Appendix

- 1 2018/19 Council Tax Comparison (at Band D) – Midlands Councils
- 2 2018/19 Council Tax Comparison (at Band D) – Unitary Councils
- 3 Pay Policy Statement 2019/20
- 4 Savings Delivered to Date
- 5 Financing costs to net revenue stream 2018/19
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**APPENDIX 1 - Midlands Authorities 2018/19 Band D Council Tax for equivalent unitary services
(Excluding Police, Fire* and Parish Precepts)**



Appendix 2 - Unitary Authorities 2018/19 Band D Council Tax (Excluding Police, Fire and Parish precepts)



TELFORD & WREKIN COUNCIL

Pay Policy Statement – 2019/20

1. Introduction and Purpose

- 1.1 Under section 112 of the Local Government Act 1972, the Council has the “power to appoint officers on such reasonable terms and conditions as the authority thinks fit”. This Pay Policy Statement (the ‘Statement’) sets out the Council’s approach to pay policy in accordance with the requirements of section 38 of the Localism Act 2011.
- 1.2 The purpose of this Statement is to provide transparency about the Council’s approach to setting the pay of its employees (excluding those working in local authority schools and/or employed under the School Teachers’ Pay and Conditions Document) by identifying:
 - the methods by which salaries of all employees are determined;
 - the detail and level of remuneration of its most senior staff, i.e. ‘chief officers’, as defined by the relevant legislation; and
 - the Committee responsible for ensuring the provisions set out in this statement are applied consistently throughout the Council and recommending any amendments to the full Council.
- 1.3 Once approved by the Council, this policy statement will come into effect on 1st April 2019 and will continue to be subject to annual review.

2. Legislative Framework

- 2.1 In determining the pay and remuneration of all of its employees, the Council will comply with all relevant employment legislation. This includes the Employment Rights Act 1996, the Equality Act 2010, the Part Time Employment (Prevention of Less Favourable Treatment) Regulations 2000, the Agency Workers Regulations 2010 and where relevant, the Transfer of Undertakings (Protection of Earnings) Regulations. With regard to the equal pay requirements contained within the Equality Act, the Council is taking steps to ensure there is no pay discrimination within its pay structures and that all pay differentials can be objectively justified through the use of equality-proofed job evaluation mechanisms which directly relate salaries to the requirements, demands and responsibilities of the role.

3. Pay Structure

- 3.1 Based on the application of the job evaluation process, the Council uses the Local Government Association nationally negotiated pay spines as the basis for its local grading structure. This determines the salaries of the large majority of the non school-based workforce, together with the use of other nationally-defined rates where relevant.

3.2 The Council adheres to national pay bargaining in respect of the national pay spines and any annual cost of living increases negotiated in those pay spines. The last national pay awards for employees were:

Negotiating Group:	Effective date:	2 Year Settlement:
Joint National Council for Chief Executives	1 st April 2018	2% - wef April 2018 2% - wef April 2019
Joint National Council for Chief Officers	1 st April 2018	2% - wef April 2018 2% - wef April 2019
Joint Negotiating Committee for Youth & Community Workers	1 st September 2018	2% - wef Sep 2018 2% - wef Sep 2019
National Joint Council for Local Government Services	1 st April 2018	Headline increase of 2% each year with higher percentage increase for lowest grade with transfer to a new pay spine effective from 1 st April 2019
Soulbury Committee	1 st September 2018	2% - wef Sep 2018 2% - wef Sep 2019

3.3 All other pay-related allowances are the subject of either nationally or locally negotiated rates, having been determined from time to time in accordance with collective bargaining machinery and/or as determined by Council Policy. In determining its grading structure and setting remuneration levels for all posts, the Council takes account of the need to ensure value for money in respect of the use of public expenditure, balanced against the need to recruit and retain employees who are able to meet the requirements of providing high quality services to the community, delivered effectively and efficiently and at times at which those services are required.

3.4 New appointments will normally be made at the minimum of the relevant grade; this can be varied in exceptional circumstances, having regard to the need for equal pay. From time to time it may be necessary to take account of the external pay market in order to attract and retain employees with particular experience, skills and capacity. Where necessary, the Council will ensure the requirement for such is objectively justified by reference to clear and transparent evidence of relevant market comparators, using appropriate data sources available from within and outside the local government sector.

4. Senior Management Remuneration

4.1 For the purposes of this Statement, senior management means 'chief officers' as defined within s43 of the Localism Act. The posts falling within the statutory definition are set out below, with details of their basic salary as at 1st April 2019:

- a) **Managing Director**
The salary of the post is £142,550 per annum wef 1st April 2019. The salary is a single 'spot' salary. There is no incremental range.
- b) **Directors**
The salaries of the posts designated as Directors are £114,040 per annum wef 1st April 2019. The salaries are single 'spot' salaries and have no incremental range.
- c) **Assistant Directors**
The salaries of the posts designated as Assistant Directors have six incremental points ranging from £80,347 to £89,097 per annum with effect from 1st April 2019. Incremental progression will take place on 1st April each year to the maximum of the scale.

5. Recruitment of Chief Officers

- 5.1 The Council's policy and procedures with regard to recruitment of chief officers is set out within the Officer Employment Procedure Rules in Part 3 of the Constitution. When recruiting to all posts the Council will take full and proper account of its Equal Opportunities Charter and the Recruitment and Redeployment Policies. The determination of the remuneration to be offered to any newly appointed chief officer will be in accordance with the pay structure and relevant policies in place at the time of recruitment. Where the Council is unable to recruit to a post at the designated grade, it will consider the use of temporary market forces supplements in accordance with its relevant policies. At this time there are no market forces supplements paid to any Chief Officers.
- 5.2 Where the Council remains unable to recruit chief officers under a contract of employment, or there is a need for interim support to provide cover for a vacant substantive chief officer post, the Council will, where necessary, consider and utilise engaging individuals under 'contracts for service'. These will be sourced through a relevant procurement process ensuring the Council is able to demonstrate the maximum value for money benefits from competition in securing the relevant service. The Council does not currently have any chief officers engaged under such arrangements.

6. Additions to Salary of Chief Officers

- 6.1 Following the latest (January 2016) restructure of the Council's Senior Management Team (SMT), the size of the Council's SMT has reduced by 58% since 2009/10. This reduction is twice the average seen nationally.
- 6.2 The Council does not apply any bonuses or performance-related pay to its chief officers.

6.3 In addition to the basic salary set out the Council may pay other elements of ‘additional pay’ which are chargeable to UK Income Tax and do not solely constitute reimbursement of expenses incurred in the fulfillment of duties which could include:

- responsibility allowances/salary supplements for fulfilling statutory officer duties and salary supplements,
- market forces supplements,
- additional payments for undertaking other responsibilities

This list is not exhaustive.

Authority for any ‘additional pay’ for Directors and Assistant Directors is delegated to the Managing Director after consultation with the Leader of the Council.

The Council does not currently pay any additional responsibility allowances, salary supplements or market forces supplements to senior management.

The following ‘additional pay’ currently applies:

Post / Tier of Post	Payment Details:
Managing Director	Details of Returning Officer Fees are attached at Appendix A
Managing Director, Directors and Assistant Directors	All casual mileage is reimbursed at HMRC rates
Managing Director, Directors and Assistant Directors	Personal protection of pay within defined parameters will apply where an individual is downgraded as a result of a re-structuring process for a period of up to 5 years.

7. Payments on Termination

7.1 The Council’s approach to statutory and discretionary payments on termination of employment of chief officers, prior to reaching normal retirement age, is set out within its policy statement in accordance with Regulations 5 and 6 of the Local Government (Early Termination of Employment) (Discretionary Compensation) Regulations 2006, and Regulation 60 of the Local Government Pension Scheme Regulations 2013.

7.2 Any other payments falling outside the provisions or the relevant periods of contractual notice shall, in respect of the Managing Director, Directors and Statutory Officers, be subject to a decision made by the Personnel Committee which has otherwise delegated authority to approve such payments to other Chief Officers to the Managing Director.

- 7.3 The Council's policy is not to re-employ, for a period of at least 12 months after their employment with Telford & Wrekin Council ends, anyone who has been made redundant or who has left the Council in the interest of the efficiency of service where a severance payment has been made in accordance with the Council's policy under the Local Government (Early Termination of Employment) (Discretionary Compensation) Regulations 2006 or under Regulation 30 of the Local Government Pension Scheme 2013 or Schedule 2, Paragraphs 2 (2) and 2 (3) of the Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014. The re-engagement of an individual on a consultancy, agency or private service provider basis is also prohibited in circumstances where this arrangement could have reasonably been foreseen at the time the individual left.
- 7.4 Flexible retirement under Regulation 30 of the Local Government Pension Scheme Regulations 2013 or Regulation 11 (2) of the Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 will, in the majority of cases be permitted only where savings to fund the cost of such release are achieved. However in exceptional circumstances and in order to retain specialist or critical skills, flexible retirement may be approved to support a period of succession planning/training in which case savings may not be realised to fund the release.

8. Publication

- 8.1 Upon approval by the full Council, this Pay Policy Statement will be published on the Council's Website. In addition, for members of the Council's Senior Management Team and for those who report directly to the Head of Paid Service (Managing Director) where the full time equivalent salary is at least £50,000, the Council's Annual Statement of Accounts will include a note setting out the total amount of:
- salary, fees or allowances paid to or receivable in the current and previous year;
 - any bonuses so paid or receivable in the current and previous year (N.B. The Council does not operate a bonus system);
 - any sums payable by way of expenses allowance that are chargeable to UK income tax;
 - any compensation for loss of employment and any other payments connected with termination;
 - employers pension contribution
 - any benefits received that do not fall within the above
- 8.2 This information will be listed individually by job title where the salary is £50,000 or more. Persons whose salary is £150,000 or more will be identified by name.

8.3 Additional information relating to pay is published in accordance with the DCLG Local Government Transparency Code 2015 and is available on the Council's website as part of its annual Workforce Information report.

9. Lowest Paid Employees and the Median salary

9.1 The lowest paid persons employed under a contract of employment with the Council are employed on full-time (37 hours per week) equivalent salaries in accordance with the minimum spinal column point currently in use within the Council's grading structure with the exception of employees who have transferred in to the Council's employment under the Transfer of Undertakings (Protection of Employment) Regulations 2016. As at 31st December 2018, this is £15,105 per annum. The Council employs Apprentices who are not included within the definition of 'lowest paid employees' as they are employed under a Training Contract

9.2 The statutory guidance under the Localism Act 2011 recommends the use of pay multiples as a means of measuring the relationship between pay rates across the workforce and that of senior managers, as included within the Hutton 'Review of Fair Pay in the Public Sector' (2010). The Hutton report was asked by Government to explore the case for a fixed limit on dispersion of pay through a requirement that no public sector manager can earn more than 20 times the lowest paid person in the organisation.

9.3 The pay levels within the Council as at 31st December 2018 define the multiple between the lowest paid (full time equivalent) employee and the Managing Director as 1:9.44 and between the lowest paid employee and average Chief Officer as 1:6.38 The Council's pay multiples therefore fall well below Lord Hutton's public sector threshold set out in 9.2 above.

9.4 The full-time equivalent median (mid-point) pay level within the Council is £21,090¹. The multiple between the Managing Director and this median point is 1:6.76 and the average Chief Officer is 1:4.57

9.5 As part of its overall and ongoing monitoring of alignment with external pay markets, both within and outside the sector, the Council will use available benchmark information as appropriate.

10. Accountability and Decision Making

10.1 In accordance with the Constitution of the Council, the Personnel Committee is responsible for decision-making in relation to the recruitment, pay, terms and conditions and severance arrangements for employees of the Council.

¹ Median calculated on data as at 31st Dec 2018

LOCAL GOVERNMENT ACT 1972**Unitary Council – Electoral Fees**

Scale of Fees and Disbursements for Elections with effect from 1st April 2009.

PART A – RETURNING OFFICER’S FEES

Fee for conducting the election and generally performing the duties required by an enactment relating to the election or poll and including all expenses other than those specifically mentioned in Part ‘C’ below.

		£
1.	<u>Uncontested Elections</u> For each ward	134.00
2.	<u>Contested Elections</u> For each ward	234.00
3.	<u>Declaration of Results</u> To the Deputy Returning Officer in charge of counting the votes and declaring the result (or where this function is performed by the Returning Officer personally, to the Returning Officer) For each ward	99.00

Parish Councils – Electoral Fees

Scale of Fees and Disbursements for Parish Council Elections and Polls with effect from 1 April 2009. Fees for Parish Elections are paid by Parish Councils.

PART A – RETURNING OFFICER’S FEES

		£
1.	<u>Uncontested Parish Elections</u> (i) For each parish or where the parish is divided into wards, for each ward	50.00
2.	<u>Contested Parish Elections</u> (i) For each parish or where the parish is divided into wards, for each ward	100.00
3.	<u>Polls Consequent on a Parish Meeting</u> (i) Where official notice of a poll has been received but no poll is taken in consequence of the withdrawal of a candidate or otherwise	23.00

Appendix 3

	<p>(ii) For every poll taken for the election of the chairman of a parish meeting or for an appointment to any other office</p> <p>(iii) For every poll taken consequent on a parish meeting on any question other than as mentioned in paragraph 3(ii)</p> <p>(iv) In the case of a poll to which either paragraph 3(ii) or (iii) applies, for each additional polling station after the first</p> <p>Notes:</p> <ol style="list-style-type: none"> 1. If a poll is taken on the same date in any parish on more than one question then only one fee shall be charged under paragraph 3(iii) 2. If polls are taken on the same day in any parish for the election or appointment of persons to more than one office, then separate fees shall be payable under paragraph 3(ii) for each poll 3. Where polls are taken in any parish on the same day for the election or appointment of persons to any office <u>and</u> on any other questions consequent on a parish meeting, separate fees shall be payable under paragraphs 3(ii) and (iii) but only one fee shall be payable under paragraph 3(iv) in respect of each additional polling station 	<p>54.00</p> <p>54.00</p> <p>11.00</p>
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Mileage Rates

Essential Car Users

Lump Sum payment per annum:

451-999cc	£846
1000-1199cc	£963
1200+ (Wrekin conditions only)	£1,239

Mileage rates (regardless of engine size): 36.9p per mile

Casual Car Users

All mileage will be reimbursed at HMRC rates as follows:

First 10,000 miles:	45p per mile
Above 10,000 miles:	25p per mile

APPENDIX 4 - SAVINGS ALREADY DELIVERED

1. The Council has faced truly unprecedented cuts to its grants from central Government which have now forced us to make ongoing annual savings of over £117m. The need for savings has increased each year due to Government grant cuts, inflation and other pressures. Ongoing savings delivered by year are detailed below:-

	£m
2009/10	4.156
2010/11	6.725
2011/12	11.659
2012/13	19.069
2013/14	11.306
2014/15	17.204
2015/16	10.237 (Includes in-year cut to Public Health grantt)
2016/17	15.743
2017/18	13.815
2018/19	7.568
Total	117.482

2. **This is equal to more than £1,500 pa less that the Council has available to fund services for every household in Telford and Wrekin.** In delivering these savings, we have applied the principle of 'as far as possible minimising the impact on priority front-line services'. This principle remains at the core of our current strategy although it is now inevitable that we have to increasingly put some savings proposals forward that will have significant consequences on front line services. Savings delivered to date include:-
3. **Council Jobs** - Reduced the number of jobs by over 1,577 since April 2010, saving over £30m pa following major redesign and restructuring of the organisation to meet the challenges facing the Council. This has seen 604 vacancies deleted and 973 redundancies. Through effective redeployment only 151 of these have been compulsory redundancies.
 - Redeployed over 3,400 people (including some people who have been redeployed more than once as many teams have faced several restructuring processes) within the organisation as a result of restructuring with many employees now having been redeployed more than once.
 - Since 2009 staff pay has been cut by 26.4% in real terms (comparing average pay awards which have been greater at lower pay levels to reflect increases in the Government's minimum wage and inflation as measured by the Retail Prices Index).

4. Senior managers

- Reduced the size of the senior management team by 57%.
- Cut the amount that we pay to our most senior posts in cash terms.
- Cut the number of middle managers by 52%.

5. Back office costs

- Cut back-office costs by around 52% since 2009, saving £12m. a year.
- This scale of reduction is significantly greater than what most authorities have achieved through outsourcing or sharing services and has been achieved much more quickly as protracted negotiations with other councils or third party providers have been avoided. Retaining full control of these services also allows maximum flexibility to drive further changes in future.

6. Buying better value services

- Delivered £12.5m procurement savings over the past 9 years by renegotiating and re-tendering contracts for the provision of services.
- Secured savings of £30m over the lifetime of the waste collection and disposal contract.
- The new Grounds & Cleansing contract will deliver savings of £695,000 pa and a better standard of service.

7. Income through growth

- As part of our business winning approach, we expect to generate an extra £7.5m income by 2019, through growth in business rates and council tax since the introduction of the new local government finance system in April 2013.
- We will receive around £6.2m in 2018/19 from the New Homes Bonus paid by the Government to reward councils for increasing housing supply which is in line with figures issued as part of the provisional local government finance settlement.
- Increased income from more commercial approaches across our services over recent years, including increasing income from schools outside of Telford & Wrekin.

8. New Commercial Income

As outlined earlier in this report, a major strand of our approach to dealing with the Government's cuts to our Revenue Support Grant has been to increase income usually through schemes that deliver other benefits to the Borough including regeneration, attracting new and retaining existing jobs. This additional income, after covering associated marginal costs makes a significant contribution to our fixed costs and as a consequence is now a very

significant factor in reducing the cuts to front line services that we would otherwise have to make.

Significant income streams include the overall positive impact to the Council from our investment in high quality homes for private and affordable rent through our wholly owned company, NuPlace, which is projected to exceed £1.2m in both 2018/19 and 2019/20 after covering all additional costs. NuPlace Ltd profit before tax is projected to be around £0.4m in 2018/19 rising to £0.5m in 2019/20. This profit will be retained within NuPlace.

The profit from the solar farm which will exceed £0.2m and the net additional income from the Property Investment Portfolio which is being boosted by benefits being delivered from the Telford Growth Fund will exceed £7.9m in 2019/20. Our success in delivering high quality support and advisory services to schools – whether they be maintained schools or Academies and whether located within the Borough – or increasingly, outside the Borough is also making a contribution. The gross income from trading with schools now exceeds £10m pa.

9. Shared Services, Trade Union Facilities Time, Cabinet Member Allowances

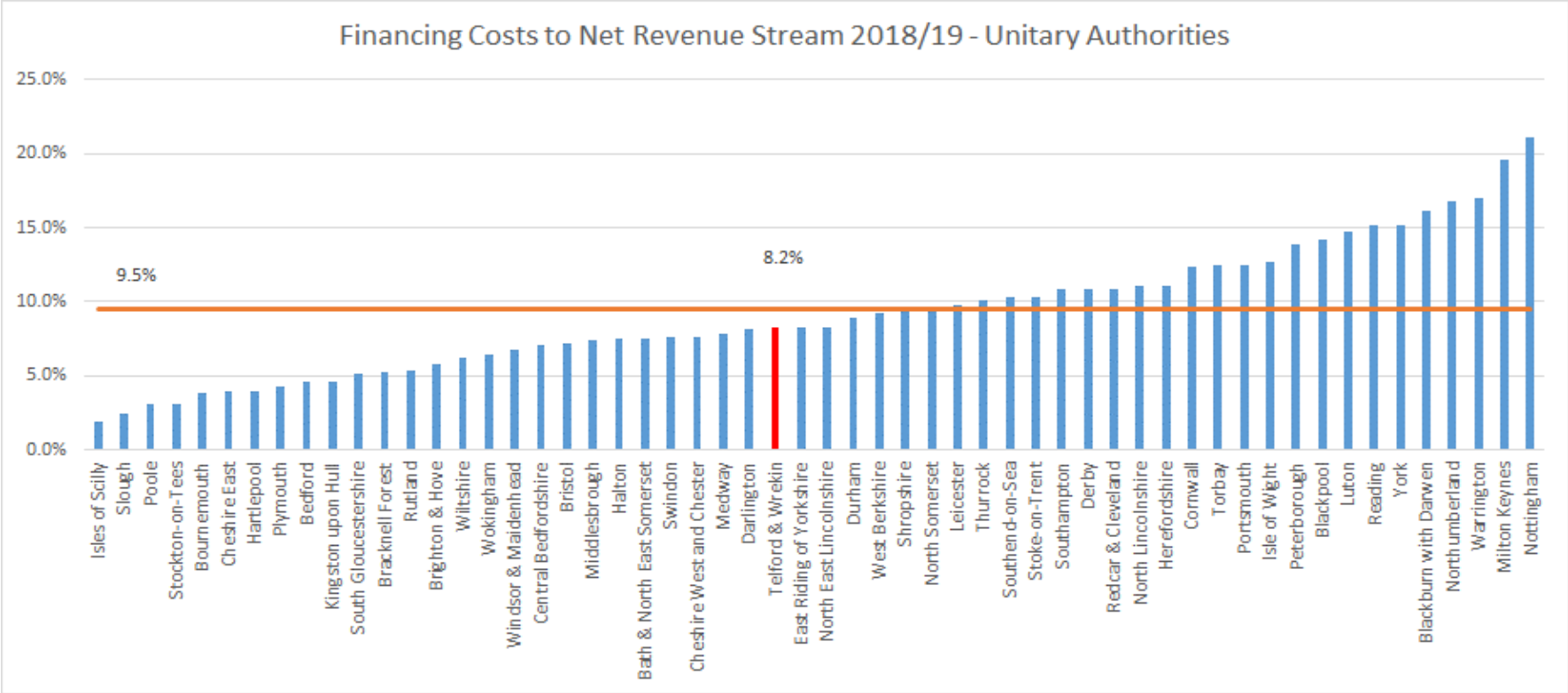
The Council continually reviews delivery options for its services to ensure value for money. A number of services are provided in partnership with other local authorities and statutory agencies. Examples include:-

- The West Mercia Youth Offending Service (WMYOS) established in partnership with Worcestershire, Hereford, Shropshire, health, police and probation. The service is now managed by The Police and Crime Commissioner (PCC) with genuine integrated working practices ensuring improved outcomes at a lower cost.
- Membership of West Mercia Energy, a joint energy procurement consortium consisting of 4 upper tier authorities.
- We have for some years delivered a number of specialist services through a joint arrangement with Shropshire Council. Telford hosts sensory inclusion and portage whilst Shropshire provides a pan Shropshire adoption service. We are currently exploring a wider partnership arrangement for making improvements in respect of permanence with Staffordshire, Stoke and Shropshire Councils.
- We also work with authorities across the West Midlands through our links with the West Midlands associations of directors of children's and adult services and IEWM to put in place regional procurement contracts for agency foster care and residential accommodation.
- We are also working with community and primary health care partners to provide greater integration of health and social care services at a neighbourhood level.

- Working co-operatively with our Town and Parish Councils such as the Parish Environmental Teams and new arrangements for the delivery of some library services.
- Sharing the administrative costs of the pension scheme by participating in the Shropshire wide superannuation scheme.
- We continue to look for other opportunities for joint working where it can be demonstrated that service users will benefit at a lower cost.
- Trade Unions have agreed a 20% reduction in facilities time payments for directly employed staff.
- Cabinet Members voluntarily reduced their special responsibility allowances by 10% at the start of the previous Administration which the current Administration have continued. This saving now totals £137,000 and is now used to fund a bursary scheme for local young people.

10. Council buildings

- Disposed of 27 properties including the former Civic Offices building.
- Reduced the office space we use by a third, saving the Council £2m. pa.
- Four operational properties are now used, usage of which continues to be monitored as headcount continues to reduce and new ways of working are embedded.



APPENDIX 6
TELFORD & WREKIN COUNCIL
REVENUE BASE BUDGET - BEFORE ADDITIONAL SAVINGS AND INVESTMENTS

Service Delivery Unit	<u>2019/20</u> <u>GROSS</u> <u>EXPENDITURE</u> £	<u>2019/20</u> <u>GROSS</u> <u>INCOME</u> £	<u>2019/20</u> <u>NET</u> <u>EXPENDITURE</u> £
Health & Well-being	14,148,740	11,786,598	2,362,142
Governance, Procurement & Commissioning	9,218,000	6,444,820	2,773,180
Customer & Neighbourhood Services	105,010,585	75,701,999	29,308,586
Business, Development & Employment	14,689,257	16,121,701	(1,432,444)
Commercial Services	38,804,376	37,759,200	1,045,177
Finance & Human Resources	20,570,481	7,306,640	13,263,841
Adult Social Care	61,511,991	20,200,029	41,311,962
Children's Safeguarding & Family Support	31,247,942	3,386,758	27,861,184
Education & Corporate Parenting	127,749,737	116,396,112	11,353,625
Co-operative Council	3,138,015	1,893,177	1,244,838
Corporate Items	17,680,368	25,952,924	(8,272,557)
Netting off of Internal Recharges included above	(50,415,676)	(50,415,676)	0
Total	393,353,816	272,534,281	120,819,534
Contributions To/From Balances	0	434,750	(434,750)
Net Total	393,353,816	272,969,031	120,384,784

Appendix 7		
Base Budget Movements from 2018/19		2019/20
		£'000
2018/19 Base Budget		121,067
Reversal of one off 18/19 transfers and balances		890
		121,957
<u>Inflation</u>		
General - major contracts	1,100	
Pay Inflation	2,138	
		3,238
<u>Council Wide Items</u>		
Pensions - Increases in employers contribution including the lump sum deficit payment and the potential impact of the triennial evaluation	(50)	
Pension - Reduction in provision set aside	(1,000)	
New Homes Bonus	55	
Cuts to Public Health Grant	321	
ICT Systems Costs	(17)	
Other	288	
		(403)
<u>Capital/Treasury</u>		
Cost of Capital Programme	3,407	
		3,407
<u>Service Pressures</u>		
Social Care Cost Pressures	874	
Reduced Planning Fee Income	220	
Impact of deferring Waste food contract implementation	150	
Waste - recyclates	(130)	
Granville House - loss of rent from TWS at end of contract	155	
		1,269
<u>Less Savings</u>		
Savings Proposals - approved in March 2017/March 2018	(5,896)	
Previous Investments falling out - Adults & Children's	(3,188)	
		(9,084)
Base Budget		120,384
<u>Less Funding</u>		
Council Tax Income	65,912	
Council Tax Collection Fund	1,750	
Revenue Support Grant	9,812	
Parishes CTS Grant - in line with reductions in RSG	(99)	
Top Up	4,702	
Retained Business Rates - local projection	35,815	
Section 31 Grant - local projection	3,523	
Total Funding		121,415
Base Funding Requirement		(1,031)

APPENDIX 8 - Section 106 Monetary Contributions Received and Expended for Education Purposes 01/04/18 to 31/10/18

	Planning Application No	Scheme	Bal brought forward	Income	Expenditure	Bal Carried forward	Project
E015	TWC/2012/0320 & TWC/2013/0720	Land off Sommerfield Road	0.00	-136891.99	0.00	-136891.99	Contribution towards HLC expansion
E020	TWC/2011/0821	Land at Wellington Rd Newport	-433119.18	0.00	0.00	-433119.18	New primary provision & expansion of secondary provision Burton Borough Music block
E637	TWC/2013/0297	Land off Edgmond Rd Newport	-207970.05	0.00	0.00	-207970.05	To be used toward expansion of education facilities in Newport area - project yet to be confirmed
E643	TWC/2014/0484 & TWC/2016/0332	Land West of The Cedars Rodington	-27018.50	0.00	0.00	-27018.50	Contribution towards primary facilities towards the new Allscott Primary School
E645	TWC/2016/0535	Springfields Industrial Estate Newport	-94346.32	0.00	0.00	-94346.32	Contribution towards remodeling Newport Infant School & Changing Rooms at Burton Borough
E647	TWC/2013/0855	Land rear of Willow Tree Cottage Station Rd Newport	-122902.07	0.00	0.00	-122902.07	Contribution towards remodeling Newport Infant School & Changing Rooms at Burton Borough
E653	TWC/2015/0843	B1/B3 Apley Castle (Perigrine Way)	-96000.00	-38047.62	0.00	-134047.62	Contribution towards Milbrook Primary extension
E655	TWC/2015/0230	Back Lane/Plantation Rd Tibberton	0.00	-102086.75	0.00	-102086.75	Newport Junior Expansion & Newport Secondary transport costs
E663	TWC/2014/0415	Land at The Knoll Church Aston	0.00	-37599.00	0.00	-37599.00	Newport Juniors expansion
E666	TWC/2017/0714	Snedshill Way	0.00	-70000.00	0.00	-70000.00	Contribution towards St Georges Primary expansion
E668	TWC/2016/0560	Beech Hill & Blue House Barns	0.00	-73904.07	0.00	-73904.07	Newport Juniors expansion
E670	TWC/2017/0941	Land West of Castle Farm Way Priorslee	0.00	-415830.00	0.00	-415830.00	Primary Ed & Holy Trinity
YD28	TWC/2014/0333	Land at Corner of Stafford Rd/A41 Newport	-310321.40	0.00	0.00	-310321.40	To be used toward expansion of education facilities in Newport area - project yet to be confirmed
YD30	TWC/2010/0828	Lawley Primary New School	-221048.34	0.00	0.00	-221048.34	1st & 2nd & 3rd installment re new School at Lawley & school expansion plan sum
YD63	TWC/2012/0650 & TWC/2014/0237	Land off Doseley Works	-230145.67	0.00	0.00	-230145.67	Ladygrove Primary Expansion
YD64	TWC/2014/0273	Land at The Barnes Church Aston	-1881.57	0.00	0.00	-1881.57	Moorfield Primary School Enhancement of classroom facilities
YD95	TWC/2014/0656	Land adj to Stone House Shifnal Rd Priorslee	-18837.48	0.00	0.00	-18837.48	Contribution towards St Georges Primary Extension

Totals	-1763590.58	-874359.43	0.00	-2637950.01
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To 31/10/18

APPENDIX 9 - Projected Usable Balances at 1 April 2022

		Balance at 1 April 2022 £m
Total Reserves and Balances		62.48
Less Commitments/Earmarked Funds:		
School Funds	Balances held on behalf of schools; therefore not available to the Council	- 4.69
Funds held for other sectors/partnership working	Includes funds for the Local Safeguarding Partnership, Telford Energy Advice Centre, Arthog, PVI Early Years sector and Section 38 Funds	- 0.07
Grant funding	Grant funding received and fully committed in the budget strategy	- 0.76
Insurance Reserves	Required to cover policy excesses and other costs such as claims prior to 1998 (unitary)	- 2.90
Hadley PFI Sinking Fund	Based on funding model; fully committed equalisation fund	- 0.78
Other Corporate Items	For Example ITS/Capacity Fund, severance fund	- 8.54
Single Status	Provision for equal pay settlement	- 11.92
Other Provisions	For example Bad Debt Provision and Pride Funding Reserve	- 6.15
Specific Earmarked Service Balances	Residual balances held by services following a rigorous review of balances undertaken	- 2.65
Residual General Working Balances		24.03
Made up of:		
One Off Funds	Identified to support the Medium Term Budget Strategy	19.22
One Off Funds	General/Special Fund Balances	4.81
		24.03
Required to meet the 2019/20 budget gap		(2.96)
Residual Balance		21.07
Made up of:		21.07
One Off Funds	Identified to support the Medium Term Budget Strategy	16.26
One Off Funds	General/Special Fund Balances	4.81
		21.07

Schedule of Provisions, Reserves and Balances

Balance Sheet Structure	Description	April 2018 Opening		April 2019 Opening		April 2020 Opening		April 2021 Opening		April 2022 Opening		Purpose - brief reason for the reserve/balance	Comment on level/appropriateness of value held
		Actual Closing Balance 31/3/2018	Estimated Change during 2018/19	Estimated Closing Balance 31/3/19	Estimated Change during 2019/20	Estimated Closing Balance 31/3/20	Estimated Change during 2020/21	Estimated Closing Balance 31/3/21	Estimated Change during 2021/22	Estimated Closing Balance 31/3/2022			
General / Special Fund Balances													
Special Fund Bals	Special Fund Balance	(755,943.31)		(755,943.31)		(755,943.31)		(755,943.31)		(755,943.31)		Working balance	Sufficient
General Fund Bals	General Fund Balance	(4,051,446.20)		(4,051,446.20)		(4,051,446.20)		(4,051,446.20)		(4,051,446.20)		General Fund Working Balance	Forms part of minimum level of balances required
Reserves	Budget Strategy Reserve	(13,886,494.32)	4,334,000.00	(9,552,494.32)		(9,552,494.32)		(9,552,494.32)		(9,552,494.32)		Feeds into budget strategy	
Total General / Special Fund Balances		(18,693,883.83)	4,334,000.00	(14,359,883.83)	0.00	(14,359,883.83)	0.00	(14,359,883.83)	0.00	(14,359,883.83)	0.00		
Specific Commitments not Available													
Reserves	Council Tax Reserve Fund	(3,574,000.00)	(1,944,000.00)	(5,518,000.00)		(5,518,000.00)		(5,518,000.00)		(5,518,000.00)		Drawn down balance from Collection fund surplus.	Feeds into budget strategy
Coll Fund	Collection Fund Surplus	(2,279,774.12)	1,944,000.00	(335,774.12)		(335,774.12)		(335,774.12)		(335,774.12)		Estimated collection fund balance available to draw down in 18/19	
Reserves	Business Rates Equalisation Account	(2,500,000.00)	(500,000.00)	(3,000,000.00)		(3,000,000.00)		(3,000,000.00)		(3,000,000.00)		To fund any business rates volatility / impact of changes to the retained rates system	
Reserves	Capital Funding Reserve	(1,405,250.58)	482,061.45	(923,189.13)	695,000.00	(228,189.13)		(228,189.13)		(228,189.13)		Fully Committed to capital programme	
Reserves	Environmental Mtce Programme	(2,218,501.48)	1,443,460.92	(775,040.56)	775,040.56	0.00		0.00		0.00		Fully committed to fund a programme of improvements.	
Provision	Single Status Provision - General Fund element	(11,917,031.52)		(11,917,031.52)		(11,917,031.52)		(11,917,031.52)		(11,917,031.52)		Funding set aside to meet costs of implementing single status	Fully Committed
Reserves	Skills Dvpt and Apprentices	(156,393.56)	17,293.00	(139,100.56)	50,000.00	(89,100.56)	50,000.00	(39,100.56)	39,100.56	0.00		To support employees facing redundancy and apprentice posts; usage based on previous year spend may alter if scheme alters.	
Reserves	Solar Farm Sinking Fund	(21,540.00)	(6,050.00)	(27,590.00)	(24,080.00)	(51,670.00)	(24,080.00)	(75,750.00)	(24,080.00)	(99,830.00)		Reserve to fund future cost of replacement panels	Value set as per the Business model
Reserves	Severance Fund	(2,750,000.00)	1,500,000.00	(1,250,000.00)		(1,250,000.00)		(1,250,000.00)		(1,250,000.00)		Fund set up to meet the one off costs of redundancies arising from restructures in order to deliver ongoing savings	Monitored as restructures progress; the Council also has the ability to capitalise costs associated with service transformation which will be utilised.
Provision	Redundancy Provision	(486,878.48)		(486,878.48)		(486,878.48)		(486,878.48)		(486,878.48)		Specific provision to meet one off costs associated with the Council re-structure - relates to those who had received notification of redundancy at 31 March. A new provision is created each year	Fully committed.
reserves	Pride in Your Community - Funding Reserve	(3,720,390.00)	434,000.00	(3,286,390.00)	434,000.00	(2,852,390.00)	434,000.00	(2,418,390.00)		(2,418,390.00)		Reserve created to fund debt charges associated with the Pride In Your Community initiative.	Will meet associated debt charges until 2026/27
Reserves	Insurance - Self Insurance Fund	(2,447,305.93)		(2,447,305.93)		(2,447,305.93)		(2,447,305.93)		(2,447,305.93)		Self insurance fund to cover insurance excesses - established in 2008/09 following decision to increase excesses.	Regularly reviewed - requirement depends on claims; in year requirement assumed to equal contribution.
Reserves	Voluntary Sector Support Fund	(711,522.96)	100,000.00	(611,522.96)	0.00	(611,522.96)		(611,522.96)		(611,522.96)		Approved to support the Voluntary Sector/Partnership working	
School Bals	School Balances	(3,788,141.97)	1,000,000.00	(2,788,141.97)	1,000,000.00	(1,788,141.97)	1,000,000.00	(788,141.97)		(788,141.97)		This represents school balances held by the LA only. Additional amounts are held by schools as balances in independent bank accounts. Projected movement in balances is based on schools budget plans. It should be noted that schools budget outturns, over the sector as a whole are invariably better than initial budgets (i.e. balances are higher.) This balance includes the balances on the collective self insurance schemes (supply, maternity and theft and vandalism) that T&W offers to maintained schools, previously held on YFAB, YFAC and YFAD. Premiums are renewed annually to ensure that they are broadly in line with costs, but there are inevitable in-year variations, leading to year end balances.	
Provision	Single Status - DSG and Schools	(3,760,413.98)	0.00	(3,760,413.98)	500,000.00	(3,260,413.98)		(3,260,413.98)		(3,260,413.98)		Provision for Single Status costs in schools and DSG centrally funded staff. Use of this dependant on final implementation of SS.	As per Corporate percentages. Discussed with schools forum using some or all of the £642K provision for single status, centrally top-sliced from DSG in 2008/09 and 2009/10, to clear any DSG deficit at the end of 2018/19 (in the context of pressures on high needs DSG). £500,000 assumed for this in 2019/20.
Reserves	Local Safeguarding Board	(34,689.84)	10,000.00	(24,689.84)	10,000.00	(14,689.84)	5,000.00	(9,689.84)	5,000.00	(4,689.84)		T&W Share of Partnership reserve to support the work of the Local Safeguarding Board	
Reserves	SDG Balances	0.00	1,000.00	1,000.00	334.83	1,334.83		1,334.83		1,334.83		School Development Group Fund - monies used to support development of Learning Communities by schools	Balance held on behalf of schools.

Schedule of Provisions, Reserves and Balances

Balance Sheet Structure	Description	April 2018 Opening		April 2019 Opening		April 2020 Opening		April 2021 Opening		April 2022 Opening		Purpose - brief reason for the reserve/balance	Comment on level/appropriateness of value held
		Actual Closing Balance 31/3/2018	Estimated Change during 2018/19	Estimated Closing Balance 31/3/19	Estimated Change during 2019/20	Estimated Closing Balance 31/3/20	Estimated Change during 2020/21	Estimated Closing Balance 31/3/21	Estimated Change during 2021/22	Estimated Closing Balance 31/3/2022			
Reserves	Early Years	(120,830.59)	25,000.00	(95,830.59)	25,000.00	(70,830.59)	25,000.00	(45,830.59)	25,000.00	(20,830.59)		ring fenced fund for PVI early years sector used to pay for refurb and R&M on early years provision	reasonable
Reserves	Early Years	(99,151.72)	30,000.00	(69,151.72)	39,151.72	(30,000.00)	30,000.00	0.00		0.00		To sustain existing nursery provisions in key areas of need	
Reserves	Hadley PFI Sinking Fund	(1,334,229.70)	50,000.00	(1,284,229.70)	100,000.00	(1,184,229.70)	180,000.00	(1,004,229.70)	220,000.00	(784,229.70)		Equalisation account relating to Hadley PFI	Based on the funding model - fully committed
Reserves	Invest to Save Reserve	(91,087.00)	91,087.00	0.00	0.00	0.00	0.00	0.00		0.00		Committed to support Workforce Training re Safeguarding and Early Intervention .	
Reserves	PIP Reserve Contribution Account	(380,169.05)	152,200.00	(227,969.05)	75,000.00	(152,969.05)	75,000.00	(77,969.05)	75,000.00	(2,969.05)		Reserve to be used to aid with the ongoing rationalisation of the PIP resulting pressures on Income and Service Charge voids.	
Reserves	Dilapidations - PIP	(169,791.40)	77,000.00	(92,791.40)	92,791.40	0.00		0.00		0.00		Committed spend on Hollinswood House & Stafford Park 15 and a number of other properties in relation to dilapidations.	
Reserves	Granville House	(1,177.80)		(1,177.80)		(1,177.80)		(1,177.80)		(1,177.80)		To be utilised as part of accommodation strategy	
Provision	Land Charges Provision	(19,470.00)		(19,470.00)		(19,470.00)		(19,470.00)		(19,470.00)		Created to cover litigation costs; settlement finalised and awaiting final costs.	
Total Specific Commitments		(43,987,741.68)	4,907,052.37	(39,080,689.31)	3,772,238.51	(35,308,450.80)	1,774,920.00	(33,533,530.80)	340,020.56	(33,193,510.24)			
Specific Earmarked Balances Identified as Risks													
Debtors	Bad Debt Provision	(3,727,532.58)		(3,727,532.58)		(3,727,532.58)		(3,727,532.58)		(3,727,532.58)		To cover bad debts	Level based on formula
Reserves	Corporate Capacity / Invest to Save Fund	(8,415,407.14)	1,300,000.00	(7,115,407.14)	2,800,000.00	(4,315,407.14)	2,800,000.00	(1,515,407.14)		(1,515,407.14)		Various initiatives to build capacity and provide funding to deliver future savings. Includes support to partner organisations who take on the delivery of services.	
Reserves/Provision/Creditor	Insurance Funds	(223,093.29)		(223,093.29)		(223,093.29)		(223,093.29)		(223,093.29)		Self Insurance Reserve (non-Education) as part of overall insurance strategy	Level seems reasonable, based on the excesses to which the council is exposed under the current arrangements
Reserves	General - Insurance - SCC liabilities	(229,525.38)		(229,525.38)		(229,525.38)		(229,525.38)		(229,525.38)		This is an additional insurance reserve which was established when the County Council's balance sheet was disaggregated and is available to cover claims liabilities that arise.	If this does ever become available following the actuarial valuation the level would increase the level of self insurance available to the authority.
Reserves	Treasury Equalisation fund	(1,150,000.00)		(1,150,000.00)		(1,150,000.00)		(1,150,000.00)		(1,150,000.00)		To mitigate the impact of interest rate fluctuations	
Reserves	Stop Loss Provision	(944,848.78)	75,000.00	(869,848.78)	75,000.00	(794,848.78)	75,000.00	(719,848.78)	75,000.00	(644,848.78)		Stop Loss Insurance - Self insurance to cover fire policy excesses on school buildings and other adhoc costs including lead roof theft and flooding	
Total Specific Earmarked Balances Identified as Risks		(14,690,407.17)	1,375,000.00	(13,315,407.17)	2,875,000.00	(10,440,407.17)	2,875,000.00	(7,565,407.17)	75,000.00	(7,490,407.17)			
Specific Earmarked Service Balances													
Reserves	Elections Equalisation Reserve	(163,978.91)	(42,000.00)	(205,978.91)	205,978.91	0.00	0.00	0.00		0.00		Set aside to assist in funding future local elections as annual revenue budget may not be sufficient in any given year.	depends on the number of elections that arise; next Borough election due May 2019
Reserves	Confirm System Reserve	(100,000.00)	100,000.00	0.00		0.00		0.00		0.00		To support additional costs incurred in the implementation of the Confirm System in 2018/19	
Reserves	Highways Consultation Reserve	(40,000.00)	40,000.00	0.00		0.00		0.00		0.00		Consultation costs to be incurred in 2018/19	
Reserves	Bridge Bank - The Gorge Reserve	(50,000.00)	50,000.00	0.00		0.00		0.00		0.00		To cover additional costs of rectifying the void in the Gorge in 2018/19	
Reserves	Madeley Sports Hub (3 g pitch)	(389,390.43)	389,390.43	0.00		0.00		0.00		0.00		Madeley Court 3G pitch - to complete this	
Reserves	50th Anniversary Events	(120,579.77)		(120,579.77)		(120,579.77)		(120,579.77)		(120,579.77)			
Reserves	Estate Car parking	(1,054,146.19)	754,146.00	(300,000.19)	300,000.19	0.00		0.00		0.00		Funding to support Pride Programme	
Reserves	Footway Programme Funding	(1,012,972.96)	1,012,972.96	0.00		0.00		0.00		0.00		Funding to support Pride Programme	
Reserves	Destination Telford Funding	(275,000.00)	275,000.00	0.00		0.00		0.00		0.00			
Reserves	ICT impact of GDPR	(100,000.00)	0.00	(100,000.00)		(100,000.00)		(100,000.00)		(100,000.00)		Provision for potential cost implications on development of Safer Routes to School	
Reserves	Safer School Routes	(600,000.00)	0.00	(600,000.00)		(600,000.00)		(600,000.00)		(600,000.00)			
Reserves	Road Signage	(200,000.00)	0.00	(200,000.00)		(200,000.00)		(200,000.00)		(200,000.00)		Programme of additional	

Schedule of Provisions, Reserves and Balances

Balance Sheet Structure	Description	April 2018 Opening		April 2019 Opening		April 2020 Opening		April 2021 Opening		April 2022 Opening		Purpose - brief reason for the reserve/balance	Comment on level/appropriateness of value held
		Actual Closing Balance 31/3/2018	Estimated Change during 2018/19	Estimated Closing Balance 31/3/19	Estimated Change during 2019/20	Estimated Closing Balance 31/3/20	Estimated Change during 2020/21	Estimated Closing Balance 31/3/21	Estimated Change during 2021/22	Estimated Closing Balance 31/3/2022			
Reserves	Sporting Events	(100,000.00)	0.00	(100,000.00)		(100,000.00)		(100,000.00)		(100,000.00)		Funds to support new sporting events to	
Reserves	Libraries	(100,000.00)	0.00	(100,000.00)		(100,000.00)		(100,000.00)		(100,000.00)		To extend opening hours at Southwater on	
Reserves	CSE Funding Reserve	(350,000.00)	350,000.00	0.00	(500,000.00)	(500,000.00)	500,000.00	0.00		0.00		CSE Inquiry Funding Reserve	
Reserves	Single Status Project Team	(225,250.30)	20,000.00	(205,250.30)	150,000.00	(55,250.30)	150,000.00	94,749.70		94,749.70		Required to fund single status project work (including legal and consultancy costs) and preparation for implementation	
Reserves	Community Right to Challenge	(8,547.00)		(8,547.00)		(8,547.00)		(8,547.00)		(8,547.00)		Funding to support any additional cost arising	
Reserves/Provision	Balance Control Mechanism / Residual balances from closed schools	(167,458.49)	50,000.00	(117,458.49)	50,000.00	(67,458.49)	50,000.00	(17,458.49)	17,458.49	0.00		Balances clawed back from schools through the balance control mechanism plus residual balances from closed schools	To cover possible deficits of schools which close in the future. £50,000 of this assumed to be used in 2018/19 based on £24K for Windmill Primary's deficit following conversion and any deficit in excess of the balance on YFAS School Reorganisation Reserve for Charlton.
Reserves	Early Help Plan	(48,239.90)	48,239.90	0.00		0.00		0.00		0.00		Required to Support Early Help Action Plan, employment of an additional BSO.	
Reserves	Joint Commissioning Balance	(26,438.59)	10,000.00	(16,438.59)	16,438.59	0.00		0.00		0.00		To support ongoing structure to deliver savings in key areas	
Reserves	Childrens Services	(501,143.80)	501,143.80	0.00		0.00		0.00		0.00		General safeguarding reserve	£500,000 arising from a contingency contribution from the 2017/18 budget, drawn upon in 2018/19 to offset overspends on safeguarding budgets.
Reserves	Safer Communities cwfd	(19,835.49)	10,000.00	(9,835.49)	9,835.49	0.00		0.00		0.00		Committed to fund CCTV	
Reserves	Youth Projects Support	(109,876.05)	85,000.00	(24,876.05)	24,876.05	0.00	0.00	0.00		0.00		Funding of various posts within the service	
Reserves	Education Welfare Balance	(44,967.89)	10,000.00	(34,967.89)	10,000.00	(24,967.89)	10,000.00	(14,967.89)	10,000.00	(4,967.89)		Income from fixed penalty notices re Truancy etc - held to support budget if shortfall in income and fund training and resources costs associated with this process. Funding of 1 additional posts.	
Reserves	School Reorganisation Reserve	(429,628.90)	429,628.90	0.00		0.00		0.00		0.00		Monies carried forward as a reserve against the possible unfavourable balance on schools conversions to academy status.	2018/19 call on reserve is based upon Charlton's expected sponsored conversion during 2018/19 with a closing deficit likely to be at a similar level to this reserve.
Reserves	PCT monies	(186,928.18)	40,000.00	(146,928.18)	65,000.00	(81,928.18)	40,000.00	(41,928.18)		(41,928.18)		Monies committed to specific areas of work as per agreement	
Reserves	Transforming Social Care Grant	(47,977.82)	0.00	(47,977.82)	47,977.82	0.00	0.00	0.00		0.00		Funds posts supporting the transformation of ASC	
Reserves	Young Persons Substance Misuse	(9,832.50)	9,832.50	0.00	0.00	0.00	0.00	0.00		0.00		Used to offset other one off commitments	
Reserves	Public Health Transition Grant	(29,204.73)	0.00	(29,204.73)	0.00	(29,204.73)	0.00	(29,204.73)	0.00	(29,204.73)		To be spent on Public Health	
Reserves	Legal Reserve	(229,225.40)	152,882.00	(76,343.40)	76,343.40	0.00	39,423.40	39,423.40		39,423.40		For standards investigations and Legal Staffing	
Reserves	Customer Services & Benefits	(437,936.92)	150,327.00	(287,609.92)	227,000.00	(60,609.92)	60,609.92	0.00		0.00		To support additional staffing costs as a result of Welfare Reform changes and to support delivery of savings in 2019/20	
Reserves	Member Dvpl Reserve	(5,000.00)	0.00	(5,000.00)	2,500.00	(2,500.00)		(2,500.00)		(2,500.00)		To be spent on training and equipment as required	
Reserves	Coalbrookdale Water Course	(148,658.65)	50,000.00	(98,658.65)	0.00	(98,658.65)		(98,658.65)		(98,658.65)		Coalbrookdale Water course drawdown as and when required each year.	This is a commuted sum for Coalbrookdale Water Course - each year monitoring is done & once in every 4 years works are done to maintain water courses. Work last completed in 14/15.
Reserves	Environmental Pressures	(367,788.61)	367,788.61	0.00	0.00	0.00		0.00		0.00		Fully committed	
Reserves	Stoneyhill Landfill	(22,138.00)		(22,138.00)		(22,138.00)		(22,138.00)		(22,138.00)		This is for a commuted sum for the cleaning & maintenance of the silo's (golf balls) and as a contingency in case the technology does not ensure the quality of the "stuff" piped out to STW system. This was a new design to deliver the ongoing savings, the revenue budget just covers the annual running / monitoring costs. The budget will not cover the costs of cleaning. When it is required in the future	This needs to be held for costs we will incur in future years, although they are unknown at this point in time.
Reserves	Sums held on behalf of others	(9,810.45)	9,810.45	0.00		0.00		0.00		0.00		Balance to fund R&M at SGCT properties as and when required.	

