



Notice of Meeting of

FULL COUNCIL

Wednesday, 20 December 2023 at 2.00 pm

**Hollinsworth Hall, Canalside Conference Centre,
Marsh Lane, Huntworth, Bridgwater, TA6 6LQ**

All Somerset Council Members are requested to attend.

For further information about the meeting, including how to join the meeting virtually, please contact Democratic Services democraticservicesteam@somerset.gov.uk

All members of the public are welcome to attend our meetings and ask questions or make a statement **by giving advance notice** in writing or by e-mail to the Monitoring Officer at email: democraticservicesteam@somerset.gov.uk by **5pm on Thursday, 14 December 2023**.

This meeting will be open to the public and press, subject to the passing of any resolution under the Local Government Act 1972, Schedule 12A: Access to Information.

The meeting will be webcast and an audio recording made.

Issued by (the Proper Officer) on Tuesday, 12 December 2023

AGENDA

Full Council - 2.00 pm Wednesday, 20 December 2023

Public Guidance Notes contained in Agenda Annexe (Pages 7 - 8)

Click here to join the online meeting (Pages 9 - 10)

1 Apologies for Absence

To receive any apologies for absence.

2 Minutes from the Previous Meeting (Pages 11 - 20)

To approve the minutes from the previous meeting.

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 **Chair's Announcements** (Pages 21 - 22)

Reports for Decision

6 **Report of the Leader and Executive** (Pages 23 - 376)

To approve the following reports as recommended by the Executive:-

Paper A – 2024-25 General Fund Revenue Budget and Capital Programme Update

Paper B – Council Tax Reduction and Exceptional Hardship Scheme 2024-25

Paper C1 – Annual Treasury Management Outturn Report 2022-23

Paper C2 – Annual Treasury Management Midyear Report 2023-24

Paper D – Harbour Management Advisory Committee

Paper E – Proposed withdrawal and dissolution of the Heart of the South West Joint Committee

Paper F – Housing Revenue Account Q1 2023-24

7 **Report of the Executive Director for Corporate and Resources - Additional Council Tax Premiums** (Pages 377 - 390)

To approve the additional council tax premiums.

8 **Report of the Chief Executive - Somerset Council Redundancies Requiring Full Council Approval** (Pages 391 - 400)

To approve the severance costs for five posts requiring Full Council approval.

9 **Report of the Standards Committee** (Pages 401 - 404)

To approve that the level at which gifts and hospitality be declared by elected members be reduced.

10 **Report of the Licensing and Regulatory Committee** (Pages 405 - 484)

To approve the Gambling Policy – Statement of Principles.

11 **Motions on Notice** (Pages 485 - 486)

Motion on the immediate bilateral ceasefire in Israel-Gaza conflict will be proposed by Councillor Helen Kay and seconded by Councillor Habib Farbahi.

Reports for Information

12 **Report of the Leader and Executive - For Information** (Pages 487 - 492)

To note the report from the Lead member for Environment and Climate Change.

12.1 Annual Report of the Lead Member for Environment and Climate Change (Pages 493 - 514)

13 **Report of the five Scrutiny Committees** (Pages 515 - 518)

To note the update from the Scrutiny Committees.

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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.

Inspection of Papers

Any person wishing to inspect minutes, reports, or the background papers for any item on the agenda should contact Democratic Services at

democraticserviceteam@somerset.gov.uk or telephone 01823 357628.

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

If you wish to speak or ask a question about any matter on the Committee's agenda please contact Democratic Services by 5pm providing 3 clear working days before the meeting. (for example, for a meeting being held on a Wednesday, the deadline will be 5pm on the Thursday prior to the meeting) Email

democraticserviceteam@somerset.gov.uk or telephone 01823 357628.

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.

If there are members of the public and press listening to the open part of the meeting, then the Democratic Services Officer will, at the appropriate time, ask participants to leave the meeting when any exempt or confidential information is about to be discussed.

Recording of meetings

The Council supports the principles of openness and transparency. It allows filming, recording, and taking photographs at its meetings that are open to the public - providing this is done in a non-disruptive manner. Members of the public may use Facebook and Twitter or other forms of social media to report on proceedings. No filming or recording may take place when the press and public are excluded for that part of the meeting.

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[+44 1823 772277,,104152531#](#) United Kingdom, Taunton

Phone Conference ID: 104 152 531#

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Minutes of a Meeting of the Full Council held in the Hollinsworth Hall, Canalside Conference Centre, Marsh Lane, Huntworth, Bridgwater, TA6 6LQ, on Wednesday, 27 September 2023 at 2.00 pm

Present:

Cllr Mike Best (Chair)

Cllr Lee Baker (Vice-Chair)

Cllr Steve Ashton

Cllr John Bailey

Cllr Councillor Brian Bolt

Cllr Hilary Bruce

Cllr Simon Carswell

Cllr Norman Cavill

Cllr Barry Clarke

Cllr Simon Coles

Cllr Nick Cottle

Cllr Dixie Darch

Cllr Tom Deakin

Cllr Andy Dingwall

Cllr Michael Dunk

Cllr Caroline Ellis

Cllr Ben Ferguson

Cllr David Fothergill

Cllr Andy Hadley

Cllr Bente Height

Cllr Ross Henley

Cllr Henry Hobhouse

Cllr Dawn Johnson

Cllr Liz Leyshon

Cllr Martin Lovell

Cllr Kevin

Cllr Tessa Munt

Cllr Graham Oakes

Cllr Oliver Patrick

Cllr Emily Pearlstone

Cllr Suria Aujla

Cllr Marcus Barr

Cllr Alan Bradford

Cllr Theo Butt Philip

Cllr Mike Caswell

Cllr Mandy Chilcott

Cllr Peter Clayton

Cllr John Cook-Woodman

Cllr Adam Dance

Cllr Hugh Davies

Cllr Martin Dimery

Cllr Lance Duddridge

Cllr Sarah Dyke

Cllr Habib Farbahi

Cllr Bob Filmer

Cllr Andrew Govier

Cllr Pauline Ham

Cllr Alistair Hendry

Cllr Edric Hobbs

Cllr John Hunt

Cllr Tim Kerley

Cllr Tony Lock

Cllr Dave Mansell

Cllr Harry Munt

Cllr Mike Murphy

Cllr Sue Osborne

Cllr Kathy Pearce

Cllr Derek Perry

Cllr Evie Potts-Jones	Cllr Tom Power
Cllr Hazel Prior-Sankey	Cllr Steven Pugsley
Cllr Faye Purbrick	Cllr Wes Read
Cllr Leigh Redman	Cllr Bill Revans
Cllr Mike Rigby	Cllr Tony Robbins
Cllr Diogo Rodrigues	Cllr Jo Roundell Greene
Cllr Dean Ruddle	Cllr Peter Seib
Cllr Councillor Heather Shearer	Cllr Brian Smedley
Cllr Fran Smith	Cllr Councillor Federica Smith-Roberts
Cllr Andy Soughton	Cllr Mike Stanton
Cllr Claire Sully	Cllr Andy Sully
Cllr Lucy Trimnell	Cllr Sarah Wakefield
Cllr Councillor Martin Wale	Cllr Richard Wilkins
Cllr Alex Wiltshire	Cllr David Woan
Cllr Gwil Wren	Cllr Ros Wyke

Other Members present remotely:

Cllr Jason Baker	Cllr Adam Boyden
Cllr Councillor Nicola Clark	Cllr Shane Collins
Cllr Mike Hewitson	Cllr Helen Kay
Cllr Christine Lawrence	Cllr Rosemary Woods

30 Apologies for Absence - Agenda Item 1

Apologies were received from Councillors Jason Baker, Adam Boyden, Nicola Clark, Shane Collins, Dawn Denton, Philip Ham, Susannah Hart, Mark Healey, Helen Kay, Val Keitch, Andy Kendall, Jenny Kenton, Marcus Kravis, Christine Lawrence, Matt Martin, Frances Nicholson, Connor Payne, Gill Slocombe, Jeny Snell and Rosemary Woods.

31 Minutes from the Previous Meeting - Agenda Item 2

RESOLVED that the minutes of Full Council held on 26 July 2023 be confirmed as a correct record.

32 Declarations of Interest - Agenda Item 3

Councillors present at the meeting declared the following personal interests in their capacity as a Councillor of a Town or Parish Council or any other Local Authority:-

UNITARY COUNCILLOR	TOWN AND/OR PARISH COUNCIL
Steve Ashton	Crewkerne Town Council / Hinton St George Parish Council
Suria Aujla	Bridgwater Town Council
Lee Baker	Cheddon Fitzpaine Parish Council
Marcus Barr	Wellington Town Council
Mike Best	Crewkerne Town Council
Alan Bradford	North Petherton Town Council
Theo Butt Philip	Wells City Council
Simon Carswell	Street Parish Council
Norman Cavill	West Monkton Parish Council
Peter Clayton	Burnham Highbridge Town Council
Nick Cottle	Glastonbury Town Council / St Edmunds Parish Council
Adam Dance	South Petherton Parish Council
Tom Deakin	Taunton Town Council
Andy Dingwall	Westonzoyland Parish Council
Caroline Ellis	Taunton Town Council
Ben Ferguson	Axbridge Town Council
Bob Filmer	Brent Knoll Parish Council
Andrew Govier	Wellington Town Council
Pauline Ham	Axbridge Town Council
Ross Henley	Wellington Town Council
Edric Hobbs	Shepton Mallet Town Council
John Hunt	Bishop's Hull Parish Council
Tim Kerley	Somerton Town Council
Tony Lock	Yeovil Town Council
Martin Lovell	Shepton Mallet Town Council
Mike Murphy	Burnham Highbridge Town Council
Graham Oakes	Yeovil Town Council / Yeovil Without Parish Council
Sue Osborne	Ilminster Town Council
Kathy Pearce	Bridgwater Town Council
Evie Potts-Jones	Yeovil Town Council
Tom Power	Wincanton Town Council
Wes Read	Yeovil Town Council
Leigh Redman	Bridgwater Town Council
Mike Rigby	Bishop's Lydeard and Cothelstone Parish Council
Tony Robbins	Wells City Council
Dean Ruddle	Somerton Town Council
Peter Seib	Brympton Parish Council / Chilthorne Domer Parish Council

Heather Shearer	Street Parish Council
Brian Smedley	Bridgwater Town Council
Federica Smith-Roberts	Taunton Town Council
Andy Soughton	Yeovil Town Council
Richard Wilkins	Curry Rivel Parish Council
Dave Woan	Yeovil Town Council
Ros Wyke	Westbury-sub-Mendip Parish Council

33 Public Question Time - Agenda Item 4

Public Questions were received from:-

- Alan Debenham - Budget
- Mr JC Woods – Council Tax Discount
- Sigurd Reimers – Climate
- Catherine Cannon – Plant based food/Climate
- Paul Partington – Rights of Way
- Andrew Strong – Bus/Transport
- David Redgewell – Bus/Transport
- Robbie Bentley – Bus/Transport
- Ian Beckey – Bus/Transport
- Eva Bryczkowski – Town Centre Improvements
- Nick Hall – Licensing Policy
- Carolyn Griffiths – Licensing Policy

The questions and responses provided are attached to the minutes in Annexe A.

Chair’s Announcements

The Chair of the Council, Councillor Mike Best, referred to the events detailed on the Chair’s Information Sheet, circulated and published with the agenda.

Council observed a minute’s silence in memory of former Councillors Alex Glassford, Peter Humber and Derek Yeomans who had sadly passed away. Several councillors paid tribute to them at the meeting, including Councillors Lee Baker, Mike Best, David Fothergill, Bill Revans and Martin Wale.

The Chair welcomed Councillor Kevin Messenger to his first meeting of Full Council.

34 Report of the Leader and Executive - Agenda Item 5

The Leader of the Council, Councillor Bill Revans, introduced the report which set out the recommendations to Council which arose from the consideration of the report at the Executive meeting held on 6 September 2023.

The purpose of the report was to acknowledge the year end position of the legacy Councils' General Fund and Housing Revenue Account Capital Programmes.

