



Notice of Meeting of

## **SCRUTINY COMMITTEE - CORPORATE AND RESOURCES**

**Thursday, 9 November 2023 at 10.00 am**

**Council Chamber, Council Offices, Brympton Way, Yeovil BA20 2HT**

To: The members of the Scrutiny Committee - Corporate and Resources

Chair: Councillor Bob Filmer  
Vice-chair: Councillor Richard Wilkins

Councillor Shane Collins	Councillor Nick Cottle
Councillor Philip Ham	Councillor Tony Lock
Councillor Martin Lovell	Councillor Emily Pearlstone
Councillor Diogo Rodrigues	Councillor Peter Seib
Councillor Brian Smedley	Councillor Andy Soughton
Councillor Lucy Trimnell	

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The meeting will be webcast and an audio recording made.

Issued by (the Proper Officer) on Wednesday, 1 November 2023

# **AGENDA**

**Scrutiny Committee - Corporate and Resources - 10.00 am Thursday, 9  
November 2023**

**Public Guidance Notes contained in Agenda Annexe (Pages 5 - 6)**

**Click here to join the online meeting (Pages 7 - 8)**

## **1 Apologies for Absence**

To receive any apologies for absence.

## **2 Minutes from the Previous Meeting (Pages 9 - 20)**

To approve the minutes from the previous meetings on 7 September 2023 and 29 September 2023..

## **3 Declarations of Interest**

To receive and note any declarations of interests in respect of any matters included on the agenda for consideration at this meeting.

(The other registrable interests of Councillors of Somerset Council, arising from membership of City, Town or Parish Councils and other Local Authorities will automatically be recorded in the minutes: [City, Town & Parish Twin Hatters - Somerset Councillors 2023](#) )

#### **4 Public Question Time**

The Chair to advise the Committee of any items on which members of the public have requested to speak and advise those members of the public present of the details of the Council's public participation scheme.

For those members of the public who have submitted any questions or statements, please note, a three minute time limit applies to each speaker and you will be asked to speak before Councillors debate the issue.

We are now live webcasting most of our committee meetings and you are welcome to view and listen to the discussion. The link to each webcast will be available on the meeting webpage, please see details under 'click here to join online meeting'.

#### **5 Work Programme (Pages 21 - 24)**

To discuss the Work Programme (attached for committee and Somerset Council Forward Plan [Somerset Council Executive Forward Plan](#) ) and to receive any updates from the Task and Finish Groups.

#### **6 Council Tax Reduction & Exceptional Hardship Scheme for 2024/25 (Pages 25 - 138)**

To receive the proposed Council Tax Reduction and Exceptional Hardship Schemes for 2024/25 and to make any comments before the schemes are put before Executive and Full Council.

#### **7 2023/24 Budget Monitoring Report - Month 5 (Pages 139 - 184)**

To receive an update report for Budget 2023/24 Month 5 – to the end of August 2023.

#### **8 Financial Strategy Update (Pages 185 - 222)**

To receive an update on the Financial Strategy

## Guidance notes for the meeting

### Council Public Meetings

The legislation that governs Council meetings requires that committee meetings are held face-to-face. The requirement is for members of the committee and key supporting officers (report authors and statutory officers) to attend in person, along with some provision for any public speakers. Provision will be made wherever possible for those who do not need to attend in person including the public and press who wish to view the meeting to be able to do so virtually.

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They can also be accessed via the council's website on [Committee structure - Modern Council \(somerset.gov.uk\)](#)

### Members' Code of Conduct requirements

When considering the declaration of interests and their actions as a councillor, Members are reminded of the requirements of the Members' Code of Conduct and the underpinning Principles of Public Life: Honesty; Integrity; Selflessness; Objectivity; Accountability; Openness; Leadership. The Code of Conduct can be viewed at: [Code of Conduct](#)

### Minutes of the Meeting

Details of the issues discussed, and recommendations made at the meeting will be set out in the minutes, which the Committee will be asked to approve as a correct record at its next meeting.

### Public Question Time

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Members of public wishing to speak or ask a question will need to attend in person or if unable can submit their question or statement in writing for an officer to read out, or alternatively can attend the meeting online.

A 20-minute time slot for Public Question Time is set aside near the beginning of the meeting, after the minutes of the previous meeting have been agreed. Each speaker will have 3 minutes to address the committee.

You must direct your questions and comments through the Chair. You may not take a direct part in the debate. The Chair will decide when public participation is to finish. If an item on the agenda is contentious, with many people wishing to attend the meeting, a representative should be nominated to present the views of a group.

### **Meeting Etiquette for participants**

Only speak when invited to do so by the Chair.

Mute your microphone when you are not talking.

Switch off video if you are not speaking.

Speak clearly (if you are not using video then please state your name)

If you're referring to a specific page, mention the page number.

There is a facility in Microsoft Teams under the ellipsis button called turn on live captions which provides subtitles on the screen.

### **Exclusion of Press & Public**

If when considering an item on the agenda, the Committee may consider it appropriate to pass a resolution under Section 100A (4) Schedule 12A of the Local Government Act 1972 that the press and public be excluded from the meeting on the basis that if they were present during the business to be transacted there would be a likelihood of disclosure of exempt information, as defined under the terms of the Act.

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Scrutiny Corporate & Resources 9 November 2023

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Minutes of a Meeting of the Scrutiny Committee - Corporate and Resources held in the Wyndham Room - County Hall, Taunton TA1 4DY, on Friday, 29 September 2023 at 10.00 am

**Present:**

Cllr Bob Filmer (Chair)  
Cllr Richard Wilkins (Vice-Chair)

Cllr Tony Lock	Cllr Martin Lovell
Cllr Emily Pearlstone	Cllr Diogo Rodrigues
Cllr Peter Seib	Cllr Andy Soughton
Cllr Lucy Trimnell	Cllr Barry Clarke (substitute for Cllr Ham)
Cllr Henry Hobhouse (substitute for Cllr Cottle)	

**In attendance:**

Cllr Liz Leyshon	Cllr Ros Wyke
Cllr Sarah Wakefield	

**Other Members present remotely:**

Cllr Steve Ashton	Cllr Norman Cavill
Cllr Mandy Chilcott	Cllr Andy Dingwall
Cllr Dave Mansell	Cllr Sue Osborne
Cllr Leigh Redman	Cllr Councillor Martin Wale
Cllr Rosemary Woods	Cllr Shane Collins

**33 Apologies for Absence** - Agenda Item 1

Apologies were received from Councillor Philip Ham (substituted by Cllr Barry Clarke) and Councillor Nick Cottle (substituted by Cllr Henry Hobhouse).

**34 Declarations of Interest** - Agenda Item 2

No other additional declarations were made.

**35 Public Question Time - Agenda Item 3**

None

**36 Commercial Investment Update - Agenda Item 4 - Agenda Item 4**

Before the consideration of this item Members voted to go into exempt session as the report had information relating to the financial affairs of a person or business. At the conclusion of the meeting, the Chair confirmed that the views of the committee had been heard by the two executive members in attendance and would be passed on when the report went to the Executive for consideration.

**(The meeting ended at 12.06 pm)**

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**CHAIR**

# Public Agenda Pack



Minutes of a Meeting of the Scrutiny Committee - Corporate and Resources held in the Sedgemoor Room, Bridgwater House, King Square, Bridgwater, TA6 3AR, on Thursday, 7 September 2023 at 10.00 am

## **Present:**

Cllr Bob Filmer (Chair)

Cllr Richard Wilkins (Vice-Chair)

Cllr Shane Collins

Cllr Martin Lovell

Cllr Andy Soughton

Cllr Peter Seib

Cllr Henry Hobhouse (as substitute)

Cllr Tony Lock

Cllr Diogo Rodrigues

Cllr Lucy Trimnell

Cllr Kathy Pearce (as substitute)

## **In attendance:**

Cllr Liz Leyshon

Cllr Ros Wyke

## **Other Members present remotely:**

Cllr Steve Ashton

Cllr Mandy Chilcott

Cllr Andrew Govier

Cllr Sue Osborne

Cllr Bill Revans

Cllr Sarah Wakefield

Cllr Norman Cavill

Cllr Simon Coles

Cllr Dave Mansell

Cllr Oliver Patrick

Cllr Jo Roundell Greene

Cllr David Woan

## **Officers in attendance:**

Jason Vaughan	Executive Director Resources & Corporate Services/S151 Officer
Jamie Jackson	Governance Manager, Scrutiny
Sara Kelly	Programme Manager, Property Rationalisation
Paul Harding	Specialist Policy
Ollie Woodhams	Service Manager, Strategic Asset Management

Alistair Higon	Acting Strategic Manager Business Change
Sally Starks	Assets Manager, Strategic Asset Management
Stephanie Gold	Democratic Services Officer

**23 Apologies for Absence** - Agenda Item 1

Apologies for absence were received from Cllr Brian Smedley (Cllr Kathy Pearce as sub), Cllr Nick Cottle (Cllr Henry Hobhouse as sub) Cllr Emily Pearlstone and Cllr Philip Ham.

**24 Minutes from the Previous Meeting** - Agenda Item 2

Resolved that the minutes of the Scrutiny Committee - Corporate and Resources held on 6 July 2023 be confirmed as a correct record.

Under this item the Chair advised members that following the previous meeting, committee members had volunteered for the task and finish groups as follows -

**Assets and Disposal of Assets:**

Cllr Philip Ham, Cllr Brian Smedley, Cllr Dawn Johnson, Cllr Bob Filmer

**Commercial Asset and Realisation:**

Cllr Martin Lovell, Cllr Nick Cottle, Cllr Peter Sieb, and Cllr Lucy Trimnell.

The Chair thanked those members who had come forward to progress these task and finish groups.

**25 Declarations of Interest** - Agenda Item 3

There were no additional declarations of interest from members.

**26 Public Question Time** - Agenda Item 4

There were no members of the public present or registered to speak at the meeting.

**27 Draft Assets Disposal Policy - Agenda Item 5** - Agenda Item 5

The Chair welcomed Cllr Ros Wyke, Lead Member for Economic Development,

Planning and Assets to introduce the item. Cllr Wyke began by reminding members of the context of the policy (how and why the policy has been written) before introducing Sally Stark, Assets Manager from the Strategic Asset Management Team to talk members through the presentation slides.

The following comments and questions were received and discussed with members:

Regarding property sold under value - Who values the assets, how, and what percentage of assets are sold under value? - *Members were advised that valuations may be done in house, or by external valuers. Some assets, such as community interest asset transfers may be sold under value, and in those cases a full justification for this would be given. i.e., need for social housing.*

Is there a missing action in this policy in terms of ensuring that the Council are improving the value of its assets for sale.

Regarding disposal of assets, we need an effective triage system to sift the disposals dependent on many factors I.e., social value, community impact, commercial gain etc... Different markers have different needs.

Regarding assets that have been in public ownership for some time, are we safeguarding these assets. I.e., assets with important environmental features (trees) or assets that have a significant community benefit that ought to be protected? - *Members were reassured that The Council employs specialists, both in house and from external agencies to ensure that the due diligence is given to all of the factors above, and that it is imperative that members feel that they can trust the professionals. This process will be transparent, members will be kept informed, and any significant decisions will be taken by the Asset Management Group.*

How many properties (and what is their value) are sold under market value, particularly farms that are occupied by tenants? - *The Asset Manager advised that this detail would need to be brought back to this committee outside of the meeting.*

Would the ward councillor be notified of any assets that are being considered for sale? - *The Asset Manager advised that this would be the case, apart from small sites where there has been no significant community impact or political sensitivities identified.*

Regarding smallholdings and community gardens used for food production and community resilience, would these be available at below market value? - *The Asset Manager advised that The Council certainly consider these sorts of proposals on a case-by-case basis. Cllr Wyke added that any disposal of County Farms would be*

*dealt with under a separate policy, and that it is the priority of this council to keep farmers safe.*

Regarding disposal of small sites, who is overseeing the decision-making process on these? - *The Asset Manager assured members that proposals for the disposal of small sites are circulated amongst the Asset Management Group members for their consideration before a decision is made and that the local ward member would be notified also.*

Regarding the full list of Council assets that are being considered for disposal, could this be shared with members and/or this committee? - *The Head of Property informed that a pipeline document of disposal considerations does exist and is shared with the Asset Management Group. It is important to remember that disposal of assets can take years in some instances, and assets can sit on this pipeline document for a very long time. In addition, the list of assets that are being considered for disposals is very commercially sensitive and should therefore be treated as private and confidential.*

Regarding Somerset Council's total estate (land and property previously owned by the five legacy councils) can a full list be shared with this committee? - *The Head of Property advised that this detail sits within HM Land Registry (public records), adding that he is happy to share the links to this data with the committee.*

Regarding the most recent budget gap identified in the last MTFP monitoring, are we at risk of being forced to sell assets under value? - *The Asset Manager advised that asset would always be sold at 'best value', and although 'best value' can change over time due to market conditions, there is no risk that assets would be significantly undervalued due to budget pressures.*

Regarding the climate emergency and decarbonisation of the Councils estate, are we going to be disposing of assets that are not energy efficiency, or that have been deemed as the more costly to decarbonise? - *The Asset Manager reassured members that this is indeed another factor that would be considered in any decisions made regarding asset disposal.*

A non-committee member online asked about County Farms disposals and protecting tenants - *The Head of Property reassured members that any valuations of County Farms would take into consideration the terms and conditions of the tenancy.*

A non-committee member online asked how many properties on the pipeline disposals document have a community asset value attached to them? - *The Asset*

*Manager informed members that she could share this detail with the committee outside of the meeting.*

In summary the Chair reiterated that the draft Asset Disposals Policy demonstrates how decision making is based on many contributing factors including but not limited to strategic need, commercial gain, capital receipts and a fine balance of corporate and community benefit. He thanked officers and members for attending to scrutinise the draft policy, concluding that the committee had considered the report and noted the information provided.

## **28 Property Rationalisation - Agenda Item 6 - Agenda Item 6**

The Chair welcomed Cllr Rose Wyke, Lead member for Economic Development, Planning and Assets back to introduce the item to the committee. She informed members that this item is essentially about 'where people work' and that this update shows that the programme is in its infancy, adding that this is a very big piece of work with lots to consider. She then welcomed back Ollie Woodhams, Head of Property and introduced Sara Kelly, Programme Manager for Property Rationalisation. The Programme Manager began by highlighting the following: -

- Post Covid working is very different to pre Covid working.
- There is an oversupply of office spaces due to Local Government Reorganisation in Somerset.
- The programme focuses on office space, and customer service access points.
- The programme is broken down into phases.
- The programme will be based on evidence-based decision-making.

The Programme Manager talked members through the presentation slides and the following comments and questions were received and discussed with members: -

Regarding Petters Way in Yeovil, why is this being considered for sale? Having an office space in the town centre would bring multiple benefits i.e ease of access for members of the public already using the town centre, more transport links available, and increased footfall to the town centre businesses. - *The Head of Property advised that although a decision has not been made on this yet, it is looking quite likely that Petters Way will be sold due to several factors including less office capacity compared to Brympton Way, ongoing maintenance costs, and poor energy efficiency*

*of the building.*

Regarding the decision to sell Petters Way, will members be involved in this? - *The Head of Property advised that members would be involved.*

Regarding both Petters Way and Brympton Way in Yeovil, both properties are seriously lacking in terms of carbon neutrality. We must make decisions with the net zero pledge and the Climate Emergency at the forefront of our minds.

Regarding Yeovil and the ongoing Yeovil refresh regeneration programme work, we must consider the needs of the town in the future, not just in the here and now.

A non-committee member online emphasised the importance of libraries as valuable customer access points, adding that Minehead library has now been fully decarbonised. - *The Head of Property agreed that libraries should be at the heart of customer access to council services.*

A non-committee member online felt that decarbonisation of Council owned buildings that are rented out should be a priority, to increase the rentable value of those buildings.

The Chair gave thanks to the officers in attendance and concluded that the committee had considered the report and noted the information provided.

**[Break 11.40-11.50]**

## **29 Council Business Plan - Agenda Item 7 - Agenda Item 7**

The Chair welcomed Cllr Theo Butt Philip, the Lead Member for Transformation and Human Resources to introduce the item. Cllr Philip advised that the Council Business Plan is about bringing the aspirations and priorities of Somerset Council to life in a strategic document that sits within the overarching Council Plan, which sets out the vision for Somerset. He then introduced Paul Harding, Specialist Policy Officer and Alastair Higton, Acting Strategic Manager for Business Change to give a presentation on the Emerging Council Business Plan to members.

The following comments and questions were received and discussed with members:

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- Regarding feedback already received on the emerging business plan, who



gave this? - *The Specialist advised that early feedback had been received from the Executive members and Senior Leadership Team, but that staff feedback had also been received and would be fed into the plan.*

- Regarding content and deliverability, are we foreseeing any problems with this, considering the current social and economic challenges faced by all Councils such as budget pressures, cost of living and energy crisis's etc...? - *The Specialist advised that the final document would be very clear about the wider context of the plan.*
- Regarding financial sustainability, it would be useful for this committee to monitor the milestones as set out in this document.
- A non-committee member online felt that the Emerging Council Business Plan did not appear to have had much involvement with members so far, felt that more detailed Service Improvement Plans were required, and that The Council does not appear to be actioning the Climate Emergency pledges as quickly as it should be, which is particularly evident in this document. The Council should be writing an Energy Planning document and a Climate Adaption Policy which should be stated within this Business Plan - *The Strategic Manager for Business Change assured members that service plans are being worked on currently, and that the Councils Climate Emergency would be at the forefront of thinking in these service plans.*
- A non-committee member online queried why the 4 visions of the Council Plan do not seem to align with the 'clusters' identified within the business plan?
- A non-committee member online felt that the emerging business plan is weak on climate and biodiversity.

The Chair thanked the officers for attending with the update for Scrutiny Committee Corporate and Resources and concluded that the committee had considered the report and noted the information provided.

### **30 Budget Update - Agenda Item 8 - Agenda Item 8**

The Chair welcomed Jason Vaughan, Executive Director for Resources and Corporate Services and S151 Officer to present the budget update.

Members were advised that: -

- All outstanding audits the five legacy councils are now complete.
- The Somerset Council statement of Accounts for 22/23 has now been published.

The following comments and questions were received and discussed with members:

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Regarding the current financial challenges being faced by this Council, how likely is a Section 114 notice? - *The S151 Officer reassured the committee that the Council is taking all the appropriate actions to ensure that this does not happen I.e., monthly MTFP board meetings but if the Council were to take no action, a Section 114 notice would likely be 18 months away. The Lead member for Resources and Performance added that at a recent LGA conference she had noted that councils that fail usually have not taken appropriate action to address problems, have had overly ambitious leadership, or have experienced overcommercialisation.*

One member felt that more MTFP briefings and bitesize training sessions for members would be extremely useful.

Will the Council be pausing any new policy development? - *In response Cllr Liz Leyshon asked members to consider that there does still need to be a balance between being very aware of financial risk and future revenue opportunities.*

A non-committee member online felt that given the concerning current financial situation, there needs to be massive change to ensure this Council does not become unsustainable. - *In response Cllr Leyshon assured members that the Council is dealing with the financial challenges with a realistic approach, not an optimistic one.*

The Chair thanked all for attending with the update for Scrutiny Committee Corporate and Resources and concluded that the committee had considered the update and noted the information provided.

### **31 Consolidated 2022/2023 Outturn - Agenda Item 9 - Agenda Item 9**

The Chair and the S151 Officer advised the committee that much of the discussion under agenda item 8 was relevant and interlinked to this item, and for this reason there were no further comments or questions raised by members of the committee.

**32 Kitchen Installation Contracts - Agenda Item 10 - Agenda Item 10**

This item was withdrawn from the agenda and will be deferred to a future meeting.

**(The meeting ended at 1.20 pm)**

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**CHAIR**

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**Scrutiny Corporate & Resources Work Programme 2023-2024**

<b>Meeting date</b>	<b>Agenda item</b>	<b>Report Author/Officer attending</b>	<b>Service Area</b>
Thursday 9 November 2023 at 10am Venue Brympton Way, Yeovil	Council Tax Reduction and Exceptional Hardship Scheme 2024/25 (confirmed)	Richard Sealy – AD Customer	Revs & Bens
	Financial Strategy Update	Jason Vaughan	
Tuesday 5 December 2023 at 10am Luttrell Room, CH	Commercial Assets update	Jackie Swabey/Ollie Woodhams	Strategic Asset Management
Thursday 4 January 2024 at 10am Venue TBC	Surplus Assets Review (proposed)	Ollie Woodhams	Strategic Asset Management
	Property Rationalisation & Ways of Working (proposed)	Ollie Woodhams/Sara Kelly	
	Business Process Update (Replacement of SAP HR/Payroll not included in Dynamics) (Proposed)	Louise Routley	Procurement & Financial Governance
	Asset and Service Devolution Framework (proposed)	Sara Skirton	Partnerships & Localities
	Property maintenance and compliance (proposed)	Ollie Woodhams/Andrew Wilson	Strategic Asset Management

	Financial Updates	Jason Vaughan	
Thursday 1 February 2024	Q3 Budget Monitoring & MTFP proposals for 2024/25 (confirmed)	Jason Vaughan/Leah Green	Finance
	Housing Rents & Service charges (confirmed)	Shari Hallett	Housing Performance Manager
Thursday 7 March 2024 at 10am Venue TBC	Early Careers Strategy – CONFIRMED	Misha Liddiatt	
	Draft Business Plan (Confirmed)	Julie Jackson/Alistair Higton	Performance & Improvement

**Scrutiny Corporate & Resources committee briefings and/or Task and Finish workshops**

Title	Description	Date	Service Area and Lead Officer
Asset Review	List of Assets declared surplus; reasons & grounds for disposal – Leading to Draft Disposals Policy	November 2023	Wendy Kerlake/Sally Stark
Assets for Yield	Disposal of specific asset?	November 2023	Robert Orrett/Brendon Fisher/Harvey Gardner


**Other issues for consideration**

- Major building construction projects - summary of delivery programme and overview of process
- Estate decarbonisation & energy management

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## Decision Report - Executive Decision

Forward Plan Reference: FP/23/09/22

Decision Date – 20 December 2023

Key Decision – yes/no



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## Council Tax Reduction & Exceptional Hardship Scheme for 2024/25

Executive Member(s): Deputy Leader of the Council and Lead Member for Resources and Performance

Local Member(s) and Division: N/A

Lead Officer: Richard Sealy, Interim Revenues & Benefits Manager

Author: Richard Sealy

Contact Details: e-mail: [richard.sealy@somerset.gov.uk](mailto:richard.sealy@somerset.gov.uk), Tel: 01823 217558

### Summary / Background

1. Council Tax legislation requires the Council, as a billing authority, to formally agree a Council Tax Reduction (CTR) scheme for each financial year for working age people. (Nb. there is no requirement to change the scheme between years and Councils can simply roll-forward existing schemes).
2. No decision is required in respect of the scheme for pension age applicants as this element of the scheme is prescribed by Government. The Government will update this part of the scheme in December 2023 and we will make the necessary adjustments to our scheme document at that stage.
3. A significant project was undertaken last year to develop a new aligned CTR scheme to help facilitate the move to the new Somerset Council. This exercise involved aligning the different former district council schemes to a single income banded scheme, significant financial modelling and a full public consultation exercise. A cornerstone of the new scheme agreed by Members was the maximum award of 100% CTR to those on the lowest incomes.
4. In addition, we developed and Members agreed to a new Exceptional Hardship (EH) scheme, which forms part of the CTR scheme. This EH scheme supports the main CTR scheme by providing a mechanism to enable us to make additional discretionary payments to people in need. This was particularly important for this year, as it was recognised that a number of people would lose out as a result of

aligning the main CTR scheme, although the majority of existing recipients received either the same or more under the new scheme.

5. A light-touch review has been undertaken to look at the initial impact of the new scheme and to help to inform any potential changes for the coming financial year. This review has indicated that the new scheme appears to be working well and is within budget. The trend in recent years has been for caseload to reduce and this continues this year. To date we have seen small reductions in caseload for both pension and working age people. The reasons for this are varied. We considered, as part of the review, representations made by Citizens Advice to extend an element of the income disregards. However, having sought expert advice, considered the approach being undertaken by other councils and completed a full “due regard process”, we are not proposing any change.
6. The only change proposed is to update the income band thresholds in line with the anticipated inflationary uplift in state benefits when announced by the Department for Work and Pensions (DWP). Usually, state benefits are updated in line with the Consumer Price Index (CPI). Updating our income band thresholds will help to protect the amounts individual claimants will receive and is anticipated to be cost neutral, because state benefits will increase by the same percentage. The existing scheme rules provide for the inflationary uplift of the income bands and this change can be made without public consultation. Consequently, as no other changes are proposed to the scheme, we have not been required to carry out a public consultation exercise.
7. Attached to this report are the proposed CTR (Appendix 3) and EH (Appendix 4) scheme documents for the 2024/25 financial year. (NB. The income band thresholds shown in Schedule 1 of the CTR scheme document are still those for the current financial year as, at the time of preparing this report, we do not know the actual amount by which Govt. intend to increase state benefits. These figures will be adjusted once the Govt. have announced the state benefits increase in November 2023).
8. Corporate and Resources Scrutiny are requested to scrutinise and comment on the proposed approach to uplifting the income band thresholds prior to the report going forwards to Executive on 6 December 2023 and Full Council, for decision, on 20 December 2023.

## **Recommendations**

9. Full Council are asked to approve the proposed Council Tax Reduction and associated Exceptional Hardship scheme for the 2024/25 financial year including the uprating of the income band thresholds in line with the percentage increase in state benefits announced by the DWP for 2024/25. (NB. If Government decide not to uprate state benefits, then we will not uprate the income band thresholds).

## **Reasons for recommendations**

10. This recommendation is made in order to meet the Council's obligations in Council Tax legislation to set a Council Tax Reduction scheme for the coming financial year.

## **Other options considered**

11. No other options are available, as the setting of a Council Tax Reduction scheme is a legal requirement.
12. There are a number of alternative options available in relation to uplifting the income band thresholds, which are set out below:
  - *Not uprating* – we could leave the income band thresholds as they are. However, if, as normally happens, Government decides to uprate state benefits this could have the effect of reducing the amount of CTR we pay to existing claimants
  - *Uprating in line with CPI or another indices of inflation* – uprating in line with an indices of inflation other than that used by the DWP could have the result of our either paying more or less CTR to existing claimants depending on whether the percentage uplift was higher or lower than the uplift implemented by DWP
  - *Uprating in line with the DWP state benefits increase* – the majority of our working age CTR claimants will be in receipt of state benefits. Consequently, uprating our income band thresholds using the same indices of inflation applied to state benefits (usually CPI) should ensure that the majority continue to receive the same proportion of CTR thereby making the overall financial impact cost neutral

## **Links to Council Plan and Medium-Term Financial Plan**

13. The CTR and EH schemes and the proposed uplift in the income band thresholds provide key financial support to people on low incomes. This aligns with the council's key priorities around being a healthy and caring, fairer and flourishing and resilient Somerset.
14. In financial terms, not uprating the income band thresholds in line with the inflationary uplift applied to state benefits could result in our paying out less in CTR to claimants who are in receipt of state benefits. This could have a significant detrimental impact on claimants given that large numbers of them are in receipt of state benefits. The overall financial impact of increasing the income band thresholds in line with the inflationary uplift applied to state benefits should be cost neutral, as both incomes and the band thresholds are rising by the same rate.

## **Financial and Risk Implications**

15. Amounts awarded in respect of CTR or EH claims are funded from the Council Tax Collection Fund. Consequently, they are funded by the Council and the other major precepting authorities.
16. We are recommending that the income band thresholds within the CTR scheme are increased in line with the inflationary uplift that is applied to state benefits. This is usually the October CPI figure, but will not be announced by Government until November 2023. Appendix 2 provides indicative figures for the income band threshold changes based on the August CPI figure of 6.7%. Obviously, these figures will need to be amended once Government have announced the actual state benefits increase in November 2023. The Chancellor has already announced his intention to raise the National Living Wage, which some of our CTR claimants will receive, to circa £11 per hour, which is broadly in line with inflation.
17. Most of our CTR claimants are in receipt of state benefits. Consequently, by using the same indices of inflation that the DWP will use to increase state benefits to also increase our income band thresholds, we should ensure a broadly cost neutral outcome. We have undertaken sample modelling in a number of different scenarios, which backs this up.

18. Government could potentially choose either not to increase state benefits or to apply a much lower inflationary uplift percentage (i.e. below that applied to the National Living Wage). In this instance and assuming we apply the same lower inflationary uplift to our income band thresholds, this could have a detrimental impact on CTR claimants in receipt of the National Living Wage. This is because their income would have increased by a greater percentage and potentially this could, in some instances, push them over the income band threshold and thereby see them qualify for less or no CTR. Unfortunately, there is no way of correcting this within our existing scheme without major changes, which would require full consultation. Consequently, should this become an issue, we would rely on the Exceptional Hardship Scheme to provide additional support on a case-by-case basis.
19. We have also, as part of the review of the new scheme, looked at the variance between this year and last in the amounts of CTR awarded. The actual amounts increase from year to year as the Council Tax charged rises by around five percent each year. Therefore, we look at the amount of CTR awarded as a proportion of the gross Council Tax debit raised for each year. The total cost of the scheme as a proportion of the gross debit is slightly lower this year than last year and we expect it to reduce further because the caseload continues to reduce year-on-year.

**Table 1: CTR awarded as a proportion of the gross Council Tax debit**

<b>Financial year</b>	<b>Gross Council Tax debit</b>	<b>Total CTR awarded</b>	<b>Proportion</b>
2022/23	£452,666,027	£32,830,685	7.25%
2023/24	£486,794,248	* £34,816,737	7.16%
2024/25 estimated cost**	** £511,133,961	*** £36,191,998	7.08%

\* Excludes awards from the Council Tax Support Fund for comparison purposes

\*\* Assumes a 5% increase in Council Tax

\*\*\* Year-on-year caseload is reducing which is resulting in the amount of CTR we are paying also reducing as a proportion of the gross debit. The estimated CTR spend for next year assumes a small reduction in overall caseload of 1%.

20. In addition, we have reviewed the number of Exceptional Hardship claims being received and amounts awarded. We anticipated an increase in EH claims this year, as a result of the detrimental impact of aligning to a new scheme for some claimants. The position as at 30 September 2023 is as detailed below.

**Table 2: Exceptional Hardship claim statistics for 2023/24 (30 Sep 2023)**

<b>No. of claims received</b>	<b>Claims awarded</b>	<b>Amount awarded</b>
724	454	£174,912

21. The above figures indicate that we are likely to spend £350k this year in total. Whilst this represents an increase on last years spend (£190k), it is less than the £500k we estimated for this year. Consequently, for next year it is prudent assume that we will spend up to £370k allowing for an estimated 5% increase in Council Tax. This cost is borne by the Council Tax Collection Fund and consequently will need to be built into the Council Tax precept calculations.

Where we are declining to award EH it is generally because either the claimants have not submitted sufficient evidence to support their claim, their income is too high or their expenditure is unreasonable.

22. Set out below are the key risks in relation to the proposed CTR scheme.

<b>Risk</b>	<b>Mitigating actions / comments</b>	<b>Score</b> <b>L =</b> <b>Likelihood</b> <b>I = Impact</b>
The scheme costs more than anticipated	<ul style="list-style-type: none"> <li>We're essentially proposing to operate the same scheme as is currently in operation. The current scheme is costing slightly less than that for last year</li> <li>Using the same rate of inflation to uprate the income bands as is used by Govt. to increase state benefits, should ensure a broadly cost neutral outcome</li> </ul>	L2 x I3 = 6

The scheme rules have a significant detrimental impact on existing claimants	The new scheme has been introduced without a significant detrimental financial impact. We are essentially proposing to continue with this scheme, but with an uplift for inflation in line with the uplift implemented by DWP	L2 x I3 = 6
Legal challenge to the scheme	Full public consultation was undertaken in respect of the scheme last year. In addition, we have undertaken a full Equalities Impact assessment in respect of the proposed uprating of the income band thresholds for next year	L3 x I3 = 9

### **Legal Implications**

23. A CTR scheme must be agreed by the Council for each financial year to comply with the requirements of Schedule 1A of the Local Government Finance Act 1992.

### **HR Implications**

24. There are no HR implications related to this report.

### **Other Implications:**

### **Equalities Implications**

25. The scheme proposed for 2024/25 is essentially the same scheme that is currently in operation. The only change recommended is to increase the income band thresholds in line with the inflationary uplift to state benefits to be announced by Government in November 2023. Consequently, the equalities impact assessment (EIA) has focussed on the changes proposed to the income band thresholds. The EIA can be viewed at Appendix 1 below.
26. We recognise that the scheme does impact on people within protected groups, specifically:

- Age – the scheme for pension age people is mandated by Government and is unchanged by the proposed change to the income band thresholds. The working age scheme provided for in these proposals is open to all people of working age;
  - Disability – the income disregard of £30 per week together with a disregard of any Personal Independence Payments or Disability Living Allowance received (to recognise the additional costs for households containing people with a disability) remains unchanged in the proposed scheme and is unaffected by the proposed increase in the income band thresholds;
  - Marriage and civil partnership – the scheme is designed to take into account the higher living costs of couples and allows for these higher living costs in the determination of the claim;
  - Sex – claim data identifies that we have more female recipients of support than male recipients. These are made up of single people, lone parents or those who are claiming as part of a couple. Sex is not a factor used to determine the amount of support awarded. We have designed the scheme to maximise awards of support to those on the lowest incomes and also to minimise the impact of aligning the districts schemes across the different demographics. The proposed changes to the income band thresholds will have no specific affect in this area; and
  - Other e.g. carers, veterans – specific disregards have been built in for carers and veterans to disregard specific allowances or pensions and are unaffected by the change to the income band thresholds.
27. We have considered the other protected groups when developing the scheme and the proposed increase to the income band thresholds, but did not identify any specific additional criteria in respect of these groups. The characteristics of the other protected groups are not taken into account in the assessment of claims for Council Tax Reduction. The scheme is open to all of working age to apply for and, subject to the specific provisions for the groups outlined above, ensures that claims are assessed and determined fairly.
28. The Exceptional Hardship scheme provides a mechanism for us to make discretionary awards to people who need financial assistance where they either do not qualify under the CTR scheme rules or need additional financial support.



### **Community Safety Implications**

29. The CTR and EH schemes provide financial support to people on low incomes to help them pay their Council Tax. The proposed increases to the income band thresholds will help to maintain the level of support provided by taking into account the impact of inflation. This should have a positive impact on quality of life and wellbeing.

### **Climate Change and Sustainability Implications**

30. The new scheme is simpler to administer than a number of the schemes run by the former districts. It removes the need for claimants on Universal Credit to separately claim for the Council Tax Reduction and results in less frequent changes in Council Tax liability. Collectively this results in far fewer letters and paper forms and less activity in terms of making changes to accounts.

### **Health and Safety Implications**

31. This proposal has no Health & Safety implications.

### **Health and Wellbeing Implications**

32. The CTR and EH schemes provide financial support to people on low incomes to help them pay their Council Tax. The proposed increases to the income band thresholds will help to maintain the level of support provided by taking into account the impact of inflation. This should have a positive impact on things such as wellbeing, mental health and reducing inequality.

### **Social Value**

33. There are no social value implications associated with this report.

### **Scrutiny comments / recommendations:**

34. Not applicable.

## Background

### *General background*

35. Council Tax Reduction (CTR) provides financial assistance to help people on low incomes to pay their Council Tax. This can be for up to 100% of their Council Tax liability.
36. CTR was introduced by Central Government in April 2013 as a replacement for the Council Tax Benefit scheme administered on behalf of the Department for Work and Pensions (DWP). As part of the introduction, the Government:
  - Placed the duty to create a local scheme for **Working Age** applicants with billing authorities;
  - Reduced initial funding by the equivalent of ten per cent from the levels paid through benefit subsidy to authorities under the previous Council Tax Benefit scheme; and
  - Prescribed that persons of **Pension age** would be dealt with under regulations set by Central Government and not the authorities' local scheme.
37. Since that time, funding for the Council Tax Reduction scheme has been amalgamated into other Central Government grants paid to Local Authorities and into the Business Rates Retention regime. It is now generally accepted that it is not possible to identify the amount of funding actually provided from Government sources.