Schedule of Provisions, Reserves and Balances

Balance Sheet Structure	Description	April 2018 Opening		April 2019 Opening		April 2020 Opening		April 2021 Opening		April 2022 Opening		Purpose - brief reason for the reserve/balance	Comment on level/appropriateness of value held
		Actual Closing Balance 31/3/2018	Estimated Change during 2018/19	Estimated Closing Balance 31/3/19	Estimated Change during 2019/20	Estimated Closing Balance 31/3/20	Estimated Change during 2020/21	Estimated Closing Balance 31/3/21	Estimated Change during 2021/22	Estimated Closing Balance 31/3/2022			
Reserves	Development Planning System	(100,000.00)	100,000.00	0.00		0.00		0.00		0.00		Balance was held for new Planning System development, however the current system is being upgraded to enable the latest version of GIS. The system will be reviewed as to its sustainability.	Plan to move unspent to offset any Planning income pressures in future years.
Reserves	Capacity Fund - Skills Analysis	(14,856.00)	0.00	(14,856.00)	14,856.00	0.00		0.00		0.00		Research of skills gaps surveys in 19/20	
Reserves	Capacity Fund - Targeted Marketing Campaign	(22,055.34)	10,805.00	(11,250.34)	11,250.34	0.00		0.00		0.00		Destination Telford plus 17/18 year end bids for Growth Hub website build and WiFi upgrade £10k in 18/19.	Fully committed in 19/20, supplementing Destination Telford.
Fund Balances	Destination Telford	(25,069.41)	25,069.41	0.00		0.00		0.00		0.00		Destination Telford .	Committed in 18/19.
Reserves	Environmental Services Gen Reserve	(25,000.00)	25,000.00	0.00		0.00		0.00		0.00		Eastern Primary Clean £25k undertaken in 18/19	
Reserves	Cashless Catering	(158,750.80)	96,750.00	(62,000.80)	62,000.80	0.00		0.00		0.00		Reserve to fund Cashless catering upgrade and mitigate inflation increase in Catering food costs.	
Reserves	Sponsorship Fund	(86,909.26)	0.00	(86,909.26)	0.00	(86,909.26)	0.00	(86,909.26)	0.00	(86,909.26)		Contributions from external organisations for specific purposes	
Reserves	Local Plan Enquiry	(87,641.00)	87,641.00	0.00		0.00		0.00		0.00		Public Examination of Local Plan	Enquiry completed in 2017. Awaiting final invoices in 18/19.
Reserves	Planning Appeal costs	(46,623.50)	46,623.50	0.00		0.00		0.00		0.00		Set aside for legal costs associated with planning appeals.	There is no revenue budget available for these costs and therefore balance is required to reduce revenue pressure. Fully committed in 18/19.
Reserves	Definitive Mapping Fund	(1,115.71)	1,115.71	0.00		0.00		0.00		0.00		Set aside to fund Technician post up to Sept 2018.	Fully applied in 18/19.
Reserves	Youth Unemployment	(583,045.98)	310,890.00	(272,155.98)	272,155.98	0.00		0.00		0.00		Reserve created to extend Tackling Youth unemployment up to March 2020.	
Reserves	Town Park Reserve	(21,333.33)	21,333.33	0.00		0.00		0.00		0.00		Bandstand development and Water area filter.	
Reserves	Bus Subsidy Reserve	(250,000.00)	110,000.00	(140,000.00)	70,000.00	(70,000.00)	70,000.00	0.00		0.00		To fund subsidised bus routes	
Reserves	Housing Investment Programme	(246,056.57)	28,000.00	(218,056.57)	28,000.00	(190,056.57)	28,000.00	(162,056.57)	28,000.00	(134,056.57)		Reserve for Housing investment costs council side.	
Reserves	HCA Liability Fund	(5,920,448.58)	1,500,000.00	(4,420,448.58)		(4,420,448.58)		(4,420,448.58)		(4,420,448.58)		Use of Profit share for invest to save bids and other capital projects as they come up. Includes liability monies of £4m	to be invested to create a revolving fund for liabilities
Reserves	Waste Contract Sinking Fund	(1,228,611.95)	342,615.00	(885,996.95)	392,000.00	(493,996.95)		(493,996.95)		(493,996.95)		Enable the ongoing management of new Waste contract.	Fully committed for new Waste contract.
Reserves	Pride in Your Community	(91,167.28)	91,167.28	0.00		0.00		0.00		0.00		Fully committed for Pride	
Reserves	Grounds & Cleansing Contract	(149,640.00)	149,640.00	0.00		0.00		0.00		0.00		To support the re-procurement of the Highways contract and Grounds & Cleansing contract. Will be used in 2018/19 for Legal, Commercial and Finance Support	
Reserves	Telford Town Park Commuted Sums	(59,970.00)	(19,990.00)	(79,960.00)	(19,990.00)	(99,950.00)	(19,990.00)	(119,940.00)	(19,990.00)	(139,930.00)		Balance to be built up over 10 years to fund management and maintenance plan for further ten years after 2020.	
Reserves	Parish Environmental Teams	(465,172.04)	465,172.04	0.00		0.00		0.00		0.00		Balance of Parish Contribution to scheme to fund materials/works.	Expected draw down against parish material spend and additional apprentice costs over and above Parish £5k contribution.
Reserves	Campaigns and Marketing	(219,360.96)	29,174.64	(190,186.32)	32,846.00	(157,340.32)		(157,340.32)		(157,340.32)		Funding to support pride programme	
Reserves	Capital grant funding held as a reserve	(728,691.46)	728,691.46	0.00		0.00		0.00		0.00		Committed to funding the capital programme. This is not the whole balance on the code	

Schedule of Provisions, Reserves and Balances

Balance Sheet Structure	Description	April 2018 Opening		April 2019 Opening		April 2020 Opening		April 2021 Opening		April 2022 Opening		Purpose - brief reason for the reserve/balance	Comment on level/appropriateness of value held
		Actual Closing Balance 31/3/2018	Estimated Change during 2018/19	Estimated Closing Balance 31/3/19	Estimated Change during 2019/20	Estimated Closing Balance 31/3/20	Estimated Change during 2020/21	Estimated Closing Balance 31/3/21	Estimated Change during 2021/22	Estimated Closing Balance 31/3/2022			
Reserves	Changing Futures	(14,185.00)	14,185.00	0.00		0.00		0.00		0.00		Monies received from CCG to support Safeguarding initiative in relation to Family Nursing	
Reserves	Transport	(28,000.00)	0.00	(28,000.00)	28,000.00	0.00		0.00		0.00		Transport project work in Commissioning	
Reserves	SEN Review Reserve	(100,000.00)	55,000.00	(45,000.00)	45,000.00	0.00		0.00		0.00		To fund additional costs associated with review and introduction of EHCP including external support and to enable additional resources to be allocated to the rapidly growing area of post 16-25 SEN	
Reserves	New Technology	(47,899.92)	5,000.00	(42,899.92)	10,000.00	(32,899.92)	10,000.00	(22,899.92)	10,000.00	(12,899.92)		Committed to Financial Management system development	
Reserves	Catering Control Account	(11,545.42)	11,545.42	0.00		0.00		0.00		0.00		Funding to Support Lets Cook Project and other initiatives if required.	Committed in 18/19.
reserves	Organisational Development Training Reserve	(406,695.26)	100,000.00	(306,695.26)	100,000.00	(206,695.26)	100,000.00	(106,695.26)		(106,695.26)		17/18 year end bids of which £13k Climbing wall, £25k Bunk beds, £24k Minibuses.	
reserves	Arthog Trading Provision	(62,000.00)	62,000.00	0.00		0.00		0.00		0.00			
Reserves	Pride 2 Reserve	17,932.05	(17,932.05)	0.00		0.00		0.00		0.00			
Reserves	Library Book Fund	(1,909.17)		(1,909.17)		(1,909.17)		(1,909.17)		(1,909.17)		Income from sale of books to be retained to support the book fund budget	
Reserves	Crisis Assistance Reserve	(81,244.99)	28,983.00	(52,261.99)	10,000.00	(42,261.99)	10,000.00	(32,261.99)	10,000.00	(22,261.99)		To support work on crisis assistance scheme including a grant to Just Credit union.	
Reserves	Graphic Design - PC Replacement Reserve	(4,959.69)		(4,959.69)		(4,959.69)		(4,959.69)		(4,959.69)		For replacement equipment	
Reserves	Corporate Communications Reserve	(6,050.00)		(6,050.00)		(6,050.00)		(6,050.00)		(6,050.00)		To fund Gov Connect and training costs.	
Reserves	Car parking Enforcement	(10,500.00)	10,500.00	0.00		0.00		0.00		0.00		To support CPE	
Reserves	Delivery & Planning Reserve	(62,497.26)		(62,497.26)		(62,497.26)		(62,497.26)		(62,497.26)		IEWM Grant to fund training costs	
Reserves	Finance	(108,099.81)		(108,099.81)	9,190.00	(98,909.81)	98,909.81	0.00		0.00		Funding for Senior Accountant and Accountant posts until 31.03.21	
Reserves	Modern Apprentice Reserve	(20,000.00)	7,000.00	(13,000.00)	7,000.00	(6,000.00)	6,000.00	0.00		0.00		To fund modern apprentices across the 2 accountancy teams (no base budget).	
Reserves	Treasury Management Reserve	(30,000.00)	15,000.00	(15,000.00)	15,000.00	0.00		0.00		0.00		Set aside to provide support for any technical advice needed	
Reserves	Revenues Reserve	(160,000.00)	52,180.00	(107,820.00)	58,850.00	(48,970.00)	35,000.00	(13,970.00)	13,970.00	0.00		To fund 2 posts in staffing budget and one off additional Northgate costs	
Reserves	Resource Link Reserve	(80,000.00)	80,000.00	0.00		0.00		0.00		0.00		Committed for project costs incurred in 2018/19	
Reserves	Finance Income Equalisation Reserve	(44,279.00)		(44,279.00)		(44,279.00)		(44,279.00)		(44,279.00)		To support income shortfalls from conversion of schools to academies	
Reserves	Finance Workforce Development Reserve	(50,000.00)	10,000.00	(40,000.00)	10,000.00	(30,000.00)	10,000.00	(20,000.00)	10,000.00	(10,000.00)		Training costs of Finance staff	
Reserves	HR Income Equalisation Reserve	(60,000.00)		(60,000.00)		(60,000.00)		(60,000.00)		(60,000.00)		To support income shortfalls from conversion of schools to academies and reduction in external income	
Reserves	Rights of Way Reserve	(74,600.00)	(35,670.00)	(110,270.00)	110,270.00	0.00		0.00		0.00		contributions to projects	
Reserves	Public Protection Reserve	(10,406.29)	10,406.29	0.00		0.00		0.00		0.00		Required to support revenue budget	
Reserves	High Street Challenge	(653,292.10)	653,292.10	0.00		0.00		0.00		0.00		To support Pride programme. Partly funded by PRU	£653k to fund WCPS, £68k AHAF
Reserves	PCT Contribution to Health Hub	(30,000.00)	30,000.00	0.00		0.00		0.00		0.00		To fund channel shift costs	
Reserves	Co Operative Council & Commercial Projects Fund- Reserve	(47,250.26)	4,000.00	(43,250.26)	43,250.26	0.00		0.00		0.00		To be used for Commercial projects - and other issues - Wellington Health Suite / Private Wire feasibility. May not be required until 19/20.	
Reserves	Fleet Reserve	(128,774.00)		(128,774.00)		(128,774.00)		(128,774.00)		(128,774.00)		To be used to purchase outright Bus in 18/19 and lease others.	
Reserves	Town Park - High Ropes	(26,855.65)	26,855.65	0.00		0.00		0.00		0.00		To fund the I2S High Ropes development.	Committed in 18/19.
Reserves	Child Sexual Exploitation	(6,480.00)	3,240.00	(3,240.00)	3,240.00	0.00		0.00		0.00		Used to fund support for CSE cases	
Reserves	Transformation Posts Reserve	(98,000.00)	51,870.00	(46,130.00)	18,595.00	(27,535.00)		(27,535.00)		(27,535.00)		To support transformation of ASC	
Reserves	Unaccompanied Asylum Seekers	(45,604.36)	45,604.36	0.00		0.00		0.00		0.00		All to be applied in 18/19 to offset costs incurred supporting unaccompanied asylum seekers	
Reserves	Community Engagement Reserve	(44,896.76)	44,896.76	0.00		0.00		0.00		0.00		Cities of Service grant and community engagement projects.	
Reserves	My Options	(66,624.35)	0.00	(66,624.35)	0.00	(66,624.35)	0.00	(66,624.35)		(66,624.35)		Used to support social work placements	
Reserves	Social Work Training Reserve	(19,020.71)	19,020.71	0.00		0.00		0.00		0.00		Fully Committed for use in future years - ringfenced for Public Health purposes	
reserves	Public Health Grant	(602,263.31)	382,861.00	(219,402.31)	200,464.00	(18,938.31)	6,704.00	(12,234.31)	12,234.31	(0.00)		To fund the training of students on placements with the LA.	Planned to spend existing reserve over next year or two but may receive further funding from universities for a similar purpose.
Reserves	University Students	(25,744.10)	15,744.10	(10,000.00)	10,000.00	0.00		0.00		0.00			
Reserves	Early Help Partnership	(61,763.53)	7,500.00	(54,263.53)	0.00	(54,263.53)	0.00	(54,263.53)	0.00	(54,263.53)		Local Advisory Board Development - locality working. To build capacity within the voluntary sector to deliver the Healthy Child Programme, Children Centre Core Purpose and activity to support school readiness (as directed by the Early Help Partnership Board and in response to the recent Early Help and Support Restructure)	Has to be spent on Public Health outcomes
Reserves	Change Programme	(139,280.71)	45,782.00	(93,498.71)	89,413.58	(4,085.13)	4,085.13	0.00		0.00		To support transformation of ASC	

Schedule of Provisions, Reserves and Balances

Balance Sheet Structure	Description	April 2018 Opening		April 2019 Opening		April 2020 Opening		April 2021 Opening		April 2022 Opening		Purpose - brief reason for the reserve/balance	Comment on level/appropriateness of value held
		Actual Closing Balance 31/3/2018	Estimated Change during 2018/19	Estimated Closing Balance 31/3/19	Estimated Change during 2019/20	Estimated Closing Balance 31/3/20	Estimated Change during 2020/21	Estimated Closing Balance 31/3/21	Estimated Change during 2021/22	Estimated Closing Balance 31/3/2022			
Reserves	Workforce Development	(18,654.00)	7,000.00	(11,654.00)	6,000.00	(5,654.00)	5,654.00	0.00	0.00	0.00	0.00	This is required to ensure new ways of working re assessment & support planning are embedded in day to day working. As part of restructured workforce. Training in relation to changes (as agreed with CCG) in relation to brokerage and CHC referrals	
Reserves	Winter Pressures	(125,000.00)	50,000.00	(75,000.00)	50,000.00	(25,000.00)	25,000.00	0.00	0.00	0.00	0.00	To meet any additional costs as a result of pressure on ASC and the hospitals	
Reserves	Care Bill Phase 2	(140,000.00)	48,451.00	(91,549.00)	72,660.00	(18,889.00)	18,889.00	0.00	0.00	0.00	0.00	Supports a number of posts within ASC	Limited funding
Reserves	Capacity Building Projects	(160,000.00)	84,565.00	(75,435.00)	75,435.00	0.00	0.00	0.00	0.00	0.00	0.00	To fund additional posts as and when required to meet capacity issues	
Reserves	Adults Safeguarding Board	(39,455.53)	31,335.08	(8,120.45)	6,318.00	(1,802.45)	0.00	(1,802.45)	(1,802.45)	(1,802.45)	(1,802.45)	Relates to any carryforward of the funding made by the Council as part of the arrangement with Partners - to be reinvested in the work of the Board.	
Reserves	S75 BCF Pool	(100,000.40)	100,000.40	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	Reinvestment of any underspend of the amount paid to the Council via the BCF pooled arrangement	
Reserves	BCF/TCP Section 75 Agreement Pooled Fund Reserve	(434,800.24)	68,296.60	(366,503.64)	151,000.00	(215,503.64)	200,000.00	(15,503.64)	15,503.64	(0.00)	15,503.64	In place for mitigation of any financial risks associated with BCF or TCP. Uncertainty around TCP funding transfers and pressure on BCF schemes to deliver target DTOC	A TCP placement due to complexity could be in the region of £200k per annum
Reserves	Childrens Grants	(1,926.80)	1,926.80	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	Young Person's Grant	
Reserves	Safeguarding & Strategic Management	(100,000.00)	50,000.00	(50,000.00)	50,000.00	0.00	0.00	0.00	0.00	0.00	0.00		
Reserves	Homelessness Prevention	(99,873.76)	56,380.00	(43,493.76)	43,493.76	0.00	0.00	0.00	0.00	0.00	0.00	Reserve to fund Homelessness prevention.	Committed in 18/19 & 19/20.
Reserves	Growth Hub Development	(10,045.95)	10,045.95	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	Open book accounting arrangement for Growth Hub located at University of Wolverhampton.	
Reserves	Innovation fund	(107,308.85)	107,308.85	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	Fund set aside to support promotions of High Streets and Local centres. Residual projects ongoing. Balance will be transferred to BDE.	
Reserves	Revitalise Fund (Pride in Your High Street)	(7,366.56)	7,366.56	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	Revitalise fund approved to for 2 rounds of bidding - full amount allocated.	Full value committed to fund Revitalise Fund bids.
Reserves	Creative Development	(25,783.46)	0.00	(25,783.46)	0.00	(25,783.46)	0.00	(25,783.46)	0.00	(25,783.46)	0.00	Fund set aside for new culture zone website and events	
Reserves	Time for Me offer	(12,887.29)	12,887.29	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	Pooled budget relating to ongoing projects supporting Mental Health.	
Reserves	Leisure/Aspirations Invest to Save Funding	(170,237.59)	50,000.00	(120,237.59)	120,237.59	0.00	0.00	0.00	0.00	0.00	0.00	To fund the ongoing replacement of Leisure equipment.	No budgeted provision
Reserves	ICT Reserves & Provisions	(118,030.24)	86,842.00	(31,188.24)	31,188.24	0.00	0.00	0.00	0.00	0.00	0.00	Support Pricing model, various posts and contributions to capital.	Fully required.
Reserves	Tennis Centre Sinking Fund			0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
Reserves	Procurement Advice reserve	(29,561.00)	14,230.00	(15,331.00)	15,331.00	0.00	0.00	0.00	0.00	0.00	0.00	For GPC Advice & Procurement systems	
Reserves	TCP Commissioning Contribution	(37,325.00)	37,325.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	Contribution to the TCP Commissioning Team	
Reserves	World Heritage Lottery Fund	(5,000.00)	5,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	Now agreed with IGMT	
Reserves	Young Persons Substance Misuse	(74,891.17)	0.00	(74,891.17)	0.00	(74,891.17)	0.00	(74,891.17)	0.00	(74,891.17)	0.00	funding of a peer support and mentoring offer for children and young people with drug and alcohol problems	Has to be spent on Public Health outcomes
Reserves	Street Games	(668.51)	668.51	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	Grant funding	
Reserves	Culture	(11,179.07)	11,179.07	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	To fund ongoing events	
Reserves	Carers Services	(29,500.24)	20,000.00	(9,500.24)	9,500.24	0.00	0.00	0.00	0.00	0.00	0.00	Supports delivery of future strategy-is support for respite	
Reserves	Accommodation	(121,625.32)	101,000.00	(20,625.32)	20,625.32	0.00	0.00	0.00	0.00	0.00	0.00	To be used to support Accommodation Strategy. Plus £101k 17/18 year end bids for BIT held here and fully utilised in 18/19.	Committed in 19/20.
Total Specific Earmarked Service Balances		(23,697,385.68)	11,724,533.37	(11,972,852.31)	2,969,131.56	(9,003,720.75)	1,458,285.26	(7,545,435.49)	107,176.44	(7,438,259.05)			
Overall Total		(101,069,418.36) 0.00	22,340,585.74	(78,728,832.62) 0.00	9,616,370.07	(69,112,462.55) 0.00	6,108,205.26	(63,004,257.29) 0.00	522,197.00	(62,482,060.29) 0.00			

APPENDIX 10
ROBUSTNESS OF BUDGET ESTIMATES AND ADEQUACY OF RESERVES: STATEMENT OF THE CHIEF FINANCIAL OFFICER

BACKGROUND

A key responsibility of the Council's Chief Financial Officer is to give assurance on the robustness of the budget strategy which includes highlighting the risks associated with its deliverability and sustainability and the adequacy of reserves.

The framework within which the Council's budget setting process operates and the final budget strategy was developed is governed by legislation which provides regulatory safeguards for the Council:

Section 25 of the Local Government Act 2003 requires the authority's Chief Financial Officer to report on the **robustness of the estimates and the adequacy of reserves** allowed for in the budget proposals in the budget report, so Members are informed and can consider this when they make their budget decisions.

Section 114 of the Local Government Finance Act 1988 highlights the Chief Financial Officer's responsibility to report to members if it appears to him that an unbalanced budget is likely to be set for the year.

Local Government Finance Act 1992 identifies the requirement to set a balanced budget.

Section 151 of the Local Government Act 1972 - Financial Administration requires that authorities should appoint a Section 151 Officer to have responsibility for the proper administration of its financial affairs.

The Accounts and Audit Regulations 2015 – Regulation 4 requires that the accounting records and control systems include measures to ensure that risk is appropriately managed.

The requirements of the prudential Code must also be complied with (a separate report on prudential Indicators is included elsewhere in this suite of service and financial planning reports).

Section 106 of the Local Government Finance Act 1992 makes it a criminal offence for any Member with arrears of Council Tax which have been outstanding for two months or more to attend any meeting of the Council or one of its committees at which a decision affecting the budget is to be made, unless the Member concerned declares at the outset of the meeting that he or she is in arrears, and will not be voting

on the decision for that reason. The Member concerned must then abstain from voting.

The Local Authorities (Standing Orders) (England) (Amendment) Regulations 2014 provide that the Council's procedures must provide for the minutes to record how each Councillor voted (including any abstentions) when determining the Council's budget and the level of Council Tax to be levied

In addition the CIPFA guidance on Local Authority Reserves and Balances requires that a statement reporting on the annual review of earmarked reserves should be made to Council, at the same time as the budget. The statement should list the various earmarked reserves, the purpose for which they are held and provide advice on the appropriate levels. It should also show the estimated opening balances for the year, planned additions/withdrawals and the estimated closing balance. This is included as Appendix 9 of this report.

ROBUSTNESS OF ESTIMATES

Overview

Since 2010 the Council has faced unprecedented cuts in Government grant and over the past 10 years has made £117m of ongoing savings to manage within its reducing resources. The Government has an objective to eliminate the national deficit and will continue to cut public spending as it aims to meet its target and while some parts of the sector, such as health and defence, are protected further cuts will inevitably fall on local authorities. The 2018 Autumn Budget did include some additional funding for Adult Social Care/Children's Safeguarding and repairing potholes. However, the amounts allocated were one-off sums and much less the Local Government Association have calculated is required to avoid further cuts to social care services.

As outlined in some detail in the service and financial planning report, there is considerable uncertainty at present over the impact of a number of significant proposed changes to the local government finance system which are due to come in to effect from 1 April 2020. Therefore estimates of the Council's financial position after this date are subject to a high degree of uncertainty. However, we need to make the best estimates of the potential position facing the Council that we can in order to assist with medium term financial planning. The projected budget gap over the next two years, 2020/21 and 2021/22, for the Council is currently estimated to be around £25m, although this will be updated as further information becomes available. The budget gap, however much it is, will need to be met through a package of savings measures which will be developed in line with the core elements of the "Being the Change" organisational strategy as well as some increases in council tax and use of one-off resources in the short-term. The covering service and financial planning report therefore recommends that we do not commit around £16.2m of available one-off resources projected to be available at the end of 2019/20 and that officers start to commence work on developing further savings options for discussion with the new Cabinet following local elections scheduled for 2 May

2019. It is, however, now inevitable that some of the cuts will have significant impacts on local people and the Council is committed to consultation and is keen to work with partner organisations to identify alternative options for service delivery. The Council will continue with its approach to the budget consultation which will take place throughout the year, rather than being compressed into a 4 week period which will allow greater focus and interaction with the community. In parallel the Council is committed to investing in Telford's future and the strong financial management in recent years has allowed one-off sums to be invested in the borough ensuring that Telford is a prime place to live, work and do business in.

The Council has specifically prioritised Adult Social Care and Children's Safeguarding. Adult Social Care will see investment of £0.842m next year; and Children's Safeguarding & Family Support services will see investment of £3.296m to reflect the pressures being experienced by these services. This is not to say that changes are not required in these services and longer-term savings are required which will be achieved from new operating models.

As mentioned, the Council's medium term service and financial strategy has 4 core elements in line with the Being the Change ethos, which will take the organisation forward and deliver budget savings:

- Focusing on solving problems and promoting social responsibility and action to manage and reduce demand for services,
- Challenging and changing, reviewing and reimagining the way we do things,
- Reducing our dependency on Government grants,
- Being a modern organisation with modern practices and where we always get the basics right.

These themes are expanded upon in the "Being The Change" report issued by the Managing Director in December 2015, refreshed in March 2017 and June 2018.

Despite the financial challenges being faced, the Council has a clear goal to attract new jobs and investment and promote growth in the borough. Growth will deliver increased numbers of houses and businesses in the borough which will result in additional council tax, new homes bonus and business rates and whilst some additional costs will arise from a larger population, the net additional income generated will contribute towards helping to reduce the level of cuts needed.

2019/20 is the final year of the Government's multi-year settlement and the final year before significant changes are made to the Rates Retention Scheme (incorporating the outcomes of the Fair Funding Review and re-setting the Business Rates system). Under this system, authorities currently retain 50% (49% for Telford & Wrekin Council and 1% for the Combined Fire Authority) of growth in locally collected business rates. This brings opportunities, in terms of the council directly benefiting from business rate growth, but also increased risk, in terms of lost income if businesses close or move out of the area, claim

significant empty property reliefs or lodge successful appeals to the Government's Valuation Office Agency against their rateable value. Ensuring business rates income is maximised is a key priority for the Council which is being closely monitored. The move to at least 75% business rates retention by 2020/2021 is in principle welcomed however we await further technical consultation for more details to fully understand the implications for us.

The financial outlook is clearly challenging and there is an ongoing programme of targeted service reviews and restructuring underway.

Overall therefore, given the continued delivery of savings which now total over £117m, the long-term service redesign, particularly in relation to Adult Social Care and Children Safeguarding & Early Help services, the commercial approach being adopted, and the investment being made in the borough, it is considered that the Council is pursuing a sound financial strategy in the context of the most prolonged and challenging financial position it has ever faced due to the combined effect of Government grant cuts and increased service pressures.

The 2019/20 Service & Financial Planning Strategy has been informed by:

1. Impact Assessments and Risk Management

We are continuing to develop and deliver savings; with the high level of grant cuts some impact on service delivery is inevitable. A commitment has been given to protect delivery of the most essential services for vulnerable children and adults.

Due to the ongoing scale of savings required which will inevitably be more challenging on top of the savings already delivered, the Council will continue with its approach to the development of future savings proposals which allows more time for consultation with stakeholders about options to minimise impacts. Going forward, therefore, proposals will be developed as soon as opportunities arise and capacity allows, rather than concentrating consultation through the 4 week period as part of the annual budget process. This will allow meaningful engagement with our community and partners to develop creative solutions and will mean that the budget engagement process will take place throughout the year as an ongoing dialogue.

It seems inevitable that the level of financial risk will increase both to individual services and the operation of the council as a whole and this will be common to local authorities across the country and exacerbated by the move to 75% local retention of business rates. Cumulative risk attached to adopting an increasingly commercial approach will also need to be kept under review and key commercial decisions will continue to be subject to development of business cases and Cabinet approval.

A differential approach to savings targets has been taken by Cabinet Members and Directors within their service areas, rather than an across

the board percentage reduction, to recognise the relative demands, risks, opportunities and challenges faced by different Council services.

We have set aside a revenue contingency of £3m next year; in addition a further £1.1m for inflation. There is also £0.8m set aside as an additional contingency for Children's safeguarding in 2019/20. As mentioned above, additional investment is being made into both Adult Social Care and Children's Safeguarding & Family Support in 2019/20. Further, an Invest to Save/Capacity Fund and a Partnership Capacity Fund are in place to provide additional resources and to assist with the delivery of savings.

Individual service areas have continually managed and monitored key risks relating to their service areas to ensure they are providing the best service they can when faced with reduced resources and ongoing reviews. The senior management team monitors service performance and seeks to manage and mitigate significant potential exposures to risks where possible. The current risk register is included at Appendix 14 of this report and includes reference to Brexit. Brexit is causing some uncertainty over key issues which may impact on the Council including levels of future interest rates, potential impacts on the rate of inflation and potentially on overall future economic conditions that may impact on demand for some Council services etc

2. The Financial Management Process

Financial monitoring provides a regular financial health-check throughout the year and also provides information which feeds into the budget strategy. Financial monitoring follows a risk-based approach with high-value, volatile areas being monitored more closely than low-value, less volatile areas. Regular financial management reports are presented to Senior Management Team and Cabinet during the year which highlight any significant variances and therefore areas of risk. Progress on the delivery of savings will be monitored through this route flagging both 'in year' and future year financial strategy impacts. The reports also monitor the budget contingency and performance against council tax, business rates and sales ledger income collection targets. The Senior Management team also regularly consider significant debts outstanding to the Council and agree actions to obtain payment as quickly as possible.

3. The Budget Setting Process

The overall medium term financial planning position of the Council is controlled through a model which is updated during the year as new information becomes available - including current year trends identified through monitoring. At a more detailed level finance officers meet with budget holders and review all budgets on an annual basis on top of the usual monitoring work. Budgets are cash limited. Areas of unavoidable growth and pressures have been identified and scrutinised as part of the budget process along with the deliverability of the savings package which forms an integral part of the overall strategy.

The budget setting process links to both the budget monitoring process, performance monitoring and risk management, discussed above, together with other issues such as meeting new legislative requirements and statutory obligations.

2019/20 Budget Assumptions and Considerations:

Given the difficult financial position the Council faces, a tight line has been taken on planning assumptions for next year but this is mitigated by the inclusion of the general revenue contingency of £3m plus £1.1m inflation contingency. A risk assessed review of reserves and balances has been undertaken which has identified uncommitted balances of £16.26m, prior to any remaining underspend at year end, which is taken into account as part of this medium term financial and service planning strategy.

<u>Inflation</u>	
Pay Award	2.7% has been included for pay awards for 2019/20 and 2020/21 and 3% for 2021/22; and an average 2.7% has been included for teachers pay. If the estimates are inaccurate the actual level of pay award will be allocated to service budgets and any adjustment made to the budget model which will either increase or reduce the savings requirement.
Apprentice Levy	An allowance of 0.5% of the pay bill is included to meet the cost of the Apprentice Levy during 2019/20. Schools will pick up the cost of their element of the levy.
Employer's Pension Contribution	The Shropshire Pension Fund had a funding level of 84% at 31 March 2016, the date of the last triennial evaluation undertaken by independent actuaries. Following this and discussion and negotiation with Pension Fund Officers, the employers' rate was set at 14.1% plus a lump sum payment agreed for each year (£3.9m in 19/20) which has been included in budget projections. It should be noted that the next triennial evaluation will be at 31 March 2019 for implementation in 2020/21 and the position will be updated at this point.
Employer's National Insurance Contribution	Nil increase.
Non-Pay budgets	A provision for known contractually committed inflation has been included. No other allowance for non-pay inflation has been made as budgets are cash limited. If inflation continues to rise this will place pressure on service budgets and the

Contingencies	<p>position will be kept under review through regular financial monitoring.</p> <p>There is a general contingency of £3m plus £1.1m contingency for inflation. There is also £0.8m set aside as an additional contingency for Children’s safeguarding in 2019/20.</p>
Service Pressures	<p>The difficult economic situation has an impact on the community and results in an increase in demand for council services.</p> <p>The key service pressures identified for the medium term relate to Adult Social Care and Children’s Safeguarding & Family Support.</p> <p>Children’s Safeguarding & Family Support – there are currently 380 Children in Care (at 31.12.18) and financial monitoring shows a projected overspend of £3.5m in the current year. Safeguarding children from harm and neglect is one of the Council’s top priorities and the 2019/20 budget includes additional investment of £3.296m. A cost improvement plan is in place to address areas of pressure to ensure that costs are contained within the increased base budget as far as possible. The position will be continually monitored and reviewed again as part of the 2020/21 service and financial planning process. The Service has developed a rolling 4 year placement model with the aim to reduce the total number of placements.</p> <p>Adult Social Care – the Council has consistently prioritised the protection of vulnerable people and the level of cuts made to the Adult Social Care budgets has been significantly less than other services. In total, the 2018/19 Adult Social Services budget will be increased by £0.8m. While we are committed to meeting the assessed needs of vulnerable adults changes will be needed to the way services are provided to deliver savings in future years.</p>
Central Government Funding / Local Government Resources Review	<p>The Business Rates Retention Scheme replaced the current system for funding Local Government in April 2013. This allows local authorities to retain 50% of the growth in locally collected business rates (49% for Telford & Wrekin Council and 1% for the Combined Fire Authority). There are opportunities in relation to business rates growth but also risks in terms of reduction in business rate income. The amount included for business rates in 19/20 has been based on local information, which we consider to be more realistic than the national estimate used by the Government in their</p>

	<p>settlement figures and will need to be closely monitored throughout the year.</p> <p>The level of business rates appeals is of particular concern, with £92m rateable value from the 2010 Valuation list is currently under appeal. The Council has made prudent provision to meet the cost of successful appeals. However the level of future appeals is difficult to predict due to VOA adopting a new Check, Challenge & Appeal process following the 2017 revaluation and there being very limited information on this.</p>
Council Tax	<p>The Council will increase council tax by the 2% “Social Care Precept” and by an additional 1.2% (3.2% in total) in 2019/20.</p> <p>Confirmation of the referendum limit thresholds for 2019/20 was received in late December and there is no risk of the planned council tax increase being above the threshold set and the council therefore incurring additional costs of holding a referendum and potential re-billing costs.</p>
Council Tax Support	<p>Telford & Wrekin’s Local Council Tax Support (CTS) Scheme is included as an appendix to the Service & Financial Planning Strategy and there are no changes in 2019/20 to the global percentage reduction in CTS paid to non-vulnerable, working age claimants previously set at 25%. A council tax hardship fund of £0.030m is available to award discretionary discounts in cases of extreme financial hardship. Council tax support is paid as a council tax discount and there is a greater financial risk than under the Council Tax Benefit System as claimants classed as “non-vulnerable” who previously received 100% benefit will now have some council tax to pay. Since CTS was implemented in April 2013 claimant numbers have reduced overall however the number of vulnerable claimants has increased. The impact of CTS has been included in the setting of the council tax base for 2019/20.</p>
Interest Rates	<p>Base rates were increased from 0.5% to 0.75% in August 2018 with the next move being dependent on how the economy responds to the uncertainties of Brexit and the extent to which the Bank of England will be tolerant of higher levels of inflation. The Bank of England’s Quantitative Easing programme was £435bn. Our investment and borrowing strategies for 2019/20 are set within this context.</p> <p>The assumptions for new borrowing are 3.0% in 2019/20 and 3.5% in subsequent years. A flexible approach to borrowing</p>

	<p>will be taken, in consultation with our treasury advisors, consideration will be given to affordability, maturity profile of existing debt, interest rates and refinancing risks as well as borrowing source. Maximum investment levels with counterparties are set to ensure prudent diversification and following strict investment criteria. Full details are included in the Treasury Management Strategy report included in this suite of service and financial planning reports. One of the primary objectives is to reduce the Council's exposure to risk while at the same time maximising returns. In the current interest rate environment and with considerable uncertainty on the financial robustness of counterparties, it is more advantageous to reduce investment levels and therefore reduce borrowing requirements. The investment portfolio is monitored on a regular basis and advice is received from independent professional treasury advisors.</p>
Treasury Management	<p>The Treasury Strategy for 2019/20 follows the requirements of the CIPFA Treasury Management Code of Practice and clearly identifies the various exposures to risk and strategies in place to minimise this. The Audit Committee has a role to review and monitor the Council's treasury management arrangements which includes policies, procedures and the management of risk. The 2019/20 Treasury Strategy was presented to Audit Committee on the 29 January 2019 for their consideration and comments. The Committee will monitor progress during the year.</p>
Non-Treasury Investments	<p>The Investment Strategy for 2019/20, included as part of the suite of Service & Financial Planning papers, focuses on non-treasury investments. These investments are made to support local public services and include commercial investments which deliver a return to the Council as well as delivering Council priorities.</p>
Dedicated Schools Grant (DSG)	<p>The figure allocated by the DfE in December 2018 for 2019/20 Dedicated Schools Grant was £152.6m (including academies). There are now four blocks making up the total DSG figure:</p> <ul style="list-style-type: none"> • Schools; • High Needs; • Early Years; and • Central School Services.
Schools Block	<p>The largest of these four blocks is Schools, which funds mainstream schools. This has increased by nearly £6m in 2019/20 to £117.2m, due to a combination of rising pupil numbers and an increase in funding per pupil, arising from</p>

<p>High Needs</p> <p>Early Years</p> <p>Central School Services</p>	<p>the continuing move towards a national funding formula for schools.</p> <p>The next largest block is High Needs at £22.2m. This too has increased compared to 2018/19, by around £0.9m but the high needs block remains under pressure due to increasing demand for high needs support. In addition to this allocation the Schools Forum agreed that £0.59m should be transferred from the Schools Block to High Needs in 2019/20, following a similar transfer of 0.5% of the schools block in 2018/19.</p> <p>The Early Years block, £12.1m, will be adjusted for actual numbers of early years pupils in January 2019 and January 2020 and so will be finalised retrospectively in Summer 2020. Since September 2017, this block includes funding for the extended 30 hours free provision for 3 and 4 years olds from working families.</p> <p>The Central School Services block, £1.1m, was introduced in 2018/19 following the demise of the Education Services Grant, which ceased in August 2017. Funding for education central services – statutory obligations for local authorities, not discretionary support – has sharply declined in recent years. As an illustration of this, the Education Services Grant (ESG) for T&W was £2.9m in 2013/14. Representatives of maintained schools on the Schools Forum agreed to de-delegate an additional £0.4m for 2019/20 to cover costs of statutory services that apply only to mainstream schools, but nonetheless the removal of the ESG has represented a further significant loss of funding to local authorities.</p>
<p>Estimates on the level and timing of capital receipts</p>	<p>The revenue budget and capital programme assume around £33m anticipated future capital receipts over the medium term planning period. Any shortfall or delays in generating expected receipts or in the amounts generated will need to be taken into account in future service and financial strategies. This could require scaling the capital programme back, re-phasing schemes or entering in to additional prudential borrowing which would necessitate further cuts to services. Delivery of projected receipts is monitored on a monthly basis as part of overall financial monitoring and reported to Cabinet quarterly.</p> <p>The Government has offered some flexibility on the use of capital receipts generated up to and including 2021/22. New receipts generated during this period may be used to fund the revenue costs of service reform projects. The Government recognise that in doing so revenue balances would be preserved but debt levels would be increased. The budget</p>

	<p>assumes use of this flexibility up to £4m in 2019/20 and this will be and updated in future budgets.</p>
<p>Minimum Revenue Provision (MRP)</p>	<p>The policy in relation to MRP is set out in the Treasury Management Strategy Report. The rules around the calculation of the cost of borrowing that must be charged to the revenue account – the minimum revenue provision (MRP) - have been prudently applied in setting the 2019/20 budget strategy.</p> <p>The MRP policy is in line with the previous year.</p> <p>The MRP methodology adopted increases borrowing in the medium term as less MRP is set aside however by the end of the life of the asset the impact on borrowing is nil. The Council’s external auditors, are comfortable with this approach.</p> <p>Full details of the MRP approach is included in the Treasury Strategy report (also on this agenda).</p>
<p>Prudential Borrowing / Prudential Indicators</p>	<p>The use of prudential borrowing is in line with the capital programmes approved by full Council.</p> <p>Prudential Indicators are approved as part of the budget strategy (see separate report on this agenda) and are monitored and reviewed on a regular basis.</p>
<p>Single Status</p>	<p>The Single Status process is in progress with planned implementation during 2020/21. An annual provision equal to 4% of the relevant pay bill has been set aside in the accounts for the 4 years 2007/08 to 2010/11. It is now considered that there is adequate funding in the provision and no further contribution will be made and potentially if a locally designed scheme is implemented some of the funding set aside may be available to be released. The additional ongoing budget is included in the budget strategy from 2021/22 totalling £1.27m.</p> <p>There is possible exposure to liabilities from back pay and equal pay claims which along with any other one-off costs (such as a potential period of pay protection for employees who see their pay reduced) could be met from the one-off provision.</p>
<p>Savings</p>	<p>The Council has an excellent track record of delivering savings in accordance with agreed plans. Over the past 10 years savings totalling over £117m have been delivered.</p>

	<p>Savings for 2019/20 were agreed in previous budget strategy reports and there are no additional savings put forward for 2019/10 in this report. Projected further savings of around £25m are required in the period 2020/21 to 2021/22 and work will commence to develop proposals.</p> <p>There is a capital receipts flexibility to meet severance costs and the intention to increase the invest to save/capacity fund, which supports the delivery of ongoing savings, using the 2018/19 underspend.</p>
<p>Financial Risks inherent in any new funding partnerships, major outsourcing deals or major capital developments</p>	<p>There are a number of major capital projects that have been identified which require careful project management and monitoring during 2019/20 and beyond to ensure commitments are matched by funding actually achieved, particularly the reliance on capital receipts and future government funding levels for the council and its public sector partners. Major capital projects in the medium term strategy include the Housing Investment Programme and the Property Investment Portfolio Growth Fund.</p>
<p>The availability of other funds to deal with major calls on contingencies</p>	<p>General reserves or other funds may have to be used temporarily and restored if revenue contingencies, management and policy action is insufficient to deal with a major issue. The Council has evaluated the risks it faces against available balances as outlined earlier in this appendix and concluded that around £16.2m is available to use in the overall budget strategy, which is after meeting the commitment in 2019/20.</p> <p>Current projections for 2018/19 indicate that there will be a significant balance remaining in the corporate contingency at year end, part of which will be invested in key community priorities and part of which will be transferred into a budget strategy reserve to support the delivery of the overall medium term service and financial planning strategy in future years.</p>
<p>The overall financial standing of the authority (level of borrowing, debt outstanding, collection of council tax etc.</p>	<p>The Council's approach to sustaining its overall sound financial position is covered in a number of sections of this Appendix. The overall projected net indebtedness position at 31 December 2018 was £244.2m; net additional prudential borrowing anticipated in 19/20 is £34.4m, although a significant element of this relates to the Housing Investment Programme and PIP investments which will generate a commercial return greater than the cost of associated debt charges. The total reliance on capital receipts in the medium term strategy is £33m in line with profiled disposals (additional information is provided in both the Capital Programme and Treasury Management Strategy Reports). The Council budgets prudently for its level of borrowing,</p>

	<p>avoiding external borrowing where cash flow permits and running down investment exposure while rates available for new investments are very low.</p> <p>The assumed council tax collection rate for 2019/20 onwards is 99.25%. For each 1% not collected the cost is approximately £0.627m in lost income to the Council. Legislation requires that any collection fund deficit is corrected through Council Tax in the next year. In recent years collection has outperformed projections allowing use of a council tax surplus as part of next year's strategy.</p> <p>Cumulative collection rates to date for recent years are</p> <table data-bbox="821 674 1093 869"> <tr><td>2013/14</td><td>99.46%</td></tr> <tr><td>2014/15</td><td>99.34%</td></tr> <tr><td>2015/16</td><td>99.22%</td></tr> <tr><td>2016/17</td><td>98.98%</td></tr> <tr><td>2017/18</td><td>98.49%</td></tr> <tr><td>2018/19</td><td>64.70%</td></tr> </table> <p>Final recovery rates for all years are projected to be over 99.25%.</p> <p>Close monitoring of the impact of CTS on collection rates will continue during 2019/20.</p>	2013/14	99.46%	2014/15	99.34%	2015/16	99.22%	2016/17	98.98%	2017/18	98.49%	2018/19	64.70%
2013/14	99.46%												
2014/15	99.34%												
2015/16	99.22%												
2016/17	98.98%												
2017/18	98.49%												
2018/19	64.70%												
<p>The authority's track record in budget and financial management</p>	<p>The Council continues to demonstrate extremely strong financial management with outturn being very close to the net budget set and no overspends during the previous 10 years:</p> <ul data-bbox="603 1245 1284 1619" style="list-style-type: none"> • 2008/09 - underspent by £0.366m (0.31% of budget) • 2009/10 – underspent by £0.332m (0.27% of budget) • 2010/11 – underspent by £0.083m (0.07% of budget) • 2011/12 – underspent by £1.843m (1.42% of budget) • 2012/13 – underspent by £0.055m (0.04% of budget) • 2013/14 – underspent by £0.099m (0.07% of budget) • 2014/15 – underspent by £1.145m (0.89% of budget) • 2015/16 – underspent by £0.121m (0.10% of budget) • 2016/17 – underspent by £0.167m (0.10% of budget) • 2017/18 – underspent by £0.150m (0.10% of budget) <p>This demonstrates an outstanding track record of continuous strong financial management, despite considerable pressure on service budgets, notably Adult Social Care and Children's Safeguarding and an unprecedented protracted period of significant cuts to Government funding.</p>												
<p>Virement and Contingencies</p>	<p>Virement is an important feature of budgetary control. It provides flexibility to adapt expenditure patterns to meet changing needs and objectives, consistent with Council policy.</p>												

	<p>No Assistant Director or Service Delivery Manger should plan to overspend. All expenditure should be consistent with approved service priorities and the overall approved budget.</p>
<p>The adequacy of the authority's insurance arrangements to cover major unforeseen risks</p>	<p>The Council's insurance arrangements are a balance between external insurance premiums and internal funds to "self-insure". The Council use the services of an external insurance advisor to provide additional expertise in managing insurance arrangements.</p> <p>The Council has a strategic risk register (Appendix 14 of this report) which is used to identify the substantive issues which may impact negatively on the delivery of the Council's priorities and may also have a financial impact. This is regularly reviewed by Senior Management Team and Service Areas to manage risks and mitigate potential exposures.</p>

These assumptions are reviewed on an annual basis.

Reserves & Balances Policy

Introduction

Guidance on local authority reserves and balances is available from the Chartered Institute of Public Finance & Accountancy (CIPFA). This represents good financial management and underpins the framework followed by Telford and Wrekin Council in this policy.

Types of Reserves and Balances

As part of the Service & Financial Planning process, the Council will consider the establishment and maintenance of reserves and balances.

Reserves and balances can be held for a number of purposes. Some reserves and balances are essential for the prudent management of the Council's financial affairs. These will provide a working balance to cushion the impact of uneven cash flows; a contingency for the impact of unexpected events or emergencies and allow the creation of earmarked reserves to meet known liabilities. The consequences of not keeping a minimum level of reserves can be serious and is therefore one of the considerations taken into account when setting the medium term financial plan.

When establishing reserves, the Council will ensure compliance with the Code of Practice on Local Authority Accounting in the United Kingdom.

Some of the most commonly established earmarked reserves are:

- Sums set aside for major schemes, such as capital developments
- Insurance reserves – to provide for an element of self-insurance
- Service Balances – to permit under spends to be carried forward for future commitments
- School Balances – unspent balances of budgets delegated to individual schools

Level of Reserves and Balances

The minimum prudent level of reserves that the Council should maintain is a matter of judgement. It is the Council's safety net for unforeseen circumstances and must last the lifetime of the Council unless contributions are made from future year's revenue budgets. CIPFA guidance does not set a statutory minimum level so it is up to the Council itself, taking into account all the relevant local circumstances, to make a professional judgement on what the appropriate level of reserves and balances should be. Telford & Wrekin Council adopts a risk based approach to determine the appropriate level of reserves and balances to sustain and that which can be released to support the medium term financial plans.

Reserves and balances are only maintained in accordance with the risk assessment undertaken and are used in a planned way. Therefore the opportunity cost of maintaining the determined levels is kept to a minimum while interest is earned on the retained amount.

Process

Each reserve and balance will have a clear purpose showing how and when it can be used together with a process for review to ensure continuing relevance and adequacy.

An annual review of reserves and balances will be undertaken as part of the budget process each year and a schedule presenting the estimated opening balances for the forthcoming year, planned additions to/withdrawals from and the estimated closing balances will be presented in the budget report. The schedule will also show the purpose of each reserve and a comment on the appropriateness of the value held.

Consideration is given to the key financial risks and mitigation available to determine the resources available over the medium term to support the Council's budget.

This process will be repeated each year to ensure the ongoing adequacy of the Council's reserves and balances.

Responsibilities and Reporting Mechanism

The Chief Financial Officer has a duty to local tax payers, and must be satisfied that the decisions taken on balances and reserves represent proper stewardship of public funds.

The level and usage of reserves will be formally approved by Council, as part of the budget strategy, informed by the Chief Financial Officer's judgement and expertise.

The budget report to Council will include a statement showing the estimated opening balances for the year ahead (including general fund and earmarked funds), any projected additions to/withdrawals and an estimated end of year balance. This will be accompanied by a statement from the Chief Financial Officer on the adequacy of the general reserves and provisions for the forthcoming year and the authority's medium term financial strategy.

Appendix 11 - Children's Safeguarding & Family Support

Introduction:

Over recent years, Local Authorities have faced an unprecedented surge in demand for children's social care support, and that this is showing little sign of abating. The number of section 47 enquiries within this year alone has increased, from 185,680 in 2017 to 198,090 in 2018, an increase of 6.7%. There has been a significant hike across England with only 142,500 in 2013-14 – a 39 per cent increase in just 4 years.

In Telford & Wrekin:

- T&W is a town with a growing population. The population of the borough is projected to grow at a faster rate than the England population (T&W 13.4%, England 10.2%) and is projected to grow to 196,900 by 2031, an increase of some 23,300 people.
- There are round 43,900 people aged 0-19 in the borough, and around 55,800 in the 0-24 age bracket.
- The number of young people aged 0-24 is set to increase to around 62,200 by 2031 – an extra 4,800 0-15 year olds and an extra 1,700 16-24 year olds.
- Telford and Wrekin is estimated to have 1,000 children aged 5-10 and 1,400 aged 11-16 with a mental health disorder.
- Between 2012 and 2016, the proportion of pupils with Special Educational Needs and Disabilities (SEND) has grown from 13.0% to 18.7%.
- There remain challenges for some children and young people around levels of deprivation, with 23.9% (8,335 people) of children aged 0-15 living in income deprived households.
- The proportion of children (under 16) in low income families fell from 25.9% in 2011 to 23.5% in 2014. However, this proportion remained worse than England for each of these 4 years.
- The most common Mosaic Group in Telford and Wrekin is 'Family Basics' – families with limited resources who have to budget to make ends meet, with this group making up 16.8% of all households in the Borough.
- Families and vulnerable young people made up the majority of homeless acceptances in Telford and Wrekin in 2016/17, with more than two thirds (62%) of all acceptances being for those with dependent children or pregnant and a further 17% being 16 or 17 years old or a care leaver under 21;
- A total of 1,071 international migrants arrived in Telford and Wrekin in the year before the 2011 Census. This is in addition to the 5,507 migrants moving from elsewhere in the UK.
- The most common reason for safeguarding intervention is 'neglect'.
- The most common risk factors identified in family assessments are domestic violence, mental health and drug misuse.
- **There were 1379 children in need at year end (2017-2018).**

The Challenge:

The challenge for everyone in children's services is how to achieve positive outcomes for children and families in the context of rising demand and reductions in resources.

Current strategic planning for children's services is reflective of both demand, complexity and demographic pressures, where rising numbers of children particularly in areas of deprivation, continue to grow. In spite of this, we need to respond creatively by reviewing and re-modelling services and finding new and innovative ways of doing more for less. Whilst doing so, our foremost priority is to promote the wellbeing and safeguarding of vulnerable children and young people, and to meet our statutory responsibilities.

Our Approach:

New Services and Interventions:

We are now in our second year of developing Family Solutions which incorporates an Edge of Care, Family Group Conferencing and Changing Futures offer.

Family Solutions ensure that wherever possible children and young people have the chance to grow up in their family environment by offering a timely and effective family based intervention to keep families together where it is safe and reasonable to do so. As part of the offer, we have developed a respite/short breaks provision to provide planned, time-limited respite nights for children and young people who are considered to be at risk of entering local authority care while work is undertaken with the family to resolve underlying problems.

As part of Family Solutions, we use Family Group Conferencing to deliver voluntary family led decision making meetings which encompass the entire family network of blood relations, friends, neighbours and members of their community. The purpose of a FGC is to build on family resources and knowledge to better understand how they function, where their strengths are and where they may need a little support.

The Service also includes Changing Futures, who work with parents of children who have had a child or children removed for adoption. These parents are often vulnerable and likely to go onto have subsequent pregnancies with a poor outcome. Where parents under these circumstances have received this specific service, they are more likely to successfully delay a subsequent pregnancy or have been able to keep a child successfully in the future addressing the cycles of behaviour for the parents.

The Family Solutions Service offer means that children, young people and families have access to good quality interventions at an earlier stage, reducing escalation and demand on safeguarding services. These new approaches have already had a considerable positive impact in 2017/18 and 2018/19.

	2019/20 Proposed saving £'000s
Family solutions	2,000

Innovative Practice:

Systemic Practice:

We are now in the second year of working with the Centre for Systemic Social Work to make system changes to the way we work with children and young people. The systemic practice model is family-focused, and strengths-based, to build families and/or young people's capacity to address their own problems more effectively.

Telford and Wrekin are nearing the end of the second year of whole service implementation of the systemic practice model: with practitioners, managers and leaders having completed training through the Centre for Systemic Social Work. The practice model will enable our workforce to work intensively with families to empower them to solve their own problems and change behaviours instead of referring out to others.

These practices take some time to embed, but savings are anticipated in 2019/20 as follows:

	2019/20 Proposed saving £'000s
Systemic practice	312

NSPCC Reunification:

Returning home to a parent or relative is the most common outcome for children in Care. However, around a third of those who return home are back in care within five years. So for almost a third of the children who had returned home, evidence shows that the arrangements often do not last.

There is a high cost to local authorities of failed reunification of children returning home from care both in terms of the child and financial impact (£300 million a year). We are in the early stages of implementing the NSPCC Toolkit, an evidence informed framework for return home practice that supports practitioners to make structured decisions about whether or not a child should return home to the care of their parents or birth families. The framework outlines a staged approach to working with families and professionals, mandating that the needs of the child be kept paramount throughout the process.

Volunteers

We know that in the right circumstances, volunteer services can effectively contribute to delaying or preventing entry to more expensive systems of care and support and provide an effective mechanism for support for families through stepdown from practitioner led services. We have recently launched a new volunteer scheme made up of three volunteer roles:

Child and Family Ambassadors will provide one to one support and encouragement to families receiving support from our Early Help and Safeguarding Services. The Ambassadors will support families either alongside Practitioners or as part of an exit strategy to provide our families with additional support.

FGC Ambassadors will support the Family Group Conference (FGC) service in promoting the voice of the child, helping them prepare for the FGC and supporting them during the FGC.

Rights and Reps Ambassadors will support VOICE co-ordinators during meetings, seasonal activities and regional trips.

Reducing Spend and Delivering Better Outcomes:

We are increasing internal fostering capacity and have now embedded a 'Fostering Plus' offer following a successful pilot. We are continuing targeted recruitment of skilled and experienced foster carers to care for those children and young people who might have previously been harder to place within an internal foster care placement.

The 'Fostering Plus' carers also support children and young people moving from residential provision with the aim of children and young people living in family settings wherever possible. We have also further developed our internal parenting assessment team to reduce the number of high cost community based and residential based parenting assessments completed by external contractors.

There is a very large difference in the average costs of internal placements compared to those outside the borough and with outside agencies. Agency foster care is on average more than twice as costly as internal foster placements and external residential placements are several times as costly again.

Part of the strategy to avoid such placements is the investment in Family Solutions described above, but work is also underway to increase internal fostering capacity through better recruitment and more intensive support of existing foster carers where this can support and sustain placements. Proposed savings from these initiatives are as follows:

	2019/20 Proposed saving £'000s
Internal fostering capacity and Intensive fostering support	412

Workforce Investment:

One of the biggest enablers within children’s services is the workforce. Ofsted reported that the staff we have “know the children and young people they are working with well. They are committed to ensuring positive outcomes for them”. Our staff are committed, and are leading and embracing innovation and creativity in terms of an approach that will deliver the best outcomes for children and families.

As in other local authorities, recruiting and retaining appropriate social work staff is challenging, which has led to a persistent need to supplement permanent staff with agency staff. The cost of agency staff is significantly more than those directly employed and there are a number of strands of work underway to reduce our reliance on agency workers. These include developing progressive career pathways for social workers, monitoring of caseloads to ensure that they are not excessive and thus a disincentive for staff to stay or join, and focussed recruitment practices.

We are in the second year of ‘Frontline’ (a program of intensive practical and academic social work training for high potential graduates and others). The ‘Frontline’ initiative enables the Council to ‘grow its own’ social workers by recruiting newly qualified social workers to work at the Council. The four students from 2017-18 qualified in September 2018 and have now commenced in permanent social work positions at the Council. There is an up-front investment required in these staff as their caseloads must be lower in their first year than an experienced social worker. However, by improving the supply of social workers to the Council, the intention is that it will reduce the overall cost of staffing safeguarding by reducing the need to employ agency staff. On average, agency staff are almost 50% more expensive, around £20,000 per annum, than permanent employees.

The resulting proposed net savings in 2019/20 from a reduced reliance upon agency staff are as follows:

	2018/19 Proposed saving £'000s
Staffing	100

Another area where there has been a strong reliance on outside agency is family and parenting assessments. By bringing this work in-house, including the legal work associated with the assessment process, significant savings are possible.

A number of other initiatives are also planned, including a reduction in general legal costs associated with safeguarding, possibly by greater use of internal staff, and a general review of sufficiency to ensure that provision is appropriate and represents value for money.

	2019/20 Proposed saving £'000s
Internal parenting assessment	100
Internal legal support for the assessment process	15
Other initiatives	103

Our Approach

- We are working towards a whole-system approach to improve experiences for children, young people and families.
- We are creating common practice, language and understanding that will support multi-disciplinary working and promote consistency in families' experience.
- We are empowering professionals to use their own judgement in approaches that they believe will be the most influential.
- We are adopting a whole family approach where adult needs and behaviours are seen as important to address - alongside those of the child.
- We are taking a strengths based approach and working with whole families, where families and their networks are actively brought in to co-develop solutions with professionals - with the. seen as part of the solution and not as part of the problem, being We are prioritising relationships over transactions, and the strength and qualities of relationships promoted within families must be mirrored in those between families and services, and within practitioner teams.

The best option for children and young people is for them to be looked after at home or within their family network where it is safe for them to do so. Where children and their families are at a point where the children are at risk of becoming looked after, we will ensure that families have access to additional support to prevent this happening wherever possible.

Our service is working dynamically and innovatively to manage demand and work differently in areas where pressures are high, but more importantly we are working to deliver the best outcomes for our children and young people in Telford.

Appendix 12 - Adult Social Care Budget Statement

Introduction

Demand for Adult Social Care (ASC) rises each year, people are living longer and there are more people living with long term conditions, particularly dementia. There are increasing numbers of young adults in transition to adult services with complex needs.

In Telford;

- The proportion of the population aged over 65 is increasing (14.3% in 2010, 15.9% in 2015), with 27,200 residents now in this age group.
- The population of the borough is projected to grow at a faster rate than the England population and is projected to grow to 196,900 by 2031, an increase of some 23,300 people.
- Over half of the population increase will be in the over 65 age group (12,300 people), with the 85+ age group more than doubling (+117.6%) and the 65-84 age group increasing by a third (33.1%).
- Around 17,400 adults aged 16-64 have a common mental health disorder, 7,700 adults aged 16-64 with two or more psychiatric disorders.
- Around 700 older people aged 65 & over have severe depression. Around 1,800 residents aged 65 & over suffering from dementia.
- Around 4,000 residents have a learning disability. Around 1,400 residents have Autism
- Percentage of the council budget that is spent on Adult Social Care in 2018/19 is 35.04%.

This increased demand for services is at the same time that we are under unprecedented financial pressure with reducing Government grants and a reducing financial settlement for Telford. There is increased public expectation of ASC and rightly an expectation of personalised and flexible support for those who are eligible under the Care Act.

In order to respond to the monumental challenges described whilst continuing to deliver high quality support to those who meet the Care Act eligibility threshold, we will need to radically change our approach to the provision of ASC in Telford. If we want to maintain the level of access that we currently have for ASC we need to signal a different offer to everyone. Social care is often a vital part of enabling people to live independent lives but it is far from being the only component to enable people to live fulfilled lives. We must build and harness the contributions that communities can make to support themselves and the people living in them as outlined in the Commitment Statement March 2017 and the Local Account 2016-17.

We need to build a more sustainable ASC system that promotes and maintains greater independence for most people and which maximises the support available within local communities. We need to enable local communities to respond to the

needs within them to enable them to support each other for longer so that higher level statutory provision is available for those who need it. We need to change the relationship that Adult Social Care has with the public to one that fosters and promotes independence and self-management at every level. We need to ensure that we have different conversations with the public from the moment we first engage with them so that these expectations are understood, promoted and acted upon.

We need to foster independence, progression and recovery for all who use services currently so that they can live a more fulfilled and independent life.

Our Approach within Adult Social Care

We seek to provide advice and guidance as soon as an individual has questions around ASC either ourselves via our staff at Family Connect or with the My Choice service provided by the voluntary and community sector. Ensuring that people are not unnecessarily brought into statutory services before they need to be also helps better use our tight resources. We can't and shouldn't be doing this on our own, our strategy is as follows, with our partners across the whole economy, from within the NHS family, the care sector and the voluntary and community sector;

1. Managing demand

- Right information and advice at the right time to reduce the numbers coming into services.
- Proactively preventing further deterioration and delaying need for high cost services, working with GP's and other partners.

Effective management of the demand for services could save the Council around £1.2m per annum.

2. Promoting Independence

Re-assessing people who are already using services to ensure that we are doing all we can to maximise their independence, recovery and progression to greater independence with a focus on the strengths and asset based approach required in the Care Act.

Changes to care provision will involve providing care differently and innovatively and this will reduce the reliance on high cost care placements such as residential care placements. The overall estimated savings from this initiative is around £0.7m per annum after accounting for reinvestment in new services.

- 3. Managing the price of commissioned care** for those that need this to ensure sufficiency and best value and use of resources. Introducing new systems and effective procurement will reduce costs by an estimated £0.4m

In addition to the above around £0.7m of additional income is to be raised by further joint working with the NHS funding Continuing Healthcare Clients and by recognising the current overachievement of client care contributions. The total expected cost reductions and income of £3m will not be sufficient to align forecast expenditure with the expected base budget. The shortfall is as follows:

	2019/20 £
Investment required in Adult Social Care*	0.842m

- This is in addition to an investment of £770k already approved in March 2018 as part of the Council's Service and Planning Strategy 2018-20.

Strength's based approach

- With this approach we are seeing a **reduction in the number of people we are directly helping** with an increase in the numbers of people being helped within their communities outside of services.
- We are **seeing a reduction in the number of people who are being admitted to residential care** and more people are using community assets to meet their needs.
- We are seeing **an increase in the number of people successfully completing recovery and recuperation programs** and using assistive technology and good housing options to meet their needs.
- We continue to focus resources on **the most vulnerable people supporting them to be safe** with robust, local safeguarding arrangements in place.

We work with individuals using a **strengths and asset based approach which focusses on individual and community resilience** as required by the Care Act. This means we look at the person as part of their community and at the particular strengths they have and the people around them who could offer support. This includes those people who may have had funded services for some time when we will be reviewing and re-assessing the need for longer term support to ensure that we are supporting progression to increased independence and recovery in all that we do.

We seek at every opportunity to exhaust all forms of natural support for those that are eligible under the Care Act before considering funded support from the Council.

APPENDIX 13

TELFORD & WREKIN COUNCIL

EFFICIENCY STRATEGY

2016/17 TO 2019/20

Foreword

This 4-year Efficiency Plan covers only the money the Council receives through Revenue Support Grant (RSG). It does not include all the funding received from Government e.g. other revenue grants such as New Homes Bonus or any capital funding. Total local authority funding is clearly in need of urgent review before it further entrenches this country into areas that “Have” and those that “Have-Not”.

The Council welcomes the Government’s current consultations on Fair Funding and how the business rates retention system may operate in future. However, the past impacts of the effects of damping rolled in to the opening position of the current system need to be unwound before we move forwards.

The reductions in Government grants both to RSG and other grants have a disproportionately higher impact on areas with greatest social need. This is primarily why those areas that had higher levels of grant received that funding i.e. to cover the additional costs that they face meeting pressures caused by significant levels of deprivation.

In Telford & Wrekin some of our wards are among the most deprived in England, areas with very high social needs.

At a time when grant is reducing, we are seeing greater demand than ever for many of our services, which are there to support those people with greatest social need. This simply isn’t happening on the same scale as in more affluent areas. In our borough, there are now very real pressures on our services such as those for children and adult social care. These council services play a key part in preventing pressures on an already over-stretched NHS. Without this support, the NHS will struggle.

This is core to our Fair Funding argument and why we believe the Government should raise the average spending power in the borough, which by its own measure is £12m below the England average.

This Council has constantly supported Government policies to help promote growth and is very pro-business. Through our Job Box programme, we have gone way beyond what is expected of a council, proactively tackling unemployment, boosting skills and training in our borough, halving youth unemployment here.

At the same time we are effectively penalised for supporting Government initiatives to restrict rises in council tax and for having one of the lowest council tax rates in the region.

We are penalised because average house values here are much lower, around two thirds are band A or B, yielding a proportionately smaller level of council tax than more affluent areas.

Given the lower average incomes of our residents, our scope to raise more through council tax is very limited compared with more affluent areas.

Add to this a population undercount that by 2020 we estimate will see Government’s calculations lagging behind the true figure here by around 7,000 people and the effect of damping that sees over £1m a year of Government grant that should come to this borough diverted to shore up funding in other parts of the country.

This is a toxic combination at the heart of a funding system that works against areas like Telford and Wrekin that strives so hard to do the right things.

This is why we ask our MPs and community leaders to join us in pushing for funding that is fair to all parts of the country - that recognises the advantages some areas such as the South East enjoy because of where they are, while helping those have-nots who do the right thing but lose out simply because of where they are on a map.

Cllr Shaun Davies
Leader

1. Introduction and Overview

This Strategy has been developed to ensure that the Council can continue to qualify for the 4-year funding settlement and for the Flexible Use of Capital Receipts from Government. A 4-year settlement is essential to the medium-term financial stability of the Council. It will help us to plan our future budget strategy and what services will be delivered; this is essential for both the community and for Council employees too. It will help the Council to take a medium-term view of service transformation and delivery and avoid year-on-year ad hoc responses to an ever changing financial landscape. Flexible use of capital receipts will provide the opportunity to fund expenditure which contributes to the delivery of ongoing savings, such as one-off costs relating to service rationalisation and restructuring, from capital receipts rather than from revenue.