The Council discussed the report and the following points were raised:-

- Councillors thanked officers for all their hard work in compiling the reports for the five former councils.
- Concern was raised on the slippage figures within the report.
- Councillors agreed that the table within appendix 7 for Paper A was useful and requested that the figures were further broken down by projects.
- Councillors queried why the Yeovil Refresh Project had not been highlighted within the table, as the Firepool Project had been highlighted within the Taunton figures.
- Councillors queried when the finalised funding from Government would be known.

Councillor Bill Revans proposed the recommendations which were seconded by Councillor Liz Leyshon.

Having been duly proposed and seconded, the Council **RESOLVED** to:

- Acknowledge the year end position of the legacy Councils' General Fund Capital Programmes and approved the carry forward requests of £99.5m and revised Capital Programme attached at Appendix 7.
- Acknowledge the year end position of the legacy Councils' HRA Capital Programmes and approved the carry forward requests of £90.4m and revised Capital Programme attached at Appendix 7a.

35 Report of the Monitoring Officer - Agenda Item 6

The Monitoring Officer, David Clark, introduced the report which set out a proposed appointment of a co-opted member to the Scrutiny Committee for Children and Families (Paper A) and a Chief Executive Non-Key Decision which approved a Member Dispensation (Paper B).

The Council discussed the report and the following points were raised:-

- Concern was raised on the distribution of late papers for the agenda.
- Councillor David Fothergill thanked officers for the decision paper on the

member dispensation for Councillor Christine Lawrence due to ill health.

Councillor Liz Leyshon proposed the recommendations which were seconded by Councillor David Fothergill.

Having been duly proposed and seconded, the Council **RESOLVED** to:-

- Paper A - Approve the appointment of Joanne Simons as a co-opted member on the Scrutiny Committee - Children and Families.
- Paper B - Note the non-key decision report taken by the Chief Executive on 6 September 2023.

36 Report of the Chief Executive - Agenda Item 7

The Chief Executive, Duncan Sharkey, introduced the report which asked for approval for emergency cover arrangements for two vacant Service Director roles.

Councillor Dean Ruddle proposed the recommendations which were seconded by Councillor Sue Osborne.

Having been duly proposed and seconded, the Council **RESOLVED** to:-

- Confirm the emergency temporary appointment of Niki Shaw Strategic Manager Quality, Performance, Policy and Assurance, to provide emergency cover to the proposed post of Service Director Adults Strategy, Transformation and Performance, with effect from 1 August 2023 for a temporary period until 31 March 2024 or on a permanent appointment being made, whichever was sooner.
- Confirm the emergency temporary appointment of Paul Coles Strategic Manager Adults Services, to provide cover for the post of Service Director Adults Commissioning, for a temporary period until 31 March 2024, or on a permanent appointment being made, whichever was sooner.

37 Report of the Licensing and Regulatory Committee - Agenda Item 8

The Chair of Licensing and Regulatory Committee, Councillor Simon Carswell, introduced the report which requested approval of the Statement of Licensing Policy.

The Council discussed the report and the following points were raised:-

- Councillors thanked officers for the work carried out on the Policy.
- Councillors mentioned noise nuisance created by many festivals within the area and requested a member briefing on the licensing objectives.
- The Chair of the Licensing and Regulatory Committee welcomed councillors

to attend their meetings.

- Councillors thanked the public speakers and all of the people that had submitted responses to the consultation.

Councillor Simon Carswell proposed the recommendation which was seconded by Councillor Ros Wyke.

Having been duly proposed and seconded, the Council **RESOLVED** to approve the Statement of Licensing Policy.

The meeting adjourned at 3:50 pm.

The meeting restarted at 4:15 pm.

38 Report of the Leader and Executive - Agenda Item 9

The Deputy Leader of the Council, Councillor Liz Leyshon, introduced the report which included a summary of the key decisions taken by the Leader and Executive.

Member Questions were received from:-

- Councillor Dave Mansell/Cllr Gwil Wren - Flooding
- Councillor Lucy Trimnell - Heritage
- Councillor Norman Cavill - Phosphates
- Councillor Sue Osborne - Planning
- Councillor David Fothergill - Adult Social Care
- Councillor Diogo Rodrigues - Car parks/Transport

The questions and responses provided are attached to the minutes in Appendix B.

The Council discussed the report and the following points were addressed to Lead Members:-

- Installation of contactless payments on all bus services.
- Concern on the amount of empty electric vehicle charging bays in the Crescent Car Park.
- Section 19 on Flooding and the importance of keeping the roads open.
- Thanks were given to local communities and the actions taken during the recent flooding.

The Council noted the report.

39 Annual Report of Lead Member for Communities, Housing and Culture - Agenda Item 10

The Lead Member for Communities, Housing and Culture, Councillor Federica Smith-Roberts, introduced her annual report.

The Council noted the report.

40 Annual Report of Lead Member for Public Health, Equalities and Diversity - Agenda Item 11

The Lead Member for Public Health, Equalities and Diversity, Councillor Adam Dance, introduced his report.

The Council discussed the report and the following points were raised:-

- Councillors requested an update on the take-up figures for this year's covid vaccine.
- Concern was raised on the withdrawal of some vaccine programmes.
- Councillors requested a further breakdown of the results from the school's wellbeing survey.
- The Chair of the Scrutiny Committee for Childrens and Families advised that the survey results would be discussed at one of their meetings.

The Council noted the report.

41 Annual Report of the Corporate Parenting Board - Agenda Item 12

The Chair of the Corporate Parenting Board, Jane Lock, introduced the annual report.

The Council discussed the report and the following points were raised:-

- Councillors thanked the Chair, Vice Chair and all the members of the Board for their hard work.
- Councillors gave special thanks to the retiring Independent Chair of Corporate Parenting Board.

Jane Lock proposed the recommendation which was seconded by Councillor Leigh Redman.

Having been duly proposed and seconded, the Council **RESOLVED** to:-

- Recommend a continued focus on corporate parenting responsibility as our new structures and arrangements were established, especially around housing, education, apprenticeships and social value in our procurement systems.
- Support and promote a whole council approach to create practical and

specific offers to Care Leavers through our Local Offer and the Care Leaver Covenant.

- Extend its thanks to the Somerset Care Council's young people for all the hard work that they had undertaken.
- Extend its thanks to the retiring Independent Chair of Corporate Parenting Board, Jill Johnson for her commitment and tenacity during her tenure from 2016- 2022.

42 Annual Report of the Somerset Armed Forces Covenant Partnership - Agenda Item 13

The Chair of the Somerset Armed Forces Covenant Partnership, Councillor Henry Hobhouse, introduced the annual report.

The Council noted the report.

43 Redundancies Arising from Changes in Services - Agenda Item 14

The Lead Member for Transformation and Human Resources, Councillor Theo Butt Philip, introduced the report which detailed two proposed dismissals on account of redundancy in relation to changes within their services.

The Council discussed the report and the following points were raised:-

- Councillors thanked the officers for their work during their years of service for the councils.
- Councillors highlighted that only one of the redundancies was related to the Local Government Reform.

Councillor Theo Butt Philip proposed the recommendations, which were seconded by Councillor Faye Purbrick.

Having been duly proposed and seconded, the Council **RESOLVED** to:-

- Approve the costs of the redundancies, as set out in Appendix One (Pest Control).
- Approve the costs of the redundancy, as set out in Appendix Two (Highways and Transport).
- Delegate authority to the relevant Service Director to agree the final date of dismissal and the final redundancy package, noting that the payment would not exceed contractual redundancy pay or the payment required under statute to the Local Government Pension Scheme.

44 Report of the Special Members Panel - Agenda Item 15

Exclusion of the Press and Public:

Having been duly proposed and seconded the Council **RESOLVED** to exclude the press and public from the meeting under Schedule 12A of the Local Government Act 1972, on the basis that if they were present during the business to be transacted there would be a likelihood of disclosure of exempt information.

Reason: Information which was likely to reveal the identity of an individual and information relating to the financial or business affairs of any particular person (including the authority holding that information).

The Deputy Leader of the Council, Councillor Liz Leyshon, introduced the report of the Special Members Panel.

The Council discussed the report and the following points were raised:-

- Councillors were advised of the membership of the Panel.
- Clarification was given on the process followed by the Panel.
- Councillors were glad that the decision had come to Full Council.

Councillor Liz Leyshon proposed the recommendations, which were seconded by Councillor Theo Butt Philip.

Having been duly proposed and seconded, the Council **RESOLVED** to approve the recommendations within the confidential report.

(The meeting ended at 5.45 pm)

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CHAIR

Chair's Report to Full Council

Councillor Mike Best, Chair of Council

Date: 1 October 2023 to 31 December 2023

The Chair or Vice Chair attended the following events:

October 2023

- 1st Alfred Jewel Awards Presentation 2023, St Peter's Church, North Newton
- 6th Chair's Award Ceremony, Taunton Rugby Club
- 8th Somerset Young Farmers Club, Harvest Festival, Wells Cathedral
- 11th Tree planting in memory of Late Queen Elizabeth, Ilminster Recreational Ground
- 14th Chard Town Carnival
- 16th Service at Wells Cathedral – visit of Duke and Duchess of Gloucester
- 20th Yeovil Operatic Society, Production of 'Into The Woods', Westlands Centre, Yeovil
- 21st Taunton Carnival

November 2023

- 4th Bridgwater Carnival, participant in annual 'squibbing' procession
- 9th Presentation of Chair's Award, Bayford parish meeting
- 10th Leet Law Day event, The Registry Office, Taunton
- 14th Planting of Coronation Tree for King Charles 111, Vivary Park, Taunton
- 16th Taunton Thespian Society, Production of 'Sherlock Holmes', The Brewhouse Theatre, Taunton
- 20th Opening of County Classic Motor Company, Taunton
- 21st Presentation of Chair's Award, Langport Town Council meeting

December 2023

- 2nd Amici Chamber Choir performance, Kings College Chapel, Taunton
- 4th British Empire Medal Ceremony, Bishops Palace, Wells
- 4th Presentation of Chair's Award at St Cuthbertout parish meeting
- 6th Production of 'A Christmas Carol', The Brewhouse Theatre, Taunton
- 9th Taunton Choral Society Christmas Concert, St James' Church, Taunton`
- 11th Somerset Music Christmas Concert, Wells Cathedral
- 11th Carols Round the Bandstand, Vivary Park, Taunton
- 12th Official Opening of New Construction Centre, Yeovil College
- 13th Age UK Carol Service, Wells Cathedral



16th Taunton Deane Male Voice Choir, Christmas Concert, Wellington
Methodist Church

Remembrance & Wreath Laying:

5th RBL – Dedication of Field of Remembrance, Wellington Baptist Church

9th Taunton Town Council – Dedication of Field of Remembrance, Taunton
Minster

10th GWR – ‘Poppy Train’ from Taunton to Paddington station

10th Remembrance Service at Somerset Wood, Taunton

11th Taunton Town Council, Armistice Service, Taunton Minster

12th Taunton Town Council, Remembrance Day Service, Taunton Town Centre

12th Ilminster Town Council, Remembrance Day Service, Ilminster Minster

12th RBL – Remembrance Day Service, Wellington Park, Wellington

12th Chard Town Council, Remembrance Day Service, St Mary’s Church, Chard

Wreaths were laid by other Councillors on 12th November:

- Bridgwater
- Yeovil
- Wells
- Glastonbury
- Street
- Frome
- Shepton Mallet
- Rural Villages (one wreath for all)

For more information please contact:	Name: Becky Angle (PA to Chair) Email: Civicooffice1@somerset.gov.uk
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Somerset Council

Full Council
- 20 December 2023



Report of the Leader and Executive – Items for Decision

Executive Member: Councillor Bill Revans – Leader of the Council and Lead Member for Governance and Communications

Division and Local Member: All

Lead Officers: Duncan Sharkey – Chief Executive and Alyn Jones – Executive Director for Strategy, Workforce and Localities

Author: Scott Wooldridge – Head of Governance and Democratic Services and Deputy Monitoring Officer and Mike Bryant – Service Manager - Democratic Services

Contact Details: democraticservicesteam@somerset.gov.uk / 01823 357628

1. Summary

- 1.1 This report sets out the Leader’s and Executive’s recommendations to Council arising from their consideration of reports at the Executive meetings on 4 October 2023 and 6 December 2023 (the Executive also met on 8 November 2023, but no decisions requiring Full Council approval were considered at this meeting).