### *The legal requirements*

38. Council Tax legislation and specifically Schedule 1A of the Local Government Finance Act 1992 requires the Council to agree its local CTR scheme for each financial year in relation to working age claimants.
39. The scheme for pension age claimants is prescribed by Government and we have no powers to change these rules. Government usually adjusts the pension age rules each year and we will simply incorporate these changes into our scheme when we are notified of them (usually in December).

### *Background to the existing Somerset scheme*

40. The four legacy district councils each operated different CTR schemes. There were some similarities between the schemes i.e. two ran income banded

schemes and two ran more traditional schemes. The total amounts of support provided ranged from 80% to 100% of the Council Tax liability.

41. Consequently, a significant project was undertaken last year in the lead up to the creation of Somerset Council to align the former district schemes to a new single scheme for Somerset. This exercise involved a review of the legacy district schemes, significant financial modelling, extensive public consultation all leading up to the proposed new scheme going through the then Somerset County Council's member decision making processes in the Autumn of 2022. Full Council agreed to the new scheme on 23 November 2022.
42. We identified early in the process of aligning four different schemes the risk of claimants ending up worse off as a result of implementing new rules. We had to balance this consideration against the need to ensure that the overall cost of the new scheme was affordable to the Council given the very challenging financial environment.
43. Consequently, a significant amount of effort was put into developing and refining the specific detail of the scheme to both minimise any detrimental impact on individual claimants whilst ensuring overall financial affordability. Clearly there were going to be winners and losers, but the scheme was developed in such a way that it minimised the number of people who lost out and maximised those who either retained the same level of support or were better off. This was achieved without increasing the overall cost of the scheme. The new scheme included provision to pay those on the lowest incomes a maximum of 100% and provided for an Exceptional Hardship Scheme to allow us to provide discretionary support on a case-by-case basis to people who were detrimentally impacted by the change in rules.

#### *Key elements of the Somerset scheme*

44. Detailed below is a summary of the key elements of the Somerset scheme. The full scheme rules are detailed at Appendix 3.
  - *Income Banded Scheme* –
    - This allows for small fluctuations in a claimant's income without requiring us to reassess their entitlement each time their income varies. This reduces administration, re-billing costs, the volume of new bills being issued to claimants and helps to improve collection rates

- The scheme allows for variation in household size with the levels of income per band increasing where an applicant has a partner, and / or dependents
- *Income disregards* – the scheme disregards certain types of income e.g.
  - To encourage work, a standard £25 a week disregard is provided against all earnings
  - Disability benefits such as Disability Living Allowance and Personal Independence Allowance will continue to be disregarded
  - Where any applicant, their partner or dependant child(ren) are disabled, a further disregard of £30 a week is given
  - Carer’s Allowance and the Support Component of Employment and Support Allowance is disregarded.
  - Child Benefit and Child Maintenance is disregarded as income;
  - An amount in respect of the housing element, within Universal credit is disregarded
  - All war pensions and war disablement pensions are disregarded
  - Extended payments will be removed
  - A capital limit of £6,000 with no tariff (or assumed income) is applied, which aligns with the approach taken by DWP
- *Easier to understand & administer* - the income band grid allows claimants to easily see how much they can get or how a change to their income will affect their discount. No charges are made where an applicant has non-dependants living with them. This makes the scheme more straightforward and protects low-income families where adult sons and daughters, for example, remain at home.
- *Simplified claims process* – approximately 50% of our claimants receive Universal Credit (UC). We are automatically notified by the DWP of new UC awards. In most cases, the notifications include enough information for us to make an award without the need for a Council Taxpayer to make a separate claim.
- *Maximum award of 100%* -
  - The most vulnerable taxpayers and those on the lowest incomes will get a 100% discount
  - No restriction is applied to higher banded properties

- The Council no longer has to recover small outstanding balances from those unlikely to afford their bills – this improves administration and collection rates and reduces the cost of collection.
- *Exceptional Hardship Scheme* – this gives us the ability to provide discretionary help to Council Taxpayers, whether they receive CTR or not, to assist them in meeting their Council Tax bills. It provides us with a flexible mechanism to provide support in abnormal circumstances where people are suffering hardship as a result.

*Light-touch review of the existing scheme*

45. The Council is, as stated above, required to agree a CTR scheme for each financial year, although there is no requirement to change the rules from year-to-year. Any significant changes require full public consultation before they can be agreed and implemented.
46. Because this is a new scheme, albeit one that has only been in operation for a short period, it made sense to undertake a light touch review of the scheme before proceeding to make recommendations for next year.
47. This light touch review exercise was undertaken earlier this year. (NB. At the point the review was undertaken the scheme had only been in place for a few months. We do not yet have sufficient data to fully understand the impact of the new scheme across a longer period of time and consequently have only undertaken a light touch review at this stage). The areas considered and a summary of the findings are detailed below:
  - *Initial observations & feedback from customers on the impact of implementing the new aligned scheme* – the majority of claimants either continue to receive the same amount or more under the new scheme than they previously received. We did however receive a number of initial contacts from customers who had been detrimentally impacted by the changes to the scheme. These have been dealt with and, where relevant, these customers have been advised to make applications under the Exceptional Hardship Scheme. Overall the scheme appears to have been well received. We have only received a very small number of actual ‘appeals’ in respect of claims where people are receiving less than in previous years. (NB. We did write to people who were going to be worse off prior to issuing the bills to invite them to claim Exceptional Hardship)

- *The maximum award of 100% for working age claimants* - unsurprisingly, this appears to have been well received. In terms of the impact of the increase to 100% on the overall spend, the total cost of the scheme as a proportion of the gross debit is actually slightly lower this year than last year (see Table 1).
- *The impact on claimants who have been detrimentally impacted* – to date we have paid out £175k in Exceptional Hardship payments and we anticipate paying up to £350k for the full year. This is higher than the total spent last year (£180k), but is within the £500k anticipated potential cost for this year. This is indicative of the new scheme rules not having caused a significant detrimental impact. (NB. We have in fact received additional one-off funding from Government this year to support people on low incomes to pay their Council Tax, which is being used in part to fund the EH claims).

We are keeping the EH scheme under close review across the four legacy district teams to ensure the consistency of our approach to assessing claims and to promoting the scheme.

- *The income band thresholds* – the conclusion, as outlined above, is that we should increase the income band thresholds in line with the inflationary uplift in state benefits for next year. Doing so will ensure that the majority of claimants, most of whom receive state benefits, will continue to receive the same proportion of CTR as they currently receive.
- *Stakeholder feedback* - as part of the consultation exercise last year we engaged directly with the public and key stakeholders. Since the scheme came into operation in April 2023 we have received feedback from Citizens Advice regarding elements of the scheme, including a suggested change in relation to the treatment of the Limited Capability for Work Element of Universal Credit for income disregard purposes. We have considered the proposed change, sought expert advice, reviewed how other councils deal with this element, and have concluded that no change is required following the completion of a due regard process.
- *National trends* – around 13% of local authorities have changed their CTR schemes for the current financial year. The most common changes were to:
  - Make the schemes more generous in view of the economic climate and the squeeze on household finances; and to

- Implement income banded schemes, which are now operated by 30% of local authorities.
  - *The overall cost of the scheme to date* – Table 1 above details the overall cost of the scheme to date this year both in financial terms and as proportion of the overall gross Council Tax debit. We are spending broadly the same proportion of the overall Council Tax debit (circa 7%) on CTR, as was spent last year, although the proportion has reduced very slightly. This reduction is in large part driven by the ongoing trend in caseload reduction and we anticipate a further slight reduction next year.
48. We have not considered as part of the light touch review things such as the anticipated longer-term improvement in collection rates because it is too early at this stage to properly analyse any impact from the data. In addition, the delay in posting cash resulting from the implementation of the new finance system has impacted on our ability to chase unpaid amounts in certain areas.

#### *Conclusions & recommendations for 2024/25*

49. The light touch review indicates that the scheme is working well, has not had any significant detrimental impact on the majority of claimants and that overall spend remains, as anticipated, proportionately the same as for the previous year, despite the change in the scheme rules.
50. Consequently, other than looking to uprate the income band thresholds in line with the DWP increase in state benefits (a change which can be made within the existing scheme rules), no major changes are required to the scheme.

#### **Background Papers**

- 51 [Meeting of SCC County Council on Wednesday, 23rd November, 2022, 10.00 am - Modern Council \(somerset.gov.uk\)](#) (see agenda item 6, Paper B & Paper B App D)

#### **Appendices**

- Appendix 1 – Equalities Impact Analysis
- Appendix 2 – Indicative income bands for 2024/25
- Appendix 3 – Proposed CTR scheme for 2024/25
- Appendix 4 – Proposed EH scheme for 2024/25




**Report Sign-Off (if appropriate)**

	Officer Name	Date Completed
Legal & Governance Implications	David Clark	21 Oct 2023
Communications	Peter Elliott	24 Oct 2023
Finance & Procurement	Nicola Hix	25 Oct 2023
Workforce	Alyn Jones	26 Oct 2023
Asset Management	Oliver Woodhams	14 Oct 2023
Executive Director / Senior Manager	Nicola Hix	25 Oct 2023
Strategy & Performance	Alyn Jones	26 Oct 2023
Executive Lead Member	Cllr Liz Leyson	21 Oct 2023
<b>Consulted:</b>	Councillor Name	
Local Division Members	N/A	
Opposition Spokesperson	Cllr Mandy Chilcott	13 Oct 2023
Scrutiny Chair	Cllr Bob Filmer	13 Oct 2023



## Somerset Equality Impact Assessment

Before completing this EIA please ensure you have read the EIA guidance notes – available from your Equality Officer or [www.somerset.gov.uk/impactassessment](http://www.somerset.gov.uk/impactassessment)

<b>Organisation prepared for (mark as appropriate)</b>	 <b>Somerset Council</b>	<b>Yes</b>	 <b>NHS Somerset</b>	<b>No</b>	 <b>NHS Somerset</b> <small>NHS Foundation Trust</small>	<b>No</b>
<b>Version</b>	<b>0.2 Draft</b>		<b>Date Completed</b>	<b>11/9/2023</b>		
<b>Description of what is being impact assessed</b>						
<p>The uprating of the income band thresholds within the proposed Council Tax Reduction scheme for 2024/25 in line with the inflationary uplift to state benefits for 2024/25 to be announced by Govt. in November 2025.</p>						
<b>Evidence</b>						
<p><b>What data/information have you used to assess how this policy/service might impact on protected groups?</b> Sources such as the <a href="#">Office of National Statistics</a>, <a href="#">Somerset Intelligence Partnership</a>, <a href="#">Somerset’s Joint Strategic Needs Analysis (JSNA)</a>, Staff and/ or <a href="#">area profiles</a>, should be detailed here</p>						
<ul style="list-style-type: none"> <li>Information relating to actual claims from individuals and their families held within the various back-office processing systems operated by Somerset Council, which includes information on age, sex and disability.</li> <li>The proposed approach is to uprate the income band thresholds in line with the increase in state benefits to be announced by Govt. in November 2023. Govt. usually uprate in accordance with the Consumer Price Index or CPI (the rate at which the</li> </ul>						

prices of 700 various goods and services has changed over the previous 12 months) for September 2023, as compiled by the Office for National Statistics. Consequently, we have used the August 2023 CPI figure, to provide indicative figures for the potential increase in the income band thresholds. However, these will be adjusted in due course to set out the actual proposed increases once the Govt. increase in state benefits has been announced.

**Who have you consulted with to assess possible impact on protected groups and what have they told you?** If you have not consulted other people, please explain why?

We have not formally consulted on the proposed changes to the income bands. However, we undertook an eight-week consultation on the introduction of the current CTR scheme during the Summer of 2022. We received feedback from members of the public, in particular, Council Tax payers, CTR claimants, major preceptors (Avon and Somerset Police, Devon and Somerset Fire & Rescue Service) and key stakeholders, such as Citizens Advice, parish, town and city councils.

**Analysis of impact on protected groups**

The Public Sector Equality Duty requires us to eliminate discrimination, advance equality of opportunity and foster good relations with protected groups. Consider how this policy/service will achieve these aims. In the table below, using the evidence outlined above and your own understanding, detail what considerations and potential impacts against each of the three aims of the Public Sector Equality Duty. Based on this information, make an assessment of the likely outcome, before you have implemented any mitigation.

Protected group	Summary of impact	Negative outcome	Neutral outcome	Positive outcome
Age	The scheme for pension age people is mandated by Government and is unchanged by the proposed change to the income band thresholds. The working age scheme provided for in these proposals is open to all people of working age. Increasing the income band thresholds in line with the rate of inflation applied to state benefits will help to protect the proportion of CTR received by existing claimants.	□	□	☒

<b>Disability</b>	The income disregard of £30 per week together with a disregard of any Personal Independence Payments or Disability Living Allowance received (to recognise the additional costs for households containing people with a disability) remains unchanged in the proposed scheme and is unaffected by the proposed increase in the income band thresholds. In addition, by aligning the increase in the income band thresholds to the increase in state benefits, including disability benefits, we should ensure that claimants continue to receive the same proportion of CTR as they currently receive.	□	□	☒
<b>Gender reassignment</b>	<ul style="list-style-type: none"> <li>The proposed change is not specifically targeted at this group but will help to protect the proportion of CTR received by all existing claimants.</li> <li>No data is currently available on the numbers of people in this protected group who are getting CTR.</li> </ul>	□	☒	□
<b>Marriage and civil partnership</b>	The scheme is designed to take into account the higher living costs of couples and allows for these higher living costs in the determination of the claim. This approach is unaffected by the proposed increase to the income band thresholds..	□	□	☒
<b>Pregnancy and maternity</b>	<ul style="list-style-type: none"> <li>The proposed change is not specifically targeted at this group but will help to protect the proportion of CTR received by all existing claimants.</li> <li>No data held at case level on pregnancy.</li> </ul>	□	☒	□
<b>Race and ethnicity</b>	<ul style="list-style-type: none"> <li>Race and ethnicity is not a factor used to work out CTR.</li> <li>The proposed change is not specifically targeted at this group but will help to protect the proportion of CTR received by all existing claimants.</li> <li>No data held at case level.</li> </ul>	□	☒	□

<b>Religion or belief</b>	<ul style="list-style-type: none"> <li>Religion or belief is not a factor used to work out CTR.</li> <li>The proposed change is not specifically targeted at this group or at anyone holding a specific belief but will help to protect the proportion of CTR received by all existing claimants.</li> <li>No data held at case level.</li> </ul>	□	⊗	□
<b>Sex</b>	<p>Claim data identifies that we have more female recipients of CTR than male recipients. These are made up of single people, lone parents or those who are claiming as part of a couple. Sex is not a factor used to determine the amount of CTR awarded. We have designed the scheme to maximise awards of support to those on the lowest incomes and also to minimise the impact of aligning the districts schemes across the different demographics. The proposed changes to the income band thresholds will help to protect the proportion of CTR received by existing claimants.</p>	□	□	⊗
<b>Sexual orientation</b>	<ul style="list-style-type: none"> <li>Sexual orientation is not a factor used to work out CTR.</li> <li>The proposed change is not specifically targeted at this group, but will help to protect the proportion of CTR received by all existing claimants</li> <li>No data held at case level.</li> </ul>	□	⊗	□
<b>Armed Forces (including serving personnel, families and veterans)</b>	<p>The scheme provides for specific disregards for veterans and will continue to do so. These disregards are unaffected by the proposed increase to the income band thresholds. Increasing the income band thresholds in line with the rate of inflation applied to state benefits will help to protect the proportion of CTR received by existing claimants.</p>	□	□	⊗

<b>Other, e.g. carers, low income, rurality/isolation, etc.</b>	The scheme is specifically targeted at those on low incomes and contains income disregards in relation to carers. Increasing the income band thresholds in line with the rate of inflation applied to state benefits will help to protect the proportion of CTR received by existing claimants.	❑	❑	☒
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**Negative outcomes action plan**  
 Where you have ascertained that there will potentially be negative outcomes, you are required to mitigate the impact of these. Please detail below the actions that you intend to take.

<b>Action taken/to be taken</b>	<b>Date</b>	<b>Person responsible</b>	<b>How will it be monitored?</b>	<b>Action complete</b>
We will promote the availability of the Exceptional Hardship scheme when the Council Tax bills are issued for the 2024/25 financial year	30/04/2024	Richard Sealy	Through the year-end project team & plan	❑
	Select date			❑
	Select date			❑
	Select date			❑
	Select date			❑
	Select date			❑
	Select date			❑
	Select date			❑

**If negative impacts remain, please provide an explanation below.**

No protected groups should be negatively impacted. If an applicant is adversely affected by the changes to the income band thresholds, additional support can be applied for through the council's Exceptional Hardship scheme.

<b>Completed by:</b>	<b>Simon Doyle, Benefits Specialist</b>
<b>Date</b>	<b>11/9/2023</b>
<b>Signed off by:</b>	<b>Richard Sealy, Interim Revenues &amp; Benefits Manager</b>
<b>Date</b>	<b>11 Oct 2023</b>
<b>Equality Lead sign off name:</b>	<b>Tom Rutland, Public Health Promotion Manager / Equalities</b>
<b>Equality Lead sign off date:</b>	<b>27 Oct 2023</b>
<b>To be reviewed by:</b> (officer name)	<b>Richard Sealy, Interim Revenues &amp; Benefits Manager</b>
<b>Review date:</b>	<b>30 Sep 2024</b>

## APPENDIX 2

### Indicative income bands for 2024/24 based on August CPI figure of 6.7%

Band	Discount (%)	Single person		Single person with one child		Single person with two children		Couple with no children		Couple with one child		Couple with two children	
		2023/24	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25
1	100	£0 - £95	£0-102	£0 – £160	£0-£171	£0 - £220	£0-£235	£0 - £140	£0-150	£0 - £200	£0-£214	£0 - £260	£0-£278
2	75	£95.01 - £155	£102.01-£166	£160.01 - £220	£171.01-£235	£220.01 - £290	£235.01-£310	£140.01 - £210	£150.01-£225	£200.01 - £260	£214.01-£278	£260.01 - £330	£278.01-£353
3	40	£155.01 - £190	£166.01-£203	£220.01 - £255	£235.01-£273	£290.01 - £370	£310.01-£395	£210.01 - £260	£225.01-£278	£260.01 - £295	£278.01-£315	£330.01 - £410	£353.01-£438
4	25	£190 - £235	£203.01-£251	£255.01 - £290	£273.01-£310	£370.01 - £480	£395.01-£513	£260.01 - £310	£278.01-£331	£295.01 - £330	£315.01-£353	£410.01 - £520	£438.01-£555
	0	Over £235	Over £251	Over £290	Over £310	Over £480	Over £513	Over £310	Over £331	Over £330	Over £353	Over £520	Over £555

PLACEHOLDER FOR NEW CTR SCHEME



**Council Tax Exceptional  
Hardship Scheme  
2024-25**

## **1 Summary**

- 1.1 Since April 2013 each billing Authority has in place its own Council Tax Reduction (CTR) scheme. Unlike the previous Council Tax Benefit scheme, this local Council Tax Reduction scheme is not fully funded by Central Government and billing Authorities are responsible for implementing their own schemes for working age people. (NB. The CTR scheme for people of pension age is defined by Government).
- 1.2 Our CTR scheme also makes provision for a discretionary Exceptional Hardship Scheme. Therefore, both schemes are provided for under the provisions of S13A 1(a) of the Local Government Finance Act 1992 (as amended by the Local Government Finance Act 2012) and are in addition to the general power to reduce Council Tax liability under S13A 1(c) of the act.
- 1.3 This document sets out the Council's Exceptional Hardship Scheme for assisting people who are experiencing financial difficulty in paying their Council Tax.
- 1.4 The Exceptional Hardship Scheme is targeted to those taxpayers who either apply for Council Tax Reduction but fail to qualify or those taxpayers who receive Council Tax Reduction but who are of the opinion that they require more support.
- 1.5 The Exceptional Hardship Fund is financed through the Council's Collection fund and is available to those households facing exceptional hardship.

## **2 Objectives of the scheme**

- 2.1 The Exceptional Hardship Scheme aims to support local people experiencing financial hardship who are struggling or unable to pay their Council Tax by providing short term financial assistance.

## **3 Eligibility**

- 3.1 To be eligible for a Council Tax Exceptional Hardship payment the taxpayer must be resident at the address for which they have a Council Tax liability in the Somerset Council area.
- 3.2 Each application will be considered on its own merits and any payment made will be at the discretion of the Council. Exceptional Hardship is not defined in this policy. However, it is useful to refer to the dictionary definitions of each word.
  - 'Exceptional' – unusual, extraordinary, not typical

- 'Hardship' – a condition that is difficult to endure; suffering; deprivation

### 3.3 Awards for Exceptional Hardship cannot be used:

- for any other reason, other than to reduce Council Tax Liability;
- where an authorised officer from the Council considers the Taxpayer has not taken reasonable steps to reduce unnecessary expenses or the outstanding amount of Council Tax is as a result of wilful refusal or culpable neglect;
- to cover a shortfall caused by a Department for Work and Pensions sanction or suspension which has been applied because the Council Taxpayer has turned down work / interview / training opportunities; and
- to offset any penalties, court costs or enforcement agency costs.

## 4 Award criteria

### 4.1 When considering an application for Exceptional Hardship, the Council will take into account:

- whether the applicant receives Council Tax Reduction, the shortfall between the award of CTR and their Council Tax liability;
- the steps taken by the applicant to reduce their Council Tax liability (ensuring all discounts, reliefs and reductions are granted) or affordability (for example changing payment methods and making arrangements to pay their Council Tax over 12 months or setting an alternative payment arrangement to make them more affordable);
- the steps taken by the applicant to establish whether they are entitled to other welfare benefits and if so whether they have claimed them;
- whether the applicant has considered and identified, where possible, the most economical tariffs for utilities (electricity, gas, broadband, telephone, water) and cancelled non-essential contracts;
- whether a Discretionary Housing Payment has been made to help meet their rent liability;
- where the applicant has debt, the steps taken to seek debt and money advice from relevant agencies;
- the personal circumstances, age and medical circumstances of the applicant, their partner and any dependants in the household;
- any non-dependants, boarders or lodgers in the property and the financial contributions they make or could make to the income of the household;
- the income and expenditure of the applicant and their partner, including any income not considered in calculating their CTR;
- how much reasonable household expenditure exceeds income;

- the exceptional nature of the applicant's circumstances and the length of time these circumstances are likely to last;
- whether the situation and reason for the application is out of the taxpayer's control;
- any savings or capital held by the applicant, their partner, or their dependants; and
- any negative impact on the applicant following a change to the CTR scheme made by the Council that has resulted in a significant loss of CTR.

4.2 This list detailed in 4.1 above is not exhaustive and we will consider other relevant factors and special circumstances.

4.3 An award of Exceptional Hardship does not guarantee a further award will be made at a later date, even if the customer's circumstances have not changed. We will expect applicants to make efforts to either increase their income, reduce expenditure or improve their circumstances.

4.4 An award may be less than the shortfall between the CTR award and the applicant's Council Tax liability.

4.5 Awards will normally only be made in respect of the Council Tax due for the current financial year i.e. not for previous years arrears.

## **5 Making a claim**

5.1 An application for Exceptional Hardship must be made in writing on an application form provided by Somerset Council. Application forms can be completed on the Council's website. If a customer cannot make a claim in writing, we can support a telephone application. We will also provide signposting to Citizens Advice or other support networks who can offer help in completing an application or offering debt and benefit advice.

5.2 Applicants will need to provide evidence about their circumstances, income and expenditure.

5.3 In most cases the person who claims Exceptional Hardship will be the person liable for Council Tax. However, the Council will accept a claim from someone acting on another's behalf, such as an appointee, if it is considered reasonable.

5.4 The applicant must tell us of any changes in circumstances that may be relevant to their claim.

## **6 Decision making process and payments**

- 6.1 Both the amount and duration of the award are determined at our discretion and the decision will be made based on the evidence supplied and the circumstances of the claim.
- 6.2 The start of any award and the amount will be determined by the Council. The maximum award will be for a period of up to twelve months and subject to 6.3 below, awards will not span more than a single financial year.
- 6.3 In exceptional cases the Council may consider backdating a claim based on the individual circumstances of the case. In such instances the claim can only be considered for backdating to the previous financial year.
- 6.4 Any award will be made directly to the Council Tax account to reduce the amount of Council Tax payable.
- 6.5 If the Council becomes aware that the information contained in an application was incorrect or information has not been declared, the Council may seek to recover the value of any award. Excess (overpaid) awards will be recovered directly from the taxpayers Council Tax account, increasing the amount of Council Tax due.
- 6.6 The Council will notify the outcome of each application in writing. The notification will include the reason for the decision, the amount and duration of any award and will advise the taxpayer of their appeal rights.
- 6.7 The Council will aim to process and respond to applications for Exceptional Hardship within 1 month. Ordinarily action to recover any outstanding Council Tax for the period to which the claim relates will be suspended until the claim has been processed and a response issued.

## **7 Review**

- 7.1 Decisions are subject to an appeals process. If the applicant is not satisfied with the decision, they may request a review in writing within one calendar month of the decision.
- 7.2 The request must state the reasons why the taxpayer disagrees with the decision. Additional evidence may be required to support a review.

- 7.3 The Council will provide a response within one month or as soon as practicable thereafter.
- 7.4 The outcome of the review will be given in writing, detailing the reasons for changing or upholding the original decision.
- 7.5 If the applicant remains dissatisfied with the outcome of any review, certain appeals against the Council's decision can be made to the Independent Valuation Tribunal Service. Further information about how to make an appeal can be found on the Council's website.
- 7.6 An applicant can also seek a judicial review of any decision.

## **8 Fraud**

- 8.1 We are committed to protecting public funds and to ensuring that funds are awarded to the people who are rightly eligible to them. An applicant who tries to fraudulently claim a discretionary discount or Exceptional Hardship payment by falsely declaring their circumstances, providing a false statement or evidence in support of their application may have committed an offence under The Fraud Act 2006 or the Theft Act 1968. Where we suspect that fraud may have been committed, this matter will be investigated as appropriate and may lead to criminal proceedings being instigated.



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

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## **1.0 Introduction to the Council Tax Reduction Scheme**

1.1 The following has been adopted by the Council and details the Council Tax Reduction scheme for the period from 1<sup>st</sup> April 2024.

1.2 This document details how the scheme will operate for both pension credit age and working age applicants and in accordance with Section 13A of the Local Government Finance Act 1992 specifies the classes of person who are to be entitled to a reduction under the scheme and is effective from 1<sup>st</sup> April 2024 for a period of one financial year.

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

- Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012;
- Council Tax Reduction Schemes (Prescribed Requirements and Default Scheme) (England) (Amendment) Regulations 2012;
- Council Tax Reduction Schemes (Transitional Provision) (England) Regulations 2013;
- Council Tax Reduction Schemes (Detection of Fraud and Enforcement) (England) Regulations 2013;
- Council Tax Reduction Schemes (Prescribed Requirements) (England) (Amendment) Regulations 2013;
- The Council Tax Reduction Schemes (Prescribed Requirements) (England) (Amendment) (No. 2) Regulations 2014;
- The Council Tax Reduction Schemes (Prescribed Requirements) (England) (Amendment) Regulations 2015;
- The Council Tax Reduction Schemes (Prescribed Requirements) (England) (Amendment) Regulations 2016;
- The Council Tax Reduction Schemes (England) (Amendment) Regulations 2017;
- The Council Tax Reduction Schemes (Prescribed Requirements) (England) (Amendment) Regulations 2018;
- The Council Tax Reduction Schemes (Prescribed Requirements) (England) (Amendment) Regulations 2020;
- The Council Tax Reduction Schemes (Prescribed Requirements) (England) (Amendment) Regulations 2021;
- The Council Tax Reduction Schemes (Prescribed Requirements) (England) (Amendment) Regulations 2022;
- The Council Tax (Demand Notices and Reduction Schemes) (England) (amendment) Regulations 2022;
- The Council Tax Reduction Schemes (Prescribed Requirements) (England) (Amendment) Regulations 2023; and
- Local Government Finance Act 1992 (as amended by the Local Government Finance Act 2012).

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

1.4 There are three main classes under the prescribed pension credit age scheme, for each of which there are a number of qualifying criteria. In all cases individuals must not be of a prescribed class exempted from reduction, such as a person subject to immigration control with limited leave to remain. The definition of a pension credit age person is a person who;

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

The three prescribed classes are as follows;

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

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

- (a) who is for that day liable to pay council tax in respect of a dwelling of which he is a resident;
- (b) who, subject to paragraph 5 of Schedule 1 of the Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012, is not absent from the dwelling throughout the day; in respect of whom a maximum Council Tax Reduction amount can be calculated;
- (c) who does not fall within a class of persons prescribed for the purposes of paragraph 2(9) of Schedule 1A to the Local Government Finance Act 1992 and excluded from the authority's scheme;
- (d) whose income (if any) for the relevant week does not exceed his applicable amount calculated in accordance with paragraph 9 and Schedule 2 of the Local Government Finance Act 1992;
- (e) not have capital savings above £16,000; and
- (f) who has made an application for a reduction under the authority's scheme.

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

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

- (a) who is for that day liable to pay council tax in respect of a dwelling of which he is a resident;
- (b) who, subject to paragraph 5 of Schedule 1 of the Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012, is not absent from the dwelling throughout the day; in respect of whom a maximum Council Tax Reduction amount can be calculated;
- (c) who does not fall within a class of person prescribed for the purposes of paragraph 2(9) of Schedule 1A to the Local Government Finance Act 1992 and excluded from the authority's scheme;
- (d) whose income for the relevant week is greater than his applicable amount calculated in accordance with paragraph 9 and Schedule 2 to the Local Government Finance Act 1992;
- (e) in respect of whom amount A exceeds amount B where:
  - (i) amount A is the maximum Council Tax Reduction in respect of the day in the applicant's case; and
  - (ii) amount B is 2 6/7 per cent of the difference between his income for the relevant week and his applicable amount;
- (f) not have capital savings 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 an income band scheme means test, which compares income against a range of discounts available. Full details of the working age scheme of the authority are contained within this document from section 2 onwards. The authority is required to specify a scheme for working age and therefore this scheme only applies to a person who;
- (a) has not attained the qualifying age for state pension credit; or
  - (b) has attained the qualifying age for state pension credit if he, and his partner, is a person on income support, on an income-based jobseeker's allowance, on an income-related employment and support allowance or on universal credit.
- 1.7 The Council has resolved that there will be **one** class of persons who will receive a reduction in line with adopted scheme. The scheme has qualifying criteria. In all cases individuals must not be of a prescribed class exempted from reduction as specified within section 7 of this scheme.

#### **Class D**

To obtain reduction the individual (or partner) must:

- (a) have not attained the qualifying age for state pension credit; 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 Reduction amount can be calculated;
- (g) not have capital savings above £6,000 (subject to Schedule 3 of this scheme);
- (h) not have income above the levels specified within the scheme;
- (i) 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* is within a range of incomes specified within Schedule 1; and
- (j) has made a valid application for reduction.

**Council Tax Reduction Scheme**

**Details of reduction to be given for working age applicants for the financial year 2024/25**

## **2.0 Interpretation – an explanation of the terms used within this policy**

### **2.1 In this policy–**

‘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

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

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

‘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;

‘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).

‘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;

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

‘the Children Order’ means the Children (Northern Ireland) Order 1995;

‘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;

‘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;

‘Council Tax Reduction scheme’ has the same meaning as ‘council tax reduction or reduction’  
‘council tax reduction (or reduction)’ means council tax reduction as defined by S13a Local Government Finance Act 1992 (as amended);

‘couple’ means;

(a) two people who are married to, or civil partners of, each other and are members of the same household; or

(b) a man and a woman who are not married to each other but are living together as if they were a married couple or civil partners;

‘date of claim’ means the date on which the claim is made, or treated as made, for the purposes of this policy

‘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 2000 Act;

‘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;

‘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 14(1)(b) or article 21(1)(a) of the Armed Forces and Reserve Forces (Compensation Scheme) Order 2005(b);

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

‘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 same meaning as they have in the Jobseekers Act by virtue of section 1(4) of that Act;

‘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 in section 2(5)(a) and (b) of the Regulation of Care (Scotland) Act 2001;

‘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;

‘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;

‘member of the work-related activity group’ means a claimant who has or is treated as having limited capability for work;

‘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;

‘net earnings’ means such earnings as are calculated in accordance with this scheme;

‘net profit’ means such profit as is calculated in accordance with this scheme;

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

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

applicant is or will be resident;

‘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;

‘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’ means—

- (a) where an applicant is a member of a couple, the other member of that couple; or
- (b) where an applicant is polygamously married to two or more members of his household, any such member to whom he is married;

‘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;

‘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 20 or 21 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 2004;
- (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;

‘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 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;

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

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

‘self-employment route’ means assistance in pursuing self-employed earner’s employment whilst participating in–

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

‘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;

‘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;

‘Welfare Reform Act’ means the Welfare Reform Act 2007;

‘Working Tax Credit Regulations’ means the Working Tax Credit (Entitlement and Maximum Rate) Regulations 2002 as amended.

- 2.2 In this policy, 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.
- 2.3 For the purpose of this policy, 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 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).

- 2.4 For the purposes of this policy, 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 policy, two persons shall be taken to be estranged only if their estrangement constitutes a breakdown of the relationship between them.
- 2.6 In this policy, references to any person in receipt of state pension credit includes a person who would be in receipt of state pension credit but for regulation 13 of the State Pension Credit Regulations 2002 (small amounts of state pension credit).

### **3.0 Requirement to provide a National Insurance Number**

- 3.1 No person shall be entitled to reduction unless the criteria below in 3.2 is satisfied in relation both to the person making the claim and to any other person in respect of whom he is claiming reduction.
- 3.2 This subsection is satisfied in relation to a person if–
- (a) the claim for reduction is accompanied by;
    - i. a statement of the person’s national insurance number and information or evidence establishing that that number has been allocated to the person; or
    - ii. information or evidence enabling the national insurance number that has been allocated to the person to be ascertained; or
  - (b) the person makes an application for a national insurance number to be allocated to him which is accompanied by information or evidence enabling such a number to be so allocated and the application for reduction is accompanied by evidence of the application and information to enable it to be allocated.
- 3.3 Paragraph 3.2 shall not apply–
- (a) in the case of a child or young person in respect of whom council tax reduction is claimed;
  - (b) to a person who;
    - i. is a person in respect of whom a claim for council tax reduction is made;
    - ii. is subject to immigration control within the meaning of section 115(9)(a) of the Immigration and Asylum Act;
    - iii. is a person from abroad for the purposes of this scheme; and
    - iv. has not previously been allocated a national insurance number.

### **4.0 Persons who have attained the qualifying age for state pension credit**

- 4.1 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.