The Council has an excellent track-record in financial management and innovation with spend being within budget for the past 10 years, despite unprecedented cuts to the grant that we receive from Government, and delivering efficiencies is a key component to this.

This efficiency strategy was initially built on the relevant sections of the Council's Service & Financial Plan for 2016-2018 which identifies how efficiencies and savings will be delivered. The Council's two-year Service & Financial Plan is updated annually and the plan for 2018/19 to 2019/20. The full report can be found at www.telford.gov.uk/budget

Since, the adoption of the [Service & Financial Planning Strategy](#) by the Council in March 2016, the Council has continued to develop its projections of the organisation's financial position to 2019/20.

The Council is projecting the need to find an additional £22.3m savings in 2020/21 and 2021/22 This is on top of the £117m delivered since 2009/10 and the £6m required in 2019/20 bringing the total expected savings through to 2021/22 to £146m. This has been, and remains, a huge task and one that has required fundamental redesign of the organisation and the ways that we do business.

Future savings will be more challenging as the "low hanging fruit" has already been harvested making medium term planning and increased certainty over grant levels essential. The proposed flexibility over the use of new capital receipts will greatly assist in funding the necessary one-off costs associated with the huge transformation programme that the Council is undertaking.

2. Telford & Wrekin: The Place

Telford & Wrekin Council serves a population of 177,000 people which is forecast to grow to around 196,900 by 2031. As our population grows, it is ageing and becoming more diverse.

The Borough is a key growth hub in the West Midlands in terms of both housing and the local economy and jobs. We have a strong track record at attracting inward investment from both the private and public sector including £70m from the Ministry of defence and in excess of £80m from Magna (automotive supply chain manufacturing). Manufacturing provides 16.3% (8% England) of jobs in the Borough.

Telford is the focus for much of our housing and economic activity, with the historic market town of Newport to the north and the UNESCO world heritage site of Ironbridge to the south on the banks of the River Severn.

Although at face value it is a successful and attractive place to live, Telford & Wrekin is an area of contrast with 15 neighbourhoods ranked in the 10% most deprived nationally bringing very real

challenges as to how we ensure that all of our population shares in the prosperity which our growing economy generates.

More information about the Borough's population can be found on our [Key Facts](#) webpage.

3. Our Strategy

Our Efficiency Strategy includes three themes:

1. Our approach to delivering efficiencies to make around £67.8m of savings from 2016/17 to 2021/22.
2. How new flexibilities in the use of capital receipts will be used
3. Prudential Indicators for 2016-19 to ensure borrowing by the Council is affordable in the medium to long term.

This strategy will be reviewed at least annually and updated with the progress made delivering each of these themes.

3.1 Delivering Efficiencies

Telford & Wrekin Council has a proven track record of delivering savings and efficiencies. Between 2009/10 and 2018/19 the Council has delivered £117m savings including:

- Reduced the number of jobs by over 1,577 since April 2010, saving around £30m pa following a major redesign and restructuring of the organisation. Reduced the size of the senior management team (Director and Assistant Director roles) by 57% - twice the national average reduction of "nearly 23.2%" as reported by the Municipal Journal
- Cut back-office costs by over 52% since 2009, saving £12m a year.
- Delivered £12.5m procurement savings over the past 9 years by renegotiating and retendering contracts for the provision of services.
- Secured savings of £30m over the lifetime of the waste collection and disposal contract.
- Secured savings of £0.7m p.a. and a better standard of service from the new Grounds and Cleansing contract
- As part of our business winning approach, forecast to generate an extra £7.5m income by 2018, through growth in business rates and council tax since April 2013.
- Receive £6.2m in 2018/19 from the New Homes Bonus paid by the Government to reward councils for increasing housing supply.
- Increased income from more commercial approaches across our services over the past two years, including increasing income from schools outside of Telford & Wrekin.
- Worked in partnership with other local authorities and statutory agencies. Including the West Mercia Youth Offending Service (WMYOS) established in partnership with Worcestershire, Hereford, Shropshire, health, police and probation.
- Reduced the office space we use by a third, saving the Council £2m pa.

Moving forward, the Council will focus on 4 themes to continue to deliver savings.

Theme 1: Focussing on Solving Problems and promoting Social Responsibility and action to manage and reduce demand for services:

- **“Demand Management”** - ensure that resources are targeted at those residents most in need of help. This is about understanding why people use our services and keeping them out of high cost systems.
- **“Prevention”** – avoid problems which place demand on public services by encouraging people to help themselves to prevent needs developing in the first place.
- **“Early Help & the Right Help”** – when individuals and families do need help and support, we want to identify them quickly and identify the right, effective support first time to avoid issues escalating and requiring more intensive and expensive intervention but also to avoid long-term dependency on our services.
- **“Think Family – Strengthening Families”** – to target our resources at those families most in need of support by taking holistic approach through a key worker model to “turning around” these families. This is a partner-wide agenda and is linked with “Enterprise Telford” through which we aim to deliver more jobs to promote economic independence. **“Working in Communities”** – to reduce demand by targeting our resources at areas in the greatest need of support and working more effectively with the resources which are already in place in our communities. Strong communities place the least demand on public services.
- **“Building Community Capacity”** – the need to harness the resources of the community, community groups and Town And Parish Councils, in helping to improve outcomes for our residents – this is core to our “Co-operative approach”. This includes::
 - **Community self-help** – building people’s social support networks by making best use of the resources and assets which are available in a local area – this helps people remain in and be an active part of their local community
 - **Effective co-production** – supporting the development of service provision by communities and moving away from a narrow focus of meeting needs through practitioner provided services.

Theme 2: Challenging & Changing, Reviewing and Reimagining the way we do things

We continue to evaluate the organisation to understand what is working effectively and efficiently and what needs to be changed. Through this we are able to create and seize opportunities. Examples of what we have done, and will continue to deliver, include:

- **Redesigning services and business process reengineering** to ensure that they are delivered in the most efficient and effective manner.
- **Redesigning and managing our front-door** to enable users to get the right service at the right time. Examples include “First Point for Business” and “Family Connect”.
- **Challenging Policies** – e.g. for calculation of Minimum Revenue Provision (changing debt repayment from equal instalments of principal to an annuity basis with cumulative revenue benefits of over £40m by 2019/20).
- **Working with the private sector** – to drive economic growth in order to generate jobs, increase prosperity for the residents and generate additional income for the Council from business rates and New Homes Bonus and Council Tax on new homes built in the Borough. Examples include work with the Telford Business Board and major local employers, the management of the Telford Town Centre shopping centre, house-builders and our Universities.

Building on this progress, moving forward there are some major ways that we will change as an organisation:

- **“Channel Shift”** by providing services and information in the most efficient way. For example, providing clear and robust information on the Council’s website will mean that

residents can “self-serve” and not need to contact the Council in other less efficient, more expensive ways such as by telephone or face to face.

- **“Improving Business Intelligence”** – we are a data rich organisation, but all services need to be better at turning this data into intelligence to understand who is using our services and the outcomes they receive. As we continue to change the organisation we need to understand the impact of these changes both in terms of efficiency but also in terms of impact on budget and the community too.
- **“Developing new ways of delivering services”** – we will need to be working in an ever more integrated way with our partners including Telford & Wrekin NHS Clinical Commissioning Group, Town and Parish Councils and the Voluntary and Community Sector.

Theme 3: Reducing our Dependency on Government Grants

We have already taken significant steps to reduce our dependency on Government Grants and we will continue to drive them forward:

- **“Increasing income through trading our existing services”** – there are many Council services that already “trade” outside the organisation and secure income. For example Finance and HR and Catering.
- **“New commercial development/projects”** – we have developed a track record on taking on new ventures to deliver income to the Council and protect front-line services:
 - A solar farm providing £4.4m profit over the next 25 years.
 - Established “NuPlace”, a housing company which will provide over 400 new homes for private and affordable rent, with the first homes with the first homes now occupied.
 - Established a Growth Fund to invest in development of premises for businesses to encourage job creation and retention as well as generating additional rental income and business rates income

We will continue to research and develop new opportunities that can bring in an income stream to the Council. Our approach will always be business case-based.

- **“Maximising existing funding streams”** – there are 3 main areas which we are already progressing and will continue to drive:
 - **Business Supporting, Business Winning** – continuing to work to attract new investment and work to support the retention and growth of existing businesses. As well as being the right thing to develop jobs and growth in the Borough, the Council receives 49% of all new **business rates** rising to 73.5% in April 2020 subject to the implementation of the Government’s business retention rate programme.
 - **Growth Through Good Planning** - this is a whole Council approach by which all services work to support and enable business investment in the Borough. Through this approach we have been ranked by the 2018 Centre for Cities report as the top local authority for housing growth. Through this the Council will see **new Council Tax** and Business Rate receipts, as well as receiving the Government’s **“New Homes Bonus”** for new homes – until any major changes to the local government finance system.
 - **Property Investment Portfolio** - a property investment portfolio delivering £7m income per annum from rental income.
- **“Securing external funding”** – again we have successfully driven this agenda, including £18.79m capital funding through the Marches Local Enterprise Partnership Local Growth Fund. In addition, we have also joined the **West Midlands Combined Authority**

(WMCA) and are actively working through this to maximise future opportunities for the Borough to build on the £3.7m already secured from the WMCA. The £3.7m grant we have secured has kick-started building new homes on stalled brownfield sites in the borough and created new jobs. These new homes will generate additional ongoing income for the Council from Council Tax of over £0.5m pa and New Homes Bonus grant of a similar amount for the first 4 years after construction.

To continue to reduce our dependency on Government Grants, building on our achievements to-date, we must continue to be creative, fast-acting and smart to identify and realise opportunities.

Theme 4: Being a modern Organisation with Modern Practices and Where we Always Get the Basics Right

Core to being a modern organisation is continuing to reshape the Council's relationship with its staff. We must continue to move towards a more flexible, more pragmatic and less bureaucratic approach to decision making. This means:

- Increased autonomy for managers and staff to take decisions
- Greater focus on workforce development
- Greater flexibility including wider more flexible working and job descriptions for staff
- Encourage creative thinking and challenge
- Focus on efficiency and reducing bureaucracy
- Increased staff engagement so that employee representatives will have a greater influence in the organisation

Whilst driving change and reshaping the relationship between the Council and its staff, we will continue to focus on getting the basics right, including:

- **Safeguarding our most vulnerable children and adults**
- **Procurement and purchasing** – ensuring that we maximise value from the services which we procure
- **Contract management** – ensuring that we always receive the service or products which we have procured through effective monitoring of delivery and renegotiation of contracts.

Table 1: Projected Savings by Theme

	Savings Approved in 2016/17 £	Savings approved in 2017/18 £	Savings approved in 2018/19 £	Total Savings 2016/17 to 2019/20 £
1. Focusing on solving problems and promoting social responsibility and action to manage and reduce demand for services	0.6m	1.4m	0.5	2.5
2. Challenging & changing, reviewing and reimagining the way we do things.	15.0m	9.7m	5.3	30.0
3. Reducing our dependency on Government grants.	2.5m	3.1m	5.1	10.7
4. Being a modern organisation with modern practices and where we always get the basics right		0.5	1.8	2.3
Total in year savings	18.1	14.7	12.7	45.5

Risks to Delivery

As an organisation which provides a vast range of different services to the community and spends in excess of £420m revenue per annum, the management of risks is an important consideration. The Council has a strategic [risk register](#) which is used to identify the substantive issues which may have a financial impact. This is reviewed regularly by Senior Management Team to manage and mitigate risks. As part of the budget setting process, risks, impacts and possible mitigation are considered for each saving proposed.

Reductions in funding is an acknowledged risk and as the multi-year offer only covers specific funding streams (RSG, Transitional Grant and Rural Services Delivery Grant) there remains an element of uncertainty over other income levels. The Council undertakes a risk-based review of the level and adequacy of reserves and balances each year and will continue to do this in the context of a multi-year settlement.

Contingency arrangements are also key to a sustainable Service & Financial Planning Strategy. In 2018/2019 a general contingency was set aside to cover any unforeseen expenditure during the year as well as specific contingencies for Adult Services and Safeguarding, the two highest risk service areas. Consideration of contingency requirements is part of the annual budget setting process.

A robust monitoring regime is in place to identify any adverse variances early, including non-delivery of efficiencies, so that corrective action can be taken.

The Council has an Invest to Save/Capacity Fund created to support and accelerate the delivery of ongoing efficiencies.

3.2. Capital Receipt Flexibility

Telford & Wrekin Council welcomes the additional flexibility on the use of capital receipts generated in the six year period commencing 1st April 2016. This will enable some of the revenue costs associated with significant organisational transformation. This includes:

- the necessary costs associated with remodelling and reducing the workforce;
- invest to save projects;
- funding temporary additional capacity to project manage change programmes in key areas.

These would otherwise be a drain on scarce one-off revenue funds or alternatively delay the revenue benefits to the General Fund revenue account which would necessitate further cuts to front line services. We will be able to manage in a more strategic and planned way if this flexibility which has been requested by councils for many years is allowed.

We propose to use this flexibility as follows:

	2016/17 (£m) actual	2017/18 (£m) actual	2018/19 (£m) estimated	2019/20 (£m) estimated
Service transformation costs	£0.3	£0.9	£0.7	£0.5
Severance fund as the Council may lose a further 500 staff over the next 3 years	£4.9	£1.0	£2.0	£3.1
Invest to save fund to develop community capacity to deliver services which the Council will no longer provide.			£	£0.4
Total	£5.2	£1.9	£2.7	£4.0

3.3. Prudential Indicators

The Council's Service & Financial Plan for 2019/20 to 2020/21 sets out the Council's prudential indicators for 2019/20. These indicators are designed to ensure that the Council's capital borrowing is affordable and does not place undue burden on the Council's revenue budget or Council tax payers (i.e. the cost of servicing the interest paid on capital borrowing).

The Council's Prudential Indicators for the Medium Term Financial Strategy will be approved by Full Council on 28 February 2019.

Appendix 14

Telford & Wrekin Council Strategic Risk Register updated January 2019

Definitions used in the risk register:

Likelihood of Risk Occurring

Occurrence	Description
Unlikely	Unlikely to ever occur
Rare	May occur only in exceptional circumstances
Likely	Will probably occur at some time
Almost certain	Is expected to occur in the foreseeable future

Impact of Risk if it does Occur

Descriptor	Financial	Reputation	Physical	Environmental	Service
Insignificant	Low	No damage	None	None/ insignificant	No loss of service
Minor	<£50K	Minimal/ minimal media/ social media	Minor	Minor locally	Internal disruption only, no loss of service
Moderate	£50K to £1m	Extensive local media/social media	Violence or threats of serious injury requiring medical treatment	Moderate locally	Disruption/ loss of service less than 48 hours
Significant	£1m to £5m	National media/social media	Extensive/ multiple injuries	Major local impact	Disruption/ loss of service less than 7 days
Major	>£5m	Extensive national media (lead item)/social media	Extensive multiple injuries/ death	Major national/inter national	Severe disruption/ loss of service more than 7 days.

The Register

Ref	Risk	Likelihood without controls	Impact without controls	What are we doing to manage the risk? (controls)	Lead Director	Likelihood with controls	Impact with controls
				Organisational Risks			
1	Death or serious harm of a vulnerable child or vulnerable adult (Breach of duty of care)	Likely	Major: physical + reputation + financial	<ul style="list-style-type: none"> Safeguarding Children and Adult Boards Community Safety Partnership and Youth Offending Service Management Board scrutinise performance, call partners to account and drive practice improvement in the light of learning (e.g. from Serious Case, Safeguarding Adult & Domestic Homicide Reviews) Joint Chair of Children Safeguarding Board and Adult Safeguarding Board and common action groups across both Boards to develop systematic working across children and adult landscape. Ongoing investment in services: <ul style="list-style-type: none"> Adult Social Care £2.475m in 2018/19 rising to a cumulative £5.05m in new investment in 2020/21 Children Safeguarding & Early Help £0.4m in 2018/19 One-off budget contingency of £3m in 2018/19 for Adult and Children Safeguarding & Early Help <p>Children:</p> <ul style="list-style-type: none"> Work underway to develop new safeguarding arrangements following new statutory requirements. Workforce development strategy – recruitment and retention, learning and development including Systemic Practice across the council’s children’s workforce Children’s Services - systematic quality assurance role for all managers from frontline team manager through to MD and DCS 	CJ	Rare	Major: physical + reputation + financial

Ref	Risk	Likelihood without controls	Impact without controls	What are we doing to manage the risk? (controls)	Lead Director	Likelihood with controls	Impact with controls
				<ul style="list-style-type: none"> • No staff savings target for Children’s Social Workers • Work to national inspection standards and respond to actions required from inspections. OFSTED inspection of Children’s Safeguarding June/July 2016 achieved “requires improvement”. “Getting to good” action plan being delivered to respond to recommendations. • Children & Young People Scrutiny Board review of children at risk of sexual exploitation report completed. Recommendations being overseen and co-ordinated by Children Safeguarding Board. • The commissioning body for the Independent Review of Child Sexual Exploitation (CSE) has been appointed. • Essential learning training for all employees includes both child protection and CSE. <p>Adults:</p> <ul style="list-style-type: none"> • Review of Safeguarding Adult Board arrangements took place prior to April 2015 to ensure compliance with Care Act requirements and new Adult Safeguarding Guidance & Regulations. As a result a new T&W specific Board has been put in place with an Independent Chair • Adult Safeguarding – following review, new multi-agency strategy agreed, regional procedures are now operational and additional adult safeguarding capacity put in place within Council. • Quality Surveillance Group chaired by Chief Officer of NHS England Area Team ensures co-ordination of quality & safeguarding issues across health & social care. 			

Ref	Risk	Likelihood without controls	Impact without controls	What are we doing to manage the risk? (controls)	Lead Director	Likelihood with controls	Impact with controls
				<ul style="list-style-type: none"> Essential learning training for all employees includes adult safeguarding. 			
2	<p>Inability to:</p> <ul style="list-style-type: none"> match available resources (both financial , people and assets) with statutory obligations, agreed priorities and service standards deliver financial strategy including capital receipts, savings and commercial income. 	Almost certain	Major physical + reputation + service	<ul style="list-style-type: none"> Rigorous service and financial planning and regular monitoring and active management through S&FPG, SMT and Policy Review. Efficiency Plan in place to secure 4 year funding from Government to enable more informed medium-term budget strategy Savings programme, service reviews and restructuring. Staffing, economic and environmental impact assessments. In-year savings exercise as necessary Rationalisation of Council assets and accommodation Delivery of capital receipts/rigorous monitoring of capital receipts realisation and impact on the budget A large proportion of future funding for Adult Social Care will come via the STP (Sustainable Transformation Partnership) this is a Shropshire-wide partnership and the financial pressures facing Shropshire CCG present a risk, mitigating factors are that we are represented at all levels and an agreed governance structure in place. Understanding the impact of the potential loss of any European Union funding. If necessary contingency plans reviewing phasing of planned capital expenditure, schemes included in capital programme, alternative potential disposals and further revenue budget cuts would be prepared 	RP	Rare	Major: physical + reputation + service

Ref	Risk	Likelihood without controls	Impact without controls	What are we doing to manage the risk? (controls)	Lead Director	Likelihood with controls	Impact with controls
				<ul style="list-style-type: none"> • Review of reserves and balances against risk exposure and available contingency • Review of financial policies • Safeguarding Children Cost Improvement Plan • Adult Social Care Cost Improvement Plan • Commercial project(s) for additional income generation • Housing Investment Programme • Commercial Strategy • “Culture Change” to budget management by managers • Specialist legal advice as required • Cabinet Members regularly briefed 			
3	The impact of organisational and cultural change in the Council and partner organisations within the constraints of the public sector economy	Almost certain	Major: reputation + service	<ul style="list-style-type: none"> • “Being the Change” sets out organisational focus to manage on-going funding cuts. • Engagement and communication with all staff through structured sessions and interactive sessions with Cabinet to support Co-operative working • Regular meetings with Trade Union representatives • Loss of service delivery performance and risk exposure monitored through SMT • Implementing the new Workforce Development Strategy (see 8 below) • Constitution – assurance by AD’s, Finance, Legal, Internal Audit and external reviews (i.e. External audit and government bodies) • Transparency agenda • Codes of conduct 	RP	Rare	Major: reputation + service

Ref	Risk	Likelihood without controls	Impact without controls	What are we doing to manage the risk? (controls)	Lead Director	Likelihood with controls	Impact with controls
				<ul style="list-style-type: none"> Maintaining communication channels with appropriate senior executives and LSP Executive as a public sector leader forum. Partnership working through Safeguarding Boards, Health & Wellbeing Board, Community Safety Partnership, Children & Family Partnership, Corporate Parenting Strategic Group and Armed Forces Covenant. Programme to deliver Single Status 			
	The impact of losing skills, knowledge and experience (retention & recruitment)	Almost certain	Significant: service + reputation + financial	<ul style="list-style-type: none"> Workforce Development Strategy focussing on four themes: Employer of choice; Planning for the Future; Healthy Organisation; Workforce of the Future. Each AD service area has a workforce plan considering <ul style="list-style-type: none"> skills gap analysis and needs apprenticeships Specific HR policies: <ul style="list-style-type: none"> use of market factor weighting for key groups (ICT software developers) flexible working policy staff benefit schemes “Grow your own” scheme for social workers. Lean Review of recruitment process and the development of the Council’s employment “offer” Council values, ethos, rewards and recognition Implementation of Annual Personal Performance and Development discussions for all staff. 	RP	Likely	Significant: service + reputation + financial
	Significant business interruption affecting	Almost certain	Significant: service + reputation	<ul style="list-style-type: none"> Each Service Delivery Team has Business Continuity Plans to enable them to respond appropriately (people, systems etc.), these are 	JR	Rare	Significant: service + reputation

Ref	Risk	Likelihood without controls	Impact without controls	What are we doing to manage the risk? (controls)	Lead Director	Likelihood with controls	Impact with controls
	ability to provide priority services			<p>reviewed annually and updated following team changes and or incidents.</p> <ul style="list-style-type: none"> • Serious Incident Protocol been adopted. • Investment in ICT infrastructure. Data centre investment complete. • Improvement/upgrade/replacement of key ICT systems ICT controls – Disaster Recovery facilities in place based on Priority Services in line with Business Continuity Plans. 			
	Inability to manage the health & safety risks in delivering the council's functions (including building security and cyber security)	Almost certain	Major: physical + reputation + financial	<ul style="list-style-type: none"> • Reviewing, writing and monitoring of health and safety policies through SMT and Health and Safety Committee • Risk based health and safety audit process of service areas and local authority managed schools, which not only audit implementation of health and safety policies but also proactively identifies short comings, actions and controls that need to be in place to manage those risks. Significant findings of the audits are reported back through SMT and Health and Safety Committee. • Internal Health and Safety work to Health and Safety Executive (HSE) guidance and revise Policies and Procedures to ensure compliance with legal standards. Revisions reported back through SMT and Health and Safety Committee • Building Security Review completed. • System in place for reporting all accidents, incidents and near misses. Non reportable accidents investigated by service area • All reportable accidents are investigated by Internal Health and Safety Team and significant findings reported to Health and Safety Committee. 	JR	Likely	Major: physical + reputation + financial

Ref	Risk	Likelihood without controls	Impact without controls	What are we doing to manage the risk? (controls)	Lead Director	Likelihood with controls	Impact with controls
				<p>Other findings reported back to relevant Service area management</p> <ul style="list-style-type: none"> • Training provided on Health and Safety through a mixture of e-learning and face to face. • Essential learning training for all employees includes health and safety and fire safety awareness. • Regular meetings with Trade Unions • Coordination and management of Personal Safety Precautions Risk Register to ensure safety of employees. • Appointed Cyber Security Manager to review and improve cyber security where required. • Cyber security part of essential learning for all employees. 			
	Inability to deliver effective information governance	Almost certain	Major: financial + reputation	<ul style="list-style-type: none"> • The Council has an Information Governance Framework which includes the Corporate Information Security Policy (CISP) and other policies (Data protection, Information Sharing policies) • Small dedicated team promoting sound Information Governance within the Council and ensuring that good practise is shared across the Council • Training and awareness programme put in place annually and Information Governance modules form part of induction and essential learning programmes. • Plans in place to ensure implementation of the relevant aspects of the General Data Protection Requirements 2018 (due by May 2018). 	RP	Likely	Major: financial + reputation

Ref	Risk	Likelihood without controls	Impact without controls	What are we doing to manage the risk? (controls)	Lead Director	Likelihood with controls	Impact with controls
	Inability to respond adequately to a significant emergency affecting the community and/or ability to provide priority services (including provider financial failure)	Likely	Major: physical + reputation + service + financial + environment	<ul style="list-style-type: none"> • Work collaboratively with other LRF partner agencies, maintaining effective working relationships with the relevant bodies • Maintain appropriate levels of trained staff to be able to respond to an emergency. • Maintaining appropriate, risk based contingency plans (Civil Resilience Team) which are exercised and reviewed on regular basis • Gorge – Phase II at Jackfield complete. Operation ‘Tangent’ – multi agency plan to respond to landslide in the Gorge is in place and is reviewed and exercised regularly • Individual Service Delivery Managers are responsible for maintaining and exercising their Business Continuity Plan. These plans would be coordinated corporately and the emergency plan activated if necessary. • Provider contract monitoring in place. 	JR	Rare	Major: physical + environment + reputation + service + financial
	Inability to respond to the impact and implications of Brexit impact	Likely <i>(dependent on nature of Brexit)</i>	Major: Financial + Reputation + Environment	<ul style="list-style-type: none"> • Effective monitoring with regional partner organisations regarding progress and potential impact of Brexit (including Black Country Consortium, West Midlands Combined Authority...etc) - both from a local authority and key sectors of the economy point of view. • TWC is part of the West Mercia Local Resilience Forum reporting arrangements for monitoring impacts of Brexit and any community issues and tensions. This is part of the national reporting framework through the National Local Resilience 	RP	Rare/Likely <i>(dependent on nature of Brexit)</i>	Major: Financial + Reputation + environment

Ref	Risk	Likelihood without controls	Impact without controls	What are we doing to manage the risk? (controls)	Lead Director	Likelihood with controls	Impact with controls
				<p>Forums which reports to the Ministry of Housing, Communities and Local Government.</p> <ul style="list-style-type: none"> Risk understanding, reporting and addressing mechanism for the impact/challenges to the organisation through SMT. 			

APPENDIX 15(i)

TELFORD & WREKIN COUNCIL

CABINET
FULL COUNCIL

14 February 2019
28 February 2019

TITLE

Council Tax Support Scheme for 2019/20

REPORT OF

Lee Higgins, Delivery Manager for Customer Relations
& Welfare Services

LEAD CABINET MEMBERS

Cllr Lee Carter & Cllr Richard Overton

PART A) – SUMMARY REPORT

1. SUMMARY OF MAIN PROPOSALS

1.1 We last consulted on our Council Tax Support Policy in 2016 when we proposed that the current scheme would stay in place until March 2020, unless Government Policy changes significantly. As there have been no major changes in Government Policy we are not proposing any local changes to the scheme for 2019/20 that will effect entitlement, although there are some small technical changes required to keep the scheme functioning in line with the wider welfare benefits system changes, particularly with the introduction of Universal Credit.

1.2 Since 2015/16 a £30,000 Hardship Fund has been approved each year by Cabinet. The Council Tax hardship scheme had been invaluable in providing additional support to the most vulnerable customers, and it is therefore recommended that this scheme be funded for a further 12 month at a cost of £30,000.

2. RECOMMENDATIONS

2.1 That Council approves the Council Tax Support Scheme Policy for 2019/20 attached in **Appendix A**.

2.2 That the Council Tax Support Hardship scheme continues with £30k funding for the financial year 2019/20

SUMMARY IMPACT ASSESSMENT

COMMUNITY IMPACT	Do these proposals contribute to specific Priority Plan objective(s)?	
	No	
	Will the proposals impact on specific groups of people?	
	Yes	These proposals will impact on all current and future working age recipients of Council Tax Support.
TARGET COMPLETION/DELIVERY DATE	The Council Support Tax scheme must be approved by full Council no later than 11 March 2019. The 2019/20 Council Tax Support scheme will commence on the 1st April 2019.	
FINANCIAL/VALUE FOR MONEY IMPACT		

Council Tax Support (CTS) is given as a council tax discount i.e. it reduces the council tax bill which in turn reduces the amount of council tax income the Council is able to generate. The discount is applied to the whole council tax bill and so CTS impacts on the Council, Police, Fire and Parishes.

There are no proposed local changes to the scheme for 2019/20.

The roll out of Universal Credit may have an impact on the cost of CTS although unknown at present and the position will be monitored during 2019/20.

The current estimated CTS Scheme costs for 2018/19 and 2019/20 are:

2018/19 Projected Cost	£12.04m
2019/20 Projected Cost (incl. 3.2% CT increase)	£12.44m

The cost of CTS together with other changes to the council tax base position, such as growth in the number of dwellings, is included in the Council's overall budget strategy.

Around 4% of total council tax income relates to CTS recipients. Overall, council tax collection rates remain positive, although slightly below the target set for the year. Current collection figures for 2013/14 (the first year of CTS) are 99.46%. Collection will continue to be monitored and reported through the regular financial management reports presented to Cabinet.

Council tax income is accounted for through the Collection Fund and ultimately any CTS over/underspends against budget will feed into the Collection Fund surplus/deficit which is shared between major precepting authorities (Police, Fire, TWC). Any surplus is available to feed into future budget strategies.

The hardship fund of £0.030m will be accommodated in the 2019/20 budget strategy from within the collection fund.

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LEGAL ISSUES

The Local Government Finance Act 2012 requires that for each financial year, each billing authority must consider whether to revise its Council Tax Support Scheme or to replace it with another scheme.

The review of the current scheme as approved by Full Council in January 2017 has established that the scheme continues to deliver on its original objectives and at this time there is no compelling reason to make any amendments other than to adjust annually in line with the uprating of welfare benefits and any amendments to national benefit regulations.

Consultation on and approval of the continuation of the existing Scheme is not required as no changes are being made to the scheme itself at this stage. Where changes are made to the scheme, regulations stipulate that all those affected or who could be affected should be consulted.

OTHER IMPACTS, RISKS & OPPORTUNITIES

The wider changes to welfare benefits that have been implemented by the Government over previous years may have a financial impact on many of the same residents who are in receipt of Council Tax Support. We continue to keep this under close scrutiny however year on year the numbers of residents claiming Council Tax Support is gradually reducing.

IMPACT ON SPECIFIC WARDS	No	Borough wide impact
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PART B) – ADDITIONAL INFORMATION

4.0 Background

- 4.1. The Government announced as part of the Spending Review in 2010, that it would localise support for Council Tax from 2013/14.
- 4.2. Councils were required to establish local Council Tax Support (CTS) schemes to be implemented on 1 April 2013.
- 4.3. Whilst the regulations provided councils with flexibility to set up their own local arrangements customers who have reached pension age have their entitlement determined by a nationally prescribed scheme. The Government also expressed a clear intention that councils should within their CTS scheme consider support for vulnerable groups and support work incentives and in particular avoid disincentives to move into work.
- 4.4. In the 2017/18 council tax support scheme report, considered by full council in January 2017, approval was given for the Council Tax Support scheme to remain unchanged until at least 2020/21 unless Government policy was to change significantly. A full public consultation on the changes to the Council Tax Scheme for 2017/18 was undertaken from the 8 September 2016 to the 1 November 2016. As part of the public consultation we also proposed that we would not consult again on the scheme until 2019 at the earliest. Further details if required detailing the current scheme can be found in the January 2017 report to full council.
- 4.5. The scheme for 2019/20 will continue to impact on all current and future working age recipients of Council Tax Support. There are approximately 4,700 working age recipients who fall outside of the protected vulnerable group.
- 4.6. A shortened Community Impact Assessment of the scheme has been undertaken and can be made available upon request.

5.0 PREVIOUS MINUTES

- 5.1 Minute 66 (iii) of the Council meeting of 11 January 2018 (Localised Council Tax Support Scheme 2018/19 and Council Tax Support Hardship Policy).

6.0 BACKGROUND PAPERS

- Appendix A - Council Tax Reduction Scheme Policy under S13a (s) and Schedule 1a of the Local Government Finance Act 1992



Telford & Wrekin
COUNCIL

Council Tax Support Scheme

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1.0 Introduction to the Council Tax Reduction Scheme

- 1.1 The following has been adopted by the Council and details the Council Tax Reduction scheme for the period 1st April 2019 until 31st March 2020.
- 1.2 This document details how the scheme will operate for both pension credit age and working age applicants and in accordance with Section 13A of the Local Government Finance Act 1992 specifies the classes of person who are to be entitled to a reduction under the scheme and is effective from 1st April 2019 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;
 - The Council Tax Reduction Schemes (Prescribed Requirements) (England) (Amendment) Regulations 2018; 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. who does not have capital 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;
- f. who does not have capital above £16,000; and
- g. who has made an application for a reduction under the authority's scheme.

Class C: alternative maximum Council Tax Reduction

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

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

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

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

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

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

Disregard of certain incomes

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

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

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

- 1.6 The adopted scheme for working age applicants is a means test, which compares income against an assessment of *applicable amounts* (unless otherwise stated). Full details of the working age scheme of the authority are contained within this document from section 2 onwards. The authority is required to specify a scheme for working age and therefore this scheme only applies to a person who;
- a. has not attained the qualifying age for state pension credit; or
 - b. has attained the qualifying age for state pension credit if he, and his partner, is a person on income support, on an income-based jobseeker's allowance or universal credit or on an income-related employment and support allowance.
- 1.7 This scheme shall not apply in relation to any person if he, or if he has a partner, his partner, has attained the qualifying age for state pension credit. The scheme shall not apply to any applicant who is subject to immigration control under Section 115 of the Immigration and Asylum Act 1999 and non-economically active EEA nationals.
- 1.8 The Council has resolved that there will be *three* classes of persons who will receive a reduction in line with adopted scheme (from hereafter referred to as Support). There will be *three* 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 support as specified within section 7 of this scheme.

Class D

To obtain support 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 (£16,000 for protected groups as defined with paragraph 2A.1);
- 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 (living allowance) *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 support⁶.

Maximum council tax reduction stated above is defined within section 57 of this scheme

Class E

To obtain support 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 (£16,000 for protected groups as defined with paragraph 2A.1);
- 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 (living allowances) *applicable amount*¹¹;

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

- i. have made a valid application for support¹²;
- 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

Class F - Alternative maximum council tax reduction for Protected Groups¹³

To obtain support the individual must:

- a. have not attained the qualifying age for state pension credit¹⁴; 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 or on an income-related employment and support allowance or in receipt of an award 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. 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;
- f. be somebody in respect of whom a maximum council tax reduction¹⁵ amount can be calculated;
- g. have made a valid application for support¹⁶;
- h. be somebody who has at least one second adult living with them who is not his partner, not somebody who pays rent, and who is on a *prescribed* low wage and/or *prescribed* benefit, as set out in within sections 62 and 63 and schedule 2 of this scheme.

Maximum council tax reduction stated above is defined within section 57 of this scheme

Classes D, E & F - the Benefit Cap

All of the classes will be calculated taking into account the 'Benefit Cap' as defined within the Benefit Cap (Housing Benefit) Regulations 2012 (as amended). No Council Tax Reduction will be granted where the authority is of the opinion that the applicant or partner exceeds the cap on state benefits.

The following exceptions will be made to the existing regulations and will apply specifically to the Council Tax Reduction scheme for working age applicants:

- a. The cap will be set at £20,000 per annum for couples and lone parents from 1st April 2016;
- b. The cap will be set at £13,400 for single applicants;
- c. Any amount of Housing Benefit payable to the applicant will be excluded from the calculation; and
- d. Any amount of Universal Credit Housing Element payable to the applicant will be excluded from the calculation.

¹² Sections 68 to 74a of this scheme

¹³ Protected groups are defined within paragraph 2A.0

¹⁴ Section 5 of this scheme

¹⁵ Sections 57 to 63 of this scheme

¹⁶ Sections 68 to 74a of this scheme

Council Tax Reduction Scheme

Details of support to be given for **working age applicants** for the financial year 2019/20

Sections 2- 8
Definitions and interpretation

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

2.1 In this scheme–

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

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

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

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

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

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

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

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

‘alternative maximum council tax reduction’ (Second Adult Rebate) means the amount determined in accordance with section 62 and Schedule 2;

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

'couple' means;

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

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

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

'designated authority' means any of the following;

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

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

- (a) by notice upon or with a form approved by it for the purpose of claiming council tax

reduction; or

(b) by reference upon or with such a form to some other document available from it and sent by electronic means or otherwise on application; or

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

'housing benefit' means housing benefit under Part 7 of the Act; **'the Housing Benefit Regulations'** means the Housing Benefit Regulations 2006;

'Immigration and Asylum Act' means the Immigration and Asylum Act 1999;

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

'income-related employment and support allowance' means an income-related allowance under Part 1 of the Welfare Reform Act 2007;

'Income Support Regulations' means the Income Support (General) Regulations 1987(a);

'independent hospital'–

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

'member of a couple' means a member of a married or unmarried couple;

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

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

‘mover’ means a applicant who changes the dwelling in which the applicant is resident and in respect of which the applicant liable to pay council tax from a dwelling in the area of the appropriate authority to a dwelling in the area of the second authority;

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

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

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

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

‘non-dependant’ has the meaning prescribed in section 3;

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

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

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

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

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

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

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

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

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

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

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

‘occupational pension scheme’ has the same meaning as in section 1 of the Pension Schemes Act 1993

‘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 2004¹⁷;
- 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;

¹⁷ As amended by the Finance Act 2014

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

‘second adult’ has the meaning given to it in Schedule 2;

‘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.); or
- (c) the Employment, Skills and Enterprise 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

‘single applicant’ means an applicant who neither has a partner nor is a lone parent;

‘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;

'Uprating 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 amended¹⁸; 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

¹⁸ 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).

2A.0 Protected Groups

2A.1 The following persons are considered as protected groups within this scheme where the following circumstances apply;

- The applicant or partner is in receipt of a severe disability premium within the calculation of council tax support or within any means tested benefit (Housing Benefit, Income Support, Employment and Support Allowance (Income Related) or Job Seeker's Allowance (Income Based)); or
- The applicant, partner or any dependant is in receipt of an enhanced disability premium within the calculation of council tax support or within any means tested benefit (Housing Benefit, Income Support, Employment and Support Allowance (Income Related) or Job Seeker's Allowance (Income Based)); or
- The applicant or partner receives War Disablement Pension or a War Widow's/Widower's Pension, or an Armed Forces Independence Payment (AFIP) or any similar payment from another country; or
- The applicant or partner have moved into Universal Credit and would have met the qualifying criteria for the severe disability premium; or
- The applicant or partner is in receipt of a support component within the calculation of their Employment and Support allowance; or
- The applicant or partner is in receipt of the limited capability for work related activity element in their Universal Credit award

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 support scheme.

4.0 Requirement to provide a National Insurance Number¹⁹

4.1 No person shall be entitled to support 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 support.

- 4.2 This subsection is satisfied in relation to a person if–
- a. the claim for support 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;

¹⁹ Inserted by Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012

- 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 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 or Article 6 of Council Directive 2004/38/EC;
 - (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;
 - (ab) Article 45 of the Treaty on the functioning of the European Union (in a case where the person is seeking work in the United Kingdom, the Channel Islands, the Isle of Man or the Republic of Ireland); or
 - (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 (4A) of that regulation or Article 20 of the Treaty on the Functioning of the European Union (in a case where the right to reside arises because a British citizen would otherwise be deprived of the genuine enjoyment of their rights as a European Union citizen).
- 7.5** A person falls within this paragraph if the person is—
- (a) a qualified person for the purposes of regulation 6 of the EEA Regulations as a worker or a self-employed person;
 - (b) a family member of a person referred to in sub-paragraph (a) within the meaning of regulation 7(1)(a), (b) or (c) of the EEA Regulations;
 - (c) a person who has a right to reside permanently in the United Kingdom by virtue of regulation 15(1)(c), (d) or (e) of the EEA Regulations;
 - (d) a person recorded by the Secretary of State as a refugee within the definition in Article 1 of the Convention relating to the Status of Refugees done at Geneva on 28th July 1951, as extended by Article 1(2) of the Protocol relating to the Status of Refugees done at New York on 31st January 1967;
 - (e) a person who has been granted, or who is deemed to have been granted, leave outside the rules made under section 3(2) of the Immigration Act 1971²⁰ where that leave is—
 - (i) discretionary leave to enter or remain in the United Kingdom,
 - (ii) leave to remain under the Destitution Domestic Violence concession which came into effect on 1st April 2012, or
 - (iii) leave deemed to have been granted by virtue of regulation 3 of the Displaced Persons (Temporary Protection) Regulations 2005.
 - (f) a person who has humanitarian protection granted under those rules;

²⁰ As amended by the Immigration Act 2014 and the Immigration Act 2014 (Commencement No. 2) Order 2014

- (g) a person who is not a person subject to immigration control within the meaning of section 115(9) of the Immigration and Asylum Act 1999 and who is in the United Kingdom as a result of his deportation, expulsion or other removal by compulsion of law from another country to the United Kingdom;
- (h) in receipt of income support or on an income-related employment and support allowance;
- (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) or
- (i) a person who is treated as a worker for the purpose of the definition of "qualified person" in regulation 6(1) of the EEA Regulations pursuant to regulation 5 of the Accession of Croatia (Immigration and Worker Authorisation) Regulations 2013 (right of residence of a Croatian who is an "accession State national subject to worker authorisation")

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

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

7.8 In this regulation—
 "claim for asylum" has the same meaning as in section 94(1) of the Immigration and Asylum Act 1999;
 "Crown servant" means a person holding an office or employment under the Crown;
 "EEA Regulations" means the Immigration (European Economic Area) Regulations 2006; and
 and the The Immigration (European Economic Area) (Amendment) (No. 2) Regulations 2014;
 and
 "Her Majesty's forces" has the same meaning as in the Armed Forces Act 2006.

Persons subject to immigration control

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

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

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

7A.0 Transitional provision

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

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

7A.2 The events are—

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

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

8.0 Temporary Absence (period of absence)

8.1 A person is not absent from a dwelling in relation to any day which falls within a period of temporary absence from that dwelling.

8.2 In sub-paragraph (1), 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 in Great Britain;
- (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 within Great Britain 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;
- (iii) that period is unlikely to exceed 13 weeks; and

(c) a period of absence within Great Britain not exceeding 52 weeks, beginning with the first whole day of that 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 sub-paragraph (3) applies; and
- (iv) the period of absence is unlikely to exceed 52 weeks or, in exceptional circumstances, is unlikely substantially to exceed that period and

(d) subject to sub-paragraphs (2F), (3C), (3E) and (3G) and where sub-paragraph (2E) applies, a period of absence outside Great Britain not exceeding 4 weeks, beginning with the first day of that absence from Great Britain 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 resides is not let or sub-let; and
- (iii) the period of absence from Great Britain is unlikely to exceed 4 weeks.

8.2A The period of 13 weeks referred to in sub-paragraph (2)(b) shall run or continue to run during any period of absence from Great Britain.

8.2B Where:

- (a) a person returns to Great Britain after a period of absence from Great Britain (period A);
 - (b) that person has been absent from the dwelling, including any absence within Great Britain, for less than 13 weeks beginning with the first day of absence from that dwelling; and
 - (c) at the outset of, or during, period A, period A ceased to be treated as a period of temporary absence,
- then any day that follows period A and precedes the person’s return to the dwelling, shall not be treated as a period of temporary absence under sub-paragraph (2)(b).

8.2C The period of 52 weeks referred to in sub-paragraph (2)(c) shall run or continue to run during any period of absence from Great Britain.

8.2D Where:

- (a) a person returns to Great Britain after a period of absence from Great Britain (period A);

(b) that person has been absent from the dwelling, including any absence within Great Britain, for less than 52 weeks beginning with the first day of absence from that dwelling; and
(c) at the outset of, or during, period A, period A ceased to be treated as a period of temporary absence,
then, any day that follows period A and precedes the person's return to the dwelling, shall not be treated as a period of temporary absence under sub-paragraph (2)(c).

8.2E This sub-paragraph applies where:

- (a) a person is temporarily absent from Great Britain;
- (b) immediately before that period of absence from Great Britain, the person was not absent from the dwelling.

8.2F If the temporary absence referred to in sub-paragraph (2)(d) is in connection with the death of:

- (a) the person's partner or a child or young person for whom the person or the person's partner is responsible;
- (b) the person's close relative;
- (c) the close relative of the person's partner; or
- (d) the close relative of a child or young person for whom the person or the person's partner is responsible,

then the period of 4 weeks in the opening words of sub-paragraph (2)(d) may be extended by up to 4 further weeks if the relevant authority considers it unreasonable to expect the person to return to Great Britain within the first 4 weeks (and the reference in sub-paragraph (iii) of that paragraph to a period of 4 weeks shall, where the period is extended, be taken as referring to the period as so extended).

8.3 This sub-paragraph applies to a person who—

- (a) is 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 sub-paragraph (1), or
 - (ii) in premises approved under section 13 of the Offender Management Act 2007, or is detained in custody pending sentence upon conviction;
- (b) is resident in a hospital or similar institution as a patient;
- (c) is undergoing, or whose partner or dependent child is undergoing, medical treatment, or medically approved convalescence, in accommodation other than residential accommodation;
- (d) is following, a training course;
- (e) is undertaking medically approved care of a person;
- (f) is 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 or medical treatment;
- (g) is receiving medically approved care provided in accommodation other than residential accommodation;
- (h) is a student;
- (i) is receiving care provided in residential accommodation and is not a person to whom sub-paragraph (2)(a) 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.

8.3A This sub-paragraph applies to a person ("P") who is:

- (a) detained in custody on remand pending trial;
- (b) detained pending sentence upon conviction; or

(c) as a condition of bail required to reside—
(i) in a dwelling, other than a dwelling P occupies as P's home; or
(ii) in premises approved under section 13 of the Offender Management Act 2007(7),
and who is not also detained in custody following sentence upon conviction.

- 8.3B This sub-paragraph applies where:
(a) a person is temporarily absent from Great Britain;
(b) the person is a member of Her Majesty's forces posted overseas, a mariner or a continental shelf worker;
(c) immediately before that period of absence from Great Britain, the person was not absent from the dwelling.
- 8.3C Where sub-paragraph (3B) applies, a period of absence from Great Britain not exceeding 26 weeks, beginning with the first day of absence from Great Britain, shall be treated as a period of temporary absence where and for so long as:
(a) the person intends to return to the dwelling;
(b) the part of the dwelling in which he usually resided is not let or sub-let;
(c) the period of absence from Great Britain is unlikely to exceed 26 weeks.
- 8.3D This sub-paragraph applies where—
(a) a person is temporarily absent from Great Britain;
(b) the person is a person described in any of paragraphs (b), (c), (g) or (j) of sub-paragraph (3);
(c) immediately before that period of absence from Great Britain, the person was not absent from the dwelling.
- 8.3E Where sub-paragraph (3D) applies, a period of absence from Great Britain not exceeding 26 weeks, beginning with the first day of absence from Great Britain, shall be treated as a period of temporary absence where and for so long as:
(a) the person intends to return to the dwelling;
(b) the part of the dwelling in which he usually resided is not let or sub-let;
(c) the period of absence is unlikely to exceed 26 weeks, or in exceptional circumstances, is unlikely substantially to exceed that period.
- 8.3F This sub-paragraph applies where:
(a) a person is temporarily absent from Great Britain;
(b) the person is a person described in any of paragraphs (a), (d), (e), (f), (h) or (i) of sub-paragraph (3);
(c) immediately before that period of absence from Great Britain, the person was not absent from the dwelling.
- 8.3G Where sub-paragraph (3F) applies, a period of absence from Great Britain not exceeding 4 weeks, beginning with the first day of absence from Great Britain, shall be treated as a period of temporary absence where and for so long as:
(a) the person intends to return to the dwelling;
(b) the part of the dwelling in which he usually resided is not let or sub-let;
(c) the period of absence is unlikely to exceed 4 weeks, or in exceptional circumstances, is unlikely substantially to exceed that period.”;
- 8.4 This sub-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, 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.

- 8.5 Where sub-paragraph (4) 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 sub-paragraph (2)(b) or (c), he must be treated, for the purposes of sub-paragraph (1), as if he continues to be absent from the dwelling, despite any return to the dwelling;
 - (b) for the purposes of sub-paragraph (3)(a), he must be treated as if he remains in detention;
 - (c) if he does not fall within paragraph (a), he is not to be considered to be a person who is liable to pay council tax in respect of a dwelling of which he is a resident.

- 8.6 In this paragraph—
- “continental shelf worker” means a person who is employed, whether under a contract of service or not, in a designated area or a prescribed area in connection with any of the activities mentioned in section 11(2) of the Petroleum Act 1998;
- “designated area” means any area which may from time to time be designated by Order in Council under the Continental Shelf Act 1964 as an area within which the rights of the United Kingdom with respect to the seabed and subsoil and their natural resources may be exercised;
- “mariner” means a person who is employed under a contract of service either as a master or member of the crew of any ship or vessel, or in any other capacity on board any ship or vessel, where—
- (a) the employment in that capacity is for the purposes of that ship or vessel or its crew or any passengers or cargo or mails carried by the ship or vessel; and
 - (b) the contract is entered into in the United Kingdom with a view to its performance (in whole or in part) while the ship or vessel is on its voyage;”
- “medically approved” means certified by a medical practitioner;
- “member of Her Majesty’s forces posted overseas” means a person who is a member of the regular forces or the reserve forces (within the meaning of section 374 of the Armed Forces Act 2006(10)), who is absent from the main dwelling because the person has been posted outside of Great Britain to perform the duties of a member of Her Majesty’s regular forces or reserve forces;
- “patient” means a person who is undergoing medical or other treatment as an in-patient in any hospital or similar institution;
- “prescribed area” means any area over which Norway or any member State (other than the United Kingdom) exercises sovereign rights for the purpose of exploring the seabed and subsoil and exploiting their natural resources, being an area outside the territorial seas of Norway or such member State, or any other area which is from time to time specified under section 10(8) of the Petroleum Act 1998;”
- “residential accommodation” means accommodation which is provided in:
- (a) a care home;
 - (b) an independent hospital;
 - (c) an Abbeyfield Home; or
 - (d) 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 support scheme adopted by the Council 'family' means;
- a. a married or unmarried couple;
 - b. married or unmarried couple and a member of the same household for whom one of them is or both are responsible and who is a child or a young person;
 - c. two people of the same sex who are civil partners of each other and are members of the same household (with or without children);
 - d. two people of the same sex who are not civil partners of each other but are living together as if they were civil partners (with or without children),
 - e. and for the purposes of sub-paragraph (d) two people of the same sex are to be regarded as living together as if they were civil partners if, but only if, they would be regarded as living together as husband and wife were they instead two people of the opposite sex;
 - f. except in prescribed circumstances, a person who is not a member of a married or unmarried couple and a member of the same household for whom that person is responsible and who is a child or a young person;

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

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

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

- 9.2 Paragraph 9.1 the definition of child or young person shall not apply to a person who is;
- a. on income support ;
 - b. an income-based jobseeker's allowance or an income related employment and support allowance; or be entitled to an award of Universal Credit; or
 - c. a person to whom section 6 of the Children (Leaving Care) Act 2000 applies.
- 9.3 The definition also includes a child or young person in respect of whom there is an entitlement to child benefit but only for the period that child benefit is payable.

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

- 10.1 Subject to the following paragraphs a person shall be treated as responsible for a child or young person who is normally living with him and this includes a child or young person to whom paragraph 9.3 applies
- 10.2 Where a child or young person spends equal amounts of time in different households, or where there is a question as to which household he is living in, the child or young person shall be treated for the purposes of paragraph 9.1 as normally living with;
- a. the person who is receiving child benefit in respect of him; or
 - b. if there is no such person;
 - i. where only one claim for child benefit has been made in respect of him, the person who made that claim; or

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

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

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

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

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

- a. placed with the applicant or his partner by a local authority under section 23(2)(a) of the Children Act 1989 or by a voluntary organisation under section 59(1)(a) of that Act, or in Scotland boarded out with the applicant or his partner under a relevant enactment; or
- b. placed, or in Scotland boarded out, with the applicant or his partner prior to adoption; or
- c. placed for adoption with the applicant or his partner in accordance with the Adoption and Children Act 2002²¹ 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.

²¹ The Adoption and Children Act 2002 (Commencement No. 12) Order 2014

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). **No family premium will be awarded where an application for reduction is received on or after 1st May 2016.**
 - i) Sub paragraph (c) shall not apply to a person who, on 30th April 2016, is entitled to Council Tax Reduction and is:
 - a. a member of a family of which at least one member is a child or young person; or
 - b. a partner in a polygamous marriage, where he or she, or another partner of the polygamous marriage, is responsible for a child or young person who is a member of the same household.
 - (ii) (i) above does not apply if—
 - (a) sub-paragraph 12.1 c (i) (a) or (b) of that paragraph ceases to apply; or
 - (b) the person makes a new claim for Council Tax Reduction.
 - (iii) For the purpose of this section "child", "polygamous marriage" and "young person" have the same meaning as in section 2 of this scheme;
- 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 amount within paragraph 1 (3) (c) 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 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). **No family premium will be awarded where an application for reduction is received on or after 1st May 2016.**
 - i) Sub paragraph (d) shall not apply to a person who, on 30th April 2016, is entitled to Council Tax Reduction and is:
 - a. a member of a family of which at least one member is a child or young person;

- or
- b. a partner in a polygamous marriage, where he or she, or another partner of the polygamous marriage, is responsible for a child or young person who is a member of the same household.
 - (i) above does not apply if—
 - (a) sub-paragraph 13.1 d (i) (a) or (b) of that paragraph ceases to apply; or
 - (b) the person makes a new claim for Council Tax Reduction.
 - (ii) For the purpose of this section “child”, “polygamous marriage” and “young person” have the same meaning as in section 2 of this scheme;
- 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 following provisions.

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

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

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

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

- 15A.2 The authority must adjust the amount referred to in sub-paragraph (1) to take account of
- (a) income consisting of the award of universal credit, determined in accordance with subparagraph (3);
 - (b) any sum to be disregarded under paragraphs of Schedule 3 to this scheme (sums to be disregarded in the calculation of earnings: persons who are not pensioners);
 - (c) any sum to be disregarded under paragraphs of Schedule 4 to this scheme (sums to be disregarded in the calculation of income other than earnings: persons who are not pensioners);
 - (d) section 16 (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 16 (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 17.2 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 83(1) of that Act, where the care provided is child minding or daycare within the meaning of that Act; or
 - f. by a person prescribed in regulations made pursuant to section 12(4) of the Tax Credits Act 2002 or
 - g. by a person who is registered under Chapter 2 or 3 of Part 3 of the Childcare Act 2006; or
 - h. by any of the schools mentioned in section 34(2) of the Childcare Act 2006 in circumstances where the requirement to register under Chapter 2 of Part 3 of that Act does not apply by virtue of section 34(2) of that Act; or
 - i. by any of the schools mentioned in section 53(2) of the Childcare Act 2006 in circumstances where the requirement to register under Chapter 3 of Part 3 of that Act does not apply by virtue of section 53(2) of that Act; or
 - j. by any of the establishments mentioned in section 18(5) of the Childcare Act 2006 in circumstances where the care is not included in the meaning of 'childcare' for the purposes of Part 1 and Part 3 of that Act by virtue of that subsection; or
 - k. by a foster parent or kinship carer under the Fostering Services Regulations 2002, the Fostering Services (Wales) Regulations 2003 or the Looked After Children (Scotland) Regulations 2009 in relation to a child other than one whom the foster parent is fostering or kinship carer is looking after; or
 - l. by a domiciliary care worker under the Domiciliary Care Agencies Regulations 2002 or the Domiciliary Care Agencies (Wales) Regulations 2004; or
 - m. by a person who is not a relative of the child wholly or mainly in the child's home.

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

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

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

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

- Allowance Regulations 2008 or 2013 as appropriate;
- d. the applicant (within the meaning of this scheme) is, or is treated as, incapable of work and has been so incapable, or has been so treated as incapable, of work in accordance with the provisions of, and regulations made under, Part 12A of the Act (incapacity for work) for a continuous period of not less than 196 days; and for this purpose any two or more separate periods separated by a break of not more than 56 days shall be treated as one continuous period;
 - e. the applicant (within the meaning of this scheme) has, or is treated as having, limited capability for work and has had, or been treated as having, limited capability for work in accordance with the Employment and Support Allowance Regulations for a continuous period of not less than 196 days and for this purpose any two or more separate periods separated by a break of not more than 84 days must be treated as one continuous period;
 - f. there is payable in respect of him one or more of the following pensions or allowances—
 - i. long-term incapacity benefit or short-term incapacity benefit at the higher rate under Schedule 4 to the Act;
 - ii. attendance allowance under section 64 of the Act;
 - iii. severe disablement allowance under section 68 of the Act;
 - iv. disability living allowance under section 71 of the Act;
 - v. personal independence payment under the Welfare Reform Act 2012;
 - vi. an AFIP;
 - vii. increase of disablement pension under section 104 of the Act;
 - viii. a pension increase paid as part of a war disablement pension or under an industrial injuries scheme which is analogous to an allowance or increase of disablement pension under head (ii), (iv) or (v) above;
 - ix. main phase employment and support allowance;
 - g. a pension or allowance to which head (ii), (iv), (v) or (vi) of sub-paragraph (f) above refers was payable on account of his incapacity but has ceased to be payable in consequence of his becoming a patient, which in this section shall mean a person (other than a person who is serving a sentence of imprisonment or detention in a youth custody institution) who is regarded as receiving free in-patient treatment within the meaning of social security (Hospital In-Patients) Regulations 2005.
 - h. an AFIP would be payable to that person but for any suspension of payment in accordance with any terms of the armed and reserve forces compensation scheme which allow for a suspension because a person is undergoing medical treatment in a hospital or similar institution;
 - i. paragraphs (f) or (g) would apply to him if the legislative provisions referred to in those sub-paragraphs were provisions under any corresponding enactment having effect in Northern Ireland; or
 - j. he has an invalid carriage or other vehicle provided to him by the Secretary of State under section 5(2)(a) of and Schedule 2 to the National Health Service Act 1977 or under section 46 of the National Health Service (Scotland) Act 1978 or provided by the Department of Health, Social Services and Public Safety in Northern Ireland under Article 30(1) of the Health and Personal Social Services (Northern Ireland) Order 1972.

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

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

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

- 18.14 For the purposes of paragraph 18.1 a person on maternity leave, paternity leave or adoption leave shall be treated as if she is engaged in remunerative work for the period specified in paragraph 18.15 (‘the relevant period’) provided that–
- a. in the week before the period of maternity leave, paternity leave or adoption leave began she was in remunerative work;
 - b. the applicant is incurring relevant child care charges within the meaning of paragraph 18.5; and
 - c. she is entitled to either statutory maternity pay under section 164 of the Act, statutory paternity pay by virtue of section 171ZA or 171ZB of the Act statutory adoption pay by 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–
- a. the date that leave ends;
 - b. if no child care element of working tax credit is in payment on the date that entitlement to maternity allowance, qualifying support, statutory maternity pay, statutory paternity pay or statutory adoption pay ends, the date that entitlement ends; or
 - c. if a child care element of working tax credit is in payment on the date that entitlement to maternity allowance or qualifying support, statutory maternity pay or statutory adoption pay ends, the date that entitlement to that award of the child care element of the working tax credits ends.
- whichever shall occur first.