Note: The references in this report to Papers A, B, C1, C2, D, E and F relate to the relevant report considered by the Executive containing specific recommendations for Full Council to consider and are appended to this report for reference.

- 1.2 **Paper A (2024/25 General Fund Revenue Budget & Capital Programme update)** was considered at the Executive meeting on 6 December. The Executive endorsed Paper A and agreed for this to be reported to Full Council to consider and approve.

This report sets out the very stark and challenging financial position faced by the Council, this includes the cost of delivering services increasing significantly faster than income received. The report highlights that the Council cannot continue to provide and operate services in their current format and that rapid, radical, change is required if it is to become financially sustainable.

The latest forecast budget gap position for 2024/25 (a reduction to £87m) is detailed along with work planned to further reduce this figure. The report further specifically sets out that indications from the Autumn Statement on 22 November 2023 are that there will be real term reductions for Local Government spending and that the Council will not be able to set a balanced budget for 2024/25 without Government support through a capitalisation direction (this would enable the Council to capitalise an amount of revenue expenditure and either borrow or use asset sales to finance it).

Further detail included within the report includes: the Financial Strategy as approved by the Executive in July 2023; work and progress to reduce the current year's projected overspend including areas of priority focus; the review of earmarked reserves from the five predecessor councils and work to repurpose and be made available as a one-off to support the 2024/25 budget; and the revenue impact of a capitalisation directive in the long term.

1.3 Paper B (Council Tax Reduction & Exceptional Hardship Scheme for 2024/25) was considered at the Executive meeting on 6 December. The Executive endorsed Paper B and agreed for this to be reported to Full Council to consider and approve.

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.

This report specifically recommends uprating income band thresholds by the same increase applied by Government to state benefits (6.7%). The report details how this option protects existing working age claimants who are in receipt of state benefits from the impact of income inflation on their CTR entitlement, but working age claimants who are in receipt of the National Living Wage, which Govt. have announced will rise by 9.8%, could see a reduction in the amount of CTR they receive (depending on their circumstances).

The report further details work to ensure the Council is making best use of the limited funds at its disposal for future financial years, and that a full review of the scheme during the 2024/25 financial year together with full public consultation on any proposed changes will be required.

1.4 Paper C1 and Paper C2 (Annual Treasury Management Outturn Report 2022-23 / Annual Treasury Management Mid-Year Report 2023/24)

were considered at the Executive meetings on 4 October 2023 and 6 December 2023. The Executive endorsed Papers C1 and C2 and agreed for them to be reported to Full Council to consider and approve.

Paper C1 - Annual Treasury Management Outturn Report 2022/23

The Annual Treasury Management Outturn Report is a requirement of the CIPFA Treasury Management Code and covers the Treasury Management activity for 2022-23.

Paper C2 - Annual Treasury Management Mid-Year Report 2023/24

The Treasury Management Mid-Year Report is also a requirement of the CIPFA Treasury Management Code and covers the Treasury Management activity for the first 6 months of the 2023-24 financial year.

Papers C1 and C2: are prepared in accordance with the CIPFA Treasury Management Code and the Prudential Code. The reports: give details of the outturn position on treasury management transactions in 2021-22; present details of capital financing, borrowing, and investment activity; report on the risk implications of treasury decisions and transactions; and confirm compliance with treasury limits and Prudential Indicators or explains non-compliance.

1.5 Paper D (Harbour Management Advisory Committee) was considered at the Executive meeting on 6 December. The Executive endorsed Paper D and agreed for this to be reported to Full Council to consider and approve.

This report details how the previous establishment of a Harbour Management Advisory Committee as an Executive Sub-Committee limits the membership from Somerset Council to the Sub-Committee to only members of the Executive. The recommendations propose the formation of a committee of the council which would enable broader membership and locally elected members to be part of the Harbour Management Advisory Committee.

Within the report it is highlighted that S102(4) of the Local Government Act 1972 expressly allows the Council to appoint a committee to advise the Executive as Duty Holder and allows the committee to consist of both members of the Council and co-opted members. The Harbour Management Advisory Committee would remain purely 'advisory' in nature and would still

only be able to make ‘recommendations’ to the Executive. The Executive would remain as the Duty Holder under the Port Marine Safety Code and as such would retain ultimate responsibility in relation to the Ports and responsibility to make financial decisions about their operation.

Establishing the Harbour Advisory Committee as a Council committee with both members of the Council and external co-opted members therefore strengthens governance by widening the pool for membership of the committee and allowing members of the wider Council and external appointees who are stakeholder representatives or individuals with valuable skills and experiences to participate in advising the Executive as Duty Holder, and in doing so achieving the balance of skills required to effectively govern the ports.

1.6 Paper E (Proposed withdrawal and dissolution of the Heart of the South West Joint Committee) was considered at the Executive meeting on 6 December. The Executive endorsed Paper E and agreed for this to be reported to Full Council to consider and approve.

The report detail that in 2015 the HotSW partnership (local authorities, National Parks, the LEP and clinical commissioning groups) submitted a devolution “statement of intent” to Government and began negotiations about a devolution deal. However, that following the EU referendum in 2016, devolution was no longer a government policy priority and the HotSW partnership developed a Productivity Strategy. In March 2018 the partnership formalised the arrangements to establish the HotSW Joint Committee.

The Joint Committee was seen a partnership vehicle to provide a single forum for local authority engagement with the Heart of the South West Local Enterprise Partnership and Government.

Changes in Government policy over the last five years, the development of the Devon, Plymouth and Torbay devolution deal and forthcoming integration of the HotSW LEP into local authorities mean that the purpose of the HotSW Joint Committee has largely been superseded and other existing partnership arrangements between the Constituent Authorities can deliver their aims. The HotSW Joint Committee is therefore considered to be superfluous and not adding value to the Constituent Authorities.

The report specifically recommends that the Council that it agrees to serve notice of its withdrawal and that the Heart of the South West Joint Committee be dissolved on 31 December 2023.

- 1.7 Paper F (2023/24 Housing Revenue Account Q1)** was considered at the Executive meeting on 4 October. The Executive endorsed Paper F and agreed for this to be reported to Full Council to consider and approve.

This report provides an update on the projected outturn financial position of the Council's Housing Revenue Account (HRA) for the financial year 2023/24 (as at 30 June 2023).

The HRA is a ring-fenced account which must abide by the relevant accounting regulations and ensure that cross subsidy between the Council's General Fund and the HRA does not occur. Whilst self-financing has provided some flexibilities, the HRA is heavily regulated which restricts income growth and increases cost pressures.

The HRA has set a balanced budget for 2023/24.

The recommendation to Full Council relates to a supplementary capital budget approval of £3,313,829 for the in-house service to spend on Fire Safety.

2. Recommendations

- 2.1 2024/25 General Fund Revenue Budget & Capital Programme update**
– see Paper A and its appendices that the Executive considered and endorsed at its meeting in 6 December 2023.

Full Council is recommended to note that the Council has declared a financial emergency and accordingly endorses the range of actions and mitigations being taken forward. Furthermore, the Council fully supports the Executive and Senior Officers to continue its discussions with the Department for Levelling Up, Housing and Communities (DLUHC) and formally requests a capitalisation direction in order to set the 2024/25 budget.

- 2.2 Council Tax Reduction & Exceptional Hardship Scheme for 2024/25** – see Paper B and its appendices that the Executive considered and endorsed at its meeting in 6 December 2023.

Full Council is recommended to approve:

- i. The Council Tax Reduction and Exceptional Hardship schemes set out in Appendices 4 and 5 to this report;**
- ii. Option 3 in relation to the income band thresholds used within Schedule 1 of the proposed Council Tax Reduction scheme i.e. uprating in line with the 6.7% rise in state benefits announced by Govt. in the November 2023 Autumn Statement; and**
- iii. A full review of the Council Tax Reduction scheme during the 2024/25 financial year to identify options for a revised scheme in the 2025/26 financial year. (NB. the review and consultation exercise will require funding which is anticipated to be in the region of £60k).**

2.3 Annual Treasury Management Outturn Report 2022-23 / Annual Treasury Management Mid-Year Report 2023/24 – see Paper C1 and C2 that the Executive considered and endorsed at its meetings on 4 October 2023 and 6 December 2023.

That Full Council approves the reports as being in compliance with the CIPFA Code of Practice for Treasury Management.

2.4 Harbour Management Advisory Committee – see Paper D that the Executive considered and endorsed at its meeting on 6 December 2023.

Full Council is recommended to approve:

- (i) that a Harbour Management Advisory Committee is established as an advisory committee to the Executive under s102(4) of the Local Government Act 1972;**
- (ii) approval of the Terms of Reference of the Harbour Management Advisory Committee attached at Appendix 1;**
- (ii) approval of the terms of the Memorandum of Understanding between the Executive and the Harbour Management Advisory Committee attached as Appendix 2;**
- (iii) the appointment of 6 elected members, as nominated by relevant political group leaders, to the Harbour Management Advisory Committee in accordance with the political balance requirements in section 15 of the Local Government and Housing Act 1989.**
- (iv) delegated authority be granted to the Service Director Regulatory and Operational in consultation with the Service Director Governance, Democratic & Legal Services to conduct a**

skills audit for the Harbour Management Advisory Committee and to conduct the process for the recruitment of appropriately skilled co-opted members to the Committee and make recommendations to Full Council for appointment of the co-opted members

- 2.5 Proposed withdrawal and dissolution of the Heart of the South West Joint Committee** – see paper E that the Executive considered and endorsed at its meeting on 6 December 2023.

Full Council is recommended to agree the Council serve notice of its withdrawal and that the Heart of the South West Joint Committee be dissolved on 31 December 2023.

- 2.6 2023/24 Housing Revenue Account Q1** – see Paper F that the Executive considered and endorsed at its meeting on 4 October 2023.

Full Council is recommended to approve a supplementary capital budget of £3,313,829 for the in-house service to spend on Fire Safety.

3. Options considered and consultation undertaken

- 3.1** Options considered and details of consultation undertaken in respect of the recommendations set out above are set out in the reports and appendices within Paper A, B, C1, C2, D, E and F.

4. Implications

- 4.1** Financial, legal, Human Resources, equalities, human rights and risk implications in respect of the recommendations set out in this report are detailed within Paper A, B, C1, C2, D, E and F.

It is essential that consideration is given to the legal obligations and in particular to the need to exercise the equality duty under the Equality Act 2010 to have due regard to the impacts based on sufficient evidence appropriately analysed.

The duties placed on public bodies do not prevent difficult decisions being made such as, reorganisations and service reductions, nor does it stop decisions which may affect one group more than another. What the duties do is require consideration of all of the information, including the potential impacts and mitigations, to ensure a fully informed decision is made.