## **5.0 Persons treated as not being in Great Britain and Persons Subject to Immigration Control**

### **Persons treated as not being in Great Britain**

- 5.1 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.
- 5.2 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.
- 5.3 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.
- 5.4 For the purposes of paragraph (3), a right to reside does not include a right, which exists by virtue of, or in accordance with—
- (a) regulation 13 of the EEA Regulations;
  - (aa) regulation 14 of the EEA Regulations, but only in a case where the right exists under that regulation because the person is—
    - (i) a jobseeker for the purpose of the definition of “qualified person” in regulation 6(1) of those Regulations, or
    - (ii) a family member (within the meaning of regulation 7 of those Regulations) of such a jobseeker;
  - (b) regulation 15A(1) of the EEA Regulations, but only in a case where the right exists under that regulation because the applicant satisfies the criteria in paragraph (5) of that regulation of the Treaty on the Functioning of the European Union (in a case where the right to reside arises because a British citizen would otherwise be deprived of the genuine enjoyment of their rights as a European Union citizen).
- 5.4A For the purposes of paragraph (3), a right to reside does not include a right which exists by virtue of a person having been granted limited leave to enter, or remain in, the United Kingdom under the Immigration Act 1971 by virtue of—
- (a) (Removed by the Council Tax Reduction Schemes (Prescribed Requirements) (England) (Amendment) Regulations 2021
  - (b) Appendix EU to the immigration rules made under section 3(2) of that Act;
  - (c) being a person with a Zambrano right to reside as defined in Annex 1 of Appendix EU to the immigration rules made under section 3(2) of that Act; or
  - (d) having arrived in the United Kingdom with an entry clearance that was granted under Appendix EU (Family Permit) to the immigration rules made under section 3(2) of that Act.
- 5.4B Paragraph (4A)(b) does not apply to a person who—
- (a) has a right to reside granted by virtue of being a family member of a relevant person of Northern Ireland; and
- would have a right to reside under the EEA Regulations if the relevant person of Northern Ireland were an EEA national, provided that the right to reside does not fall within paragraph (4)(a) or (b)
- 5.5 A person falls within this paragraph if the person is—
- (za) a person granted leave in accordance with the immigration rules made under section 3(2) of the Immigration Act 1971, where such leave is granted by virtue of—
    - (i) the Afghan Relocations and Assistance Policy; or
    - (ii) the previous scheme for locally employed staff in Afghanistan (sometimes referred to as the ex-gratia scheme);

- (zb) a person in Great Britain not coming within sub-paragraph (za) or (e) who left Afghanistan in connection with the collapse of the Afghan government that took place on 15th August 2021;
- (zc) a person in Great Britain who was residing in Ukraine immediately before 1st January 2022, left Ukraine in connection with the Russian invasion which took place on 24th February 2022 and—
  - (i) has been granted leave in accordance with immigration rules made under section 3(2) of the Immigration Act 1971;
  - (ii) has a right of abode in the United Kingdom within the meaning given in section 2 of that Act; or
  - (iii) does not require leave to enter or remain in the United Kingdom in accordance with section 3ZA of that Act;
- (a) a qualified person for the purposes of regulation 6 of the EEA Regulations as a worker or a self-employed person;
- (b) a family member of a person referred to in sub-paragraph (a);
- (c) a person who has a right to reside permanently in the United Kingdom by virtue of regulation 15(1)(c), (d) or (e) of the EEA Regulations;
- (ca) a family member of a relevant person of Northern Ireland, with a right to reside which falls within paragraph (4A)(b), provided that the relevant person of Northern Ireland falls within paragraph (5)(a), or would do so but for the fact that they are not an EEA national;
- (cb) a frontier worker within the meaning of regulation 3 of the Citizens’ Rights (Frontier Workers) (EU Exit) Regulations 2020;
- (cc) a family member of a person referred to in sub-paragraph (cb), who has been granted limited leave to enter, or remain in, the United Kingdom by virtue of Appendix EU to the immigration rules made under section 3(2) of the Immigration Act 1971
- (d) a person recorded by the Secretary of State as a refugee within the definition in Article 1 of the Convention relating to the Status of Refugees done at Geneva on 28th July 1951, as extended by Article 1(2) of the Protocol relating to the Status of Refugees done at New York on 31st January 1967;
- (e) a person who has been granted, or who is deemed to have been granted, leave outside the rules made under section 3(2) of the Immigration Act 1971
- (f) a person who has humanitarian protection granted under those rules;
- (g) a person who is not a person subject to immigration control within the meaning of section 115(9) of the Immigration and Asylum Act 1999 and who is in the United Kingdom as a result of his deportation, expulsion or other removal by compulsion of law from another country to the United Kingdom;
- (h) in receipt of income support or on an income-related employment and support allowance; or
- (ha) in receipt of an income-based jobseeker’s allowance and has a right to reside other than a right to reside falling within paragraph (4).

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

5.7 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.

5.8 In this regulation—  
 “claim for asylum” has the same meaning as in section 94(1) of the Immigration and Asylum Act 1999;  
 “Crown servant” means a person holding an office or employment under the Crown;  
 “EEA Regulations” means the Immigration (European Economic Area) Regulations 2006; and the Immigration (European Economic Area) (Amendment) (No. 2) Regulations 2014 and references to the EEA Regulations are to be read with Schedule 4 to the Immigration and

Social Security Co-ordination (EU Withdrawal) Act 2020 (Consequential, Saving, Transitional and Transitory Provisions) Regulations 2020

“EEA national” has the meaning given in regulation 2(1) of the EEA Regulations;

“family member” has the meaning given in regulation 7(1)(a), (b) or (c) of the EEA Regulations, except that regulation 7(4) of the EEA Regulations does not apply for the purposes of paragraphs (4B) and (5)(ca);

“relevant person of Northern Ireland” has the meaning given in Annex 1 of Appendix EU to the immigration rules made under section 3(2) of the Immigration Act 1971; and

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

#### **Persons subject to immigration control**

5.9 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.

5.10 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 5.9

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

#### **6.0 Transitional provision**

6.1 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 6.2 occurs.

6.2 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.

6.3 In this section “the Act” means the Local Government Finance Act 1992.

#### **7.0 Temporary Absence (period of absence)**

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

7.2 A person shall not, in relation to any day, which falls within a period of temporary absence from that dwelling, be a prescribed person under paragraph 7.1.

7.3 In paragraph 7.2, a ‘period of temporary absence’ means—

(a) a period of absence not exceeding 13 weeks, beginning with the first whole day on which a person resides in residential accommodation where and for so long as;

i. the person resides in that accommodation;

ii. the part of the dwelling in which he usually resided is not let or sub-let; and

iii. that period of absence does not form part of a longer period of absence from the dwelling of more than 52 weeks,

where he has entered the accommodation for the purpose of ascertaining whether it suits his



needs and with the intention of returning to the dwelling if it proves not to suit his needs;

- (b) a period of absence not exceeding 13 weeks, beginning with the first whole day of absence from the dwelling, where and for so long as;
  - i. the person intends to return to the dwelling;
  - ii. the part of the dwelling in which he usually resided is not let or sub-let; and
  - iii. that period is unlikely to exceed 13 weeks; and
- (c) a period of absence not exceeding 52 weeks, beginning with the first whole day of absence, where and for so long as
  - i. the person intends to return to the dwelling;
  - ii. the part of the dwelling in which he usually resided is not let or sub-let;
  - iii. the person is a person to whom paragraph 7.4 applies; and
  - iv. the period of absence is unlikely to exceed 52 weeks or, in exceptional circumstances, is unlikely substantially to exceed that period.

7.4 This paragraph applies to a person who is;

- (a) detained in custody on remand pending trial or required, as a condition of bail, to reside;
  - i. in a dwelling, other than the dwelling referred to in paragraph 7.1, or
  - ii. in premises approved under section 13 of the Offender Management Act 2007 as amended by the Offender Rehabilitation Act 2014, or, detained in custody pending sentence upon conviction;
- (b) resident in a hospital or similar institution as a patient;
- (c) undergoing, or his partner or his dependent child is undergoing, in the United Kingdom or elsewhere, medical treatment, or medically approved convalescence, in accommodation other than residential accommodation;
- (d) following, in the United Kingdom or elsewhere, a training course;
- (e) undertaking medically approved care of a person residing in the United Kingdom or elsewhere;
- (f) undertaking the care of a child whose parent or guardian is temporarily absent from the dwelling normally occupied by that parent or guardian for the purpose of receiving medically approved care of medical treatment;
- (g) in the United Kingdom or elsewhere, receiving medically approved care provided in accommodation other than residential accommodation;
- (h) a student;
- (i) receiving care provided in residential accommodation other than a person to whom paragraph 7.3a) applies; or
- (j) has left the dwelling he resides in through fear of violence, in that dwelling, or by a person who was formerly a member of the family of the person first mentioned.

7.5 This paragraph applies to a person who is:

- (a) detained in custody pending sentence upon conviction or under a sentence imposed by a court (other than a person who is detained in hospital under the provisions of the Mental Health Act 1983 (as amended by the Mental Health (Discrimination) Act 2013); and
- (b) on temporary release from detention in accordance with Rules made under the provisions of the Prison Act 1952.

7.6 Where paragraph 7.5 applies to a person, then, for any day when he is on temporary release—

- (a) if such temporary release was immediately preceded by a period of temporary absence under paragraph 7.3 b) or c), he shall be treated, for the purposes of paragraph 7.1, as if he continues to be absent from the dwelling, despite any return to the dwelling;
- (b) for the purposes of paragraph 7.4 a), he shall be treated as if he remains in detention;
- (c) If he does not fall within sub-paragraph a), he is not considered to be a person who is liable to pay Council Tax in respect of a dwelling of which he is resident

7.7 In this section;

- 'medically approved' means certified by a medical practitioner;
- 'patient' means a person who is undergoing medical or other treatment as an in-patient

in any hospital or similar institution; 'residential accommodation' means accommodation which is provided;

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

## **8.0 Membership of a family**

8.1 Within the reduction scheme adopted by the Council 'family' means;

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

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

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

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

8.2 Paragraph 8.1 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.

8.3 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.

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

9.1 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.

9.2 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.

9.3 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.

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

10.1 Subject to paragraphs 10.2 and 10.3, the applicant and any partner and, where the applicant or his partner is treated as responsible 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.

10.2 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 with the applicant or his partner prior to adoption; or
- (c) placed for adoption with the applicant or his partner in accordance with the Adoption and Children Act 2002.

10.3 Subject to paragraph (4), paragraph (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).

10.4 The authority shall treat a child or young person to whom paragraph (3a) 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.

10.5 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 as amended.

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

11.1 The income and capital of an applicant's partner within this scheme and for the purposes of claiming council tax reduction is to be treated as income and capital of the applicant and shall be calculated or estimated 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 his partner.

11.2 Where an applicant or the partner of is married polygamously to two or more members of his household—

- (a) the applicant shall be treated as possessing capital and income belonging to each such member; and
- (b) the income and capital of that member shall be calculated in accordance with the following provisions of this scheme in like manner as for the applicant.

11.3 The income and capital of a child or young person shall not be treated as the income and capital of the applicant.

**12.0 Calculation of income and capital: persons who have an award of universal credit**

12.1 Any universal credit data or notification received by the authority may be used as a claim for reduction or in the assessment of council tax reduction including data received from the Secretary of State where the applicant no longer qualifies for a universal credit award

12.2 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 may 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. The authority may use any other assessment based on the information provided by the Secretary of State.

12.3 The authority may adjust the amount referred to in sub-paragraph (2) to take account of

- (a) income consisting of the award of universal credit;
- (b) any sum to be disregarded in the calculation of earnings;
- (c) any sum to be disregarded in the calculation of income other than earnings; and
- (d) any sum which may be disregarded as housing costs;

12.4 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.

12.5 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

**13.0 Calculation of income on a weekly basis**

13.1 For the purposes of this scheme the income of an applicant shall be calculated on a weekly basis by estimating the amount which is likely to be his average weekly income.

**14.0 Average weekly earnings of employed earners**

14.1 Where an applicant's income consists of earnings from employment as an employed earner his average weekly earnings shall be estimated by the authority by reference to his actual earnings over a period determined by the authority as reasonable.

14.2 Where the applicant is recently employed and cannot furnish the appropriate evidence, the authority may 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.

14.3 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.

**15.0 Average weekly earnings of self-employed earners**

15.1 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.

**16.0 Average weekly income other than earnings**

16.1 An applicant's income which does not consist of earnings shall be estimated over such period as is appropriate in order that his average weekly income may be estimated accurately.

**17.0 Calculation of average weekly income from tax credits**

17.1 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 (2)

17.2 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.

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

**18.0 Calculation of weekly income**

18.1 For the purposes of this scheme 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 quotient by 7.

18.2 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 quotient by 7.

#### **19.0 Earnings of employed earners**

19.1 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–
- (g) (i) travelling expenses incurred by the applicant between his home and his place of employment;
- (ii) expenses incurred by the applicant under arrangements made for the care of a member of his family owing to the applicant's absence from home;
- (h) any award of compensation made under section 112(4) or 117(3)(a) of the Employment Rights Act 1996 (remedies and compensation for unfair dismissal);
- (i) any payment or remuneration made under section 28, 34, 64, 68 or 70 of the Employment Rights Act 1996 (right to guarantee payments, remuneration on suspension on medical or maternity grounds, complaints to employment tribunals);
- (j) any such sum as is referred to in section 112 of the Act (certain sums to be earnings for social security purposes);
- (k) any statutory sick pay, statutory maternity pay, statutory paternity pay, or statutory adoption pay, or a corresponding payment under any enactment having effect in Northern Ireland;
- (l) any remuneration paid by or on behalf of an employer to the applicant who for the time being is on maternity leave, paternity leave or adoption leave or is absent from work because he is ill;
- (m) the amount of any payment by way of a non-cash voucher which has been taken into account in the computation of a person's earnings in accordance with Part 5 of Schedule 3 to the Social Security (Contributions) Regulations 2001 as amended.

19.2 Earnings shall not include–

- (a) 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

#### **20.0 Calculation of net earnings of employed earners**

20.1 For the purposes of this scheme, the earnings of an applicant derived or likely to be derived from employment as an employed earner to be taken into account shall be his net earnings.

20.2 There shall be disregarded from an applicant's (or their partner's) net earnings, £25 per week.

This shall apply irrespective of the applicant's household and only one disregard shall be applied per claim.

- 20.3 Net earnings shall 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 National Insurance contributions
  - (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
- 20.4 In this section 'qualifying contribution' means any sum which is payable periodically as a contribution towards a personal pension scheme.
- 20.5 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.
- 20.6 Where the earnings of an applicant are estimated an appropriate estimate of net earnings shall be determined in line with paragraph (3) above.

#### **21.0 Earnings of self-employed earners**

- 21.1 'Earnings', in the case of employment as a self-employed earner, means the gross income of the employment
- 21.2 'Earnings' shall not include any payment 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.
- 21.3 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 trademark; 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 trademark, or an original contributor to the book of work concerned.

#### **22.0 Calculation of net profit of self-employed earners**

- 22.1 For the purposes of this scheme 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

- ii. payable under this scheme; and one-half of the amount calculated in accordance with paragraph (11) in respect of any qualifying premium.
- 22.2 There shall be disregarded from an applicant's (or their partner's) net earnings, £25 per week. This shall apply irrespective of the applicant's household and only one disregard shall be applied per claim.
- 22.3 The net profit of the employment must be calculated by taking into account the earnings for the employment over the assessment period less
  - (a) 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 calculated in accordance with section 22; and
    - iii. one-half of the amount calculated in accordance with paragraph (11) in respect of any qualifying premium.
- 22.4 For the purposes of paragraph (1b) the net profit of the employment shall be calculated by taking into account the earnings of the employment over the assessment period less, any expenses wholly and exclusively incurred in that period for the purposes of the employment.
- 22.5 No deduction shall be made under paragraph (3 a) or (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.
- 22.6 A deduction shall be made under paragraph (3 a) or (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.
- 22.7 The authority shall refuse to make deduction in respect of any expenses where it is not satisfied given the nature and the amount of the expense that it has been reasonably incurred.
- 22.8 For the avoidance of doubt–
  - (a) deduction shall not be made 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
- 22.9 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 calculated in accordance with section 22 (and
- (c) one-half of the amount any qualifying pension contribution in accordance with (11).

22.10 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.

22.11 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.

22.12 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.

### **23.0 Deduction of tax and contributions of self-employed earners**

23.1 The amount to be deducted in respect of income tax under section 28 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 is to be applied and the amount of the personal reliefs deductible under this paragraph shall be calculated on a pro rata basis.

23.2 The amount to be deducted in respect of national insurance contributions under section shall be the total of—

- (a) the amount of Class 2 National Insurance contributions payable 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.

23.3 In this section 'chargeable income' means—

- (a) the earnings derived from the employment less any expenses deducted under section 22;
- (b) in the case of employment as a child minder, one-third of the earnings of that employment.

## **24.0 Calculation of income other than earnings**

- 24.1 For the purposes of this scheme, the income of an applicant which does not consist of earnings to be taken into account shall be his gross income and any capital treated as income under section 25.
- 24.2 There shall be disregarded from the calculation of an applicant's gross income any sum, where applicable, specified in Schedule 2.
- 24.3 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 shall be the gross amount payable.
- 24.4 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, the amount of that benefit to be taken into account is the amount as if it had not been reduced.
- 24.5 Where an award of any working tax credit or child tax credit under the Tax Credits Act 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 shall be the amount of working tax credit or child tax credit awarded less the amount of that deduction.
- 24.6 'Tax year' means a period beginning with 6th April in one year and ending with 5th April in the next.
- 24.7 Paragraphs (7),(8), (9) and (10) apply to any applicant who is a student. Paragraph (8) and (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.
- 24.8 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 (1) in respect of a person to whom paragraph (7) applies, shall be calculated by applying the formula–  
$$\frac{A - (B \times C)}{D}$$
Where  
A = the total amount of the relevant payment which that person would have received had he remained a student until he last day of the academic term in which he abandoned, or was dismissed from, his course;  
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 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.
- 24.9 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 (1) in respect of a person to whom paragraph (8) applies, shall be calculated by applying the formula in paragraph (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.

24.10 In this section– ‘academic year’ and ‘student loan’ shall have the same meanings as for the purposes of this scheme, ‘assessment period’ means–

- (a) in a case where a relevant payment is made quarterly, the period beginning with the reduction week which includes the day on which the person abandoned, or was dismissed from, his course and ending with the reduction week which includes the last day of the last quarter for which an instalment of the relevant payment was payable to that person;
- (b) in a case where the relevant payment is made by two or more instalments in a quarter, the period beginning with the reduction week which includes the day on which the person abandoned, or was dismissed from, his course and ending with the reduction week which includes–
  - i. the day immediately before the day on which the next instalment of the relevant payment would have been due had the payments continued; or
  - ii. the last day of the last quarter for which an instalment of the relevant payment was payable to that person.

whichever of those date 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.

## **25.0 Capital treated as income and Notional Income**

25.1 Any payment received under an annuity shall be treated as income.

25.2 Any earnings to the extent that they are not a payment of income shall be treated as income.

25.3 Any Career Development Loan paid pursuant to section 2 of the 1973 Act shall be treated as income

25.4 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.

25.6 An applicant shall be treated as possessing income of which he has deprived himself for the purpose of securing entitlement of reduction or increasing the amount of that reduction.

25.7 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) rehabilitation allowance made under section 2 of the 1973 Act;
- (e) child tax credit; or
- (f) working tax credit,

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.

25.8 Any payment of income 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.

25.9 This section shall not apply in respect of a payment of income made—

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

25.10 Where an applicant is in receipt of any benefit 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 1st April in that year.

25.11 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.

25.12 Paragraph (11) 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.

25.13 ‘Work placement’ means practical work experience which is not undertaken in expectation of payment.

25.14 Where an applicant is treated as possessing any income under this section, 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.

25.15 Where an applicant is treated as possessing any earnings under this section 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 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 subparagraph shall be calculated on a pro rate basis;
- (b) an amount equivalent to the amount of the primary Class 1 National Insurance contributions that would be payable by him 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.

## **26.0 Capital limit**

26.1 For the purposes of this scheme, the prescribed amount is £6,000 (subject to Schedule 3 of this scheme) and no reduction shall be granted when the applicant has an amount greater than this level.

## **27.0 Calculation of capital**

27.1 For the purposes of this scheme, the capital of an applicant to be taken into account shall, subject to paragraph (2), be the whole of his capital calculated in accordance with this scheme and any income treated as capital under this scheme.

27.2 There shall be disregarded from the calculation of an applicant’s capital under paragraph (1), any capital, where applicable, specified in Schedule 3.

**28.0 Disregard of capital of child and young person**

28.1 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.

**29.0 Income treated as capital.**

29.1 Any amount derived from employment and paid at intervals of at least one year shall be treated as capital.

29.2 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.

29.3 Any holiday pay which is not earnings shall be treated as capital.

29.4 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.

29.5 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.

29.6 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.

29.7 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.

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

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

**30.0 Calculation of capital in the United Kingdom**

30.1 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;

**31.0 Calculation of capital outside the United Kingdom**

31.1 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.

## **32.0 Notional capital**

- 32.1 An applicant shall be treated as possessing capital of which he has deprived himself for the purpose of securing entitlement to council tax reduction or increasing the amount of that reduction except to the extent that that capital is reduced in accordance with section 33.
- 32.2 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 3; 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 Schedule 3 refers; or
  - (f) child tax credit; or
  - (g) 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.
- 32.3 Any payment of capital, other than a payment of capital specified in paragraph (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.
- 32.4 Paragraph 32.3 shall not apply in respect of a payment of capital made:
- (a) under or by any of the Trusts, the Fund, the Eileen Trust, MFET Limited, the Independent Living Fund (2006), the Skipton Fund, the Caxton Foundation or the London Bombings Relief Charitable Fund;
  - (b) pursuant to section 2 of the 1973 Act in respect of a person's participation:
    - i. in an employment programme specified in regulation 75(1)(a)(ii) of the Jobseeker's Allowance Regulations;
    - ii. in a training scheme specified in regulation 75(1)(b)(ii) of those Regulations;
    - iii. in the Intense Activity Period specified in regulation 75(1)(a)(iv) of those Regulations;
    - iv. in a qualifying course within the meaning specified in regulation 17A(7) of those Regulations; or
    - v. in the Flexible New Deal specified in regulation 75(1)(a)(v) of those Regulations;
  - (c) in respect of a person's participation in the Mandatory Work Activity Scheme;
  - (d) Enterprise Scheme;
  - (e) in respect of an applicant's participation in the Employment, Skills and Enterprise Scheme or Back to Work Scheme;
  - (f) under an occupational pension scheme, in respect of a pension or other periodical payment made under a personal pension scheme or a payment made by the Board of the Pension Protection Fund where—
    - vi. 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;

- vii. the payment is made to the trustee in bankruptcy or any other person acting on behalf of the creditors; and
- viii. 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.

32.5 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 be disregarded; and
- (b) he shall 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.

32.6 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 (5) shall be disregarded.

32.7 Where an applicant is treated as possessing capital under any of paragraphs (1) and (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.

### **33.0 Diminishing notional capital rule**

33.1 Where an applicant is treated as possessing notional capital the amount which he is treated as possessing shall be reduced by the amount calculated by the authority as the weekly amount of council tax reduction lost due to the inclusion of the notional capital within the calculation.

33.1 The authority shall determine the frequency by which the notional capital is reduced.

### **34.0 Capital jointly held**

34.1 Where an applicant and one or more persons are beneficially entitled in possession to any capital asset they shall be treated 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

### **35.0 Students - Student related definitions**

35.1 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 holders 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 education authority as defined in section 12 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 Island, 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'** means any kind of educational grant or award and includes any scholarship, studentship, exhibition allowance or bursary;

**'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

35.2 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.

35.3 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.

### **36.0 Students who are excluded from entitlement to council tax reduction**

36.1 Students except those define in paragraph (3) are not able to claim Council tax reduction under Classes D of the authority’s reduction scheme.

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

36.3 Paragraph 36.2 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) who is in receipt of a Personal Independence Payment;
- (d) 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;
- (e) (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,
- (f) who is;
  - (i) aged under 21 and whose course of study is not a course of higher education, or
  - (ii) a qualifying young person or child within the meaning of section 142 of the Act (child and qualifying young person);

- (g) 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.

36.4 For the purposes of paragraph (3(f)(i)) the student must have begun, or been enrolled or accepted onto the course before attaining the age of 19

36.5 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.

36.6 An intercalating student may be eligible for a reduction if the following circumstances are met:

- (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 (7).

36.7 The period specified for the purposes of paragraph (6) 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.

### **37.0 Students - Calculation of grant income**

37.1 The amount of a student's grant income to be taken into account shall, subject to paragraphs (2) and (3), be the whole of his grant income.

37.2 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 childcare costs of a child dependant.
- (i) of higher education bursary for care leavers made under Part III of the Children Act 1989.

37.3 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.

37.4 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.

37.5 Subject to paragraphs (6) and (7), a student's grant income shall be apportioned;

- (a) subject to paragraph (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.

37.6 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.

37.7 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 shall be apportioned over the same period as the student's loan is apportioned or, as the case may be, would have been apportioned.

37.8 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.

### **38.0 Students- Calculation of covenant income where a contribution is assessed**

38.1 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 (3), the amount of the contribution.

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

**39.0 Students - Covenant income where no grant income or no contribution is assessed**

39.1 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 the 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 in the 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.

39.2 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 (1).

**40.0 Students - Covenant Income and Grant income – non-disregard**

40.1 No part of a student's covenant income or grant income shall be disregarded under this scheme

**41.0 Treatment of student loans**

41.1 A student loan shall be treated as income.

41.2 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 the course;

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

41.3 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.

41.4 Where a student is treated as possessing a student loan under paragraph (3), the amount of the student loan to be taken into account as income shall be, subject to paragraph (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.

41.5 There shall be deducted from the amount of income taken into account under paragraph (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.

#### **42.0 Students - Treatment of fee loans**

42.1 A 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.

#### **43.0 Students - Treatment of payments from access funds**

43.1 A payment from access funds, other than a payment to which paragraph 43.2 applies, shall be disregarded as income.

43.2 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.

43.3 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.

#### **44.0 Students - Disregard of contribution**

44.1 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.

#### **45.0 Further disregard of student's income**

45.1 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.

#### **46.0 Students - Income treated as capital**

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

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

46.3 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.

#### **47.0 Students - Disregard of changes occurring during summer vacation**

47.1 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.

#### **48.0 Maximum Council Tax Reduction**

48.1 Subject to paragraphs (2) to (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,

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

48.2 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.

48.3 Subject to paragraph (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 who is excluded from entitlement to Council Tax Reduction applies, in determining the maximum Council Tax Reduction in his case in accordance with paragraph (1), the amount A shall be divided by the number of persons who are jointly and severally liable for that tax.

48.4 Where an applicant is jointly and severally liable for council tax in respect of a dwelling with only his partner, paragraph (3) shall not apply in his case

#### **49.0 Date on which entitlement is to begin**

49.1 Subject to paragraph (2), any person to whom or in respect of whom a claim for council tax reduction is made and who is otherwise entitled to that reduction shall be so entitled from the date on which that claim is made or is treated as made.

49.2 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 the date of claim

#### **50.0 Date on which change of circumstances is to take effect.**

50.1 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 date on which the change actually occurs.

50.2 Where the change of circumstances is that income, or an increase in the amount of income, 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.

#### **51.0 Making an application.**

51.1 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.

- 51.2 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.
- 51.3 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.
- 51.4 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).
- 51.5 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).
- 51.6 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.
- 51.7 The authority must;
- (a) inform any person making an application of the duty imposed on them
  - (b) explain the possible consequences (including prosecution) of failing to comply with that duty; and
  - (c) set out the circumstances a change in which might affect entitlement to the reduction or its amount.

**52.0 Procedure by which a person may apply for a reduction under the authority's scheme<sup>1</sup>**

52.1. Paragraphs 2 to 7 apply to an application made under the authority's scheme.

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<sup>1</sup> Inserted by Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012

- 52.2. An application may be made;
- (a) in writing,
  - (b) by means of an electronic communication in accordance with Part 4 of this Schedule, or
  - (c) where the authority has published a telephone number for the purpose of receiving such applications, by telephone.
  - (d) a notification of Universal Credit or any legacy benefit from DWP, may be treated by the authority as a claim for reduction.
- 52.3 An application which is made in writing must be made to the designated office on a properly completed form. The form must be provided free of charge by the authority for the purpose.
- 52.4 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.
- 52.5 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.
- 52.6 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. An application made by electronic communication is defective if the applicant does not provide all the information the authority requires.
- 52.7 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.
- 52.8 If an application made by telephone is defective the authority must provide the person making the application with an opportunity to correct the defect. An application made by telephone is defective if the applicant does not provide all the information the authority requests during the telephone call.
- 52.9 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.
- 52.10 Where an applicant ('C') makes a claim which includes (or which C subsequently requests should include) a period before the claim is made, the authority may, at its discretion, treat the claim as made on an earlier date up to the first date of the financial year in which the request is received by the authority or up to 12 months from the date the claim is received, whichever is the earlier.
- 53.0 Date on which an application is made<sup>2</sup>**
- 53.1 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

<sup>2</sup> Inserted by Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012

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.

53.2 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.

53.3 Where there is a defect in an application;

- (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.

53.4 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.

53.5 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.

53.6 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.

53.7 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.

53.8 In this paragraph “appropriate DWP office” means an office of the Department for Work and Pensions.

**54.0 Submission of evidence electronically**

- 54.1 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
- 55.0 Use of telephone provided evidence**
- 55.1 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
- 56.0 Information and evidence<sup>3</sup>**
- 56.1 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.
- 56.2 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.
- 56.3 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.
- 56.4 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.
- 56.5 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.
- 56.6 Where the authority makes a request under sub-paragraph (4), it must;
- (a) inform the applicant or the person to whom a reduction under its scheme has been awarded of his duty under paragraph 9 (duty to notify change of circumstances) to notify the authority of any change of circumstances; and
  - (b) without prejudice to the extent of the duty owed under paragraph 9, indicate to him either orally or by notice or by reference to some other document available to him on application and without charge, the kind of change of circumstances which must be notified.

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<sup>3</sup> Inserted by Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012

- 56.7 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; and  
 (b) a payment which is disregarded under paragraph 24 of Schedule 5, other than a payment under the Independent Living Fund (2006);
- 56.8 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.
- 57.0 Amendment and withdrawal of application<sup>4</sup>**
- 57.1 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.
- 57.2 Where the application was made by telephone the amendment may also be made by telephone.
- 57.3 Any application amended is to be treated as if it had been amended in the first instance.
- 57.4 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.
- 57.5 Where the application was made by telephone, the withdrawal may also be made by telephone.
- 57.6 Any notice of withdrawal given in accordance with sub-paragraph (4) or (5) has effect when it is received.
- 57.7 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.
- 58.0 Duty to notify changes of circumstances<sup>5</sup>**
- 58.1 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.
- 58.2 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—

<sup>4</sup> Inserted by Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012

<sup>5</sup> Inserted by Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012

(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 one month beginning with the day on which the change occurs, or as soon reasonably practicable after the change occurs, whichever is later.

58.3 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.

58.4 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.

58.5 Notwithstanding sub-paragraph (3)(b) or (c) an applicant is required by sub-paragraph (1) to notify the authority of any change in the composition of his family arising from the fact that a person who was a member of his family is now no longer such a person because he has ceased to be a child or young person.

58.6 All changes in circumstances should be notified to the authority in writing (or by whatever format agreed by the authority) within one calendar month of the happening of the event or change in circumstance. This timescale may be extended at the discretion of the authority. Where such a change is not received within that timescale and where the change would increase the level of reduction payable, the authority may use a date later than the actual change of circumstances

## **59.0 Decisions by the authority<sup>6</sup>**

59.1 The authority must make a decision on an application under its scheme within 14 days or as soon as reasonably practicable thereafter.

## **60.0 Notification of decision<sup>7</sup>**

60.1 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.

60.2 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(1);
- (b) explaining the possible consequences (including prosecution) of failing to comply with that duty; and
- (c) setting out the circumstances a change in which might affect entitlement to the reduction or its amount.

<sup>6</sup> Inserted by Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012

<sup>7</sup> Inserted by Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012



- 60.3 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.
- 60.4 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.
- 60.5 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.
- 60.6 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.
- 60.7 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).
- 60.8 This sub-paragraph applies to—
- (a) the applicant;
  - (b) in the case of a person who is liable to pay council tax in respect of a dwelling and is unable for the time being to act;
    - (i) a deputy appointed by the Court of Protection with power to claim, or as the case may be, receive benefit on his behalf; or
    - (ii) in Scotland, a judicial factor or any guardian acting or appointed under the Adults with Incapacity (Scotland) Act 2000(3) who has power to apply or, as the case may be, receive benefit on the person's behalf; or
    - (iii) an attorney with a general power or a power to apply or, as the case may be, 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.

**61.0 Time and manner of granting council tax reduction<sup>8</sup>**

61.1 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.

61.2 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).

61.3 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.

61.4 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).

**62.0 Persons to whom reduction is to be paid<sup>9</sup>**

62.1 Subject to paragraph (2), any payment of the amount of a reduction must be made to that person.

62.2 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.

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<sup>8</sup> Inserted by Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012

<sup>9</sup> Inserted by Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012

**63.0 Shortfall in reduction<sup>10</sup>**

63.1 Where, on the revision of a decision allowing a reduction under the authority's scheme to a person, it is determined that the amount allowed was less than the amount to which that person was entitled, the authority must either;

- (a) make good any shortfall in reduction which is due to that person, by reducing so far as possible the next and any subsequent payments he is liable to make in respect of the council tax of the authority as it has effect for the chargeable financial year until that shortfall is made good; or
- (b) where this is not possible or the person concerned so requests, pay the amount of any shortfall in reduction due to that person within 14 days of the revision of the decision being made or if that is not reasonably practicable, as soon as possible afterwards.

**64.0 Payment on the death of the person entitled<sup>11</sup>**

64.1 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.

**65.0 Offsetting**

65.1 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.

**66.0 Payment where there is joint and several liability<sup>12</sup>**

66.1 Where;

- (a) a person is entitled to a reduction under the authority's scheme in respect of his liability for the authority's council tax as it has effect in respect of a chargeable financial year;
  - (b) the person entitled to the reduction is jointly and severally liable for the council tax; and
  - (c) the authority determines that discharging his entitlement by reducing the amount of his liability to which regulation 20(2) of the Council Tax (Administration and Enforcement) Regulations 1992(7) refers would be inappropriate,
- it may make a payment to him of the amount of the reduction to which he is entitled, rounded where necessary to the nearest penny.

66.2 Subject to sub-paragraph (3) any payment made under sub-paragraph (1) must be made to the person who is entitled to the reduction.

66.3 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 this scheme or is treated as having been so appointed, the amount of the reduction may be paid to that person.

**67.0 Use of information from and to the Department of Work and Pensions (DWP) and Her Majesty's Revenues and Customs (HMRC)**

67.1 The authority will use information provided by the DWP and HMRC for the purposes of Council

<sup>10</sup> Inserted by Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012

<sup>11</sup> Inserted by Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012

<sup>12</sup> Inserted by Schedule 8 of the Council Tax Reductions Scheme (Prescribed Requirements) (England) Regulations 2012

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

67.2 Where required by the relevant department and where required by law, the authority will share information obtained for Council Tax Reduction with the DWP or HMRC as appropriate and in accordance with Data Protections requirements<sup>13</sup>..

#### **68.0 Collection of information**

68.1 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

68.2 The authority may verify relevant information supplied to or obtained.

#### **69.0 Recording and holding information**

69.1 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.

#### **70.0 Forwarding of information**

70.1 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.

#### **71.0 Persons affected by Decisions**

71.1 A person is to be treated as a person affected by a relevant decision of the authority where that person is;

- (a) an applicant;
- (b) in the case of a person who is liable to make payments in respect of a dwelling and is unable for the time being to act
  - (i) a Deputy appointed by the Court of Protection with power to claim, or as the case may be, receive benefit or reduction on his behalf,
  - (ii) in Scotland, a tutor, curator, judicial factor or other guardian acting or appointed in terms of law administering that person's estate, or
  - (iii) an attorney with a general power or a power to receive benefit or reduction appointed by the person liable to make those payments under the Powers of Attorney Act 1971, the Enduring Powers of Attorney Act 1985 or the Mental Capacity Act 2005 or otherwise;
- (c) a person appointed by the authority under this scheme;

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<sup>13</sup> Data Retention and Investigatory Powers Act 2014 and Data Retention Regulations 2014

## **72.0 Terminations**

- 72.1 The authority may terminate reduction in whole or in part the Council tax reduction where it appears to the authority that an issue arises whether;
- (a) the conditions for entitlement to Council tax reduction are or were fulfilled; or
  - (b) a decision as to an award of such a reduction should be revised or superseded.
- 72.2 The authority may terminate, in whole or in part the Council tax reduction where it appears to the authority that an issue arises whether;
- (a) the conditions for entitlement to Council tax reduction are or were fulfilled; or
  - (b) a decision as to an award of such a reduction should be revised or superseded.
- Where the person fails to provide information to the authority as requested in relation to any matter relating to their liability for Council Tax

## **73.0 Procedure by which a person may make an appeal against certain decisions of the authority<sup>14</sup>**

- 73.1 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.
- 73.2 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.
- 73.3 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 Act<sup>15</sup>. Where, following notification under paragraph 2(b)(i) or (ii), the person is still aggrieved, or if the authority fails to notify the person aggrieved in accordance with paragraph 2(b) within two months of the service of his notice, he may appeal to a valuation tribunal under section 16 of the 1992 Act within four months of the service of his notice.