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

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

19.0 Average weekly earnings of employed earners

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

as made as may, in any particular case, enable his average weekly earnings to be estimated more accurately.

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

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

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

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

20.0 Average weekly earnings of self-employed earners

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

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

21.0 Average weekly income other than earnings

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

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

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

22.0 Calculation of average weekly income from tax credits

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

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

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

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

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

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

23.0 Calculation of weekly income

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

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

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

24.0 Disregard of changes in tax, contributions etc.

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

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

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

25.0 Earnings of employed earners

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

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

- exclusively and necessarily incurred in the performance of the duties of the employment, 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;
- g. 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);
 - h. 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);
 - i. any such sum as is referred to in section 112 of the Act (certain sums to be earnings for social security purposes);
 - j. 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;
 - k. 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;
 - l. 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 amended²².

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 l)

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

²² Social Security (Contributions)(Amendment) Regulations 2013, Social Security (Contributions)(Amendment No.2) Regulations 2013 and Social Security (Contributions)(Amendment No.2) Regulations 2013

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

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

27.0 Earnings of self-employed earners

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

the Public Lending Right Scheme 1982, where the applicant is the first owner of the copyright, design, patent or trade mark, or an original contributor to the book of work concerned.

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

28.0 Calculation of net profit of self-employed earners

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

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

rate 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 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.

29A.0 Minimum Income Floor

29 A.1 Where the applicant or partner are not a child-minder and no start-up period (as defined within 29 A.2) applies to the applicant and the weekly income from self-employment of the applicant or partner as calculated by reference to parts 27 to 29 of this scheme is less than the National Minimum Wage or National Living Wage (subject to the age of the self-employed person) multiplied by 30 hours (the minimum income floor), the income used by the Council in the calculation of their award shall be increased to that amount. The National Minimum Wage / National Living Wage applied shall be that which applies to the relevant assessment period less an estimate for tax, national insurance and half a pension contribution (where a pension contribution is being made), as if estimating the income of an ordinary employed worker.

29 A.2 The Council shall determine an appropriate start up period for the employment activity being conducted by the applicant or partner. This will normally be one year from the date of claim, or one year from the date of commencement of the employment activity, whichever is sooner. During this period no Minimum Income Floor shall be applied. The start-up period ends where the person is no longer in gainful self-employment.

29 A.3 Where a applicant or partner holds a position in a company that is analogous to that of a sole owner or partner in the business of that company, he shall be treated as if he were such sole owner or partner and in such a case be subject to the Minimum Income Floor where appropriate.

29 A.4 For the purposes of determining whether a applicant is in gainful self-employment or meets the conditions for a start up-period, the Council will require the applicant to provide such evidence or information that it reasonably requires to make that decision, the Council may

also require the self employed person to attend an interview for the purpose of establishing whether the employment is gainful or whether the conditions for a start up period are met.

29A.5 Paragraph 29A.1 shall not apply to any applicant in the protected group as defined by paragraph 2A.1.

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 shall 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 30.1 shall be the amount of working tax credit or child tax credit awarded less the amount of that deduction.

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

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

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

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

D

Where

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

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

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

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

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

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

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

- a. in a case where a relevant payment is made quarterly, the period beginning with the reduction week which includes the day on which the person abandoned, or was dismissed from, his course and ending with the reduction week which includes the last day of the last quarter for which an instalment of the relevant payment was payable to that person;
- b. in a case where the relevant payment is made by two or more instalments in a quarter, the period beginning with the reduction week which includes the day on which the person abandoned, or was dismissed from, his course and ending with the reduction week which includes–
 - i. the day immediately before the day on which the next instalment of the relevant payment would have been due had the payments continued; or
 - ii. the last day of the last quarter for which an instalment of the relevant payment was payable to that person.

whichever of these dates is earlier

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

- a. 1st January and ending on 31st March;
- b. 1st April and ending on 30th June;
- c. 1st July and ending on 31st August; or
- d. 1st September and ending on 31st December;

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

30.11 For the avoidance of doubt there shall be included as income to be taken into account under paragraph 30.1

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

31.0 Capital treated as income

31.1 Any capital payable by instalments which are outstanding at the date on which the claim is made or treated as made, or, at the date of any subsequent revision or supersession, shall, if the aggregate of the instalments outstanding and the amount of the applicant’s capital otherwise calculated in accordance with sections 33 to 42 of this scheme exceeds £6,000, be treated as income.

31.2 Any payment received under an annuity shall be treated as income.

31.3 Any earnings to the extent that they are not a payment of income shall be treated as income.

31.4 Any Career Development Loan paid pursuant to section 2 of the Employment and Training Act 1973 Act shall be treated as income

31.5 Where an agreement or court order provides that payments shall be made to the applicant in consequence of any personal injury to the applicant and that such payments are to be made, wholly or partly, by way of periodic payments, any such periodic payments received by the applicant (but not a payment which is treated as capital), shall be treated as income.

32.0 Notional income

32.1 An applicant shall be treated as possessing income of which he has deprived himself for the purpose of securing entitlement of support or increasing the amount of that support.

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 person's participation in the Work for Your Benefit Pilot Scheme
- e. in respect of a previous participation in the Mandatory Work Activity Scheme;
- f. in respect of an applicant's participation in the Employment, Skills and Enterprise Scheme;
- g. 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 support shall be granted when the applicant has an amount greater than this level.
- 33.2 Where the applicant falls within the protected group as defined by paragraph 2A.1 the amount specified in paragraph 33.1 shall be £16,000.

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 support 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;
- (bb) in respect of a person's participation in the Mandatory Work Activity Scheme; Enterprise Scheme;
- (bc) in respect of an applicant's participation in the Employment, Skills and Enterprise Scheme;
- (c) 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 Diminishing notional capital rule

40.1 Where an applicant is treated as possessing capital under section 39.1 (notional capital), the amount which he is treated as possessing;

- a. in the case of a week that is subsequent to
 - (i) the relevant week in respect of which the conditions set out in paragraph 40.2 are satisfied; or
 - (ii) a week which follows that relevant week and which satisfies those conditions, shall be reduced by an amount determined under paragraph 40.3;
- b. in the case of a week in respect of which paragraph 40.1(a) does not apply but where
 - (i) that week is a week subsequent to the relevant week; and
 - (ii) that relevant week is a week in which the condition in paragraph 40.4 is satisfied, shall be

reduced by the amount determined under paragraph 40.4.

- 40.2 This paragraph applies to a reduction week or part-week where the applicant satisfies the conditions that
- a. he is in receipt of council tax reduction; and
 - b. but for paragraph 39.1, he would have received an additional amount of council tax reduction in that week.
- 40.3 In a case to which paragraph 40.2 applies, the amount of the reduction for the purposes of paragraph 40.1(a) shall be equal to the aggregate of
- a. the additional amount to which sub-paragraph 40.2 (b) refers;
 - b. where the applicant has also claimed housing benefit, the amount of any housing benefit or any additional amount of that benefit to which he would have been entitled in respect of the whole or part of the reduction week to which paragraph 40.2 refers but for the application of regulation 49(1) of the Housing Benefit Regulations 2006 (notional capital);
 - c. where the applicant has also claimed income support, the amount of income support to which he would have been entitled in respect of the whole or part of the reduction week to which paragraph 40.2 refers but for the application of regulation 51(1) of the Income Support Regulations (notional capital);
 - d. where the applicant has also claimed a jobseeker's allowance, the amount of an income-based jobseeker's allowance to which he would have been entitled in respect of the whole or part of the reduction week to which paragraph 40.2 refers but for the application of regulation 113 of the Jobseeker's Allowance Regulations 1996 (notional capital) and
 - e. where the applicant has also claimed an employment and support allowance, the amount of an income-related employment and support allowance to which he would have been entitled in respect of the whole or part of reduction week to which paragraph 40.2 refers but for the application of regulation 115 of the Employment and Support Allowance Regulations 2008 (notional capital).
- 40.4 Subject to paragraph 40.5, for the purposes of paragraph 40.1(b) the condition is that the applicant would have been entitled to council tax reduction in the relevant week but for paragraph 39.1, and in such a case the amount of the reduction shall be equal to the aggregate of
- a. the amount of council tax reduction to which the applicant would have been entitled in the relevant week but for paragraph 39.1; and for the purposes of this sub-paragraph is the amount is in respect of a part-week, that amount shall be determined by dividing the amount of council tax reduction to which he would have been so entitled by the number equal to the number of days in the part-week and multiplying the quotient so obtained by 7;
 - b. if the applicant would, but for regulation 49(1) of the Housing Benefit Regulations, have been entitled to housing benefit or to an additional amount of housing benefit in respect of the reduction week which includes the last day of the relevant week, the amount which is equal to—
 - (i) in a case where no housing benefit is payable, the amount to which he would have been entitled; or
 - (ii) in any other case, the amount equal to the additional amount of housing benefit to which he would have been entitled,and, for the purposes of this sub-paragraph, if the amount is in respect of a part-week, that amount shall be determined by dividing the amount of housing benefit to which he would have been so entitled by the number equal to that number of days in the part-week and multiplying the quotient so obtained by 7;
 - c. if the applicant would, but for regulation 51(1) of the Income Support Regulations, have been entitled to income support in respect of the reduction week, within the meaning of regulation 2(1) of those Regulations, which includes the last day of the relevant week, the amount to which he would have been entitled and, for the purposes of this sub-paragraph, if the amount is in respect of a part-week, that amount shall be determined by dividing the amount of the income support to which he would have been so entitled

- by the number equal to the number of days in the part- week and multiplying the quotient so obtained by 7
- d. if the applicant would, but for regulation 113 of the Jobseeker’s Allowance Regulations 1996, have been entitled to an income-based jobseeker’s allowance in respect of the reduction week, within the meaning of this scheme, which includes the last day of the relevant week, the amount to which he would have been entitled and, for the purposes of this sub-paragraph, if the amount is in respect of a part-week, that amount shall be determined by dividing the amount of the income-based jobseeker’s allowance to which he would have been so entitled by the number equal to the number of days in the part-week and multiplying the quotient so obtained by 7; and
 - e. if the applicant would, but for regulation 115 of the Employment and Support Allowance Regulations 2008, have been entitled to an income-related employment and support allowance in respect of the reduction week, within the meaning of regulation 2(1) of those Regulations (interpretation), which includes the last day of the relevant week, the amount to which he would have been entitled and, for the purposes of this sub-paragraph, if the amount is in respect of a part-week, that amount must be determined by dividing the amount of the income-related employment and support allowance to which he would have been so entitled by the number equal to the number of days in that part-week and multiplying the quotient so obtained by 7.
- 40.5 The amount determined under paragraph 40.4 shall be re-determined under that paragraph if the applicant makes a further claim for council tax reduction and the conditions in paragraph 40.6 are satisfied, and in such a case—
- a. sub-paragraphs (a) to (d) of paragraph 40.4 shall apply as if for the words ‘relevant week’ there were substituted the words ‘relevant subsequent week’; and
 - b. subject to paragraph 40.7, the amount as re-determined shall have effect from the first week following the relevant subsequent week in question.
- 40.6 The conditions are that
- a. a further claim is made 26 or more weeks after
 - (i) the date on which the applicant made a claim for council tax reduction in respect of which he was first treated as possessing the capital in question under paragraph 39.1;
 - (ii) in a case where there has been at least one re-determination in accordance with paragraph 40.5, the date on which he last made a claim for council tax reduction which resulted in the weekly amount being re-determined, or
 - (iii) the date on which he last ceased to be entitled to council tax reduction, whichever last occurred; and
 - b. the applicant would have been entitled to council tax reduction but for paragraph 39.1.
- 40.7 The amount as re-determined pursuant to paragraph 40.5 shall not have effect if it is less than the amount which applied in that case immediately before the re-determination and in such a case the higher amount shall continue to have effect.
- 40.8 For the purposes of this section
- a. ‘part-week’
 - (i) in paragraph 40.4(a) means a period of less than a week for which council tax reduction is allowed;
 - (ii) in paragraph 40.4(b) means a period of less than a week for which housing benefit is payable;
 - (iii) in paragraph 40.4 (c),(d) and (e) means—
 - aa. a period of less than a week which is the whole period for which income support , an income-related employment and support allowance or, as the case may be, an income-based jobseeker’s allowance is payable; and
 - bb. any other period of less than a week for which it is payable;
 - b. ‘relevant week’ means the reduction week or part-week in which the capital in question of which the applicant has deprived himself within the meaning of section 39.1
 - (i) was first taken into account for the purpose of determining his entitlement to council

tax reduction; or

(ii) was taken into account on a subsequent occasion for the purpose of determining or re-determining his entitlement to council tax reduction on that subsequent occasion and that determination or re-determination resulted in his beginning to receive, or ceasing to receive, council tax reduction;

and where more than one reduction week is identified by reference to heads (i) and (ii) of this sub-paragraph the later or latest such reduction week or, as the case may be, the later or latest such part-week;

- c. 'relevant subsequent week' means the reduction week or part-week which includes the day on which the further claim or, if more than one further claim has been made, the last such claim was made.

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 Calculation of tariff income from capital – Protected Groups only

42.1 Where the applicant's falls with a protected group as defined by paragraph 2A.1, and where that applicant's capital calculated in accordance with this scheme exceeds £6,000 it shall be treated as equivalent to a weekly income of £1 for each complete £250 of in excess of £6,000 but not exceeding £16,000

42.2 Notwithstanding paragraph 42.1 where any part of the excess is not a complete £250 that part shall be treated as equivalent to a weekly tariff income of £1.

42.3 For the purposes of paragraph 42.1, capital includes any income treated as capital under section 36 (income treated as capital).

Sections 43 - 56

Definition and the treatment of students for Council tax reduction purposes²³

²³ Amounts shown in sections 43 to 56 will be updated in line with the Housing Benefit Regulations 2006 (as amended)

43.0 Student related definitions

43.1 In this scheme the following definitions apply;

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

'access funds' means;

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

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

'contribution' means;

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

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

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

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

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

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

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

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

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

‘grant income’ means

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

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

‘last day of the course’ means;

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

‘period of study’ means—

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

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

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

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

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

‘standard maintenance grant’ means–

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

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

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

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

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

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

44.0 Treatment of students

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

45.0 Students who are excluded from entitlement to council tax reduction

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

45.2 To be eligible for support, 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

ii) aged 21 and attained that age during a course of study which is not a course of higher education – this condition needs adding

iii) 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 Paragraph 45.3(i)(ii) only applies to a claimant until the end of the course during which the claimant attained the age of 21

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

57A Minimum Council Tax Support

57A.1 Where the amount of an applicant's council tax reduction is less than £2.50 per reduction week, no amount of reduction shall be paid whatsoever.

57A.2 Paragraph 57A.1 shall not apply to any applicant in the protected group as defined by paragraph 2A.1.

58.0 Non-dependant deductions²⁴

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

- (a) in respect of a non-dependant aged 18 or over in remunerative work, £12.20 x 1/7;
- (b) in respect of a non-dependant aged 18 or over to whom sub-paragraph (a) does not apply, £4.00 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 £207.70, the deduction to be made under this paragraph shall be that specified in paragraph 58.1(b);
- (b) not less than £207.70, but less than £360.10, the deduction to be made under this section shall be £8.10 x 1/7
- (c) not less than £360.10, but less than £447.40, the deduction to be made under this section

²⁴ The amounts shown within this section shall be updated in line with the Council Tax Reduction Schemes (Prescribed Requirements) Regulations 2012

shall be $\text{£}10.20 \times 1/7$;

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

- g. he is not residing with the claimant because he is a member of the armed forces away on operations

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

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

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

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

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

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

59A.0 Reduction of entitlement (Classes D & E)

59A.1 An entitlement calculated in accordance with this scheme shall be reduced by an amount of 25%. The standard deduction shall apply to the council tax reduction calculated for all working age claimants. The deduction **will not apply** where an applicant falls within the protected groups defined within paragraph 2A.1.

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 area²⁵

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 Alternative maximum council tax reduction (Second Adult Reduction) (Class F)

62.1 Subject to paragraphs 62.2 and 62.3, the alternative maximum council tax reduction where the

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

conditions are satisfied shall be the amount determined in accordance with Schedule 2.

62.2 Subject to paragraph 62.3, 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, in determining the alternative maximum council tax reduction in his case, the amount determined in accordance with Schedule 2 shall be divided by the number of persons who are jointly and severally liable for that tax.

62.3 Where an applicant is jointly and severally liable for council tax in respect of a dwelling with only his partner, solely by virtue of section 9, 77 or 77A of the 1992 Act (liability of spouses and civil partners), paragraph 62.2 shall not apply in his case.

63.0 Residents of a dwelling to whom Second Adult Reduction does not apply (Class F)

63.1 Entitlement to an alternative maximum council tax reduction (Second Adult Rebate) shall not apply in respect of any person referred to in the following paragraphs namely;

- (a) a person who is liable for council tax solely in consequence of the provisions of sections 9, 77 and 77A of the 1992 Act (spouse's or civil partner's joint and several liability for tax);
- (b) a person who is residing with a couple or with the members of a polygamous marriage where the applicant for council tax reduction 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;
- (c) a person who jointly with the applicant for support falls within the same paragraph of sections 6(2)(a) to (e) or 75(2)(a) to (e) of the 1992 Act (persons liable to pay council tax) as applies in the case of the applicant;
- (d) a person who is residing with two or more persons both or all of whom fall within the same paragraph of sections 6(2)(a) to (e) or 75(2)(a) to (e) of the 1992 Act and 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.

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 support 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 application²⁶

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) of the Council Tax Reduction Scheme (Prescribed Requirements) Regulations 2012;
- (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

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

reduction or its amount.

69.0 Procedure by which a person may apply for a reduction under the authority's scheme²⁷

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.

For the purposes of this scheme a Local Authority Information Document (LAID), Local Authority Customer Information document (LACI) or Local Council Tax Reduction Pro-forma or equivalent document issued by the Department for Work and Pensions shall be treated as a valid claim.

- 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.

²⁷ Inserted by Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012

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. For the purposes of this scheme a Local Authority Information Document (LAID) or Local Authority Customer Information document (LACI) issued by the Department for Work and Pensions shall be treated as a valid claim. The authority will consider a claim for reduction as remaining valid for any period that the claimant is entitled to Housing Benefit or Universal Credit.

- 69.9 (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
- (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 1 month before the date the application was made;
- c. the day 1 month before the date when the applicant requested that the application should include a past period
- (3) Where an applicant falls within a protected group as defined by paragraph 2A.1 the date specified within sub paragraph (2) b, and c, above shall be 6 months.

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 application 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.

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 evidence²⁸

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.

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

- 72.3 Sub-paragraph (2) does not apply;
 (a) in the case of a child or young person in respect of whom an application for a reduction is made;
 (b) to a person who;
 (i) is a person treated as not being in Great Britain for the purposes of this scheme;
 (ii) is subject to immigration control within the meaning of section 115(9)(a) of the Immigration and Asylum Act 1999; and
 (iii) has not previously been allocated a national insurance number.
- 72.4 Subject to sub-paragraph (5), a person who makes an application, or a person to whom a 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 of Schedule 8 the Council Tax Reduction Scheme (Prescribed Requirements) Regulations 2012 (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 application²⁹**
- 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.

²⁹ Inserted by Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012

- 73.3 Any application amended is to be treated as if it had been amended in the first instance.
- 73.4 A person who has made an application may withdraw it by notice to the designated office at any time before a decision has been made on it.
- 73.5 Where the application was made by telephone, the withdrawal may also be made by telephone.
- 73.6 Any notice of withdrawal given in accordance with sub-paragraph (4) or (5) has effect when it is received.
- 73.7 Where a person, by telephone, amends or withdraws an application the person must (if 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 circumstances³⁰

- 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

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

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 The duty imposed on a person by sub-paragraph (1) includes in the case of a person falling within the alternative maximum council tax reduction, giving written notice to the authority of changes which occur in the number of adults in the dwelling or in their total gross incomes and, where any such adult ceases to be in receipt of state pension credit, the date when this occurs.

74.7 All changes in circumstances should be notified to the authority in writing (or by whatever format agreed by the authority) within 21 days 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 authority³¹

75.1 An authority must make a decision on an application under its scheme within 14 days of paragraphs 4 and 7 and Part 1 of Schedule 7 of the Council Tax Reduction Scheme (Prescribed Requirements) Regulations 2012 being satisfied, or as soon as reasonably practicable thereafter.

76.0 Notification of decision³²

76.1 The authority must notify in writing any person affected by a decision made by it under its scheme;
(a) in the case of a decision on an application, forthwith or as soon as reasonably practicable thereafter;
(b) in any other case, within 14 days of that decision or as soon as reasonably practicable thereafter.

76.2 Where the decision is to award a reduction, the notification under sub-paragraph (1) must include a statement;
(a) informing the person affected of the duty imposed by paragraph 9 of Schedule 8 the Council Tax Reduction Scheme (Prescribed Requirements) Regulations 2012 (duty to notify change of circumstances) to notify the authority of any change of circumstances;
(b) explaining the possible consequences (including prosecution) of failing to comply with that duty; and
(c) setting out the circumstances a change in which might affect entitlement to the reduction or its amount.

76.3 Where the decision is to award a reduction, the notification under sub-paragraph (1) must include a statement as to how that entitlement is to be discharged.

76.4 In any case, the notification under sub-paragraph (1) must inform the person affected of the procedure by which an appeal may be made and must refer the person to the provisions in the authority's scheme relating to the procedure for making an appeal.

76.5 A person affected to whom the authority sends or delivers a notification of decision may, within one month of the date of the notification of that decision request in writing the authority to provide a written statement setting out the reasons for its decision on any matter set out in the notice.

76.6 The written statement referred to in sub-paragraph (5) must be sent to the person requesting it within 14 days or as soon as reasonably practicable thereafter.

76.7 For the purposes of this paragraph a person is to be treated as a person affected by a decision of the authority under its scheme where the rights, duties or obligations of that person are affected by that decision and the person falls within sub-paragraph (8).

76.8 This sub-paragraph applies to—
(a) the applicant;
(b) in the case of a person who is liable to pay council tax in respect of a dwelling and is unable for the time being to act;
(i) a deputy appointed by the Court of Protection with power to claim, or as the case may be, receive benefit on his behalf; or

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

³² Inserted by Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012

- (ii) in Scotland, a judicial factor or any guardian acting or appointed under the Adults with Incapacity (Scotland) Act 2000⁽³⁾ who has power to apply or, as the case may be, receive benefit on the person's behalf; or
- (iii) an attorney with a general power or a power to apply or, as the case may be, receive benefit, has been appointed by that person under the Powers of Attorney Act 1971, the Enduring Powers of Attorney Act 1985 or the Mental Capacity Act 2005 or otherwise,

(c) a person appointed by the authority to act for a person unable to act.

77.0 Time and manner of granting council tax reduction³³

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).

³³ Inserted by Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012

78.0 Persons to whom support is to be paid³⁴

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.

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 support / reduction³⁵

79.1 Where, on the revision of a decision allowing a reduction under the authority's scheme to a person, it is determined that the amount allowed was less than the amount to which that person was entitled, the authority must either;

- (a) make good any shortfall in reduction which is due to that person, by reducing so far as possible the next and any subsequent payments he is liable to make in respect of the council tax of the authority as it has effect for the chargeable financial year until that shortfall is made good; or
- (b) where this is not possible or the person concerned so requests, pay the amount of any shortfall in reduction due to that person within 14 days of the revision of the decision being made or if that is not reasonable practicable, as soon as possible afterwards.

80.0 Payment on the death of the person entitled³⁶

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 liability³⁷

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

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

³⁵ Inserted by Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012

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

³⁷ Inserted by Schedule 8 of the Council Tax Reductions Scheme (Prescribed Requirements) (England) Regulations 2012

(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 or is treated as having been so appointed, the amount of the reduction may be paid to that person.

83.0 - 90.0 Not used

Sections 91 – 94

Collection, holding and forwarding of information for Council tax reduction purposes

91.0 Use of information from and to the Department for Work and Pensions (DWP) and Her Majesty's Revenues and Customs (HMRC)

91.1 The authority will use information provided by the DWP and HMRC for the purposes of Council Tax Reduction, council tax liability, billing, administration and enforcement as outlined within Schedule 2 of the Local Government Finance Act 1992 as amended by the Local Government Finance Act 2012 and the Social Security (Information-sharing in relation to Welfare Services etc.) (Amendment) Regulations 2013

91.2 Where required by the relevant department and where required by law, the authority will share information obtained for Council tax reduction with the DWP or HMRC as appropriate.

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.

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 support 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 support 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 support 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 support 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 support 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 authority³⁸

- 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 Act³⁹.

³⁸ Inserted by Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012

³⁹ 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 Act⁴⁰

100.1 An application to the authority for a reduction under section 13A(1)(c) of the 1992 Act may be made;

- (a) in writing,
- (b) by means of an electronic communication in accordance with this scheme or
- (c) where the authority has published a telephone number for the purpose of receiving such applications, by telephone.

100.2 Where;

- (a) the authority has made a determination under section 13A(1)(c) in relation to a class of case in which liability is to be reduced; and
- (b) a person in that class would otherwise be entitled to a reduction under its scheme, that person's application for a reduction under the authority's scheme may also be treated as an application for a reduction under section 13A(1)(c).

⁴⁰ Inserted by Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012

Section 101 – 106A⁴¹
Electronic Communication

⁴¹ 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 paragraph (1) if the conditions specified in 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 Amounts⁴²

⁴² ⁴² The amounts shown within this schedule shall be updated in line with the Housing Benefit Regulations 2006 as amended

Personal Allowance

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

Column 1 Person or Couple	Column 2
1. A Single applicant who; a) is entitled to main phase employment and support allowance	£73.10
b) is aged not less than 25	£73.10
c) is aged not less than 18 but less than 25	£57.90
2. Lone Parent	£73.10
3. Couple; a) Where the applicant is entitled to the main phase of employment and support allowance	£114.85
b) Where one member is aged not less than 18	£114.85
c) Polygamous Addition	£41.75

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

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

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

Column 1 Child or Young Person	Column 2
Person in respect of the period– (a) beginning on that person’s date of birth and ending on the day preceding the first Monday in September following that person’s sixteenth birthday;	£66.90
(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.	£66.90
(c) Third or subsequent dependent child or young person whose date of birth falls on or after 1 st April 2017. This shall be determined in accordance with the Housing Benefit Regulations 2006 (as amended).	NIL

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

Family Premiums

3. (1) The amount for the purposes of this scheme in respect of a family of which at least one member is a child or young person shall be
- a. where the applicant is a lone parent to whom sub-paragraph (3) of Schedule 3 of the

- Housing Benefit Regulations 2006 applies, £22.20;
- b. in any other case, £17.45;
- c. **No family premium will be awarded where an application for reduction is received on or after 1st May 2016.**
 - i) Sub paragraph (c) shall not apply to a person who, on 30th April 2016, is entitled to Council Tax Reduction and is:
 - a. a member of a family of which at least one member is a child or young person; or
 - b. a partner in a polygamous marriage, where he or she, or another partner of the polygamous marriage, is responsible for a child or young person who is a member of the same household.
 - (c) (i) above does not apply if—
 - (a) sub-paragraph 3 c (i) (a) or (b) of that paragraph ceases to apply; or
 - (b) the person makes a new claim for Council Tax Reduction;

Premiums

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

Disability Premium

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

Additional Condition for the Disability Premiums

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

Severe Disability Premiums

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

Enhanced Disability Premium

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

Disabled Child Premium

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

Carer Premium

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

Persons in receipt of concessionary payments

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

Persons in receipt of benefit for another

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

Amounts of Premium

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

Premium	Amount
Disability Premium	£34.35
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	£48.95
Severe Disability Premium	£65.85
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	£65.85
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	£131.70
Disabled Child Premium	£64.19 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	£36.85 in respect of each person who satisfies the condition specified in paragraph 17 of Part 3

	of Schedule 3 Housing Benefit Regulations 2006
Enhanced Disability Premium	(a) £26.04 in respect of each child or young person in respect of whom the conditions specified in paragraph 15 of Part 3 of Schedule 3 Housing Benefit Regulations 2006 are satisfied; (b) £16.80 in respect of each person who is neither– (i) a child or young person; nor (ii) a member of a couple or a polygamous marriage, in respect of whom the conditions specified in paragraph 15 are satisfied; (c) £24.10 where the applicant is a member of a couple or a polygamous marriage and the conditions specified in paragraph 15 of Part 3 of Schedule 3 Housing Benefit Regulations 2006 are satisfied in respect of a member of that couple or polygamous marriage.

The components

17. The condition (s) to be met is contained in Schedule 3 (21 -24) Housing Benefit Regulations 2006 as amended by the Social Security (Miscellaneous Amendments) Regulations 2013
18. The amount of the work-related activity component is £29.05. The amount of the support component is £38.55. The work-related activity component **will not** apply where the applicant has been awarded Employment and Support Allowance on or after 1st April 2017 **and** been placed in the Work-Related Activity Group

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

Second Adult Reduction

(Alternative Maximum Council tax reduction for protected groups as defined with paragraph 2A.1)

1. Subject to paragraphs 2 and 3, the alternative maximum Council Tax Reduction in respect of a day for the purpose of section 62 shall be determined in accordance with the following Table and in this Table
 - a) 'second adult' means any person or persons residing with the applicant; and
 - b) 'persons to whom paragraph 45.2 applies' includes any person to whom that section would apply were they, and their partner if they had one, below the qualifying age for state pension credit.
2. In this Schedule 'council tax due in respect of that day' means the council tax payable under section 10 or 78 of the 1992 Act less–
 - (a) any reductions made in consequence of any enactment in, or under, the 1992 Act; and
 - (b) in a case to which sub-paragraph (c) in column (1) of the table below applies, the amount of any discount which may be appropriate to the dwelling under the 1992 Act.

Second Adult	Alternative Maximum Council Tax Reduction
(a) Where the second adult or all second adults are in receipt of income support, an income-related employment and support allowance or state pension credit or are persons on an income-based jobseeker's allowance;	25 per cent of the council tax due in respect of that day;
(b) where the gross income of the second adult or, where there is more than one second adult, their aggregate gross income disregarding any income of persons on income support, an income-related employment and support allowance, state pension credit or an income-based jobseeker's allowance–	is less than £206.00 per week; - 15 per cent of the council tax due in respect of that day; is not less than £206.00 per week but less than £266.00 per week; - 7.5 per cent of the council tax due in respect of that day;
(c) where the dwelling would be wholly occupied by one or more persons to whom regulation 43.1 applies but for the presence of one or more second adults who are in receipt of income support, state pension credit, an income-related employment and support allowance or are persons on an income-based jobseeker's allowance	100 per cent. of the council tax due in respect of that day.

In determining a second adult's gross income for the purposes of this Schedule, there shall be disregarded from that income;

- a. any attendance allowance, or any disability living allowance under section 71 of the Act or any personal independence payment under the Welfare Reform Act 2012 or an AFIP;
- 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).

3. Where there are two or more second adults residing with the applicant for reduction and any such second adult falls to be disregarded for the purposes of discount in accordance with Schedule 1 of the 1992 Act, his income shall be disregarded in determining the amount of any alternative maximum Council Tax Reduction, unless that second adult is a member of a couple and his partner does not fall to be disregarded for the purposes of discount.

Schedule 3

Sums to be disregarded in the calculation of earnings⁴³

⁴³ 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 earnings⁴⁴

⁴⁴ Any amounts shown in this schedule will be updated in line with the Housing Benefit Regulations 2006 as amended

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

school expenses; grant of scholarships etc);
(ii) regulations made under section 49 or 73(f) of the Education (Scotland) Act 1980 (power to assist persons to take advantage of educational facilities);
(iii) directions made under section 73ZA of the Education (Scotland) Act 1980 and paid under section 12(2)(c) of the Further and Higher Education (Scotland) Act 1992

(b) corresponding to such an education maintenance allowance, made pursuant to;
(i) section 14 or section 181 of the Education Act 2002 (power of Secretary of State and National Assembly for Wales to give financial assistance for purposes related to education or childcare, and allowances in respect of education or training); or
(ii) regulations made under section 181 of that Act; or

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

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

13. Any payment made to the applicant by way of a repayment under regulation 11(2) of the Education (Teacher Student Loans) (Repayment etc.) Regulations 2002.

14 (1) Any payment made pursuant to section 2 of the 1973 Act or section 2 of the Enterprise and New Towns (Scotland) Act 1990 except a payment;
(a) made as a substitute for income support, a jobseeker's allowance, incapacity benefit, severe disablement allowance or an employment and support allowance;
(b) of an allowance referred to in section 2(3) of the 1973 Act or section 2(5) of the Enterprise and New Towns (Scotland) Act 1990; or
(c) intended to meet the cost of living expenses which relate to any one or more of the items specified in sub-paragraph (2) whilst an applicant is participating in an education, training or other scheme to help him enhance his employment prospects unless the payment is a Career Development Loan paid pursuant to section 2 of the 1973 Act and the period of education or training or the scheme, which is supported by that loan, has been completed.
(2) The items specified in this sub-paragraph for the purposes of sub-paragraph (1)(c) are food, ordinary clothing or footwear, household fuel or rent of the applicant or, where the applicant is a member of a family, any other member of his family, or any council tax or water charges for which that applicant or member is liable.

15 (1) Subject to sub-paragraph (2), any of the following payments;
(a) a charitable payment;
(b) a voluntary payment;
(c) a payment (not falling within sub-paragraph (a) or (b) above) from a trust whose funds are derived from a payment made in consequence of any personal injury to the applicant;
(d) a payment under an annuity purchased;
(i) pursuant to any agreement or court order to make payments to the applicant; or
(ii) from funds derived from a payment made, in consequence of any personal injury to the applicant; or
(e) a payment (not falling within sub-paragraphs (a) to (d) received by virtue of any

agreement or court order to make payments to the applicant in consequence of any personal injury to the applicant.

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

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

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

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

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

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

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

to the applicant.

- (2) Sub-paragraph (1) applies only where A;
- (a) was formerly in the applicant's care, and
 - (b) is aged 18 or over, and
 - (c) continues to live with the applicant.

- 30.** (1) Subject to sub-paragraph (2), any payment received under an insurance policy taken out to insure against the risk of being unable to maintain repayments;
- (a) on a loan which is secured on the dwelling which the applicant occupies as his home; or
 - (b) under a regulated agreement as defined for the purposes of the Consumer Credit Act 1974 or under a hire-purchase agreement or a conditional sale agreement as defined for the purposes of Part 3 of the Hire-Purchase Act 1964.
- (2) A payment referred to in sub-paragraph (1) shall only be disregarded to the extent that the payment received under that policy does not exceed the amounts, calculated on a weekly basis, which are used to—
- (a) maintain the repayments referred to in sub-paragraph (1)(a) or, as the case may be, (b); and
 - (b) meet any amount due by way of premiums on—
 - (i) that policy; or
 - (ii) in a case to which sub-paragraph(1)(a) applies, an insurance policy taken out to insure against loss or damage to any building or part of a building which is occupied by the applicant as his home and which is required as a condition of the loan referred to in sub-paragraph (1)(a).
- 31.** Any payment of income which, by virtue of section 36 (income treated as capital) is to be treated as capital.
- 32.** Any social fund payment made pursuant to Part 8 of the Act (the Social Fund) or any local welfare provision as defined by the Social Security (Miscellaneous Amendments) Regulations 2013
- 33.** Any payment under Part 10 of the Act (Christmas bonus for pensioners).
- 34.** Where a payment of income is made in a currency other than sterling, any banking charge or commission payable in converting that payment into sterling.
- 35.** The total of an applicant's income or, if he is a member of a family, the family's income and the income of any person which he is treated as possessing under paragraph 15.2 (calculation of income and capital of members of applicant's family and of a polygamous marriage) to be disregarded under paragraph 47.2(b) and paragraph 48.1(d) (calculation of covenant income where a contribution assessed, covenant income where no grant income or no contribution is assessed), paragraph 51(2) (treatment of student loans), paragraph 52(3) (treatment of payments from access funds) and paragraphs 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 or council tax benefit.

38. Any payment made by the Secretary of State to compensate for the loss (in whole or in part) of entitlement to housing benefit.

39. - 40. not used

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

definition.

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

(b) which is used or intended to be used to maintain repayments on a loan taken out by that person for the purpose of establishing or carrying on the commercial activity, in respect of which such assistance is or was received.

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

- 59.** (1) Any payment of a sports award except to the extent that it has been made in respect of any one or more of the items specified in sub-paragraph (2).
(2) The items specified for the purposes of sub-paragraph (1) are food, ordinary clothing or footwear, household fuel or rent of the applicant or where the applicant is a member of a family, any other member of his family, or any council tax or water charges for which that applicant or member is liable.
(3) For the purposes of sub-paragraph (2) 'food' does not include vitamins, minerals or other special dietary supplements intended to enhance the performance of the person in the sport in respect of which the award was made.
- 60.** Where the amount of subsistence allowance paid to a person in a reduction week exceeds the amount of income-based jobseeker's allowance that person would have received in that reduction week had it been payable to him, less 50p, that excess amount.
- 61.** In the case of an applicant participating in an employment zone programme, any discretionary payment made by an employment zone contractor to the applicant, being a fee, grant, loan or otherwise.
- 62.** Any discretionary housing payment paid pursuant to regulation 2(1) of the Discretionary Financial Assistance Regulations 2001 as amended by the Welfare Reform Act 2012 (Consequential Amendments) Regulations 2013.
- 63.** (1) Any payment made by a local authority or by the Welsh Ministers to or on behalf of the applicant or his partner relating to a service which is provided to develop or sustain the capacity of the applicant or his partner to live independently in his accommodation.
(2) For the purposes of sub-paragraph (1) 'local authority' includes, in England, a county council.
- 64.** Not used
- 65.** Any payments to a claimant made under section 49 of the Children and Families Act 2014 (personal budgets and direct payments)
- 66.** Any payment of child benefit.
- 67.** The monthly payments of Bereavement Support Payment should be treated as unearned income and disregarded as income for one month from the date of payment. Any unspent money at the end of the month should be treated as capital but not disregarded.

Schedule 5
Capital to be disregarded⁴⁵

⁴⁵ Any amounts shown in this schedule will be updated in line with the Housing Benefit Regulations 2006 as amended

1. The dwelling together with any garage, garden and outbuildings, normally occupied by the applicant as his home including any premises not so occupied which it is impracticable or unreasonable to sell separately, in particular, 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. -6. Not Used
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.

- (4) 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 support.
- 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 (as amended by the Civil Procedure (Amendment No. 7) Rule 2013) or by the Court of Protection;
(b) which can only be disposed of by order or direction of any such court; or
(c) where the person concerned is under the age of 18, which can only be disposed of by order or direction prior to that person attaining age 18.
(2) This sub-paragraph applies to a sum of capital which is derived from;
(a) an award of damages for a personal injury to that person; or
(b) compensation for the death of one or both parents where the person concerned is under the age of 18.
- 48.** Any sum of capital administered on behalf of a person in accordance with an order made under section 13 of the Children (Scotland) Act 1995, or under Rule 36.14 of the Ordinary Cause Rules 1993 or under Rule 128 of those Rules, where such sum derives from
(a) award of damages for a personal injury to that person; or
(b) compensation for the death of one or both parents where the person concerned is under the age of 18.
- 49.** Any payment to the applicant as holder of the Victoria Cross or George Cross.
- 50.** Not used
- 51.** In the case of a person who is receiving, or who has received, assistance under the self-employment route, any sum of capital which is acquired by that person for the purpose of establishing or carrying on the commercial activity in respect of which such assistance is or was received but only for a period of 52 weeks from the date on which that sum was acquired.
- 52.** (1) Any payment of a sports award for a period of 26 weeks from the date of receipt of that payment except to the extent that it has been made in respect of any one or more of the items specified in sub-paragraph (2).
(2) The items specified for the purposes of sub-paragraph (1) are food, ordinary clothing or footwear, household fuel or rent of the applicant or, where the applicant is a member of a family, any other member of his family, or any council tax or water charges for which that

applicant or member is liable.

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

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

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

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

53A.-53B. Not used

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

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

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

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

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

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

the date of the diagnosed person's death.

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

in respect of persons who suffered, or who are suffering, from variant Creutzfeld-Jakob disease for the benefit of persons eligible for payments in accordance with its provisions; 'trust payment' means a payment under a relevant trust.

- 58.** The amount of any payment, other than a war pension, to compensate for the fact that the applicant, the applicant's partner, the applicant's deceased spouse or deceased civil partner or the applicant's partner's deceased spouse or deceased civil partner
- (a) was a slave labourer or a forced labourer;
 - (b) had suffered property loss or had suffered personal injury; or
 - (c) was a parent of a child who had died,
- during the Second World War.
- 59** (1) Any payment made by a local authority, or by the Welsh Ministers, to or on behalf of the applicant or his partner relating to a service, which is provided to develop or sustain the capacity of the applicant or his partner to live independently in his accommodation.
- (2) For the purposes of sub-paragraph (1) 'local authority' includes in England a county council.
- 60.** Any payment made under regulations made under section 57 of the Health and Social Care Act 2001 or under section 12B of the Social Work (Scotland) Act 1968, or under section 12A to 12D of the National Health Service Act 2006 (direct payments for health care).
- 61.** Any payment made to the applicant pursuant to regulations under section 2(6)(b), 3 or 4 of the Adoption and Children Act 2002.
- 62.** Any payment made to the applicant in accordance with regulations made pursuant to section 14F of the Children Act 1989 (special guardianship support services).
- 63.** Any payments to a claimant made under section 49 of the Children and Families Act 2014 (personal budgets and direct payments).
- 64.** For working age claimants, the initial lump sum payment of £3,500 or £2,500, should be treated as capital and disregarded for 52 weeks from the date of payment. If the initial payment includes any arrears of Bereavement Support Payment, these should be treated as capital and disregarded for 52 weeks from the date of payment.

TELFORD & WREKIN COUNCIL

CABINET – 14 FEBRUARY 2019

APPENDIX 16 - DRIVING DELIVERY OF THE COUNCIL'S PRIORITIES – 6 MONTH PERFORMANCE REPORT (1 APRIL 2018 TO 30 SEPTEMBER 19)

PART A) – SUMMARY

1. SUMMARY OF MAIN PROPOSALS

1.1. This Appendix provides an overview of the progress made delivering the Council's community facing priorities.

2. INFORMATION

2.1. The refreshed Council Plan approved by Council on 10 April 2018, sets out 7 community facing priorities that provide the strategic and operational focus of the organisation. These are:

- **Protect and support our most vulnerable children and adults**
- **Put our children and young people first**
- **Protect and create jobs as a “Business Supporting, Business Winning Council”**
- **Improve local people's prospects through Education and Skills training**
- **Ensure that neighbourhoods are safe, clean and well maintained**
- **Support neighbourhoods most in need and work to ensure that local people have access to suitable housing**
- **Improve the Health & Wellbeing of our Communities and Address Health Inequalities**

2.2. To understand the progress made delivering these priorities, a performance report is presented to Cabinet twice each year. Delivery of these priorities relies on partnership working, and for many of the priorities, external factors beyond the Council's control have impact on our ability to make the progress we would always like to.

2.3. In this Appendix, headline findings for the first six months of 2018/19 are presented against each priority. This includes positive progress and challenges, and in this particular report, any significant changes from the 2017/18 end-of-year report presented to Cabinet in July 2018.

2.4. Highlights of our pressures and successes:

Pressures

- Continued increasing levels of **demand on Adult and Children's Social Care**
- **Enhanced statutory responsibility to prevent homelessness** with insufficient resources allocated from Government.
- The **uncertainty of Brexit** is impacting on business investment in the Borough
- Budget and cost pressures of delivering the Special Educational Needs and Disabilities (SEND) agenda.

We continue to work to reduce these pressures through, for example investment in staff training, implementing the Early Help Offer and reviewing Council services to further improve efficiency.

Successes

Despite delivering £117m+ savings we continue to innovate and deliver. Examples include:

- ✓ **Attracting and securing growth** - we are the 7th fastest growing population in the UK (outside of London) and the fastest growing authority for housing sector growth.
- ✓ **Through NuPlace** increased the availability of high quality homes in the private rented sector acting as a committed and responsible landlord and bringing in a total revenue benefit to the Council for last year of £1.238m.
- ✓ **Putting Telford on the map** - successful delivery of the Telford @ 50 events led to over 100,000 residents and visitors participating in our vibrant cultural calendar.
- ✓ **Working to ensure the best possible outcomes for children in care** - adoption timescales are 4th best in the England.

2.5. This Appendix demonstrates that despite the £117m+ savings the Council has made and increased demand for services, as an organisation we remain focussed on delivering our community priorities and we continue to make real, positive progress in many areas.

2.6. Protect and support our most vulnerable children and adults

Children

2.6.1. We want children to live safely at home but where they cannot we want the very best for our children in care and care leavers.

2.6.2. We have continued to sustain the reduction in the number of children on Child Protection Plans (down from 297 at the same point last year to 226). The number of children in care continues to be around 370. Importantly, the rate of re-referrals and child protection plan re-registrations have improved giving confidence that decision making is sound. (Re-referrals have reduced from 21.2% at the end of 2017/18 to 19% at the end of September and re-registrations from 17.5% at end of 2017/18 to 17% at the end of September).

- 2.6.3. Where appropriate, we want children in care to benefit from adoption, in a timely fashion. The Council's performance on this is good with the process from a child entering care to moving in with an adoptive family taking one year (345 days) compared with statistical neighbour rate of 516 days.
- 2.6.4. Whilst placement stability of children in care continued to improve through the first six months of 2018/19 we want to see this improve further. At the same point last year 44% of children in care who have been looked after for more than 2.5 years have been in a placement for more than 2 years, this has increased to 59% at the end of September. There are significant variables that impact upon performance that include complexity and age of child coming into care, placement sufficiency of foster carers, matching of child with appropriate placement, education provision etc. The new refreshed Permanence Strategy, placement stability panel (which looks at a placement when there are concerns about stability which any agency can refer into to) and learning from disruptions will continue to assist in improving performance.
- 2.6.5. The development of the Local Offer for Care Leavers (which will be published this Spring) will outline our commitment to further develop our support for Care Leavers to live independently and ensure they are in education, employment and training.
- 2.6.6. The work undertaken over the last 12 months to improve our core processes is now demonstrated in the timeliness of our Children & Family Assessments, which has improved from 73% at the end of 2017/18 to 90%, exceeding our target of 82%. We continue to improve our performance through a variety of methods, including implementing our Recruitment and Retention Strategy (further improving skills and capacity).

Adults

- 2.6.7. As demand continues to grow on Adult Social Care, our resources are increasingly focussed upon those with the most complex of needs within our community.
- 2.6.8. In the first half of the year there were 1,483 contacts into the service (an increase on 1,274 at the same point the previous year), with only 27% required to have a Care Act Assessment. The other 73% have been provided with information & advice or signposted to other agencies or the voluntary sector. These rates are comparable to the previous year (71.2% at the same point in 2017/18).
- 2.6.9. We continue to reduce the number of people in residential care particularly through the development of supported accommodation and the use of re-ablement and assistive technology to increase independence. Our rate of 182 admissions per 100,000 population 65+ in the first six months of 2018/19 was down slightly from the same point the previous year (188) – we are on track to remain significantly better than the national rate therefore supporting more people to remain in their own home for longer.
- 2.6.10. As reported previously, with more people in Telford ageing we do have some challenges around the long-term impact of our approach to re-enablement when we

compare our rate to other local authorities but this is improving. Equally, we want more people to take control of their own support through ‘direct payments’.

2.6.11. The pressures within the NHS are well known. It is essential that we continue to play our part by ensuring that people with complex needs who are ready to leave hospital are enabled to do so. We are successfully supporting this as measured by “Delays in Transfer from Hospital”. Our performance continues to be significantly better than both the national and regional rates (at year end the national rate was 12.3 significantly higher than our rate of 4.7).

2.6.12. Quality in adult social care provision is measured by CQC ratings. Our My Options CQC ratings for Lakewood Court, Shared Lives and Community Support are all ‘good’.

2.7. Put our children and young people first

2.7.1. This is a cross-cutting priority which is delivered through our other priorities – this is about ensuring that all children can attend a good or outstanding school, that they have good health and diet, are able to access the right training and job opportunities to fulfil their potential.

2.8. Protect and create jobs as a “Business Supporting, Business Winning Council”

2.8.1. Telford has been described by Department of International Trade as the “Beating heart of Foreign Direct Investment”:

- **7th fastest growing authority in England outside of London**
- **Number 1 for housing growth in 2018;**
- **98% of the Borough have access to superfast broadband speeds.**

2.8.2. There are though challenges. Some are as a result of uncertainty about BREXIT - nationally, investment and expansions are down and this is mirrored locally and there are also clear challenges in the high street as shopping habits change and centres need to provide a wider leisure and retail offer to maintain footfall.

2.8.3. In response our strategy is to focus on strengths and developing opportunities:

- The Borough is one of only 3 Department of International Trade National High Potential Opportunity Pilots, the only one in the UK for Agri-Tech;
- New opportunities of auto development around “light weighting” and “battery” technology;
- Using our unique land deal with Homes England to ensure development sites are de-risked and prepared for investors to move onto – and to acquire land and build premises bespoke to investors requirements through our Growth Fund;
- Continue to offer business support - we have continued to see an increase in footfall at the Growth Hub and the number of start-up businesses supported;

- Seek mechanisms (including Government grant funding) to support SMEs to automate production, increase their skills base and understand and provide for the whole digital agenda, including cyber security;
- Seeking to support the High Street through Pride in Our High Street grants to bring empty units back into use and to improve retail facades to improve the look and feel of the High Street as a destination for leisure activity. For example two new business were created in Oakengates through the empty premises grant in the first six months of the year. Oakengates through the empty premises grant in the first six months of the year with others in the pipeline; and
- Linked with reviving the High Street, delivering the Young High Street Challenge, a national first for engaging young people in the future of their High Street

2.9. Improve local people's prospects through Education and Skills training

- 2.9.1. Whilst school performance in the Borough is now amongst the best in the West Midlands, we want to ensure that all pupils, whatever their background fulfil their potential. At KS2, pupils in Telford perform 3% points higher than the national average. In terms of KS4, attainment for SEND, disadvantaged, children in care, and pupils with English as an additional language, these are broadly in line with the performance of these groups nationally. A continuing area of challenge is the attainment of the relatively small number of Pakistani pupils which was lower than Pakistani pupils nationally.
- 2.9.2. 3.3% of the school population have EHCPs (Education Health and Care Plans). We have continued to make progress regarding timeliness whereby 98% of all new plans issued were within the 20 week timescale (including valid exceptions). This is an increase from 77% in 2017 and 23% in 2016.
- 2.9.3. The number of fixed term exclusions across the authority remains a concern. However, recent data indicates that the rate of exclusions in both primary schools and in most secondary schools is beginning to reduce. A small number of secondary schools are nevertheless, still showing a high exclusion rate.
- 2.9.4. Addressing the above challenges is a key focus of the Telford Education Strategic Partnership which includes Heads from primary, secondary and special schools, the Principal of Telford College, early years representatives and the Severn Teaching Schools Alliance.
- 2.9.5. Young people Not in Education, Employment or Training, has been an ongoing challenge for Telford and Wrekin with too many young people in this position. We continue to make progress against this – narrowing the gap to the national position. We are now better than national for the number of 'not knows' (young people where we do not know what they are doing) but higher than national for our NEETs (5.4% compared to 2.7% nationally). Importantly, engagement and participation in our Life Ready, Work Ready programme continues to grow with 9 primary schools now signed up (up from 0 at the same point the previous year).
- 2.9.6. In April 2018, as part of the implementation of the Telford Online Digital Strategy, we launched iDEA (The Duke of York Inspiring Digital Enterprise Award) to give people the opportunity to develop their digital skills and gain a nationally accredited

certificated. It was launched initially to schools and then to the wider community; to date over 2,300 badges have been completed.

2.10. Ensure that neighbourhoods are safe, clean and well maintained

2.10.1. Our Community Safety Partnership is core to ensuring that our neighbourhoods are safe. The Partnership continues to progress its 3 priorities, tackling child sexual exploitation (CSE), addressing domestic abuse and tackling crime and reducing antisocial behaviour. From a Council perspective:

- CSE continues to be a key priority of the Council, with continual raising awareness campaigns (TellSomeone), training for all employees and increasing the capacity to tackle the issue and support those affected by it. The Independent review into CSE in the Borough will continue to progress during 2019.
- Addressing Domestic Abuse – the updated partnership Domestic Abuse Strategy was endorsed by Cabinet in December 2018 and sets out how we, alongside our partners will address the levels of domestic abuse in the Borough.
- Tackling Crime and Reducing Anti-social Behaviour (ASB) - from a Council perspective, our enforcement programme is core to this. We continue to make full use of all our enforcement powers and results include reports of fly tipping down by 4% on the same period last year. More specifically, there has been a 31% reduction in fly tipping reports from the Brookside area as a result of our intervention and education campaigns - this is currently being deployed to other hot spot areas. A total of 115 fixed penalty notices covering various aspects of ASB have been issued during this 6 month period. We have also secured a number of high profile prosecutions involving HMO landlords, food businesses operators due to food hygiene offences and private hire taxi drivers caught plying for hire. We have issued a substantial number of improvement notices and warning notices to a cross section of business regarding their duty of care to dispose of waste correctly. Our Environmental Health Officers are also on track to achieve 100% of our Borough wide food safety inspections by Feb 2019. Our social media campaigns, highlighting our enforcement successes, are helping to get the message out that we will take action against the minority who continue to blight our community.

2.10.2. Idverde have been appointed as our new grounds and cleansing contractor commencing from April 2019. The contract will deliver major improvements in standards for both grounds and cleansing services. Specifically, in relation to more frequent street sweeping and litter picking, and protecting the additional grass cuts currently funded by the Pride in Our Community programme. In achieving these enhanced standards we have also secured excellent value for money by delivering savings of £500,000 per annum through the new contract.

2.10.3. Our Pride in our Community Programme remains a core driver of our approach to ensure that neighbourhoods are well maintained. During 2018/19, the Council is investing £45m into roads, footpaths, drainage, structures and street lighting.

- 2.10.4. Over 17,000 street lights have been replaced with LED lighting and the programme will complete in March 2019 with over 20,000 street lights being upgraded to LED, saving over £500,000 per annum whilst improving safety at the same time. We have resurfaced 60,000m of footpaths and 19,000m of roads, completed a major white lining refresh across the Borough and delivered 216 additional off street parking spaces to date with more to come over the next 6 months. We are ranked 6th out of 112 authorities for satisfaction with our Highways.
- 2.10.5. We have responded to 468 Pride in Our Community rapid response jobs including site clear ups, weeding, overhanging trees and vandalism during this reporting period and have planted 1 million spring bulbs at our key gateways to the Borough. 99.9% of household waste collections were also completed on time (5.8million collections per year).

2.11. Support neighbourhoods most in need and work to ensure that local people have access to suitable housing

- 2.11.1. A key priority has been to improve standards in the private rented housing sector through the Better Homes for All initiative. This combines enforcement with education in order to tackle rogue landlords whilst also recognising and supporting good landlords. As part of Better Homes for All, we have established a Rogue Landlord Taskforce and have also stepped up our enforcement resulting in 120 legal notices and 2 prosecutions. We have also introduced a new Landlord Accreditation Scheme, which currently has more than 90 members, provided new advice and support for tenants including free tenant passports and launched the first ever Better Homes for All awards which are due to take place in February 2019.
- 2.11.2. Homelessness continues to be a challenge, however, significant improvements have been made in the proportion of people prevented from being homeless due to an increased focus on prevention. This is in part also linked to the implementation of the new Homelessness Reduction Act which extended the time period during which local authorities should treat someone as threatened by homelessness (from 28 to 56 days), giving longer for homelessness to be prevented. These improvements have been delivered in conjunction with a range of local partners. Additional legacy funding of £100k has also now been allocated to implement a package of measures targeted at tackling the root causes of homelessness
- 2.11.3. At year end we reported the increased pressure in using temporary accommodation. In the first six months of the year we have seen a significant decrease in the length of time in temporary accommodation, from 26.4 weeks at the end of 2017/18 to 19.6 weeks. However, temporary accommodation continues to be under pressure as we are seeing more complex cases where it is more difficult to find 'move on accommodation'.
- 2.11.4. The Council's wholly owned housing company, NuPlace, now has 290 homes available for private rent. Demand for these properties is high and are oversubscribed. Overall, we are on-track to deliver a portfolio of 420 houses by 2020. Importantly, we continue to sustain excellent performance with regard to the management of NuPlace properties and tenancies: minimising rent loss (2%),

timely repairs (100%) and rent collection (95%). Further to a report to Cabinet in June 2018, NuPlace has now identified a site to build 19 specialist accommodation units and subject to planning permission will start work on site in Spring 2019, with an anticipated completion date of Spring 2020. The total revenue benefit to the Council last year from NuPlace, after covering all additional costs, was £1.238m. NuPlace made a pre-tax profit of £0.343m in 2017/18, expected to increase to £0.5m in 2019/20.

2.11.5. Overall, housing growth remains strong in the Borough with a projected net completion of 1200+ dwellings in 2018/19 with 270 classified as 'affordable'. The new Local Plan is an essential part of our ability to manage growth and secure the funding necessary to develop the associated infrastructure to accommodate growth.

2.11.6. The Local Plan enables the Council to manage growth within the Borough and protect green spaces. We continue to increase the area of protected green space in the Borough, with the designation of a further 50+ green guarantee sites and approval to (currently) 15 Local Nature Reserves across the Borough, providing three times the national standard provision.

2.12. Improve the Health & Wellbeing of our Communities and Address Health Inequalities

2.12.1. We continue to work with communities to improve health and wellbeing and reduce inequalities within our Borough. A core element of this strategy is to develop more community capacity to support each other to improve their wellbeing – for example we now have 66 trained health champions working with passion in their communities. They are supporting a wide range of activities such as the 'Feed the Birds' programme aimed at reducing social isolation. We are supporting a wide range of community groups and residents to offer more peer and volunteer support, and get involved in local projects to improve wellbeing using the assets and resources of those communities. A recent example is working with a local volunteer chef and Wrekin Housing Trust to start 'Men in Kitchens' supporting older men to get together and learn to cook some meals.

2.12.2. The Healthy Lifestyle Service has evolved over this year. We have in-sourced the external quit smoking service and incorporated lifestyle support for children, young people and families so that we are able to offer holistic behaviour change support for all ages. The service are nearly on track to delivering the target number of brief interventions (17,482 or 97% of target) and, whilst this represents a reduction on last year, more brief interventions are being delivered by our health champions in their communities thereby allowing our healthy lifestyle advisors to focus their work on supporting clients with behaviour change. Smoking quit rates have improved and are at 53% which is better than the national average and the service is targeting support at those most in need, for example, manual workers and those with mental health problems

2.12.3. Our leisure and outdoor education offer plays an important part of this. In addition to free swimming for under 16s and free swimming lessons for children through primary schools, the number of children having swimming lessons was above target in the first 6 months of the year. Whilst the overall number of visits to leisure

centres is being impacted by competition from new budget gyms entering Telford, there are more than 7,000 Aspirations members using the Council's health and fitness facilities.