5. Background Papers

5.1 These are set out within Papers A, B, C1, C2, D, E and F and their appendices.

PAPER A

Decision Report - Executive Decision

Forward Plan Reference: FP/23/05/08

Decision Date – 06 December 2023

Key Decision – No



2024/25 General Fund Revenue Budget & Capital Programme update

Executive Member(s): Cllr Liz Leyshon 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

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Summary

1. The very stark and challenging financial position that the Council faces is well documented, with the cost of delivering services increasing significantly faster than the income it receives. The Council cannot continue to provide and operate services in their current format and rapid, radical, change is required if it is to become financially sustainable. The November 2023 Executive received an update on the development of the 2024/25 revenue budget which set out that there was a forecast budget gap of £100m. Given the significant gap and the relatively low level of reserves, there is the very real prospect of the Section 151 Officer having to issue a statutory section 114 notice if things do not significantly improve. As a result of this, the Council declared a financial emergency and this report provides an update on the progress in reducing the budget gap.
2. The latest forecast is that the budget gap has reduced to £87m as a result of reviewing budget pressures, identification of further potential savings and reducing the size of the capital programme. Further work will continue, and updates made to the forecast, such as for the local government finance settlement, with an update coming to the January 2024 Executive meeting and final proposals coming to the February 2024 Executive for recommendation to Council. Indications from the Autumn Statement on 22 November 2023 are that there will be real term reductions for Local Government rather than increased spending. There is a significant amount

of work taking place to reduce the budget gap, however, the Council will not be able to set a balanced budget for 2024/25 without Government support through a capitalisation direction. There have been some initial discussions with the Department of Levelling Up, Housing and Communities (DLUHC) over this and the recommendation is that the council formally requests a capitalisation direction. This would enable the Council to capitalise an amount of revenue expenditure and either borrow or use asset sales to finance it.

3. The Financial Strategy was approved by the Executive in July 2023 and focused upon delivery of a sustainable council over the medium term and required:
 - early action on 17 Key Areas,
 - a review of all the MTFP assumptions, and
 - all services setting out a full range of budget options.

4. As reported previously, progress against this has been slow and with the current year's projected budget overspend and the forecast budget gap of £100m the focus has been on:
 - Reducing the current year's overspend
 - Reviewing and reducing budget pressures
 - Identifying further saving options
 - Reducing the capital programme and bids for new schemes
 - Maximising funding & income to the council
 - Generating capital receipts from asset disposals
 - Reviewing Earmarked Reserves and repurposing them to support the budget on a one-off basis
 - 'Right Sizing' of the organisation (workforce transformation) to enable it to become financially sustainable in the future
 - Working with DLUHC on a capitalisation direction

5. The month six budget monitoring report, which is included on the agenda, is projecting an overspend for 2023/24 of £18.7m (3.8%), with Adults and Children's Services overspending by £27.3m and the rest of the council being underspent by £8.6m. The corporate measures put in place to reduce the in-year overspend through the various control boards and placement panels is starting to have an impact and progress will be monitored closely during the rest of the financial year. Any overspend will need to be funded from the £49.8m of General Reserves and has the impact of reducing the amount that could be available to support the 2024/25 budget and increase the level of borrowing the Council will require, further increasing costs.

6. An initial review of the Earmarked Reserves from the five predecessor councils has been undertaken and £36.8m of these can now be repurposed and made available as a one-off to support the 2024/25 budget. The use of this level of reserves is unprecedented and will also have a detrimental impact on cash flow, increasing treasury management costs by approximately £1.0m in 2024/25 and £2.0m on an ongoing basis. Further work on reviewing the reserves will continue and an update will be included in the February 2024 report as part of the final budget proposals.
7. The use of a capitalisation direction will add to the Council's financial pressures, any Council borrowing from the PWLB will have a premium of 1.0% and the Capital used will need to be repaid over a 20-year period from 2025/26. A capitalisation direction of for example £40m, would cost the Council £2m per annum (pa) in minimum revenue provision (MRP) and approximately £2.4m pa in interest from 2025/26, £4.6m pa in total (£1.2m in 2024/25 as a part-year effect) unless this can be funded from asset sales. If the gap is not resolved for 2025/26 then another capitalisation direction would need to be sought, further adding to pressures.
8. The cost of using £36.8m of reserves and a capitalisation direction of £40m to balance the budget, without asset sales to finance them would therefore cost approximately £6.6m pa from 2025/26.

Recommendations

9. That the Executive:
 - a) Endorses and recommends to December's Full Council that the Council notes that it has declared a financial emergency and endorses the range of actions and mitigations being taken forward. Furthermore, that the Council fully supports the Executive and Senior Officers to continue its discussions with the Department for Levelling Up, Housing and Communities (DLUHC) and formally requests a capitalisation direction in order to set the 2024/25 budget.
 - b) Approves a consultation and engagement process on Council Tax and potential service changes with the public and business sectors in line with the proposals set out in this report.
 - c) Approves the re-allocation of the Earmarked Reserves as set out in Appendix 1 and receives a further update in February 2024.
 - d) Receives the draft 2024/25 budget proposals at the January Executive including details of the savings proposals and finance settlement for the council.
 - e) Notes the 'Vision for a sustainable Somerset Council' and approves that an outline Business Case is developed for the January 2024 Executive meeting.

- f) Notes the review of the 2023/24 capital programme and the review of new bids for 2024/25 schemes with the full details being included in the report to Executive in January 2024 for approval by February 2024 Council.

Reasons for recommendations

10. To ensure that the Council can set a balanced budget for 2024/25.

Other options considered

11. As this is an update report on progress in reducing the forecast budget gap for 2024/25 there are no other options considered.

Links to Council Plan and Medium-Term Financial Plan

12. 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

13. There is a section of the report focused upon risks and Table 5 sets out the risks associated with the budget. 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 the external audits of the 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:

Likelihood	5	Impact	5	Risk Score	25
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14. The financial impact of an overspend of £18.7m (as at Month 6) in the current financial year would result in a reduction in the level of General Reserves from £49.8m to £31.1m. This remains above the £30m minimum risk-based assessment of the reserves approved by Council in February 2023 but given that the reserves will not be able to be replenished and will reduce further in 2024/25 this adds to risk and uncertainty.
15. There have been regular all member monthly briefings on the budget, and these will continue until the February 2024 Council meeting.

Legal Implications

16. Section 31 of the Local Government Finance Act 1992 requires the Council to set a balanced budget at the start of each financial year. Section 28 of the Local Government Act 2003 requires all local authorities to review actual expenditure against this budget on a regular basis during the year. Where it appears that there has been a deterioration in the financial position, the local authority must take such action as is necessary to deal with the situation.
17. The Council's best value duty requires it to keep under review its services to ensure continuous improvement. This includes having a financial strategy and budgets which are clearly aligned with strategic priorities and a robust process for reviewing and setting the budget. There should be a robust system of financial controls and reporting to ensure clear accountability and a clear strategy to maintain adequate reserves. There should be collective accountability for the budget and MTFS both at officer and political level. Regular financial reporting to Executive and Scrutiny ensures members are aware of the issues during the year and the mitigating measures in place, as well as providing for public accountability.

HR Implications

18. A number of the potential savings proposals will have HR implications and the approved HR processes and policies will be followed.

Other Implications:

Equalities Implications

19. There are no specific equalities implications arising from the recommendation in this report. A number of the potential saving will require equalities impact assessments.

Community Safety Implications

20. There are no direct community safety implications arising from this report.

Climate Change and Sustainability Implications

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

Health and Safety Implications

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

Health and Wellbeing Implications

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

Social Value

24. There are no direct Social Value implications arising from this report.

Scrutiny comments / recommendations:

25. The Scrutiny for Corporate & Resources Committee considered the Financial Strategy in July 2023 and the update at their meeting on 9 November 2023. They will consider the draft 2024/25 Budget proposals at their meeting on 1 February 2024. Their comments and observations on the draft budget proposals will be considered by the Executive at their February 2024 meeting when they will finalise the budget proposals and make their recommendations on the 2024/25 budget to full Council.

Background

26. Full Council approved the 2023/24 Budget in February 2023, the first budget for the new 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 have 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.
27. The 2024/25 to 2026/27 Medium-Term Financial Strategy (MTFS) was approved in July 2023 and provides a strategic financial framework and a forward-looking approach to achieving financial sustainability for the Council. The financial forecast has been updated and reported to the November Executive and it set out that the estimated budget gap for 2024/25 assumed in the report to February Full Council had increased from £42m to £100m. As a result of this the Council has declared a 'financial emergency' and put in place a range of measures to address both the current year's forecast overspend and the forecast budget gap for 2024/25 and future years.

28. There have been regular Member briefings on the council's finances which started in August 2023 with Rob Whiteman, CEO of CIPFA giving some key messages on the financial challenges facing the sector and Mark Pickering, CEO of Arlingclose, setting out the economic outlook. There have been two monthly briefing sessions open to all members from September 2023 and these will continue through to February 2024 to ensure that all members are aware of the financial challenges that the Council faces.

Current Context

29. The Council's finances have been significantly impacted by national factors outside of its control such as inflation and interest rates, as well as having to deal with the challenges of bringing the five predecessor councils into one new organisation.
30. Inflation peaked at a 40-year high with CPI rising to 11.1% in October 2022, although we are now starting to see this decrease, to 4.6% in October 2023. These inflationary increases adversely impact upon the Council and the costs of the services which it provides. This is particularly evident in the care sector where cost increases have been significantly above the CPI inflation levels. The national staff pay award for 2023/24 has now been agreed at £1,925 and this is estimated to be equivalent to a 6.1% increase in the pay bill for the Council.
31. To bring inflation under control the Bank of England has been increasing interest rates and these have risen from 0.1% in November 2021 to the current rate of 5.25%. The Council is a net borrower and inherited a position of significant amount of short-term borrowing on 1 April of over £200m, and each 1% increase having a financial impact of £2m.
32. The LGR business case set out that £18.5m of on-going savings would be achieved with the costs of implementation being £16.5m. Staffing made up the majority of the savings with an expected reduction of 339 posts delivering £12.3m with £2.9m of senior management savings and £9.4m from staff savings across the services. To date £2.6m of on-going senior management savings have been achieved which was reported to Council in July 2023, but the delivery of the other staff savings has not been achieved. The other staff savings were profiled as being £1m in current year, £4m in 2024/25 and £4.4m in 2025/26. Service Directors have been holding vacancies to mitigate against non-delivery of £1m savings in the current year. Consideration will need to be given around the delivery of these savings and how they relate to the future workforce transformation of the Council to ensure that there is no double counting.

33. A key area of activity for the finance team in the new council has been around the production of 2022/23 statement of accounts for the five predecessor councils. This includes having to address the inherited position of outstanding external audits on their accounts from 2020/21 and 2021/22. This is particularly important, not only in understanding the opening position for the new council, but also in providing independent external assurance around the finances. Good progress has been made on this, with all the 2020/21 statement of accounts now signed off and only South Somerset DC outstanding from 2021/22 (which is approaching completion). All five of the 2022/23 statements of accounts have been published and one of these has been signed off by the external auditors. A common feature of councils that have issued section 114 notices has been the number of prior year external audits that have not been completed with issues arising that were not known when setting budgets.
34. The LGA made a submission to the Chancellor ahead of the Autumn Statement concerning local government funding and made a number of key points including:
- Councils are still under intense financial pressure.
 - Councils face ongoing inflationary and pay pressures alongside spiking demand and market challenges in areas such as children’s social care and temporary accommodation. This is happening at a time of low financial resilience across the sector following a 27% real-terms reduction in core spending power since 2010/11. Government support is needed urgently to ensure local financial and service sustainability.
 - recognise there are some pressures that cannot wait as many councils are struggling to meet needs and still balance their budgets. For example:
 - Rising costs and demand pressures in children’s social care – budgets up by 13.6 per cent in 2023/24 compared to 2022/23 with further upward pressure on in-year spend.
 - Escalating costs of home to school transport for children with special educational needs and disabilities – budgets up by 23.3 per cent whilst pressures continue.
 - Increasing costs of homelessness services with multiple contributory factors, including asylum and resettlement, pushing budgets up by 19.9 per cent with pressures ongoing
 - A key issue is that while annual average inflation peaked in 2022/23 at around 10.0 per cent for the economy as a whole and is forecast to fall to an annual average of around 6 per cent in 2023/24, this is not necessarily the case for all councils. Where councils purchase goods and services through annual contracts these contract prices

will often be updated in 2023/24 based on inflation over the preceding 12 months. For these contracts councils will experience peak inflation in 2023/24.