## **74.0 Procedure for an application to the authority for a reduction under section 13A(1)(c) of the 1992 Act<sup>16</sup>**

- 74.1 An application to the authority for a reduction under section 13A(1)(c) of the 1992 Act may be made;
- (a) in writing,
  - (b) by means of an electronic communication in accordance this scheme or
  - (c) where the authority has published a telephone number for the purpose of receiving such applications, by telephone.
- 74.2 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).

<sup>14</sup> Inserted by Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012

<sup>15</sup> As amended by the Tribunal Procedure (Amendment No 3 ) Rules 2014

<sup>16</sup> Inserted by Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012

**75.0 Exceptional Hardship Scheme**

75.1 The authority may provide additional help to an applicant who is entitled to reduction under its Exceptional Hardship Scheme.

75.2 Such payments shall be deemed to be made under S13A (1)(a) of the 1992 Act.

**76.0 Interpretation for the use of electronic communication**

76.1 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.

**77.0 Conditions for the use of electronic communication**

77.1 The authority may use an electronic communication in connection with applications for, and awards of, reductions under its scheme.

77.2 A person other than the authority may use an electronic communication in connection with the matters referred to in sub-paragraph (1) if the conditions specified in sub-paragraphs (3) to (6) are satisfied.

77.3 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.

77.4 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.

77.5 The third condition is that any information sent by means of an electronic communication is in a form approved for the purposes.

77.6 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.

77.7 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.

77.8 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.

**78.0 Use of intermediaries**

78.1 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.

## **79.0 Effect of delivering information by means of electronic communication**

- 79.1 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.
- 79.2 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).
- 79.3 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.

## **80.0 Proof of identity of sender or recipient of information**

- 80.1 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.

## **81.0 Proof of delivery of information**

- 81.1 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.
- 81.2 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.
- 81.3 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.

## **82.0 Proof of content of information**

- 82.1 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.

## **83.0 Counter Fraud and compliance**

- 83.1 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

- 83.2 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.

83.3 The authority shall put into place such administrative policies, procedures and processes as are necessary to ensure that the actions outlined within paragraph (1) and (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**

**Calculation of the amount of Council Tax Reduction in accordance with the Discount Scheme.**

1 The authority's Council Tax Reduction scheme from 2024/25 shall be calculated on the basis of the following Banded Discount Scheme:

Band	Discount	Single person	Single person with one child	Single person with two or more children	Couple	Couple with one child	Couple with two or more children
Weekly Income Level							
1	100%	£0	£0	£0	£0	£0	£0
		to £95.01	to £160.01	to £220.01	to £140.01	to £200.01	to £260.01
2	75%	£155.01	£220.01	£290.01	£210.01	£260.01	£330.01
		to £190.01	to £255.01	to £370.01	to £260.01	to £295.01	to £410.01
3	40%	£190.01	£255.01	£370.01	£260.01	£295.01	£410.01
		to £235	to £290	to £480	to £310	to £330	to £520

2 The amount of discount to be granted is to be based on the following factors:

- a. The maximum Council Tax Reduction as defined within this scheme;
- b. The Council Tax family as defined within this scheme.
- c. The income of the applicant and partner as defined within this scheme;
- d. The capital of the applicant and partner as defined within this scheme.

3. For the sake of clarity all incomes shown within the table above are weekly in accordance with the scheme requirements and definitions.

4. Discount bands vary depending on both weekly income and the household (family as defined within this scheme). For the sake of clarity, it should be noted that in any application for reduction is limited to a maximum of two dependant children or young persons.

5. Any applicant whose capital is greater than £6,000 shall not be entitled to any Council Tax Reduction whatsoever (subject to Schedule 3 Capital Disregards).

6. The authority **may** increase the level of incomes within the grid specified in paragraph 1 on an annual basis by the appropriate level of inflation decided by the Council.

7. \*Where an applicant or partner is in receipt of Income Support, Income Related Employment and Support Allowance or Income Based Jobseeker's Allowance, discount will be awarded at Band 1 level.

**Schedule 2**

**Sums to be disregarded in the calculation of income other than earnings**

1. Any amount paid by way of tax on income.
2. 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.
3. 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.
3. 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).
4. Any payment in respect of expenses arising out of the applicant's participation in a service user group.
5. 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.
6. 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.
7. 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.
8. Where the applicant, or the person who was the partner of the applicant on 31<sup>st</sup> 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 5<sup>th</sup> 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.
9. Any disability living allowance or personal independence payment or AFIP
10. Any concessionary payment made to compensate for the non-payment of;
  - (a) income support;
  - (b) an income-based jobseeker's allowance.
  - (c) an income-related employment and support allowance.
11. 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.
12. Any attendance allowance.
13. Any payment to the applicant as holder of the Victoria Cross or of the George Cross or any analogous payment.
14. (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)I 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

(69) 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
  - I directions made under section 73ZA of the Education (Scotland) Act 1980 and paid under section 12(2)I 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).
- 15. 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.
- 16 (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) 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.
- 17 (1) Subject to sub-paragraph (2), any of the following payments;
  - (a) a charitable payment;
  - (b) a voluntary payment;
  - I 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
  - (70) 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.
  
- 18. 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;
    - l 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;
    - l 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.
  
- 19. £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.
  
- 20. (1) Any income derived from capital to which the applicant is or is treated as beneficially entitled.
  
- 21. 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.
  
- 22. (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 defined within this scheme.
  - (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.
23. Any payment made to the applicant by a child or young person or a non- dependant.
24. Where the applicant occupies a dwelling as his home and the dwelling is also occupied by a person 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.
25. (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.
26. (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.
27. 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.
28. (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) 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);

- (a) 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.
29. 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
- (71) by a voluntary organisation under section 59(1)(a) of the Children Act 1989 (provision of accommodation by voluntary organisations).
30. 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) 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
31. 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).
32. (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 continues to live with the applicant.
33. (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).

- 34. Any payment of income which is to be treated as capital.
- 35. 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
- 36. Any payment under Part 10 of the Act (Christmas bonus for pensioners).
- 37. 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.
- 38. (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.

39. An amount of Universal Credit determined by the authority as the housing element.
40. Any payment made by the Secretary of State to compensate for the loss (in whole or in part) of entitlement to housing benefit.
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. 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).
43. (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);I 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).
44. 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).
45. 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.

46. (1) Where an applicant's family includes at least one child or young person, £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).
47. (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;
- I a court order;
- (d) a consent order;
- I 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.
48. 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.
49. Any guardian's allowance.
50. (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.
51. 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.
52. 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.
- 53 (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 31<sup>st</sup> 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 19<sup>th</sup> December 1881, the Royal Warrant of 27<sup>th</sup> October 1884 and the Order by His Majesty of 14<sup>th</sup> January 1922 (exceptional grants of pay, non-effective pay and allowances).

**54. Provision for all applicants: Homes for Ukraine scheme**

(1) Any payment made in connection with the Homes for Ukraine scheme is to be disregarded in determining—

- (a) an applicant’s entitlement to a reduction under the scheme; or
- (b) the amount of any reduction to which the applicant is entitled.

(2) In this regulation—

“the Homes for Ukraine scheme” means the Homes for Ukraine sponsorship scheme which was announced in Parliament by the Secretary of State for Levelling Up, Housing and Communities on 14th March 2022

55. 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).

56. (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

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

57. (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.

58. 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.

59. 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.

60. 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.

61. (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.

62. Any payments to a claimant made under section 49 of the Children and Families Act 2014 (personal budgets and direct payments)
63. Any payment of child benefit.
64. Any Windrush compensation payment.
65. Any payment made under the We Love Manchester Emergency Fund.
66. Any payment made under the London Emergency Trust.
67. Carers Allowance.
68. The support component of Employment and Support Allowance.
69. Any amount of Housing Benefit..
70. Any payment deemed to be made by the authority under a local welfare provision.
71. Any increase in national welfare benefits made in relation to a crisis by Government which would result in a reduction in support.
72. Where, **but for this scheme**, the applicant would be entitled to either a Disability Premium, Enhanced Disability Premium, Severe Disability Premium or a Disabled Child Premium, a further disregard of £30 shall be made from their income.
73. Any payment made under the Energy Rebate Scheme 2022 is to be disregarded in determining:
  - (a) an applicant's entitlement to a reduction under the scheme; or
  - (b) the amount of any reduction to which the applicant is entitled."The Energy Rebate Scheme 2022" means the scheme to provide financial support in respect of energy bills which was announced in Parliament by the Chancellor of the Exchequer on 3rd February 2022.
74. Any payment made under by Government to compensate or redress for the victims of infected Blood.



**Schedule 3**  
**Capital to be disregarded.**

1. The dwelling together with any garage, garden and outbuildings, normally occupied by the applicant as his home including any premises not so occupied which it is impracticable or unreasonable to sell separately, in particular 5, in Scotland, any croft land on which the dwelling is situated; but, notwithstanding section 15 (calculation of income and capital of members of applicant's family and of polygamous marriage), only one dwelling shall be disregarded under this paragraph.
2. 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.
3. 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.
4. 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.
5. 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.
6. 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.
7. Where an applicant is on income support, an income-based jobseeker's allowance or an income-related employment and support allowance, the whole of his capital provided that it is no more than £16,000.
8. Where the applicant is a member of a joint-claim couple for the purposes of the Jobseekers Act 1995 and his partner is on income-based jobseeker's allowance, the whole of the applicant's capital.
9. 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.
10. (1) The assets of any business owned in whole or in part by the applicant and for the purposes of which he is engaged as a self-employed earner, or if he has ceased to be so engaged, for such period as may be reasonable in the circumstances to allow for disposal of any such asset.  
 (2) The assets of any business owned in whole or in part by the applicant where–
  - (a) he is not engaged as a self-employed earner in that business by reason of some disease or bodily or mental disablement; but
  - (b) he intends to become engaged or, as the case may be, re-engaged as a self-employed earner in that business as soon as he recovers or is able to become engaged or re-engaged in that business;

for a period of 26 weeks from the date on which the claim for council tax reduction is



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

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

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

11. (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) an income-related benefit;
  - (b) an income-based jobseeker's allowance;
  - (c) any discretionary housing payment paid pursuant to regulation 2(1) of the Discretionary Financial Assistance Regulations 2001;
  - (d) working tax credit and child tax credit
  - (e) an income-related employment and reduction allowance

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

12. 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.

12. 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.

13. Any personal possessions except those which have been acquired by the applicant with the intention of reducing his capital in order to secure entitlement to council tax reduction or to increase the amount of that reduction.

14. The value of the right to receive any income under an annuity or the surrender value (if any) of such an annuity.

15. 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.

16. (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).

17. The value of the right to receive any income under a life interest or from a life rent.
18. The surrender value of any policy of life insurance.
19. Where any payment of capital falls to be made by instalments, the value of the right to receive any outstanding instalments.
20. 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).
21. (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.
22. Any social fund payment.
23. 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.
24. Any capital which, by virtue of sections 31 or 51 (capital treated as income, treatment of student loans) is to be treated as income.
25. 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.
27. 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.
28. 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 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 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 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) 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.

28. (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.
29. 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.
30. 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.
31. 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.
32. Any payment made by the Secretary of State to compensate for the loss (in whole or in part) of entitlement to housing benefit.
33. The value of the right to receive an occupational or personal pension.
34. The value of any funds held under a personal pension scheme
35. 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.
36. 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).
37. 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.
38. 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.
39. 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.
40. Any arrears of supplementary pension which is disregarded under this scheme but only for a period of 52 weeks from the date of receipt of the arrears.
41. (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 sub-paragraph (1), but only for a period of 52 weeks from the date of the receipt of the payment or repayment.
42. 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.
43. Any payment made under Part 8A of the Act (entitlement to health in pregnancy grant).
44. 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.
45. 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.
46. 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.
47. (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.
48. (1) Any sum of capital to which sub-paragraph (2) applies and  
 (a) which is administered on behalf of a person by the High Court or the County Court under Rule 21.11(1) of the Civil Procedure Rules 1998 or by the Court of Protection;  
 (b) which can only be disposed of by order or direction of any such court; or  
 (c) where the person concerned is under the age of 18, which can only be disposed of by order or direction prior to that person attaining age 18.  
 (2) This sub-paragraph applies to a sum of capital which is derived from;  
 (a) an award of damages for a personal injury to that person; or  
 (b) compensation for the death of one or both parents where the person concerned is under the age of 18.

49. 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.
50. Any payment to the applicant as holder of the Victoria Cross or George Cross.
51. In the case of a person who is receiving, or who has received, assistance under the self-employment route, any sum of capital which is acquired by that person for the purpose of establishing or carrying on the commercial activity in respect of which such assistance is or was received but only for a period of 52 weeks from the date on which that sum was acquired.
52. (1) Any payment of a sports award for a period of 26 weeks from the date of receipt of that payment except to the extent that it has been made in respect of any one or more of the items specified in sub-paragraph (2).
- (2) The items specified for the purposes of sub-paragraph (1) are food, ordinary clothing or footwear, household fuel or rent of the applicant or, where the applicant is a member of a family, any other member of his family, or any council tax or water charges for which that applicant or member is liable.
- (3) For the purposes of sub-paragraph (2) 'food' does not include vitamins, minerals or other special dietary supplements intended to enhance the performance of the person in the sport in respect of which the award was made.
53. (1) Any payment;
- (a) by way of an education maintenance allowance made pursuant to—
    - (i) regulations made under section 518 of the Education Act 1996;
    - (ii) regulations made under section 49 or 73(f) of the Education (Scotland) Act 1980;
    - (iii) directions made under section 73ZA of the Education (Scotland) Act 1980 and paid under section 12(2)(c) of the Further and Higher Education (Scotland) Act 1992;
  - (b) corresponding to such an education maintenance allowance, made pursuant to;
    - (i) section 14 or section 181 of the Education Act 2002 (power of Secretary of State and National Assembly for Wales to give financial assistance for purposes related to education or childcare, and allowances in respect of education or training); or
    - (ii) regulations made under section 181 of that Act ;

or in England, by way of financial assistance made pursuant to section 14 of the Education Act 2002.
- (2) Any payment, other than a payment to which sub-paragraph (1) applies, made pursuant to;
- (a) regulations made under section 518 of the Education Act 1996;
  - (b) regulations made under section 49 of the Education (Scotland) Act 1980; or
  - (c) directions made under section 73ZA of the Education (Scotland) Act 1980 and paid under section 12(2)(c) of the Further and Higher Education (Scotland) Act 1992, in respect of a course of study attended by a child or a young person or a person who is in receipt of an education maintenance allowance or other payment made pursuant to any provision specified in sub-paragraph (1).
54. In the case of an applicant participating in an employment zone programme, any discretionary payment made by an employment zone contractor to the applicant, being a fee, grant, loan or otherwise, but only for the period of 52 weeks from the date of receipt of the payment.
55. Any arrears of subsistence allowance paid as a lump sum but only for the period of 52 weeks from the date of receipt of the payment.

56. Where an ex-gratia payment of £10,000 has been made by the Secretary of State on or after 1st February 2001 in consequence of the imprisonment or interment of–
- (a) the applicant;
  - (b) the applicant’s partner;
  - (c) the applicant’s deceased spouse or deceased civil partner; or
  - (d) the applicant’s partner’s deceased spouse or deceased civil partner,
- by the Japanese during the Second World War, £10,000.
57. (1) Subject to sub-paragraph (2), the amount of any trust payment made to an applicant or a member of an applicant’s family who is
- (a) a diagnosed person;
  - (b) the diagnosed person’s partner or the person who was the diagnosed person’s partner at the date of the diagnosed person’s death;
  - (c) a parent of a diagnosed person, a person acting in place of the diagnosed person’s parents or a person who was so acting at the date of the diagnosed person’s death; or
  - (d) a member of the diagnosed person’s family (other than his partner) or a person who was a member of the diagnosed person’s family (other than his partner) at the date of the diagnosed person’s death.
- (2) Where a trust payment is made to;
- (a) a person referred to in sub-paragraph (1)(a) or (b), that sub-paragraph shall apply for the period beginning on the date on which the trust payment is made and ending on the date on which that person dies;
  - (b) a person referred to in sub-paragraph (1)(c), that sub-paragraph shall apply for the period beginning on the date on which the trust payment is made and ending two years after that date;
  - (c) a person referred to in sub-paragraph (1)(d), that sub-paragraph shall apply for the period beginning on the date on which the trust payment is made and ending–
    - (i) two years after that date; or
    - (ii) on the day before the day on which that person–
      - (aa) ceases receiving full-time education; or
      - (bb) attains the age of 20,
- whichever is the latest.
- (3) Subject to sub-paragraph (4), the amount of any payment by a person to whom a trust payment has been made or of any payment out of the estate of a person to whom a trust payment has been made, which is made to an applicant or a member of an applicant’s family who is–
- (a) the diagnosed person’s partner or the person who was the diagnosed person’s partner at the date of the diagnosed person’s death;
  - (b) a parent of a diagnosed person, a person acting in place of the diagnosed person’s parents or a person who was so acting at the date of the diagnosed person’s death; or
  - (c) a member of the diagnosed person’s family (other than his partner) or a person who was a member of the diagnosed person’s family (other than his partner) at the date of the diagnosed person’s death, but only to the extent that such payments do not exceed the total amount of any trust payments made to that person.
- (4) Where a payment as referred to in sub-paragraph (3) is made to–
- (a) a person referred to in sub-paragraph (3)(a), that sub-paragraph shall apply for the period beginning on the date on which that payment is made and ending on the date on which that person dies;
  - (b) a person referred to in sub-paragraph (3)(b), that sub-paragraph shall apply for the period beginning on the date on which that payment is made and ending two years after that date; or

- (c) person referred to in sub-paragraph (3)(c), that sub-paragraph shall apply for the period beginning on the date on which that payment is made and ending–
- (i) two years after that date; or
  - (ii) on the day before the day on which that person
    - (aa) ceases receiving full-time education; or
    - (bb) attains the age of 20,
 whichever is the latest.
- (5) In this paragraph, a reference to a person–
- (a) being the diagnosed person’s partner;
  - (b) being a member of a diagnosed person’s family;
  - (c) acting in place of the diagnosed person’s parents,
- at the date of the diagnosed person’s death shall include a person who would have been such a person or a person who would have been so acting, but for the diagnosed person residing in a care home, an Abbeyfield Home or an independent hospital on that date.
- (6) In this paragraph– ‘diagnosed person’ means a person who has been diagnosed as suffering from, or who, after his death, has been diagnosed as having suffered from, variant Creutzfeld- Jakob disease;  
 ‘relevant trust’ means a trust established out of funds provided by the Secretary of State in respect of persons who suffered, or who are suffering, from variant Creutzfeld-Jakob disease for the benefit of persons eligible for payments in accordance with its provisions;  
 ‘trust payment’ means a payment under a relevant trust.
58. The amount of any payment, other than a war pension, to compensate for the fact that the applicant, the applicant’s partner, the applicant’s deceased spouse or deceased civil partner or the applicant’s partner’s deceased spouse or deceased civil partner
- (a) was a slave labourer or a forced labourer;
  - (b) had suffered property loss or had suffered personal injury; or
  - (c) was a parent of a child who had died,
- during the Second World War.
59. (1) Any payment made by a local authority, or by the Welsh Ministers, to or on behalf of the applicant or his partner relating to a service, which is provided to develop or sustain the capacity of the applicant or his partner to live independently in his accommodation.
- (2) For the purposes of sub-paragraph (1) ‘local authority’ includes in England a county council.
60. Any payment made under regulations made under section 57 of the Health and Social Care Act 2001 or under section 12B of the Social Work (Scotland) Act 1968, or under section 12A to 12D of the National Health Service Act 2006 (direct payments for health care).
61. Any payment made to the applicant pursuant to regulations under section 2(6)(b), 3 or 4 of the Adoption and Children Act 2002.
62. Any payment made to the applicant in accordance with regulations made pursuant to section 14F of the Children Act 1989 (special guardianship support services).
63. Any payments to a claimant made under section 49 of the Children and Families Act 2014 (personal budgets and direct payments),
64. Any Windrush compensation payment.
65. Any payment made under the We Love Manchester Emergency Fund.
66. Any payment made under the London Emergency Trust.



67. Any payment made under the Energy Rebate Scheme 2022 is to be disregarded in determining:
- (a) an applicant's entitlement to a reduction under the scheme; or
  - (b) the amount of any reduction to which the applicant is entitled.
- "The Energy Rebate Scheme 2022" means the scheme to provide financial support in respect of energy bills which was announced in Parliament by the Chancellor of the Exchequer on 3rd February 2022
68. Any payment made under by Government to compensate or redress for the victims of infected Blood.
- 69. Provision for all applicants: Homes for Ukraine scheme**
- (1) Any payment made in connection with the Homes for Ukraine scheme is to be disregarded in determining—
- (c) an applicant's entitlement to a reduction under the scheme; or
  - (d) the amount of any reduction to which the applicant is entitled.
- (2) In this regulation—
- "the Homes for Ukraine scheme" means the Homes for Ukraine sponsorship scheme which was announced in Parliament by the Secretary of State for Levelling Up, Housing and Communities on 14th March 2022

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## **Decision Report - Executive Decision**

Forward Plan Reference: FP/23/09/09

Decision Date – 8 November 2023

Key Decision – No



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### **2023/24 Budget Monitoring Report – Month 5 – End of August 2023**

Executive Member(s): Deputy Leader of the Council and Lead Member on Resources and Performance

Local Member(s) and Division: All

Lead Officer: Nicola Hix, Director of Finance & Procurement

Author: Nicola Hix, Director of Finance & Procurement

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#### **Summary**

1. The Council is projecting an overspend for 2023/24 of £27.3m, the majority of which relates to Adults and Children's Services. All services have continued with developing financial recovery plans to help reduce the overspend.
2. Cost pressures are likely to continue into the 2024/25 financial year with demand and inflation in social care far outstripping forecast increases in council tax, business rate income and government grants. These trends are being experienced across the sector although the increases in costs seem higher in Somerset than in other areas.
3. The Council does have reserves, but these were set aside for unforeseen costs, not ongoing expenditure. If the budget gap is not reduced substantially over the coming months, it would use the bulk of reserves meaning the Council would not be financially sustainable.
4. Officers have already met with the External Auditors and the Department of Levelling up Homes and Communities to warn them of the position, that without significant additional funding or changes in legislation around support for Social Care, Somerset would join others that are already warning of imminent s114 notices.

## **Financial Recovery**

5. In September 2023, Members received the month 4 revenue monitoring report for 2023/24 which set out the very stark and challenging financial situation that the new Somerset Council is facing. The underlying cause of the problem is that the costs are increasing at a far greater rate than its income. Given the size of the potential overspend for the year that was projected at month 4, it was agreed that monthly budget monitoring would remain in place to allow Scrutiny and Executive to closely monitor the current year position.
6. The finance team have been working closely with directorates and services to review all areas of spend, especially those areas where high pressures are apparent. All services have continued with developing financial recovery plans as required by the Councils financial management framework and agreed by the Executive when approving the month 3 budget monitoring report.
7. With the financial recovery plan, focus has directed for services to:
  - Ensuring savings are delivered – delivery of 2023/24 approved savings is vital and where this cannot be achieved then the development of alternative recovery or mitigation measures to address any forecast underachievement of approved savings is required.
  - Staffing – review and deferral / delay to all permanent, temporary, interim, agency or casual recruitments unless over-ridden by exception by the relevant Directorate Management Team (DMT) due to service delivery considerations, for example, to maintain staffing in services requiring statutory minimum staffing levels.
  - Identifying underspending opportunities - services will review 2022/23 underspending or break-even services to explore whether greater underspending or moving into underspend can be achieved to assist the position.
  - Imposing limits – look to impose financial transaction limits above which senior management approval will be required, and/or limiting certain types of non-critical expenditure where possible.

- Alternative funding – exploring alternative funding solutions or curtailing or ‘value engineering’ one off or project spend.

## Communication

8. Regular budget briefings are being held with both officers and members. The initial Member Engagement Session was in August and included presentations from Rob Whiteman, CEO CIPFA and Mark Pickering CEO, Arlingclose. Two sessions are held each month from September through to February and available for all members to join to ensure that every elected member had the opportunity to fully understand the latest financial current situation and the financial challenges facing the Council going forward. Senior officers from across the Council have received a similar briefing to ensure awareness.
9. During September, each of our Scrutiny Committees received a budget report from their directorate, which was focused on the budget monitoring position for their area, and a forecast projection for the financial year. This was a good opportunity for elected members to understand the challenges but also actions being taken to address the position.
10. Our organisation is facing a serious financial deficit that requires urgent and decisive action. We are committed to ensuring the financial sustainability of the council, delivery of our key services, as well as the wellbeing and safety of our staff and customers.

## Month 5 Position

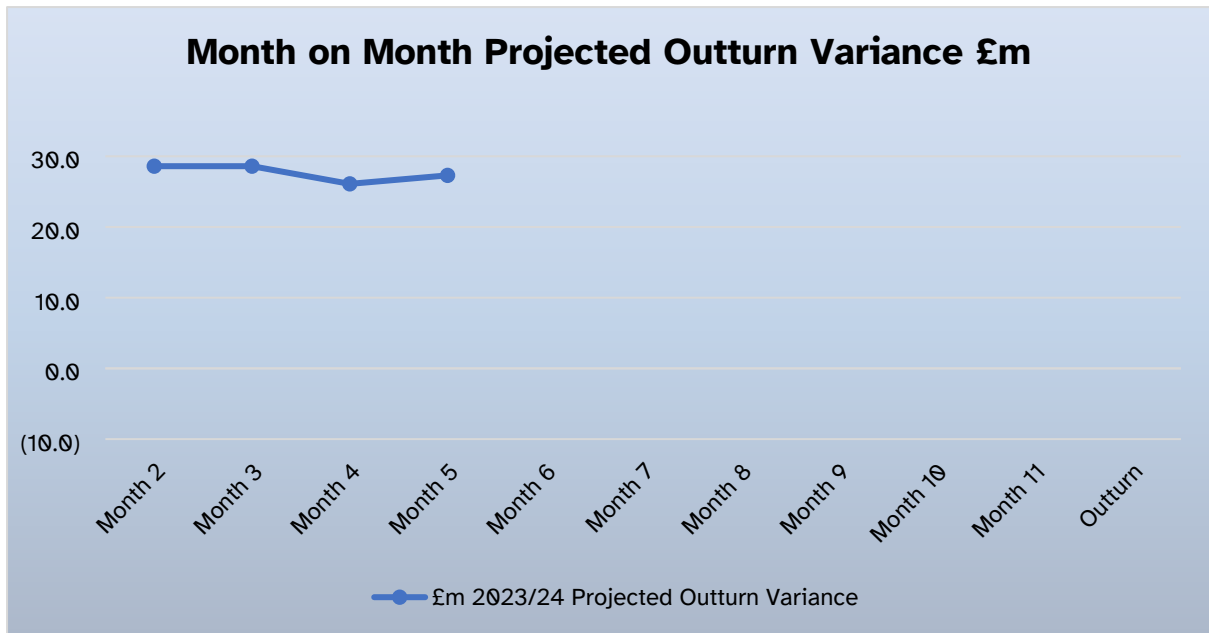
11. **Table 1** provides a summary of budget, projections, and variances on a service-by-service basis as at the end of August with further detail and mitigations being taken by the responsible director outlined in the body of the report. After taking into account all service expenditure and contingencies the projected outturn position is £520.7m against a net budget of £493.4m. This gives a £27.3m adverse variance which represents a variance of 5.5%.
12. This report details the month 5 position as at the end of August and is shown below in **Table 1**. This shows the position has deteriorated by £1.2m compared to Month 4, with the projected outturn being forecast to be £27.3m

**Table 1: 2023/24 Budget Monitoring Report as at the end of August 2023 (Month 5)**

Service Area	Original Budget	Current Budget	Full Year Projection	Month 5 Variance	A/(F)	Movement	Direction From Month 4
	£m	£m				From Month 4	
	£m	£m	£m	£m		£m	
Adult Services	186.6	185.5	200.4	14.9	A	2.8	↓
Children & Family Services	123.1	123.1	134.9	11.8	A	3.0	↓
Public Health	1.2	1.2	1.2	0.0	-	0.0	⇒
Community Services	35.2	34.9	34.9	0.0	-	0.0	⇒
Climate & Place	87.1	87.6	89.9	2.3	A	(0.4)	↑
Strategy, Workforce & Localities	20.2	20.2	21.5	1.3	A	(0.2)	↑
Resources & Corporate Services	20.5	21.8	22.1	0.3	A	(1.0)	↑
Accountable Bodies	3.7	3.7	3.7	0.0	-	0.0	⇒
Non-Service	9.8	9.8	6.3	(3.5)	(F)	(3.0)	↑
Traded Services	0.0	0.0	0.2	0.2	A	0.0	⇒
<b>Total Service Position</b>	<b>487.4</b>	<b>487.7</b>	<b>515.0</b>	<b>27.3</b>	<b>A</b>	<b>1.2</b>	<b>↓</b>
Corporate Contingency	6.0	5.7	5.7	0.0	-	0.0	⇒
<b>Total after Contingencies</b>	<b>493.4</b>	<b>493.4</b>	<b>520.7</b>	<b>27.3</b>	<b>A</b>	<b>1.2</b>	<b>↓</b>
Reserves	(19.9)	(19.9)	(19.9)	0.0	-	0.0	⇒
Council Tax	(345.4)	(345.4)	(345.4)	0.0	-	0.0	⇒
Business Rates	(116.1)	(116.1)	(116.1)	0.0	-	0.0	⇒
Revenue Support Grant	(7.9)	(7.9)	(7.9)	0.0	-	0.0	⇒
Flexible Use of Capital Receipts	(4.0)	(4.0)	(4.0)	0.0	-	0.0	⇒
<b>Total Month 5 Position</b>	<b>0.0</b>	<b>0.0</b>	<b>27.3</b>	<b>27.3</b>	<b>A</b>	<b>1.2</b>	<b>↓</b>

Arrows show movement from the previous month:

↑ Favourable movement    ⇒ No movement    ↓ Adverse movement



13. The Finance team are working with directorate management teams to challenge the financial assumptions which are being forecast. Everyone is fully engaged in understanding the reasons behind the assumptions and also working together as a team to mitigate overspends were possible.

## Recommendations

14. That the Executive:
- a. Note the forecast overspend of £27.3m (5.5%) for the year and the recovery actions being taken to address this.
  - b. Approves that it will continue to receive a monthly update on the financial position and actions being taken to address it.
  - c. Note that the format of the Budget Monitoring will be changed from month 6.
  - d. Approves a £0.3m budget virement from the Corporate Contingency budget to Strategic Asset Management to carry out the RAAC (Reinforced autoclaved aerated concrete) surveys.

### Reasons for recommendations

15. To ensure that the Council continues to maintain tight financial control over its budget.

### Other options considered

16. No other options were considered as continuing to monitor the budget on a monthly basis is considered best practice.

### Links to Council Plan and Medium-Term Financial Plan

17. The 2023/24 Budget was approved by Council in February 2023 as part of the Medium-Term Financial Plan (MTFP) and is the financial resourcing plan to deliver the Council Plan.

### Financial and Risk Implications

18. A new Strategic Risk ORG0070 Budget Overspend in the current financial year has been created and its current score is:

<b>Likelihood</b>	<b>5</b>	<b>Impact</b>	<b>5</b>	<b>Risk Score</b>	<b>25</b>
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It is clear that the scale of financial challenges facing the council are significant. The level of General Reserves is £49.8m and there are £104.9m of Earmarked Reserves subject to the finalisation of the external audits of the 2022/23 accounts from the predecessor councils.

### Legal Implications

19. There are no specific legal implications arising from this report.

### HR Implications

20. There are no specific HR implications arising from this report.

### Other Implications:

### Equalities Implications



21. There are no specific equalities implications arising from this report.

### **Community Safety Implications**

22. There are no community safety implications arising from this report.

### **Climate Change and Sustainability Implications**

23. There are no climate change and sustainability implications arising from this report.

### **Health and Safety Implications**

24. There are no health and safety implications arising from this report.

### **Health and Wellbeing Implications**

25. There are no health and wellbeing implications arising from this report.

### **Social Value**

26. There are no Social Value implications arising from this report.

### **Scrutiny comments / recommendations:**

27. This report will be presented to Scrutiny for Corporate & Resources Committee, on 9 November 2023.

### **Background**

28. The Full Council approved the 2023/24 Budget in February 2023, the first budget for Somerset Council. Budget monitoring is delegated to Executive and Scrutiny and revenue service reports will be presented monthly with a full overview of revenue, capital, and reserves quarterly. This report outlines the forecast year-end position of services against the 2023/24 budget of £493.4m as at the end of August 2023.

29. **Table 1** provides a summary of budget, projections, and variances on a service-by-service basis with further detail and mitigations being taken by the

responsible director outlined in the body of the report. The significant variances at month 5 are:

- Adult Services have a £14.9m adverse variance against their budget (8% of service budget). This variance is mainly in the Adult Social Care and Learning Disabilities budget areas due to fee levels being higher than anticipated.
- Children's Services have a £11.8m adverse variance against their budget (9.6% of service budget), an unfavourable movement of £3m from month 4. This increase in variance is due to External Placements £1.3m and SEND Transport £1.7m. The overall variance is predominantly in External Placements and is mainly due to increased demand in unregistered and residential placements as a result of complexity of children and lack of sufficiency within fostering.
- Climate and Place have an adverse variance of £2.3m against their budget. This is a reduction of £0.4m since month 4. Adverse variances continue in Waste Services, Infrastructure Programmes and Highways.
- Strategy, Workforce & Localities have a £1.3m adverse variance (6.4% of service budget). The majority of this adverse variance is in respect of Legal Services (£1.5m) with a small favourable variance of £0.2m anticipated in within the Human Resources & Organisational Development budget.
- Resources and Corporate have a £0.3m adverse variance (1.4% of service budget). The majority of the adverse variance is in respect of Property Services (£0.4m) with the remainder in Information Communication Technology (£0.1m).

### **2023/24 Budget & Forecast Outturn Position**

30. The 2023/24 Budget was put together using the information from the five predecessor councils which all recorded things in different ways and also before the full officer structure was finalised. Therefore, there is still a lot of alignment of budgets to take place which will require budget virements. Service Directors are currently developing their service structure which will require further adjustments to the budget in order to reflect the new staffing establishment.

31. After accounting for all service expenditure and contingencies the projected outturn position at month 5 is £520.7m against a net budget of £493.4m. This gives a £27.3m adverse variance which represents a variance of 5.5%. With the financial challenges outlined in this paper the Council needs to move at pace to deal with the very difficult financial situation that the council now faces. Further information for each service is shown below, along with details on movements, actions to be taken, future risks and opportunities.

### **Format of Future Reports**

32. In light of the current financial position the format of the monthly budget monitoring reports will be changed from month six. The new format will highlight key areas of concern and put a great emphasis on the actions being taken by the responsible service director to mitigate against them.