- 2.12.4. A key area where we want to have greater impact is **excess weight in children** – provisional figures for 2017/18 show a slight improvement in proportion of reception age children with excess weight (22.6% down from 24.8% the previous year) but shows an increase in the proportion of children in year 6 with excess weight (38.2% up from 34.6%). As previously reported, this remains a significant challenge for the Borough and nationally; it is one where external factors and policy drivers, e.g. the debate over sugary drinks, impacts on the progress that we can make on this. This challenge was the focus of the Public Health Annual Report published in September 2018; the report made 24 recommendations for a whole system approach to tackle this issue and we will be closely monitoring the impact of these actions over the next 12 months.
- 2.12.5. When drug and alcohol misuse becomes more of a problem, we want to engage those people with addiction and dependence issues into our Telford STARS (Substance Misuse Treatment and Recovery Service) and our peer-led recovery organisations, such as TACT, Recharge and A Better Tomorrow for treatment and wider support. The treatment completion rates for people with alcohol misuse have markedly improved, and are now significantly better than the England average, with 51.1% completing treatment in Q2 2018/19, compared to 44.5% during 2017/18. Improving treatment completion rates for people with drug misuse issues will be a key priority the Drug & Alcohol Strategy which is currently being refreshed.
- 2.12.6. Creating cultural events that people enjoy creates a sense of wellbeing within the Borough. Our successful calendar of Council-run events during our 50th Anniversary year were attended by over 100,000 people and over 40 events organised by our communities potentially reached more than 30,000 people. Many community groups, schools, businesses and residents themselves got involved – for example giving 759 volunteer hours to help these events run smoothly or 1,000 people having their photo taken as part of our People's Portrait Gallery. This successful Telford@50 year has raised the profile of Telford locally, regionally and nationally. Also, with Big Top in particular, new audiences have been for our theatre. The Place, with ticket sales up by 16,500 tickets or 27% in the first 9 months of this year compared to 2017/18.

TELFORD & WREKIN COUNCIL

CABINET – 14 FEBRUARY 2019

COUNCIL – 28 FEBRUARY 2019

2018/19 & 2019/20 CAPITAL STRATEGY

REPORT OF THE ASSISTANT DIRECTOR: FINANCE & HR (CHIEF FINANCIAL OFFICER)

LEAD CABINET MEMBER: CLLR LEE CARTER

PART A) – SUMMARY REPORT

1.0 SUMMARY OF KEY ISSUES

The Capital Strategy is a new requirement of the Prudential Code for Capital Finance in Local Authorities. The aim of the strategy is to give an overview of the long-term context in which capital expenditure and investment decisions are made and to highlight the consideration given to risks and rewards as well as the achievement of Council priorities.

1.1 SUMMARY

The Capital Strategy forms part of the suite of Service & Financial Planning Strategy Reports to be approved by Council. The strategy aims to provide an overview of total investments and borrowing undertaken by the Council, providing context and showing how these meet the Council's overall objectives. The detailed capital strategy is attached at Appendix 1.

2.0 RECOMMENDATION

Members are asked to approve the Capital Strategy for 2018/19 and 2019/20.

3.0 SUMMARY IMPACT ASSESSMENT

COMMUNITY IMPACT	Do these proposals contribute to specific Priority Plan objective(s)?	
	Yes	Delivery of all priority objectives depend on the effective use of available resources.

	Will the proposals impact on specific groups of people?	
	No	
TARGET COMPLETION/DELIVERY DATE	The strategy is for 2018/19 and 2019/20.	
FINANCIAL/VALUE FOR MONEY IMPACT	Yes	The financial implications arising from the Capital Strategy are included in the 2018/19 and 2019/20 Service & Financial Planning Strategies.
LEGAL ISSUES	No	The Capital Strategy is required to meet the requirements of the Prudential Code for Capital Finance.
OTHER IMPACTS, RISKS & OPPORTUNITIES	No	Risks and opportunities are considered throughout the report.
IMPACT ON SPECIFIC WARDS	No	Borough Wide

4.0 **PREVIOUS MINUTES**

None

PART B) – ADDITIONAL INFORMATION

There is no additional information.

5.0 **BACKGROUND PAPERS**

Treasury Strategy Report
Prudential Indicators Report
Investment Strategy
Service & Financial Planning Strategy

Report Prepared by:

Ken Clarke, Assistant Director: Finance & HR (C.F.O.) – 01952 383100;
Pauline Harris, Finance Manager – 01952 383701

CAPITAL STRATEGY OVERVIEW

2018/19 & 2019/20

1.0 INTRODUCTION

1.1 The Prudential Code for Capital Finance in Local Authorities was updated in December 2017 and includes the requirement for authorities to produce a Capital Strategy. The aim of the Capital Strategy is to give an overview of the long-term context in which capital expenditure and investment decisions are made and to highlight that due consideration is given to both risk and reward together with the impact on the achievement of priority outcomes in the decision-making process. To do this, the Capital Strategy brings together information from a number of key areas which form its structure, with the clear acknowledgement that investments can be made for policy reasons outside of Treasury Management:

The strategy is structured as follows:-

Strategic Overview

Balance Sheet Position

Capital Expenditure & Financing

Debt, Borrowing and Treasury Management

Investments for Service Purpose Including Those with
Commercial Benefits

Other Long-Term Liabilities

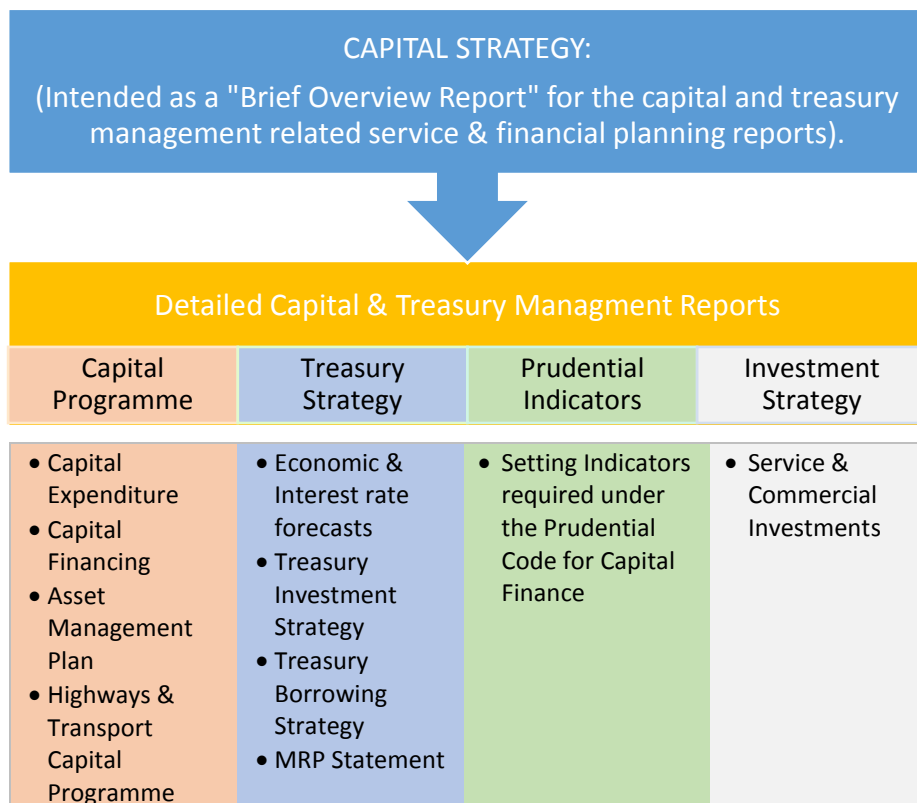
Revenue Budget Implications

Knowledge & Skills

Chief Financial Officer Comment

We have sought to draft the Strategy in an accessible style to assist understanding of some technical issues.

1.2 The Capital Strategy forms part of the Council's suite of Service & Financial Planning Strategy Reports to be approved by Council prior to the start of the financial year:



Due to the lateness of the publication of the requirements and the lack of guidance available it was not possible to prepare a Capital Strategy report earlier for 2018/19 and the Strategy for 2018/19 and 2019/20 are therefore combined.

2.0 STRATEGIC OVERVIEW

2.1 In the short to medium term, Telford & Wrekin Council continues to be in a period of significant transformation. The drivers of this are:

- The Government's prolonged austerity programme - the Council has faced the challenge of making significant savings, totalling £117m since 2010 whilst trying to protect front-line services as far as possible. Our Service and Financial Planning Strategy sets out our response to this challenge and how these savings are being identified and delivered.

Service & Financial Planning Strategy Including: Revenue Budget Strategy; Capital Strategy; Capital Programme; Treasury Strategy; Prudential Indicators	http://www.telford.gov.uk/info/20262/the_councils_budget/56/council_budget_-_2018
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- Being a Cooperative Council and reshaping the relationship between the Council, its employees, the community and partners to:
 - Improve and bring public services together;
 - Involve local people and our employees more in planning and running our services;
 - Strengthen and develop our communities and encourage people to do more to help their own communities.

2.2 As a Cooperative Council, we will work with our communities to create:

‘Telford & Wrekin – the Place to live, learn, work and do business’

We will:

- **put our children and young people first**
- **protect and create jobs as a ‘Business Supporting, Business Winning Council’**
- **improve local people’s prospects through education and skills training**
- **protect and support our vulnerable-children and adults**
- **ensure that neighbourhoods are safe, clean and well maintained**
- **improve the health and wellbeing of our communities and address health inequalities**
- **support neighbourhoods most in need, ensure that local people can access to suitable housing**

2.3 Capital investment clearly plays a key role in the achievement of our local priorities. Through our Capital Strategy we seek to maximise the value and opportunities of our assets to take forward the delivery of emerging strategic priorities whilst being mindful of stewardship, prudence, sustainability and affordability.

2.4 Our Capital Strategy is not, however, just about ‘concrete, tarmac, buildings etc.’, it is about making a positive difference to the quality of local people’s lives through specific projects, services, technology and facilities. In recent years, key initiatives have been progressed/delivered through targeted capital investment. Further information can be found in the Council Plan

Council Plan	http://www.telford.gov.uk/downloads/file/1604/council_plan
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2.5 Reducing dependency on Government Grants is an essential part of our financial strategy and we have actively sought out opportunities that deliver

commercial as well as service objectives to achieve this. All such proposals are subject to a business case approval process.

3.0 BALANCE SHEET POSITION

3.1 An extract from the Council's balance sheet 31 March 2018 is shown below

	£m
Long Term Assets	
Property, Plant & Equipment	471.531
Investment Properties (Property Investment Portfolio)	95.657
Intangible Assets	2.081
Long Term Investments (of which Equity in Nuplace is £8.950m)	9.265
Long Term Debtors (of which the loan to Nuplace is £25.476m)	25.917
Total Long Term Assets	604.451
Investments	
Short Term Investments – call accounts/bank account	19.622
Short Term Investments – cash	0.124
Total Investments	19.746

Borrowing	
Long-Term Borrowing	(154.526)
Short-Term Borrowing	(102.176)
Total Borrowing	(256.702)

Total borrowing at 31 March 2018 was £257m which was an increase of £37m compared to 31 March 2017, due to capital expenditure. After adjusting for changes due to the conversion of former Local Authority schools to academy status, the value of the Council's fixed assets increased by £47.8m during 2017/18.

4.0 CAPITAL EXPENDITURE & FINANCING

4.1 Capital expenditure is where the Council spends money on assets, such as property or vehicles, which will be used for more than one year. In local government this includes spending on assets owned by other bodies, and loans and grants to other bodies enabling them to buy assets. Capital expenditure is defined in regulation.

4.2 In 2018/19, the Council has planned capital expenditure of £71.778m , (Originally £85m prior to rescheduling) and in 2019/20 there is planned capital expenditure of £77m as summarised below:

Table 1: Prudential Indicator: Estimates of Capital Expenditure in £ millions

	2018/19 Budget	2019/20 Budget	2020/21 Budget	2021/22 Budget
General Fund services	52.237	54.220	20.800	5.857
Housing Investment Programme	7.012	10.713	11.008	0
Property Investment Portfolio	10.326	8.513	0	0
Telford Land Deal	2.203	4.012	2.517	0
TOTAL	71.778	77.458	34.325	5.857

- 4.3 Over the medium term, the main General Fund capital projects are:
- Over £50m for road and transport improvements and infrastructure schemes which includes
 - £4.1m to improve street lighting by continuing to install LED lighting
 - £21.8m to improve highways and roads,
 - £1.0m for estate car parking improvements
 - £34m for Education and School improvement schemes, mainly funded from Government Grant
 - £9.1m for the Newport Innovation and Enterprise package which is mainly funded from Local Growth Fund via the Marches LEP
 - £1.7m on a 3G pitch for South Telford

Other Investments, 2018/19 onwards, covered later in this report and included in the Investment Strategy, are:

- In the Housing Investment Programme, Nuplace (£28.7m),
- Through the Telford Growth Fund/Property Investment Portfolio (£18.8m)
- As part of the HCA Land Deal (£8.7m)

The detailed capital programme can be accessed via the Service & Financial Planning link above.

- 4.4 **Governance:** capital budgets are approved as part of the Service & Financial Planning Strategy presented to Cabinet in February and then Full Council. Additions to the capital programme are either considered by the Council's Service & Financial Planning Officer Group (consisting of the Managing Director, Directors and Chief Financial Officer) and when agreed fed into the overall budget strategy to be approved at Full Council; or may be subject of a separate report to Cabinet/Full Council and incorporated into the budget at that point. The route depends on the phasing of the spend and the value of investment. The financial implications, including the associated debt charges and risks, are included in any separate reports taken forward and in the overall budget strategy report. Capital allocations are considered against the Council priorities, funding and payback, dependent on the nature of the scheme.
- 4.5 All capital expenditure must be financed, either from external sources (government grants and other contributions), the Council's own resources (revenue, reserves and capital receipts) or debt (borrowing, leasing, Private Finance Initiative). The planned financing of the above expenditure is as follows:

Table 2: Capital financing in £ millions

	2018/19 Budget	2019/20 Budget	2020/21 Budget	2021/22 Budget
Capital Receipts	11.015	6.490	8.340	3.410
Government Grants	19.104	26.879	9.447	
Revenue/External Contributions	11.008	9.698	3.162	
Borrowing	30.651	34.391	13.376	2.397
TOTAL	71.778	77.458	34.325	5.857

- 4.6 Debt is only a temporary source of finance, since loans and leases must be repaid, and this is therefore replaced over time by other financing, usually from revenue which is known as minimum revenue provision (MRP). Alternatively, proceeds from selling capital assets (known as capital receipts) may be used to replace debt finance. Planned MRP and use of capital receipts are as follows:

Table 3: Replacement of debt finance in £ millions

	2019/20 budget	2020/21 budget	2021/22 budget
MRP	3.764	3.836	3.832

- The Council’s minimum revenue provision policy can be found in the Treasury Strategy which can be accessed via the Service & Financial Planning link above.

4.7 The Council’s cumulative “capital financing requirement” (CFR) is equal to external debt financing plus the Council’s own funding from reserves/provisions and our positive working capital position. The CFR increases with new debt-financed capital expenditure and reduces with MRP and capital receipts used to replace debt. Based on current plans, the CFR is expected to increase in the short term to fund the capital programme as shown in the table below. Based on the above figures for expenditure and financing, the Council’s estimated CFR is as follows:

Table 4: Prudential Indicator: Estimates of Capital Financing Requirement in £ millions

	31.3.2019 budget	31.3.2020 budget	31.3.2021 budget	31.3.2022 budget
General Fund services	357.483	370.784	371.102	373.590
Housing Investment Programme	38.684	49.397	60.405	60.405
PIP	50.980	58.065	58.065	58.065
Solar Farm	3.787	3.787	3.787	3.787
TOTAL CFR	450.934	482.033	493.359	495.847

4.8 **Asset management:** To ensure that capital assets continue to be used over the long-term, the Council has an Asset Management Plan which can be accessed via the Service & Financial Planning link above (Capital Strategy Annex III). The Asset Management Plan sets out the proposals to effectively manage our assets with its key objectives being to:

- Ensure assets are fit for purpose
- Maximise the use of assets

- Ensure assets are located in appropriate locations for service delivery
- Deliver an integrated approach to Asset Management across the Authority
- Reinforce a corporate approach for holding property and outline objectives
- Ensure Asset Management decisions are co-ordinated and consistent with council priorities
- Manage a simple and robust performance measurement system
- Provide comprehensive and accurate data to assess property performance and to support and facilitate the changing patterns of service delivery
- Use land and buildings to facilitate the “growth” agenda and be the enabler of regeneration
- Optimise and prioritise the level of property investment, to meet the Council’s current and future service needs
- Promote the innovative use of property together with partners and stakeholders

4.9 **Asset disposals:** When a capital asset is no longer needed, it may be sold so that the proceeds, known as capital receipts, can be spent on new assets or to repay debt. The Council is currently also permitted to spend capital receipts on service transformation projects until 2021/22 please see section 4.10 for further information. Repayments of capital grants, loans and investments also generate capital receipts. The Council expects to receive capital receipts in the medium terms as follows:

Table 5: Capital receipts in £ millions

	2018/19 forecast	2019/20 budget	2020/21 budget	2021/22 budget
Asset sales	11.015	6.490	8.340	3.410
TOTAL	11.015	6.490	8.340	3.410

4.10 **Flexible Use of Capital Receipts :** The Government have offered Councils the ability to fund the one-off costs of service reform projects from new capital receipts generated during a six year period commencing from 1st April 2016. This has enabled some funds previously committed to fund one-off invest to save initiatives and severance costs etc. to be released but will result in higher levels of debt than would have otherwise been the case and therefore higher debt charges than would otherwise have been the case as all capital receipts would otherwise be used to fund planned capital projects. However, whilst the debt charges are ongoing they will be more than offset by the ongoing savings generated from the invest to save

measures. The Council's approach to using this flexibility is explained in the Service & Financial Planning Strategy approved by Full Council.

5.0 DEBT, BORROWING AND TREASURY MANAGEMENT

- 5.1 Treasury management is concerned with keeping sufficient but not excessive cash available to meet the Council's spending needs, while managing the risks involved. Surplus cash is invested until required, while a shortage of cash will be met by borrowing, to avoid excessive credit balances or overdrafts in the bank current account. The Council is typically cash rich in the short-term as revenue income is received before it is spent, but cash poor in the long-term as capital expenditure is incurred before being financed. The revenue cash surpluses are offset against capital cash shortfalls to reduce overall borrowing.
- 5.2 Due to decisions taken in the past, the Council currently has £275.6m borrowing at an average interest rate of 2.42% and £31.313m treasury investments at an average rate of 0.47%.
- 5.3 **Borrowing strategy:** The Council's main objectives when borrowing are to achieve a low but certain cost of finance while retaining flexibility should plans change in future. These objectives are often conflicting, and the Council therefore seeks to strike a balance between cheap short-term loans (currently available at around 0.75%) and long-term fixed rate loans where the future cost is known but higher (currently 2.0 to 3.0%).
- 5.4 Projected levels of the Council's total outstanding debt (which comprises borrowing, PFI liabilities and leases) are shown below, compared with the capital financing requirement (see above).

Table 6: Prudential Indicator: Gross Debt and the Capital Financing Requirement in £ millions

	31.3.2019 revised	31.3.2020 budget	31.3.2021 budget	31.3.2022 budget
Debt (incl. PFI & leases)	341.8	373.9	386.0	389.3
Capital Financing Requirement	450.9	482.0	493.4	495.8

Statutory guidance is that debt should remain below the capital financing requirement, except in the short-term. As can be seen from table 6, the Council expects to comply with this requirement by a significant margin.

- 5.5 **Affordable borrowing limit:** The Council is legally obliged to set an affordable borrowing limit (also termed the authorised limit for external debt) each year. In line with statutory guidance, a lower “operational boundary” is also set as a warning level should debt approach the limit.

Table 7: Prudential Indicators: Authorised limit and operational boundary for external debt in £m

	2018/19 limit	2019/20 limit	2020/21 limit	2021/22 limit
Authorised limit – borrowing	440	440	450	450
Authorised limit – PFI and leases	61	63	63	63
Authorised limit – total external debt	501	503	513	513
Operational boundary – borrowing	420	420	430	430
Operational boundary – PFI and leases	59	60	60	60
Operational boundary – total external debt	479	480	490	490

The Council expects to operate well within both the authorised and operational limits as it has successfully done for many years. Further details on borrowing are can be found in the Treasury Strategy which can be accessed via the Service & Financial Planning Link above.

- 5.6 **Investment strategy:** Treasury investments arise from receiving cash before it is paid out again. Investments made for service reasons or that provide an element of financial gain in addition to service related benefits are not generally considered to be part of treasury management.

The Council’s policy on treasury investments is to prioritise security and liquidity over yield, i.e. to focus on minimising risk rather than maximising returns. Cash that is likely to be spent in the near term is invested securely, for example with the government, other local authorities or selected high-quality banks, to minimise the risk of loss. External specialist Treasury management Advisors advise the council on the credit worthiness of banks. Money that will be held for longer terms can be invested more widely, including in bonds, Nuplace shares and property, to balance the risk of loss against the risk of receiving returns below inflation. Both near-term and longer-term investments may be held in pooled funds, where an external fund manager makes decisions on which particular investments to buy and the Council may request its money back at short notice.

Table 8: Treasury management investments in £millions

	31.3.2018 actual	31.3.2019 budget	31.3.2020 budget	31.3.2021 budget	31.3.2022 budget
Short-term investments	20	20	20	20	20
Longer-term investments	0	0	0	0	0
TOTAL	20	20	20	20	20

Further details on treasury investments can be found in the Treasury Strategy which can be accessed via the Service & Financial Planning link above.

- 5.7 **Governance:** Decisions on treasury management investment and borrowing are made daily and are therefore delegated to the Chief Financial Officer and staff designated by him, who must always act in line with the treasury management strategy approved by Full Council. Reports on treasury management activity are presented to the Audit Committee twice a year. The Audit Committee is responsible for scrutinising treasury management decisions and receive training direct from the Council’s specialist external treasury management advisors.

6.0 KEY ACTIVITIES WITH COMMERCIAL BENEFITS

- 6.1 With central government financial support for local public services declining, the Council seeks a commercial return from some capital spending that also delivers service benefits such as retention and creation of jobs or increasing the supply of good quality private rented accommodation which would not otherwise be available. However, because this council is seeking to deliver service benefits as well as some commercial return from these projects it does not make direct investment in any such initiatives outside of the Borough. These investments include commercial property, Nuplace, our wholly owned Housing Company (through both a loan and equity), and the Solar Farm which deliver a net financial gain as well as meeting the other objectives, outlined below.
- 6.2 There are risks associated with all investments. The Council must accept that there are risks associated with projects with commercial elements which are different to the risks associated with treasury investments. The principal risk exposures are outlined below and are monitored and managed by the relevant Service Area.

- 6.3 A key focus of the budget strategy is on income generation. All projects with a commercial element are subject to a rigorous business case process to manage and mitigate risks as far as possible and are funded in accordance with the Council's approved Treasury Strategy and included in the Capital Programme, after taking advice from professional advisors as required. The Chief Financial Officer and Managing Director, together with the wider Senior Management Team, will seek to ensure the proportionality of all investments with a commercial element so that the Council does not undertake a level of investment which exposes itself to an excessive level of risk compared to its financial resources. However, it has to be accepted that there is a degree of risk to such initiatives and that not all will be successful.
- 6.4 Sections 7, 8 and 9 provide more detail on the Property Investment Portfolio, Nuplace and the Solar Farm.

7.0 PROPERTY INVESTMENT PORTFOLIO (PIP)

- 7.1 The Authority holds a number of individual sites for investment, regeneration and economic development purposes: the Property Investment Portfolio. The PIP was valued at £95.7m at 31 March 2018 and generated £7.3m rental income during 2017/18 which supports the overall revenue budget and therefore the delivery of front-line services.
- 7.2 As part of the 'Enterprise Telford: Driving Growth and Prosperity' strategy the Council established a £50m Growth Fund as continued investment to strengthen and grow the Property Investment Portfolio. This is being used to invest directly into land and property enabling local businesses to expand and attracting new investors which boosts jobs, the economy and generates additional income for the Council both directly through rental income but also through income from business rates which is retained by the Council between system resets. Over 3 years £44m has been committed into a range of investments which are anticipated to help deliver approximately 1000 new jobs and safeguard a further 250 jobs. These investments are forecast to generate an average ongoing gross return on investment, including additional retained business rates income of 7.5%, (3.5% net of borrowing costs, at an assumed rate of 4%). Through the investment of the full £50m the Council is on target to generate over £3m in additional gross income, assuming a 6% return on the unallocated capital, £1m net of borrowing costs which will be used to support front-line services such as the provision of care to vulnerable children and adults. The investment is also delivering growth in business rates income estimated to be £1.2m (with £0.6m retained by the Council) subject to system resets.

7.3 Governance

The Assistant Director: Business, Development & Employment has delegated authority to manage the Property Investment Portfolio and to make decisions in relation to PIP property investments and disposals.

Delegated authority has also been granted to the Assistant Director: Business, Development & Employment, after consultation with the Assistant Director: Finance & Human Resources and the Cabinet Lead: Council Finance, Commercial Services and Economic Development to approve individual business cases in relation to the Growth Fund.

Specific factors considered as part of the decision making process are:

- Sustaining revenue rental income
- generating additional rental income / business rates (between system resets)
- Maintaining or increasing capital value of assets
- Return on Capital
- Running Costs
- Regeneration opportunities
- Local market needs/demand for properties
- Future proofing the local economy by attracting new investment
- Job creation for local people

7.4 Risks

Risks in relation to the PIP include: voids and consequential service and business related changes and bad debt. The market for inward investment opportunities is also competitive although the offer of the £50m growth fund has proved to be a considerable incentive for investors and existing businesses expansion. At a macro level risk exists linked with changes in the commercial market and Telford's heavy reliance on the manufacturing sector. The economic strategy aims to address this including supporting diversification into new sectors including Agri Technology whilst exposure to particularly large single investments, sectors or retail properties has been limited unlike at a small number of other councils.

The risks associated with each individual investment are considered as part of the business case approval process. Where proactive (i.e. where no specific end-user has been identified) industrial unit development is proposed in order to respond quickly to enquiries and be able to maximise opportunities the level of risk associated with void periods increases and to minimise such exposure a cap on revenue liability from new build proactive investments has been set at £350,000 per annum. The ability to exceed this limit would be on the basis of a specific business case to be approved by the AD: Business, Development & Employment after consultation with the AD: Finance & Human Resources and the Lead Cabinet Member for Council Finance, Commercial Services and Economic Development.

8.0 NUPLACE LIMITED / HOUSING INVESTMENT PROGRAMME

- 8.1 Nuplace Limited, the Council's wholly owned housing company, was incorporated in April 2015. Its purpose is :
- the construction and management of around 420 private and affordable, quality residential properties for rent responding to the housing needs in the Borough
 - increasing the quality of the private rented sector
 - the generation of income streams for the Council, both short term and long term, which will protect frontline services, otherwise affected by budgetary constraints
 - the regeneration of brownfield land sites
 - to stimulate economic growth through job creation during construction and afterwards
- 8.2 A detailed business case was presented to Cabinet in 2015.
- 8.3 The Council has invested in Nuplace through a combination of equity, in the form of share capital and debt finance, in the form of a 30 year loan facility of up to £40m – both of which will generate a commercial return. At 31 March 2018 the Council had £8.95m equity invested in Nuplace and the loan totalled £25.5m. In the long term, Nuplace will generate a surplus to the Council over the 30 year period of the project due to the expectation that the value of the assets will increase over the long-term as well as the development gain usually made when the properties are completed.
- 8.4 In 2017/18 Nuplace made a net profit of £0.343m before taxation and had net assets of £11.95m at 31 March 2018 (re-valued investment assets appreciated by 14.6% over the cost of construction during 2017/18). Since 2015/16, the Council has received net income totalling £2.071m from services supplied and interest on debt finance. Further, there are benefits from Council Tax (between system resets) and New Homes Bonus which is estimated to have generated an additional £0.4m since 2016/17 and will rise to £0.7m per annum. To-date, the programme has resulted in over 20 acres of brownfield land being regenerated and Lovell, the Council's competitively procured contractor, has helped deliver a range of community initiatives and supported apprenticeship training with a growing proportion of the workforce coming from the local area and significant spending in the local supply chain.
- 8.5 Capital allocations for the Housing Investment Programme, totalling £63.67m are contained within the Council's Service and Financial Planning Strategy, of

which £35m had been spent as at 31 March 2018, with a further £7.0m allocated to sites in development. Therefore, £21.67m remains unallocated for future schemes. Capital is allocated to sites based upon feasibility criteria. The rate of return for each investment is dependent upon a range of parameters and is reviewed by the Council's finance department on a case by case basis. The rate of return on debt finance is currently 5.29% and the hurdle rate for the long term rate of return on equity finance is set at 6%. The governance arrangements are set out in the detailed business case and consist of 3 directors, with clear lines of reporting and monitoring procedures and a Housing Investment Programme Board is in place which is made up of Council Officers and Elected Members.

8.6 **Risks** and Governance are managed through the Housing Investment Programme Board

9.0 SOLAR FARM

9.1 Following a business case appraisal and approval by Cabinet in September 2013, the Council invested in developing a new solar farm within the Borough which became operational in 2015/16. The total capital investment was £3.7m.

9.2 The aims of the solar farm were:

- Generation of renewable energy to provide an inflation linked income stream guaranteed by the Government for the council
- Environmental benefits - reducing greenhouse gas emissions and generating more electricity from renewable energy.

The solar farm is delivering £0.2m net annual income; and is projected to generate a net cumulative operating surplus of £4.4m over the 25 year project life.

In terms of risk management, a risk register is in place for the solar farm which is monitored and updated on a regular basis by the Council's Commercial Projects Team.

10.0 INVESTMENTS FOR SERVICE PURPOSES

HCA Land Deal

- 10.1 The Telford Land Deal is a uniquely negotiated deal between the Council, Homes England (formerly HCA) and MHCLG through which Homes England/MHCLG have committed to invest £44.5m from the sale of Government owned land in Telford to invest in the local area supporting the delivery of new homes, jobs and commercial floor space.
- 10.2 The deal is based on a risk-reward model which requires the Council to make investment into site preparation up front, at risk, with this investment recouped from land receipts. The Council manages the delivery programme and is able to influence investment decisions through the Land Deal Board.
- 10.3 Since the Deal was established gross land sales of £25.1m have been secured, enabling the delivery of 614 new homes and over 953 new jobs. The Council has spent £15.1m in bringing forward sites for development recouped from land sales and the total profit share delivered to the local area to date is £3.9m.
- 10.4 There is a 3 year rolling Investment and Disposal Plan which is updated annually and agreed by the Land Deal Board.

11.0 OTHER LIABILITIES

- 11.1 In addition to debt detailed above, the Council is committed to making future payments to cover its pension fund deficit (valued at £258m on 31 March 2018) and has agreed a long-term arrangement with the Pension Fund which is reviewed every three years to ensure that the deficit is fully repaid within a timeframe acceptable to the Pension Fund and its actuaries.

The Council created provisions totalling £20.2m in the 2017/18 Statement of Accounts, which includes a provision for Single Status and NDR Appeal costs. At 31 March 2018 the Council had no major contingent liabilities.

- 11.2 **Governance:** Decisions on incurring new discretionary liabilities are taken by Assistant Directors in consultation with the Chief Financial Officer. New liabilities are reported to Members for approval/notification as appropriate.

12.0 REVENUE BUDGET IMPLICATIONS

- 12.1 Although capital expenditure is not charged directly to the revenue budget, interest payable on loans and MRP are charged to revenue, offset by any investment income receivable. The net annual charge is known as financing costs; this is compared to the net revenue stream i.e. the amount funded from Council Tax, business rates and general government grants.

Table 9: Prudential Indicator: Proportion of financing costs to net revenue stream

	2018/19 budget	2019/20 budget	2020/21 budget	2021/22 budget
Financing costs (£m)	5.863	9.511	10.839	11.098
Proportion of net revenue stream	4.84%	7.89%	9.47%	10.0%

- 12.2 The increase in cost between 2018/19 and 2019/20 is largely due to temporary benefits from a revised approach to calculating MRP ending in accordance with the approved MRP policy and previously approved service and financial planning strategies and the 2018/19 budget being revised to include the impact of temporary borrowing at low interest rates.

13.0 KNOWLEDGE AND SKILLS

- 13.1 The Council employs professionally qualified and experienced staff in senior positions with responsibility for making capital expenditure, borrowing and investment decisions. For example, the Chief Financial Officer is a qualified accountant with over 30 years' post qualification experience, the Assistant Director: Business, Development & Employment and the Assistant Director: Commercial Services are both highly experienced senior officers with extensive relevant experience. The Council pays for junior staff to study towards relevant professional qualifications including AAT and specific specialist technical training.
- 13.2 Where Council staff do not have the knowledge and skills required, use is made of external advisers and consultants that are specialists in their field. The

Council currently employs Arlingclose Limited as treasury management advisers, a range of property consultants and PWC as taxation advisors. This approach is more cost effective than employing such staff directly, and ensures that the Council has access to knowledge and skills commensurate with its risk appetite.

14.0 CHIEF FINANCIAL OFFICER COMMENT

- 14.1 Due to the very long-term nature of capital expenditure and financing, the revenue budget implications of expenditure incurred in the next few years will extend for up to 50 years into the future. The Chief Financial Officer is satisfied that the proposed capital programme is prudent, affordable and sustainable due to the continued track record of delivering revenue budget outturn within budget, delivering annual budget savings which now total £117m, the extensive restructuring programme and process developed over recent years, long-term service redesign, particularly in relation to Adults services, the increasingly commercial approach being adopted, where appropriate, including consideration of business cases for proposals with a commercial element, the adequacy of reserves and provisions and the investments being made in the borough.

TELFORD & WREKIN COUNCIL

**CABINET – 14 FEBRUARY 2019
COUNCIL - 28 FEBRUARY 2019**

SERVICE & FINANCIAL PLANNING 2019/20 – 2021/22: CAPITAL PROGRAMME

REPORT OF THE MANAGING DIRECTOR, CHIEF FINANCE OFFICER (THE ASSISTANT DIRECTOR: FINANCE & HUMAN RESOURCES), THE DIRECTOR: CUSTOMER, NEIGHBOURHOOD & WELL-BEING SERVICES AND THE ASSISTANT DIRECTOR: CUSTOMER & NEIGHBOURHOOD

LEAD MEMBER: CLLR LEE CARTER

PART A – SUMMARY REPORT

1. SUMMARY OF MAIN PROPOSALS

The report details the revised capital programme for 2018/19 and the proposed capital programme for 2019/20 to 2021/22, together with the Capital Strategy (including the proposed Asset Management Plan and related Building Maintenance and the Highways and Transport capital investment programme).

2. RECOMMENDATIONS

- 2.1 Members are asked to approve the report and associated capital estimates for 2018/19 and 2019/20 – 2021/22, which incorporates the Capital Strategy, the Capital Programme (Annex I), the Planned Building Maintenance Programme (Annex II), and Asset Management Plan (Annex III) and the two year Highways and Transport capital investment programme (Annex IV).
- 2.2 Members are asked to delegate authority to the Assistant Director: Business, Development & Employment and Assistant Director: Commercial Services to deliver the planned programme of works within the Asset Management Plan and to the Assistant Director: Customer & Neighbourhood Services to deliver the Highways and Transport capital investment programme in line with the approved budgets with any variations or changes to schemes in these programmes, that remain within overall approved budgets, after consultation with the appropriate Cabinet Members.

3. **SUMMARY IMPACT ASSESSMENT**

COMMUNITY IMPACT *Do these proposals contribute to specific priority plan objectives?*

Yes/No All priorities are covered by the report. The overall budget framework contains funding to support the Council's work to promote Equalities & Diversity across the Borough and accessibility requirements will be addressed in the Planned Maintenance programme of works.

Will the proposals impact on specific groups of people?

Yes/No Accessibility requirements will be addressed in the Planned Maintenance programme of works.

TARGET COMPLETION / DELIVERY DATE

There are many different capital projects and each one has a different target completion date. Some of the programmes are ongoing, others will complete during the period of the programme as shown in Annex I.

FINANCIAL/VALUE FOR MONEY IMPACT

Yes/No Where appropriate these are detailed in the body of the report.

LEGAL ISSUES

Yes/No All proposals are covered by the legislative framework within which the council operates

OTHER IMPACTS, RISKS AND OPPORTUNITIES

Yes/No The Council's current strategic risks has been considered as part of allocating resources in the overall programme

IMPACT ON SPECIFIC WARDS

Yes/No Proposals affect all wards in the Borough

PART B – ADDITIONAL INFORMATION

4.0 SUMMARY

- 4.1 This report presents the Council's Capital Programme for 2018/19 – 2021/22 and later years at a value of £189.4m that includes the proposed investments included in the overall budget strategy. The report also sets out the Council's Asset Management Plan and proposed planned Building Maintenance programme, particularly focusing on 2019/20 and the two year Highways & Transport capital investment programme.
- 4.2 The programmes address our corporate priorities in conjunction with the service and financial planning strategy.
- 4.3 The full revenue cost of the use of the Council's own resources and unsupported borrowing are built into the proposed 2019/20 budget and future projections.

- 4.4 The Asset Management Plan sets out the framework for assessing and prioritising property related issues. The approved framework has been adhered to in prioritising the planned building maintenance programme for 2019/20. The Building Investment Programme and Highways & Transport Investment Programme have been set in accordance with the proposed budget for 2019/20 – 2020/21.

5.0 **STRATEGIC OVERVIEW**

In the short to medium term, Telford & Wrekin Council is in a period of significant transformation and change. The drivers of this are:

- The retrenchment of public spending by the Government - the Council has faced the challenge of making significant savings, totalling £117m since 2010 whilst trying to protect front-line services as far as possible. Our Service and Financial Planning Strategy sets out our response to this challenge and how these savings are being identified and delivered.
- Being a Cooperative Council and reshaping the relationship between the Council, its employees, the community and partners to:
 - **Improve and bring public services together;**
 - **Involve local people and our employees more in planning and running our services;**
 - **Strengthen and develop our communities and encourage people to do more to help their own communities;**

Both of these drivers have required the Council to review its 'priorities' which have been adopted as:

As a Cooperative Council, we will work with our communities to create:

'Telford & Wrekin – the Place to live, learn, work and do business'

We will:

- ***put our children and young people first***
- ***protect and create jobs as a 'Business Supporting, Business Winning Council'***
- ***improve local people's prospects through education and skills training***
- ***protect and support our vulnerable-children and adults***
- ***ensure that neighbourhoods are safe, clean and well maintained***
- ***improve the health and wellbeing of our communities and address health inequalities***
- ***support neighbourhoods most in need, ensure that local people can access to suitable housing***

Capital investment clearly plays a key role in the achievement of our local priorities. Through our Asset Management Plan and Capital Strategy we seek to maximise the

value and opportunities of our assets to take forward the delivery of emerging strategic priorities.

Our Capital Strategy and Asset Management programme are not, however, just about ‘concrete, tarmac, buildings etc.’, they are about making a positive difference to the quality of local people’s lives through specific projects, services, technology and facilities. In recent years, key initiatives have been progressed / delivered through targeted capital investment. Further information can be found in the Council Plan.

6.0 CAPITAL PROGRAMME: 2018/19 – 2021/22

6.1 During 2019/20, we are planning to invest **£77.458m** as part of a **£189.418m** medium-term capital programme, to build and improve the facilities, assets and infrastructure to support the delivery of these objectives. This investment has been secured primarily through a combination of Government grants and supported borrowing allocations, use of the Council’s own resources (capital receipts), and Prudential Borrowing by the Council. Over the planning period, our capital programme is as follows:

Priority Area	Total £m	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m	Later Years £m
Adult Social Care	1.080	1.010	0.070	0.000	0.000	0.000
Development Business & Employment	63.433	22.766	26.588	13.579	0.500	0.000
Customer & Neighbourhood Services	61.408	24.800	21.856	12.752	2.000	0.000
Education & Corporate Parenting	34.026	8.992	20.550	4.484	0.000	0.000
Health & Well-Being	0.057	0.057	0.000	0.000	0.000	0.000
Co-Operative Council	2.091	2.091	0.000	0.000	0.000	0.000
Governance, Procurement & Commissioning	0.448	0.262	0.062	0.062	0.062	0.000
Finance & Human Resources	7.048	2.763	4.095	0.095	0.095	0.000
Commercial Services	19.827	9.037	4.237	3.353	3.200	0.000
	189.418	71.778	77.458	34.325	5.857	0.000

6.2 Supporting Telford & Wrekin’s role as a focus for continued growth and development until 2026 underpins all our priorities. This is very much a ‘capital’ agenda – though it must be supported by the day-to-day delivery of high quality and efficient and improving services for the community - and we will look creatively to utilise local resources such as the Council’s land assets and land owned by other partners, and external funding and investment to turn vision into reality.

7.0 CAPITAL PLANNING FRAMEWORK

- 7.1 The Council's Capital Strategy is driven by our shared Vision for the Borough and our Priorities. All our plans and spending proposals (both capital and revenue) are developed within a partnership framework. The capital strategy is seen as a key opportunity to:
- drive forward the Vision and Priorities for the Borough;
 - influence the development of the Borough and the actions of other agencies;
 - work in partnership with other bodies to pursue national and regional objectives;
 - ensure that funding mechanisms are used effectively and external funding maximised;
 - maintain and improve the condition and suitability of our assets.
- 7.2 A key feature of our approach is that capital and revenue expenditure are considered together through one integrated service and financial planning framework and process. The Capital Programme process brings together all aspects of capital planning and management. It guides and acts as the focus for all work on capital issues. The capital programme process is given firm leadership at:
- officer level by the Senior Management Team;
 - member level by the Cabinet.

Progress and the outcomes of capital expenditure are also considered by the Council's scrutiny committees as part of their service and financial performance monitoring role. They also input specifically to the strategy development process through scrutiny of the Draft Budget Strategy.

(i) Approach

- 7.3 Our approach to the Capital Programme Process is described below. This process is continually evolving and has been developed to enable the Council to respond effectively to the developments in Capital and Asset Management Planning.
- 7.4 The Prudential Code of Borrowing requires us to look at capital and revenue spend in an integrated way. Under this regime, the Council has much more freedom to invest in capital projects as long as the borrowing is determined to be affordable, prudent, sustainable and represents value-for-money. The prudential system of capital finance makes the capital strategy a much more integral and essential part of the annual budget setting process and medium term financial strategy; developed through an emerging 3-year forward planning framework which brings together service and financial planning priorities and proposed developments to support delivery of our priorities.

(ii) Capital Programme Process

a) Strategic Review of Needs

- 7.5 We annually review plans and priorities for capital spending. This is done as part of the annual corporate planning process and the outcome of major policy and/or service reviews. In seeking to determine priorities for investment and action, it is important to

understand the key issues, needs and opportunities that need to be addressed. The following documents in particular map these out in detail, these are:

- 'Shaping Our Future: Our Journey to 2020' – what the Council and its partners will focus on

7.6 The result is a clear strategic view of priorities which identifies both **pressures and developments** in terms of:

- Projects required to progress the Vision for the Borough – whether partner, Council or joint (developments);
- Projects required to meet service priorities (pressures and developments);
- Maintenance spending required on assets (pressures).

This process is done collaboratively through dialogue with partners and is also informed by the Council's consultation strategy. This framework encourages a joined-up focus on outcomes, on major strategic initiatives and partnership working. The outcome is a broadly-based overview of capital spending priorities, business needs and opportunities, and outcomes to be realised.

b) Strategic Consideration of Priorities, Resources and Resource Implications

7.7 The financial implications of new capital spending requirements are carefully assessed within service and financial planning in terms of:

- Overall resource availability including the anticipated results of asset disposals;
- Identification and consideration of whole life costings;
- Identification of significant revenue implications for capital proposals, with overall decisions on capital programme being made (and consulted on) as part of the overall service and financial planning process;
- Consideration of appropriate procurement strategies and potential funding regimes.
- 'Pay back'/'Invest to Save' potential.

7.8 The Prudential Code of Borrowing highlights the need, in making decisions on capital investment, to have regard to a number of core factors. As such, the Capital Strategy and Programme for 2019/20 has been developed around the following principles and processes:

- Corporate Strategic Planning Assessment:

7.9 Revenue and capital budgets are planned together as far as practicable each year. Desired spending has been prioritised and narrowed down into an overall capital strategy taking account of local, national and regional priorities.

- Options Appraisal to Secure Value for Money:

7.10 In developing the capital programme, the Council has sought to identify which of a number of alternative ways is the best way to fund and deliver a capital project to meet

its objectives. Also, to ensure that the Council's approach to prudential borrowing is affordable, prudent and sustainable, a set of prudential indicators have been developed to monitor performance. The case for capital investment requires consideration/identification of how such spend represents or will improve value-for-money to the community.

c) Detailed Capital Programme

7.11 The Strategic Assessment of capital spending priorities is then subjected to further internal and external consultation and translated into an achievable phased programme across the whole Council with clearly agreed and identified:

- Revenue implications.
- Procurement Arrangements;
- Timescales, project management arrangements and accountabilities;

Annex I sets out details of our committed Capital Programme 2018/19 – 2021/22 and Detailed Analysis of Capital Grants.

d) Control, Monitoring, Performance Management & Review

7.12 A corporate framework for project management exists for capital schemes. Regular monitoring of progress and spend takes place both at service level and corporately. The Asset Management Plan ensures that relevant property PIs have been incorporated into corporate performance monitoring arrangements and into the monitoring of the management of the capital programme. In-year progress is highlighted as part of the reporting arrangements of the Service & Financial Performance Management Framework of regular reports to the senior Management Team, Cabinet and full Council where amendments to the approved policy and budget framework are required .

8.0 ASSET MANAGEMENT PLANNING & PROGRAMME

Our Strategic Approach

8.1 The Asset Management Plan (Annex III) and associated data on Property (i.e. condition, suitability, sufficiency, access, asbestos surveys) informs the Council's Building Investment Programme. The Council has completed all surveys for Operational Properties used for the delivery of its services and these are updated on a rolling programme each year. The Council's Asset Management Plan 2019/2023 has identified a condition backlog of £5.42m for Operational Properties (excluding schools) and £18.43m for Schools / education properties. The school condition back log has been significantly addressed over the past few years with the investment from the Building Schools for the Future Programme (BSF). The Operational Property backlog will also show significant reductions as a result of Property Rationalisation and investment in retained buildings.

8.2 The Building Investment Programme as identified in Annex II, is set in accordance with the approved framework for prioritising condition backlog as included in the Asset Management Plan. The proposed level of investment included in the Capital Programme 2019/20 is

£0.934m for Educational Assets and £1.0m for all other Operational Assets (inc. miscellaneous assets). The budget allocations do not take into account the capital investment relating to expansion of schools. In addition to the above capital allocations, schools are also in receipt of Devolved Formula Capital (DFC) which is used fundamentally for maintaining and investing in the school building stock on a day to day basis

Condition backlog as detailed in the Asset Management Plan

Priority 1

Urgent works that will prevent closure of premises and/or address a high risk to the health and safety of occupants and/or remedy a serious breach of legislation.

Priority 2

Essential work required within two years that will prevent serious deterioration of the fabric or services and/or address medium risk to the health and safety of the occupants and/or remedy a minor breach of legislation.

Priority 3

Desirable work required within 3 to 5 years that will prevent deterioration of the fabric or services and/or address a low risk to the health and safety of the occupants and/or a minor breach of legislation.

8.3 Previous year condition comparisons

		2013	2014	2015	2016	2017	2018
Schools	P1-P3	£24,617,893	£21,529,991	£18,939,529	£17,144,675	£18,719,548	£18,434,265
Operational	P1-P3	£8,369,886	£7,480,279	£6,806,221	£5,852,620	£5,700,431	£5,417,208

8.4 The Asset Management Database is analysed on a yearly basis as the priorities may change due to new findings as part of continuing re-surveys of property. Emergencies that occur within the financial year may also lead to reprioritisation of the allocated budgets and a change to the programme identified.

8.5 In accordance with prioritisation as set out in the Asset Management Plan we have identified the building maintenance programme for 2019/20 as identified in Annex II; all schemes listed are deemed necessary in order to maintain service delivery.

9.0 PARTNERSHIP AND CROSS CUTTING ACTIVITY

9.1 The Council actively works with partners to maximise assets for example through various co-locations of services which is a key feature in particular of the Learning Communities that are being developed. Amalgamation and co-location of services and community facilities is a key aim that drives our asset management and service planning.

10.0 CONSULTATION

10.1 The Council has been engaging with the local community around service and financial planning. Further details are set out in the over-arching Service and Financial Planning report considered by Cabinet on 3 January 2019. As capital programmes are being rolled out there will be a need to consider where further consultation with the public is required/appropriate.

11.0 RESOURCES

11.1 Revenue/External

The main revenue / external allocations still to be used are set out below:

	Total £m	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m	Later Years £m
Total	23.968	11.008	9.698	3.162	0.050	0.050

11.2 Supplementary Grants

While information is still awaited on some allocations, the following allocations have been built into the overall resources position

	Total £m	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m	Later Years £m
Adult Social Care	0.009	0.009	0.000	0.000	0.000	0.000
Development Business & Employment	0.000	0.000	0.000	0.000	0.000	0.000
Customer & Neighbourhood Services	20.193	8.361	6.965	4.867	0.000	0.000
Education & Corporate Parenting	32.134	7.832	19.818	4.484	0.000	0.000
Health & Well-Being	0.057	0.057	0.000	0.000	0.000	0.000
Co-Operative Council & Commercial Delivery	0.000	0.000	0.000	0.000	0.000	0.000
Legal Procurement & Commissioning	0.200	0.200	0.000	0.000	0.000	0.000
Finance & Human Resources	0.000	0.000	0.000	0.000	0.000	0.000
Commercial Services	2.837	2.645	0.096	0.096	0.000	0.000
Total	55.430	19.104	26.879	9.447	0.000	0.000

11.3 Capital Receipts

Customer & Neighbourhood Services	8.361	6.965	4.867	0.000	0.000	20.193
Education & Corporate Parenting	7.832	19.818	4.484	0.000	0.000	32.134
Health & Well-Being	0.057	0.000	0.000	0.000	0.000	0.057
Legal Procurement & Commissioning	0.200	0.000	0.000	0.000	0.000	0.200
Commercial Services	2.645	0.096	0.096	0.000	0.000	2.837
	19.104	26.879	9.447	0.000	0.000	55.430
Other Resources						
Capital Receipts	11.015	6.490	8.340	3.410	3.500	32.755
Revenue/External	11.008	9.698	3.162	0.050	0.050	23.968
Prudential Borrowing	30.651	34.391	13.376	2.397	-3.550	77.265
	52.674	50.579	24.878	5.857	0.000	133.988
Total	71.778	77.458	34.325	5.857	0.000	189.418

The revenue impact of the use of Council resources, government allocations and prudential borrowing in the proposed programme are built in to the budget summary.

12.0 CONCLUSION

12.1 Because Telford & Wrekin is a growing and changing area it has substantial capital spending needs:

- to support and meet the growing needs of the Borough and our aspirations to transform Telford & Wrekin;
- to maintain and develop the Council's own stock of capital assets;
- to address the 'New Town effect' of a commonly-ageing infrastructure;
- to invest in schemes such as NuPlace and the Telford Growth Fund that deliver revenue surpluses, additional income from business rates, council tax and new homes bonus as well as creating employment opportunities and providing good quality, well managed homes for rent.

12.2 As a former new town area, with the Council having limited land and asset holdings, we have a more limited capacity to generate capital receipts through disposals than some other authorities. We, therefore, take the capital strategy and its asset management planning very seriously. We look on capital spending as an integral element of our overall approach to Community Planning, partnership working and community engagement.

12.3 We are committed to maximising the effectiveness of our assets and capital spending and to identifying or creating opportunities to attract external funding resources. Our focus is on delivering our priorities and policy objectives and on ensuring that our vision for the community can, each year, become more of a reality for local people.

13. PREVIOUS MINUTES

13.1 Cabinet 3 January 2019 – Service & Financial Planning 2019/20 to 2021/22

14. BACKGROUND PAPERS

- 14.1 Funding notifications, investment proposals, cabinet reports on various schemes, previous Capital Strategy documents and capital programmes.
- 14.2 The Council Plan
- 14.3 Driving Delivery of the Council's Priorities
- 14.4 2018/19 Service & Financial Planning 2018/19 to 2019/20

Report prepared by

Ed Rushton, Group Accountant: Corporate and Health & Well-Being Finance (01952 383750)
Ken Clarke, Assistant Director: Finance & Human Resources (01952 383100)
Angie Astley, Assistant Director: Customer & Neighbourhood Services (01952 382400)
Fliss Mercer, Assistant Director: Commercial Services (01952 384300)
Katherine Kynaston, Assistant Director: Business, Development & Employment (01952 384012)

Capital Programme - 2018/19 to 2021/22 & Later Years

Policy Area	Total £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £000	Later Years £'000
Adult Social Care	1,080	1,010	70	0	0	0
Development Business & Employment	63,433	22,766	26,588	13,579	500	0
Customer & Neighbourhood Services	61,408	24,800	21,856	12,752	2,000	0
Education & Corporate Parenting	34,026	8,992	20,550	4,484	0	0
Health & Well-Being	57	57	0	0	0	0
Co operative Council & Commercial Delivery	2,091	2,091	0	0	0	0
Legal Procurement & Commissioning	448	262	62	62	62	0
Finance & Human Resources	7,048	2,763	4,095	95	95	0
Commercial Services	19,827	9,037	4,237	3,353	3,200	0
	189,418	71,778	77,458	34,325	5,857	0
Resources						
Borrowing Approval	0	0	0	0	0	0
Government Grant	55,430	19,104	26,879	9,447	0	0
Prudential	77,265	30,651	34,391	13,376	2,397	(3,550)
Capital Receipts	32,755	11,015	6,490	8,340	3,410	3,500
Revenue	7,496	6,932	564	0	0	0
External	16,472	4,076	9,134	3,162	50	50
Revenue Reserves	0	0	0	0	0	0
Total funding	189,418	71,778	77,458	34,325	5,857	-

Capital Programme - 2018/19 to 2021/22 & Later Years
Scheme Summary showing major schemes separately

Assistant Director	Scheme	Expenditure						Funding					
		Total £'000	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	Later Years £'000	Government Gr £'000	Prudential £'000	Capital Receipts £'000	Borrowing £'000	Revenue £'000	External £'000
Adult Social Care	Social Care Capital Grant	947	877	70	0	0	0	9	938	0	0	0	0
	Integrated Community Schemes	133	133	0	0	0	0	0	133	0	0	0	0
		1,080	1,010	70	0	0	0	9	1,071	0	0	0	0
Health & Well-Being	Public Health Capital Grants	57	57	0	0	0	0	57	0	0	0	0	0
		57	57	0	0	0	0	57	0	0	0	0	0
Development Business & Employment	Town Centre - Phase 1 & Accommodation Strategy	206	206	0	0	0	0	0	0	206	0	0	0
	Dawley Regeneration	4	4	0	0	0	0	0	4	0	0	0	0
	Superfast Broadband Programme	994	994	0	0	0	0	0	0	713	0	281	0
	Housing DBE	2,476	476	2,000	0	0	0	0	1,801	0	0	0	675
	HCA Liability Sites	3,858	500	3,358	0	0	0	0	0	0	0	0	3,858
	HCA Land Deal	2,518	1,703	535	280	0	0	0	0	0	0	0	2,518
	Land Deal Board Schemes	2,356	0	119	2,237	0	0	0	0	0	0	0	2,356
	Pride - High Street Challenge	1,262	1,262	0	0	0	0	0	677	0	0	585	0
	Property Investment Programme	18,839	10,326	8,513	0	0	0	0	16,885	0	0	954	1,000
	Housing Company - Housing	28,733	7,012	10,713	11,008	0	0	0	28,733	0	0	0	0
	Development Business and Employment other schemes	2,186	282	1,350	54	500	0	0	1,000	1,186	0	0	0
		63,432	22,765	26,588	13,579	500	0	0	49,100	2,105	0	1,820	10,407
Customer & Neighbourhood Services	Ironbridge Gorge Stability	540	540	0	0	0	0	0	540	0	0	0	0
	Play Area Surface Improvements	225	0	225	0	0	0	0	0	0	0	225	0
	Newport Innovation & Enterprise Package	9,067	2,000	5,510	1,557	0	0	6,364	100	0	0	0	2,603
	Freshwater First	72	16	56	0	0	0	43	0	0	0	22	7
	Transport & Highways Schemes	50,190	21,841	15,154	11,195	2,000	0	13,786	30,333	0	0	3,142	2,929
	Customer Services Systems Development	1,315	404	911	0	0	0	0	1,285	0	0	30	0
		61,409	24,801	21,856	12,752	2,000	0	20,193	32,258	0	0	3,419	5,539
Education & Corporate Parenting	Education & Corporate Parenting All Other Schemes	34,014	8,980	20,550	4,484	0	0	32,134	-592	1,759	0	260	453
	Service Transformation - Invest To Save	12	12	0	0	0	0	0	12	0	0	0	0
		34,026	8,992	20,550	4,484	0	0	32,134	-580	1,759	0	260	453
Commercial Services	ICT/ eGov	7,535	1,926	1,609	2,000	2,000	0	0	7,315	0	0	220	0
	Housing Related Schemes	3,641	2,932	709	0	0	0	2,495	866	207	0	0	73
	3G Pitch	1,739	1,739	0	0	0	0	0	518	600	0	621	0
	Asset Management Plan - General Works & Surveys	4,286	1,286	1,000	1,000	1,000	0	54	4,142	0	0	90	0
	Commercial Services other schemes	2,626	1,154	919	353	200	0	288	2,208	0	0	130	0
		19,827	9,037	4,237	3,353	3,200	0	2,837	15,049	807	0	1,061	73
Co operative Council & Commercial Delivery	Every Day Telford -Pride in your Community	1,169	1,169	0	0	0	0	0	1,155	0	0	14	0
	Performance Information Systems	78	78	0	0	0	0	0	0	0	0	78	0
	Pride - Community Fund Grants	30	30	0	0	0	0	0	0	0	0	30	0
	Legacy Fund	814	814	0	0	0	0	0	0	0	0	814	0
		2,091	2,091	0	0	0	0	0	1,155	0	0	936	0
Legal Procurement & Commissioning	Legal Fees	248	62	62	62	62	0	0	248	0	0	0	0
	Housing & Technology support for People with Learning Disabilities	200	200	0	0	0	0	200	0	0	0	0	0
		448	262	62	62	62	0	200	248	0	0	0	0
Finance & Human Resources	Managing the funding of the Capital Programme	0	0	0	0	0	0	0	-21,416	21,416	0	0	0
	Efficiency Schemes Capitalisation	6,668	2,668	4,000	0	0	0	0	0	6,668	0	0	0
	Finance & Human Resources other schemes	380	95	95	95	95	0	0	380	0	0	0	0
		7,048	2,763	4,095	95	95	0	0	-21,036	28,084	0	0	0
		189,418	71,778	77,458	34,325	5,857	0	55,430	77,265	32,755	0	7,496	16,472

TELFORD & WREKIN COUNCIL

**CABINET 14th February 2019
COUNCIL 28th February 2019**

TITLE: PLANNED BUILDING INVESTMENT PROGRAMME 2019/20

REPORT OF: ASSISTANT DIRECTOR COMMERCIAL SERVICES

PART A) – SUMMARY REPORT

1. SUMMARY OF MAIN PROPOSALS

To identify the proposed planned building capital maintenance programme for financial year 2019/20, in accordance with Service and Financial Planning 2019/20 to 2020/21.