- Furthermore, in 2022/23 many councils had to deal with unfunded in-year pressures through one-off measures such as the use of reserves. While one-off measures helped plug the gap in 2022/23 this was only temporary. Councils will have had to identify new recurrent savings or income to address these unfunded 2022/23 pressures in their 2023/24 budgets.
- This means that while the economy is forecast to be on the downward slope in terms of cost pressures in 2023/24, this is not necessarily the case for councils. They remain firmly in the eye of the inflationary storm in 2023/24 and will continue to be so in 2024/25
- Not only will this require the Government to provide additional funding but greater certainty on funding is also needed. Specifically, the Government should:
 - Provide long-term funding for local government that reflects current and future demands for services.
 - Ensure that funding is sufficient for councils to recruit and retain sufficient numbers of skilled staff and meet the demands of National Living Wage increases.
 - Adopt a renewed focus on prevention to address existing and future demand for services such as social care, homelessness support and community safety.
 - Provide multi-year and timely settlements for councils to allow them to plan and make meaningful financial decisions.
 - Provide clarity as soon as possible on funding streams in the 2024/25 settlement, such as the New Homes Bonus, where there are uncertainties.
 - Ensure that when the Review of Relative Needs and Resources takes place that the Review considers both the data and the formulas used to distribute funding and that the Government ensures that overall local government funding is sufficient when new needs formulae are introduced to ensure that no council sees its funding reduce as a result and that there are transitional arrangements for any business rates reset.
 - Consider alternative forms of income for local government including an e-commerce levy with the funding retained by local government

35. The County Councils Network (CCN) has recently published a budget analysis which reveals:
- Councils' additional cost pressures this year top £3.7bn from a combination of higher than expected inflation and demand, with councils now forecasting they will overspend their budgets in 2023/24 by £639m this year – an average of £16m per council.
 - Rising costs and demand totalling £319m in children's services account for almost half (45%) of the projected overspend. Adult social care (25% - £179m), education, transport – including home to school transport – and highways (22% - £154m), alongside housing (£24m – 3%), make up the bulk of the remaining additional in-year pressure.
 - Overspends have worsened an already challenging financial outlook. This year, councils' funding gap has grown to £1.6bn, with a further shortfall of £1.1bn in 2024/25 and £1.3bn in 2025/26, meaning a total funding shortfall of £4bn between 2023-2026. Over the course of the three-year period councils have pencilled in £2bn of savings and service cuts but this would only reduce the deficit by half.
 - As a result of cost pressures soaring, and despite increased funding, council tax rises and £1bn worth of savings and cuts this year, councils are still forecasting a budget deficit of £603m in 2023/24, with the analysis showing 1 in 10 of these councils are unsure or not confident they can balance their budget this year.
 - Faced with this bleak financial picture, councils' confidence in setting a balanced budget plummets further over the next two years. Some 4 in 10 of these councils are unsure or not confident they can balance their budget in 2024/25, with this increasing to 6 in 10 by 2025/26.
36. In its analysis published following the Autumn Statement, the Office for Budget Responsibility (OBR) also warned pressure on local authority budgets “will continue”. It said 2022-23 was the first time since 2019-20 that local authorities had drawn on their reserves for current spending, using £2.3bn and it now assumes they will drawdown a further £1.5bn in 2023-24 and £0.8bn in 2024-25. Its previous forecast in March had assumed there would be no drawdown.
37. The analysis notes that 11 section 114 notices have been issued by local authorities since 2018, this includes Croydon that has issued three section 114 notices, compared with two between 2000 and 2018, but says the “direct impact on our forecast to date has been relatively small as the central government response to section 114s has been

to allow affected local authorities to reallocate their capital budget towards day-to-day spending (a 'capitalisation direction') or to increase council tax rates".

38. However, the OBR warns that wider pressures on local authority finances still pose a risk to its forecast. It notes that local authority spending has fallen from 7.4% to 5% of GDP since 2010-11 and forecasts it will fall further to 4.6% in 2028-29. It adds: "Given local authorities' statutory duty to provide a range of services where demand is likely to continue to grow, for example adult and child social care, pressure on local authority finances and services will continue."
39. The watchdog also forecasts a £4.5bn fall in borrowing for capital expenditure from its 2019-20 peak of £11.5b to £7bn in 2028-29. It adds: "This reflects the financial pressures facing local authorities and higher interest rates on loans from the Public Works Loan Board, their principal source of financing."

Structural budget problem

40. 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 £338m in the current year. The Council Tax charge for 2023/24 is based upon having one harmonised rate across Somerset with the total amount raised being based on the same amount generated in the five predecessor councils in 2022/23. Therefore, the current band D charge of £1,646.04 reflects the historical decisions from the predecessor councils. The increases in Council Tax are carefully controlled by government which it limits through the referendum principles. For 2024/25 the indication is that Council Tax can increase by 2.99% and that there can be a further rise of 2% for the adult social care precept.
41. The Somerset Council charge for 2023/24 is lower than the majority of other unitary councils with:
- It being ranked 49 out of 63 for unitary councils
 - Average unitary charge £1,727.08, 4.9% or £81.04 higher than in Somerset
 - Charging the unitary average would generate an additional £16.7m per annum
 - Charging the same as the highest Council Tax, Nottingham City Council (£2,053) would generate an additional £83.7m per annum.
 - Charging the same as the other Southwest unitary councils would generate an additional:
 - Dorset Council (£1,906 – 15.8% higher) - £53.4m per annum
 - Cornwall Council (£1,803 - 9.5% higher) - £32.2m per annum
 - Wiltshire Council (£1,702 – 3.4% higher) - £11.5m per annum.

Development of the 2024/25 Budget Options

42. Following the approval of the Financial Strategy in July, services were tasked with identifying service budget options against the following headings:

- **Efficiency Savings** – Savings from LGR (being one council rather than five), changes in demand, innovation & procurement. Specific tasks are:

- Delivering the LGR Business case savings of £18.5m
- Review of contracts as part of combining the five contracts registers into one
- Reviewing and challenging demand and inflationary requirements

- **Service levels** – Changing service levels - Gold, Silver, or Bronze standard or stopping the service altogether if it is not statutory as follows:

- Use of benchmarking information to inform the cost of services of comparable unitary councils
- Consideration of service levels and what discretionary services are provided

- **Alternative Service Delivery** – Providing the same service in a different way e.g., transformation savings, through a partner or VCFSE sector and specifically:

- To transform services as they are joined together maximising the use of digital technology and new ways of working to maximise efficiency

- **Asset Management** – different use of assets, purchase, and disposal of assets as follows:

- Rationalisation of the corporate estate to reduce running costs and generate potential capital receipts or rental income.
- Minimise new capital bids by only considering fully externally funded schemes and those where there is a legal requirement (such as critical condition schemes to manage Health and Safety risks or maintain operations), and those where there is a robust and compelling invest-to-save business case, generating revenue savings.
- Reviewing the portfolio of commercial investments

- **Financing of Activities** – Capital, Revenue & Reserves as follows

- Review of current capital programme to deal with the impacts of inflation and focus on priority areas
- Reviewing options around the Flexible use of Capital Receipts for appropriately qualifying spend
- Review of Treasury Management activities covering both investment and borrowing activities
- Reviewing the use of reserves to smooth out the MTFP and delivery of savings.

- **Income Generation** – Grants, business rates, council tax and fees & charges.

- Increase income from a review of all fees and charges including further alignment of charges from the five councils
- Reviewing the finance settlement in terms of council tax, business rates, and other grants

43. The Council sets its fees and charges on an annual basis. These relate to services where the Council has local discretion over fee setting as well as for fees and charges that are set nationally. At this stage the modelling used makes an assumption that all locally set fees and charges will be increased by a minimum of CPI. Other above inflation increase will be proposed in specific areas where we believe there to be headroom.

44. There are a number of fees and charges that are set by Council on the basis of cost recovery only. We cannot therefore seek to make a profit from these, we can however pass on our increased costs due to inflation and again we have made an assumption that CPI will be applied to these charges. Finally, there are a number of fees and charges that are set nationally. We have no control over these and cannot exceed the charge set. Not all of these are known at this stage, but we have made some assumptions that form part of the modelling.

2024/25 Budget Forecast

45. Since the update last month there have been range of activities covering the following areas:

- A focus on reducing the in-year overspend by setting up control boards and strengthening placements panels.
- Putting in place ‘mothballing’ arrangements for council offices in order to reduce in year costs.
- Identification of a pipeline of future asset disposals.

- Carrying out 22 service challenge sessions with a focus on what actions they are taking in current year to help with the forecast overspend and what new savings options can they put forward.
- A deep dive into the Adults budget and reviewing the demand modelling assumptions using John Jackson, LGA national lead, and Newton Europe.
- Engaging Peopletoo to carry out a deep dive on Children’s Services. Reviewing and updating the demand modelling for children looked after.
- Reviewing and challenging all service pressures and their underlying assumptions.
- Reviewing the current capital programme and bids for new schemes in order to reduce borrow costs.

46. The impact of this activity has seen the budget gap reduce down to £87m.

Table 1 – 2024/25 Budget Gap – as at 23 November 2023

MTFP gap	2024.25 £m
Position in October 2023	100.2
Reductions in Pressures	(4.0)
New saving options	(12.0)
Changes in funding	2.4
Changes to Pay	2.5
Changes to Debt Costs	(2.1)
Updated Budget Gap – November 2023	87.0

47. In terms of services and funding this is summarised in **Table 2** below which sets out the 2023/24 budget, the October forecast, the November forecast, changes between the two forecasts and the change between the 2023/24 budget and the latest forecast.

Table 2 - MTFP Updated – as at November 2023

2023/24 Budget £m	Latest Position @ Nov 23	Feb 23 Forecast 2024/25 Budget £m	Oct 23 Forecast 2024/25 Budget £m	Nov 23 Forecast 2024/25 Budget £m
187	Adults Services	222	256	251
123	Children & Family Services	129	140	142
35	Community Services	35	40	33
87	Climate & Place	92	91	88
20	Strategy, Workforce & Localities	20	20	20
20	Resources & Corporate Services	22	20	21
1	Public Health	1	1	1
0	Local Government Reorganisation	(8)	(7)	(7)
6	Corporate Contingency	6	6	6
4	Accountable Bodies	4	4	4
	Corporate Areas			
15	- 23/24 & 24/25 Pay award	21	28	31
41	- Debt financing	50	55	53
10	- Other corporate cost	11	11	10
(56)	Special Grants	(65)	(66)	(66)
493	Net Budget Requirement	540	599	587
	Financed by:			
(8)	Revenue Support Grant	(9)	(9)	(9)
(4)	Flexible Use of Capital Receipts			
(122)	Business Rates	(130)	(130)	(132)
6	Business Rates Collection Deficit			
(7)	Council Tax Collection Surplus			
(295)	Council Tax	(307)	(307)	(307)
(40)	Council Tax Adult Social Care	(47)	(47)	(47)
(3)	Council Tax Somerset Rivers Authority	(3)	(3)	(3)
(20)	Earmarked Reserves	(2)	(2)	(2)
(493)	Total Financing	(498)	(498)	(500)
0	Budget (Surplus) / Deficit	42	100	87

48. The Local Government Reorganisation heading includes the staff savings from the LGR Business Case that have been previously agreed with £4m of savings built into the 2024/25 budget and a further £4.4m into the 2025/26 budget. These savings are currently held here but will be allocated against individual services. Included within the Corporate Area is the budget for the 2023/24 national pay award together with the estimate for 2024/25 and these will be allocated out to the individual services.

49. The key and most significant changes relate to:
- Adults – due to demand increases and significant increased placement costs.
 - Childrens – increases in external placement costs and SEND transport.
 - Corporate - impacts of the 2023/24 national pay award which was budgeted for at 5% and has been agreed at £1,925. It is estimated that this is equivalent to a 6.1% increase and increased interest rates and MRP costs impacting on debt financing costs.
50. **Table 3** provides analysis of the changes between the 2023/24 budget and the draft 2024/25 budget which is currently based on following key assumptions:
- Inflation – No general increases in inflation but use of specified indices within individual contracts.
 - Demographic changes – changes built into demand models based upon ONS population forecasts.
 - Interest rates – based upon current Bank of England base rates of 5.25%.
 - National pay award – The assumption for 2024/25 is currently estimated to be 5%.
 - Council tax – An increase of 0.5% in tax base and 2.99% in the council tax charge and a further 2% increase in the adult social care precept.
 - Government Grants – Based upon the information provided in the 2023/24 finance settlement. With New Home Bonus remaining at £3.8m, minor increases in Service Grant, Rural Service Delivery Grant and Revenue Support Grant. The major changes are Markets Sustainability & Improvement Fund grant of £2.9m and Social Care Support Grant of £5.7m.
 - Business Rates – based upon modelling & forecast to increase by £9.7m.
 - Collection fund – no surplus or deficit on the business rates & council tax collections funds have been assumed at this stage. Figures will be calculated in January.