### **Adult Services Director Mel Lock, Lead Member Cllr Dean Ruddle**

- 2023/24 net budget £185.4m, projected adverse variance £14.9m, adverse movement £2.8m
- 2022/23 net budget £160.7m, outturn adverse variance £15.4m

### **Table 3: Adult Services as at the end of August 2023 (Month 5)**

Service Area	Current Budget	Full Year Projection	Month 5 Variance	A/(F)	Movement From Month 4	Direction From Month 4
	£m	£m	£m		£m	
<b>Adult Social Care Operations - Physical Disability/Sensory Loss/65 Plus</b>						
Residential & Nursing	54.0	54.9	0.9	A	0.2	↓
Home Care	28.1	30.9	2.8	A	0.6	↓
Direct Payments	11.9	13.6	1.7	A	0.8	↓
Staffing Costs	11.6	10.6	(1.0)	(F)	(1.0)	↑
Transport & Daycare	7.6	8.5	0.9	A	0.9	↓
<b>sub total</b>	<b>113.2</b>	<b>118.5</b>	<b>5.3</b>	<b>A</b>	<b>1.5</b>	<b>↓</b>
<b>Adult Social Care Operations - Mental Health</b>						
Residential & Nursing	14.7	14.6	(0.1)	(F)	(0.1)	↑
Home Care/Supported Living	5.7	6.9	1.2	A	1.0	↓
Staffing/Deprivation of Liberty Safeguards	2.6	2.6	0.0	-	0.0	⇒
Direct Payments, Day Care & Transport	1.7	1.6	(0.1)	(F)	0.0	⇒
<b>sub total</b>	<b>24.7</b>	<b>25.7</b>	<b>1.0</b>	<b>A</b>	<b>0.9</b>	<b>↓</b>
<b>Adult Social Care Operations - Learning Disabilities</b>						
Residential & Nursing	23.8	25.3	1.5	A	(0.4)	↑
Home Care/Supported Living	33.6	38.4	4.8	A	0.0	⇒
Direct Payments/In Control	10.7	9.7	(1.0)	(F)	(0.6)	↑
Day Care	6.4	6.9	0.5	A	0.0	⇒
Transport & Shared Lives	2.4	2.8	0.4	A	0.1	↓
Central & Salaries	2.4	2.6	0.2	A	0.0	⇒
Discovery	30.5	31.6	1.1	A	1.5	↓
<b>sub total</b>	<b>109.8</b>	<b>117.3</b>	<b>7.5</b>	<b>A</b>	<b>0.6</b>	<b>↓</b>
<b>Commissioning</b>						
Commissioning	2.9	5.7	2.8	A	0.0	⇒
Better Care Fund	(37.3)	(37.3)	0.0	-	0.0	⇒
LD Pooled Budget Income	(27.9)	(29.6)	(1.7)	(F)	(0.2)	↑
<b>sub total</b>	<b>(62.3)</b>	<b>(61.2)</b>	<b>1.1</b>	<b>A</b>	<b>(0.2)</b>	<b>↑</b>
<b>Adult Services Total</b>	<b>185.4</b>	<b>200.3</b>	<b>14.9</b>	<b>A</b>	<b>2.8</b>	<b>↓</b>

## Adult Services - key explanations, actions & mitigating controls

### Adult Social Care - Physical Disability/Sensory Loss/65 Plus

This area of Adult Services is currently projecting to be £5.3m overspent. As in previous years, we continue to see pressure within residential and nursing placements, with pressure on the weekly costs, as well as the number of people receiving support. Historically the authority has paid low fee rates within this sector. The increase in fee levels for 2023/24 are still not stabilising the market, due to the increase in inflation and cost of living.

There continue to be a number of interim placements as the service works with the NHS trusts to ensure a timely discharge for people from hospital. These placements are currently projected to cost £1.8m.

We continue to deliver more homecare, to allow people to remain in their own homes for as long as possible to help reduce the overreliance on beds, as well as it being the best place for them. This has led to reported overspends of £2.8m for home care.

As we continue to offer choice and have a varied market that includes micro-providers, we have seen an increase in the use of direct payments, resulting in a projected overspend of £1.7m.

### **Mental Health**

This budget includes individuals who have a diagnosis of dementia. The budget continues to be an area of growth for the past few years, and this has continued in 2023/24. We are currently projecting an overspend of £1m mainly within home care and supported living. Residential and nursing continues to be a pressure for the service due to a combination of increasing numbers and high unit costs.

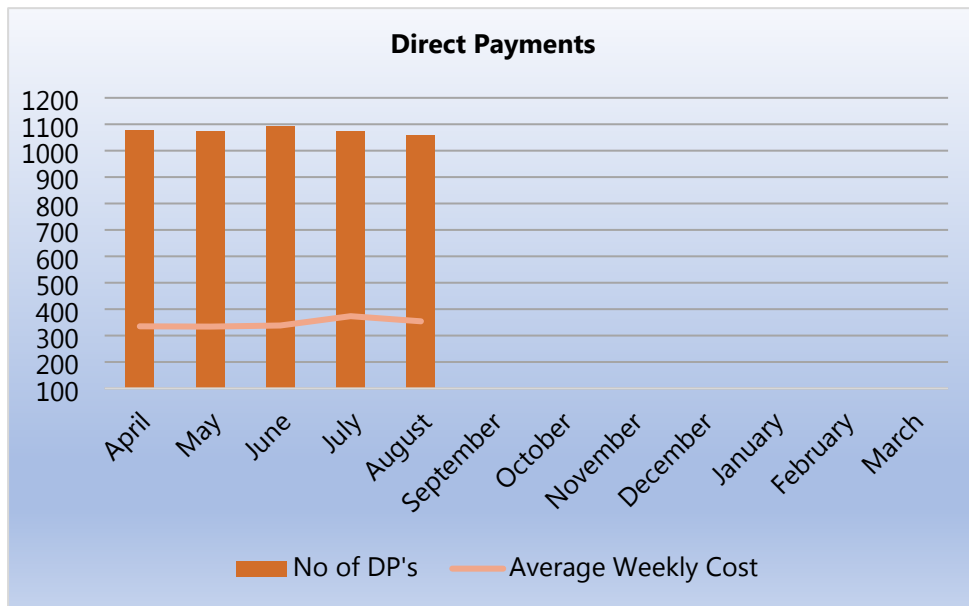
### **Learning Disabilities**

Overall, the cost of Learning Disabilities is projected to overspend by £7.5m. Since outturn we have seen a number of high costs placements come through, either via transitions or due to other forms of funding coming to an end. The four main pressure areas continue to be residential & nursing £1.5m, supported living and homecare £4.8m and day care £0.5m due to market sustainability. Supported Living is in the best interest of people but is an area where unit costs can be high.

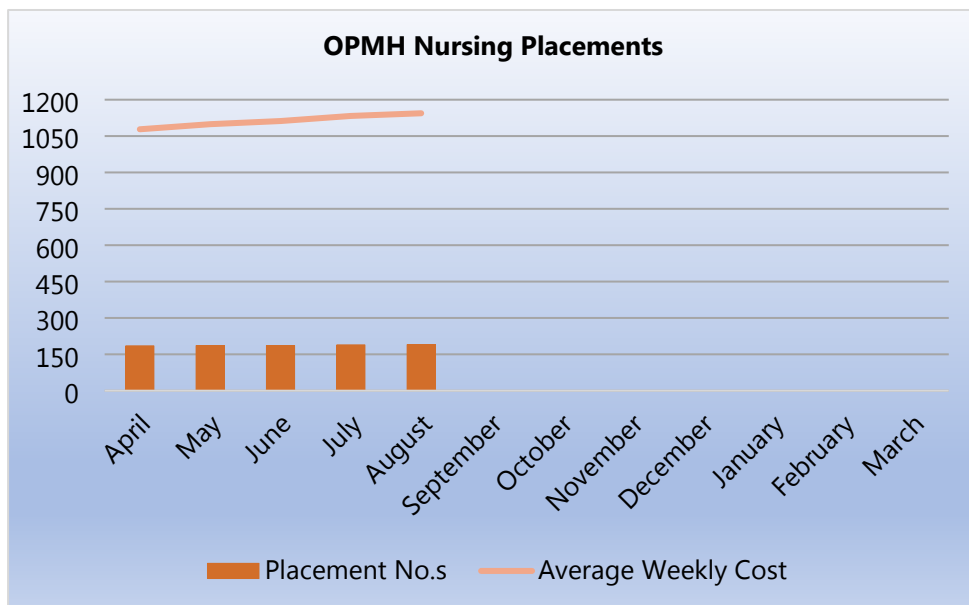
### **Commissioning**

Commissioning is currently projecting to overspend by £1.3m, as the Adults Services transformation 'my life, my future' will not achieve the full £5m saving.

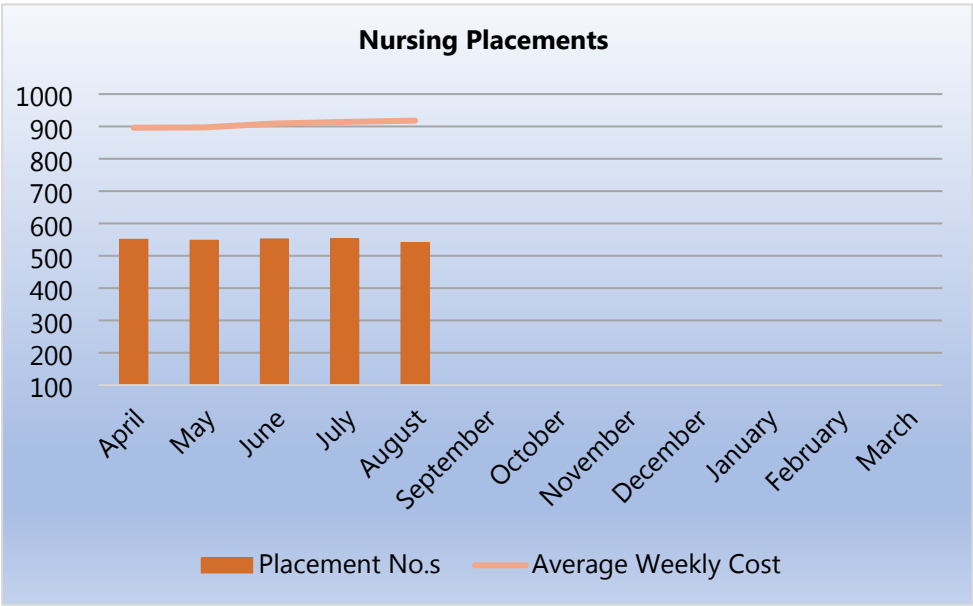
### **Adult Services - key performance cost drivers**



Since the beginning of the financial year, we have seen the number of people receiving a Direct Payment within ASC decreased from 1,077 to 1060 packages. The current weekly average cost of an ASC Direct Payment is £354 per package.



The number of Older People Mental Health (OPMH) Nursing placements has increased by five placements since April, from 185 to 190. The current weekly average cost for OPMH Nursing is £1,144 per placement.



Nursing placements decreased by ten since April from 551 to 541. The current weekly average cost for Nursing is £918 per placement.

### **Adult Services - key risks, future issues & opportunities**

90% of the ASC budget is spent on individual placements purchased through the market via block and spot placements. Therefore, there is a significant risk that this budget will continue to overspend. This is due to increased demand, the cost-of-living rise, particularly the increases in petrol, gas, electric, and food.

We have a number of mitigations that are not currently reflected in the financial position above but across the financial year we will start to see the impact:

- Enhanced Peer Forum – Robust financial and operating challenge
- Reviewing Interim Placements – This review will identify those who should be self-funding/contributing towards their long-term care.
- My life, my future – reduce the overreliance on bed placements and redesign the reablement service.
- Review all high cost/complex placements.
- Review void costs.



**Children & Family Services – Executive Director Claire Winter, Lead Member  
Cllr Tessa Munt**

- 2023/24 net budget £123.0m, projected adverse variance £11.8m, adverse movement £3.0m
- 2022/23 net budget £107.1m, outturn adverse variance £21.2m

**Table 4: 2023/24 Children & Family Services as at the end of August 2023  
(Month 5)**

Service Area	Current Budget	Full Year Projection	Month 5 Variance	A/(F)	Movement From Month 4	Direction From Month 4
<b>Children's Social Care</b>						
Prevention	5.7	5.7	0.0	-	0.0	⇒
Fostering & Permanence	13.3	13.3	0.0	-	0.0	⇒
External Placements	38.4	48.5	10.1	A	1.3	↓
Fieldwork	13.9	13.9	0.0	-	0.0	⇒
Disabilities	2.5	2.5	0.0	-	0.0	⇒
Partnership, Audit & Quality	4.3	4.3	0.0	-	0.0	⇒
Children Looked After	2.3	2.3	0.0	-	0.0	⇒
Leaving Care	(0.8)	(0.8)	0.0	-	0.0	⇒
Central	2.2	2.2	0.0	-	0.0	⇒
Residential Homes	0.0	0.0	0.0	-	0.0	⇒
<b>sub total</b>	<b>81.8</b>	<b>91.9</b>	<b>10.1</b>	<b>A</b>	<b>1.3</b>	<b>↓</b>
<b>Commissioning</b>						
Commissioning Services	11.1	11.1	0.0	-	0.0	⇒
Supporting Families	(0.6)	(0.6)	0.0	-	0.0	⇒
Central	0.7	0.7	0.0	-	0.0	⇒
<b>sub total</b>	<b>11.2</b>	<b>11.2</b>	<b>0.0</b>	<b>-</b>	<b>0.0</b>	<b>⇒</b>
<b>Education Partnerships and Skills</b>						
Education Partnerships and Skills	1.2	1.2	0.0	-	0.0	⇒
Home to School Transport	12.9	12.9	0.0	-	0.0	⇒
<b>sub total</b>	<b>14.1</b>	<b>14.1</b>	<b>0.0</b>	<b>-</b>	<b>0.0</b>	<b>⇒</b>
<b>Inclusion</b>						
Inclusion Services	5.7	5.7	0.0	-	0.0	⇒
SEND Transport	10.2	11.9	1.7	A	1.7	↓
<b>sub total</b>	<b>15.9</b>	<b>17.6</b>	<b>1.7</b>	<b>A</b>	<b>1.7</b>	<b>↓</b>
<b>Children &amp; Family Services Total</b>	<b>123.0</b>	<b>134.8</b>	<b>11.8</b>	<b>A</b>	<b>3.0</b>	<b>↓</b>

**Children & Family Services - key explanations, actions, and mitigating controls**

The external placements budget is forecasting a total overspend of £10.1m, an adverse movement of £1.3m from month 4. Of this overall variance, the unregistered placement overspend is £4.2m and the residential overspend is £4.2m.

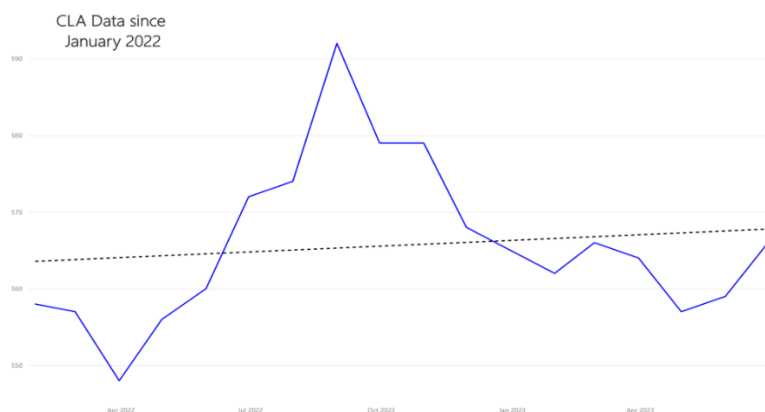
There are two key pressures that account for this:

1. The demand for unregistered bed placements is higher than the budgeted placement days. Although unregistered numbers are going down, almost three quarters of the annual 2,190 budgeted placements days have been provided in the first 5 months of the financial year. As at the end of August, the budgeted days were 915 compared to actual days used of 1,521.
2. We have seen an increase in residential placements due to both complexity of children and lack of sufficiency within fostering both internally and in the external market.

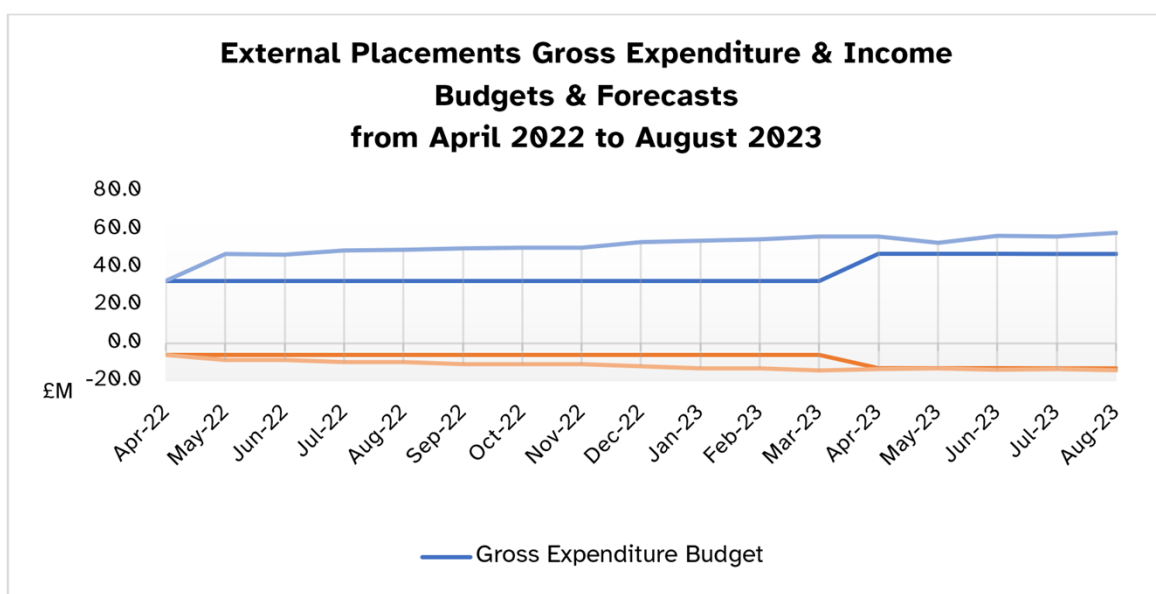
The service is developing new sufficiency strategies for placements and edge of care services to inform the transformation plan for Children Looked After. Transformation will include Homes & Horizons, recommissioning 16+, market development, reducing unregistered placements, and work with Impower consultancy to increase the number of internal foster carers and step-across options for children and young people.

### **Children & Family Services – key performance cost drivers**

The number of children in care has remained relatively stable for a significant period with an unexpected spike in the summer of 2022. This spike was largely children in their teenage years with complex needs. This has had an impact on the number of children in external placements and costs for these children were also higher than expected due to the complexity of their needs and the lack of sufficiency in foster placements.

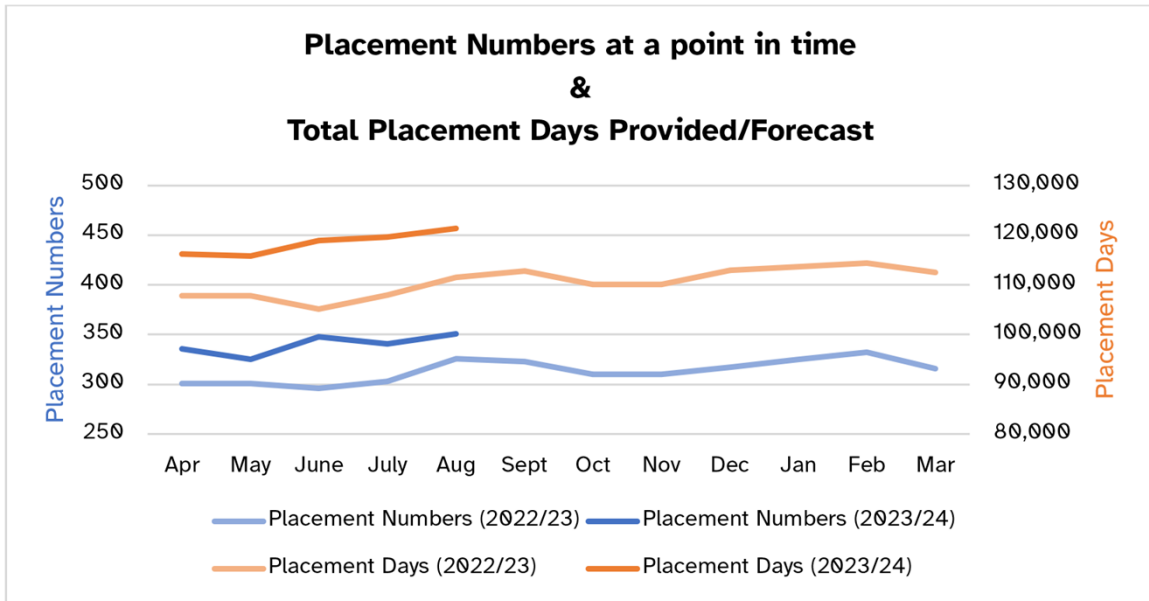


The external placements gross expenditure base budget for 2023/24 has increased by £14.0m to £47.3m in 2023/24. The forecast gross expenditure for 2023/24 is £58.9m, resulting in a forecast overspend of £10.1m, which is partly offset by NHS and DSG contributions.

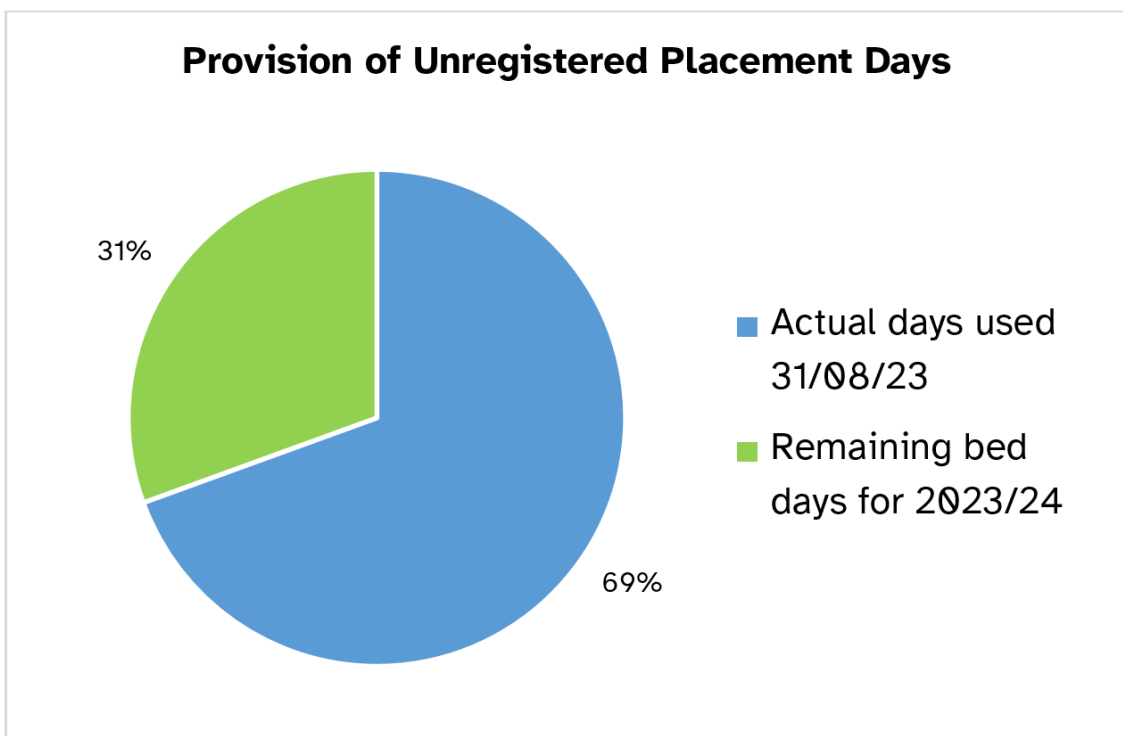


Placement numbers and the forecast number of placement days has increased compared to August last year, mainly due to:

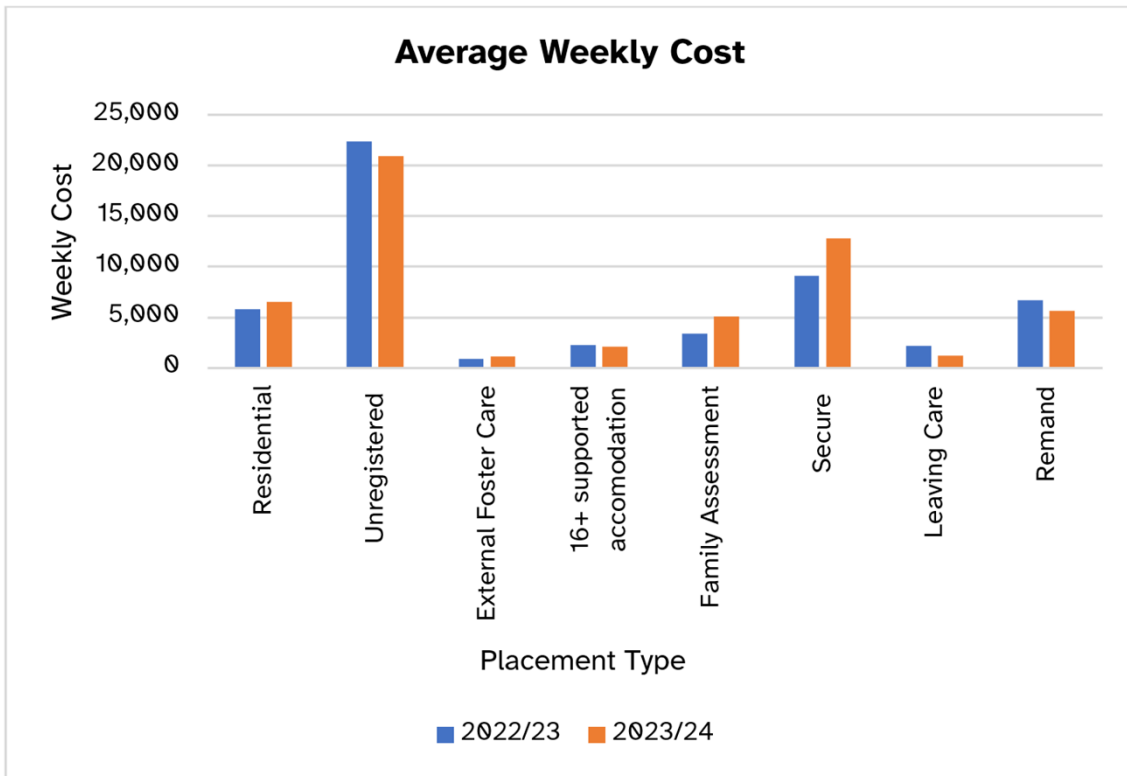
- Increases in placements for Unaccompanied Asylum-Seeking Children (UASC), largely from the National Transfer Scheme, which are only partly funded from the UASC Grant.
- Increases in residential placements due to both complexity of children and lack of sufficiency within the fostering sector.
- Increases in bespoke 16+ supported accommodation placements due to complexity of need.
- Reduction in external fostering placements.



The demand for unregistered bed placements is higher than the budgeted placement days. Almost three quarters of the annual 2,190 budgeted placements days have been provided in the first 5 months of the financial year.



The average weekly cost of unregistered placements is now £21k, a 6% reduction on last year’s average weekly cost. The average weekly cost of residential placements has increased by 10%.



**Children & Family Services - key risks, future issues, and opportunities**

For reasons outlined by the Competition and Markets Authority, the external residential market is a difficult market with unreasonable expectations of profits. Although Children Looked After numbers in Somerset have remained largely stable over the last year, they have increased by 10% in Counties nationally over the same period. Lack of sufficiency, nationally, has led to providers being able to choose children with the least complex needs, again maximising profit, and minimising risk. The immediate impact is an increase in unregulated provision as providers refuse to take our most complex children.

There are also insufficient secure placements nationally which has a domino effect on residential care sufficiency. It is of note that NHS England has reduced tier 4 mental health beds for children by 90% in Somerset – leading to additional costs for the most complex children for the Council.

In parallel, there is a risk that the cost-of-living crisis and reducing budgets in partner organisations will have a significant impact on demand in children’s social care including the number of children requiring support, or the complexity of need, and therefore the cost of services. Due to the complexities of families and communities and their resilience it is unclear when this risk might occur.

### **16+ Supported Accommodation (high risk)**

There is a specific risk that the Ofsted's new inspection regime for 16- and 17-year-old supported accommodation placements, which begins in the Autumn of 2023, will lead to increased cost for the CLA budget. National analysis by Newton Europe puts this increase at between 15% and 30%.

The annual additional cost to the Council is likely to be in the range of £0.9m to £1.9m (including the small additional new burdens grant from DfE).

The retender of the 16+ services with housing should encourage more competition and move spot purchasing to a lower cost block arrangement which will help to mitigate against this risk.

### **Education Partnership and Skills (EPS) (medium risk)**

EPS has a gross expenditure of £29.7m and is dependent on schools and academies buying the traded service.

Somerset schools are significantly underperforming, and the Council has recently initiated a five-year strategy to improve educational outcomes. The financial health of the education support services provided to schools and early years settings, and of the schools and settings themselves, is of concern, particularly in 2023/24 due to inflation.

The traded income assumptions continue to be updated in the financial model. Should schools (maintained and academies) choose to buy less than the trading assumptions this would result in a loss of income. The buy back for the following financial year will be calculated mid-year every year and services are resized accordingly.

### **Home to Schools Transport for Mainstream and SEN (high risk)**

In 2022/23, the overall cost of mainstream passenger transport had risen by 50% since 2018 despite static demand, while demand for SEND transport has doubled in the same period, with per passenger costs increasing by 10% (See table below). A significant factor in the rise in demand for SEND transport was a rise in number of children with EHCPs.

	Demand Number of Passengers		Costs £m		Cost per passenger £/annum	
	SEN	Mainstream	SEN	Mainstream	SEN	Mainstream
<b>Mar-23</b>	1,252	8,212	8.9	12.3	7,109	1,498
<b>Mar-22</b>	1,112	7,825	7.0	9.9	6,316	1,269
<b>Mar-21</b>	885	8,003	5.4	9.7	6,052	1,217
<b>Mar-20</b>	857	8,074	5.3	9.4	6,209	1,168
<b>Mar-19</b>	758	8,347	4.6	9.8	6,073	1,175
<b>Mar-18</b>	674	8,400	4.4	8.1	6,468	968

Another main driver of increased cost has been the increasing cost of contracted supply. Suppliers have been bidding higher for tenders and in addition to a 2% fuel allowance which was given to reflect inflation, this has driven up unit costs. The average annual cost of providing transport for every SEN child has risen from £6,468 in 2018 to £7,109 in 2023 (10% increase) and the average annual cost of providing transport to mainstream children has risen from £968 in 2018 to £1,498 in 2023, a 54% increase.

An additional £5.6m in relation to these demand and inflationary increases is included in the 2023/24 budget for mainstream and SEN transport. Forecasting future costs and demand is challenging. Edge Public Solutions were commissioned to conduct a deep dive review of Home to Schools Transport following unprecedented growth in demand and costs. Due to continued pressure from inflation and the increased number of SEND children being placed in special school settings, it is forecast that there will be an overspend of £1.7m in SEN transport as of month 5.

In April 2023 Edge produced a report that summarised the review findings, detailed opportunities and made recommendations to make financial and service improvements. Following discussion at the Transformation Transition and Change Board there has been approval to establish a transformation programme to address the recommendations of the Edge review.

### **Opportunities**

Our transformation programme includes the following improvements, which taken together are significantly changing the model of children's services in Somerset to improve the efficiency and effectiveness of how we use our limited resources. The transformation programme is acting at all levels and drawing in a wide all-age partnership across health, care, and education, including:

- **New Children Looked After sufficiency strategy** – describing emerging needs and response. The strategy informs a children looked after transformation plan, overseen by the new CLA Outcomes Transformation Board. Changes incorporate new provision, market development, fostering redesign, Family Safeguarding business case and regional commissioning.
- **Homes and Horizons** – a strategic partnership with the charity, the Shaw Trust, to deliver up to ten homes for children, up to 20 foster homes and therapeutic education provision for the most complex children in our care. This aligns with the political ambition to ensure that children from Somerset in our care have a home in the county and allows us to bring children who have been placed elsewhere home to their communities.
- **Education for Life strategy** – with the ambition and confidence to improve outcomes for children in both our maintained and academised sector schools over the next five years. This is a central pillar of the Council’s work.
- **Our SEND strategy** – focussing with our partners on ensuring that our children with SEND are included with their peers in their schools and communities and well supported in all aspects of their lives. Two key elements of this that will help to address financial challenges are a focus on early identification and support to reduce demand for statutory support, and the focus on developing more inclusive mainstream education provision and specialist provision for children with social, emotional, and mental health needs.
- **Connect Somerset** – an early help partnership between the Council, the NHS, schools, the voluntary sector, and our communities, ensuring that professionals and communities work together to help families and residents to improve their lives. This work is integrated with the Neighbourhoods, Local Community Networks and Primary Care networks.

### **Children, Families and Education Service- Dedicated Schools Grant (DSG)**

#### **Dedicated Schools Grant - key explanations, actions, and mitigating controls**

The DSG is a ring-fenced grant which is allocated in four blocks:



- **Schools** funds the Individual Schools’ Budgets of Academies and Local Authority Maintained schools.
- **Early Years** funds the provision of education for children from age three up to age five and for qualifying two-year olds.
- **High Needs** funds the place budgets at special schools, Enhanced Resource schools and Pupil Referral Units within the local authority’s geographical boundary and other expenditure required to support children and young people with additional educational needs.
- **Central Schools Services** funds limited central expenditure on behalf of all schools and academies plus historic commitments that have been agreed by the Schools’ Forum

The forecast variances by the four DSG blocks are outlined below.

**Table 5: 2023/24 Dedicated Schools Grant Summary**

DSG Block	Balance b/fwd at 1 Apr 2023 surplus/(deficit)	Total funding for 2023/24	Allocation to Academies and LA Schools	Total funding available for services 2023/24	2023/24 Forecast Month 5	Forecast in-year variance surplus/(deficit)	Forecast balance c/fwd at 31 Mar 2024 surplus/(deficit)
	£m	£m	£m	£m	£m	£m	£m
Schools	2.6	372.0	373.2	(1.2)	0.3	(1.5)	1.1
Central Schools	5.6	5.0	-	5.0	5.0	-	5.6
Early Years	0.9	31.1	-	31.1	31.1	-	0.9
High Needs	(29.8)	83.6	10.2	73.5	88.8	(15.3)	(45.1)
<b>Total</b>	<b>(20.7)</b>	<b>491.8</b>	<b>383.4</b>	<b>108.4</b>	<b>125.2</b>	<b>(16.8)</b>	<b>(37.5)</b>

The DSG is forecast to have an in-year deficit of £16.8m in 2023/24 (an adverse movement of £2.7m from Month 4) giving a carried forward cumulative deficit of £37.5m when added to the brought forward balance of £20.7m. The main area for concern continues to be the High Needs Block with a forecast in-year deficit of £15.3m.

The main areas contributing to the adverse variance in the High Needs Block are:

1. Planned budget pressure (£5.5m adverse variance, no movement from Month 4)

The planned budget allocation for 2023/24 included a forecast in-year pressure on the High Needs Block of £5.5 million. Largely this is due to two related factors: year-on-year growth in the number of children and young people with an EHCP (education, health, and care plan), (93% increase from 2019 to 2022) and a lack of sufficient provision within Somerset’s maintained sector for children with social, emotional, and mental health needs.

2. Independent & Non-Maintained Schools (INMS) and Independent Post 16 Schools (£5.1m adverse variance, an adverse movement of £0.6m from Month 4)

The effect of the significant increase in the number and cost of new INMS placements agreed through the LA's Placement and Travel (PAT) Panel or ordered by the SEND Tribunal continued in the first four months of 2023/24. In part, this has been due to insufficient availability of maintained specialist provision for pupils with social, emotional, and mental health needs.

3. Mainstream Schools & Academies (£1.5m adverse variance, an adverse movement of £0.4m from Month 4)

Forecast additional increases in the number, complexity, and cost of new and extended EHCPs and related costed packages were not anticipated within the budget. The service is reviewing packages to limit the overspend.

4. Children Looked After (CLA) (£0.9m adverse variance, an adverse movement of £0.2m from Month 4)

The average complexity and therefore, cost of CLA placements resulting in a contribution from education has increased above the budgeted assumptions. The adverse movement in Month 5 has resulted from further children moving into external placements during the month requiring educational contributions.

5. Special Schools (£0.2m adverse variance, an adverse movement of £0.8m from Month 4)

The favourable variance reported at Month 4 has reversed and become a small adverse variance as a result of transfers of funding to LA Maintained Special Schools and Special Academies. This corrects an error in the previous month's forecast.