2. RECOMMENDATIONS

2.1 That Cabinet note and recommend to Full Council the approval of the planned building capital maintenance programme for 2019/20 as identified as part of this report and agree that officers may enter into any contracts necessary to deliver the works in accordance with the requirements of the Contract Procedure Rules.

3. SUMMARY IMPACT ASSESSMENT

COMMUNITY IMPACT	Do these proposals contribute to specific Priority Plan objective(s)?	
	Yes	Maintaining Council property provides an environment for high quality services to be delivered. The investment contributes to the delivery of the following priorities: <ul style="list-style-type: none"> • Ensuring neighbourhoods are safe, clean and well maintained. • Improve prospects through education & skills training. • Improving health and wellbeing of communities. • Protect and support vulnerable children and adults. • Putting Children & Young People first. • Regenerating neighbourhoods in need, and ensuring access to suitable housing.
	Will the proposals impact on specific groups of people?	
	Yes	All residents accessing Council Services

TARGET COMPLETION/DELIVERY DATE	Most projects will be delivered during the financial year 2019/20. Larger projects may cover more than one financial year.	
FINANCIAL/VALUE FOR MONEY IMPACT	Yes	Confirmation of the Education capital allocations for 2019/20 have not been received and are expected to be notified shortly by the Education Funding Agency, and appropriate adjustments to the capital programme and the programme of works (Appendix A), estimated at £934,000 will be made accordingly to ensure spend is within available funds. Budgetary provision for the Operational planned £1,000,000 programme of works for 2019/20 is contained within the capital programme (detailed in Appendix A). DR 7/1/19
LEGAL ISSUES	Yes	There are no direct legal implications arising from this report however any repair/maintenance works will be subject to competitive procurement to ensure best value is achieved for the Council by complying with the Council's Contract Procedure Rules and any applicable EU requirements or equivalent. In addition, legal advice must be sought in relation to any Health and Safety or other similar matters should they become apparent during the year. EH 28.12.18
OTHER IMPACTS, RISKS & OPPORTUNITIES	Yes	Where improvements are made to properties, other opportunities when the works are being undertaken are investigated and implemented where possible. This may include contributing to larger schemes where a maintenance liability will be reduced or reducing energy costs.
IMPACT ON SPECIFIC WARDS	No	Borough wide impact

PART B) – ADDITIONAL INFORMATION

4. INFORMATION

The Asset Management Plan and associated data on property (i.e. condition, suitability, sufficiency, access and asbestos) informs the Council's planned building capital investment programme. The Council has completed condition surveys for operational properties used for the delivery of its services. These are updated on a rolling programme each year. The Council's Asset Management Plan 2019-2023 has identified a condition backlog of

approximately £5.42M for operational properties (excluding schools) and £18.43M for schools/educational properties. The figure for condition backlog for schools has reduced dramatically in the last 5 years, mainly due to the successfully completed Building Schools for the Future Programme, but also due to Academisation.

During 2019/20 more in-depth surveys will continue to be undertaken within operational properties and schools that are under the control of the council as part of their fire risk assessments. Particular emphasis will be given to passive and active control measures such as compartmentation, condition of fire doors, fire stopping and suitability and coverage of existing fire alarm systems. Where improvements can be made and will reduce the risk of fire and in the event of a fire, fire spread within a building this work will be prioritised within the programme of works.

The planned building capital investment programme as identified in Appendix A, is set in accordance with the approved framework for prioritising condition backlog as included in the Asset Management Plan. The proposed level of investment included in the Capital Programme 2019/20 is £934,000 for Educational assets and £1,000,000 for all other operational assets. The latter includes a £300,000 contingency which has been added to the programme and earmarked to meet the costs of any unforeseen issues which may arise such as a mineshaft opening on a piece of Council owned land or a retaining wall collapse etc. The budget allocations do not take into account the capital investment relating to expansion of schools. In addition to the above capital allocations, schools are also in receipt of Devolved Formula Capital (DFC) which is used fundamentally for maintaining and investing in the school building stock on a day to day basis.

5. IMPACT ASSESSMENT – ADDITIONAL INFORMATION

Community Impact

Maintaining buildings ensures that Council Services are delivered efficiently and with service continuity. Many of the key services are delivered from the Council's property portfolio and are the first key point of contact with our customers.

Equalities Impact

Where possible, as part of the planned building capital investment funding, improvements to accessibility will be carried out. Where improvements to existing facilities are being undertaken, Equalities Issues (i.e. baby changing facilities) are also included as part of the scheme. This allows the Council to increase access to public buildings for people with disabilities.

Environmental Impact

Environmental improvements are incorporated into schemes where appropriate, in an aim to reduce the Council's Carbon Emissions. This will improve the Council's Carbon Reduction Commitment liability and reduce any financial penalties that may be incurred under the scheme.

6. **PREVIOUS MINUTES**
N/A

7. **BACKGROUND PAPERS**
Asset Management Plan 2019-2023 (refreshed 2019)

**Report prepared by Chris Goulson,
biT Service Delivery Manager, Telephone: 01952 384302**

APPENDIX A - Education Planned Building Capital Maintenance Programme 2019/20

Asset	Description of Works	Estimated Budget	Corporate Priorities	Ward
Apley Wood Primary	Boiler Replacement	£180,000	<ul style="list-style-type: none"> • Improve prospects through education & skills training. • Putting Children & Young People first. 	Hadley & Leegomery
Donnington Wood CE Jnr	Kitchen Gas Safety Works	£22,000	<ul style="list-style-type: none"> • Improve prospects through education & skills training. • Putting Children & Young People first. 	Donnington
John Fletcher Primary	Kitchen Refurbishment and Gas Safety Works	£140,000	<ul style="list-style-type: none"> • Improve prospects through education & skills training. • Putting Children & Young People first. 	Madeley & Sutton Hill
Millbrook Primary	Boiler House Refurbishment	£150,000	<ul style="list-style-type: none"> • Improve prospects through education & skills training. • Putting Children & Young People first. 	Hadley & Leegomery
Newport Junior	Electrical Sub Mains and Cabling	£60,000	<ul style="list-style-type: none"> • Improve prospects through education & skills training. • Putting Children & Young People first. 	Newport South & East Ward
Teagues Bridge Primary	Toilet Refurbishment	£60,000	<ul style="list-style-type: none"> • Improve prospects through education & skills training. • Putting Children & Young People first. 	Wrockwardine Wood & Trench
Wrekin View Primary	Kitchen Gas Safety Improvements	£27,000	<ul style="list-style-type: none"> • Improve prospects through education & skills training. • Putting Children & Young People first. 	Park

Various Schools	Asbestos Removals - To undertake landlord responsibility asbestos removals within property assets. Although checks are undertaken annually it is proposed to undertake new Management Surveys (type 2) on all school properties. Where removals are required these will be prioritised using the Asbestos Management survey data.	£75,000	<ul style="list-style-type: none"> • Improve prospects through education & skills training. • Protect and support vulnerable children and adults. • Putting Children & Young People first. • Improving health and wellbeing of communities. 	N/A
Various Schools	Data updates - to update the asset management data. This will include condition and suitability surveys and updated drawing/floor plans of buildings as and when upgrades are carried out.	£75,000	<ul style="list-style-type: none"> • Ensuring neighbourhoods are safe, clean and well maintained. • Regenerating neighbourhoods in need, and ensuring access to suitable housing. 	N/A
Various Schools	Emergency works / Access Works / Security Works - budget allocation for emergency works or where school security/access issues are identified. Examples are major boiler failures. This will ensure that schools are able to remain operational with minimum closures.	£145,000	<ul style="list-style-type: none"> • Ensuring neighbourhoods are safe, clean and well maintained. • Improve prospects through education & skills training. • Improve prospects through education & skills training. 	N/A
	TOTAL	£934,000		

Corporate Planned Building Capital Maintenance Programme 2019/20

Asset	Description of Works	Estimated Allocated Budget	Corporate Priorities Contributed to proposals	Ward
Various Properties	Asbestos Removals - To undertake landlord responsibility asbestos removals within property assets. Although checks are undertaken annually it is proposed to undertake new Management Surveys (type 2) on all operational. Where removals are required these will be prioritised using the Asbestos Management survey data.	£100,000	<ul style="list-style-type: none"> • Ensuring neighbourhoods are safe, clean and well maintained. • Regenerating neighbourhoods in need, and ensuring access to suitable housing 	N/A
Various Properties	Emergency works/unforeseen works - A reserve budget to cover landlord responsibilities for major unplanned replacements (i.e. boiler failure). This is required to ensure building stock continuity.	£123,500	<ul style="list-style-type: none"> • Ensuring neighbourhoods are safe, clean and well maintained. • Regenerating neighbourhoods in need, and ensuring access to suitable housing 	N/A
Various Properties	Data Updates - to update the asset management data on operational assets. This includes condition and suitability surveys together with updated plans on 20% of properties.	£75,000	<ul style="list-style-type: none"> • Ensuring neighbourhoods are safe, clean and well maintained. • Regenerating neighbourhoods in need, and ensuring access to suitable housing 	N/A
Horsehay Village Golf Club	Refurbish Changing Rooms	£21,500	<ul style="list-style-type: none"> • Ensuring neighbourhoods are safe, clean and well maintained. • Improving health and wellbeing of communities. 	Horsehay & Lightmoor
Telford Ice Rink	Replacement Seating	£75,000	<ul style="list-style-type: none"> • Ensuring neighbourhoods are safe, clean and well maintained. • Improving health and wellbeing of communities. 	The Nedge

Darby House	Entrance Improvements	£35,000	<ul style="list-style-type: none"> • Ensuring neighbourhoods are safe, clean and well maintained. • Improving health and wellbeing of communities. 	Ketley & Overdale
Oakengates Leisure Centre	LED Track Lighting	£20,000	<ul style="list-style-type: none"> • Ensuring neighbourhoods are safe, clean and well maintained. • Improving health and wellbeing of communities. 	Wrockwardine Wood & Trench
Shukers Field Changing Rooms	Car Park and Pavilion Improvements	£40,000	<ul style="list-style-type: none"> • Ensuring neighbourhoods are safe, clean and well maintained. • Improving health and wellbeing of communities. 	Newport South & East
Telford Town Park	Replacement Sewage Pumping Station	£65,000	<ul style="list-style-type: none"> • Ensuring neighbourhoods are safe, clean and well maintained. • Improving health and wellbeing of communities. 	Malinslee & Dawley Bank
The Place (Oakengates Theatre)	Electrical works	£100,000	<ul style="list-style-type: none"> • Ensuring neighbourhoods are safe, clean and well maintained. • Improving health and wellbeing of communities. 	Oakengates & Ketley Bank
Various Sites (Changing Rooms)	Electrical Refurbishment programme	£45,000	<ul style="list-style-type: none"> • Ensuring neighbourhoods are safe, clean and well maintained. • Improving health and wellbeing of communities. 	N/A

Contingency	Unforeseen issues which may arise such as a mineshaft opening or a retaining wall collapse	£300,000	<ul style="list-style-type: none"> • Ensuring neighbourhoods are safe, clean and well maintained. • Improving health and wellbeing of communities 	N/A
	TOTAL	£1,000,000		

Please note: - the costs shown in the above tables are estimates. Actual costs will be established by competitive tendering in accordance with the Councils Tendering Procedures. All figures are inclusive of Project Management/Design Fees



Telford & Wrekin Council

ANNEX III

Corporate

Asset Management Plan

2019-2023

The Corporate Asset Management Plan is a strategic document which will help inform decisions relating to service delivery, and therefore ensure the most effective contribution is made to facilitate the delivery of improved public services and benefits to local communities.

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Property Investment Portfolio
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Statement of Assets

1.0 Statement of Context

The Telford and Wrekin Local Plan 2011 – 2031 was formally adopted on 11 January 2018. This Plan carries full weight in the consideration of planning applications and supersedes the Core Strategy (2007), the policies which were saved from the Wrekin Local Plan (2000), the Central Telford Area Action Plan (2011), the Shropshire and Telford & Wrekin Minerals Local Plan (2000) and the policies which were saved from the Shropshire and Telford & Wrekin Joint Structure Plan (2002).

The Plan has been the subject of two rounds of consultation and a public examination and has been found to be sound. Its social, environmental and economic impacts have been assessed through a sustainability appraisal.

The Telford & Wrekin Local Plan sets out the Council's vision and strategy for the physical planning of the Borough up to 2031. It sets ambitious goals for new homes and jobs for the Borough. It is pro-growth and pro-investment, consistent with the 'business-winning, business-supporting' values of the Council.

It is recognised that continued growth and development of the area requires that services and facilities are constantly monitored and reviewed, resulting in challenges and opportunities for property holdings and Asset Management.

We are well placed to meet this challenge and teams and services such as Planning, Skills, Estates, Business Development, biT and apT have been co located to provide a seamless service to meet the growth agenda. This now provides a single point of contact for business, investors and developers from initial enquiry through identifying land/premises, supporting with the planning process to enabling the finished development. Over the last 12 months Enterprise Telford – the Council's investment brand has continued to successfully attract investment into both commercial and residential development. Described by the UK Department of International Trade (DiT) as *'the beating heart of foreign direct investment right now'* the Borough welcomed the single largest new overseas investment in the last 10 years to T54. Our ability to support and deliver growth is critical in terms of securing a more prosperous future for the borough with growth helping to reduce unemployment, raise wage levels, secure new and higher skilled local job opportunities, growth and security in the supply chain and new homes - all central to the Council's budget strategy and ongoing commitment to 'creating a better Borough'.

Growth is also a key element of the Council's budget strategy going forward as we seek to take advantage of the government's initiatives to give local authorities greater control of their areas through the New Homes Bonus and retention of business rates. As a New Town, with approximately 100 hectares zoned for commercial development, plus zoned residential development land as yet undeveloped, Telford is well placed and these changes will facilitate growth as part of the budget strategy.

The Asset Management Plan covers all buildings and land owned by The Council but excludes Highways and drains. It sets out our proposals to effectively manage our assets in this context and focuses specifically on the following areas;

- Property and associated land used for operational purposes
- Property Investment Portfolio (property held for investment purposes)
- Land (held for future disposal or future operational use)
- Public Realm Land

The Land Strategy, Operational Property Strategy and PIP Strategy all interlink to form a comprehensive approach to Asset Management covering Council property assets within Telford.

Asset Management Plan – Aims and Objectives:

- Ensure assets are fit for purpose
- Maximise the use and efficiency of assets
- Ensure assets are located in appropriate locations for service delivery
- Deliver an integrated approach to Asset Management across the Authority
- Ensure Asset Management decisions are co-ordinated and consistent with council priorities
- Manage a simple and robust performance measurement system
- Provide comprehensive and accurate data to assess property performance and to support and facilitate the changing patterns of service delivery
- Use land and buildings to facilitate the “growth” agenda and be the enabler of regeneration
- Optimise and prioritise the level of property investment, to meet the Council’s current and future service needs
- Support the delivery of the Council’s cost improvement plans e.g. in Adults/Children services
- Support the One Public Estate agenda alongside other land-owning public sector organisations and to work with other stakeholders and partners to rationalise services and resources, unlock development land, reduce running costs, create jobs, homes, and revenue streams.

2.0 Data Management

The ability to make informed property decisions is dependent upon collecting, analysing and updating accurate data.

Core Data

All Council property data is recorded on a Property Management System, which is designed to accommodate all forms of property data in a central location. The Property Management software brings all the main functions such as Asset Management, Capital Projects, Service Asset Register and Helpdesk functions together into one integrated solution. This provides greater exchange of information and a streamlined property database linked directly to a customer facing property helpdesk. The software is internet browser based, and provides a direct link to customers and stakeholders, enabling them to access data and information in an easy to use environment.

- The Asset Register:

The Council maintains a central Asset Register to record valuations and information for all land and buildings, in accordance with Chartered Institute of Public Finance and Accountancy (CIPFA) and Audit requirements. A five-year rolling programme of asset and insurance valuations is in place for Operational Property, ensuring that 20% of assets are re-valued each year after the validity of the basic data/information has been verified. The Property Investment Portfolio is re-valued annually as part of the Asset Register valuation.

- Condition Data

Condition Surveys of all Schools and Operational Buildings have been completed and are re-assessed as part of an ongoing re-survey process, as part of a 5 year rolling programme. Property data is captured across all service areas and work is prioritised according to the data, allowing a transparent planned programme of work to be implemented. Similarly, this enables informed decisions on investment disposals.

- Asbestos

Comprehensive asbestos information is held incorporating 'Type 2 Enhanced Surveys' as part of the Property database, ensuring that quality, up to date information is retained. In accordance with the Council's Asbestos Management Plan, annual risk assessments are conducted on all previously surveyed properties, to ensure that the Council targets available resources at priority items and manages the risks on site.

- Measured Surveys

Accurate, comprehensive, measured building surveys are available for all properties and are used in various interchangeable formats. All new properties since 2016 which have been designed by the in-house team have been modelled in 3D using the latest 3D design packages, the formats of which allow them to be interchangeable when needed. This will assist in the future integration of Building Information Modelling advances within the construction industry into everyday Facilities Management processes.

3.0 Programme Development and Implementation

The Decision Making Process

The information contained in the Asset Management System facilitates informed, property related decisions. This corporate planning process identifies requirements for the Property Portfolio. The Council utilises data detailing condition, suitability, sustainability sufficiency and asbestos, in the following areas (list not exhaustive):

- Review of office accommodation
- Repair and Maintenance Programmes
- Capital Programmes
- Property Rationalisation
- Borough Towns and Local Centre Regeneration
- Housing Investment
- Commercial Development

Maintenance Programme

The planned Maintenance Programme for 2019/20 has been submitted to Cabinet for approval in February 2019. This programme is set in accordance with Service Priorities and Plans linked to Condition and Suitability Surveys. Health & Safety priorities take precedence and following Grenfell whilst TWC does not own or have responsibility for high rise residential buildings reviewing our Fire Risk Assessments has been a priority. As a result an extensive programme of fire stopping and replacement of fire doors is under way.

Formulating the Property Related Capital Programme and Key Issues

In order to develop the capital programme an appraisal is undertaken which considers; reduced operating costs, regeneration factors, service and commercial benefits, geographic

and deprivation indices, alternate premises, sharing premises and partnership with the private sector or other public sector partners. Whole life cycle costing provides a far more accurate assessment of the long-term cost effectiveness of a project, than standard economic methods that focus solely on capital costs or operating-related costs in the very short term. Research has identified the relationship between capital cost, cost in use and the cost to the business of assets as a ratio of 1:5:200. This demonstrates that the cost of operating and maintaining a building over its life will be five times the original capital cost. Moreover, the cost of staff productivity and occupation is two hundred times the capital cost.

Telford & Wrekin Council actively considers sustainability as part of asset provision, use and management and a Sustainable Procurement Strategy is embedded into our commissioning approach. We are innovative in ensuring sustainability is part of all new-build and refurbishment schemes.

Funding

Capital funding for corporate buildings is £700,000 and educational properties £934,000. This does not include funding from other sources such as grants and section 106 monies. These additional funding streams have gradually enabled us to reduce the back log.

In addition, there are a number of other miscellaneous assets, such as car parks, pumping stations etc., which are also in need of maintenance. In order to enable the most urgent works to be carried out, it is proposed to invest an additional £300,000 in 2019/20. As with buildings, this funding will need to be carefully prioritised. The allocation of this funding will be based on an assessment of risks (health and safety, environmental, financial etc.), asset condition and community impact/benefit. During 2019/20, further work will be done to assess the condition and value of this group of assets in order to determine funding requirements in future years.

Key issues addressed in finalising the 2019/20 Capital Investment Programme include:

- The delivery of capital projects to underpin and support improved service delivery
- Property rationalisation - planned investment in retained buildings to reduce maintenance back log and property disposals
- Investment in energy/heating and lighting to reduce running costs and to support work on climate change/CRC
- Regeneration – support and project management to all regeneration and investment projects
- Repair and maintenance programmes for the PIP to maintain income levels
- Supporting the delivery of the Council's budget and cost improvement plans

4.0 Operational Assets

Property Rationalisation/ New Ways Working

Changing Work Patterns and Culture

In order to deliver ongoing savings we are continually working with Assistant Directors and Service Delivery Managers to ensure new services and teams are co-located to deliver maximum synergies and also reduce the space occupied to deliver further savings. These savings are ongoing with further savings likely to be needed in coming years.

In order to deliver these further savings rationalisation programmes are under review including the potential to relocate the document storage facility outside of the Borough in a managed storage centre. This particular proposal will provide enhanced safety and security benefits in addition to a small revenue saving.

In the Social Care and Health sectors and working jointly with the One Public Estate agenda, we are continually investigating opportunities to co-locate office staff into community centres and doctors surgeries so that they will be more accessible to communities and consider opportunities for 'community hub' models. This should free up buildings for further savings. This has happened with the Substance Misuse Team which vacated Portico House in Wellington providing an annual saving of around £80,000.

In addition, there are a number of other miscellaneous assets, such as car parks, pumping stations etc. which are also in need of maintenance and areas of public realm e.g. Southwater which may require enhanced maintenance as the development is completed. In order to enable the most urgent works to be carried out, it is proposed to invest an additional £300,000 in 2019/20. As with buildings, this funding will need to be carefully prioritised. The allocation of this funding will be based on an assessment of risks (health and safety, environmental, financial etc.), asset condition and community impact/benefit. During 2019/20, further work will be done to assess the condition and value of this group of assets in order to determine funding requirements in future years.

5.0 Property - Recent Achievements and Planned Developments 2019/20

Education

Achievements

Ladygrove Primary School, Dawley

Work has started on a £3.2million expansion at a Telford school to deliver new classrooms, a nursery extension and other improvements to meet an increased demand for places.

Shrewsbury-based Morris properties won the contract for Ladygrove Primary School in Old Office Road, Dawley, and is expected to complete the work by the end of June 2019. The project involves building a single storey block of five classrooms, a nursery extension with entrance area, a hall, toilets, and office space. The existing kitchen at the school will



also be removed and replaced with a much larger one. Externally there will be an enclosed

soft play area provided at the rear of the nursery. Additional car parking and paved areas will be created within newly landscaped grounds. The extension will replace two former demountable classrooms and is being built to accommodate the school's increased requirements of 150 extra pupil places – increasing the school's roll to nearly 500. Up to 13 new full-time jobs will be created as a result of the extension.

Councillor Shirley Reynolds, Telford & Wrekin Council's cabinet member for Education, Employment and Lifelong Learning, said: "Telford is the fastest growing town in the Midlands and inevitably this growth is leading to a rising population and consequent pressure on services and infrastructures.

"The demand for more school places is all part of that and this project to significantly enhance and extend the facilities at Ladygrove Primary will mean the school will have facilities for an extra 150 pupils."

Burton Borough Secondary School, Newport

The £1.6 million scheme started in July 2018 and is due to complete for the start of the Autumn Term 2019. Awarded to Paveaways, it involves a new multi-use school hall to replace the original gym from the 1950s together with the creation of a new reception area and two class bases. The scheme is on budget and on time and will create a much needed new space for assemblies, dining, performing arts and exams.

Burton Borough Hall and Reception January 2019



Other School Projects

In addition to the above projects, a number of major projects to improve school buildings have been completed over the last year. These include:

- Aqueduct Primary-Re Roof Hall
- Bratton Primary- Fire alarm replacement
- Hollinswood Primary-Infilling school courtyard, creation dining space
- Holmer Lake Primary-Replacement windows
- Millbrook Primary-Disability Discrimination Act works
- Tibberton Primary – Security fencing, electrical works
- Southall Primary – Security fencing
- St George’s Primary – Roof cladding
- Wrockwardine Wood Infants- Hall and class room window replacement, boiler replacement
- William Reynolds Primary-Boiler house refurbishment

Planned School Developments 2019-20

- Apley Wood Primary - Boiler Replacement
- Donnington Wood CE Junior - Kitchen Gas Safety Works
- John Fletcher Primary - Kitchen Refurbishment and Gas Safety Works
- Millbrook Primary - Boiler House Refurbishment
- Newport Junior - Electrical Sub Mains and Cabling
- Teagues Bridge Primary - Toilet Refurbishment
- Wrekin View Primary - Kitchen Gas Safety Improvements
- Various Schools - Asbestos Removals - To undertake landlord responsibility asbestos removals within property assets. Although checks are undertaken annually it is proposed to undertake new Management Surveys (type 2) on all school properties. Where removals are required these will be prioritised using the Asbestos Management survey data.
- Various Schools - Data updates (to update the asset management data. This will include condition and suitability surveys and updated drawing/floor plans of buildings as and when upgrades are carried out).
- Various Schools - Emergency works / Access Works / Security Works - budget allocation for emergency works or where school security/access issues are identified. Examples are major boiler failures. This will ensure that schools are able to remain operational with minimum closures.

Leisure

Achievements

The Council’s leisure portfolio delivers significant income to the Council besides providing obvious health benefits to customers and residents. The maintenance and improvement of these properties is a major element of the work of the biT Team.

The expansion of the Wellington Leisure Centre facilities following the relocation of the Wellington Town Council into remodelled accommodation adjacent to Wellington Library was completed in January 2018. The expansion has allowed for the modernisation of the space for

better utilisation and improvement of the gym facilities available to the public. A second phase has seen the refurbishment of the spa facilities in the leisure centre.

Madeley Ski Centre 4G All Weather Pitches



The new 3G pitch at Madeley comprises of an all-weather synthetic grass multi-function football and hockey pitch providing a 11 a-side football pitch, a 11 a-side hockey pitch and three 5/6 a-side football pitches with dividing nets. The pitch is approximately 71m wide x 106m long (7,526m²) and includes a spectator viewing area, fencing/gates and six 18m high bat friendly flood lights with mains electric supply, formation of earth bunds, drainage, footpaths, landscape and planting, cycle parking, maintenance access road to the pitch, UPS back up power supply to the flood lights, sports equipment (football and hockey goals, boot wiper and scrapers, corner flags, and signage) and CCTV. The works also included the construction of a new 57 space car park adjacent to the 3G pitch with street lights.

The project also included a single storey extension to the existing ski lodge providing 4 new changing rooms with toilets, disabled changing room, 2 referee changing rooms with toilets, store and cleaners room. The works also included the full refurbishment of the ski lodge to provide a Café go new kitchen and function room/bar.

At the Town Park the High Ropes climbing centre opened in the summer. This exciting facility includes a climbing wall and a series of wire walks between towers set in the trees. It has proved very popular with children and visitors to the park and complements the other activities available there.

Planned Leisure Developments 2019-20

- Horsehay Village Golf Club – Refurbish Changing Rooms

- Oakengates Leisure Centre – Refurbish the studio
- Telford Ice Rink – Replacement Seating and refurbishment of the entrance foyer
- Shuker Field Pavilion – Car Park and pavilion improvements

Legacy/Partnership Developments

Achievements

Anstice Memorial Hall, Madeley

One of the largest and most prominent buildings in Madeley the hall had fell into disrepair and closed about 5 years ago. Owned by the Town Council, in partnership with Telford & Wrekin Council the feasibility of a scheme to re locate the library into the ground floor and refurbish the premises was developed in Spring 2018. A £1 million scheme to bring the whole building back into use including a lift to access the first floor was designed and subject to satisfactory tenders work is expected to start in February 2019.

Anstice Memorial Hall



50 Buildings Project

As part of Telford's 50 anniversary celebrations the public were invited to vote for their favourite buildings in the Borough. The biT Team then scanned the buildings to provide a 3D model which was available on line for a virtual tour. Progress to date;

- 32 buildings scanned.
- 19 have been launched on the website and social media.
- 17.5k views of the tours so far.
- Successful engagement events including 3 'Be a Local Tourist' days and at a number of community events.
- Buildings scanned include: Sunnycroft National Trust, The Darby Building at the University of Wolverhampton, Gurdwara Hadley, a number of Community Centres, the Belfrey Arts Centre and Wellington Railway Station. Planned buildings include Telford United Football Ground and Telford Steam Railway.

Energy & Lighting

Achievements

Working with The Marches LEP we have developed a programme to replace existing lighting with LEDs when the business case offers a significant revenue saving. Capital contributions of up to 60% of the cost are available. Darby House one of the major Council offices had all lighting replaced in November 2018 with contractors using night and weekend working to minimise disruption. Other major buildings such as Wellington Leisure Centre and Offices, the Ice Rink and Tennis Centre are also at various stages of assessment prior to going out to tender.

Planned Energy & Lighting Developments 2019-20

- Oakengates Leisure Centre - LED Track lighting
- Ice Rink – LED Lighting
- Wellington Civic Centre – LED Lighting

Housing

Achievements

Telford & Wrekin Council is delivering an ambitious growth agenda which has seen major investment in Telford in support of the Council's vision. The Council's wholly owned housing Company, Nuplace Ltd (limited by shares) develops, owns and maintains homes for Private Rent. Nuplace has seen the delivery of 290 units across 6 sites (Randlay, Woodlands, Matlock, Madeley, Hadley and Newport) to date. All of these sites are complete and are fully operational.

Construction on Snedshill Phase 1 is due to complete by April 2019 delivering an additional 39 units with all plots pre let.

Nuplace generates income for the Council from a variety of sources. Since 2015/16 Nuplace has generated cumulative net income for the Council of £2.07m. This is before Council Tax and New Homes Bonus. In addition Nuplace Limited has achieved a forecast profit before interest and tax of £1.5m since 2015/16.

The Housing Investment Programme has delivered the regeneration of 20 acres of brownfield land.

The Council established a Specialist Housing Project in 2018 to review the current and future housing needs for a range of vulnerable groups. This will report in 2019 making recommendations regarding what is required and what opportunities there maybe for the Council and Nuplace, as well as work with partners, to meet needs.

Snedshill – Phase 1 (as of September 2018)



Plot 1



Plots 4&5



Planned Developments 2019/20

Phase 3 of the programme will see a further 130 units across 3 sites delivered within the borough by Summer 2020. The sites include Snedshill Phase 1 (currently under construction) and two further sites at Snedshill (Phase 2) and land adjoining the former BRJ school site (both subject to planning).

Property Investment Portfolio (PIP)

The Authority holds a number of individual sites for Investment, Regeneration and Economic Development purposes. Details of all assets and their values based on CIPFA valuation principles are contained in the Authority's Asset Register (see Section 7). The Council's PIP makes an important contribution to the Council's revenue budget, generating a consistent income stream which was in excess of £7.6m per annum in 17/18 to support front line services.

The Regeneration & Investments Team continued to achieve in 2018. Revenue income to the Council has increased with anticipated gross revenue for 2018/19 due to outturn in excess of the gross revenue target despite the continuing challenging market conditions within the secondary office sector where tenant demand remains low giving rise to costs associated with holding empty property including Business Rates.

Regeneration & Investments continued throughout 2018 to implement its active Property Disposal and Investment Programme. The programme is funded through both the proceeds from sales of lesser performing assets and capital made available through prudential borrowing (£50 million Growth Fund). Since the Growth Fund was established, over £44m has been identified for investment into Borough wide schemes supporting the generation of some 1000 new jobs and set to safeguard a further 250.

During 2018, investments have continued across all sectors, the most recent being the new 68 bed Travelodge at Southwater with ground floor retail unit. This opened in August 2018 delivering 15 new jobs and supporting the day and night time economy of Telford.

Travelodge Opening – August 2018



Other investments have included the development at Hortonwood West (Leasowes Court) to build 15 speculative start up and incubation units. Phase 1 completed in December with tenants moving in shortly thereafter, with phase 2 due to complete in January 2019. Strong pre-lets were secured prior to completion with interests from all business sectors including food, automotive, engineering and crafts.

Starter/incubation scheme at Hortonwood West



Hortonwood West Starter Units - Build in Progress



Two speculative units of 1,700M2 and 3,000M2 are also under construction at T54, the Borough's prime employment land adjacent to the T54 with a strong connection to the automotive industry. Both units are due to complete in March 2019 with strong pre-let interest.



Plots 3 & 5 T54

The Borough continues to attract unprecedented levels of investor interest from companies both within the EU and globally. The level of inquiry is now being further boosted by the selection by DiT of Ni Park, Newport, as a High Potential Opportunity pilot for agri-tech investment, meaning the site and wider Borough are being promoted as the UK's primary investment location for this sector. Ni Park will have a unique and strong offer as an international hub for innovation and technology associated with precision technology in agriculture. The proximity of Ni Park to Harper Adams, the UK's largest University specializing in agri-food and land based technology, will give businesses locating on the Park access to world leading research and development, a highly skilled workforce and a fantastic launch location to access European and global markets. The marketing and branding of Ni Park under the Enterprise Telford offer will provide a diversified investment opportunity for the Council to capitalize on and support inward investment and local job opportunities in Newport.

To support this opportunity, the Council submitted a hybrid planning application in July 2018 for 24 starter/incubation units and a wider masterplan for the remainder of the 10 hectare site with supporting highway infrastructure. Planning consent was secured for the first phase of development in December 2018 which will be retained within the Council's PIP.

Indicative Visuals of NiPark, Newport



Key Achievements of the Investment Portfolio in 2018

- Increased gross revenue income by over £1million
- Continued assistance to customers via stepped rents, payment arrangements, and re-gearing of leases. This helped ensure achievement of the income target, and safeguarded jobs within the Borough
- Continued use of High Court enforcement, which has resulted in the recovery of difficult long standing debts
- Continued to achieve a consistently low void rate of 3.00% across the portfolio, and improved the process to reduce the liability for Empty Property Rates
- Continued to utilise online marketing tools including Zoopla, CoStar and the Estates & Investments website for online enquiries.
- Effectively managed the repair and maintenance budgets ensuring expenditure is below approved levels

Plans and Developments 2019

- Achieve the Investment Portfolio income target whilst continuing to be proactive in assisting local businesses
- Bring forward new developments utilising the growth fund including the planned developments at Ni-Park and Stafford Park.
- Continue to reduce the number of tenants who occupy by way of a licence by negotiating the grant of new leases, securing income for longer periods of time and increasing the investment value of assets held
- Continue the use of conditional break options linked to repayment of rent free incentives, surrender premiums, rent deposits and guarantees in return for lease flexibility
- Continue to reduce levels of current and former tenant debt and investigate alternative means of debt recovery

- Set and effectively manage repair and maintenance budgets for assets, ensuring expenditure continues to be below approved levels
- Set and effectively manage service charge budgets for multi-level premises and estates.
- Release the new Estates & Investments website, jointly promoting Enterprise Telford.
- Continue to implement the Property Disposal Programme, reinvesting in assets capable of delivering revenue and capital growth, have reduced liabilities, ensuring the long term sustainability of the PIP
- Continue to explore potential development and investment opportunities presented via The Land Deal held with Homes England
- Increase revenue earning occupancy levels at The Business Development Centre to 90%
- Development of new properties capable of achieving the highest possible energy rating and conforming to national policies regarding sustainability and energy performance
- Work with the Inward Investment & Business Support Teams to target specific sectors to help reduce voids in offices
- Continue to work closely with Inward Investment colleagues to support the Enterprise Telford offer
- Continue to review the Council's exposure to investment risk in a changing investment market.
- Working with Health and Social Care to support OPE opportunities with partners to support cost improvement and improved community health/social care outcomes.
- Maintaining the quality of key assets such as Southwater – a key attraction to the Borough.

Land Strategy

TWC Land Assets

The Land Assets held by the Authority within the Asset Register are defined as playing fields, public open space, amenity land, woodland, paddocks etc. and amount to some 300 hectares (Ha). Specifically, the area excludes the site area of built Operational and Non-Operational Assets (which extends to some 700Ha). The aim of the Land Strategy, undertaken in 2010 and approved by Cabinet in 2012, was to undertake a detailed appraisal of each individual land asset by collating information from a number of sources into a single database.

The information obtained for each site includes:-

Site Description

Site Area

Existing Use

Suitability for disposal

Potential for alternative use

Legal issues

Planning issues

Engineering information
Regeneration considerations

For specific issues such as Planning, regard was made to the adopted Local Development Framework and the sites current land allocation, together with a view on future development potential. The information collated has been used to categorise each Land Asset. A traffic light system of categorising has been adopted as follows:

Red	Land suitable for disposal
Amber	Land that may be suitable for disposal will require further investigations before a recommendation is made e.g. Engineering study, Planning Application etc.
Green	Land to be retained

Cabinet approval was granted for the disposal of all assets identified as “red” and to date, all but 6 have been sold, generating a capital receipt of £193,200 for the Authority.

The Land Strategy identified a number of “Amber Sites” that could be suitable for disposal but where further studies/investigations are required before the assets can be sold e.g. engineering studies, ecological surveys, planning applications etc. A programme has been established to investigate these Amber Sites. These sites are being reviewed on a rolling programme with currently an additional thirteen sites being identified for disposal.

Assets categorised as Green (land to be retained) are continually reviewed to ensure that where criteria/circumstances have changed the site’s development /disposal can come forward.

The Land Strategy, Operational Property Strategy and PIP Strategy all connect and form the approach to Asset Management within Telford.

Management of Homes England Assets

The Telford Land Deal was signed in March 2016 which formalised a legal agreement between the parties that puts TWC in charge of a range of activities that support the delivery of Homes England sites within the Borough including marketing, disposals planning applications and infrastructure investment. The management and programming the disposal of Homes England Assets is a significant opportunity to shape how the Borough is developed in line with the localism agenda and to support the new role Homes England have as a facilitator and enabler of development. It has provided the opportunity for the Council to take a proactive approach in promoting the opportunities in Telford and to support the Councils wider agenda of growth within the Borough.

Since the Deal was established, gross land sales of approximately £25.1m have been secured, enabling the delivery of 614 new homes and over 953 new jobs. Over the past 12 months (17/18) through the Deal, gross land sales of approximately £17.9m have been secured enabling the delivery of 359 new homes and 553 new jobs.

Amongst the most high profile investment is Magna International’s new plant at T54. This alone is set to deliver over 600 jobs over 2 phases and represents the most state of the art lightweight automotive body parts manufacturing plant in Europe. Further high profile investments include Polytec’s new manufacturing plant at T54 set to deliver 243 new jobs over 3 phases and the sale of land to Maiden’s of Telford at Donnington to create additional storage and a warehouse distribution centre of 2323sqm (25,000sqft) at their current premises.

Construction works on these new developments are benefitting local companies and new investors are stimulating further growth in the supply chain.

The programmed release of Homes England assets is made available through the Homes England website and E&I marketing platforms.

The day to day asset management of Homes England land has been retained by their Estates Team.

7.0 Asset Details & Performance

The Statement of Assets is found in Appendix 1.

Three key measures against condition and space utilisation are contained in Appendix 2.

With reducing budgets, maintenance/refurbishment has been kept to a minimum across both Operational Property and Schools. However, the BSF programme has reduced the school maintenance back log as new and refurbished schools have been delivered as new Academies. On the Operational side, Property Rationalisation has also reduced the backlog of outstanding maintenance as services and staff are concentrated in modern buildings and old outdated buildings, are disposed of.

Energy use is increasingly important from both an environmental and financial viewpoint. Whilst we have pursued a programme of eco-friendly initiatives such as bio mass boilers, increased insulation etc. this has been offset by increasing use of technology powered by electricity in buildings.

Similarly, space utilisation should further improve from current standards as Property Rationalisation continues.

Appendix 1 - Fixed Assets Utilised by the Council

1. Operational Property Assets

1.1 Operational Property

Category	Quantity	Total Values
Academies	12	£4,456,382
Bus Stations	3	£459,000
Cemeteries	3	Nominal value
Changing Rooms & Pavilions	11	£1,210,000
Community Centres	1	£361,000
Children's Centres & Nurseries	3	£2,130,000
Day Centres	2	£2,102,000
Golf Course	1	£2,010,000
Hostels/Homeless Accom/Residential Homes/Refugee Accom	75	£4,677,158
Ice Rink	1	£3,952,000
Industrial Estates and Units – Operational (non PIP)	1	£278,000
Leisure Centres	8	£21,466,000
Libraries	8	£8,469,000
Operational Offices	7	£10,082,000
Outdoor Activity Centre	1	£942,000
Primary Schools (Maintained/Foundation/VC/VA)	49	£110,618,000
Public Conveniences	3	£131,000
Pupil Referral Units	3	£1,024,000
Registrars	1	£881,000
Secondary Schools (Maintained/Foundation/VA)	4	£68,853,000
Ski Centre	1	£337,000
Special Schools	2	£5,658,000
Theatres	1	£2,003,000
Travellers' Sites	3	£2,061,000
Visitor Information Centre	1	£788,000
Youth Projects	1	£11,000
TOTAL	206	£ 254,959,540

1.2 Operational Property Leased in from Property Investment Portfolio

Category	Quantity	Total Values
Industrial Estates and Units (PIP)	5	£725,000
Offices	2	£294,000
Training / Day Centre	1	£222,000
TOTAL	8	£1,241,000

1.3 Operational Property Leased in from Private Sector

Category	Quantity	
PFI Academy	2	
PFI Special School	1	
Offices	1	

TOTAL	3	
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2. Other Property Assets

2.1 Property Investment Portfolio (PIP)

Category	Quantity	Total Values
Depot	1	£1,460,000
Industrial	40	£49,693,000
Offices	27	£16,540,000
Retail	30	£18,667,000
Smallholdings	1	£165,000
TOTAL	99	£86,525,000

2.2 Other Miscellaneous Sites and Property

Category	Quantity	
Allotments	10	
Amenity Sites	3	
Assets held for sale	49	
Assets Under Construction	5	
Car Parks	31	
Community Centres - leased out	9	
Leased out property – non PiP	25	
Miscellaneous Sites	119	
Open Space and Recreational Areas	179	
Regeneration Sites	2	

APPENDIX 2

Indicator 1Bi : Required maintenance by cost expressed as a total cost in Priority levels 1–3

Telford & Wrekin Property Performance Indicators for 2018.

Priority 1–3 covers a 5 year maintenance period. The total cost of priority level 1 – 3 works for all Operational Property (including schools) is £23,851,473.

T&WC figure is split as follows:

School Property	£18,434,265
Operational Property	£5,417,208

Previous year comparisons

		2013	2014	2015	2016	2017	2018
Schools	P1-P3	£24,617,893	£21,529,991	£18,939,529	£17,144,675	£18,719,548	£18,434,265
Operational	P1-P3	£8,369,886	£7,480,279	£6,806,221	£5,852,620	£5,700,431	£5,417,208

The condition liability for operational buildings has reduced due to the ongoing reduction in the number of properties directly operated by the Council, i.e. community centres, along with the overall reduction in office accommodation by 34% in recent years. The figures here include estimates for new buildings which have been acquired and do not currently have condition surveys – these will be undertaken during the normal condition update rolling programme.

School Condition Surveys do not include all the recent investment of circa £1.5m in 2018/19 until the 2019 surveys have been completed. Surveys will continue to be rolled out over the following year and will reflect this investment in future updates.

TELFORD & WREKIN COUNCIL

CABINET 14th FEBRUARY 2019
COUNCIL 28th FEBRUARY 2019

HIGHWAYS & TRANSPORT CAPITAL INVESTMENT PROGRAMME 2019-2021

REPORT OF THE ASSISTANT DIRECTOR : CUSTOMER & NEIGHBOURHOOD SERVICES

PART A) – SUMMARY REPORT

1. SUMMARY OF MAIN PROPOSALS

1.1 To identify the proposed planned Highways and Transport Capital Investment Programme for financial years 2019/20 –2020/21, in accordance with the proposed Budget Strategy.

2. RECOMMENDATIONS

2.1 That Council:

- i. Approve the planned Highways and Transport capital investment programme for 2019/20 – 20/21
- ii. Delegate responsibility for agreeing any variations or changes to schemes in the capital programme that remain within overall approved budget limits to the Assistant Director Customer & Neighbourhoods Services in consultation with the Cabinet Member for Transport, Roads and Broadband.

3. SUMMARY IMPACT ASSESSMENT

COMMUNITY IMPACT	Do these proposals contribute to specific priority plan objectives?	
	Yes/No	Maintaining the highway network has been identified as a key priority through community consultation. Maintaining an efficient and effective transport network through the Highways and Transport Capital Programme contributes to the delivery of the following Council Priorities: <ul style="list-style-type: none"> • Ensure that neighbourhoods are safe, clean and well maintained; • Improve the health and wellbeing of our communities and address health inequalities; • Regenerate those neighbourhoods in need and work to ensure local people have access to suitable housing.
	Will the proposals impact on specific groups of people?	

		Yes/No	The highway and transport network is used by all sections of the community. As far as is practicably possible all schemes aim to meet guidance on accessibility; all maintenance schemes are based on assessments of condition of the highway network and feedback from the local community.
	TARGET COMPLETION / DELIVERY DATE	There are many different capital projects and each one has a different target completion date.	
	FINANCIAL/VALUE FOR MONEY IMPACT	Yes	Budgetary provision for the Highways and Transport Capital Programme for 2019/20 totals £20.9m which includes capital grants. Indicative capital funding for future year 20/21 is also outlined in this report. Expenditure against budgeted allocations will be monitored and any variances or amendments will be reported through the Service and Financial Planning process as required. DR 7/1/19
	LEGAL ISSUES	No	There are no direct legal implications arising from this report. A number of general and specific statutory powers and duties are conferred on the Council regarding its highway network management and maintenance functions. The capital investment programme is a key Council response to its powers and duties. Any works will be properly procured and managed in accordance with financial and contract procedure rules. IR 6.01.19
	OTHER IMPACTS, RISKS AND OPPORTUNITIES	Yes	The highway and transport network forms a key part of the physical environment that people experience on a daily basis. In delivering the programme it is important that all opportunities are explored to maximise the enhancement of the local environment, where it can be done in an efficient and cost-effective way.
	IMPACT ON SPECIFIC WARDS	No	Proposals affect all wards in the Borough

PART B) – ADDITIONAL INFORMATION

4. INFORMATION

4.1 The Council’s adopted Asset Management Policy & Strategy sets out the future vision for highways in Telford & Wrekin: Our vision is as follows:-

We will keep Telford moving by delivering a safe, efficient and sustainable highway to meet the needs of communities and businesses, providing access to jobs and services, supporting health and wellbeing and catering for future growth **AND** maximising and managing investment into the highway network to support the local economy, investing in new technologies and our

workforce to promote innovation and creativity. **Consultation, collaboration and community engagement will be the key to our success.**

- 4.2 The adopted asset management policy forms one of the essential aspects to the Council being a 'band 3' authority in order to secure the newly formed highways incentive funding. The Council was assessed as a band 3 authority for 18/19 and working is continuing to maintain this level thereby securing the maximum level of funding.
- 4.3 The Council has invested significant funding over recent years into highway and transport infrastructure. This includes securing external government funding into the LEP Growth Point junction improvements and the Telford Town Centre Connectivity Package. In addition to this the Council has invested significant funding into highways maintenance and environmental maintenance schemes through the Pride in Our Community programme.
- 4.4 Telford continues to face the need for continuing investment into infrastructure to support our residents and communities and to make the Borough attractive for securing inward investment, in turn helping to create new jobs. The New Town status of Telford means that much of the infrastructure is deteriorating at a similar rate and is now coming to the end of its useful life. Whole life costings undertaken as part of our asset management approach show that should the previous funding levels of highway maintenance continue then the network would deteriorate until such a point where more expensive road treatments would be required in order to bring the network back up to standard.
- 4.5 The Council has therefore agreed to invest significant sums into upgrading and maintaining our local road and highways infrastructure. The four-year investment programme commenced in 2017/18 and included almost £3.7m into our footpaths, £6.9m into structures, £21.8m into our Highways to improve our roads and over a £2.5m to improve the maintenance of our drainage systems and street furniture.
- 4.6 In addition the Council's new street lighting contract is supported by a major two year £5.3m investment in upgrading street lighting to LED's across the Borough, helping to reduce our energy costs by nearly half a millions pounds per annum and improve the quality of lighting at the same time. This programme is now close to completion.
- 4.7 The planned £33.6m of funding set out in this report over the next two financial years will significantly improve the current condition of the Council's highway assets and well as upgrading vital infrastructure. The Council has also just concluded a 12 month procurement process to award its new Highways Contract. This was awarded to Balfour Beatty Living Places and the new contract commences from 1st April 2019. The new contract will provide significant benefits through better performance management, a focus on getting things right first time as well as providing £1.4m of savings over the course of the contract. In addition to this the contract will bring significant social value benefits including growing the current workforce from 14 to 31 FTE's, providing 3 apprenticeships and one graduate placement, 60% of spend locally and volunteering to support local initiatives. The new contract will also look to bring new innovations, such as clearing all 33,000 gullies in the first year of the contract, and subsequently. This will map all of the gullies digitally including recording vital information such as silt levels. The aim is to then move to a targeted intelligent cleansing programme in year four. In addition the contract will facilitate the trial of pre-wetted salt in support of winter

maintenance. In total the combination of this significant funding and new contract will provide significant benefits in supporting our communities and improving the condition of the highway network.

Table 1 – Summary of Funding Sources

Source	2019-20	2020-21	Total 2-year Programme
	£'000	£'000	£'000
2-Year Budget			
Council Capital			
Highways maintenance and improvements	8,622	7,478	16,100
LED borough wide Lighting (Invest to Save)	437	0	437
Total Council Capital	9,059	7,478	16,537
External Funding			
Highways maintenance and improvements (pending outcome of Band 3 assessment Summer 2019)	5,481	2,778*	8,259
Integrated Transport	939	939*	1,878
Newport Enterprise & Innovation Package	5,410	1,557	6,967
Total External Funding Capital	11,830	5,274	17,104
Total Funding	20,889	12,752	33,641

*Unconfirmed subject to Government Confirmation from 2019 Comprehensive Spending Review

Table 2 – Summary of Highways & Transport Capital Programme

Highway Programme Area	2019-20	2020-21	Total 2-Year Programme
	£'000	£'000	£'000
Maintenance of Existing Assets			
Carriageway Maintenance	7,264	5,230	12,494
Footpath maintenance	1,171	328	1,499
Structures maintenance	1,668	3,731	5,399
Street lighting maintenance	100	100	200
Drainage Maintenance	676	294	970
Street furniture	436	488	924
Annual Condition Surveys	85	85	170
Maintenance Programme sub-total	11,400	10,256	26,434

Transport & Major Schemes (Improving and Amending the Highway Network)			
New / Upgraded Infrastructure	433	539	972
Safety Schemes	200	250	450
Transport Modelling/Major Scheme Development	217	150	367
LED borough wide Lighting (Invest to Save)	437	0	437
Newport Enterprise & Innovation Package	5,510	1,557	7,067
Telford Growth Package	2,702	0	2,702
Transport & Major Schemes-sub-total	9,499	2,496	11,995
Total Capital Programme	20,899	12,752	33,641

5 IMPACT ASSESSMENT – ADDITIONAL INFORMATION

5.1 Community Impact

Maintaining the highway and transport network is key to ensuring that people are able to travel for work and education, for accessing services and for leisure activities. The network is used on a daily basis by residents and visitors to the Borough and in terms of service use is likely to be the most used service the Council provides. The condition of the highway and its surroundings can have a significant influence on the overall perception of the quality of the physical environment wherever possible we maximise on opportunities to improve the local environment for the benefit of local communities. As part of the Cooperative Council approach the process of engaging contractors for the Highways Programme will include the consideration of supporting local employment and apprentice schemes.

5.2 Equalities Impact

Where possible, as part of the capital programme, improvements to accessibility will be carried out, such as the provision of dropped kerbs and tactile paving. This allows the Council to support its Local Transport Plan objective of improving accessibility.

5.3 Environmental Impact

Environmental improvements are incorporated into schemes wherever appropriate in order to support the recognition that highway and footpath condition can have a significant bearing on the perceived environmental quality of an area. Again, by identifying links with other programme the Council will aim to take a Total Place approach when delivering highways schemes, thereby ensuring that both environmental and highways issues are addressed. The Council will be seeking to use recycling of materials and new more sustainable surfacing treatments, in collaboration with other local authorities, with the aim of reducing the Council's Carbon Emissions.

PREVIOUS MINUTES

Council 1 March 2018 – Service & Financial Planning 2018/19 to 2020/21

2019/20 INVESTMENT STRATEGY REPORT

REPORT OF THE CHIEF FINANCE OFFICER (ASSISTANT DIRECTOR: FINANCE & HUMAN RESOURCES)

LEAD CABINET MEMBER – CLLR LEE CARTER

PART A – SUMMARY REPORT

1. SUMMARY OF MAIN PROPOSALS

- 1.1 The investment strategy is a new report for 2019/20, meeting the requirements of statutory guidance issued by the government. It focuses on non-treasury investments i.e. investments made to support local public services and commercial investments which deliver a return to the Council as well as also delivering Council service priorities.
- 1.2 The strategy sets out the Council's non-treasury investments, outlining the contribution they make towards service delivery objectives, risk management arrangements and liquidity.
- 1.3 The strategy also includes a number of indicators which provide context and proportionality.

2.0 RECOMMENDATIONS

- 2.1 Members are asked to approve the Investment Strategy for 2019/20.

3.0 SUMMARY IMPACT ASSESSMENT

**COMMUNITY
IMPACT**

Do these proposals contribute to specific priority plan objectives?

Yes/ No Commercial and Service Investments deliver benefits to the Community as well as generating income which supports the Council's overall financial position and delivery of front line services and therefore the delivery of all policy objectives.

Will the proposals impact on specific groups of people?

Yes/
No

**TARGET
COMPLETION /
DELIVERY DATE**

Part of ongoing delivery of Service & Financial Planning Strategy and Council Plan approved by Council.

**FINANCIAL/VALUE
FOR MONEY
IMPACT**

Yes/ No Where appropriate these are detailed in the body of the report.

LEGAL ISSUES	Yes/ No	The Investment Strategy has to comply with the 2018 MHCLG Investment Guidance.
OTHER IMPACTS, RISKS AND OPPORTUNITIES	Yes/ No	The key opportunities and risks associated with the Investment Strategy are set out in the body of the report
IMPACT ON SPECIFIC WARDS	Yes/ No	

PART B – ADDITIONAL INFORMATION

4.0 BACKGROUND

4.1 The Authority invests its money for three broad purposes:

- because it has surplus cash as a result of its day-to-day activities, for example when income is received in advance of expenditure (known as **treasury management investments**),
- to support local public services by lending to or buying shares in other organisations (**service investments**), and
- to earn investment income (known as **commercial investments** where this is the main purpose).

4.2 This investment strategy is a new report for 2019/20, meeting the requirements of statutory guidance issued by the government in 2018, and focuses on the second and third of these categories.

5.0 TREASURY MANAGEMENT INVESTMENTS

5.1 The Authority typically receives its income in cash (e.g. from taxes and grants) before it pays for its expenditure in cash (e.g. through payroll and invoices). It also holds reserves for future expenditure and collects local taxes on behalf of other local authorities and central government. These activities, plus the timing of borrowing decisions, lead to a cash surplus which is invested in accordance with guidance from the Chartered Institute of Public Finance and Accountancy. The balance of treasury management investments is expected to normally fluctuate between £10m and £20m during the 2019/20 financial year. There may be exceptional circumstances where market conditions favour borrowing and investments may exceed £20m on a short-term basis due to differing maturity dates.

5.2 **Contribution:** The contribution that these investments make to the objectives of the Authority is to support effective treasury management activities as part of the Council's overall sound financial management arrangements

5.3 **Further details:** Full details of the Authority's policies and its plan for 2019/20 for treasury management investments are covered in a separate document, the treasury management strategy, also on this agenda.

6.0 SERVICE INVESTMENTS: LOANS

6.1 The Council has granted loans to Nuplace Ltd, its wholly owned company, AFC Telford and Ironbridge Gorge Museum Trust. Each makes a valuable contribution to the community and aligns with the Council's objectives:

Nuplace	Nuplace constructs and manages the delivery of private and affordable residential property for rental. Through Nuplace, the Council is increasing the quality of the private rented sector provision, regenerating brownfield land sites and stimulating economic growth.
IGMT	IGMT is a key contributor to the local economy and tourism. The Trust also provide high-quality education services for all ages, volunteer opportunities and support for inward-investment into the Borough.
AFC Telford	AFC Telford provide opportunities to enhance community and club sport, leisure and learning facilities in the Borough.

6.2 The main risk when making service loans is that the borrower will be unable to repay the principal lent and/or the interest due. Loans granted are considered on an individual basis, with the appropriate approvals, and include safeguards to minimise the Council's risk:

Nuplace	The company is delivering an appreciating asset i.e. houses and ultimately the proceeds from the sale of some or all of these assets could repay the loan.
IGMT	The loan agreement includes a financial guarantee from The Ironbridge (Telford) Heritage Foundation Limited, which covers the outstanding amount of the loan.
AFC Telford	The Council owns the freehold of the ground; the loan was granted to fund a new fire alarm system at the ground.

6.3 In order to limit this risk, and ensure that total exposure to service loans remains proportionate to the size of the Authority, upper limits on the outstanding loans to each category of borrower have been set as follows:

Table 1: Loans for service purposes in £ millions

Category of Borrower	Net figure in accounts 31.3.2018	Approved Limit
Nuplace	25.476	£40m
IGMT	0.222	Balance owing
AFC Telford	0.023	Balance owing
TOTAL	25.721	

International Accounting standards require the Authority to set aside loss allowances for loans, calculated to meet accounting requirements rather than any expectation of actual likely repayment issues. The figures for loans in the Authority's statement of accounts from 2018/19 onwards will be shown net of this loss allowance. However, the Authority clearly makes every reasonable effort to collect the full sum lent and has appropriate credit control arrangements in place to recover overdue repayments. It is not currently anticipated that any of the loss allowances shown above will be required.

6.4 The Authority assesses the risk of loss before entering into and whilst holding service loans on a case by case basis. This could be as part of a business case appraisal, as was the case for Nuplace, or as part of individual reports taken to Council/Cabinet for smaller loans. Where appropriate external advisors would be used to inform the decision making process. Nuplace risks are regularly monitored through the Housing Investment Programme Board.

6.5 The Council may grant loans to other organisations, such as Town and Parish Councils, where there is a clear contribution to the community and alignment with the Council's objectives. A separate report will be presented to Cabinet for approval in relation to all such loans.

7.0 SERVICE INVESTMENTS: SHARES

7.1 The Council invests in the shares of Nuplace which contributes to its overall objectives, as described in 6.1 above. The Council also has a small historic shareholding in Shropshire Waste Management, which transferred to the authority as part of the disaggregation process when it became a Unitary Authority in 1998.

7.2 One of the risks of investing in shares is that they fall in value meaning that the initial outlay may not be recovered. In order to limit this risk, upper limits on the sum invested in each category of shares have been set as follows:

Table 2: Shares held for service purposes in £ millions

Company	Amounts invested	Value in accounts 31.3.2018	Approved Limit
Nuplace	8.950	8.950	23.200
Shropshire Waste Management	0.033	0.315	0.315
TOTAL	8.983	9.265	

7.3 The Authority assesses the risk of loss before entering into and whilst holding shares on a case by case basis. The assessment of risks in relation to Nuplace are as described in para. 6.4 above.