Table 3 – Summary of changes to budgets

Service	2023/24 Budget £m	Reversal for once off items £m	Base Budget £m	Finance, Pay & Funding Changes £m	Pressures £m	Savings £m	2024/24 Draft Budget £m
Adults Services	186.6	5.5	192.1	(2.2)	69.6	(8.7)	250.8
Children & Family Services	123.1	(0.7)	122.4	0.0	26.3	(6.3)	142.4
Community Services	35.2	0.0	35.2	0.0	1.5	(3.9)	32.8
Climate & Place	87.1	0.3	87.4	0.0	5.6	(5.1)	87.9
Strategy, Workforce & Localities	20.2	0.0	20.2	(0.3)	0.1	(0.5)	19.5
Resources & Corporate Services	20.5	0.0	20.5	0.0	3.8	(3.4)	20.9
Local Government Reorganisation	0.1	(3.1)	(3.0)	0.0	0.0	(4.0)	(7.0)
Public Health	1.2	0.0	1.2	0.0	0.0	0.0	1.2
Corporate Contingency	6.0	0.0	6.0	0.0	0.0	0.0	6.0
Accountable Bodies	3.7	0.0	3.7	(0.1)	0.0	0.0	3.6
Corporate Areas	66.1	0.0	66.1	26.3	1.4	0.5	94.3
Special Grants	(56.4)	0.0	(56.4)	(9.2)	0.0	0.0	(65.6)
Total	493.4	2.0	495.4	14.5	108.3	(31.4)	586.8

51. To close the projected gap for 2024/25 and ensure we can set a balanced budget there is a need to review the range and scope of the services that are delivered by the Council. The purpose of this section is to set out the areas of search where savings could be made by redesigning how a service is delivered, reducing the level of service offered or, potentially, ceasing the service entirely, subject to appropriate consultation. The key areas of potential savings included within the current forecast include:

- **Efficiency savings:** We will prioritise finding savings through efficiencies before reducing services. This includes reviewing our contracts and use of consultants, reducing the bills associated with managing our estate by reducing the number of buildings we operate, continuing to transform our IT infrastructure so that it reflects best practice and the size of our Council, removing all non-essential mobile phones, making best use of grants and external funding to reduce revenue costs and reducing staff benefits including long service awards.
- **Elected Councillors and Democratic Function:** Savings could be made by reducing the number of Councillor meetings, reducing the number of Executive Lead Councillors and reducing the budget for training and conferences.

- **Harmonisation of service standards following LGR:** There are several services where there is still inconsistency across the County following Local Government Reorganisation. Currently there are grants paid to Parish Councils in the former Somerset West and Taunton area to maintain footpaths, playing fields and burial grounds. In addition there are several legacy grants, established by previous Councils, that are paid to support community groups. We currently have different approaches in different areas to providing facilities for events and charging for emptying bins. Savings could be made by moving to a consistent approach across Somerset.
- **Increasing fees and charges:** The council provides a diverse range of services and activities, some of which are chargeable. This includes parking, planning fees, harbour fees, registration ceremonies and collection of green waste. It is vital that these charges keep pace with rising costs caused by external influences such as inflation. Where these charges are set locally, we will look to consult with the public on proposals to increase fees to reflect the pressures created by these external factors.
- Changes to how services are delivered:
 - **Adult Services:** Many of these services are demand led with service levels set by statute. However, there is discretion on how the Council delivers some preventative services. To address the financial gap it may be necessary to reduce spend in these interventions. This could lead to additional budget pressures and a detrimental impact on service users. In addition, it is important to ensure that our fees and charges in this service area are reviewed to reflect the costs of the service.
 - **Children's Services:** Costs in Children's services are increasing nationally and often governed by legislation, setting the standards. As with adult social care services, there are discretionary elements where savings could be considered. These include reductions in elements of early help, careers support, how we support independence, educational psychology support and virtual school.
 - **Community Services:** Many of these services are discretionary and as a result Councils can determine the extent to which they support these activities. It is possible to consider reductions to our library services, reductions in the provision of leisure activities, and reduced support to theatres, visitor centres, tourism and heritage services. This could also include the reduction or cessation of CCTV provision and the management of beaches and parks where operated.

- **Highways and public transport:** Somerset Council carries out a range of proactive and reactive highways maintenance services. Many of these are mandatory but service levels could be reviewed to reduce costs. These include maintenance of ditches, grips, drains, gullies, grass and hedge cutting, weed treatments, road markings, signs and paths. Other discretionary transport-related services which could be reviewed include active travel, community-based highway safety interventions like school crossing patrols. We could also consider reducing funding for technical studies and partnerships, removing discretionary elements of the concessionary travel scheme, and reducing public bus subsidies, including support to park & ride.
- **Waste Management:** The collection and management of Somerset's waste represents a significant element of the of the Council's budget. While many parts of this service are statutory, savings could be made by reducing the number of household waste recycling centres, reducing the operating hours of the household waste recycling centres and, introducing permits to restrict waste collected at our recycling centres to Somerset residents.

Finance Settlement

52. The Autumn Statement was delivered on 22 November 2023 with some the key headlines being:
- No further funding increases for local government beyond those that had been previously announced. Additional funding for the NHS and adult social care announced in the Autumn Statement 2022 has been “reaffirmed”, as we expected.
 - New powers to de-couple the business rates multipliers will be used from 2024-25. As we expected, the small business rates multiplier will be frozen, and the standard multiplier indexed (to 54.6p based on September CPI).
 - 75% Retail, Hospitality and Leisure (RHL) discounts will continue for a further year.
 - Local authorities will be “fully compensated for the loss of income from these business rates measures”.
 - Local Housing Allowance (LHA) rates will be raised to the 30% percentile of local market rents from April 2024. No direct impact on local authorities but this should indirectly reduce pressure on temporary accommodation.
 - Resource DEL budgets will increase by 1.0% in real terms over the medium term, which imply real-terms cuts for unprotected local government services.

- Chancellor wants to improve productivity in the public sector (by 0.5% per year) and to reduce the size of the civil service (return it to its pre-pandemic levels). He wants a “more productive state not a larger state”.
- Long-term freeze in capital investment in the public sector.
- Consolidation of local authority pension funds, with local government funds also required to allocate 10% of investments to private equity.
- National Living Wage will increase to £11.44 for workers 21 years and over (an increase of 9.8%).
- Funding Simplification Doctrine will come into force from January 2024, to simplify the “local government funding landscape, giving councils greater flexibility and freeing up resources for delivery”.

53. The Local Government Finance Settlement is due in mid-December 2023 which will provide details of the government grant and council tax referendum limits.

The Capital Programme

54. A revised General Fund Capital Programme and HRA Capital Programme was approved at Council in September 2023. This combined the Capital Programme approved in February 2023 and the slippage of the five legacy Councils with a revised budget of £391.6m set for the General Fund and £122.6m set for the HRA.

55. A review of these schemes has been undertaken with the following list of general fund schemes to be approved by the Executive.

56. In addition to the existing schemes there are a number of new bids put forward for Member approval for 2024/25 and onwards. The bids recommended for approval focus on utilising grants or ringfenced receipts that we hold or are guaranteed for 24/25 onwards.

57. There are a number of schemes that have mixed funding, this might include the use of capital receipts, reserves, or borrowing. These schemes are put forward for Member consideration as they enable the council to meet its statutory requirements or an urgent health and safety need.

58. The proposed schemes from 2024/25, if approved would deliver an additional capital programme value to £120.1m with a spend profile in 2024/25 of £45.0m. Of which the 2024/25 borrowing requirement would be £6.6m

59. There are a number of multi-year proposals that deliver property condition and compliance works. The organisation will be reviewing the number of property assets it retains and as such we would expect to see a reduction on condition and compliance needs in future years. Members are recommended to approve the 2024/25 requests for these schemes on an annual basis. Whilst not approving future years has no impact on the 2024/25 budget it sets an expectation that future bids will be needed and that they should reflect the changes in Council held assets.

60. The General Fund capital schemes requests have now been reviewed and the business cases are being updated accordingly. These will be presented to the Executive in January and will need full Council approval in February 2024.

Table 3 - New schemes for the Capital Programme

Type of Bid	2024/25 £'m	2025/26 £'m	2026/27 £'m	2027/28 £'m	2028/29 £'m	TOTAL £'m
Fully Funded	36.9	41.2	8.4	8.4	8.4	103.3
Health & Safety	6.5					6.5
Funded through capital receipts	1.5	7.0	1.8			10.3
Save to Earn	0.1					0.1
Total	45.0	48.2	10.2	8.4	8.4	120.2

Funding Type	2024/25 £'m	2025/26 £'m	2026/27 £'m	2027/28 £'m	2028/29 £'m	TOTAL £'m
Grant	36.9	41.2	8.4	8.4	8.4	103.3
Capital Receipts	1.5	7.0	1.8			10.3
Borrowing	6.6					6.6
Total	45.0	48.2	10.2	8.4	8.4	120.2

61. A further bid is anticipated in order to spend the recently awarded levelling up fund for the Tonedale Vision, this will be for £20m and is fully funded by government grant, the service will develop a detailed bid for inclusion in the final report to Full Council.

Asset Disposal

62. The generation of capital receipts from asset disposals is a key part of the financial strategy. The council has already agreed to the disposal of its commercial property investments and has developed a pipeline of future disposals of surplus assets. Capital receipts from asset disposals can be used to reduce debt, provide funding for transformational activities, fund any capitalisation directions or fund capital schemes.
63. Following on from the Executive decision to approve the disposal of the commercial investment portfolio at its meeting of 8th November, the appointment of external agents to support this work is nearly concluded. The Property and Investment Sub Committee will receive a full update report at its meeting on 21st December.
64. The Executive also tasked the Asset Management Group to bring forward asset disposals from assets held outside of the commercial investment portfolio, including council office rationalisation proposals, at its meeting of 8th November. The Asset Management Group is currently overseeing the disposal of 74 sites that have been declared surplus; 16 further sites have been sold to date during 2023/24. Whilst sales of a number of these sites are subject to planning agreements and options (and may, therefore, not be concluded until 2025/26 or beyond), a total value in the range of £15m-£20m is targeted to be achieved from the current pipeline of approved disposals during 2023/24 and 2024/25.
65. Work to review and rationalise Somerset Council's inherited office estate commenced prior to vesting day, and to date revenue savings in premises running costs totalling £1.4m have been identified and the savings have been factored into the Medium-Term Financial Plan. Funding for a joint project to review the wider public sector office estate in Somerset was secured from the One Public Estate programme in spring 2023, and following a joint procurement exercise a project to develop a co-location strategy for NHS bodies, Avon and Somerset Police, Somerset Council and other public partners was launched in July. Analysis of existing gross and net operating costs, capital receipts, existing leases, maintenance liabilities and energy efficiency is being undertaken across a wide range of in-scope buildings across a number of public partners, and a number of opportunities for co-location have been identified. A pilot initiative to consolidate and reduce our office footprint at the County Hall and Shape Mendip sites to reduce heating costs over the winter period has been implemented, with two buildings at these sites due to be mothballed for a four month period from 1st December.

66. Asset Management Group will continue to identify further options for the rationalisation and disposal of assets with a view to declaring further groups of assets as surplus at its forthcoming meetings in December and January.