6. Education Other than at School (EOTAS) (£0.3m adverse variance, an adverse movement of £0.3m from Month 4)

There has been a significant increase in the number of EOTAS packages being agreed through the PAT Panel. Committed packages for the 2023 Summer term have been fully included but a number of these may not have started as planned.

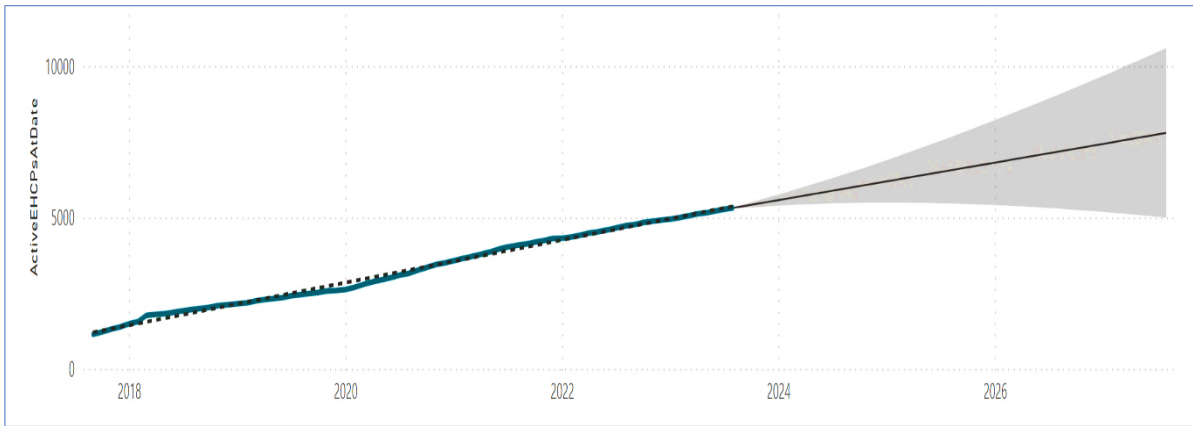
This would result in the related costs not being incurred and a future reduction in the forecast. Forecast costs for the Autumn 2023 and Spring 2024 terms are based on prior years and known cost increases.

In addition to the pressures noted above, the budgeted contribution from the Schools Block to the High Needs Block budget of £1.5m has been removed from the forecast in Month 5 which has adversely increased the High Needs Block deficit by £1.5m. This transfer has been removed because the Schools Block is now forecast to not have sufficient surplus to allow it to take place. The situation will be kept under review to identify if a transfer is possible before the end of the financial year. Because it is a movement of funds between two blocks within the DSG, this transfer does not have any net effect on the overall DSG deficit.

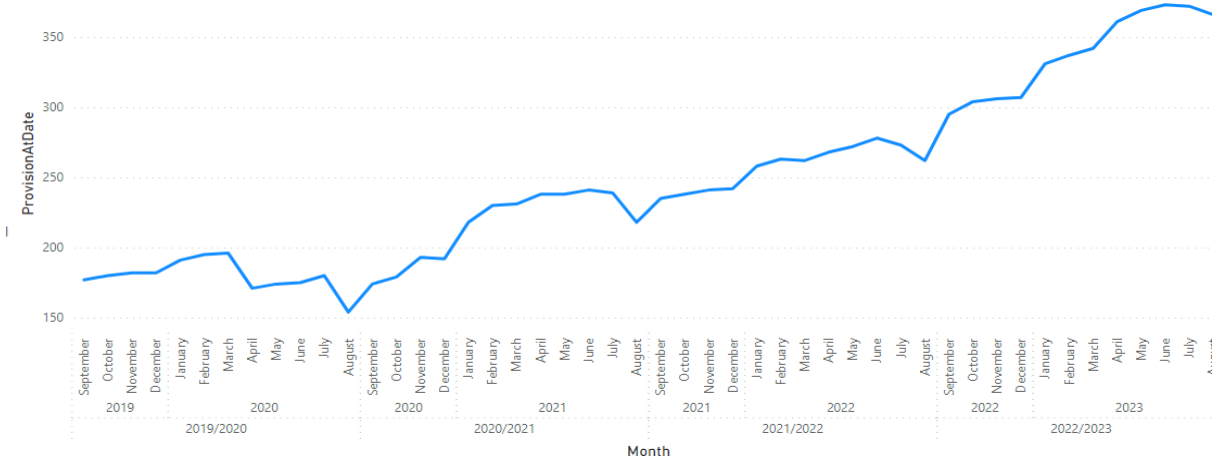
The £1.5m adverse movement on the Schools Block consists of planned expenditure on growing schools and academies of £1.2m which is not included in the budget and unplanned expenditure on asylum seeking children of £0.3m.

### **Dedicated Schools Grant - key performance cost drivers**

Since 2018, Somerset has experienced a steady growth in the number of children with Education Health & Care (EHC) plans as shown below. Previously, Somerset was an outlier, nationally, with extremely low numbers of children with EHC plans, as there was a policy of allocating high needs funding to mainstream schools to support children. This policy was changed in 2018 to ensure there was better oversight and accountability for use of high needs funding. From 2018 to 2023 there was an increase nationally in the proportion of school pupils from 2.9% to 4.3%. Somerset is now slightly above the national level at 4.6% of pupils with an EHC plan. Projections show that the numbers are expected to continue to increase in future years.



The graph below shows the growth in the number of children accessing independent non-maintained specialist (INMS) schools. INMS schools are significantly more costly (Approx £40k per pupil per year) than placements in maintained specialist schools. These placements are only made where there is no viable alternative placement available in a maintained setting, so the growth is a result of not having sufficient maintained provision in Somerset to meet the range of needs.



### Dedicated Schools Grant - key risks, future issues, and opportunities

The key issues relating to the DSG Reserves are:

1. The projected future overspends in the High Needs Block will continue to create increasing deficits within that block and hence within the overall DSG Reserves position. This is discussed further in the High Needs Block sections below.

2. The DSG had an overall cumulative deficit of £20.7m at 31 March 2023. The statutory override that allows the separation of DSG deficits from the local authority's wider finances is due to expire in March 2026 whereupon the DSG deficit will need to be recognised within the local authority's overall level of reserves.

The key risks in the High Needs Block are:

1. Increased demand for education, health, and care plans (EHCP)

The key driver for increases in high needs spending is increased demand for EHC plans. Having had one of the lowest rates of EHC plans nationally in 2018, Somerset has seen a continued increase in rates of EHC plans and the current rate of 4.6%, is now just above the national average of 4.3% (2022/23 figures). Although most children with EHC plans are educated in mainstream schools, there has been a gradual movement of children from mainstream settings into specialist settings, with demand for places exceeding the growth in the provision of specialist settings. £10.1m of DfE capital funding was made available in 2022 allowing the development of a new phase of the capital programme, which focuses on special school satellites, enhanced learning provision across the county and new therapeutic education capacity, to enable more children to access inclusive provision close to where they live. In addition, service transformation activity linked to the national Delivering Better Value (DBV) programme focuses on improving interventions and support at an early stage to prevent the need for so many EHC plans.

2. Sufficiency of provision of Social, Emotional and Mental Health (SEMH) support

There is currently insufficient SEMH provision in Somerset with the only provider currently operating significantly below capacity. This has been caused by a poor Ofsted rating for this provider. In addition, the opening of a new special SEMH free school in South Somerset has been delayed from September 2022 to September 2024. These issues result in SEMH needs being met by higher cost INMS providers. In 2022 the Council successfully applied for another SEMH special free school in the Wells area, which will cater for 64 children. However, this is not expected to be delivered until 2027. These will help to address the current lack of SEMH provision.

## **Children and Family Services – Local Authority (LA) Maintained Schools Revenue Reserves**

### **LA Maintained Schools - key explanations, actions, and mitigating controls**

These reserves are regarded as being under the control of the individual schools and not the local authority and are therefore not included in the calculation of the overall DSG reserves.

The overall revenue reserves of the 133 local authority's-maintained schools were £19.8m at 31 March 2023. Projections for 2023/24 indicate a sharp downturn in the forecast for most schools, with overall revenue reserves expected to decrease by around £8m during the year and move into overall deficit during 2024/25.

- At the beginning of the year, 7 schools shared a cumulative deficit position of £1.9m and 126 schools shared a cumulative surplus of £21.7m.
- Budget plans submitted by schools for 2023/24 show significant budgetary pressures with 102 of 122 plans submitted indicating projected in year deficits totalling £7.7m. These schools are now the focus of targeted work to review their budgets in detail and develop financial recovery plans.
- One school, Wadham Secondary, had a cumulative deficit of £1.5m at 31 March 2023 and does not have an agreed recovery plan. The underlying problems have now been addressed by an area restructure, but the historic deficit is too large to be recovered solely by this school. A proposal has been developed to manage down this deficit over a 5-to-10-year period. There is a risk that the local authority may be required to fund the deficit if the school is required to convert to an academy due to underperformance.

### **LA Maintained Schools - key risks, future issues, and opportunities**

Somerset's education system as whole (both the academised and maintained sectors) is underperforming and the 2022 assessment outcomes showed a trajectory of decline. While funding and finance issues are significant factors contributing to school performance, they do not determine educational outcomes. However, a weakened support infrastructure around schools has been strongly associated with that decline and financial stability is necessary for strong and reliable support services. Ensuring that financial uncertainty does not disrupt the focus on improvement and the benefit of improvement for children is therefore a priority for the local authority.

Key stakeholders, including Schools and the Local Authority are currently being consulted on proposals that are designed to mitigate risks and provide clarity and stability in relation to financial measures associated with a change of status from local authority maintained to academy status.

These proposals have been considered by Scrutiny and were agreed on 2 August by the Executive:

- a) Change the approach to managing Core Offer contracts when a school converts to academy status.
- b) Update the Council’s academy charge for schools electing to convert to academy status.
- c) Apply Department for Education guidance when dealing with surplus and deficit balances on conversion to academy status.
- d) Implement the proposal at (c) in relation to surplus and deficit balances effective from the date of decision (2 August 2023)

There are currently 13 schools with an academy order and a further 10 that have notified of an intention to academise. Five of the schools with orders have directive academy orders due to underperformance which means that costs cannot be recouped but any surplus would be retained.

**Public Health – Executive Director Trudi Grant, Lead Member Cllr Adam Dance**

- 2023/24 Net Budget £1.2m, no projected variance, no movement
- 2022/23 Net Budget £1.3m, no variance at outturn

**Table 6: 2023/24 Public Health as at the end of August 2023 (Month 5)**

Service Area	Current Budget	Full Year Projection	Month 5 Variance	A/(F)	Movement From Month 4	Direction From Month 4
Public Health Grant	22.6	22.6	0.0	-	0.0	→
Somerset Council Budget	1.2	1.2	0.0	-	0.0	→
Grant Income	(22.6)	(22.6)	0.0	-	0.0	→
<b>Public Health Total</b>	<b>1.2</b>	<b>1.2</b>	<b>0.0</b>	<b>-</b>	<b>0.0</b>	<b>→</b>

**Public Health - key explanations, actions & mitigating controls**

The Public Health budget is currently projected to be on budget for both the ringfenced grant and the Somerset Council budget.

### **Public Health - key risks, future issues & opportunities**

Both the Public Health Grant and the Somerset Council funding managed by public health are under significant pressure caused by contract and pay inflationary increases. This pressure will intensify following an early indication of a 1% increase to the Public Health Grant for the 2024/25 financial year which is again significantly below inflation. We are still awaiting a decision by the treasury to pay the inflationary pay increase for staff on active NHS Agenda for Change Terms and Conditions where teams are employed outside of the NHS.

There is a systemic underfunding of public health in Somerset. The Public Health Grant is significantly below the national average being 141st out of 153 local authorities nationally. Improvements in whole population health are not achievable within the constraints of the public health budget. A new operating model for public health is underway in order to focus the activity of the Public Health Team towards influencing policy, commissioning and spend right across the Somerset system towards improving health and tackling inequalities.

### **Community Services – Director Executive Director Chris Hall, Lead Member Cllr Federica Smith-Roberts**

- 2023/24 net budget £34.7m, no projected variance, no movement.

### **Table 7: 2023/24 Community Services as at the end of August 2023 (Month 5)**



Service Area	Freedom				Movement From Month 4	Direction From Month 4
	Current Budget	Full Year Projection	Month 5 Variance	A/(F)		
<b>Housing</b>						
Housing Enabling	0.4	0.4	0.0	-	0.0	→
Housing Strategic	1.3	1.3	0.0	-	0.0	→
Homelessness	4.2	4.2	0.0	-	0.0	→
<b>Customer Services</b>						
Customers & Communities	7.6	7.6	0.0	-	0.0	→
Lifeline	(0.5)	(0.5)	0.0	-	0.0	→
<b>Cultural Services</b>						
Library Service	3.8	3.8	0.0	-	0.0	→
Heritage Service	1.7	1.7	0.0	-	0.0	→
Leisure - Sports Centre	2.0	2.0	0.0	-	0.0	→
Museum/ Theatres	0.6	0.6	0.0	-	0.0	→
Visitor Centre	0.1	0.1	0.0	-	0.0	→
Tourism	0.1	0.1	0.0	-	0.0	→
(wellbeing) Community Safety	0.5	0.5	0.0	-	0.0	→
<b>Regulatory &amp; Operational Services</b>						
Scientific Services	0.0	0.0	0.0	-	0.0	→
Registration	(0.2)	(0.2)	0.0	-	0.0	→
Environmental Health	4.2	4.2	0.0	-	0.0	→
Bereavement Services	(1.2)	(1.2)	0.0	-	0.0	→
Harbours	0.3	0.3	0.0	-	0.0	→
Ports	0.0	0.0	0.0	-	0.0	→
Street Cleansing	5.0	5.0	0.0	-	0.0	→
Open Spaces	3.1	3.1	0.0	-	0.0	→
CCTV	0.7	0.7	0.0	-	0.0	→
(wellbeing) Community Grants	1.0	1.0	0.0	-	0.0	→
<b>Community Services Total</b>	<b>34.7</b>	<b>34.7</b>	<b>0.0</b>	<b>-</b>	<b>0.0</b>	<b>→</b>

## Community Services - key explanations, actions & mitigating controls

### Cultural Services

Freedom Leisure Contract – there may be an under recovery of income from the contracted schedule of payments in 2023/24 due to changes in the business rate policy and pension contributions as well as benchmarking clauses currently being discussed in relation to the dramatically increased utility costs that are placing significant pressure on the contractor's budget position. The service is continuing to work with the contractor to find solutions to reduce the impact to the Council. A bid

may be required, as part of the MTFP process, to reflect the impact of any changes in future years.

Octagon Theatre & Westlands Entertainment Venue – the Council currently subsidises the delivery of this provision to the community. The revenue budgets are currently under pressure from the rising cost of inflation. In addition, The Octagon has been closed to complete survey work and preparatory work as part of the proposed redevelopment tender process. The service is working with finance to review the annual budgets and business plan to see where savings could be made and / or income could be increased to mitigate any variance to the net budget.

### **Housing**

Homelessness – the Council has a statutory duty to assist in the prevention and provision of accommodation to those who are at risk of or become homeless. The service is seeing an increase in the number of approaches and the number of cases which the service has a duty to investigate due to the cost-of-living crisis. The cost of temporary accommodation has also increased due to the economic climate and local demand pressures on B&B and private rented accommodation. Whilst the government is providing £1.6m in the form of a Homelessness Prevention Grant and an extra £940k Ukraine Homeless Prevention Grant, there is a risk that the service will overspend above its base budget from the Council to fulfil its statutory duty. The service's current projections suggest that existing earmarked reserves should cover any overspend in this financial year. To reduce any impact on the MTFP, the service's directorate plan includes implementing a consistent approach, improving performance measures and the development of an accommodation strategy. In addition, the government has pledged a further £1.6m Homelessness Prevention Grant in 2024/25.

**Climate & Place – Executive Director Mickey Green, Lead Members – Cllr Dixie Darch, Cllr Mike Rigby, Cllr Ros Wyke**

- 2023/24 net budget £87.7m, projected adverse variance £2.3m, favourable movement £0.4m

**Table 8: 2023/24 Climate & Place as at the end of August 2023 (Month 5)**

Service Area	Current Budget	Full Year Projection	Month 5 Variance	A/(F)	Movement From Month 4	Direction From Month 4
<b>Climate, Environment &amp; Sustainability</b>						
Civil Contingencies	0.4	0.4	0.0	-	0.0	→
ECI Management	0.4	0.4	0.0	-	0.0	→
Business Support	1.3	1.3	0.0	-	0.0	→
Waste Services	49.4	50.2	0.8	A	0.0	→
Drainage Board Levy	2.3	2.3	0.0	-	0.0	→
Climate Change Costs	0.8	0.8	0.0	-	0.0	→
<b>Infrastructure &amp; Transport</b>						
Highways and Transport Commissioning	1.8	1.8	0.0	-	0.0	→
Community Infrastructure	0.6	0.6	0.0	-	0.0	→
Infrastructure Programmes Group	0.4	0.6	0.2	A	0.0	→
Highways	16.4	17.7	1.3	A	0.0	→
Traffic Management	1.0	1.0	0.0	-	0.0	→
Transporting Somerset	9.3	9.3	0.0	-	0.0	→
Car Parks	(7.3)	(7.3)	0.0	-	0.0	→
Fleet Management	0.3	0.3	0.0	-	0.0	→
<b>Economy, Employment &amp; Planning</b>						
Economy and Planning	2.2	2.2	0.0	-	(0.4)	↑
Commissioning Development	0.1	0.1	0.0	-	0.0	→
Building Control	0.5	0.5	0.0	-	0.0	→
Development Control	1.5	1.5	0.0	-	0.0	→
Planning Policy	3.5	3.5	0.0	-	0.0	→
Economic Development	2.8	2.8	0.0	-	0.0	→
<b>Climate &amp; Place Total</b>	<b>87.7</b>	<b>90.0</b>	<b>2.3</b>		<b>(0.4)</b>	<b>↑</b>

**Climate & Place - key explanations, actions, & mitigating controls**

Climate and Place is currently forecasting an outturn variance of £2.3m. The forecasted overspends are due to the following:

**Climate, Environment and Sustainability**

- Waste Services is forecasting an overspend of £0.8m at outturn. This can be explained by the following:
  - An increase in residual waste has been seen at both the kerbside and recycling centres. The budgeted increase was estimated to be 0.7%, however figures at the end of Quarter 1 shows that the actual increase for

this period is 4.2%. Based on this increase the forecasts have been amended to reflect the higher costs. The increase in tonnages is currently being investigated by the service to understand what has caused this significant increase.

- The additional bank holiday for the King's coronation, meant that there was an impact on waste collections and was not anticipated in budgets.
- An anticipated change of legislation due in January 2024 regarding DIY waste (removing charges at recycling centres) adds further pressures to the waste budget.
- Waste services have been able to negotiate an improved pay award shared with Suez, however this has provided a further unbudgeted pressure within the service. This however has avoided any strike action which would have caused disrupted waste collections across the County and resulted in significant costs.

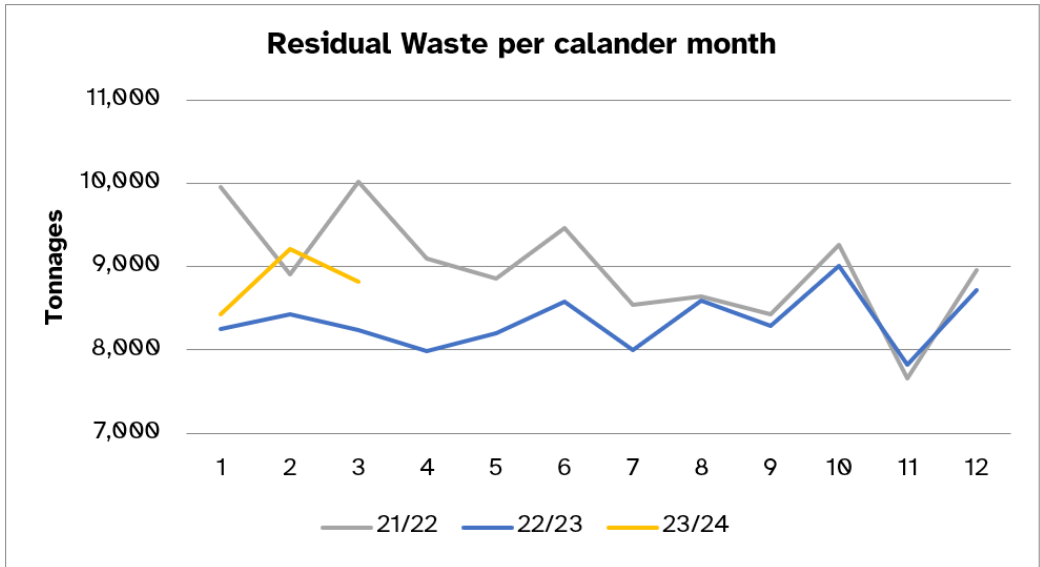
### **Infrastructure and Transport**

- Highways is forecasting an overspend of £1.3m at year end. As many authorities are finding this is due to an increase in Safety defects across the road network. The service continues to work hard to successfully complete the investigation and repair works. This pressure is a continuation of the situation that Somerset County Council reported in 2022/23.
- Infrastructure Programmes Group have highlighted pressures of £0.2m. This is due to being unable to allocate salary costs to capital schemes, the service is currently supporting revenue funded projects as well as Capital works.

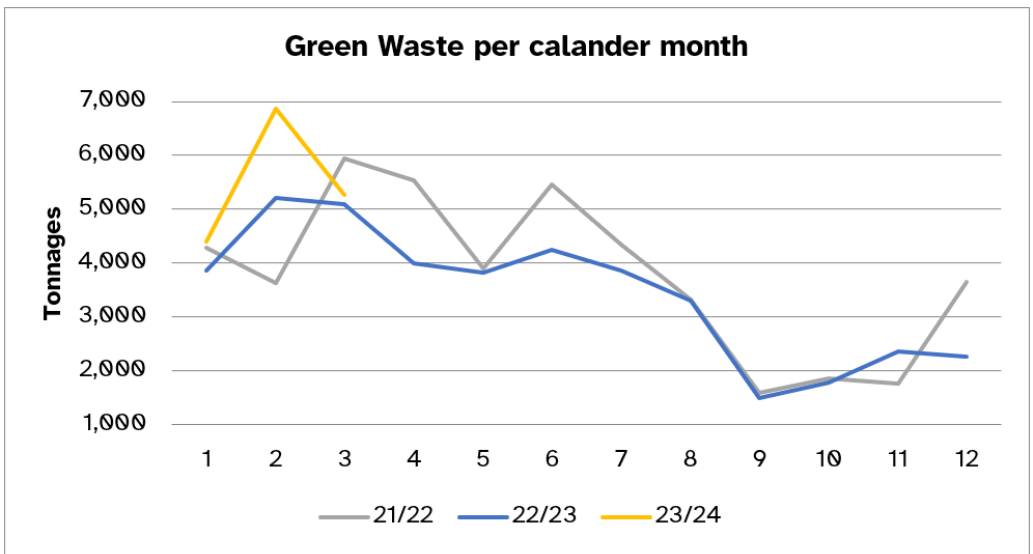
### **Economy, Employment and Planning**

- A one-off pressure of £0.4m had been identified in this area due to a change in how funding from DWP can be applied. The Service have been able to identify savings within the service to mitigate this pressure and are now forecasting to be on budget.

### **Climate & Place - key performance cost drivers**



The above graph shows the residual waste (per tonnage) per month. The residual waste includes Kerbside collected waste and waste deposited at the recycling centre. The graph currently shows the reduction of waste in 2022/23 compared to 2021/22, however this highlights the unexpected increase in tonnages for 2023/24. An additional bank holiday collection due to the Kings Coronation in May and a subsequent alteration to waste collection days (that lead to a temporary relaxation inside waste policy), increased tonnage, and pressure on the Recycling Centres. Further pressures on the residual waste service during May and June arose from the disposal of flood damaged materials. Residual Waste during July & August have reduced and are tracking marginally above 2022 levels.



The above graph shows the green waste (per tonnage) per month. It is expected to see a downwards trend between month 6-12 (September to April) due to the seasonality of

garden waste. The graph currently highlights a higher tonnage of green waste compared to 2021/22 and 2022/23, to date Garden Waste arisings have been significantly higher than in both 21/22 and 22/23, this has been driven by the unusually mild, damp, weather this year propagating plant growth and increasing the moisture content of the material.

### **Climate & Place - key risks, future issues & opportunities**

Due to the current economic climate, there are several key risks and future issues that need to be taken into consideration:

- **Contract inflation** is applied at various times throughout the year, as the increase in contract could be led by RPI or CPI it is currently difficult to predict accurately what the impact for each contract might be. In addition, there are a number of contractual disputes which are being worked through. It is anticipated that these can be resolved in a timely matter, but in resolution may see increased costs agreed.
- **Impact of cost-of-living crisis.** As costs continue to rise, spending habits may change therefore it is possible that services across Economic and Community Infrastructure will see a decrease in income budgets.
- **Staff vacancy levels.** Difficulties in recruiting permanent staff across Climate and Place continue to impact on the ability to deliver services, where possible agencies have been used to fill critical roles. However, this has a financial impact as generally the cost of these staff is higher than budgeted for.

Risks can be identified due to the change in climate. It is almost difficult to be able to identify financially what the impact of climate change will be year on year, but risks with a potential financial impact include:

- Icy conditions will see a high demand on the Highways service to grit primary and secondary routes.
- An increase in rainfall raises the risk of flooding across the County. This will require input from the Emergency Planning department, Highways and Traffic Management to help ensure residents can safely navigate around the affected areas.
- The extreme changes in weather will impact the road surfaces which continues to increase the safety defects reported and increases the costs of investigation and corrective action for potholes.

Climate and Place are working with finance colleagues to ensure pressures within budgets are highlighted and that income has been received as anticipated. There is a risk that further pressures will be identified as this work continues.

**Strategy, Workforce & Localities – Executive Director Alyn Jones, Lead  
Members Cllr Theo Butt Philip, Cllr Liz Leyshon, Cllr Mike Rigby & Cllr Bill  
Revans**

- 2023/24 net budget £20.2m, projected adverse variance £1.3m, favourable movement £0.2m.

**Table 9: 2023/24 Strategy, Workforce & Localities as at the end of August  
2023 (Month 5)**

Service Area	Current Budget	Full Year Projection	Month 5 Variance	A/(F)	Movement From Month 4	Direction From Month 4
<b>Partnership &amp; Localities</b>						
Community Development	0.8	0.8	0.0	-	0.0	→
<b>Strategy &amp; Performance</b>						
Communications	1.2	1.2	0.0	-	0.0	→
Transformation & Change	2.2	2.2	0.0	-	0.0	→
Land Charges	(0.6)	(0.6)	0.0	-	0.0	→
Performance	0.4	0.4	0.0	-	0.0	→
<b>Workforce</b>						
Human Resources & Organisational Development	5.1	4.9	(0.2)	(F)	(0.2)	↑
Learning & Development	0.9	0.9	0.0	-	0.0	→
<b>Governance, Democratic &amp; Legal Services</b>						
Democratic Services	4.6	4.6	0.0	-	0.0	→
Legal Services	5.6	7.1	1.5	A	0.0	→
<b>Strategy, Workforce &amp; Localities Total</b>	<b>20.2</b>	<b>21.5</b>	<b>1.3</b>	<b>A</b>	<b>(0.2)</b>	<b>↑</b>

## Strategy, Workforce & Localities - key explanations, actions, & mitigating controls

### Workforce

An underspend of £0.2m is forecast within the Human Resources & Organisational Development budget in respect of employment costs. This is due to vacancies within the service.

### Governance, Democratic & Legal Services

The forecast £1.5m adverse variance within Legal Services is an estimate of anticipated increases in external legal costs based on the previous year's reported pressures. This is due to the continued need to place legal cases, principally in respect of childcare, with external legal experts.

## Resources & Corporate Services – Executive Director Jason Vaughan, Lead Member Cllr Liz Leyshon, Cllr Mike Rigby & Cllr Ros Wyke

- 2023/24 net budget £21.8m, projected adverse variance of £0.3m, favourable movement £1.0m



**Table 10: 2023/24 Resources & Corporate Services as at the end of August 2023 (Month 5)**

Service Area	Current Budget	Full Year Projection	Month 5 Variance	A/(F)	Movement	Direction
					From Month 4	From Month 4
<b>Finance &amp; Procurement</b>						
Finance	8.4	8.4	0.0	-	0.0	→
Commercial & Procurement	1.7	1.6	(0.1)	(F)	(0.1)	↑
Revenues	1.7	1.7	0.0	-	(0.7)	↑
Housing Benefits	1.1	1.0	(0.1)	(F)	(0.2)	↑
<b>Strategic Asset Management</b>						
Property Services	12.2	12.6	0.4	A	0.0	→
Commercial Investment Properties	(21.1)	(21.1)	0.0	-	0.0	→
<b>Information Communication Technology</b>						
ICT	17.8	17.9	0.1	A	0.0	→
<b>Resources &amp; Corporate Services Total</b>	<b>21.8</b>	<b>22.1</b>	<b>0.3</b>	<b>A</b>	<b>(1.0)</b>	<b>↑</b>

## Resources & Corporate Services - key explanations, actions & mitigating controls

### Commercial & Procurement

There are a number of vacant posts in the service which has resulted in an underspend on employee budgets.

### Revenues

It was previously anticipated that there would be additional spend in respect of temporary staff due to service pressures. Work has been undertaken on identifying unallocated funding in the earmarked reserves for this area to fund the anticipated additional costs. Additional spend is expected in respect of Foster Carers and Carers Leave discount which was approved as part of the Council Tax Discounts and Premiums scheme for the new Council.

### Housing Benefits

Temporary resourcing required to maintain service delivery resulting in additional spend on staffing. The Housing Benefit Admin Subsidy grant received is anticipated to be less than the budget. The temporary resourcing additional spend is partially covered by funding received in the form of a government grant (Ukrainian refugee scheme).

There are a number of vacant posts in the service which has resulted in an anticipated underspend on employee budgets.

A detailed review of the Revenues & Housing Benefits budgets has been undertaken, the review has identified a significant number of positive variances and additional income, from government grants and court costs. The positive variances and the additional income offset the additional spend forecast on temporary staffing and Foster Carers and Carers Leave discount and eliminates the previously forecast £0.8m adverse budget variance.

### **Strategic Asset Management**

Vacant property running costs are forecast to be higher than budget as the service is taking on larger complex sites and properties are vacant for longer periods due to ongoing phosphates issues delaying planning. Tenancy changes at various properties has resulted in an anticipated shortfall of income in respect of rent receivable. Various other overspends anticipated on several budgets including facilities costs, property maintenance and training costs. The additional spend has been partially offset by an anticipated underspend on cleaning costs.

Additional costs of surveying for Reinforced Autoclave Aerated Concrete (RAAC) are estimated to be around £0.3m and these unexcepted costs will be funded from the corporate contingency.

There is a risk that the income target in respect of the dividend payable from one of the Council's partly owned trading companies may not be achieved resulting in a variance against the income budget. Work is being undertaken to understand the factors and risks that are contributing to the potential non-payment of the dividend.

### **Information Communication Technology**

Additional costs have been incurred in respect of the Office365 backup costs. The cost in respect of consolidating into a single electronic payments system will be more than anticipated and the work on data centre consolidation is not achievable in this financial year meaning the budget will be exceeded.

Work is being undertaken to find a solution that delivers the Office365 backup work on budget, an update on progress will be provided in quarter two. All service budgets are being reviewed and budget savings will be identified to offset the additional costs anticipated in respect of the systems consolidation work.

**Accountable Bodies – Executive Director Mickey Green, Lead Members – Cllr Mike Rigby, Cllr David Woan, Cllr Mike Stanton**

- 2023/24 net budget £3.7m, no projected variance, no movement

**Table 11: 2023/24 Accountable Bodies as at the end of August 2023 (Month 5)**

Service Area	Current Budget	Full Year Projection	Month 5 Variance	A/(F)	Movement From Month 4	Direction From Month 4
Somerset Rivers Authority	3.0	3.0	0.0	-	0.0	→
Local Enterprise Partnership	0.0	0.0	0.0	-	0.0	→
Connecting Devon & Somerset	0.7	0.7	0.0	-	0.0	→
<b>Accountable Bodies Total</b>	<b>3.7</b>	<b>3.7</b>	<b>0.0</b>	<b>-</b>	<b>0.0</b>	<b>→</b>

**Accountable Bodies – key explanations, actions, & mitigating controls**

**Somerset Rivers Authority (SRA)**

Somerset Rivers Authority is currently reporting to be within budget and are not anticipating any draws from or to reserves.

**Local Enterprise Partnership (LEP)**

LEP is currently reporting to be within budget and are not anticipating any draws from or to reserves.

**Connecting Devon & Somerset (CDS)**

CDS is currently reporting to be within budget and are not anticipating any draws from or to reserves.

**Accountable Bodies – key risks, future issues & opportunities**

Somerset Council acts as the accountable body for the Heart of the Southwest LEP, providing a service across the core functions of the LEP and its programmes. This is in the context of an assurance framework for this programme funding meeting Government principles and expectations. In performing these functions, Somerset Council works closely with the LEP core team, and the services Somerset Council

provides are specified and resourced via a service level agreement between the LEP and Somerset Council.

LEP performance is subject to periodic assessment and an annual formal review by Government – the most recent of these for 2022/23 looked positively on Somerset Council’s accountable body services to the LEP.

LEPs are being reviewed by Government and in March 2023 the Chancellor indicated that the Government is minded ceasing funding them post 2023/24. Detailed outcomes of this review have been received regarding LEP integration into local authorities including Somerset Council. The Council is working with the LEP and partner Local Authorities to seek advice about the treatment of LEP assets remaining at this point.

### **Non-Service – Executive Director Jason Vaughan, Lead Member Cllr Liz**

#### **Leyshon**

- 2023/24 net budget £9.8m, projected favourable variance £3.5m, £3m favourable movement from month 4.

**Table 12: 2023/24 Non-Service as at the end of August 2023 (Month 5)**

<b>Service Area</b>	<b>Current Budget</b>	<b>Full Year Projection</b>	<b>Month 5 Variance</b>	<b>A/(F)</b>	<b>Movement From Month 4</b>	<b>Direction From Month 4</b>
Local Government Reform	0.1	0.1	0.0	-	0.0	→
Contributions	0.9	0.9	0.0	-	0.0	→
Corporate Costs	9.3	9.3	0.0	-	0.0	→
Financing Transactions	40.6	37.6	(3.0)	(F)	(3.0)	↑
Special Grants	(56.4)	(56.9)	(0.5)	(F)	0.0	→
Pay Award	15.3	15.3	0.0	-	0.0	→
<b>Non-Service Total</b>	<b>9.8</b>	<b>6.3</b>	<b>(3.5)</b>	<b>(F)</b>	<b>(3.0)</b>	<b>↑</b>

### **Non-Service - key explanations, actions, & mitigating controls**

#### **Financing Transactions**

The £3m favourable variance relates to the Council utilising internal borrowing in light of a higher than forecast cashflow level. This has decreased the cost of borrowing.

## Special Grants

The favourable variance of £0.5m for Special Grants is due to receiving confirmation that the Rural Services Delivery grant and the 2023/24 Services Grant will be higher than budgeted. The grant confirmation was received after the budget setting process.

## Traded Services – Executive Director Claire Winter, Lead Member Cllr Tessa Munt

- Traded Services are required to set a net nil budget with full costs offset by income generated.

**Table 13: 2023/24 Traded Services as at the end of August 2023 (Month 5)**

Service Area	Current Budget	Full Year Projection	Month 5 Variance	A/(F)	Movement From Month 4	Direction From Month 4
Dillington	0.0	0.2	0.2	A	0.0	⇒
<b>Traded Services Total</b>	<b>0.0</b>	<b>0.2</b>	<b>0.2</b>	<b>A</b>	<b>0.0</b>	<b>⇒</b>

## Traded Services - key explanations, actions, & mitigating controls

Dillington's deficit for the year is still forecasted to be £0.240m with operating costs continuing to increase, particularly food, drink, and utility bills. Salary costs have also increased due to using agency staff whilst current employees secure alternative employment. A full review will take place for month 6 once Dillington has closed at the end of September.