7.4 The maximum periods for which funds may prudently be committed are considered on a case by case basis as part of the business case process. The agreement with Nuplace is in place for a 30 year period, commencing 2015. Investment in Nuplace, through loan and equity is regularly monitored by senior finance officers to ensure it stays within the agreed limits.

7.5 Non-specified Investments: Shares are the only investment type that the Authority has identified that meets the definition of a non-specified investment in the government guidance. The limits above on share investments are therefore also the Authority's upper limits on non-specified investments. The Authority has not adopted any procedures for determining further categories of non-specified investment since none are likely to meet the definition.

8.0 COMMERCIAL INVESTMENTS: PROPERTY

8.1 The Council holds a number of individual sites for investment, regeneration and economic development purposes: Property Investment Portfolio (PIP). The PIP is estimated to generate £7.9m income in 2019/20. The Council has established a Growth fund to strengthen and grow the PIP which is being used to invest directly into land and property enabling local businesses to expand and attracting new investors which boosts jobs and the economy, as well as delivering additional direct income and a share of additional retained business rates (between system resets). The Council has also invested in a solar farm which delivers £0.2m net profit per annum as well as having broader environmental benefits through supporting the generation of renewable energy.

Table 3: Property held for investment purposes in £ millions

Property	Purchase Cost	31.3.2018	31.3.2019
		Actual Value in accounts	Estimated Value in accounts
Property Investment Portfolio	41.181	95.657	106.0
Solar Farm – land and equipment	3.787	5.844	5.7
TOTAL	44.968	101.501	111.7

8.2 In accordance with government guidance, the Authority considers a property investment to be secure if its accounting valuation is at or higher than its purchase cost including taxes and transaction costs.

A fair value assessment of the Authority's investment property portfolio has been made within the past twelve months, and the underlying assets provide security for capital investment. Should the 2018/19 year end accounts preparation and audit process value these properties below their purchase cost, then the position will be reviewed.

8.3 Risk assessment: The Authority assesses the risk of loss before entering into and whilst holding property investments on a case by case basis. The AD: Business, Development & Employment has delegated authority to manage the PIP and make decisions in relation to PIP investments and disposals and undertakes an assessment of risk as part of this process.

8.4 Liquidity: Compared with other investment types, property is relatively difficult to sell and convert to cash at short notice, and can take a considerable period to sell at an

acceptable price in certain market conditions. To ensure that the invested funds can be accessed when they are needed, for example to repay capital borrowed, the Authority has a process in place to plan for, manage and monitor capital receipts. Temporary borrowing may be undertaken where receipts are delayed. Updates are taken to Cabinet as part of the regular Financial Management Reports.

9.0 PROPORTIONALITY

9.1 Income from investment activity is used to support the revenue budget. Table 4 below shows the extent to which the expenditure planned to meet the service delivery objectives and/or place making role of the Authority is dependent on achieving the expected net profit from investments over the lifecycle of the Medium Term Financial Plan. Should it fail to achieve the expected net profit, the Authority's contingency plans for continuing to provide these services are: that the revenue budget includes a contingency; the delivery of further savings; the use of balances (in the short-term); review of investment activities and action plan to recover position/identify alternative options.

Table 4: Proportionality of Investments

	2017/18 Actual	2018/19 Forecast	2019/20 Forecast	2020/21 Forecast	2021/22 t Forecast
Gross service expenditure - £m	414.5	410.0	397.8	395.1	393.4
Net Investment income - £m	5.8	6.0	6.1	6.4	6.4
Proportion	1.4%	1.5%	1.5%	1.6%	1.6%

10.0 OTHER INVESTMENTS - HCA Land Deal

10.1 The Telford Land Deal is a uniquely negotiated deal between the Council, Homes England (formerly HCA) and MHCLG through which Homes England/MHCLG have committed to invest £44.5m from the sale of Government owned land in Telford to invest in the local area supporting the delivery of new homes, jobs and commercial floor space.

10.2 The deal is based on a risk-reward model which requires the Council to make investment into site preparation up front, at risk, with this investment recouped from land receipts. The Council manages the delivery programme and is able to influence investment decisions through the Land Deal Board.

10.3 Since the Deal was established gross land sales of £25.1m have been secured, enabling the delivery of 614 new homes and over 953 new jobs. The Council has spent £15.1m in bringing forward sites for development recouped from land sales and the total profit share delivered to the local area to date is £3.9m.

10.4 There is a 3 year rolling Investment and Disposal Plan which is updated annually and agreed by the Land Deal Board.

11.0 CAPACITY, SKILLS AND CULTURE

11.1 Elected members and statutory officers: reports taken to Cabinet/Council include sections on the financial and legal implications and risks. Cabinet Members are regularly briefed by Assistant Directors. An invest to save proposal is completed for each Growth Fund investment which is approved by the AD: Business, Development & Employment after consultation with the Chief Financial Officer and the Lead Cabinet Member. There is a Member Housing Investment Board which receives regular, detailed updates in relation to Nuplace.

11.2 Commercial deals: officers negotiating commercial investments work closely with Finance colleagues to ensure the core principles of the prudential framework and regulatory regime are complied with.

11.3 Corporate governance: where not already detailed, separate reports will be taken to Cabinet/Council in relation to new investment decisions.

12.0 INVESTMENT INDICATORS

12.1 The Authority has set the following quantitative indicators to allow elected members and the public to assess the Authority's total risk exposure as a result of its investment decisions.

12.2 The first indicator shows the Authority's total exposure to potential investment losses. This includes amounts the Authority is contractually committed to lend but have yet to be drawn down and guarantees the Authority has issued over third party loans.

Table 5: Total investment exposure in £millions

Total investment exposure	31.03.2018 Actual	31.03.2019 Forecast	31.03.2020 Forecast
Treasury management investments	19.937	20.000	20.000
Service investments: Loans	25.721	29.133	36.271
Service investments: Shares	9.264	12.867	16.088
Commercial investments: Property	101.501	111.677	120.040
TOTAL INVESTMENTS	156.423	173.677	192.399
Commitments to lend	0.000	0.000	0.000
Guarantees issued on loans	0.000	0.000	0.000
TOTAL EXPOSURE	156.423	173.677	192.399

12.3 How investments are funded: Government guidance is that these indicators should include how investments are funded. Since the Authority does not normally associate particular assets with particular liabilities, this guidance is less straight forward. However, the following investments could be described as being funded by borrowing. The remainder of the Authority's investments are funded by usable reserves and income received in advance of expenditure.

Table 6: Investments funded by borrowing in £millions

Investments funded by borrowing	31.03.2018 Actual	31.03.2019 Forecast	31.03.2020 Forecast
Treasury management investments	19.937	20.000	20.000
Nuplace	31.672	38.684	49.397
Property	44.968	54.767	61.853
Other Loans	0.287	0.248	0.208
TOTAL FUNDED BY BORROWING	96.864	113.699	131.458

12.4 Rate of return received

The Council receives 5.29% interest on the loan charged to Nuplace, per annum. Net income from Nuplace, including loan interest, was £1.2m in 2017/18 and is projected to sustain this level in 2018/19 and 2019/20. The long term return on the equity investment is 6%.

The Return on Investment relating to the PIP Growth Fund is 3.45%, after the cost of borrowing and is projected to continue at this level.

12.5 Other Investment Indicators

Table 7: Other investment indicators

Indicator	2017/18 Actual	2018/19 Forecast	2019/20 Forecast
Financing Costs to Net Revenue Stream	3.85%	4.84%	7.89%
Commercial income to net service expenditure ratio	4.7%	5.0%	5.1%
<i>Vacancy levels/voids</i>			
<i>Nuplace – void assumptions</i>	1.95%	4.7%	5.0%
<i>PIP – percentage of vacant properties</i>	3.00%	3.0%	3.0%

13.0 BACKGROUND PAPERS

Statutory guidance on Local Authority Investments
 Treasury Strategy
 Capital Strategy

Report Prepared by:

Ken Clarke, Assistant Director: Finance & HR (Chief Financial Officer) 01952 383100
 Pauline Harris, Corporate Finance Manager 01952 383100

TELFORD & WREKIN COUNCIL

CABINET – 14th FEBRUARY 2019

COUNCIL – 28th FEBRUARY 2019

2019/20 TREASURY STRATEGY AND TREASURY UPDATE REPORT

REPORT OF THE CHIEF FINANCE OFFICER (ASSISTANT DIRECTOR: FINANCE & HUMAN RESOURCES)

LEAD CABINET MEMBER – CLLR LEE CARTER

PART A – SUMMARY REPORT

1. SUMMARY OF MAIN PROPOSALS

- 1.1** The report updates members on Treasury Management activities during 2018/19 to date and details the Treasury Strategy recommended to be adopted for 2019/20.

The strategy in 2018/19 and recent years has been to limit investments in third parties, which reduces the Council's exposure to counterparty risk, and to take advantage of lower interest rates for borrowing. Maintaining high levels of very cheap temporary financing has generated surplus treasury management returns of more than £13.8m in recent years which has reduced the impact of Government cuts to the Council's grants and therefore helped to protect front line services.

Following discussion with the Council's external treasury advisors, Arlingclose, we have started to lock into some fixed term borrowing during 2018/19 to reduce the exposure to future interest rate increases which are now predicted. It should be noted that the Council's budget for 2018/19 and proposals issued for consultation in January 2019 for 2019/20 include allowance for locking in all anticipated financing requirement at fixed interest rates that are higher than current PWLB rates for any duration (from 1 year to 50 years) which ensures that the Council's budget in relation to Treasury Management is robust. The Council is very well placed to lock in to longer term fixed rates. The Council will continue to receive regular advice from Arlingclose who are a firm of expert advisors specialising in all aspects of local government treasury management and we act in accordance with the advice received.

The report also sets out expected external financing requirements. We have an excellent track record of complying with all the prudential indicators and limits agreed by Council and are operating well within the overall approved credit ceiling. The proportion of the Council's net revenue budget used to service loan repayment is 8.2% in the current financial year. This compares to 9.5% for the average unitary authority. The Council has increased its external financing requirements in recent years as it follows a more commercial approach. This has included investment in NuPlace which provides high quality homes for rent from a reliable landlord, mainly at market rent levels and an expansion of the Property Investment Portfolio. These investments are expected to bring long term capital growth which will strengthen the Council's balance sheet as well as generating revenue returns well in excess of the associated loan repayment charges. They will also bring other direct and indirect financial and other benefits to the residents of the Borough including additional income from council tax, business rates and new homes bonus, as well as protecting and creating jobs for local

people. The Council's solar farm generates an index linked surplus of around £200k pa the surplus is used to help support front line services.

This report and the Prudential Indicators report, which will be considered by Full Council on 28 February, set out our overall approach to treasury management and the controls that are put in place to ensure that council taxpayers' interests are protected and risks are managed as effectively as possible.

1.2 2018/19 Treasury Management Update

The treasury portfolio at the end of December 2018 showed overall net indebtedness of £244.3m (borrowing: £275.6m less investments: £31.3m). Base rates were increased to 0.75% in August 2018 with a further increase of 0.25% probably expected in coming months.

The borrowing strategy for 2018/19 is

- to take new borrowing within shorter maturities before gradually lengthening maturities, and
- to take advantage of longer term loans when the opportunity presents itself.

To date in 2018/19, part of our Equal Instalment of Principal PWLB loans have matured and 7 new PWLB loans totalling £50m have been taken (£30m since the last update report (see 4.3)). Short term borrowing has been used to fund short term cash flow requirements and take advantage of low interest rates.

As referred to above, a large part of the Council's total existing borrowing and planned further borrowings relates to the funding of income earning investments which are budgeted to generate returns in excess of the annual loan repayment charges and other operating costs.

The overall investment strategy for 2018/19 is to gain maximum benefit but with security of the principal sum invested being the primary consideration. The weighted average return on internal investments at the end of December 2018 was 0.47% compared to a benchmark return for the period of 0.36% based on average DMO overnight rate. A schedule of short-term investments is shown at Appendix F.

The Markets in Financial Instruments Directive II (MIFID II) came into place on 3 January 2018 and the Council has opted to be categorised as a professional client which allows access to financial services and advice it may otherwise be unable to obtain (such as advice from Arlingclose, our treasury advisors). As part of the regulations, the authority must hold a minimum investment balance which is currently set at £10m.

1.3 TREASURY STRATEGY

The Council's Treasury Management Strategy is set within the parameters of the relevant statute, guidance and accounting standards which include the Chartered Institute of Public Finance and Accountancy's Code of Practice for Treasury Management in Public Services and the Prudential Code.

The Council is currently expected to be required to borrow up to £34.4m in 2019/20 based on the current capital programme plans and will adopt a flexible approach to borrowing. In consultation with its treasury management advisors consideration will be

given to affordability, maturity profile of existing external financing, interest rate and refinancing risk as well as borrowing source, which is primarily expected to be the Public Works Loan Board, but may also include the LGA Municipal Bonds Agency, European Investment Bank or commercial sources.

The strategy for any investments will generally be to reduce investments in order to reduce counter-party risk and to reduce net interest costs as longer-term borrowing rates will tend to be greater than we are able to earn on new investments, but we will look to lengthen investment periods, where cash flow permits, to achieve higher interest rates within acceptable risk parameters. We would generally anticipate holding investments equal to the requirements set out under MIFID II, currently £10m. Maximum investment levels with counterparties will be set to ensure prudent diversification is achieved whilst recognising that strict investment criteria that the Council applies severely reduces the number of suitable available counterparties and therefore sums with individual counterparties may be up to £15m at any one time.

The report also includes: the Council's Minimum Revenue Provision Statement - the policy is in line with that previously agreed and the Prudential Indicators associated with Treasury Management for 2018/19.

2. RECOMMENDATIONS

2.1 Members are asked to

1. Note the treasury management activities for the first half year,
2. Note the Treasury Management Policy Statement (Appendix A) and
3. Recommend that Full Council approve the Treasury Strategy, including the Annual Investment Strategy for 2019/20 together with the associated treasury Prudential Indicators and the Minimum Revenue Provision Statement, which will apply from 2019/20 onwards.

3. SUMMARY IMPACT ASSESSMENT

COMMUNITY IMPACT	Do these proposals contribute to specific priority plan objectives?
	Yes/ No Maximisation of investment income whilst managing risks and minimising borrowing costs helps to support the council's overall financial position and therefore the delivery of all policy objectives.
	Will the proposals impact on specific groups of people?
	Yes/ No
TARGET COMPLETION / DELIVERY DATE	Part of ongoing Treasury Management Activities within the Treasury Management Strategy and Policy approved by Council.
FINANCIAL/VALUE FOR MONEY IMPACT	Yes/ No Where appropriate these are detailed in the body of the report.

LEGAL ISSUESYes/
~~No~~

The Council's Treasury Strategy has to comply with the relevant statute, codes and guidance which are set out both in the main body of this report and Appendices A and C of the strategy itself (Attached).

The Assistant Director: Finance & Human Resources (Section 151 Officer) has responsibility for the administration of the financial affairs of the Council. In providing this report the Assistant Director: Finance & Human Resources is meeting one of the responsibilities of the post contained within the Council's Constitution at Part 2, Article 12, paragraph 12.04(f) which states "The Chief financial Officer will contribute to the promotion and maintenance of high standards of governance, audit, probity and propriety, risk management and the approval of the statement of accounts through provision of support to the Audit Committee."

**OTHER IMPACTS,
RISKS AND
OPPORTUNITIES**Yes/
~~No~~

The key opportunities and risks associated with treasury management activities are set out in the body of the report and in the Treasury Management Strategy and Policy approved by Council and will be regularly monitored throughout the year.

**IMPACT ON
SPECIFIC WARDS**~~Yes/~~
No

PART B – ADDITIONAL INFORMATION

4. 2018/19 TREASURY MANAGEMENT UPDATE

4.1 CURRENT PORTFOLIO POSITION

	31 March 2018	31 Dec 2018
	Principal £m	Principal £m
Fixed Rate Borrowing – PWLB	99.624	146.600
Fixed Rate Borrowing – LOBO	45.000	25.000
Fixed Rate Borrowing – Market	15.000	15.000
Variable Rate Borrowing - market	<u>97.078</u>	<u>89.000</u>
Total External Financing	256.702	275.600
Investments - in-house	<u>19.622</u>	<u>31.313</u>
Total Investments	19.622	31.313
Net Indebtedness	237.080	244.287

4.2 INTEREST RATES

UK interest rates were increased to 0.75% in August 2018. The Bank of England Quantitative Easing programme remains at £435bn. The Authority's treasury management adviser Arlingclose is forecasting two more 0.25% increases during 2019 to take official UK interest rates to 1.25%. The Bank of England's MPC has maintained expectations for slow and steady rate rises over the forecast horizon. The MPC continues to have a bias towards tighter monetary policy but is reluctant to push interest rate expectations too strongly. Arlingclose believes that MPC members consider both that ultra-low interest rates result in other economic problems, and that higher Bank Rate will be a more effective policy weapon should downside Brexit risks crystallise when rate cuts will be required.

4.3 BORROWING & RESCHEDULING

The borrowing strategy for the current year has been to borrow temporarily to take advantage of low interest rates where possible and to undertake new longer term borrowing initially in shorter maturities before gradually extending maturities.

Rescheduling

During 2018/19 no PWLB rescheduling has taken place as market conditions have not been favourable, however the scope for opportunities is regularly monitored.

The Council has taken the opportunity to repay £20m Lender's Option, Borrower's Option (LOBO) loans which were running at interest rates ranging 3.99% to 4.24% and with 40+ years to maturity remaining. The options in LOBOs are: the lender can increase the interest rate on the loan; while the borrower can only repay the loan if the lender exercises this option, which is therefore of limited value to the borrower. The borrower is also exposed to interest rate increases and refinancing risk if the lender's option is exercised. Until recently, banks have been reluctant to offer suitable prepayment terms however Arlingclose were able to negotiate terms relating

to £20m of the Council's LOBOs in July which provide value to the Council in terms of savings after the associated premium has been taken in to account and also reduces interest rate risk exposure in the overall borrowing portfolio. Following this, the Council now has £25m LOBO loans and will continue to review opportunities in relation to these.

New Borrowing

Between the period 1 June 2018 (previous Member update) and 31 December 2018, £140.0m of temporary loans have been raised in order to fund short-term cash flow requirements at various points. Interest rates have ranged from 0.45% to 0.93% - interest rates have remained fairly low during this time. Outstanding temporary borrowing at 31 December 2018 was £89.0m

The following longer term borrowing has been undertaken since June 2018 with a view to slowly locking in to some longer-term fixed interest rates.

Date	Loan	Period	Amount	Interest Rate
06/12/18	Annuity	17 years	£5,000,000	1.99%
04/12/18	EIP	15 years	£5,000,000	1.98%
22/11/18	PWLB Annuity	15 years	£5,000,000	1.98%
22/11/18	PWLB Annuity	14.5 years	£5,000,000	1.98%
19/11/18	EIP	15 years	£10,000,000	2.01%

4.4 INVESTMENTS

The strategy for the current year is: The Authority's objective when investing money is to strike an appropriate balance between risk and return.

4.4.1 In-House Investments

The majority of the Council's investments are internally managed – currently just temporary investments for cash flow purposes.

Temporary Investments

The majority of funds are invested by the Council's own officers in order to maximise returns from day to day cash flows. In total £2,269m of investments were placed between 1 June and 31 December. Interest rates have ranged from 0.25% to 0.65% and periods ranged from overnight deposits to 5 days. £31.313m in house temporary investments were held at 31 December 2018.

Longer Term Investments

A number of internally managed deposits have been made previously. We currently hold no longer term investments.

It should be noted that under the current guidance from our Treasury Advisors our investment policy would mean that new deposits with financial institutions should not be placed for longer than 13 months.

Overall the weighted average return on all internal investments for the year to date was 0.47% compared to a benchmark return for the period of 0.36%.

4.4.2 Overall Position and Exposure

A full analysis of all Council investments at the end of December 2018 is shown in Appendix F.

Our current counterparty limit and maximum exposure is £15.0m for the current year with any one counterparty, with exception of the Debt Management Office which is unlimited (DMO) as it is Government guaranteed. At the end of December the greatest exposure with a single counterparty was £20.6m with the DMO (65.8% of the total portfolio).

The Council is guided by its Treasury advisers, Arlingclose, in assessing investments.

4.5 LEASING

Each year the Council arranges operating and finance leases for assets such as vehicles, computers and equipment. This helps to spread the cost over a number of years.

There have been two drawdowns in 2018/19 which were undertaken in September. The drawdowns consisted of finance leases from JCB Finance totalling £0.213m and funded the purchase of ICT equipment over three years and ICT equipment and a van over five years.

5. TREASURY STRATEGY FOR 2019/20 to 2020/21

5.1 BACKGROUND

5.1.1 The CIPFA Treasury Management Code of Practice

Treasury management is the management of the Authority's cash flows, borrowing and investments, and the associated risks. The Authority has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of financial risk are therefore central to the Authority's prudent financial management.

Treasury risk management at the Authority is conducted within the framework of the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice 2017 Edition (the CIPFA Code) which requires the Authority to approve a treasury management strategy before the start of each financial year. This report fulfils the Authority's legal obligation under the Local Government Act 2003 to have regard to the CIPFA Code.

Investments held for service purposes or for commercial profit are considered in a different report, the Investment Strategy which is also part of the Service & Financial Planning suite of reports.

5.1.2 External Context

Economic background: The UK's progress negotiating its exit from the European Union, together with its future trading arrangements, will continue to be a major influence on the Authority's treasury management strategy for 2019/20.

UK Consumer Price Inflation (CPI) for October was up 2.4% year on year, slightly below the consensus forecast and broadly in line with the Bank of England's November Inflation Report. The most recent labour market data for October 2018 showed the unemployment rate edged up slightly to 4.1% while the employment rate of 75.7% was the joint highest on record. The 3-month average annual growth rate for pay excluding bonuses was 3.3% as wages continue to rise steadily and provide some pull on general inflation. Adjusted for inflation, real wages grew by 1.0%, a level still likely to have little effect on consumer spending.

The rise in quarterly GDP growth to 0.6% in Q3 from 0.4% in the previous quarter was due to weather-related factors boosting overall household consumption and construction activity over the summer following the weather-related weakness in Q1. At 1.5%, annual GDP growth continues to remain below trend. Looking ahead, the Bank of England (BoE), in its November Inflation Report, expects GDP growth to average around 1.75% over the forecast horizon, providing the UK's exit from the EU is relatively smooth.

Following the Bank of England's decision to increase Bank Rate to 0.75% in August, no changes to monetary policy has been made since. However, the Bank expects that should the economy continue to evolve in line with its November forecast, further increases in Bank Rate will be required to return inflation to the 2% target. The Monetary Policy Committee continues to reiterate that any further increases will be at a gradual pace and limited in extent.

While US growth has slowed over 2018, the economy continues to perform robustly. The US Federal Reserve continued its tightening bias throughout 2018, pushing rates to the current 2%-2.25% in September. Markets continue to expect one more rate rise in December, but expectations are fading that the further hikes previously expected in 2019 will materialise as concerns over trade wars drag on economic activity.

Credit outlook: The big four UK banking groups have now divided their retail and investment banking divisions into separate legal entities under ringfencing legislation. Bank of Scotland, Barclays Bank UK, HSBC UK Bank, Lloyds Bank, National Westminster Bank, Royal Bank of Scotland and Ulster Bank are the ringfenced banks that now only conduct lower risk retail banking activities. Barclays Bank, HSBC Bank, Lloyds Bank Corporate Markets and NatWest Markets are the investment banks. Credit rating agencies have adjusted the ratings of some of these banks with the ringfenced banks generally being better rated than their non-ringfenced counterparts.

The Bank of England released its latest report on bank stress testing, illustrating that all entities included in the analysis were deemed to have passed the test once the levels of capital and potential mitigating actions presumed to be taken by management were factored in. The BoE did not require any bank to raise additional capital.

European banks are considering their approach to Brexit, with some looking to create new UK subsidiaries to ensure they can continue trading here. The credit strength of these new banks remains unknown, although the chance of parental support is assumed to be very high if ever needed. The uncertainty caused by protracted negotiations between the UK and EU is weighing on the creditworthiness of both UK and European banks with substantial operations in both jurisdictions.

Interest rate forecast: Following the increase in Bank Rate to 0.75% in August 2018, the Authority's treasury management adviser Arlingclose is forecasting two more 0.25% hikes during 2019 to take official UK interest rates to 1.25%. The Bank of England's MPC has maintained expectations for slow and steady rate rises over the forecast horizon. The MPC continues to have a bias towards tighter monetary policy but is reluctant to push interest rate expectations too strongly. Arlingclose believes that MPC members consider both that ultra-low interest rates result in other economic problems, and that higher Bank Rate will be a more effective policy weapon should downside Brexit risks crystallise when rate cuts will be required.

The UK economic environment remains relatively soft, despite seemingly strong labour market data. Arlingclose's view is that the economy still faces a challenging outlook as it exits the European Union and Eurozone growth softens. Whilst assumptions are that a Brexit deal is struck and some agreement reached on transition and future trading arrangements before the UK leaves the EU, the possibility of a "no deal" Brexit still hangs over economic activity (*at the time of writing this commentary in early November*). As such, the risks to the interest rate forecast are considered firmly to the downside.

Gilt yields and hence long-term borrowing rates have remained at low levels but some upward movement from current levels is expected based on Arlingclose's interest rate projections, due to the strength of the US economy and the ECB's forward guidance on higher rates. 10-year and 20-year gilt yields are forecast to remain around 1.5% and 2% respectively over the interest rate forecast horizon, however volatility arising from both economic and political events are likely to continue to offer borrowing opportunities.

A more detailed economic and interest rate forecast provided by Arlingclose is attached at Appendix A.

For the purpose of setting the budget, it has been assumed that new investments will be made at short term rates and that new long-term loans will be borrowed at an average rate of 3.0% in 2019/20 and 3.5% thereafter.

5.1.3 Local Context

The Authority's current level of external financing and investments is set out at Appendix B.

The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR). The CFR, together with Usable Reserves, are the core drivers of the Authority's Treasury Management activities.

The Authority is able to borrow funds in excess of the current level of its CFR up to the projected level in 2022/23. The Authority is likely to only borrow in advance of need if it felt the benefits of borrowing at interest rates now compared to where they are expected to be in the future, outweighs the current cost and risks associated with investing the proceeds until the borrowing was actually required.

The forecasted movement in the CFR in coming years is one of the Prudential Indicators (PIs). The estimates, based on the current Revenue Budget and Capital Programmes, are:

Table 1 – Capital Financing Requirement (CFR)

	31/03/18 Actual £m	31/03/19 Estimate £m	31/03/20 Estimate £m	31/03/21 Estimate £m	31/03/22 Estimate £m
Capital Financing Requirement	420.809	450.934	482.033	493.359	495.847
Less: Other long term liabilities (e.g. PFI)	-56.297	-54.056	-51.737	-50.529	-51.378
Borrowing CFR	364.512	396.878	430.296	442.830	444.469
Less: External Borrowing	-256.702	-287.731	-322.122	-335.498	-337.895
Internal Borrowing	107.810	109.147	108.174	107.332	106.574

The table above shows an increasing Capital Financing Requirement and will require the Council to undertake additional longer term borrowing as well as converting from temporary borrowing we currently hold to fixed borrowing at the best time for the Council dependent on market conditions. The table reflects the amount committed to the commercial schemes but not the amount outstanding.

The row relating to external borrowing includes debt associated with funding the Council's Housing Investment Programme through NuPlace, the Telford Growth Fund/PIP investments, solar farm and other commercial investments totaling over £120m. The anticipated income from these projects is projected to generate a surplus

after funding the debt and operational costs which will be used to support front line services. The outstanding debt relating to the Housing Investment Programme will be repaid by the eventual sale of some or all of the properties held by the Council's wholly owned company.

CIPFA's Prudential Code for Capital Finance in Local Authorities recommends that the Authority's total debt should be lower than its highest forecast CFR over the next three years. Table 1 shows that the Authority expects to fully comply with this recommendation during 2019/20.

5.1.4 Borrowing Strategy

The Authority currently holds £275.6 million of loans, an increase of £18.9 million on the previous year, as part of its strategy for funding the capital programme. The balance sheet forecast shows that the Authority expects borrowing to increase by year end and continue to increase over the next few years. The Authority may however borrow to pre-fund future years' requirements, providing this does not exceed the authorised limit for borrowing.

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

Given the significant cuts to public expenditure and in particular to local government funding, the Authority's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio. With short-term interest rates currently much lower than long-term rates, it is likely to be more cost effective in the short-term to either use internal resources, or to borrow short-term loans instead.

By doing so, the Authority is able to reduce net borrowing costs (despite foregone investment income) and reduce overall treasury risk. Whilst such a strategy is most likely to be beneficial over the next 1 – 2 years as official interest rates remain low, it is unlikely to be sustainable in the medium-term. The benefits of internal borrowing will be monitored regularly against the potential for incurring additional costs by deferring borrowing into future years when long-term borrowing rates are forecast to rise modestly. Arlingclose will assist the Authority with this 'cost of carry' and breakeven analysis. Its output may determine whether the Authority borrows additional sums at long-term fixed rates in 2019/20 with a view to keeping future interest costs low, even if this causes additional cost in the short-term.

Alternatively, the Authority may arrange forward starting loans during 2019/20, where the interest rate is fixed in advance, but the cash is received in later years. This would enable certainty of cost to be achieved without suffering a cost of carry in the intervening period.

In addition, the Authority may borrow further short-term loans to cover unplanned cash flow shortages. The approved sources of long-term and short-term borrowing are:

- Public Works Loan Board (PWLB) and any successor body

- any institution approved for investments (see below)
- any other bank or building society authorised to operate in the UK
- any other UK public sector body
- UK public and private sector pension funds
- capital market bond investors
- UK Municipal Bonds Agency plc and other special purpose companies created to enable local authority bond issues
- Registered Housing providers
- Capital market bond investors

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

- leasing
- hire purchase
- Private Finance Initiative
- sale and leaseback

The Authority has previously raised the majority of its long-term borrowing from the PWLB but may consider other sources of finance, such as local authority loans and bank loans that may be available at more favourable rates.

Municipal Bonds Agency: UK Municipal Bonds Agency plc was established in 2014 by the Local Government Association as an alternative to the PWLB. It plans to issue bonds on the capital markets and lend the proceeds to local authorities. This will be a more complicated source of finance than the PWLB for two reasons: borrowing authorities will be required to provide bond investors with a joint and several guarantee to refund their investment in the event that the agency is unable to meet its obligations for any reason; and there will be a lead time of several months between committing to borrow and knowing the interest rate payable. Any decision to borrow from the Agency will therefore be the subject of a separate report to full Council.

LOBOs: The Authority holds £25.0m of LOBO (Lender's Option Borrower's Option) loans where the lender has the option to propose an increase in the interest rate at set dates, following which the Authority has the option to either accept the new rate or to repay the loan at no additional cost. £10m of these LOBOs have remaining options prior to the end of the financial year, and although the Authority understands that lenders are unlikely to exercise their options in the current low interest rate environment, there remains an element of refinancing risk. Rates payable were competitive compared to PWLB rates at the time that the loans were taken out. The Authority will take the option to repay LOBO loans at no cost if it has the opportunity to do so. Total borrowing via LOBO loans will be limited to £25.0m.

Short-term and variable rate loans: These loans leave the Authority exposed to the risk of short-term interest rate rises and are therefore subject to the interest rate exposure limits in the treasury management indicators below.

Debt rescheduling: The PWLB allows authorities to repay loans before maturity and

either pay a premium or receive a discount according to a set formula based on current interest rates. Other lenders may also be prepared to negotiate premature redemption terms. The Authority may take advantage of this and replace some loans with new loans, or repay loans without replacement, where this is expected to lead to an overall cost saving or a reduction in risk.

5.2 Investment Strategy

The Authority holds invested funds, representing income received in advance of expenditure plus balances and reserves held. In the past 12 months, the Authority's investment balance has ranged between £12.2 million and £51.4 million, which was higher than normal due to the funds required to repay LOBOs (see above), and we expect to normally maintain an investment balance of between £10 million and £20 million in the forthcoming year.

The CIPFA Code requires the Authority to invest its funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Authority's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income. Where balances are expected to be invested for more than one year, the Authority will aim to achieve a total return that is equal or higher than the prevailing rate of inflation, in order to maintain the spending power of the sum invested.

If the UK enters into a recession in 2019/20, there is a small chance that the Bank of England could set its Bank Rate at or below zero, which is likely to feed through to negative interest rates on all low risk, short-term investment options. This situation already exists in many other European countries. In this event, security will be measured as receiving the contractually agreed amount at maturity, even though this may be less than the amount originally invested.

Under the new IFRS 9 standard, the accounting for certain investments depends on the Authority's "business model" for managing them. The Authority aims to achieve value from its internally managed treasury investments by a business model of collecting the contractual cash flows and therefore, where other criteria are also met, these investments will continue to be accounted for at amortised cost.

The Authority may invest its surplus funds with any of the counterparty types in table 3 below, subject to the cash limits (per counterparty) and the time limits shown.

Approved Investment Counterparties

Credit Rating	Banks Unsecured	Banks Secured	Government	Corporates	Registered Providers
UK Govt	n/a	n/a	£ Unlimited 50 years	n/a	n/a
AAA	£15m 5 years	£15m 20 years	£15m 50 years	£7.5m 20 years	£15m 20 years
AA+	£15m	£15m	£15m	£7.5 m	£15m

	5 years	10 years	25 years	10 years	10 years
AA	£15m 4 years	£15m 5 years	£15m 15 years	£7.5m 5 years	£15m 10 years
AA-	£15m 3 years	£15m 4 years	£15m 10 years	£7.5m 4 years	£15m 10 years
A+	£15m 2 years	£15m 3 years	£15m 5 years	£7.5m 3 years	£15m 5 years
A	£15m 13 months	£15m 2 years	£15m 5 years	£7.5m 2 years	£15m 5 years
A-	£15m 6 months	£15m 13 months	£15m 5 years	£7.5m 13 months	£15m 5 years
None	£0m 6 months	n/a	£4m 25 years	£1,000 5 years	£0m 5 years
Pooled funds and real estate investment trusts		£10m per fund			

There is no intention to restrict investments to bank deposits, and investments may be made with any public or private sector organisations that meet the above credit rating criteria. The table reflects a lower likelihood that the UK and other governments will support failing banks as the bail-in provisions in the Banking Reform Act 2016 and the EU Bank Recovery and Resolution Directive are implemented.

Credit rating: Investment limits are set by reference to the lowest published long-term credit rating from Fitch, Moody's or Standard & Poor's. Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is used. However, investment decisions are never made solely based on credit ratings, and all other relevant factors including external advice will be taken into account.

Banks unsecured: Accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail. See below for arrangements relating to operational bank accounts.

Banks secured: Covered bonds, reverse repurchase agreements and other collateralised arrangements with banks and building societies. These investments are secured on the bank's assets, which limits the potential losses in the unlikely event of insolvency, and means that they are exempt from bail-in. Where there is no investment specific credit rating, but the collateral upon which the investment is secured has a credit rating, the higher of the collateral credit rating and the counterparty credit rating will be used to determine cash and time limits. The combined secured and unsecured investments in any one bank will not exceed the cash limit for secured investments.

Government: Loans, bonds and bills issued or guaranteed by national governments, regional and local authorities and multilateral development banks. These investments are not subject to bail-in, and there is an insignificant risk of insolvency, although they are not without risk. Investments with the UK Central Government may be made in unlimited amounts for up to 50 years.

Corporates: Loans, bonds and commercial paper issued by companies other than banks and registered providers. These investments are not subject to bail-in, but are exposed to the risk of the company going insolvent. Loans to unrated companies will only be made either following an external credit assessment as part of a diversified pool in order to spread the risk widely.

Registered providers: Loans and bonds issued by, guaranteed by or secured on the assets of registered providers of social housing, formerly known as housing associations. These bodies are tightly regulated by the Homes & Communities Agency and as providers of public services, they retain the likelihood of receiving government support if needed.

Pooled funds: Shares in diversified investment vehicles consisting of the any of the above investment types, plus equity shares and property. These funds have the advantage of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a fee. Short-term Money Market Funds that offer same-day liquidity and very low or no volatility will be used as an alternative to instant access bank accounts, while pooled funds whose value changes with market prices and/or have a notice period will be used for longer investment periods.

Bond, equity and property funds offer enhanced returns over the longer term, but are more volatile in the short term. These allow the Authority to diversify into asset classes other than cash without the need to own and manage the underlying investments. Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Authority's investment objectives will be monitored regularly.

Real estate investment funds: Shares in companies that invest mainly in real estate and pay the majority of their rental income to investors in a similar manner to pooled property funds. As with property funds, REITs offer enhanced returns over the longer term, but are more volatile especially as the share price reflects changing demand for the shares as well as changes in the value of the underlying properties.

Operational bank accounts: The Authority may incur operational exposures, for example through current accounts, collection accounts and merchant acquiring services, to any UK bank with credit ratings no lower than BBB- and with assets greater than £25 billion. These are not classed as investments, but are still subject to the risk of a bank bail-in, and balances will therefore be kept below £15.0m per bank. The Bank of England has stated that in the event of failure, banks with assets greater than £25 billion are more likely to be bailed-in than made insolvent, increasing the chance of the Authority maintaining operational continuity.

Risk assessment and credit ratings: Credit ratings are obtained and monitored by the Authority's treasury advisers, who will notify changes in ratings as they occur. Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria then:

- no new investments will be made,
- any existing investments that can be recalled or sold at no cost will be, and

- full consideration will be given to the recall or sale of all other existing investments with the affected counterparty.

Where a credit rating agency announces that a credit rating is on review for possible downgrade (also known as “rating watch negative” or “credit watch negative”) so that it may fall below the approved rating criteria, then only investments that can be withdrawn [on the next working day] will be made with that organisation until the outcome of the review is announced. This policy will not apply to negative outlooks, which indicate a long-term direction of travel rather than an imminent change of rating.

Other information on the security of investments: The Authority understands that credit ratings are good, but not perfect, predictors of investment default. Full regard will therefore be given to other available information on the credit quality of the organisations in which it invests, including credit default swap prices, financial statements, information on potential government support, reports in the quality financial press and analysis and advice from the Authority’s treasury management adviser. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may otherwise meet the above criteria.

When deteriorating financial market conditions affect the creditworthiness of all organisations, as happened in 2008 and 2011, this is not generally reflected in credit ratings, but can be seen in other market measures. In these circumstances, the Authority will restrict its investments to those organisations of higher credit quality and reduce the maximum duration of its investments to maintain the required level of security. The extent of these restrictions will be in line with prevailing financial market conditions. If these restrictions mean that insufficient commercial organisations of high credit quality are available to invest the Authority’s cash balances, then the surplus will be deposited with the UK Government via the Debt Management Office or invested in government treasury bills for example, or with other local authorities. This will cause a reduction in the level of investment income earned, but will protect the principal sum invested.

Investment Limits: The Authority has revenue reserves, which could be used to cover investment losses which were £84.5 million on 1st April 2018 although not all of these are available. In order that no more than 50% of reserves (as recommended by the code) will be put at risk in the case of a single default, the maximum that will be lent to any one organisation (other than the UK Government) will be £15 million, which is well within the limit. A group of banks under the same ownership or a group of funds under the same management will be treated as a single organisation for limit purposes. Limits will also be placed on investments in brokers’ nominee accounts (e.g. King & Shaxson), foreign countries and industry sectors as below. Investments in pooled funds and multilateral development banks do not count against the limit for any single foreign country, since the risk is diversified over many countries.

Approved Instruments: The Authority may lend or invest money using any of the following instruments:

- interest-bearing bank accounts,
- fixed term deposits and loans,
- callable deposits and loans where the Authority may demand repayment at any time (with or without notice),

- callable deposits and loans where the borrower may repay before maturity, but subject to a maximum of £5 million in total,
- certificates of deposit,
- bonds, notes, bills, commercial paper and other marketable instruments, and
- shares in money market funds and other pooled funds.

Investments may be made at either a fixed rate of interest, or at a variable rate linked to a market interest rate, such as LIBOR, subject to the limits on interest rate exposures below.

Liquidity management: The Authority uses cash flow forecasting to determine the maximum period for which funds may prudently be committed. The forecast is compiled on a prudent basis, with receipts under-estimated and payments over-estimated to minimise the risk of the Authority being forced to borrow on unfavourable terms to meet its financial commitments. Limits on long-term investments are set by reference to the Authority's medium term financial plan and cash flow forecast.

5.3 Ethical Investment

The Council will not knowingly directly invest in organisations whose activities include practices which directly pose a risk of serious harm to individuals or groups, or whose activities are inconsistent with the mission and values of the Council. At the same time the Council will take full responsibility for proper management of risk and safeguarding its investments by ensuring that they are diversified and made with organisations suitably credit assessed.

The Council's lending activity will be subject to (in order of rank)

- The assessment of meeting the minimum lending criteria as specified in the current Treasury Management Strategy and the minimum credit ratings as outlined in the Strategy;
- Meeting the Security, Liquidity & Yield criteria as set out in the current Treasury Management Strategy and Compliance with the Treasury Management Practice Statements;
- And investments are not contrary to the values outlined in the Ethical Investment Framework (Appendix G)

5.4 The Use of Financial Instruments for the Management of Risks

Policy on Use of Financial Derivatives: Local authorities have previously made use of financial derivatives embedded into loans and investments both to reduce interest rate risk (e.g. interest rate collars and forward deals) and to reduce costs or increase income at the expense of greater risk (e.g. LOBO loans and callable deposits). The general power of competence in Section 1 of the Localism Act 2011 removes much of the uncertainty over local authorities' use of standalone financial derivatives (i.e. those that are not embedded into a loan or investment).

The Authority will only use standalone financial derivatives (such as swaps, forwards, futures and options) where they can be clearly demonstrated to reduce the overall level of the financial risks that the Authority is exposed to. Additional risks presented, such as credit exposure to derivative counterparties, will be taken into account when determining the overall level of risk. Embedded derivatives will

not be subject to this policy, although the risks they present will be managed in line with the overall treasury risk management strategy.

Financial derivative transactions may be arranged with any organisation that meets the approved investment criteria. The current value of any amount due from a derivative counterparty will count against the counterparty credit limit and the relevant foreign country limit.

5.5 Balanced Budget Requirement

The Authority complies with the provisions of S32 of the Local Government Finance Act 1992 to set a balanced budget.

5.6 2019/20 MRP Statement

5.6.1 The Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 08 (SI 08/414) place a duty on local authorities to make a prudent provision for debt redemption. Guidance on Minimum Revenue Provision has been issued by the Secretary of State and local authorities are required to “have regard” to such Guidance under section 21(1A) of the Local Government Act 2003.

5.6.2 The four MRP options available are:
Option 1: Regulatory Method
Option 2: CFR Method
Option 3: Asset Life Method
Option 4: Depreciation Method
NB This does not preclude other prudent methods.

5.6.3 MRP in 2019/20: Options 1 and 2 may be used only for supported expenditure. Methods of making prudent provision for self-financed expenditure include Options 3 and 4 (which may also be used for supported expenditure if the Council chooses).

5.6.4 The MRP Statement will be submitted to Council before the start of the 2019/20 financial year. If it is ever proposed to vary the terms of the original MRP Statement during the year, a revised statement should be put to Council at that time.

5.6.5 The Council will calculate MRP by the following methods.

Historic MRP (re pre 2007/08 borrowing). This will be calculated by dividing the balance at 31/3/07 (calculated in accordance with regulations) by 50 for an annual charge that charges over a finite period rather than a 4% reducing balance. Broadly in line with option 3.

MRP in respect of prudential borrowing, government supported allocations since 2007/08 and PFI will be charged over the life of the asset on an annuity basis (option 3 in the regulations). MRP for borrowing in respect of NuPlace is set at £0 due the expectation that the value will appreciate over time and that the houses will all eventually be sold and the Council will apply the capital receipts arising to reduce the Capital Financing Requirement. Along the same lines as NuPlace, MRP for borrowing in respect of Investment Properties will be

calculated as 20% of the value of the annuity MRP to reflect that although there will normally be capital appreciation, a downturn in the economy could result in reductions in value of investment properties

Also MRP in respect of leases brought on Balance Sheet under the International Financial Reporting Standards (IFRS) based Accounting Code of Practice will match the annual principal repayment for the associated deferred liability which is broadly in line with the life of the asset.

5.7 Monitoring and Reporting on the Treasury Outturn and Prudential Indicators

The Assistant Director: Finance & Human Resources will report to the Audit Committee on treasury management activity / performance and Performance Indicators as follows:

- half yearly against the strategy approved for the year. The Authority will produce an outturn report on its treasury activity no later than 31st July after the financial year end and an updated report alongside the Treasury Strategy in the last quarter of the financial year.
- Audit Committee will be responsible for the scrutiny of treasury management activity and practices rather than the Budget and Finance Scrutiny Committee.

6 Other Items

6.1 Training

CIPFA's Code of Practice requires the responsible officer to ensure that all members tasked with treasury management responsibilities, including scrutiny of the treasury management function, receive appropriate training relevant to their needs and understand fully their roles and responsibilities. Full training will be made available for any new members following Annual Council in May 2019.

Reviewing and addressing training needs: The authority regularly reviews the training needs of its staff involved with treasury management and ensures that staff are appropriately trained.

6.2 Investment Consultants/Treasury Advisors

The Council uses Arlingclose as its external treasury management advisers.

The Council recognises that responsibility for treasury management decisions remains with the organisation at all times.

It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review to ensure the quality of any such service is controlled. During 2015/16 the Council re-tendered the contract for the provision of this service and Arlingclose were successful for a further 3 years, with an extension option, which has been executed.

7. BACKGROUND PAPERS

CIPFA Code of Practice for Treasury Management in Local Authorities
Temporary Borrowing Records
PWLB records
Investment records
Draft Treasury Strategy provided by Arlingclose
Local Government Act 2003
CLG Guidance on Local Authority Investments
Audit Commission – Risk and Return

Report prepared by

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TREASURY MANAGEMENT POLICY STATEMENT

1. INTRODUCTION AND BACKGROUND

- 1.1 The Council adopts the key recommendations of CIPFA's Treasury Management in the Public Services: Code of Practice (the Code), as described in Section 5 of the Code.
- 1.2 Accordingly, 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 Council will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.
- 1.3 The 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.
- 1.4 The Council delegates responsibility for the implementation and monitoring of its treasury management policies and practices to Audit Committee and for the execution and administration of treasury management decisions to Assistant Director: Finance & Human Resources, who will act in accordance with the organisation's policy statement and TMPs and CIPFA's Standard of Professional Practice on Treasury Management.
- 1.5 The Council nominates Audit Committee to be responsible for ensuring effective scrutiny of the treasury management strategy and policies.

2. POLICIES AND OBJECTIVES OF TREASURY MANAGEMENT ACTIVITIES

- 2.1 The Council defines its treasury management activities as:

"The management of the Council's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."

This 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 organisation, and any financial instruments entered into to manage these risks.

This 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 performance measurement techniques, within the context of effective risk management."

- 2.2 The Council's borrowing will be affordable, sustainable and prudent and consideration will be given to the management of interest rate risk and refinancing risk. The source from which the borrowing is taken and the type of borrowing should allow the Council transparency and control over its debt. The Council will look to minimise borrowing through the use of maturing investments to fund capital expenditure rather than reinvestment.
- 2.3 The Council's primary objective in relation to investments remains the security of capital. The liquidity or accessibility of the Authority's investments followed by the yield earned on investments remain important but are secondary considerations. Generally as investments mature they will not be reinvested but be used to minimise borrowing.

APPENDIX B

EXISTING PORTFOLIO PROJECTED FORWARD

	Current Portfolio £m	%	31/03/19 Estimate £m	31/03/20 Estimate £m	31/03/21 Estimate £m	31/03/22 Estimate £m	31/03/23 Estimate £m
External Borrowing:							
Fixed Rate – PWLB	146.6	43.9	167.7	222.2	235.5	237.9	234.4
Fixed Rate – LOBO	25.0	7.5	25.0	25.0	25.0	25.0	25.0
Fixed Rate – Market	15.0	4.5	15.0	15.0	15.0	15.0	15.0
Variable Rate – PWLB	0	0.0	0	0	0	0	0
Variable Rate – Market	89.0	26.7	80.0	60.0	60.0	60.0	60.0
Total External Borrowing	275.6	82.6	287.7	322.2	335.5	337.9	334.4
IFRS Long Term Liabilities:							
PFI	58.1	17.4	54.1	51.7	50.5	51.4	48.5
Finance Leases	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Gross External Debt	333.7	100.0	341.8	373.9	386.0	389.3	382.9
Investments:							
Managed in-house	0	0.0	0	0	0	0	0
Short-term monies (Deposits/ monies on call /MMFs)	31.3	100.0	20.0	20.0	20.0	20.0	20.0
Long-term investments (maturities over 12 months)	0	0.0	0	0	0	0	0
Total Investments	31.3	100.0	20.0	20.0	20.0	20.0	20.0
(Net Borrowing Position) / Net Investment Position	-302.4		-321.8	-353.9	-366.0	-369.3	-362.9

Prudential Indicators 2018/19 – 2021/22

1 Background:

There is a requirement under the Local Government Act 2003 for local authorities to have regard to CIPFA's Prudential Code for Capital Finance in Local Authorities (the "CIPFA Prudential Code") when setting and reviewing their Prudential Indicators.

2. Gross debt and the Capital Financing Requirement:

This is a key indicator of prudence. In order to ensure that over the medium term debt will only be for a capital purpose, the local authority should ensure that debt does not, except in the short term, exceed the total of the capital financing requirement in the preceding year plus the estimates of any additional increases to the capital financing requirement for the current and next two financial years.

The Assistant Director: Finance & Human Resources reports that the authority had no difficulty meeting this requirement in 2017/18, nor are there any difficulties envisaged for the current or future years. This view takes into account current commitments, existing plans and the proposals in the approved budget.

3. Estimates of Capital Expenditure:

3.1 This indicator is set to ensure that the level of proposed capital expenditure remains within sustainable limits and, in particular, to consider the impact on Council Tax.

Capital Expenditure	18/19 Approved £m	18/19 Revised £m	19/20 Estimate £m	20/21 Estimate £m	21/22 Estimate £m	22/23 Estimate £m
Total	84.667	71.778	77.458	34.325	5.857	0.000

3.2 Capital expenditure will be financed or funded as follows:

Capital Financing	18/19 Approved £m	18/19 Revised £m	19/20 Estimate £m	20/21 Estimate £m	21/22 Estimate £m	22/23* Estimate £m
Capital receipts	10.943	11.015	6.490	8.340	3.410	3.500
Government Grants	17.019	19.104	26.879	9.447	0.000	0.000
Revenue / External contributions	13.418	11.008	9.698	3.162	0.050	0.050
Total Financing	41.380	41.127	43.067	20.949	3.460	3.550
Prudential Borrowing	43.287	30.651	34.391	13.376	2.397	-3.550
Total Funding	43.287	30.651	34.391	13.376	2.397	-3.550
Total Financing and Funding	84.667	71.778	77.458	34.325	5.857	0.000

* The Capital Programme has not been considered beyond 2021/22

4. Ratio of Financing Costs to Net Revenue Stream:

4.1 This is an indicator of affordability and highlights the revenue implications of existing and proposed capital expenditure by identifying the proportion of the revenue budget required to meet financing costs. The definition of financing costs is set out in the Prudential Code.

4.2 The ratio is based on costs net of investment income.

Ratio of Financing Costs to Net Revenue Stream	18/19 Approved %	18/19 Revised %	19/20 Estimate %	20/21 Estimate %	21/22 Estimate %	22/23 Estimate %
Total	7.45	4.84	7.89	9.47	10.0	10.5

5. Capital Financing Requirement:

5.1 The Capital Financing Requirement (CFR) measures the Council's underlying need to borrow for a capital purpose. The calculation of the CFR is taken from the amounts held in the Balance Sheet relating to capital expenditure and its financing.

Capital Financing Requirement	18/19 Approved £m	18/19 Revised £m	19/20 Estimate £m	20/21 Estimate £m	21/22 Estimate £m	22/23 Estimate £m
Total CFR	467.774	450.934	482.033	493.359	495.847	488.810

6. Actual External Debt:

6.1 This indicator is obtained directly from the Council's balance sheet. It is the closing balance for actual gross borrowing plus other long-term liabilities. This Indicator is measured in a manner consistent for comparison with the Operational Boundary and Authorised Limit.

Actual External Debt as at 31/03/18	£m
Borrowing	256.702
Other Long-term Liabilities	56.297
Total	312.999

7. Incremental Impact of Capital Investment Decisions:

7.1 This is an indicator of affordability that shows the impact of new capital investment decisions on Council Tax. The incremental impact is calculated by comparing the total revenue budget requirement of the current approved capital programme with an equivalent calculation of the revenue budget requirement arising from the proposed capital programme.

Incremental Impact of Capital Investment Decisions	18/19 Approved £	19/20 Estimate £	20/21 Estimate £	21/22 Estimate £	22/23 Estimate £	23/24 Estimate £
Increase in Band B Council Tax	0.74	1.03	1.63	3.23	5.62	5.61

7.2 The increase in Band B council tax reflects the increases in the provision for Capital Financing Charges of £0.366m by 2022/23 to undertake additional borrowing of £6.585m arising from the proposed capital programme.

8. Authorised Limit and Operational Boundary for External Debt:

8.1 The Council has an integrated treasury management strategy and manages its treasury position in accordance with its approved strategy and practice. Overall borrowing will therefore arise as a consequence of all the financial transactions of the Council and not just those arising from capital spending reflected in the CFR.

8.2 The **Authorised Limit** sets the maximum level of external borrowing on a gross basis (i.e. not net of investments) for the Council. It is measured on a daily basis against all external borrowing items on the Balance Sheet (i.e. long and short term borrowing, overdrawn bank balances and long term liabilities. This Prudential Indicator separately identifies borrowing from other long term liabilities such as finance leases. It is consistent with the Council's existing commitments, its proposals for capital expenditure and financing and its approved treasury management policy statement and practices.

8.3 The Authorised Limit has been set on the estimate of the most likely, prudent but not worst case scenario with sufficient headroom over and above this to allow for unusual cash movements.

8.4 The Authorised Limit is the statutory limit determined under Section 3(1) of the Local Government Act 2003 (referred to in the legislation as the Affordable Limit).

Authorised Limit for External Debt	18/19 Approved £m	18/19 Revised £m	19/20 Estimate £m	20/21 Estimate £m	21/22 Estimate £m	22/23 Estimate £m
Borrowing	440	440	440	450	450	450
Other Long-term Liabilities	61	61	63	63	63	63
Total	501	501	503	513	513	513

8.5 The Operational Boundary links directly to the Council's estimates of the CFR and estimates of other cashflow requirements. This indicator is based on the same estimates as the Authorised Limit reflecting the most likely, prudent but not worst case scenario but without the additional headroom included within the Authorised Limit.

8.6 The Assistant Director: Finance & Human Resources has delegated authority, within the total limit for any individual year, to effect movement between the separately agreed limits for borrowing and other long-term liabilities. Decisions will be based on the outcome of financial option appraisals and best value considerations. Any movement

between these separate limits will be reported to the next meeting of the Audit Committee.

Operational Boundary for External Debt	18/19 Approved £m	18/19 Revised £m	19/20 Estimate £m	20/21 Estimate £m	21/22 Estimate £m	22/23 Estimate £m
Borrowing	420	420	420	430	430	430
Other Long-term Liabilities	59	59	60	60	60	60
Total	479	439	480	490	490	490

9. Gross Debt and the Capital Finance Requirement

9.1 The purpose of this treasury indicator is to highlight a situation where the Council is planning to borrow in advance of need. If these figures exceed CFR (which they don't) they would indicate we are borrowing in advance of need.

Gross and Net Debt	18/19 Estimated £m	19/20 Authorised £m	20/21 Authorised £m	21/22 Authorised £m	22/23 Authorised £m
Outstanding Borrowing (at nominal value)	287.731	322.122	335.498	337.895	334.345
Other Long-term Liabilities (at nominal value)	54.056	51.737	50.529	51.378	48.492
Gross Debt	341.787	373.859	386.027	389.273	382.837

10. Upper Limits for Fixed Interest Rate Exposure and Variable Interest Rate Exposure:

10.1 These indicators allow the Council to manage the extent to which it is exposed to changes in interest rates. This Council calculates these limits on net principal outstanding sums, (i.e. fixed rate debt net of fixed rate investments / total debt net of total investments)

10.2 The upper limit for variable rate exposure has been set to ensure that the Council is not exposed to interest rate rises which could adversely impact on the revenue budget. The limit allows for the use of variable rate debt to offset exposure to changes in short-term rates on investments.

	Existing level (or Benchmark level) at 31/03/18 %	18/19 Approved %	18/19 Revised %	19/20 Estimate %	20/21 Estimate %	21/22 Estimate %	22/23 Estimate %
Upper Limit for Fixed Interest Rate Exposure	100	100	100	100	100	100	100
Upper Limit for Variable Interest Rate Exposure	70	70	70	70	70	70	70
Local Indicator – Upper limit for net variable rate exposure. (Net principal re gross variable rate borrowing and investments divided by gross borrowing plus investments)	70	70	70	70	70	70	70

10.3 The limits above provide the necessary flexibility within which decisions will be made for drawing down new loans on a fixed or variable rate basis; the decisions will ultimately be determined by expectations of anticipated interest rate movements as set out in the Council's treasury management strategy.

11. Maturity Structure of Fixed Rate borrowing:

11.1 This indicator highlights the existence of any large concentrations of fixed rate debt needing to be replaced at times of uncertainty over interest rates and is designed to protect against excessive exposures to interest rate changes in any one period, in particular in the course of the next ten years.

11.2 It is calculated as the amount of projected borrowing that is fixed rate maturing in each period as a percentage of total projected borrowing that is fixed rate. The maturity of borrowing is determined by reference to the earliest date on which the lender can require payment.

Maturity structure of fixed rate borrowing	Existing level 31.12.18 %	Lower Limit for 19/20 %	Upper Limit for 19/20 %
under 12 months	32	0	70
12 months and within 24 months	3	0	30
24 months and within 5 years	7	0	50
5 years and within 10 years	11	0	75
10 years and within 20 years	10	0	75
20 years and within 30 years	0	0	75

Maturity structure of fixed rate borrowing	Existing level 31.12.18 %	Lower Limit for 19/20 %	Upper Limit for 19/20 %
30 years and within 40 years	11	0	100
40 years and within 50 years	12	0	100
50 years and above	15	0	100

12. Credit Risk:

12.1 The Council considers security, liquidity and yield, in that order, when making investment decisions.

12.2 Credit ratings remain an important element of assessing credit risk, but they are not a sole feature in the Council's assessment of counterparty credit risk.

12.3 The Council has adopted a voluntary measure of its exposure to credit risk by monitoring the value-weighted credit score of its investment portfolio. This is calculated by applying a score to each investment (AAA=1, AA+=2, etc.) and taking the arithmetic average, weighted by the size of each investment. Unrated investments would be assigned a score based on their perceived risk.