Reserves

67. The council has already agreed a transfer between the Earmarked Reserves to General Reserves to bring them up to £49.8m. This is within the range of a minimum of £30m and maximum of £50m agreed by Council when the 2023/24 budget was set in February.
68. There has been review of the Earmarked Reserves from the five predecessor councils to identify reserves that can be repurposed to support to the MTFP and £36.8m has been identified.

Vision for a sustainable Somerset Council

69. Like many other councils, we are facing an extremely challenging financial position with the cost of delivering services increasing significantly faster than the income we receive. Our Council Plan was clear at the outset that our new Council came into existence at the most challenging time for local government in a generation. Fourteen years of austerity and growing demand has reduced the spending power and financial flexibility of all councils. The cost of delivering our services has dramatically increased due to rising energy costs, rising interest rates, rising costs of care, and increasing numbers of people who need our support.
70. We knew that this would mean facing a period of difficult decisions to ensure we can keep supporting those Somerset people in greatest need. The current financial outlook means that we need to significantly accelerate the pace and broaden the scale of our transformation. We need to fundamentally rethink the way we work, the services we deliver, and the capabilities and competences that we will need to run our Council. Incremental changes to discrete parts of our organisation will be too slow and narrow to deliver on what is needed. We need to adopt a radically different way of working as a Council, operating with fewer staff, whilst increasing our influence and impact.
71. Our transition to a single council has identified substantial weaknesses which have been inherited from all five legacy councils. It is clear that some of our organisational approaches, including our cross-organisational responsibility for financial management, have not been good enough. We need to take collective ownership for our organisational priorities, providing robust leadership throughout the organisation.

We also need to challenge how things have always been done and strive for excellence in everything we do. We need to create a supportive environment where employees are encouraged to take thoughtful risks and not be afraid of making mistakes or learning from them.

72. The ambition of the council remains the same – we want the people of Somerset at the heart of everything we do; and we will be a council that will do our best to be there whenever our residents need us. However, we need to be clear that there will be things that we will have to stop doing, and the things that we do continue to deliver will need to be done in a way which is fundamentally different. We will need to continually evolve and innovate to meet the rapidly changing context and challenges we face as a council.
73. Our learning from other councils that have been on the journey before us is that we need to clearly articulate our vision for how the council will develop and transform and agree a set of robust design principles to guide us over the coming years.
74. Our **vision for the council** is to be a smaller leaner council, employing fewer people, focusing only on the unique value we can provide. We will bring people together and build strategic relationships with our partners and communities to work as a team, harness and build our collective power to deliver outcomes for the people of Somerset.
75. We want to free our staff up to be leaders and do what is important – our processes will be streamlined and redesigned to support us to do that efficiently and effectively. At our core, we will be focusing on delivering value and impact, we will be maximising the use and opportunity of digital, Artificial Intelligence and data insight to help us realise our vision.
76. We will automate any work that is repeatable and can be mapped. Any work that is complex, unique, intuitive, one of a kind and relational will be done by our people, who will be problem solvers: highly skilled, agile, continuously learning and locally based in our communities.
77. The design of our services will be focussed on providing value to the people of Somerset, not on the professional and siloed specialisms of council teams. Our **design principles** that will support the delivery of this vision:
78. **A council that is flexible and agile** which will:
 - be clear on accountability and responsibility, reducing the need for complex systems of governance, streamlining decision making and reporting processes.

- create clear and flexible roles and functions, working across the council rather than in silos.
- empower our people to be directly accountable for the delivery of outcomes, reducing the management overhead associated with the operation of our Council.
- use agile, iterative, and dynamic approaches to improvement, transformation, and change, delivering outcomes at a much swifter pace than current processes, practices and policies allow.
- build new capabilities and competences that enable and facilitate the whole of the organisation to change - and keep changing - so that we can continuously innovate at speed and scale rather than wrapping change in bureaucratic process, governance, and procedures.

79. **A smaller and leaner council** which will:

- design out repetition and duplication – eliminating duplication of roles and functions across the council. We will redesign how our business is supported requiring less staff to administer what we do in our back office.
- focus our direct engagement with the public on those services that support the most vulnerable members of our community, enabling information regarding all other service delivery to be available at a time convenient to those who wish to access it.
- focus on further developing integrating health and social care to support collaboration, personalisation, and early intervention, to increase independence and wellbeing.
- have the right mix of deep expertise and cross-functional generalists – it may be better to outsource some skills that may have traditionally been handled in house.

80. **A data driven and digitally enabled council** which will:

- use data to power every part of the council’s business, protecting it, and exploiting it, to make good investment decisions, improve our services and maintain public trust.
- optimise use of digital technology and Artificial Intelligence – reducing the number of staff required to run our services, processes, projects, and governance.
- promote a digital culture for collaboration and innovation, working with the many organisations and agencies that serve Somerset to increase smart solutions, infrastructure, and connectivity.

- provide a joined up digital experience for customers as they access council services.

81. **A sustainable and resilient council** which will:

- enable partners and other third parties to operate functions and services that are better delivered by others because of their knowledge and expertise.
- balance investment and savings, and measure our impact to inform investment decisions.
- prioritise listening and learning to improve service delivery.
- continue to tackle the climate and ecological emergency to the extent possible given our financial constraints

82. A council that is local, connected and inclusive which will:

- develop and facilitate our Local Community Networks so that they can set their own priorities, determine local action plans and act upon them.
- work with our partners so that we can collaborate to support our communities to access advice, guidance and, where necessary services, across the public sector and voluntary sectors in Somerset.
- make equality, diversity and inclusion the lens through which all decisions are taken. We will include it at an early stage – not as a thing to do “later”.
- ensure that our workforce understands the places and people they support without the need for physical assets to demonstrate our connection to communities.
- have fewer people, but with a wide range of knowledge and skills so that the best response from the most appropriate service or partner is deployed.
- prioritise digital inclusion - improving skills, access and confidence for our staff and customers.
- ensure that our business community has a strong voice and, that we work with them to deliver green growth.
- design our services with various situations, contexts, and preferences in mind, and we provide multiple ways for our community to access, understand, and interact with our services.

Department for Levelling Up, Housing & Communities (DLUHC)

83. The Council has been pro-active in writing to DLUHC outlining the financial challenges it faces and as result of this there have been a couple of meetings with them. These meetings have covered the budget overspending in the current financial year as well as the 2024/25 budget gap. They have also helped to explain the context

of being a new council and the financial position and issues that it has inherited from the 5 predecessor councils. With the significant budget gap for the coming year, it is recommended that the council formally requests a capitalisation direction from DLUHC in order set a balanced budget for 2024/25.

Future Years

84. The current focus is very much upon 2024/25 but it is important to look at the Council's position over the medium term. The figures are based upon current assumption on funding and service costs but will continue to be updated with the latest available information. The current MTFP Forecast for the next three years is:

Table 4 - MTFP forecast

	2024/25	2025/26	2026/27
	£'m	£'m	£'m
Budget Gap	87.0	27.8	29.4
Annual Gap before additional savings	87.0	114.8	144.2

85. The assumptions for future years are based upon the current council tax referendum limits and government funding in line with the details set out in finance settlement. The underlying assumptions will continue to be reviewed and updated year
86. The annual budget gap increases as costs continue to increase faster than income. This can only be mitigated by ongoing additional savings. If the budget gap is not reduced in 2024/25 and £36.8m of reserves are used as a one-off there will be a requirement for a capitalisation direction of £50.2m.
87. If no additional savings were identified in future years a further capitalisation direction of £114.8m would be required in 2025/26 and £144.2m in 2026/27. Increasing Council Debt over the three years from this source by £309.2m with no additional assets to represent it. Although this scenario is unlikely ongoing interest and MRP on this amount would add approximately £40m pa to the gap identified above.
88. The capitalisation direction may also have to increase as a one-off in 2026/27 if the DSG High Needs Block deficit has to be funded by the Council once the statutory override finishes at 31.03.26, estimated at approximately £100m.

89. The capitalisation of revenue can be funded by asset disposals, although asset values of surplus council accommodation are not significant in Somerset. It will be beneficial to dispose of commercial properties and using the receipts to fund the capitalisation direction, however the MRP (or principal) and interest costs on the borrowing for these assets will remain and the income lost.

Budget Consultation & Engagement

90. The arrangements for consultation and engagement on the budget proposals are:
- To start the consultation and engagement process with the public, staff, trade unions, and partners on the savings proposals that have been identified to date and council tax increases.
 - Consult the Business sector at events across the county.
 - Consultation with the Corporate & Resources Scrutiny Committee, who have responsibility for scrutiny of the budget, on the draft budget proposals agreed by the Executive at their January 2024 meeting.
 - Audit Committee in January will consider the various accounting strategies and policies such as the Treasury Management Strategy, Capital Strategy, Minimum Revenue Provision (MRP) Policy, Flexible use of Capital Receipts and Non-Treasury Management Investment Strategy.
 - Continue to engage with members through all members monthly briefings and political group meetings.

Next Steps & Timetable

91. The next steps in finalising the budget proposals are:
- Review of pressures in the lights of the National Living Wage and latest inflation forecast which is expected to reduce to 2 % over the next two years.
 - Review the staffing establishment forecast following the agreement of 2023/24 national pay award and inflation forecasts.
 - Identify further savings options from all services based upon providing a statutory minimum service and making all discretionary services break even.
 - Update the Children's budget with the findings from the Peopletoo deep dive into the service.
 - Review of the assumptions around residential dementia beds in the Adult's budget.
 - Further review of fees and charges to identify any options for new charges or further increases.

- Update funding figures for the finance settlement which is expected in December, the 2024/25 council tax base and collection fund figures.
- Review financing costs in the light of capital programme and future interest rate forecasts.
- Continue to review the Earmarked Reserves to identify reserves that can be repurposed to support the budget.
- Further review of the pipeline of asset disposals to identify the level of capital receipts available to support the budget.
- Understand the saving from the workforce transformation programme will be to balance the MTFs (if possible) ensuring that this doesn't duplicate the saving already identified by services or the LGR business case and identify the implementation costs.
- Start the consultation and engagement process with the public, staff, trade unions, and partners on the savings that have been identified to date and on the workforce transformation programme.
- Formally request a capitalisation direction from DLUHC.
- Review the level of corporate contingency budget which is currently £6m in the light of emerging budget proposals, risks and level of reserves.
- January Executive - review of the updated 2024/25 Revenue Budget proposals and MTFP forecast, Housing Revenue Account and Capital Programme.
- January Audit Committee - review of various accounting strategies and policies such as the Treasury Management Strategy, Capital Strategy, Minimum Revenue Provision (MRP) Policy, Flexible use of Capital Receipts and Non-Treasury Management Investment Strategy.
- January Corporate & Resources Scrutiny Committee - scrutiny review of Executive draft budget proposals.
- February Executive - review of the latest draft budget proposals for the Revenue Budget, Housing Revenue Account and Capital Programme and the consultation feedback and make recommendations to Council on final budget proposals including the level of council tax.
- February Council - Agree the Revenue Budget, Housing Revenue Account and Capital Programme and level of council tax.

Risk Update

92. The council has two strategic risks associated with its finances being ORG0057 concerning a sustainable MTFP and ORG0070 being the risk of a budget overspend in the current financial year. **Table 5** below sets out the strategic risks and will continue to be reviewed and updated during the budget setting process.