## Contingencies – Executive Director Jason Vaughan, Lead Member Cllr Liz Leyshon

- 2023/24 allocation of £6m, assumed £6m is committed.

**Table 14: 2023/24 Contingencies as at the end of August 2023 (Month 5)**

Service Area	Original Budget	Contingency Allocations £m	Current Budget	Full Year Projection	Month 5 Variance	A/(F)	Movement From Month 4	Direction From Month 4
Corporate Contingency	6.0	(0.3)	5.7	5.7	0.0	-	0.0	→
<b>Contingencies Total</b>	<b>6.0</b>	<b>(0.3)</b>	<b>5.7</b>	<b>5.7</b>	<b>0.0</b>	<b>-</b>	<b>0.0</b>	<b>→</b>

## Contingencies – key risks, mitigations, future issues, and opportunities

### Corporate Contingency

As at end of August, £0.3m was taken from the Contingency budget and allocated to the Strategic Asset Management budget to cover the costs associated with work on RAAC surveys.

The balance of the Contingency budget (£5.7m) is forecast to be fully committed in order to cover the additional costs of the National Pay Award over and above the 5% that was budgeted for, temporary staffing, and costs of the Financial Resilience Review.

### Core Revenue Funding – Executive Director Jason Vaughan, Lead Member Cllr Liz Leyshon

- 2022/23 net budget (£473.4m), no projected variance

**Table 15: 2023/24 Core Revenue Funding as at the end of August 2023 (Month 5)**

Service Area	Current Budget	Full Year Projection	Month 5 Variance	A/(F)	Movement From Month 4	Direction From Month 4
Council Tax	(345.4)	(345.4)	0.0	-	0.0	→
Business Rates	(116.1)	(116.1)	0.0	-	0.0	→
Revenue Support Grant	(7.9)	(7.9)	0.0	-	0.0	→
Flexible Use of Capital Receipts	(4.0)	(4.0)	0.0	-	0.0	→
<b>Core Revenue Funding Total</b>	<b>(473.4)</b>	<b>(473.4)</b>	<b>0.0</b>	<b>-</b>	<b>0.0</b>	<b>→</b>

### Core Revenue Funding - key explanations, actions, & mitigating controls

There is currently no variance projected for outturn.

### Background Papers

28. Medium Term Financial Strategy (MTFS) 2024/25 to 2026/27 report to Corporate & Resources Scrutiny & Executive July 2023

29. 2023/24 Budget, Medium-Term Financial Plan & Council Tax Setting report to Council February 2023

### Appendices

None

### Report Sign-Off

	<b>Officer Name</b>	<b>Date Completed</b>
Legal & Governance Implications	David Clark	24/10/2023
Communications	Peter Elliot	24/10/2023
Finance & Procurement	Nicola Hix	24/10/2023
Workforce	Dawn Bettridge	24/10/2023
Asset Management	Oliver Woodhams	24/10/2023
Executive Director / Senior Manager	Jason Vaughan	24/10/2023
Strategy & Performance	Alyn Jones	24/10/2023
Executive Lead Member	Cllr Liz Leyshon	23/10/2023
Consulted:		
Local Division Members	All	
Opposition Spokesperson	Cllr Mandy Chilcott Deputy Leader of the Opposition and Opposition Spokesperson for Resources and Performance	Sent Report 20/10/2023
Scrutiny Chair	Cllr Bob Filmer, Chair - Scrutiny Corporate & Resources Committee	Sent Report 20/10/2023





## Decision Report - Executive Decision

Decision Date – 08 November 2023

Key Decision – No



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### Financial Strategy Update

Executive Member(s): Deputy Leader of the Council and Lead Member on Resources and Performance

Local Member(s) and Division: All

Lead Officer: Jason Vaughan, Executive Director – Resources & Corporate Services (Section 151 Officer)

Author: Jason Vaughan, Executive Director – Resources & Corporate Services

Contact Details: [jason.vaughan@somerset.gov.uk](mailto:jason.vaughan@somerset.gov.uk)

### Summary

1. The new Council faces a very stark and challenging financial position with its cost of delivering services increasing significantly faster than the income it receives. The income the council receives comes from Council Tax, government grants, and fees and charges such as parking charges and planning fees. The council is not able to increase Council Tax in line with inflation as its increases are controlled by government through referendum limits which restrict any increase to a maximum of 2.99% and for the adult social care precept to 2%. With inflation hitting double digits and being at a 40 year high over the last year, the increases in costs at the same time as income has been restricted results in a fundamental imbalance and a very considerable budget gap between the costs of providing services and the income the council receives.
2. The most significant area of impact is on the adult social care budget where costs are increasing at a much faster rate than Council Tax and the adult social care precept. The cost pressures in the adult social care budget are driven by the soaring costs of providing care, particularly the costs of residential care placements. Traditionally the costs in Somerset have been amongst the lowest in the country providing extremely good value for the council taxpayer of Somerset. The impacts of interest rates, cost of living, Brexit, Covid, Covid jobs, and the commencement and then postponement of the national Fair Cost of Care exercise by the government, have all been detrimental to the cost of placements, particularly in Somerset.

3. When the current year's budget was set in February 2023 the Medium-Term Financial Plan (MTFP) forecast the budget gap for 2024/25 based upon the available information and it estimated that the budget gap between costs and resources available was £42m which equates to around 8.5% of the net budget.
4. The Financial Strategy approved by the Executive in July 2023 recognised that given the level of required savings, the known pressures within the current year's budget and the relatively low level of reserves, the need to take decisive action combined with the limited staff resources so soon after Local Government Reorganisation was to take an approach that had three key elements in order to balance the budget and put the council on sound financial footing. The key elements are: -
  - Targeted Areas – An early focus on 'big ticket' items that are some of the key building blocks of the budget. Not all of these areas will deliver a direct financial savings and some are part of having sound financial management arrangements in place that are necessary to ensure the organisations financial sustainability.
  - Review of MTFP assumption – Challenging and reviewing of the identified cost pressures to try and reduce them down which would reduce the MTFP gap. Also reviewing all the councils' funding streams in the light of deferral by government of the funding reforms and checking that the underlying assumptions still seem reasonable.
  - Service Budget Options – All service directors to review their services and identifying Budget Options for members to consider. The Financial Strategy set out a framework for doing this and the output will help form the basis of a transformation pipeline of savings for the MTFP over the next three years.
5. **The work undertaken over the last few months has seen a substantial increase in the budget gap as cost pressures have increased and a relatively low level of new saving options being put forward by services.** At this stage, the latest forecast is that the budget gap has increased to £100m for 2024/25 with gaps of £42m for 2025/26 and £41m for 2026/27. The focus over the next few months is a combined approach of mitigating and reducing down the cost pressures and developing a range of budget saving options from across all parts of the council.

6. The month five budget monitoring report is projecting an overspend for 2023/24 of £27.3m (5.5%), the majority of which relates to Adults and Children's Services. The cost pressures identified in the current year, continue into the 2024/25 financial year with demand and inflation in social care far outstripping forecast increases in council tax, business rate income and government grants. **These trends are being experienced across the sector although the increases in costs seem significantly higher in Somerset than in other areas.**
7. The Council does have reserves, but these were set aside for unforeseen costs, not ongoing expenditure. If the budget gap is not reduced substantially over the coming months, it would use the bulk of General Fund reserves meaning the Council would not be financially sustainable. A review of the £104.9m held in Earmarked Reserves is currently being undertaken to identify the precise value of reserves that can be repurposed to support the budget. The Council has £49.8m in General Reserves and has set the minimum level at £30m for the current year.
8. The Section 151 Officer wrote to the Department of Levelling Up, Housing and Communities (DLUHC) in September setting out the financial challenges facing the council (**Appendix 1**) and shared this with the Chartered Institute of Public Finance and Accountancy (CIFPA), SWAP (internal auditors) and Grant Thornton (external auditors). As a result of this Officers have met with DLUHC to warn them of the position, that without significant additional funding or changes in legislation around support for Social Care, Somerset would join other councils that are already warning of imminent s114 notices. There has also been a meeting with the External Auditors and they have now formally written to Duncan Sharkey, Chief Executive concerning the council's Financial Sustainability (**Appendix 2**). The Audit Committee at their meeting on 26 October have considered these letters.
9. The updated Medium Term Financial Strategy and draft Budget for 2024/25 will be submitted to Executive in December 2023 and Council will approve the budget in February 2024

#### **Establishment of Financial Focus Group**

10. **With slow progress on addressing both the in year projected overspend and lack of budget savings options being produced by services, an emergency response is required immediately.** A financial focus group has been established to provide further drive across the organisation with a clear

programme of activity to address the budget overspend in the current year and the forecast budget gap for next year, ensuring sufficient dedicated resources are in place, auditable progress tracking is in place and a clear communication is put in place.

11. The Financial Focus Group will initially focus on the delivery of actions agreed by Executive as part of the Month 3 Budget Monitoring Report and the 2024/25 budget gap. This includes identifying a series of budget proposals to address the in-year overspend and the actions set out in financial strategy to develop deliverable budget proposals for next financial year for member approval. The team will ensure that:

- the current assumptions upon which the budget gap is based are challenged.
- ensure that directorate level in year expenditure is challenged.
- a review of vacancies across the organisation is undertaken.
- review of the capital programme is carried out on schemes that require borrowing or capital receipts.
- progress is monitored and reported to members, corporate leadership team, stakeholders and staff about the situation and the actions taken. The team will seek input and feedback throughout the process and will ensure transparency and accountability.

12. Each Service Director is being subject to a Service Challenge session with a focus on what actions they are taking in current year to help with the forecast overspend, what new savings options can they put forward and what can they do to reduce or remove their service pressures. These will be completed by end of October and should see the £100m gap reduced. In addition to these service challenge sessions and given the size of cost increases, both Adults and Childrens & Families are also subject to 'deep dive' reviews using external experts. The existing capital programme and bids for new capital schemes are being reviewed to the aim of removing schemes in order to reduce down borrowing costs and make revenue savings. Staffing establishment control and spending controls have also been put in place. A review of the councils inherited commercial investment portfolio been complete and the recommendation is to dispose of them and reduce down the Council's risks. The rationalisation of the council offices and other asset disposals is part of the overall strategy to generate capital receipts and reduce down running costs. A transformation programme to

reshape the councils' services in line with limited resources available is underway and will be brought forward in December.

### **Audit Committee**

13. The Audit Committee considered the section 151 officer's letter to DLUHC on Somerset Councils Financial Challenges and the letter from Grant Thornton on the Financial Sustainability of the Council. At their meeting 26 October the Audit Committee was not assured that arrangements were in place to address the current years forecast overspend or to close the 2024/25 budget gap. As a result, they have called a special Audit Committee to consider the council's financial sustainability in December when the quarter 2 budget monitoring report and the 2024/25 budget update reports are available.

### **Recommendations**

14. That the Executive:
  - a) Agrees that Somerset Council faces a financial emergency and acknowledges that urgent actions need to be taken to address the position including the setting up of the Financial Focus Group and the introduction of further financial controls to limit spending.
  - b) Approves that the Council should continue its discussions with the Department for Levelling Up, Housing and Communities (DLUHC) following the letter from the Section 151 officer to them concerning the councils' financial challenges and the initial meeting.
  - c) Agrees that there should be a special meeting of the Audit Committee in December to consider the council's financial sustainability and the issues raised in the letter from Grant Thornton.
  - d) Approves the disposal of the commercial investment portfolio, delegates the appointment of external agents to the Director of Strategic Asset Management and uses the Property & Investment Executive sub-committee to oversee the disposal programme.
  - e) Agrees to receive an update report on the actions being taken and progress in closing the budget gap for the 2024/25 Budget at the 6 December Executive 2023 meeting.
  - f) Receives a report on the review of Earmarked Reserves at the 6 December Executive meeting.

- g) Task the Asset Management Group with bringing forward asset disposals including council office rationalisation proposals, with an update to the Executive on 6 December 2023.
- h) Agrees to receive a report on the vision for a sustainable Somerset Council at the 6 December 2023 Executive meeting.

**Reasons for recommendations**

- 15. To ensure that the Council has tight control over its finances and is able to set a balanced budget for 2024/25.

**Other options considered**

- 16. No other options were considered given the current number of inflight actions to develop the 2024/25 budget proposals that will be considered by Council in February 2024.

**Links to Council Plan and Medium-Term Financial Plan**

- 17. The 2023/24 Budget was approved by Council in February 2023 as part of the Medium-Term Financial Plan (MTFP) and is the financial resourcing plan to deliver the Council Plan and to avoid a section 114 notice.

**Financial and Risk Implications**

- 18. It is clear that the scale of financial challenges facing the council are significant. There is also more risk and uncertainty for the new council until all of the external audits of 2022/23 accounts from the predecessor councils are finalised. Given the size of the updated budget gap, Strategic Risk ORG0057 Sustainable MTFP has the highest score possible:

<b>Likelihood</b>	<b>5</b>	<b>Impact</b>	<b>5</b>	<b>Risk Score</b>	<b>25</b>
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**Legal Implications**

- 19. There are no specific legal implications arising from this report.

**HR Implications**

20. There are no specific HR implications arising from this report.

**Other Implications:**

**Equalities Implications**

21. There are no specific equalities implications arising from this report.

**Community Safety Implications**

22. There are no community safety implications arising from this report.

**Climate Change and Sustainability Implications**

23. There are no climate change and sustainability implications arising from this report.

**Health and Safety Implications**

24. There are no health and safety implications arising from this report.

**Health and Wellbeing Implications**

25. There are no health and wellbeing implications arising from this report.

**Social Value**

26. There are no Social Value implications arising from this report.

**Scrutiny comments / recommendations:**

27. This report will be presented to Scrutiny for Corporate & Resources Committee, on 9 November 2023, alongside the month five budget monitoring report.

**Background**

28. The Full Council approved the 2023/24 Budget in February 2023, the first budget for Somerset Council. The budget was put together using the information from the five predecessor councils which all recorded budgets in different ways and it has become apparent that there are some areas where one-off sources of funding

has been used to finance on-going expenditure, some items were not properly budgeted for and there was additional staffing employed over and above the staffing establishment budget.

29. The current year's budget was developed before the full officer structure was finalised. Therefore, there is still a lot of alignment of budgets to take place which will require budget virements. Service Directors are currently developing their service structures which will require further adjustments to the budget in order to reflect the new staffing establishment.

### **Medium-Term Financial Strategy (MTFS)**

30. The Medium-Term Financial Strategy (MTFS) provides a strategic financial framework and a forward-looking approach to achieving financial sustainability for the Council. The 2024/25 to 2026/27 Financial Strategy was approved in July 2023. This report provides an update to that and is central to the delivery of the Council's priorities in an affordable and sustainable way over the medium term. It aids robust and methodical planning as it forecasts the Council's financial position, taking into account known pressures, major issues affecting the Council's finances, including external economic influences as well as local priorities and factors. It helps the Council to respond, in a considered manner, to pressures and changes as a result of many internal and external influences. This is particularly important during a period when the Council faces considerable pressures and challenges, such as those relating to the cost-of-living crisis and increased demand for social care. The MTFS recognises the key role that financial resources play in the future delivery of priorities and in enabling the effective planning, management, and delivery of services. The approach concentrates on the principles that will provide a strong direction for the medium term.

31. The key overriding aim of the MTFS is therefore:

“To provide a financial framework within which financial stability can be achieved and sustained in the medium term to deliver the Council's key strategic priorities and sustainable services.”

32. The six key objectives of the MTFS are to:

- Provide financial parameters within which budget and service planning should take place;



- Ensure that the Council sets a balanced and sustainable budget;
- Focus and re-focus the allocation of resources so that, over time, priority areas receive additional resources. Ensuring services are defined on the basis of clear alignment between priority and affordability;
- Ensure that the Council manages and monitors its financial resources effectively so that spending commitments do not exceed resources available in each service area and where ring-fenced government funding is reduced the service area takes action to reduce expenditure accordingly;
- Plan the level of fees, charges and taxation in line with levels that the Council regard as being necessary, acceptable and affordable to meet the Council's aims, objectives, policies and priorities; and
- Ensure that the Council's long term financial health and viability remain sound.

33. Overall, the gap outlined in February 2023 for the next three years was a predicted shortfall between the resources available and cost of current service of £100m by 2026/27 prior to further savings being identified. In addition to the pressures on the General Fund, there are also pressures within the Housing Revenue Account (HRA) and Dedicated Schools Grant (DSG). Given the level of required savings, the known pressures within the current year's budget and the relatively low level of reserves, it is imperative that action is taken to identify significant savings. With the need to take decisive action combined with limited staff resources it set out a targeted approach with three key elements, which are:

-

- Targeted Areas – An early focus on 'big ticket' items that are some of the key building blocks of the budget.
- Review of MTFP assumption – Challenging and reviewing of the identified cost pressures to try and reduce them down which would reduce the MTFP gap. Each Service is being subject to a challenge session Also reviewing all the funding streams in the light of deferral by government of the funding reforms.

- Service Budget Options – All Service Directors will be reviewing their services and identifying Budget Options for members to consider. This will help form the basis of a transformation pipeline of savings for the MTFP over the next three years.

### **Targeted Areas**

34. An early focus on 17 key areas that are ‘big ticket’ items which included a combination of some saving areas and some of the key building blocks of the budget. Progress against these items has been slower than anticipated and the latest position is set out in **Appendix 3**.

### **Review of MTFP Assumptions**

35. The funding assumptions for 2024/25 have been reviewed and are in line with February 2023 forecast. Confirmation on the actual funding levels will come from government with Autumn Statement on 22 November providing some high-level details of government department funding levels but the actual detail of the councils funding will not be confirmed until the local government finance settlement takes place. This should be by 7 December each year, but that target has not been met by government and it is expected to be shortly before Christmas.
36. The current year’s budget was developed upon the delivery of the LGR business case and minor savings from services. The Financial Strategy set out a framework for services to develop budget options for each service under the following headings:-



37. Savings already identified and approved by the council for 2024/25 total £10.2m. New savings of £9.3m for 2024/25 have been identified by services but significantly more are required in the light of increased cost pressures.
38. At this stage there is significant gap between increased costs of services and the funding available. Overall, the budget gap at this point in time is now £100m for 2024/25, an increase of £58m from the February forecast. **Table 1** below summarises the position and also shows the current year's budget, MTFP forecast in February 2023 and areas of change.

**Table 1 - MTFP Updated – as at 13 October 2023**

Latest Position @ 13/10/23	2023.24 Budget £m	Feb 23 Forecast 2024.25 Budget £m	Oct 23 Forecast 2024.25 Budget £m	Change in Forecast £m
Adults Services	187	222	256	34
Children & Family Services	123	129	140	11
Community Services	35	35	40	5
Climate & Place	87	92	91	-1
Strategy, Workforce & Localities	20	20	20	

Resources & Corporate Services	20	22	20	-2
Public Health	1	1	1	
Local Government Reform	0	-8	-7	1
Corporate Contingency	6	6	6	
Accountable Bodies	4	4	4	
Corporate Areas	66	82	94	12
Special Grants	-56	-65	-66	-1
<b>Net Budget Requirement</b>	<b>493</b>	<b>540</b>	<b>598</b>	<b>58</b>
<b>Financed by:</b>				
Revenue Support Grant	-8	-9	-8	1
Flexible Use of Capital Receipts	-4			
Business Rates (Combined)	-122	-130	-131	-1
Business Rates Collection Deficit	6			
Council Tax Collection Surplus	-7			
Council Tax	-295	-307	-307	
Council Tax Adult Social Care	-40	-47	-47	
Council Tax Somerset Rivers Authority	-3	-3	-3	
Earmarked Reserves	-20	-2	-2	
<b>Total Financing</b>	<b>-493</b>	<b>-498</b>	<b>-498</b>	<b>0</b>
<b>Budget (Surplus) / Deficit</b>	<b>0</b>	<b>42</b>	<b>100</b>	<b>58</b>

39. The key areas of change are: -

- Adults £34m – significant increased placement costs
- Childrens & Families £11m – external placement costs and SEND transport
- Community Services £5m – homelessness and contractual inflation
- Corporate £12m – national pay award (estimated to be 5%) and debt financing costs of new bids

### **Actions being taken to close the budget gap**

40. There are a range of actions being taken to close the £100m forecast budget gap which include:-

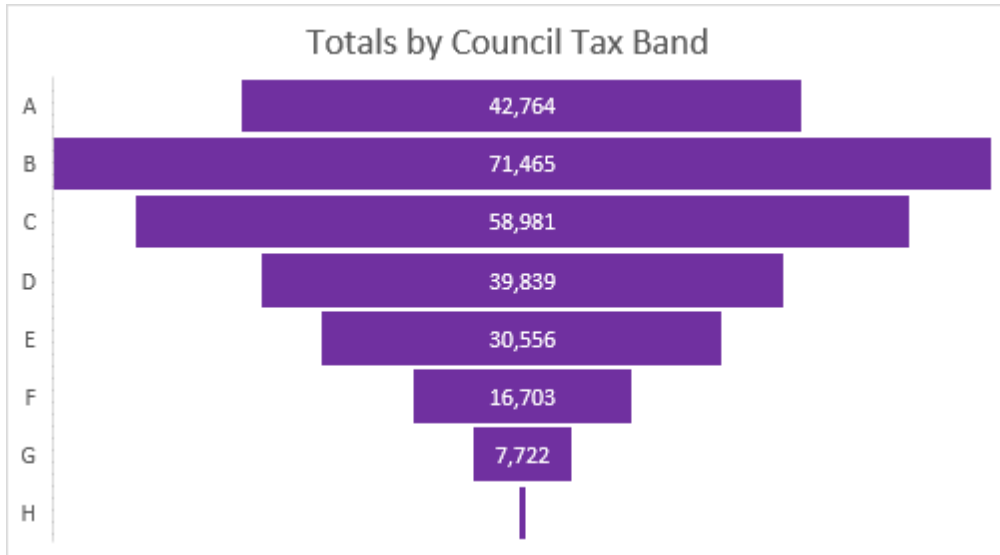
- challenge session for each service Director by their peers with a view of reducing the current service pressures and identifying new savings options using the framework set out in the financial strategy.
- deep dive sessions for both Adults usings John Jackson, LGR national expert and Newton Europe.
- deep dive review of Childrens & Families using external experts Peopletoo.
- reviewing all of the existing capital programme and bids for new capital schemes to remove schemes that are no longer affordable.

- implementing further Staffing establishment controls around vacant posts, temporary posts and agency staffing in order to reduce costs.
  - reviewing the inherited commercial investment portfolio and developing a disposal programme.
  - rationalisation of the council offices and other asset disposals to generate capital receipts and reduce running costs.
  - developing a transformation programme to reshape the councils' services within the available medium-term resourcing envelope against the vision for a sustainable Somerset Council
41. The updated position and progress on these actions will be reported to the executive at its 6 December meeting.

### **Structural Budget Problem**

42. The council has a structural budget problem with its cost base increasing at a significantly higher rate than its income. The main source of income is council tax which is limited by government through the referendum limits. For 2024/25 the indication is that council tax can increase by 2.99% and that there can be a rise of 2% in the adult social care precept. With general inflation entering double digits and a 40 year high during the year, these below increases automatically mean a significant cut to service before taking account of any new demand.
43. Council tax is the biggest source of funding for the council brings in over £338m with properties in Band B being the most common council tax band as shown in **Table 2** which details the total number of properties in each council tax band as at October 2023.

### **Table 2 – Total number of properties in each council tax band.**



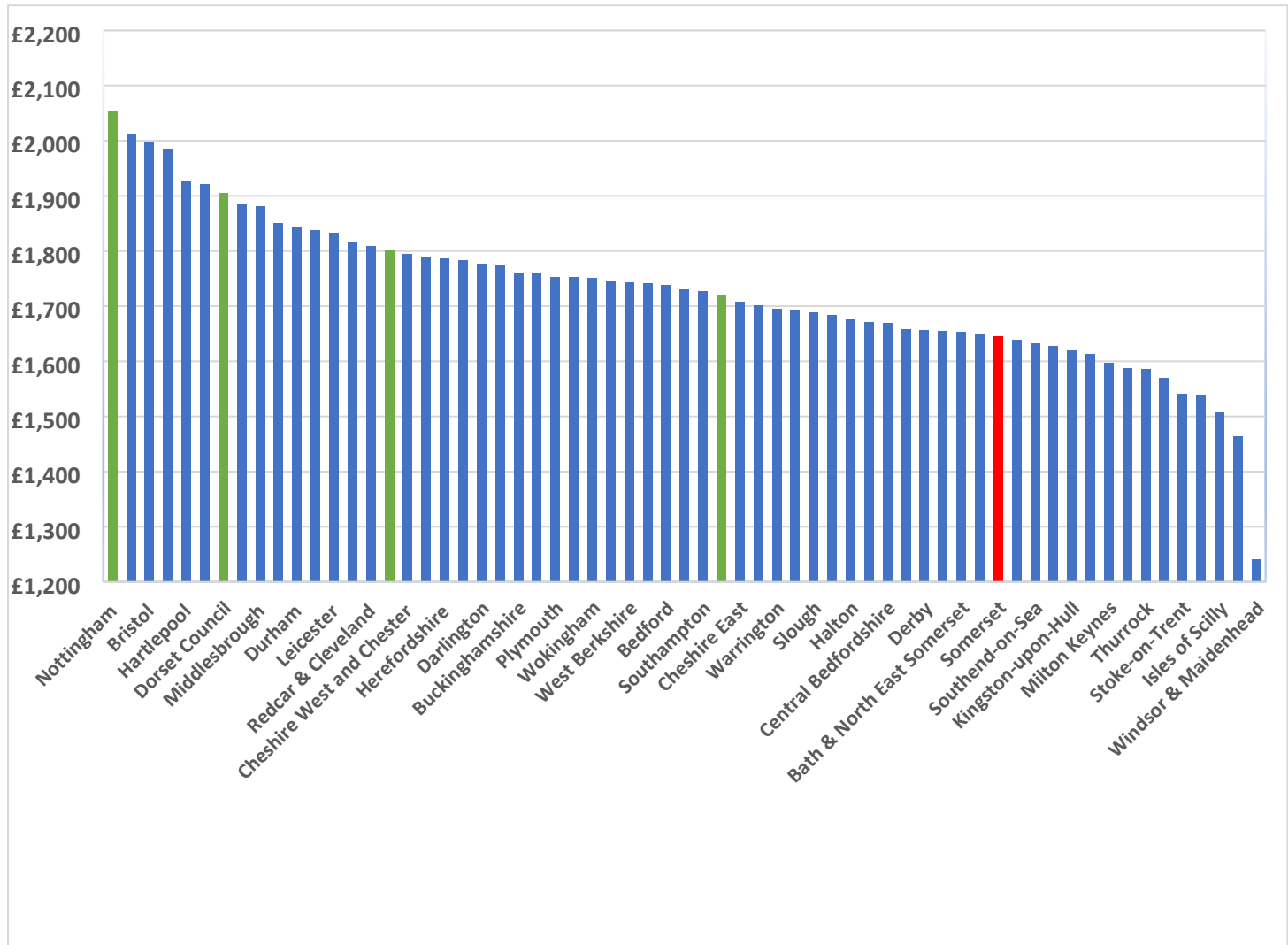
44. **Table 3** shows the breakdown of the council tax bands based upon the CTB1 return to government by previous District area as at October 2023.

**Table 3 – Council Tax Bands by areas October 2023**

Council Tax Bands									
	A	B	C	D	E	F	G	H	Total
Mendip	7,330	13,713	13,021	8,081	6,164	3,503	1,988	131	53,931
Sedgemoor	13,654	13,091	12,814	8,530	5,530	2,865	1,416	60	57,960
Somerset West & Taunton	10,851	21,222	15,673	11,540	8,677	5,092	2,330	148	75,533
South Somerset	10,929	23,439	17,473	11,688	10,185	5,243	1,988	168	81,113
Total chargeable properties	<b>42,764</b>	<b>71,465</b>	<b>58,981</b>	<b>39,839</b>	<b>30,556</b>	<b>16,703</b>	<b>7,722</b>	<b>507</b>	<b>268,537</b>
Percentage in each band	15.92%	26.61%	21.96%	14.84%	11.38%	6.22%	2.88%	0.19%	100.00%
Cumulative %	15.92%	42.54%	64.50%	79.34%	90.72%	96.94%	99.81%	100.00%	

45. The council tax charge for Somerset Council is a harmonisation of the charges of the five processor councils. **Table 4** compared the Band D charge in Somerset, which is used for national comparison purposes, against the other 62 unitary councils.

**Table 4 - 2023/24 Band Council Tax Charge for Unitary Councils**



46. The Somerset Council charge is lower than the majority of other unitary councils with it being:

- Ranked 49 out of 63 for unitary councils
- Somerset Council Tax Charge £1,646.04
- Average unitary charge £1,727.08
- Charging unitary average would generate an additional £16.7m per annum

- Charging the same as the highest, Nottingham (£2,053) would generate an additional £83.7m per annum.

47. Charging the same as other local unitary council would generate additional annual income of: -

- Dorset (£1,906) - £53.4m per annum additional income
- Cornwall (£1,803) £32.3m per annum additional income
- Wiltshire (£1,702) £11.5m per annum additional income

48. Having a lower council tax charge also impacts upon the income from the Adult Social precept as illustrated by the **table 5** below.

**Table 5 - Comparison of Adult Social Care precept by SW unitary**

Local Authority	Total Properties	Tax Base	Population 2021 Census	Total ASC Precept Charge	ASC Precept income £m	£ per head of pop
Cornwall	279,638	206,063.26	570,300	£228.07	£47.00	£82.41
Dorset	183,265	152,424	379,584	£239.67	£36.53	£96.24
Wiltshire	228,910	191,142.94	510,400	£225.88	£43.18	£84.59
Somerset	266,235	205,674.09	573,119	£196.46	£40.41	£70.50

### The Capital Programme

49. A revised General Fund Capital Programme and HRA Capital Programme was approved at Council in September 2023. This combined the outturn position and slippage of the five legacy Councils and the Capital Programme approved in February 2023. Slippage of £59.4m was brought forward and a revised budget of £391.6m set for the General Fund and slippage of £90.4m brought forward and a revised budget of £122.6m set for the HRA. Both programmes are currently being reviewed in terms of priorities and affordability.

50. In addition to this the Strategy approved in July outlined the criteria for new bids for capital funding reflecting the financial outlook as follows:

- Schemes that are fully externally funded: &
- Where there is a legal requirement such as Health & Safety Needs





51. To date new capital bids totalling £227.0m have been received and are summarised in **Table 6**. These new schemes would require new borrowing of £116.6m.

**Table 6 – New Capital Bids**

Type of Bid	2024/25 £'m	2025/26 £'m	2026/27 £'m	2027/28 £'m	2028/29 £'m	TOTAL £'m
Fully Funded	33.6	37.8	6.2	6.2	6.1	89.9
Health & Safety	21.2	18.6	17.4	17.2	17.2	91.6
Save to Earn	6.8	7.0	4.6	4.0	4.0	26.4
Other bids	4.8	9.2	2.8	1.0	1.1	19.0
<b>Total</b>	<b>66.5</b>	<b>72.6</b>	<b>31.1</b>	<b>28.4</b>	<b>28.4</b>	<b>227.0</b>

Funding Type	2024/25 £'m	2025/26 £'m	2026/27 £'m	2027/28 £'m	2028/29 £'m	TOTAL £'m
Grant	37.8	41.8	10.2	10.1	10.1	110.0
3 <sup>rd</sup> Party Contributions	0.2	0.1	0.1			0.4
Borrowing	28.4	30.7	20.8	18.3	18.4	116.6
<b>Total</b>	<b>66.5</b>	<b>72.6</b>	<b>31.1</b>	<b>28.4</b>	<b>28.4</b>	<b>227.0</b>

52. At present the MTFP includes the £116.6m of new borrowing costs with £9.8m (across the five years) of interest, MRP costs and revenue consequences. Therefore the work to review the capital programme and reduce down the number of new schemes to an affordable level and ensure that only those that meet the strict criteria set out will help reduce down the budget gap.

### **Commercial Investment Portfolio**

53. The general market values of UK commercial investment properties has fallen by over 20% since April 2022. The Council inherited a commercial investment portfolio with a total purchase price of £289m and current valuation as at 31 March 2023 of £220m. The financing of some of the investment was from short-term borrowing when interest rates were at the historic low 0.1%. Since then, rates have significantly increased meaning that the portfolio is no longer profitable. Given this and the overall financial position that the council it is recommended that the

decision is made to dispose of the commercial investment portfolio, to delegate the appointment of external agents to Director of Strategic Asset Management and uses the Property & Investment Executive sub-committee oversee the disposal programme.

54. A key objective from the disposal project will be to achieve the best sale prices reasonably obtainable. This will involve securing highly capable specialist services for the council from investment agents and lawyers, ensuring the whole package prepared for the marketing is in the optimum position and being properly resourced and organised within the council.

**Risk Update**

55. **Table 7** below sets out an update the main risks associated with the 2023/24 budget that was outlined in the strategy considered by the Executive in July:

**Table 7 – Risks**

<b>Risk</b>	<b>Rag Rating (R/A/G)</b>	<b>Risk Owner</b>	<b>Comments, Management and Mitigations</b>
National pay award will be higher than estimated	<b>R</b>	Executive Director of Resources & Corporate Services	A 5% increase was built into the budget for 2023/24. This has not been accepted within negotiations to date. A further 3% has been added to the budget for 2024/25 to increase the provision to 5%. Inflation has decreased slightly compared to July but was still running at 6.7% in September.

Continuation of high levels of inflation impacting on the cost of services and pay budgets	<b>R</b>	Executive Director of Resources & Corporate Services	The CPI inflation rate was 10.4% in February and now has decreased to 6.7%. This is expected to decrease to around 5.2% later this year and possibly 2.9% later in 2024. Inflationary increases are built into some of our major contracts and are having a huge impact on service costs as well as goods and materials. The timing of inflationary reductions will need to be monitored as part of the MTFP in predicting future pressures.
Changes to Government Policy that affects future funding (Social Care)	<b>R</b>	Executive Leadership Team	Further funding for social care was made in the Provisional Settlement but funding still remains lower than demand and inflationary pressures within the service. Fair Cost of funding has now been delayed until 2025 and with the funding being given to local authorities for current pressures it remains to be seen how this will be funded in the longer term
Continuation of high interest rates impact on borrowing costs	<b>R</b>	Service Director – Finance and Procurement	The base rate of interest has now increased to 5.25%. It remains to be seen as to whether this will be the peak or whether further rate rises will occur. This is impacting on the replacement of debt although cash flow in 2023/24 is supporting internal borrowing creating an underspend. This will become more difficult as reserves are used to support the budget and any overspends. Reducing the capital programme and selling assets will help to mitigate this.

Increasing demand due to external factors	<b>R</b>	Relevant Service Director	The cost-of-living crisis and reducing budgets in partner organisations have a significant impact on demand including the number of children requiring support, or the complexity of need, and therefore the cost of services. This risk has now increased as demonstrated in the projections for 2023/24 within budget monitoring.
The Government announces further cuts in local government funding	<b>R</b>	Executive Leadership Team	The Provisional Settlement outlined most of the funding for 2024/25. The risk has now increased as it looks more likely that funding will not keep in line with inflation as well as a push from Government to reduce the cost of public services through further efficiency targets.
Delivery of a balanced budget for 2024/25	<b>R</b>	Executive Leadership Team	The issues and actions are laid out in the body of this report
Reserves are not sufficient to meet the risks facing the Council including the possibility that the deficit on the High Needs Block could have to be financed from other reserves once the statutory override ends	<b>R</b>	Executive Director of Resources & Corporate Services	A full review of reserves has almost been completed. The risk has increased from amber to red given current in year projections and the budget gap for 2024/25. Need to continue to press Government to address the issues around high needs and how deficits will be financed.
Economic downturn impacts on income	<b>A</b>	Relevant Service Director	This will continue to be reviewed as part of budget monitoring

Unforeseen events outside Somerset Councils control	<b>A</b>	Relevant Director	Events such as extreme weather, increases in fuel and utility costs (currently a major issue) and changes in recycling material values are outside our direct control. These will need to be monitored and the MTFP updated as necessary.
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56. This will be updated for the 6 December report to the Executive.