	Target
Portfolio average credit score	6 or lower, which is equivalent to a credit rating of 'A' or higher

12.4 The only indicators with prescriptive values remain to be credit ratings. Other indicators of creditworthiness are considered in relative rather than absolute terms.

13. Upper Limit for total principal sums invested over 1 year:

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

Upper Limit for total principal sums invested over 1 year	18/19 Approved %	18/19 Revised %	19/20 Estimate %	20/21 Estimate %	21/22 Estimate %	22/23 Estimate %
	95	95	95	95	95	95

Appendix D – Arlingclose Economic & Interest Rate Forecast December 2018**Underlying assumptions:**

- Our central interest rate forecasts are predicated on there being a transitional period following the UK's official exit from the EU.
- The MPC has a bias towards tighter monetary policy but is reluctant to push interest rate expectations too strongly. We believe that MPC members consider that: 1) tight labour markets will prompt inflationary pressure in the future, 2) ultra-low interest rates result in other economic problems, and 3) higher Bank Rate will be a more effective policy weapon if downside risks to growth crystallise.
- Both our projected outlook and the increase in the magnitude of political and economic risks facing the UK economy means we maintain the significant downside risks to our forecasts, despite the potential for slightly stronger growth next year as business investment rebounds should the EU Withdrawal Agreement be approved. The potential for severe economic outcomes has increased following the poor reception of the Withdrawal Agreement by MPs. We expect the Bank of England to hold at or reduce interest rates from current levels if Brexit risks materialise.
- The UK economic environment is relatively soft, despite seemingly strong labour market data. GDP growth recovered somewhat in the middle quarters of 2018, but more recent data suggests the economy slowed markedly in Q4. Our view is that the UK economy still faces a challenging outlook as the country exits the European Union and Eurozone economic growth softens.
- Cost pressures are easing but inflation is forecast to remain above the Bank's 2% target through most of the forecast period. Lower oil prices have reduced inflationary pressure, but the tight labour market and decline in the value of sterling means inflation may remain above target for longer than expected.
- Global economic growth is slowing. Despite slower growth, the European Central Bank is conditioning markets for the end of QE, the timing of the first rate hike (2019) and their path thereafter. More recent US data has placed pressure on the Federal Reserve to reduce the pace of monetary tightening – previous hikes and heightened expectations will, however, slow economic growth.
- Central bank actions and geopolitical risks have and will continue to produce significant volatility in financial markets, including bond markets.

Forecast:

- The MPC has maintained expectations of a slow rise in interest rates over the forecast horizon, but recent events around Brexit have dampened interest rate expectations. Our central case is for Bank Rate to rise twice in 2019, after the UK exits the EU. The risks are weighted to the downside.

- Gilt yields have remained at low levels. We expect some upward movement from current levels based on our central case that the UK will enter a transitional period following its EU exit in March 2019. However, our projected weak economic outlook and volatility arising from both economic and political events will continue to offer borrowing opportunities.

	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Average
Official Bank Rate														
Upside risk	0.00	0.00	0.00	0.00	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.17
Arlingclose Central Case	0.75	1.00	1.00	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.17
Downside risk	0.00	0.50	0.50	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.65
3-mth money market rate														
Upside risk	0.10	0.10	0.10	0.10	0.15	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.17
Arlingclose Central Case	0.80	1.00	1.10	1.20	1.30	1.30	1.25	1.20	1.20	1.20	1.20	1.20	1.20	1.17
Downside risk	0.20	0.50	0.60	0.70	0.80	0.80	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.68
1-yr money market rate														
Upside risk	0.20	0.30	0.30	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.33
Arlingclose Central Case	1.05	1.25	1.35	1.40	1.50	1.45	1.40	1.40	1.40	1.40	1.40	1.40	1.40	1.37
Downside risk	0.35	0.50	0.60	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.69
5-yr gilt yield														
Upside risk	0.15	0.20	0.25	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.32
Arlingclose Central Case	1.15	1.20	1.25	1.35	1.40	1.40	1.35	1.35	1.30	1.30	1.30	1.30	1.30	1.30
Downside risk	0.30	0.35	0.45	0.50	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.54
10-yr gilt yield														
Upside risk	0.20	0.25	0.25	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.32
Arlingclose Central Case	1.60	1.65	1.65	1.70	1.75	1.75	1.75	1.70	1.70	1.70	1.70	1.70	1.70	1.70
Downside risk	0.30	0.45	0.50	0.55	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.55
20-yr gilt yield														
Upside risk	0.20	0.25	0.25	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.32
Arlingclose Central Case	1.90	1.95	1.95	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	1.98
Downside risk	0.30	0.40	0.45	0.45	0.45	0.45	0.45	0.45	0.45	0.45	0.45	0.45	0.45	0.43
50-yr gilt yield														
Upside risk	0.20	0.25	0.25	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.32
Arlingclose Central Case	1.80	1.85	1.85	1.90	1.90	1.90	1.90	1.90	1.90	1.90	1.90	1.90	1.90	1.88
Downside risk	0.30	0.40	0.45	0.45	0.45	0.45	0.45	0.45	0.45	0.45	0.45	0.45	0.45	0.43

PWLB Certainty Rate (Maturity Loans) = Gilt yield + 0.80%

PWLB Local Infrastructure Rate (Maturity Loans) = Gilt yield + 0.60%

Appendix E – Recommended Sovereign and Counterparty List (Section 8)

- **Group Limits** - For institutions within a banking group, the authority executes a limit at the highest of any of the single banks within that group.
- **Sovereign Limit** – The Council will only invest a maximum of £15m of the portfolio with non UK sovereigns.

Instrument	Country/ Domicile	Counterparty	Maximum Counterparty Limit %/£m	Maximum Group Limit (if applicable) %/£m	Council Holding At 31/12/18 £m
Term Deposits / CDs / Call Accounts	UK	Santander UK Plc (Banco Santander Group)	15	15	0
Term Deposits / CDs / Call Accounts	UK	Bank of Scotland (Lloyds Banking Group)	15	15	0
Term Deposits / CDs / Call Accounts	UK	Lloyds (Lloyds Banking Group)	15	15	5.7
Term Deposits / CDs / Call Accounts	UK	Barclays Bank Plc	15	15	0
Term Deposits / CDs / Call Accounts	UK	HSBC Bank Plc	15	15	0
Term Deposits / CDs / Call Accounts	UK	Nationwide Building Society	15	15	0
Term Deposits / CDs / Call Accounts	UK	NatWest (RBS Group)	15	15	0
Term Deposits / CDs / Call Accounts	UK	Royal Bank of Scotland (RBS Group)	15	15	0
Term Deposits / CDs / Call Accounts	UK	Standard Chartered Bank	15	15	0
Term Deposits / CDs / Call Accounts	UK	Close Brothers Limited	15	15	0
Term Deposits / CDs / Call Accounts	UK	Goldman Sachs International Bank	15	15	0
Term Deposits / CDs / Call Accounts	UK	Leeds Building Society	15	15	0

Term Deposits / CDs / Call Accounts	Australia	Australia and NZ Banking Group	15	15	0
Term Deposits / CDs / Call Accounts	Australia	Commonwealth Bank of Australia	15	15	0
Term Deposits / CDs / Call Accounts	Australia	National Australia Bank Ltd (National Australia Bank Group)	15	15	0
Term Deposits / CDs / Call Accounts	Australia	Westpac Banking Corp	15	15	0
Term Deposits / CDs / Call Accounts	Canada	Bank of Montreal	15	15	0
Term Deposits / CDs / Call Accounts	Canada	Bank of Nova Scotia	15	15	0
Term Deposits / CDs / Call Accounts	Canada	Canadian Imperial Bank of Commerce	15	15	0
Term Deposits / CDs / Call Accounts	Canada	Royal Bank of Canada	15	15	0
Term Deposits / CDs / Call Accounts	Canada	Toronto-Dominion Bank	15	15	0
Term Deposits / CDs / Call Accounts	Finland	Nordea Bank Finland	15	15	0
Term Deposits / CDs / Call Accounts	Finland	Pohjola Bank	15	15	0
Term Deposits / CDs / Call Accounts	Germany	Deutsche Bank AG	15	15	0
Term Deposits / CDs / Call Accounts	Germany	Landesbank Hessen – Thuringen (Helaba)	15	15	0
Term Deposits / CDs / Call Accounts	Netherlands	ING Bank NV	15	15	0
Term Deposits / CDs / Call Accounts	Netherlands	Rabobank	15	15	0
Term Deposits / CDs / Call Accounts	Netherlands	Bank Nederlandse Gemeenten	15	15	0
Term Deposits / CDs / Call Accounts	Singapore	DBS Bank Ltd	15	15	0

Term Deposits / CDs / Call Accounts	Singapore	Oversea-Chinese Banking Corporation (OCBC)	15	15	0
Term Deposits / CDs / Call Accounts	Singapore	United Overseas bank (UOB)	15	15	0
Term Deposits / CDs / Call Accounts	Sweden	Svenska Handelsbanken	15	15	0
Term Deposits / CDs / Call Accounts	Switzerland	Credit Suisse	15	15	0
Term Deposits / CDs / Call Accounts	US	JP Morgan Chase Bank	15	15	0

***Please note this list could change if, for example, a counterparty/country is upgraded, and meets our other creditworthiness tools. Alternatively, if a counterparty is downgraded, this list may be shortened. The counterparty list was correct as at 31 December 2018.*

SUMMARY OF TREASURY INVESTMENTS**TOTAL RISK PER COUNTERPARTY AS AT 31 DECEMBER 2018**

	CREDIT RATING	TOTAL £000
<u>Fixed Deposits</u>		
Lloyds	UK AAA F1+ AA- 2	5,737
Debt Management Office	UK Government	20,596
Money Market Funds	AAAm	4,980
Total cash deposits		<u>31,313</u>

Sovereign Analysis:

Lloyds Bank	100% UK
DMO	100% UK
MMFs	9% UK / 91% NON-UK

Ethical Investment Framework – Telford and Wrekin Council

At the current time the Council's treasury activity consists principally of making short-dated loans to the UK Government (through the Debt Management Agency Deposit Facility) and to banks and building societies which adheres to the S-L-Y principles of (Security, Liquidity and Yield, in that order).

The preservation of capital is the Council's principal and overriding priority. The banks and building societies on the Council's lending list are selected only if the institutions and the sovereign meet a minimum credit criteria. In accordance with its social and corporate governance responsibilities, the Council seeks to support institutions which additionally have an ethical and responsible approach to environmental and social issues including employment and global trade. These "ethical" criteria and their basis are described below.

1. Environmental and Social Standards

Equator Principles

The Equator Principles are a voluntary set of guidelines based on the environmental and social standards practiced by the International Finance Committee when evaluating financing projects. Financial institutions that adopt the Principles agree to use a screening process aiming to ensure that environmental and social assessments help inform decisions to finance development projects. This allows signatories to engage proactively with their stakeholders on environmental and social policy issues.

The Equator Principles (EPs) are a screening framework for determining, assessing and managing environmental and social risk in project finance transactions for major infrastructure and industrial projects. The EPs are adopted voluntarily by financial institutions and are applied where total project capital costs exceed US\$10 million. The EPs are primarily intended to provide a minimum standard for due diligence to support responsible risk decision-making. They are based on the International Finance Corporation's performance standards on social and environmental sustainability and on the World Bank Group Environmental Health and Safety Guidelines.

Financial institutions which are signatories to the EPs commit to not providing loans to projects where the borrower will not or is unable to comply with their respective social and environmental policies and procedures that implement the EPs.

The following banks relating to institutions on the Council's lending list have adopted the Equator Principles:

- Barclays plc (parent of Barclays Bank)
- HSBC Holding plc (parent of HSBC plc)
- Lloyds Banking Group (parent of Bank of Scotland plc and Lloyds Bank plc)
- Royal Bank of Scotland
- Standard Chartered plc
- Banco Santander (parent of Santander UK plc).

<http://www.equator-principles.com/index.php/members-reporting>

2. Human Rights, Labour and Environment

The **UN Global Compact** is a strategic policy initiative for businesses that are committed to aligning their operations and strategies with ten universally accepted principles in the areas of human rights, labour, environment and anti-corruption.

Corporations which sign up to the UN Global Compact are encouraged to themselves embrace and in turn, support and enact, within their sphere of influence, a set of core values which are derived from:

- The Universal Declaration of Human Rights
- The International Labour Organization's Declaration on Fundamental Principles and Rights at Work
- The Rio Declaration on Environment and Development
- The United Nations Convention Against Corruption

Human Rights

- Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and
- Principle 2: make sure that they are not complicit in human rights abuses.

Labour

- Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- Principle 4: the elimination of all forms of forced and compulsory labour;
- Principle 5: the effective abolition of child labour; and
- Principle 6: the elimination of discrimination in respect of employment and occupation.

Environment

- Principle 7: Businesses should support a precautionary approach to environmental challenges;
- Principle 8: undertake initiatives to promote greater environmental responsibility; and
- Principle 9: encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption

- Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

The following banks relating to institutions on the Council's lending are participants/stakeholders of the UN Global Compact:

- HSBC
- Royal Bank of Scotland
- Standard Chartered
- Grupo Santander (ultimate parent of Santander UK plc).

<http://www.unglobalcompact.org/ParticipantsAndStakeholders/index.html>

Limitations to ethical policies:

It should be noted here that the individual institutions which have signed up to the Equator Principles and to the Global Compact screen borrowers before lending for infrastructure and industrial projects.

However, financial institutions also engage daily in money market and interbank lending transactions; the criteria for such lending is based primarily on credit risk assessment (i.e. the assessment of their lending being repaid in full and on time when it is due). Being a signatory to the EPs will not necessarily be a critical feature of such credit assessment and the Council is not in a position to monitor interbank lending. The same applies to an individual financial signing up to the UN Global Compact.

It should also be noted that becoming a signatory of voluntary guidelines (Equator Principle or Global Compact) does not guarantee that that institution's policies and practices are of a better standard than those institutions which are not signatories to the voluntary guidelines.

Activist investment: The Council does not invest directly in shares or in corporate bonds. Not only are such investments inherently higher risk investments, and requires a distinct and separate set of fund management expertise. Under current legislation (SI 2003 No 3146) the purchase of share capital or loan capital of a body corporate is a capital expenditure investment which, on sale or maturity, becomes a capital receipt and is unsuitable for the Council's treasury investments which are primarily the cash management of its operating surpluses and reserves. Corporate bond and equity investments would however be made by the Council's pension fund (run by Shropshire Council).

Other than through its pension fund (which is measured by Shropshire Council), the Council cannot seek to influence decision making at a company by voicing concerns, engaging in a dialogue with management, or lobbying other shareholders for support. Activist investors attempt to purchase sufficient shares or obtain seats on the board with the goal of effecting major change in the company to make the company more valuable financially or socially (for example to change management policies and adopt better governance; optimise shareholder value through acquisitions/divestitures, be more socially responsible etc).

Credit Ratings – A Guide.

Long-term credit ratings and Sovereign Ratings

Fitch Rating' long-term credit ratings are set up along a scale from 'AAA' to 'D', first introduced in 1924 and later adopted and licensed by Standard & Poors (S&P). Moody's also uses a similar scale, but names the categories differently. Like S&P, Fitch also uses intermediate modifiers for each category between AA and CCC (i.e., AA+, AA, AA-, A+, A, A-, BBB+, BBB, BBB- etc.).

Investment grade

- **AAA** : the best quality, reliable and stable
- **AA** : good quality, a bit higher risk than AAA
- **A** : economic situation can affect finance
- **BBB** : medium class counterparties, which are satisfactory at the moment

Non-investment grade

- **BB** : more prone to changes in the economy
- **B** : financial situation varies noticeably
- **CCC** : currently vulnerable and dependent on favourable economic conditions to meet its commitments
- **CC** : highly vulnerable, very speculative bonds
- **C** : highly vulnerable, perhaps in bankruptcy or in arrears but still continuing to pay out on obligations
- **D** : has defaulted on obligations and Fitch believes that it will generally default on most or all obligations
- **NR** : not publicly rated

Short-term credit ratings

Fitch's short-term ratings indicate the potential level of default within a 12-month period.

- **F1+** : best quality grade, indicating exceptionally strong capacity of obligor to meet its financial commitment
- **F1** : best quality grade, indicating strong capacity of obligor to meet its financial commitment
- **F2** : good quality grade with satisfactory capacity of obligor to meet its financial commitment
- **F3** : fair quality grade with adequate capacity of obligor to meet its financial commitment but near term adverse conditions could impact the obligor's commitments
- **B** : of speculative nature and obligor has minimal capacity to meet its commitment and vulnerability to short term adverse changes in financial and economic conditions
- **C** : possibility of default is high and the financial commitment of the obligor are dependent upon sustained, favourable business and economic conditions
- **D** : the obligor is in default as it has failed on its financial commitments.

Support Ratings (1 – 5)

The Purpose and Function of Support Ratings

Support Ratings are Fitch Ratings' assessment of a potential supporter's propensity to support a bank and of its ability to support it. Its propensity to support is a judgment made by Fitch Ratings. Its ability to support is set by the potential supporter's own Issuer Default Ratings, both in foreign currency and, where appropriate, in local currency. Support Ratings do not assess the intrinsic credit quality of a bank. Rather they communicate the agency's judgment on whether the bank would receive support should this become necessary. These ratings are exclusively the expression of Fitch Ratings' opinion even though the principles underlying them may have been discussed with the relevant supervisory authorities and/or owners.

Timeliness and Effectiveness Requirements

Fitch Ratings' Support Rating definitions are predicated on the assumption that any necessary "support" is provided on a timely basis. The definitions are also predicated on the assumption that any necessary support will be sufficiently sustained so that the bank being supported is able to continue meeting its financial commitments until the crisis is over.

Obligations and Financial Instruments Covered

In terms of these definitions, unless otherwise specified, "support" is deemed to be in terms of foreign currency. It is assumed that typically the following obligations will be supported: senior debt (secured and unsecured), including insured and uninsured deposits (retail, wholesale and interbank); obligations arising from derivatives transactions and from legally enforceable guarantees and indemnities, letters of credit, and acceptances; trade receivables and obligations arising from court judgments.

Likewise, the agency does not assume that the following capital instruments will be supported when sovereign support is involved: preference/preferred shares or stock; hybrid capital (tier 1 and upper tier 2), including reserve capital instruments (RCIs) and variations upon RCIs; and common/ordinary equity capital. It is also assumed that there will be no support for any moral obligation on securitizations. The sovereign support status of subordinated debt is difficult to categorize in advance; it is assessed on a case by case basis, distinguishing among different jurisdictions.

Definitions:

- 1:** A bank for which there is an extremely high probability of external support. The potential provider of support is very highly rated in its own right and has a very high propensity to support the bank in question. This probability of support indicates a minimum Long-Term Rating floor of 'A-'.
- 2:** A bank for which there is a high probability of external support. The potential provider of support is highly rated in its own right and has a high propensity to provide support to the bank in question. This probability of support indicates a minimum Long-Term Rating floor of 'BBB-'.
- 3:** A bank for which there is a moderate probability of support because of uncertainties about the ability or propensity of the potential provider of support to do so. This probability of support indicates a minimum Long-Term Rating floor of 'BB-'.
- 4:** A bank for which there is a limited probability of support because of significant uncertainties about the ability or propensity of any possible provider of support to do so. This probability of support indicates a minimum Long-Term Rating floor of 'B'.

- 5: A bank for which external support, although possible, cannot be relied upon. This may be due to a lack of propensity to provide support or to very weak financial ability to do so. This probability of support indicates a Long-Term Rating floor no higher than 'B-' and in many cases no floor at all.

GLOSSARY

Term	Meaning
Affordable Borrowing Limit	The amount the authority would normally borrow at any point of time in the year. This boundary might be exceeded temporarily but only in exceptional circumstances. The limit is set by Full Council at the beginning of March and is a prudential indicator.
Authorised Borrowing Limit	The maximum amount the authority can borrow at any point of time in the year. This limit should never be exceeded. The limit is set by Full Council at the beginning of March and is a prudential indicator.
Capital Financing Requirement (CFR)	This represents the underlying need for the authority to borrow and represents the assets of the authority less the long term capital liabilities.
Credit Default Swaps (CDS)	CDS are bought by investors to insure against defaults (i.e. the counterparty not being able to repay). The higher the cost/premium then the higher the risk – CDS therefore given a market view of the credit worthiness of an organisation.
Credit Ratings	Rating on the ability of an organisation to meet its obligations; ratings are assigned by independent, specialist companies, such as Fitch and Moodys using market intelligence they gather.
Credit Risk	The risk that the debtor will default on their obligations
Counterparty	The organisation that you are conducting your business with.
Debt Management Account Deposit Facility	Provided by the <u>Debt Management Office</u> , users can place cash in secure fixed-term deposits. Deposits are guaranteed by the government and therefore have the equivalent of a sovereign triple-A credit rating.
Derivative Instruments	A security whose price is dependent upon or derived from one or more underlying assets. The derivative itself is merely a contract between two or more parties. Its value is determined by fluctuations in the underlying asset. The most common underlying assets include stocks, bonds, commodities, currencies, interest rates and market indexes. Most derivatives are characterized by high leverage. For

	example, a stock option is a derivative because it derives its value from the value of a stock. An interest rate swap is a derivative because it derives its value from one or more interest rate indices.
Discounts	These relate to Public Works Loans Board loans. If rates have increased since the borrowing was undertaken then part of the benefit that PWLB will achieve from being able to loan out at that higher rate are passed back to an authority if they repay the loan early.
Fund Managers	Independent investment managers who work to a specific mandate and invest funds on behalf of the Council
Inflation	The rise in prices of goods and services over a period of time.
Interest Rate Risk	The risk that the value of an investment will change due to changes to the interest rate.
Internal Borrowing	This is where the amount of an authority's borrowing is less than its CFR or underlying need to borrow and represents the use of internal balances rather than borrowing from the market.
LIBID	London inter-bank bid rate. Interest rate at which prime banks will borrow money in the London inter-bank market.
LIBOR	London inter-bank offer rate. Interest rate at which prime banks will lend money in the London inter-bank market. Fixed every day by the British Bankers Association to five decimal places.
Liquidity Risk	The risk of not being able to trade an investment quickly to release cash.
Minimum Revenue Provision (MRP)	This is the amount charged against the Income and Expenditure Account for the year in relation to the repayment of debt on borrowing in order to fund capital expenditure.
Money Market Fund (MMF)	Mutual funds that invest in short term debt instruments. They offer a higher level of security than banks and interest rates are generally higher.
Obligor	An individual or company that owes debt to another individual or company (the creditor), as a result of borrowing or issuing bonds.
Premia	This is the penalty applied to the early redemption of PWLB loans where rates have fallen since the loan was undertaken.

Prudential Code	A professional code of practice which provides regulatory framework to local authorities on capital expenditure, investments and borrowing activities.
Prudential Indicators	A set of indicators developed within the Prudential Code which define thresholds for investment and borrowing within a local authority.
PWLB	Public Works Loans Board – a Government agency providing long and short term loans to local authorities. Interest rates are generally lower than the private sector and slightly higher than the rates at which the Government themselves may borrow.
Quantitative Easing	This is where the government buy back their own gilt issuance to effectively pump money into the financial markets of the economy.
Re-scheduling	This relates to repaying existing borrowing early and replacing it with borrowing for a different period usually, but not necessarily, at lower rates
Return	The gain from holding an investment over a given period
Security	An investment instrument, other than an insurance policy or fixed annuity, issued by a corporation, government or other organisation which offers evidence of debt or equity.
Sovereign Exposure	Risk of exposure to one particular country.
Supranational Bonds	These are bonds (similar to gilts) issued by multi government development organisations and are supported by all of the governments who form part of the organisation. E.g. European Investment Bank and are usually very secure.

TELFORD & WREKIN COUNCIL

**CABINET – 14th FEBRUARY 2019
COUNCIL – 28th FEBRUARY 2019**

2019/20 PRUDENTIAL INDICATORS

**REPORT OF THE CHIEF FINANCE OFFICER (ASSISTANT DIRECTOR:
FINANCE & HUMAN RESOURCES)**

LEAD CABINET MEMBER – CLLR LEE CARTER

1. Summary of Main Proposals

- 1.1 To consider the prudential indicators for 2019/20 to 2021/22 required under the Prudential Code of Capital Finance in Local Authorities and to approve the indicators for 2019/20.

2. Recommendations

- 2.1 Members are asked to approve the prudential indicators proposed in this report as part of setting the budget for 2019/20.

3. SUMMARY IMPACT ASSESSMENT

COMMUNITY IMPACT Do these proposals contribute to specific priorities?

Yes/No The prudential indicators form part of the Council's service and financial planning strategy and the overall budget and policy framework which is integral to ensuring that available resources are used as effectively as possible in delivering all corporate priority outcomes.

Will the proposals impact on specific groups of people?

Yes/No

**TARGET
COMPLETION /
DELIVERY DATE**

Prudential Indicators have to be set annually under the Local Government Act 2003.

**FINANCIAL/VALUE
FOR MONEY IMPACT**

Yes/No Where appropriate these are detailed in the body of the report.

LEGAL ISSUES

Yes/No CIPFA's Prudential Code is regarded as mandatory guidance associated with the Local Government Act 2003.

**OTHER IMPACTS,
RISKS AND
OPPORTUNITIES**

Yes/No The opportunities and risks associated with the report have been identified and assessed. Arrangements will be put in place to manage the risks and maximise the opportunities that have been identified.

**IMPACT ON
SPECIFIC WARDS**

Yes/No

PART B – ADDITIONAL INFORMATION

4. Summary

4.1 The Prudential System was introduced from 1 April 2004. Under the Prudential System the Council has to approve Prudential Indicators annually and these are contained in this report.

5. The CIPFA Prudential Code

5.1 The **Local Government Act 2003** requires the Authority to have regard to the Chartered Institute of Public Finance and Accountancy's *Prudential Code for Capital Finance in Local Authorities* (2017 Edition) (the Prudential Code) when determining how much money it can afford to borrow. The objectives of the Prudential Code are to ensure, within a clear framework, 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.

5.2 The general approach of the code is to require the Council to set estimates and limits on its borrowing and features associated with borrowing. The underlying philosophy is that the Council should set limits that ensure borrowing is affordable in the medium to long term. Affordability is determined by the overall amount of borrowing and the interest rate at which it is done. Because borrowing is only permissible (and will remain so) for capital expenditure local authorities have traditionally borrowed at longer term fixed rates of interest (i.e. over 1 year). This helps ensure stability over the medium term; for example a variable rate loan currently at 2.5% may be less attractive than a fixed rate loan at 2.8% if there is thought to be a reasonable possibility that variable rates will rise above 3.2% within a year. To help ensure financial stability the code requires authorities to consider the structure of their borrowing.

5.3 The code also requires authorities with significant investments to set indicators associated with lending money.

5.4 Practically the remaining paragraphs of this section consider the indicators and recommend what the indicators should be for 2019/20. In most cases indicators have to be set for 3 financial years ahead, so figures are also provided for 2020/21 and 2021/22. In proposing these indicators a pragmatic

approach has been taken; i.e. known Council plans (including the present treasury structure) have been considered.

- 5.5 For each indicator, ***the CIPFA requirements of the code are set out in bold italics***. The limits proposed by the Chief Finance Officer for 2019/20 are then set out. An explanation is provided, unless the indicator and limits are completely self-explanatory.

5.6 Prudential Indicators of Affordability – Ratio Affordability Measure

- 5.6.1 ***The local authority will estimate for the forthcoming financial year and the following two financial years the ratio of financing costs to net revenue stream. This prudential indicator shall be referred to as estimates of ratio of financing costs to net revenue stream.***

- 5.6.2 In Telford & Wrekin's case this indicator makes more sense if Local Government Reorganisation (LGR) debt paid over to Shropshire Council is included.

Revenue Budget

Year 1(2019/20)	7.89%
Year 2(2020/21)	9.47%
Year 3(2021/22)	10.00%

- 5.6.3 The indicator has been calculated as debt interest costs divided by budget requirement for the general fund element. The general fund indicator above shows a slight increase in the ratio between 2019/20 and 2020/21 (this broadly matches the expected prudential borrowing which is noted in 5.10.2 and the cuts in grants impacting on net revenue stream).

5.7 Prudential Indicators of Affordability – Incremental Council Tax Affordability Measures

The local authority will

- (i) forecast the total budgetary requirements for the authority based on no changes to the existing capital programme***
- (ii) forecast the total budgetary requirements for the authority with the changes to the capital programme included in the calculation***
- (iii) take the difference between (i) and (ii) and calculate the addition or reduction to Council tax that would result.***

This prudential indicator will be referred to as estimates of the incremental impact of new capital investment decisions on the Council Tax and shall be expressed in the following manner £ xx.xx.

- 5.7.1 The indicator is calculated by taking the estimates of new capital investments included in the Capital Programme Report, assuming it is financed through a mixture of borrowing and use of capital receipts (with interest at 3.5% ongoing, with Minimum Revenue Provision calculated in line with the MRP policy as detailed in the Treasury Strategy Report) and

dividing them by the tax base (50,640.3). The indicator works on a cumulative basis (i.e. the year 2 indicator includes the full year cost of year 1 expenditure, together with the part year cost of that year's programme), but only part year interest cost in the year expenditure is incurred.

- 5.7.2 The estimate of the incremental impact on Council Tax (Band B – as the average property in the Borough falls in to this band) of capital decisions proposed over and above capital investment decisions that have already been taken by the Council are as follows;

<u>Year</u>	<u>Prudential Borrowing</u> £
2019/20	1.03
2020/21	1.63
2021/22	3.23

5.7.3 Prudential Indicators of Affordability – Incremental Housing Rent Affordability Measures

This Indicator does not apply to Telford & Wrekin Council as the Council does not operate “council housing through a Housing Revenue Account”.

5.8 Estimates of Capital Financing Requirement

The local authority will make reasonable estimates of the total capital financing requirement at the end of the forthcoming financial year and the following two years. These prudential indicators shall be referred to as:

Estimate of capital financing requirement as at the end of years 1, 2 and 3.

- 5.8.1 The capital financing requirement is a concept in the Prudential System, but can simply be understood as the Council's underlying need to borrow money over the long term. The code requires that the figure is calculated gross, to include debt that is paid for by other authorities following Local Government Reorganisation (LGR), so in Telford & Wrekin's case, these figures have limited meaning, and locally the indicator needs adjusting for LGR debt.
- 5.8.2 Table A shows the estimated cumulative Capital Financing Requirement (CFR) at a point in time. These estimates include the impact of the Public Finance Initiative.

	Total CFR
31/3/2019	£450.9m
31/3/2020	£482.0m
31/3/2021	£493.4m
31/3/2022	£495.8m

5.8.3 The movement in the CFR is consistent with other planning assumptions.

5.8.4 Gross Debt and Capital Finance Requirement. The purpose of this treasury indicator is to highlight a situation where the Council is planning to borrow in advance of need. If these figures exceed CFR (which they don't) they would indicate we are borrowing in advance of need.

	Outstanding Borrowing (at nominal value)	Other Long-term Liabilities (at nominal value)	Gross Debt
31/3/2019	£287.7m	£54.1m	£341.8m
31/3/2020	£322.1m	£51.7m	£373.8m
31/3/2021	£335.5m	£50.5m	£386.0m
31/3/2022	£337.9m	£51.4m	£389.3m

5.9 Treasury Management Prudential Indicators

5.9.1 The Council adopted the revised ***CIPFA Code of Practice for Treasury Management in the Public Services*** at its meeting in March 2010. Treasury Management Practices (TMPs) have been established by the Chief Finance Officer in line with the advice of our Treasury Advisors, and are kept up to date with support from Arlingclose our Treasury Advisors. ***Although not a formal indicator, the Council must have regard to the Treasury Management Code.***

5.10 Capital Expenditure and Capital Commitments Prudential Indicators

5.10.1 ***The local authority will make reasonable estimates of the total of capital expenditure that it plans to incur during the forthcoming financial year and at least the following two financial years. These prudential indicators shall be referred to as:***

Estimate of total capital expenditure to be incurred in years 1, 2 and 3

5.10.2 The budget and capital report to Council for 2018/19 identifies programmed capital schemes, and subsequent year's capital needs. The estimates of capital expenditure to be incurred are therefore;

	Prudential Borrowing	Grant Funded	Revenue/ External	Capital Receipts	Total
	£m	£m	£m	£m	£m
2019/20	34.391	26.879	9.698	6.490	77.458
2020/21	13.376	9.447	3.162	8.340	34.325
2021/22	2.397	0.000	0.050	3.410	5.857

It is only the column relating to prudential borrowing that impacts on prudential indicators. These figures include further investment in NuPlace, the Council's wholly owned Housing Company, and Property Investment Portfolio schemes which should generate returns for the Council well in excess of the associated debt charges

5.11 External Debt Prudential Indicators

5.11.1 *The local authority will set for the forthcoming financial year and the following two financial years a prudential limit for its total external debt, gross of investments, separately identifying borrowing from other long term liabilities. This prudential indicator shall be referred to as:*

Authorised limit for external debt = authorised limit for borrowing + authorised limit for other long term liabilities for years 1, 2 and 3.

5.11.2 The recommended Authorised Limit for External Debt for:

Year 1 (2019/20) is £440m for borrowing and £63m for other long term liabilities

Year 2 (2020/21) is £450m for borrowing and £63m for other long term liabilities

Year 3 (2021/22) is £450m for borrowing and £63m for other long term liabilities

5.11.3 This limit represents the maximum amount the Council may borrow at any point in time in the year. It has to be set at a level the Council considers is "prudent". (This limit is analogous to the limit on borrowing set out in section 44 of the 1989 Act). Because it is ultra vires to exceed, the authorised limit must be set so as to avoid circumstances in which the Council would need to borrow more money than this limit.

5.11.4 Other long term liabilities include items that would appear on the balance sheet of the Council that are analogous to borrowing. For example, the capital cost of leases would be included.

5.12 Operational Boundary

The local authority will also set for the forthcoming financial year and the following two years an operational boundary its total external debt, gross of investments, separately identifying borrowing from other long term liabilities. This prudential indicator shall be referred to as the:

Operational Boundary = operational boundary for borrowing + operational boundary for other long term liabilities for years 1, 2 and 3.

5.12.1 The operational boundary is a measure of the maximum amount that the Council would normally borrow at any time during the year. The code recognises that circumstances might arise when the boundary might be

exceeded temporarily, but suggest a sustained or regular pattern of borrowing above this level ought to be investigated, as a potential symptom of a more serious financial problem.

5.12.2 The Recommended Operational boundary for External debt is

Year 1 (2019/20) is £420m for External debt for and £60m for other long term liabilities

Year 2 (2020/21) is £430m for External debt for and £60m for other long term liabilities

Year 3 (2021/22) is £430m for External debt for and £60m for other long term liabilities

5.13 Interest Rate Exposure

5.13.1 ***The local authority will set, for the forthcoming year and the following two years, limits to its exposures to the effects of changes in interest rates. These prudential indicators will relate to both fixed interest rates and variable interest rates and will be referred to respectively as the upper limits on fixed and variable interest rate exposures.***

5.13.2 There is no requirement in the code to set lower limits; however, given the risks associated with having excessively high relatively short fixed, or variable rate borrowing, it is suggested that lower limits are set locally for longer maturing fixed rate borrowing.

5.13.3 **Variable rate exposures**
Borrowing that is at variable rates LESS Investments that are variable rate investments

The limits proposed are as follows;

	Net Variable Limit
	%
2019/20	70
2020/21	70
2021/22	70

5.13.4 We have also set a local indicator for setting a maximum exposure for variable rates as a percentage of total investment plus total debt. The limit proposed would be as follows;

	Upper Limit
	%
2019/20	70
2020/21	70
2021/22	70

5.13.6 Fixed Interest Rate Exposure

The local authority will set, for the forthcoming year and the following two years, both upper and lower limits for its exposure to fixed interest rate risk calculated as follows and each expressed as total borrowing less total investments:

Fixed interest rate exposures

Borrowing that is at fixed rates LESS Investments that are fixed rate investments

Expressed as a percentage or absolute of total borrowing less investments.

5.13.7 The limits (expressed as an absolute of total fixed borrowing less total fixed investments) proposed are as follows;

Fixed Rate Risk

	Upper Limit	Lower Limit
	%	%
2019/20	100	70
2020/21	100	70
2021/22	100	70

In principle, it may be necessary / desirable for all borrowing at a point in time to be at a fixed rate. The lower limit is effectively the counterpart to the upper limit for variable rate exposure.

5.14 Prudential limits for the maturity structure of fixed rate borrowing

The local authority will set for the forthcoming year both upper and lower limits with respect to the maturity structure of its borrowing, calculated as follows

Amount of projected borrowing that is fixed rate maturing in each period

Expressed as a Percentage of

Total projected borrowing that is fixed rate at the start of the period. where the periods in question are

- **Under 12 months**
- **1 year and within 2 years**
- **2 years and within 5 years**
- **5 years and within 10 years**
- **10 years and within 20 years**
- **20 years and within 30 years**
- **30 years and within 40 years**
- **40 years and within 50 years**
- **50 years+**

5.14.1 The proposed prudential limits are as follows;

Maturity	Lower Limit %	Upper Limit %
Under 12 months	0	70
1-2 years	0	30
2-5 years	0	50
5-10 years	0	75
10-20 years	0	75
20-30 years	0	75
30-40 years	0	100
40-50 years	0	100
Over 50 years	0	100

5.14.2 Under the investment guidance issued by CLG the Council needs to set indicators for ***principal sums invested for periods longer than 364 days***. It is recommended that we set the following limit

Maximum principal investment that can be invested for more than 364 days

Financial Year	Upper Limit
2019/20	95%
2020/21	95%
2021/22	95%

6. Financial Implications

- 6.1 The prudential indicators provide a framework for 2019/20 in which the Council conducts its treasury activities, consistent with good treasury risk management.
- 6.2 The code indicates that “in all cases, the process of setting prudential indicators for treasury management should be accompanied by a clear and integrated forward treasury management strategy, and a recognition of the pre-existing structure of the authority’s borrowing and investment portfolios.” The indicators proposed here take account of the existing structure of borrowing and all reasonable restructuring activity that might occur.
- 6.3 The code requires the following matters to be taken into account when setting or revising prudential indicators
- option appraisal for all projects, i.e. value for money
 - asset management planning, i.e. stewardship of asset
 - strategic planning for the authority, i.e. service objectives
 - achievability of the forward plan, i.e. its practicality
 - implications for external borrowing, i.e. prudence
 - implications for Council Tax (and housing rents where applicable), i.e. affordability.

Items (a)-(c) are largely considered in the current arrangements as part of the asset management planning / corporate capital strategy processes. Items (d) and (f) in financial terms have been taken account of by the Chief Finance Officer in presenting the budget and item (e) is inherent to the prudential indicator setting process.

7. Background Papers

Local Government Act 2003
CIPFA Prudential Code for Capital Finance in Local Authorities
Guidance on Local Authority Investments

Report prepared by
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383100.

TELFORD & WREKIN COUNCIL**COUNCIL – 28 FEBRUARY 2019****COUNCIL TAX - FORMAL RESOLUTIONS FOR 2019/20****REPORT OF THE CHIEF FINANCIAL OFFICER (ASSISTANT DIRECTOR OF FINANCE AND HUMAN RESOURCES)****LEAD MEMBER – COUNCILLOR LEE CARTER****1. PART A – SUMMARY REPORT**

Council Tax levels must be approved by Full Council. This report sets out the formal resolutions to determine the levels of Council Tax for Telford & Wrekin Council for 2019/20. The levels of tax take account of the requirements of Telford & Wrekin Council, the West Mercia Police & Crime Commissioner, Shropshire and Wrekin Fire Authority, and the various Parish and Town Councils.

The Council's General and Special Fund budgets for 2019/20 were approved earlier at this meeting and the Council Tax Base was approved at the meeting of Full Council on 17 January 2019.

Council Tax levels are based on spending requirements and the council tax base (number of chargeable Band D equivalent dwellings). Once this report is agreed the Band D Council Tax will be:

Authority		Band D Council Tax £	Increase %
Telford & Wrekin	General Fund	1,189.70	
	Special Fund	15.57	
Telford & Wrekin	Total (excluding Adult Social Care Precept)	1,205.27	1.2
Telford & Wrekin	Adult Social Care Precept	96.28	2.0
Telford & Wrekin	Total (including Adult Social Care Precept)	1,301.55	3.2
West Mercia Police & Crime Commissioner		216.66	9.9
Shropshire and Wrekin Fire Authority		100.25	3.0
Parish & Town Councils		85.51	1.7
Total Council Tax		1,703.97	3.9

The percentage increases all relate to the change from current year levels except in the case of the Adult Social Care precept where the Government require councils to show whether a further 2% or 3% precept is being applied in 2019/20.

The increases in overall council tax will vary dependent on parish area. This Council has set a 1.2% increase for the main part of its Council Tax. From 2016/17, a new “Adult Social Care Precept” was introduced by the Government, which is equivalent to a 2% Council Tax increase in 2016/17 and up to 3% for 2017/18 and 2018/19. If Councils applied the full 3% in each of these years then they can’t increase the precept again in 2019/20. This Council elected to increase the Adult Social Care Precept by 2% in both 2017/18 and 2018/19 and has therefore elected to increase the precept by a further 2% in 2019/20. The income from the precept must be ring-fenced to be spent on Adult Social Care Services.

In the Government’s calculation of core spending power from 2016/17 through to 2019/20, the Government have assumed that social services authorities such as Telford & Wrekin increase their council tax by 2% plus at least 2% for the Adult social Care Precept. Telford & Wrekin’s increase of 3.2% is therefore below the Government’s assumed increase each year.

Overall, the total average bill has increased by 3.9% after including increases by Police, Fire and the average increase applied by Parish and Town Councils.

The average increase in overall bills represents a range from 3.6% to 5.2% depending on variations in parish council spending and precepts.

While the total average Band D bill will be £1,703.97, the majority of properties in the area fall in Bands A and B – for a Band B property the overall average bill is £1,325.31.

The necessary formal resolutions are set out in section 5 of the report.

2.0 RECOMMENDATIONS

Members are asked to approve the formal resolutions to determine the levels of Council Tax for 2019/20 as detailed in the report.

3.0 SUMMARY IMPACT ASSESSMENT

COMMUNITY IMPACT	Do these proposals contribute to specific priorities?	
	Yes	The level of Council Tax is a product of the Service & Financial Planning Strategy which is integral to ensuring that available resources are used as effectively as possible to deliver corporate priorities.
TARGET COMPLETION /DELIVERY DATE	The Council Tax must be set by 11 March each year prior to the start of the financial year to which it relates.	

FINANCIAL/VALUE FOR MONEY IMPACT	Yes	The financial impacts are detailed in the Service & Financial Planning Report.
LEGAL ISSUES	No	The Council must make calculations concerning its spending and Council Tax for the area to enable the Council's statutory obligations to be fulfilled. Members should note that the Local Government Finance Act 1992 imposes a statutory duty upon the Council to calculate its council tax requirement and to set its Council Tax for 2019/20 before the 11th March, 2019. Details of those Regulations and how they have been observed are set out in this report.
OTHER IMPACTS, RISKS & OPPORTUNITIES	No	These are considered as part of the Service & Financial Planning report.
IMPACT ON SPECIFIC WARDS	No	Borough Wide

PART B – ADDITIONAL INFORMATION

4.0. INFORMATION

The Council Tax Base was approved at Full Council on 17 January 2019. The Council's budget for 2019/20 was agreed earlier at this meeting.

The budget is made up of a General Fund element and a much smaller Special Fund element. The Special Fund is required to ring fence costs that apply to areas that were previously unparished and where the Council still provides some additional services which otherwise would normally be provided by Town and Parish Councils. These services mainly relate to footway lighting and/or cemeteries.

The proposals set out in this report represent a 3.2% increase on the average Council Tax levied by Telford & Wrekin Council across the Borough as a whole. This proposal includes the Adult Social Care precept which is equivalent to a 2% Council Tax increase and must be ring-fenced to be spent on Adult Social Care Services.

5. FORMAL RESOLUTIONS

5.1. That it be noted that at its meeting on 17 January 2019 the Council calculated the following amounts for the year 2019/20 in accordance with Regulation 3 of the Local Authorities (Calculation of Council Tax Base) Regulations 2012 made under Section 33 of the Local Government Finance Act 1992 as amended (The Act):-

(a) **50,640.3** being the amount calculated by the Council, in accordance with Regulation 3 of the Local Authorities (Calculation of Council Tax Base) Regulations 2012 (The Regulations), as its Council Tax base for the year (The Council Tax Base).

(b) **Part of the Council's Area Tax Base**

The Parish of:-

CHETWYND	259.3
CHETWYND ASTON & WOODCOTE	205.0
CHURCH ASTON	515.7
DAWLEY HAMLETS	2,294.6
DONNINGTON & MUXTON	3,774.2
EDGMOND	546.6
ERCALL MAGNA	584.8
GORGE, THE	1,395.1
GREAT DAWLEY	2,609.2
HADLEY & LEEGOMERY	4,286.9
HOLLINSWOOD & RANDLAY	1,407.5
KETLEY	1,323.0
KYNNERSLEY	78.7
LAWLEY & OVERDALE	3,187.1
LILLESHALL	553.0
LITTLE WENLOCK	243.2
MADELEY	4,169.0
NEWPORT	3,866.4
OAKENGATES	2,429.3
PRESTON	100.4
RODINGTON	376.0
ST GEORGES & PRIORSLEE	3,849.8
STIRCHLEY & BROOKSIDE	2,281.7
TIBBERTON & CHERRINGTON	284.0
WATERS UPTON	397.0
WELLINGTON	6,622.8
WROCKWARDINE	1,446.7
WROCKWARDINE WOOD	1,514.0
	50,601.0

These are the amounts calculated by the Council in accordance with Regulation 6 of The Regulations, as the amounts of its Council Tax Base for the year for dwellings in those parts of its area to which one or more special items relate.

5.2. That the following amounts be now calculated by the Council for the year 2019/20 in accordance with Sections 31 to 36 of The Act:-

- (a) £402,996,134 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(2) of the Act, taking into account all precepts issued to it by Parish Councils.
- (b) £332,755,215 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of the Act.
- (c) £70,240,919 being the amount by which the aggregate at 5.2(a) above exceeds the aggregate at 5.2(b) above, calculated by the Council, in accordance with Section 31A(4) of the Act, as its Council Tax requirement for the year.
- (d) £1,387.06 being the amount at 5.2(c) above divided by the Council Tax base, calculated by the Council in accordance with Section 31B of the Act, as the basic amount of its Council Tax for the year (including parish precepts and special items).
- (e) £5,118,507 being the aggregate amount of all special items referred to in Section 34(1) of the Act.
- (f) £1,285.98 being the basic amount of its Council Tax for the year for dwellings in those parts of its area to which no special item relates (calculated by deducting from the amount at 5.2(d) above, the quotient of the amount at 5.2(e) above divided by the Council Tax Base). The only area that this relates to is the Parish of Eyton. This includes the Adult Social Care Precept of £96.28.

(g) <u>Part of the Council's Area</u>	£
The Parish of:	
Chetwynd	1,301.40
Chetwynd Aston & Woodcote	1,320.12
Church Aston	1,323.11
Dawley Hamlets (SF2*)	1,349.62
Donnington & Muxton	1,330.69
Edgmond	1,324.07
Ercall Magna	1,354.32
The Gorge (SF2*)	1,366.49
Great Dawley (SF2*)	1,505.79
Hadley & Leegomery	1,361.75
Hollinswood & Randlay	1,477.88

Ketley	1,413.16
Kynnersley	1,318.82
Lawley & Overdale (SF2*)	1,383.43
Lilleshall	1,392.26
Little Wenlock	1,344.48
Madeley (SF2*)	1,434.40
Newport	1,402.62
Oakengates (SF2*)	1,480.32
Preston	1,288.96
Rodington	1,330.70
St. Georges & Priorslee (SF1*)	1,324.94
Stirchley & Brookside(SF2*)	1,432.29
Tibberton & Cherrington	1,305.87
Waters Upton	1,347.56
Wellington (SF2*)	1,379.35
Wrockwardine	1,334.51
Wrockwardine Wood & Trench (SF1*)	1,362.59

**SF1 indicates a parish in the special fund area which has taken over responsibility for footway lighting. An additional charge of £0.00 per Band D is made for cemeteries.*

**SF2 indicates a parish in the special fund area which has not taken over responsibility for footway lighting. An additional charge of £29.87per Band D is made for both cemeteries and footway lighting.*

being the amounts given by adding to the amount at 5.2(f) above the amounts of the special item or items relating to dwellings in those parts of the Council's area mentioned above divided in each case by the amount at 5.1(b) above, calculated by the Council, in accordance with Section 34(3) of the Act, as the basic amounts of its council tax for the year for dwellings in those parts of its area to which one or more special items relate.

- (h) The amounts in Appendix 1 being the amounts given by multiplying the amounts at 5.2(f) and 5.2(g) above by the number which, in the proportion set out in Section 5(1) of the Act, is applicable to dwellings listed in a particular valuation band divided by the number which in that proportion is applicable to dwellings listed in valuation band D, calculated by the Council, in accordance with Section 36(1) of the Act, as the amounts to be taken into account for the year in respect of categories of dwellings listed in different valuation bands.

6. The West Mercia Police & Crime Commissioner precept for 2019/20 was set following its meeting on 7 February 2019. The following amounts were stated in precepts issued to the Council, in

accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of dwellings shown below:-

<u>Valuation Band</u>	<u>Amount</u> £
A	144.44
B	168.51
C	192.59
D	216.66
E	264.81
F	312.95
G	361.10
H	433.32

7. The Shropshire & Wrekin Fire and Rescue Authority's precept for 2019/20 was set at its meeting on 13 February 2019. The following amounts were stated in precepts issued to the Council, in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of dwellings shown below:-

<u>Valuation Band</u>	<u>Amount</u> £
A	66.83
B	77.97
C	89.11
D	100.25
E	122.53
F	144.81
G	167.08
H	200.50

8. That, having calculated the aggregate in each case of the amounts at 5.2(h) and 6 and 7 above, the Council, in accordance with Section 30(2) of the Local Government Finance Act, 1992, hereby sets the amounts in Appendix 2 as the amounts of council tax for the year 2019/20 for each of the categories of dwellings shown.

9. Background Papers
 Service & Financial Planning Report 2019/20 – 2021/22
 Parish Precept Requests
 Police & Crime Commissioner Proposed Budget 2019/20 and
 Medium Term Financial Plan 2019/20 – 2021/22
 Fire Authority Precept Request
 2019/20 Revenue Support Grant Settlement
 Acts, Directions and Regulations as quoted above.

UNITARY AUTHORITY AND TOWN/PARISH COUNCIL'S COUNCIL TAX LEVEL 2019/20

Part of the Parish Council's Area The Parish Of :-	A	B	C	D	E	F	G	H
CHETWYND	867.59	1,012.19	1,156.79	1,301.40	1,590.58	1,879.79	2,168.99	2,602.80
CHETWYND ASTON & WOODCOTE	880.07	1,026.75	1,173.43	1,320.12	1,613.46	1,906.83	2,200.19	2,640.24
CHURCH ASTON	882.06	1,029.07	1,176.09	1,323.11	1,617.12	1,911.15	2,205.17	2,646.22
DAWLEY HAMLETS	899.73	1,049.69	1,199.65	1,349.62	1,649.51	1,949.43	2,249.35	2,699.24
DONNINGTON & MUXTON	887.11	1,034.97	1,182.83	1,330.69	1,626.38	1,922.10	2,217.80	2,661.38
EDGMOND	882.70	1,029.82	1,176.94	1,324.07	1,618.29	1,912.53	2,206.77	2,648.14
ERCALL MAGNA	902.87	1,053.35	1,203.83	1,354.32	1,655.26	1,956.23	2,257.19	2,708.64
EYTON	857.31	1,000.20	1,143.09	1,285.98	1,571.74	1,857.52	2,143.29	2,571.96
THE GORGE	910.98	1,062.81	1,214.65	1,366.49	1,670.13	1,973.80	2,277.47	2,732.98
GREAT DAWLEY	1,003.84	1,171.16	1,338.47	1,505.79	1,840.38	2,175.01	2,509.63	3,011.58
HADLEY & LEEGOMERY	907.82	1,059.13	1,210.44	1,361.75	1,664.34	1,966.96	2,269.57	2,723.50
HOLLINSWOOD & RANDLAY	985.24	1,149.45	1,313.66	1,477.88	1,806.27	2,134.70	2,463.12	2,955.76
KETLEY	942.09	1,099.11	1,256.13	1,413.16	1,727.18	2,041.22	2,355.25	2,826.32
KYNNERSLEY	879.20	1,025.74	1,172.28	1,318.82	1,611.87	1,904.95	2,198.02	2,637.64
LAWLEY & OVERDALE	922.27	1,075.99	1,229.71	1,383.43	1,690.83	1,998.27	2,305.70	2,766.86
LILLESALL	928.16	1,082.86	1,237.56	1,392.26	1,701.63	2,011.03	2,320.42	2,784.52
LITTLE WENLOCK	896.31	1,045.70	1,195.09	1,344.48	1,643.24	1,942.02	2,240.79	2,688.96
MADELEY	956.25	1,115.63	1,275.01	1,434.40	1,753.13	2,071.89	2,390.65	2,868.80
NEWPORT	935.07	1,090.92	1,246.77	1,402.62	1,714.30	2,026.00	2,337.69	2,805.24
OAKENGATES	986.86	1,151.35	1,315.83	1,480.32	1,809.25	2,138.22	2,467.18	2,960.64
PRESTON	859.29	1,002.51	1,145.73	1,288.96	1,575.38	1,861.82	2,148.25	2,577.92
RODINGTON	887.12	1,034.98	1,182.84	1,330.70	1,626.39	1,922.11	2,217.82	2,661.40
ST GEORGES & PRIORSLEE	883.28	1,030.50	1,177.72	1,324.94	1,619.35	1,913.79	2,208.22	2,649.88
STIRCHLEY & BROOKSIDE	954.84	1,113.99	1,273.14	1,432.29	1,750.55	2,068.85	2,387.13	2,864.58
TIBBERTON & CHERRINGTON	870.57	1,015.67	1,160.77	1,305.87	1,596.05	1,886.25	2,176.44	2,611.74
WATERS UPTON	898.36	1,048.09	1,197.82	1,347.56	1,647.00	1,946.46	2,245.92	2,695.12
WELLINGTON	919.55	1,072.81	1,226.08	1,379.35	1,685.85	1,992.38	2,298.90	2,758.70
WROCKWARDINE	889.66	1,037.94	1,186.22	1,334.51	1,631.05	1,927.61	2,224.17	2,669.02
WROCKWARDINE WOOD	908.38	1,059.78	1,211.18	1,362.59	1,665.37	1,968.17	2,270.97	2,725.18

TOTAL COUNCIL TAX LEVELS FOR TELFORD & WREKIN COUNCIL FOR 2019/20

Part of the Parish Council's Area The Parish Of :-	A	B	C	D	E	F	G	H
CHETWYND	1,078.86	1,258.68	1,438.49	1,618.31	1,977.91	2,337.54	2,697.17	3,236.62
CHETWYND ASTON & WOODCOTE	1,091.34	1,273.24	1,455.13	1,637.03	2,000.79	2,364.58	2,728.37	3,274.06
CHURCH ASTON	1,093.33	1,275.56	1,457.79	1,640.02	2,004.45	2,368.90	2,733.35	3,280.04
DAWLEY HAMLETS	1,111.00	1,296.18	1,481.35	1,666.53	2,036.84	2,407.18	2,777.53	3,333.06
DONNINGTON & MUXTON	1,098.38	1,281.46	1,464.53	1,647.60	2,013.71	2,379.85	2,745.98	3,295.20
EDGMOND	1,093.97	1,276.31	1,458.64	1,640.98	2,005.62	2,370.28	2,734.95	3,281.96
ERCALL MAGNA	1,114.14	1,299.84	1,485.53	1,671.23	2,042.59	2,413.98	2,785.37	3,342.46
EYTON	1,068.58	1,246.69	1,424.79	1,602.89	1,959.07	2,315.27	2,671.47	3,205.78
THE GORGE	1,122.25	1,309.30	1,496.35	1,683.40	2,057.46	2,431.55	2,805.65	3,366.80
GREAT DAWLEY	1,215.11	1,417.65	1,620.17	1,822.70	2,227.71	2,632.76	3,037.81	3,645.40
HADLEY & LEEGOMERY	1,119.09	1,305.62	1,492.14	1,678.66	2,051.67	2,424.71	2,797.75	3,357.32
HOLLINSWOOD & RANDLAY	1,196.51	1,395.94	1,595.36	1,794.79	2,193.60	2,592.45	2,991.30	3,589.58
KETLEY	1,153.36	1,345.60	1,537.83	1,730.07	2,114.51	2,498.97	2,883.43	3,460.14
KYNNERSLEY	1,090.47	1,272.23	1,453.98	1,635.73	1,999.20	2,362.70	2,726.20	3,271.46
LAWLEY & OVERDALE	1,133.54	1,322.48	1,511.41	1,700.34	2,078.16	2,456.02	2,833.88	3,400.68
LILLESALL	1,139.43	1,329.35	1,519.26	1,709.17	2,088.96	2,468.78	2,848.60	3,418.34
LITTLE WENLOCK	1,107.58	1,292.19	1,476.79	1,661.39	2,030.57	2,399.77	2,768.97	3,322.78
MADELEY	1,167.52	1,362.12	1,556.71	1,751.31	2,140.46	2,529.64	2,918.83	3,502.62
NEWPORT	1,146.34	1,337.41	1,528.47	1,719.53	2,101.63	2,483.75	2,865.87	3,439.06
OAKENGATES	1,198.13	1,397.84	1,597.53	1,797.23	2,196.58	2,595.97	2,995.36	3,594.46
PRESTON	1,070.56	1,249.00	1,427.43	1,605.87	1,962.71	2,319.57	2,676.43	3,211.74
RODINGTON	1,098.39	1,281.47	1,464.54	1,647.61	2,013.72	2,379.86	2,746.00	3,295.22
ST GEORGES & PRIORSLEE	1,094.55	1,276.99	1,459.42	1,641.85	2,006.68	2,371.54	2,736.40	3,283.70
STIRCHLEY & BROOKSIDE	1,166.11	1,360.48	1,554.84	1,749.20	2,137.88	2,526.60	2,915.31	3,498.40
TIBBERTON & CHERRINGTON	1,081.84	1,262.16	1,442.47	1,622.78	1,983.38	2,344.00	2,704.62	3,245.56
WATERS UPTON	1,109.63	1,294.58	1,479.52	1,664.47	2,034.33	2,404.21	2,774.10	3,328.94
WELLINGTON	1,130.82	1,319.30	1,507.78	1,696.26	2,073.18	2,450.13	2,827.08	3,392.52
WROCKWARDINE	1,100.93	1,284.43	1,467.92	1,651.42	2,018.38	2,385.36	2,752.35	3,302.84
WROCKWARDINE WOOD	1,119.65	1,306.27	1,492.88	1,679.50	2,052.70	2,425.92	2,799.15	3,359.00