### Background Papers

- 57. 2023/24 Budget, Medium-Term Financial Plan & Council Tax Setting report to Council February 2023
- 58. Medium Term Financial Strategy (MTFS) 2024/25 to 2026/27 report to Corporate & Resources Scrutiny & Executive July 2023
- 59. Monthly Budget Monitoring reports to Executive & Corporate & Resources Scrutiny Committee

### Appendices

- Appendix 1 - Letter from S151 Officer to DLUHC concerning Somerset Council - Financial Challenges
- Appendix 2 - Letter from Grant Thornton concerning the Financial Sustainability of Somerset Council
- Appendix 3 - Update on progress against 17 Key Areas

### Report Sign-Off

	Officer Name	Date Completed
Legal & Governance Implications	David Clark	30/10/2023
Communications	Peter Elliott	27/10/2023
Finance & Procurement	Nicola Hix	26/10/2023

Workforce	Dawn Bettridge	30/10/2023
Asset Management	Oliver Woodhams	26/10/2023
Executive Director / Senior Manager	Jason Vaughan	26/10/2023
Strategy & Performance	Alyn Jones	30/10/2023
Executive Lead Member	Cllr Liz Leyshon	30/10/2023
Consulted:		
Local Division Members	All	
Opposition Spokesperson	Cllr Mandy Chilcott Deputy Leader of the Opposition and Opposition Spokesperson for Resources and Performance	30/10/2023
Scrutiny Chair	Cllr Bob Filmer, Chair - Scrutiny Corporate & Resources Committee	30/10/2023

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Nico Heslop

Please ask for: Jason Vaughan

Director Local Government Finance

Email: [Jason.vaughan@somerset.gov.uk](mailto:Jason.vaughan@somerset.gov.uk)

Department for Levelling Up, Housing  
and Communities

Direct Dial:

Date: 26<sup>th</sup> September 2023

Dear Nico,

### **Somerset Council – Financial Challenges**

I am aware of the recent articles regarding Somerset Council and its financial position and the headlines speculating about the authority issuing a section 114 notice within the next two years. I thought that it might be helpful if I set out some background and context to this.

#### **New Council**

Somerset Council is 6 months old and was created in April 2023 from combining Mendip, Sedgemoor, Somerset West & Taunton, South Somerset District Councils and Somerset County Council. The senior management staffing structure is in place and we are starting the process to make appointments below the service director level. As is common with newly created unitaries there is significant amalgamation of systems and processes from the 5 predecessor councils which mean staff resources and capacity is very stretched.

#### **Finance System**

With the licence agreement for the county council's SAP finance system ending and the need for a modern system to enable future transformation, a new Microsoft Dynamics finance system has been implemented from April 2023. As with any move to a new finance system it has a significant staffing and resource requirement, but this is even more complex in our situation with moving from the previous 5 finance systems from the predecessor organisations.

#### **Audit of Statement of Accounts**

We inherited several outstanding audits from prior years and have been working with Grant Thornton and EY to complete these. Without having audits completed it is hard to accurately understand the new Council's starting point.

The two outstanding audits from 2020/21, relating to Mendip and Sedgemoor, have now been completed and signed off by the external auditors. There were three outstanding audits from 2021/22 and two of these (Mendip & Sedgemoor) are now completed with the findings being reported to our Audit Committee on 28 September 2023. The one remaining statement of accounts audit for 2021/22 relates to South Somerset and we anticipate this being reported to the October Audit Committee.

All of the 2022/23 Statement of Accounts were published but missed the new end of May deadline which is not a surprise given the number of outstanding audits from prior years, the new Council being created in April and staffing capacity. The 2022/23 Somerset Pension Fund audit has been completed and will be reported to this week's Audit Committee. The audit of Somerset West & Taunton is nearly completed, and we expect this to be reported to the October Audit Committee

The 2022/23 audits for Somerset CC, Sedgemoor and Mendip have just started but the one for South Somerset is obviously delayed until the prior year audit is finalised.

External Audits	2020/21	2021/22	2022/23
Somerset County Council			Audit started
Somerset Pension Fund			Now signed off
Mendip District Council	Now signed off	Now signed off	Audit started
Sedgemoor District Council	Now signed off	Now signed off	Audit started
Somerset West & Taunton Council			Except to be reported to October Committee
South Somerset District Council		Except to be reported to October Committee	Audit to start once 2021/22 completed

### 2022/23 Outturn & Reserves Position

The overall outturn for the 5 councils in 2022/23 was a combined overspend of £18.7m made up as follows:

	2022/23 Budget £'m	Outturn £'m	Under/ (Overspend) £'m
Somerset County Council	383.7	407.1	(23.4)
Mendip District Council	19.1	18.3	0.8
Sedgemoor District Council	9.0	6.6	2.4
Somerset West & Taunton Council	17.0	16.2	0.8
South Somerset District Council	19.8	19.1	0.7
<b>Somerset Outturn Position</b>	<b>448.6</b>	<b>467.3</b>	<b>(18.7)</b>

The key factors in the position for Somerset CC is overspends in both Adults & Health and Childrens & Families of £15.4m and £21.2m respectively, this position is partly offset by £13.2m underspending across the rest of the council.

The total reserves at the start of 2023/24 for Somerset Council were £314.8m. However, £131.2m of this relates to reserves held on behalf of others such as Somerset Rivers Authority, Heart of the South West LEP, Health and Schools. The 2023/24 budget included £19.9m use of reserves being made up of £9.9m for once off funding to support projects and £10m to balance the budget. After taking account of these and other commitments the current position is General Reserves of £49.8m. this is at the high end of our risk-based assessment of General Reserves of between £30m and £50m but is reflective of the significant risks the council currently faces. Total Earmarked Reserves are £104.9m and we are currently undertaking a review of all of them to identify if any can be released and repurposed.

### **2023/24 Budget Monitoring**

We formally report the budget monitoring position to both Scrutiny and the Executive on a monthly basis. Our latest revenue budget monitoring report (Month 5 – End of August) is forecasting an overspend of £30.3m for the year which is a deterioration of £4.2m on the previous month. There are significant forecast overspends in Adults & Health of £14.9m and Childrens & Families services of 11.8m. These overspends reflect the continuing spiralling costs in these sectors which show no sign of abating.

We have put in a range of measures across the council to try and address the potential overspends but given that Adults & Childrens make up nearly two-thirds of the total budget, I am not confident we will see a significant reduction.

### **Housing Revenue Account (HRA)**

The new unitary has inherited two landlord operating models which now sit under one Housing Revenue Account. The two landlord operating models are an in-house service from Somerset West and Taunton (SWT), and an Arm's Length Management Organisation (ALMO) from Sedgemoor District Council (SDC). The combined total dwelling stock as at 1 April 2023 is 9,665 (5,653 from SWT and 4,012 from SDC). In addition to this we have 599 leasehold properties (489 from SWT and 110 from SDC).

The 2023/24 budget monitoring position for the HRA is currently on track with no major variances. However, the 30-year Business Plan currently projects a deficit by 2029/30.

### **Capital Programme**

Somerset Council inherited a significant capital programme of over £330m plus carry forward of schemes from 2022/23 of £100m bringing the total programme to £430m. A review is underway to try and reduce down the borrowing costs to the council and identify which schemes could be stopped or de-scoped, including two Town Deals (Bridgwater & Glastonbury) and one Levelling Up project (Bridgwater).

## **Commercial Investments**

The new Council inherited a significant commercial portfolio with an initial purchase price of £289m with 85% of this financed by short term borrowing. The valuation of the portfolio at the start of 2023/24 has dropped to just under £220m. A review of the portfolio has been undertaken and a rationalisation process to reduce down the Council's risks has started.

## **Financial Resilience & Sustainability**

I have looked at the OfLOG Local Authority Data Explorer tool to assess the resilience and financial sustainability of the council. Unfortunately, it does not contain any data on Somerset Council, or its predecessors, and this is something that should be considered for newly formed councils. A separate piece of work is therefore being undertaken to help provide some comparative data on the financial resilience and sustainability of the council.

## **Transformation**

With the significant cost pressures in Adult & Health Services a diagnostic review by Newton Europe has been undertaken and in June the Council approved a transformation programme "My Life My Future" to deliver £10m of on-going cost savings.

The focus has been on successfully delivering Local Government Reorganisation and as a result there currently is no council wide transformation programme. This is currently being addressed but does mean that there is not a pipeline of future savings that can be built into the Medium-Term Financial Plan (MTFP).

## **High Needs Block**

At the start of the year the deficit on the High Needs Block was £29.8m and the work that has been undertaken as part of the Delivering Better Value in SEND programme forecast this to significantly increase to around £104.1m by the end of 2025/26. With our relatively low level of reserves this is a significant risk given that the statutory override is due to end at this time.

## **2024/25 Budget Gap & the MTFP**

We have started to review and update our Medium-Term Financial Plan. Our initial forecast for 2024/25 is a budget gap of over £80m and a further £50m for the following year. These figures will be reviewed, challenged, and refined over the next two months but they indicate the significant financial pressures that the council is under.

To help co-ordinate the budget process an MTFP Board has been set up and comprises of all 10 members on the Executive and the officers that form the Executive Leadership Team. The MTFP Board has been meeting on a monthly basis since June.

## **Member Briefings**

A key part of the approach to financial management within the council is to be open and transparent. To help fulfil this and ensure that all 110 Members are fully aware of the financial challenges facing us, a series of Member briefings have been put in place. The first of these was in August where Rob Whiteman from CIPFA kindly came and spoke to

the Members about s114, addressing financial failure and some of the key actions that councils need to consider. A series of Monthly Member Briefings on the Council's finances have been arranged from September through to February, with 2 options each month to allow for both in person and virtual attendance. The September ones took place last week and very clearly set out that without significant and decisive actions the council would be faced with issuing a section 114 notice within the next 18 months.

### **Summary**

I am very keen to work with the Department and keep you informed of the financial difficulties that we are experiencing in Somerset, and I have also copied in Rob Whiteman so that CIPFA are also aware.

We are not in immediate danger of having to issue a section 114 notice but based upon our latest forecast of a significant overspend in the current year and a very sizeable budget gap for next year, I will we need to consider this as part of the 2024/25 budget setting process, unless significant progress is made.

I hope this is helpful in outlining some of the current issues we are dealing with and is the start of an active dialogue with the department about our financial challenges. I believe it would make sense to maintain a dialogue between the Authority and the Department on this issue over the coming months. We would also welcome any input and support the Department can provide. I would very much appreciate discussion about this in the near future if that is possible.

Yours sincerely



**Jason Vaughan**

Executive Director – Resources & Corporate Services (Section 151 Officer)

**Somerset Council**



**A Fairer, Ambitious Somerset**

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Chief Executive  
Somerset Council  
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17 October 2023

Dear Duncan

### **Somerset Council – Financial Sustainability**

Following recent conversations between Grant Thornton and the Council, I am writing to express our concern over the significant financial challenges that the Council is facing and the risks that they represent to financial sustainability in the short and medium term. I would emphasise that we recognise the open and transparent engagement that both yourself and Jason Vaughan (S151 Officer) have had with us on this matter to date and also that this reflects the emerging position for the new Council five months after its formation on 1 April 2023.

#### **Background**

The Council recognises the significant financial challenges that it faces due to the impact of inflation and increases in demand and cost, particularly in relation to Adults and Childrens Services. The revenue budget forecast for 2023/24 reported to Members in September 2023 was an overspend of £26m. In addition, the medium-term financial strategy report approved in July 2023 forecast funding gaps of £42m in 2024/25 rising to £99m by 2026/27.

Recent medium term financial strategy and budget monitoring reports to Executive raise the risk that a Section 114 Notice will be required in the future. The Section 151 Officer wrote to the Department for Levelling Up, Housing and Communities on 26 September 2023 to highlight the financial challenges that the Council faces and the prospect of issuing a Section 114 Notice unless decisive actions are taken. At this time, the forecast overspend for 2023/24 had increased to £30m and the budget gap for 2024/25 increased to £80m.

Discussions with the Section 151 Officer confirm the risk that a Section 114 Notice could be required as soon as February 2024 if the current forecasts come to fruition and no corrective action is taken. We note that a range of mitigations that are currently being put in place may delay the need for such a notice until after this date.

The Council currently has a General Fund Balance of £50m and £105m of earmarked reserves. Unless the forecast overspend for 2023/24 is mitigated and actions are taken to significantly reduce the budget gap for 2024/25, there is a risk that unsustainable calls will have to be made on reserves, reducing them to levels that are insufficient to manage financial risk and fund service improvements in the future.

#### **Initial findings**

Our recent work and discussions have identified concerns over the Council's financial sustainability. The Council is in the early stages of developing plans to mitigate the financial risks it faces.

- The budget forecast reported to Members for Month 4 2023/24 was a £26m overspend caused by inflation, interest rates and the rising demand and cost of care. Adults Services are forecast to overspend by £12m and Childrens Services by £9m. The forecast overspend had increased to £30m at the time of writing to DLUHC.
- We understand that the pressures in Adults and Childrens are likely to carry forward into 2024/25. The estimated budget gap for 2024/25 is currently £80m, with a further £50m forecast for 2025/26.



- The Council currently has a General Fund Balance of £50m and Earmarked Reserves of £105m. Unless the 2023/24 overspend and 2024/25 budget gap are significantly mitigated these reserves are at risk of reducing to levels that are insufficient to manage financial risk. The prudent range for the General Fund Balance has been determined at between £30m and £50m.
- The Council has implemented recruitment and spending controls to mitigate the 2023/24 overspend.
- The Council has a strategy to reduce the budget gap in future years including a focus on 17 key budget areas, reviewing financial assumptions, and identifying service budget options.
- The Council has set up an MTFP Board, consisting of Executive Members and officers from the Executive Leadership Team to co-ordinate the budget process for 2024/25.
- Currently there is no Council-wide transformation programme or pipeline of savings to address future year budget gaps. The Council intends to bring forward the planned transformation programme to start delivering savings during 2024/25, although due to timing these savings will not be included in the 2024/25 budget.
- The Council is currently revisiting the assumptions driving the budget gap, reviewing whether earmarked reserves can be released to support financial resilience, and developing savings plans. It is anticipated that this work will be completed over the next two months in order for budget options to be presented to the December 2023 meeting of the Executive.

### Our responsibilities

Under the Local Audit and accountability Act 2014 we are required to satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. When considering the Council's arrangements one of the three criteria we must report on is financial sustainability.

The Code of Audit Practice requires that where auditors identify significant weaknesses in arrangements to secure value for money, that recommendations are made setting out the actions that should be taken by the Council. The Code expects where auditors identify significant weaknesses in arrangements as part of their work, they raise them promptly with those charged with governance.

Whilst there is a risk of significant weakness in arrangements to secure financial sustainability, we recognise that the Council is fully aware of this situation and is in the early stages of implementing solutions to address the financial risks that it faces. We are also mindful that Somerset Council was formed on 1 April 2023 through local government reorganisation, and as a relatively new Council should be allowed sufficient time to develop financial plans and strategies.

Therefore, we are not raising a significant weakness or making key or statutory recommendations at this stage. We will continue to review the developing situation and the progress that the Council makes in mitigating the forecast overspend for 2023/24 and the budget gap for 2024/25. We will give continued consideration of the requirement to issue formal recommendations.

### Next steps

The Council should continue its work to mitigate to 2023/24 budget overspend and bridge the budget gap for 2024/25, ensuring that reserves are maintained at prudent levels proportionate to the significant financial risks that the Council faces. Priority should be given to implementing recurring savings at pace that will benefit current and future years, and in bringing forward the transformation programme to deliver further ongoing efficiencies.

We will continue to closely monitor the Council's financial position as part of our Value for Money work for 2022/23 and consider what actions if any, we take as auditors under the Local Audit and Accountability Act 2014.

Yours sincerely

*Barrie Morris*

Barrie Morris, Engagement Lead  
For Grant Thornton UK LLP



Ref	Key Area	Detail	Lead Member	Lead Officer	Finance Business Partner Lead/ Corporate Finance Lead	Revenue Savings			Capital	Update end September 2023
						Progress against existing savings	New Savings	In-year Pressure Reduction	Capital Savings/ Capital Receipts	
						£	£	£	£	
1	Adults Services	Implementing opportunities identified in the Diagnostic of Adults by Newton. Prior to this work the MTFP assumed cost reductions of £10m split equally over 2023/24 and 2024/25. The detailed diagnostic work has identified a different profile of savings and opportunities more than those built into the MTFP in future years.	Cllr Dean Ruddle, Lead Member for Adult Services	Mel Lock, Executive Director Adult Services	Penny Gower					<p>The business case for this work has been approved by the Executive at its June meeting.</p> <p>This was taken to Transition, Transformation and Change Board (TTCB) on the 29 August for agreement on approach for benefits tracking (via Project Initiation Document).</p> <p>Currently projecting to achieve savings £200k this financial year with an expectation they will overachieve the £5m saving for 2024/25.</p>
2	Childrens Services	<p>Implementing the opportunities identified in the Diagnostic by Impower which identified potential, cumulative cost avoidance and savings ranging from £4.9m and £8.1m over three years.</p> <p>This includes developing new sufficiency strategies for placements and edge of care services to inform the transformation plan for Children Looked After. Transformation will include Homes &amp; Horizons, recommissioning 16+, market development, reducing unregistered placements, and work with Impower consultancy to improve internal fostering and step-across options for children and young people.</p>	Cllr Tessa Munt, Lead Member for Children, Families, and Education	Claire Winter, Executive Director – Childrens, Families & Education	Siobhan Cleverly					<p>Impower work is underway to develop the recruitment and retention activity within our inhouse fostering team. Teams have been engaged from July 2023, so work is in its early stages. Sufficiency strategies for edge of care and placements are due to be in final draft at beginning of September. Homes and Horizons business case has been updated with recognition of different cohort of children who are high need/high cost. Projected savings for children in homes 1 to 6 by end of this year have increased from £1.2million to £2.78million due to the high level of their needs and the escalating costs of complex care in the wider market, compared to the static costs within this project. The post 16 recommissioning exercise is in its final stage with a number of positive bids coming forward. The number of children in unregistered provision has reduced from 11 to 5 and has been steady for just over a month. There are a number of children within the care system currently who could move to unregistered provision if existing providers are unable to support heightening needs and/or there are insufficient Homes and Horizons home places to provide contingency.</p>
3	Schools – High Needs Block	Delivering Better Value (DBV) in SEND Programme with Newton Europe & CIPFA which identified potential cumulative cost avoidance and savings ranging from £10.4m to £22.7m over three years.	Cllr Tessa Munt, Lead Member for Children, Families, and Education	Rob Hart, Service Director Inclusion	Jo Currie					<p>DBV review reported to DfE July 23. Any impact is not due to be seen until September 2024. All three workstreams underway.</p> <p>WS1 impact - improved knowledge of quality and confidence of SEND provision prior to requesting stat assessment which leads to sig pressure on High Needs deficit - First opportunity identified by Newton was to focus on SEN support to reduce growth in number of EHC plans.</p> <p>WS2 impact - forecasting and trajectory group presented to ILT August 23. Have produced tool to enable accurate forecasting of future sufficiency need but also increasing request for statutory assessment based on trends over time. Tool has potential to enable us to model scenarios that enable us to change trajectories but also pre-empt pressure. Tool is linking finance to sufficiency which is not a function any other regional LA has yet established. Tool will also enable us to set a trajectory and adjust based on real-time impact.</p> <p>WS3 impact - this workstream commences in September 23. External support has been identified to provide capacity for the project. Focus is on improving outcomes and provision for children with SEMH in mainstream schools - this area was identified as the most significant area of need causing additional pressure to high needs budget (by Newton). The majority of children in high-cost independent settings have identified primary need of SEMH. 11 schools identified for the project.</p>

Ref	Key Area	Detail	Lead Member	Lead Officer	Finance Business Partner Lead/ Corporate Finance Lead	Revenue Savings			Capital	Update end September 2023
						Progress against existing savings £	New Savings £	In-year Pressure Reduction £	Capital Savings/ Capital Receipts £	
4	Review of School Transport	Implementing the recommendations and opportunities identified in the report from the Edge Public Solutions report that identified saving of £0.6m in year 1, £2.4m in year 2 rising to £2.6m in year 3.	Cllr Tessa Munt, Lead Member for Children, Families, and Education	Rob Hart, Service Director Inclusion and  David Carter, Service Director, Infrastructure & Transport	Jo Currie  Kerry Hepple					Further work is required to understand what level of the savings outlined in the review can realistically be achieved, and when, through a transformation programme. This will be completed through an officer Challenge Session in late August. The session will be shaped around a revised Specification Document (being drafted by EDGE Public Solutions) which will link indicative savings to specific activities in a transformation timetable. In the challenge session, officers will explore each saving-related activity in turn scrutinise the level of saving detailed, which school transport budget it affects and whether those savings will result in budget reductions or future cost-avoidance. The cost of the consultancy input over the 3-year period, which is to be taken from the combined school transport budgets, also needs to be factored in to the savings calculations.
5	Schools Capital Programme	Review of capital programme for schools considering maintenance backlog, current schemes, future requirements with revised pupil numbers forecast & estimated academisations	Cllr Tessa Munt, Lead Member for Children, Families, and Education	Amelia Walker, Service Director Education Partnerships & Skills and  Oliver Woodhams, Service Director – Strategic Asset Management	Jo Currie/Ian Trunks	N/A	N/A	N/A		The Learning Infrastructure Board has reviewed the entirety of the capital programme across Education and Asset Management. This has produced a drastically scaled back list of priorities for 24-25 based on projects with identified need being reduced, removed, or delayed. Work is underway to look at the interconnected issues arising in Western Bridgwater in relation to place pressures in that area.  More information is needed about where the threshold lies in monetary terms where capital spending would begin to require external rather than internal borrowing, to provide greater clarity about where the imperative lies to avoid external borrowing costs across the capital programme overall. This has been requested from Corporate Finance colleagues.  Officers from the Education and Assets teams are developing a shared risk report so that as our data develops all teams will share the same view on priorities for DfE capital allocations and so that we are fully prepared for any bidding windows. This risk report will be updated early in the autumn when survey programmes conclude.

Ref	Key Area	Detail	Lead Member	Lead Officer	Finance Business Partner Lead/ Corporate Finance Lead	Revenue Savings			Capital	Update end September 2023
						Progress against existing savings £	New Savings £	In-year Pressure Reduction £	Capital Savings/ Capital Receipts £	
6	School Balances	There are a significant number of schools setting deficit budgets for 2023/24 which projected forward would see a significant reduction to the current £20m surplus in school balances. This would include a programme to identify some of the themes within school budgets to target support in the most effective way, and to lobby government if appropriate	Cllr Tessa Munt, Lead Member for Children, Families, and Education	Amelia Walker, Service Director Education Partnerships & Skills  Nicola Hix, Service Director Finance & Procurement	Jo Currie	N/A	N/A	N/A		<p>PLEASE NOTE: This Key Area will not produce savings for the council as it relates solely to LA Maintained Schools which are not Council budgets.</p> <p>The new benchmarking tool that was developed by Business Intelligence over the summer it has been completed and sessions are now diarised for budget scrutiny. The focus is on maintaining a rapid pace to review budgets and agree actions while there is still time for movement in-year.</p> <p>A significant key issue to this project has been the lack of ability to reconcile financial transactions between schools' finance systems and MS Dynamics. Schools have now received all their reconciliation files for Month 1- 6, Month 7 will be issued in the usual timescale and be sent to schools on the 2nd November. Schools are now working through the backlog but this is far more labour intensive than how they used to do reconciliations due to the additional files they now receive with payroll being on SAP and non salary on MS Dynamics. There are constant requests for additional support from EFS to help with this but limited capacity due to their own backlog of work due to MS Dynamics. Schools are aggrieved they need to pay for support to help with this work and very vocal about this. Schools have been notified what timescale they fall into to provide a financial report to the LA, and we have listened to concerns where schools feel they are categorised incorrectly and accommodated requests to move groups where possible.</p>
7	Staffing Establishment Control	Management control of vacant posts, temporary posts, agency staff etc in order to minimise redundancy costs and help deliver the staff savings in the LGR business case.	Cllr Theo Butt, Lead Member for Transformation and Human Resources	Dawn Bettridge, Interim Service Director - Customers, Digital & Workforce  Nicola Hix – Service Director of Finance & Procurement	Emily Collacott	N/A	N/A	N/A		<p>Payroll and Finance have been working together to ensure SAP (payroll data) and the establishment budget in Finance reconcile. This has involved:</p> <ul style="list-style-type: none"> <li>- Reviewing positions against people and establishing why there are variances.</li> <li>- Reviewing temp positions that have a permanent employee, this could be correct if a secondment to a fixed term funded position, but this will be properly documented and monitored.</li> <li>- Working to establish Agency staff placements with the intention these will be set up in the SAP structure.</li> <li>- Reviewing vacancies - an updated list of these will be provided to TTCB in September.</li> <li>- Budget virements for employees identified as being in the wrong cost centre.</li> </ul> <p>We are also:</p> <ul style="list-style-type: none"> <li>-Monitoring all in place recruitment and retention allowances, ensuring that they are reviewed and extended or terminated prior to the end date.</li> <li>-Monitoring all in place acting up payments, ensuring they are reviewed and extended or terminated prior to the end date.</li> </ul> <p>Once budgets are set and structures in place, it is the intention to monitor changes to the establishment regularly, ensuring managers are meeting all establishment control requirements, including going through a process to seek funding if they want to increase their establishment, which the Workforce Team and Finance will work together on.</p>
8	Commercial Investments	Review of the current portfolio and identification of opportunities for disposals and reduction of risks	Cllr Ros Wyke, Lead Member for Economic Development, Planning, and Assets	Oliver Woodhams, Service Director – Strategic Asset Management	Paul McClean	N/A	N/A	N/A	t.b.c.	<p>A detailed review of the commercial investment portfolio was undertaken in June and July by senior estates surveyors in the Strategic Asset Management department, with detailed financial modelling of various options now also complete. A report on the findings will be presented to the December Executive committee, following consideration by a task and finish group established by the Scrutiny Committee for Resources and Corporate Services.</p> <p>Other options for the potential disposal of the council's non-property commercial interests are being considered.</p> <p>This area of work will focus on improving the council's balance sheet position and exposure to risk, rather than developing revenue savings directly.</p>

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9	Review of Assets	Review of assets and identification of pipeline of disposals including council office rationalisation	Cllr Ros Wyke, Lead Member for Economic Development, Planning, and Assets	Oliver Woodhams, Service Director – Strategic Asset Management	Paul Matravers	The anticipated rental of Broughton House fell through, and this site has now been re-purposed to accommodate the SCIL trading service, which in turn enables the disposal of Dillington House. Achievement of the associated MTFP saving will be dependent on resolution on recharges / overhead accounting for this service. Detailed feasibility studies are underway to evaluate the cost of relocating staff out of Petters House, Yeovil, and to rationalise accommodation in West Somerset.	We are exploring a number of opportunities for leasing surplus office space in Bridgwater and Taunton, as well as options for the disposal of council offices.	Opportunities to mothball buildings during the winter heating season are limited due to existing tenancy arrangements and the inflexibility of some of our heating controls, some minor savings can be achieved through limited relocation of staff and this is being discussed with the relevant services.		<p>The first phase of the property rationalisation programme is well underway, focussing on four specific opportunities for delivery across the first three years of the programme. The position on Broughton House is outlined in column G; detailed feasibility work to develop options for rationalising property in Yeovil and Williton is underway, and we have agreed heads of terms for the disposal of the Seahorse Centre in Minehead to Avon and Somerset Police (retaining space for a satellite site for the Somerset Academy for Health and Social Care Training). Agents and architects have been appointed to develop an option to dispose of C Block, County Hall for use as Key Worker Accommodation, and we are in discussions with a potential buyer for this site. However, MTFP Board need to be aware that all of these options are time-consuming and challenging and will not deliver revenue savings quickly.</p> <p>Building on the first phase of the programme, the wider One Public Estate review of core office accommodation (alongside key public partners in Somerset) is progressing and we hope to develop an initial view of options by December. We are also evaluating the impact of options for Somerset Council, should we decide to discontinue the One Public Estate work and focus on asset disposals rather than co-location. ,</p> <p>Outside of the property rationalisation programme which focusses on operational property, we are also reviewing disposal opportunities in the non-operational estate (excluding investment for yield assets). Our current pipeline of disposals indicates that £15m-£20m of sales could be achieved during 2023/24 and 2024/25; work to identify and quantify further opportunities is ongoing.</p>
10	Business Rates & Council Tax	Review of business rates and council tax following the creation of the new unitary and the financial impacts this has on funding forecasts and collection fund positions	Cllr Liz Leyshon, Deputy Leader of the Council and Lead Member for Resources and Performance	Nicola Hix – Service Director of Finance & Procurement	Rebecca Hall	N/A	There is the potential for additional once off income in 2024/25	N/A		Following the completion of the 2022/23 statement of accounts for the 5 processor councils work can now start on the analysis of the position of the business rates and council tax collection fund position for Somerset Council. This work will take until October to complete. More information on Council Tax for future years will be known once the estimated Council Tax base is run in October 2023. All updates will be fed into the 2024/25 MTFP once known. This will include the impact of the policy changes agreed by Council on 23 Nov 2022 for the 2023/24 financial year and the potential for increased Council Tax income when the Government enact the proposed second homes premium in the Levelling Up Bill.
11	Review of Capital Programme	Reduce number and costs of all existing capital schemes & restrict funding for new capital schemes to urgent Health & Safety schemes or schemes that are 100% externally funded.	Cllr Liz Leyshon, Deputy Leader of the Council and Lead Member for Resources and Performance	Nicola Hix – Service Director of Finance & Procurement	Duncan Moss	N/A	Removal of any schemes from the programme will reduce bowing costs and produce revenue savings			We now have the final outturn position of the five legacy council's and have a combined capital programme showing the starting position for Somerset Council. We will now use this combined programme to start working with Officers and Members through the MTFP Board to identify schemes that are not yet contractually committed. For all schemes in process, there is an expectation that these will be kept within budget and scaled back if necessary to ensure this.
12	Reserves	Review the reserves from across the five councils, amalgamate them and ensure sufficient General Fund Reserves are set aside. The risk-based assessment of reserves identified that General reserves should be in the range £30m to £50m.	Cllr Liz Leyshon, Deputy Leader of the Council and Lead Member for Resources and Performance	Nicola Hix, Service Director - Finance & Procurement	Rebecca Hall	N/A	N/A	Any overspend in 2023/24 will be funded from reserves		The 2022/23 outturn report has been produced and was considered by the Executive on 6 Sept and Corporate & Resources Scrutiny on 7 Sept. The report proposed a transfer of £23m from Earmarked to General Reserves which will mean the level of General Reserves will be £49.8m. The level of Earmarked Reserves will be £111.9m and work is underway to amalgamate and rationalise them with a report going to the November Executive.
13	Capital Receipts	Review capital receipts available along with the commitments in the capital programme and disposal programmes. Identify and recommend the most effective use within the MTFP	Cllr Liz Leyshon, Deputy Leader of the Council and Lead Member for Resources and Performance	Nicola Hix, Service Director - Finance & Procurement	Duncan Moss	N/A	Potential to produce saving on borrowing costs if capital receipts used to fund transformations or reduce borrowing costs	N/A	Work will identify available capital receipts	Now that the 2022/23 statement of accounts have been produced for the five processor authorities, we have the starting position of the available capital receipts. A reconciliation is being carried out between Finance and Property on the pipeline disposals programme to identify likely future receipts and any variance in the budgeted capital receipt assumptions. There will be further work required to assess the best use of available capital receipts given the requirements of capital programme and the potential use to fund transformational activities through the flexible use of capital receipts policy

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14	Treasury Management	Review of the Borrowing & Investments portfolio. Identify a strategy of rationalisation of investments that takes account of future needs and interest rate forecasts.	Cllr Liz Leyshon, Deputy Leader of the Council and Lead Member for Resources and Performance	Nicola Hix, Service Director - Finance & Procurement	Anton Sweet	N/A	Review of the portfolio has identified savings of £3m that will be reported as part of the budget monitoring report	N/A		Developing an accurate cashflow forecast for the first six months of the new council was never going to be easy. The payments processes have now started to stabilise and over the next couple of weeks, we should have a better idea of the cashflow pattern of the new council. Work to take place to review options for replacing maturing short-term debt with a mixed portfolio of debt (short and long term) based on cash flow need, which linked to above, should soon give a clearer picture of need. Work with Arlingclose will continue on reviewing our portfolio for opportunities to maximise return within our agreed risk appetite.
15	Grants	Review the grants provided by the 5 Councils. Understand the source of the grants and the priorities within the Council Plan and rationalise.	Cllr Theo Butt, Lead Member for Transformation and Human Resources	Alyn Jones, Executive Director – Strategy, Workforce & Localities	Paul Matravers	N/A	N/A	N/A		Systems are not in place to easily identify voluntary, community, faith, and social enterprise (VCFSE) related agreements and so it is difficult to baseline VCFSE expenditure. Work is underway to consolidate agreements to previously identified strategic partners and a cross-council working group is being established to understand and review individual service arrangements and proposals. Initial impact assessment re: VCFSE funding produced and details re: previous District / County Council grants is being updated. The proposal is for an update and proposed approach to go to MTFS Board on 2 October 2023.
16	Transformation Programme	Outline the pipeline of transformation projects that deliver on-going savings / reductions in cost over the MTFP.	Cllr Theo Butt, Lead Member for Transformation and Human Resources	Alyn Jones, Executive Director – Strategy, Workforce & Localities	Donna Parham	We have identified £17.38m of the £18.5m savings as per the LGR Business Case. We have achieved £3.8m (out of the £5.5m due in 23/24) of these savings in Q1. NB This includes staff savings related to Ref 7.	We are working to understand the potential for new savings via the TTC projects that are currently being assessed.	£811k related to temporary labour contracts has been identified as an additional in-year pressure reduction.		Transition, Transformation & Change is being mobilised and completion of Project Initiation Documents (PIDs) requested. This has enabled early assessment of potential for additional financial benefits, which we are exploring. We are continuing to monitor the PIDs and are currently in the process of feeding back to teams and managers for further information, and to establish timescales when additional details will be known, including full details of expected financial benefit. The benefits realisation approach has recently been endorsed via the South West Audit Partnership (SWAP) and we are collating an action plan, including clear comms, to help embed the approach and thus help provide the intelligence and insight required.  The Transition Programme for the next two years is being mobilised with effort focused on providing assurance that fundamentals that are required for successful project delivery are in place, as well, as visibility to Transition, Transformation and Change Board of the cumulative impacts/requirements to provide a baseline of prioritised activity.  Work is also under way across programme workstreams, Adults and Children's Transformation Teams to produce a baseline of all transformation activity (as well as the transition programme) planned and in-delivery across the council. By baselining what's happening now, next or in the future and developing an understanding of the benefits (those already committed to the MTFP and new opportunities) we will have a clearer understanding of where resource, effort and investment should be targeted from which to develop an understanding of the impact this is having, including risk management for both transition and transformation activities.
17	Financial Resilience & Sustainability Review	Complete a financial sustainability and resilience review for Somerset Council in the light of the 2022/23 outturn from the 5 predecessor councils.	Cllr Liz Leyshon, Deputy Leader of the Council and Lead Member for Resources and Performance	Jason Vaughan, Executive Director – Resources & Corporate Services	Donna Parham	N/A	N/A	N/A	N/A	The 2022/23 outturn report has been produced and was considered by the Executive on 6 Sept and Corporate & Resources Scrutiny on 7 Sept. The five statement of accounts for 2022/23 have now all been produced and published. These provide the starting point for Somerset Council's finance and will enable work on reviewing the amalgamated finances to commence. It is expected that the review will be completed by November and will be able to assist with the 2024/25 budget setting process.

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