Table 5 – Strategic Risks associate with the Budget

JCAD Ref	Risk description	Inherent score		Mitigation	Residual score		Owner
		L	I		L	I	
ORG0057	Sustainable MTFP Cause: High inflation, high interest rates, HRA, capital programme, income not increasing sufficiently Consequence: Issue S114 notice	5	5	<ol style="list-style-type: none"> 1. MTFP updated 24/25 to 26/27 2. Review of reserves 3. MTFP board in place 4. Establishment control, procurement and spending boards in place 5. Regular budget monitoring 6. Review of pressures 24/25 7. Bright spark initiative in place 	5	5	Executive Director – Resources & Corporate Services
ORG0070	Budget overspend Cause: Rising interest rates impacts cost of borrowing; labour market (pay rises, recruitment difficulties) Consequence: service changes to reduce spend	5	5	<ol style="list-style-type: none"> 1. MTFP updated 24/25 to 26/27 2. MTFP board in place 3. Oversight boards in place – establishment, procurement and spend 4. Regular budget monitoring 5. Bright spark initiative in place 6. Deep dive children and families 	5	5	Executive Director – Resources & Corporate Services
ORG0068	Workforce – inability to retain and recruit Cause: can't compete with private sector Consequences: Use of agency staff, staff wellbeing	5	5	<ol style="list-style-type: none"> 1. Workforce Strategy 2. Review of Job Evaluation 3. Maximise apprenticeships 4. Staff comms and engagement 5. Active staff networks 	4	5	Service Director – workforce
ORG0078	Failure to deliver a business case	4	5	<ol style="list-style-type: none"> 1. Development of business case 	3	5	Service Director Workforce

	<p>for workforce transformation Cause: unclear council direction, capacity Consequence: Not being able to determine impacts on budgets for 24/25 and beyond</p>			<p>2. Consultation with Unions and staff</p>			
ORG0079	<p>The risk that the Government will make further policy changes that affects future funding of social care Cause: Government policy change Consequences: Reduced funding impacting services that can be delivered</p>	4	5	<p>1. Ongoing review of policy announcements relating to social care</p>	3	5	Executive Director – Adult Services
ORG0080	<p>The risk of increasing demand on services and the impact this could have on services and budgets Cause: Cost of living crisis, impacts of high rents Consequence: Longer to provide services, increase budget for statutory services</p>	4	5	<p>1. Regular budget monitoring of service budgets 2. Regular reviews of service performance</p>	3	5	Executive Director for Strategy, Workforce and Localities
ORG0081	<p>The risk that the Government will reduce Local Government funding, impacting the sustainability of the service levels at current levels Cause: Government financial position Consequence: Reduced budgets, reduced service levels and staff</p>	4	5	<p>1. Ongoing discussions with Government 2. Monitoring policy changes for impacts across all service areas</p>	3	5	Executive Director – Resources & Corporate Services

93. These risks will continue to be updated and reported to the Executive as part of the budget setting process.

Background Papers

94. 2023/24 Budget, Medium-Term Financial Plan & Council Tax Setting report to Council February 2023.
95. Medium Term Financial Strategy (MTFS) 2024/25 to 2026/27 report to Corporate & Resources Scrutiny & Executive July 2023.
96. Somerset Council – Financial Sustainability report to October 2023 Audit Committee including Section 151 letter to DLUHC and External Auditor letter on Somerset Council Financial Sustainability.
97. Financial Strategy Update report to November 2023 Executive and Corporate & Resources Scrutiny Committee.
98. Monthly Budget Monitoring reports to Executive & Corporate & Resources Scrutiny Committee.

Appendices

Appendix 1 – Earmarked Reserves

Report Sign-Off (if appropriate) (internal use only - not for publication)

	Officer Name	Date Completed
Legal & Governance Implications	David Clark	24/11/2023
Communications	Peter Elliott	27/11/2023
Finance & Procurement	Nicola Hix	27/11/2023
Workforce	Dawn Bettridge	27/11/2023
Asset Management	Oliver Woodhams	Report sent 24/11/2023
Executive Director / Senior Manager	Jason Vaughan	27/11/203
Strategy & Performance	Alyn Jones	27/11/2023
Executive Lead Member	Cllr Liz Leyshon	24/11/2023
Consulted:		
Local Division Members	All	
Opposition Spokesperson	Cllr Mandy Chilcott Deputy Leader of the Opposition and Opposition Spokesperson for Resources and Performance	Report sent 24/11/2023
Scrutiny Chair	Cllr Bob Filmer, Chair - Scrutiny Corporate & Resources Committee	Report sent 24/11/2023

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Somerset Council Reserves as at the 1st April 2023

Legacy Authority	Reserve	Description of Reserve	Balance as at 31/03/2023 £'000	Transfers £'000	Pre-Approved MTFP 23/24 Commitments £'000	New Balance £'000	Notes
SWT	Investment Risk Reserve	Mitigates budget risk for investment net income volatility	4,040.1	-4,040.1	0.0	0.0	Investment Property Risk Reserve
SWT	Business Rates Smoothing Reserve	Used to mitigate risk of business rates retention income volatility and accounting timing differences	3,523.2	-3,523.2	0.0	0.0	NDR Section 31
SWT	Capital Financing Reserve	Used to fund items in the approved capital programme which have been agreed to be funded from Revenue	1,771.5	-1,771.5	0.0	0.0	Capital
SWT	COVID - S31 Business Rates TIG	Tax Income Guarantee (TIG) Cost spread over 3 years to mitigate business rate losses that have also been spread over 3 yrs	896.6	-896.6	0.0	0.0	Collection Fund (TIG)
SWT	Garden Village	Funding from Homes England specifically to support the Taunton Garden Town project	699.8	0.0	0.0	699.8	
SWT	Investment Properties Sinking Fund	Fund for landlord costs to manage investment properties	700.0	-700.0	0.0	0.0	Investment Property Risk Reserve
SWT	SWP 22-23 Year End Balances	Somerset Waste Partnership 22/23 - Partnership savings distributed to SWT to be refunded in the new year	491.7	-491.7	0.0	0.0	Deleted
SWT	Strategic Housing Market Area Assessment	A community led housing approach to enable Affordable Housing delivery within the SWT District	457.6	0.0	0.0	457.6	Community Housing Fund
SWT	Toneworks Heritage Site 2	Historic England funding for Heritage Projects	435.3	0.0	0.0	435.3	
SWT	Rough Sleepers Initiative	Ring fenced government grant for rough sleeping interventions	251.3	0.0	0.0	251.3	
SWT	Asset Management - General	Asset Maintenance - Compliance Works	214.9	-214.9	0.0	0.0	Deleted
SWT	LGR Implementation Costs	To cover costs associated with Local Government Reorganisation	215.5	-215.5	0.0	0.0	Local Government Reform
SWT	Self Insurance Fund	Used for excess payments for any claims made by the Council	200.0	-200.0	0.0	0.0	Insurance
SWT	Economic Development & Growth Initiatives	Funds to be used for Economic Development Initiatives	156.5	0.0	0.0	156.5	
SWT	Phosphate Management Strategy	Government grant from DLUHC for nutrient work	135.0	0.0	0.0	135.0	
SWT	Steam Coast Trail	Funds for use on Steam Coast Trail Project	134.1	0.0	0.0	134.1	
SWT	Local Plan Development and Inspection	Fund for preparation of statutory plans for site allocation	125.8	0.0	0.0	125.8	
SWT	LG Cyber Security Fund Grant	Government grant to fund cyber security spend	100.0	0.0	0.0	100.0	
SWT	Blue Anchor Csum 60yr Covenant	Blue Anchor Commuted Sum (60 Year Covenant from 2022)	93.9	0.0	0.0	93.9	
SWT	COVID - Council Tax Hardship Fund	Funding from Government to be spent on Council Tax Hardship (DHP)	84.4	-84.4	0.0	0.0	Deleted
SWT	Flood Project - EA	Grant received from the Environment Agency to use towards flood projects	83.3	0.0	0.0	83.3	
SWT	Coal Orchard Warrant	Coal Orchard Warranty	73.4	-73.4	0.0	0.0	Deleted
SWT	Flood Project - SRA	Grant received from the Somerset Rivers Authority to use towards flood projects	35.2	0.0	0.0	35.2	
SWT	Other Earmarked Reserves	Funds for future District elections/by elections	821.1	-179.2	0.0	641.9	
Total SWTC Earmarked Reserves			15,740.4	-12,390.5	0.0	3,349.8	
MDC	Budget Smoothing	Held for potential deficit arising from business rates reset	3,847.9	-3,847.9	0.0	0.0	MTFP Support
MDC	Collection Fund Reserve	s31 balances due to NDR Retail reliefs	1,566.5	-1,566.5	0.0	0.0	NDR Section 31
MDC	Maintenance for Investment Properties	Held for maintenance of commercial properties	801.3	-801.3	0.0	0.0	Investment Property Risk Reserve
MDC	Planning Policy	Held to cover additional temp / agency costs	313.1	-313.1	0.0	0.0	Deleted
MDC	Saxonvale	Covers any revenue costs of the site / scheme	274.1	-124.1	0.0	150.0	
MDC	LGR Transition	Held to cover LGR costs - programme plus MDC	248.0	-248.0	0.0	0.0	Local Government Reform
MDC	Flexible Homelessness Support Grant	Balance of grant funding	161.4	0.0	0.0	161.4	
MDC	Carry Forward Balances for 2022/23 Projects	Various carry forward balances for projects	152.6	-25.7	0.0	126.9	
MDC	Joint Working with Parish Councils	Community grants £350k spend from 2021-22 onwards	138.6	-138.6	0.0	0.0	Deleted
MDC	Homeless Reduction Act	Balance of grant funding	135.5	0.0	0.0	135.5	
MDC	District Elections	Unused elections funding carried forwards	128.3	-128.3	0.0	0.0	Elections
MDC	Cleaner/Greener Mendip	part of programme agreed in autumn 2021	126.5	0.0	0.0	126.5	
MDC	Special Expenses Rate (SER)	SER levied on parishes for work done by MDC	125.6	0.0	0.0	125.6	
MDC	COVID-19	Cover income losses etc	118.6	-118.6	0.0	0.0	Deleted
MDC	Economic Development Technical Analysis	Economic Development Initiatives	102.5	-102.5	0.0	0.0	Deleted
MDC	Environmental Impact Funding	Climate Change Initiatives - BNG Funding	98.9	0.0	0.0	98.9	Deleted
MDC	Mendip Rough Sleeper Initiative	Balance of grant funding	78.3	0.0	0.0	78.3	
MDC	Tenancy Hardship Fund	Balance of ring-fenced grant	53.2	0.0	0.0	53.2	
MDC	Climate Change	Climate Change Initiatives	51.6	0.0	0.0	51.6	
MDC	Total of Small Reserves less than £50k each	Various small reserve balances under £50k e.g. balance of ringfenced grants, partnership funding, Corporate Priorities	171.2	-68.5	0.0	102.7	
Total MDC Earmarked Reserves			8,693.7	-7,483.1	0.0	1,210.5	

Legacy Authority	Reserve	Description of Reserve	Balance as at 31/03/2023 £'000	Transfers £'000	Pre-Approved MTFP 23/24 Commitments £'000	New Balance £'000	Notes
SDC	Apprentices	Funding held to cover SDC apprenticeship posts	338.2	0.0	0.0	338.2	
SDC	Business Incubation Space	ringfenced government funding plus match funding toward town deal project	329.7	0.0	0.0	329.7	
SDC	Business Rates Retention	Held for potential deficit or reset of Business Rates	5,375.4	-5,375.4	0.0	0.0	NDR Section 31
SDC	CCTV equipment TDBC	Maintenance of CCTV equipment for SWT	28.9	-28.9	0.0	0.0	Deleted
SDC	Commercial Property	Fund for landlord costs to manage investment properties	684.7	-684.7	0.0	0.0	Investment Property Risk Reserve
SDC	Community Development Fund	Funding held for development projects	2,860.0	-2,347.0	0.0	513.0	
SDC	Corporate buildings	Fund for landlord costs to manage investment properties	285.7	-285.7	0.0	0.0	Deleted
SDC	Homelessness	Homeless initiatives	1,225.1	0.0	0.0	1,225.1	
SDC	Housing Improvement	Surplus housing funds to be used on improvements to housing	545.7	-545.7	0.0	0.0	Deleted
SDC	Insurance fund	Used for insurance claims made against the council	86.4	-86.4	0.0	0.0	Insurance
SDC	IT equipment replacement	Funds held for ICT equipment replacements	467.1	-467.1	0.0	0.0	Deleted
SDC	Kings of Wessex Pool	to fund pool maintenance on annual basis	199.8	0.0	0.0	199.8	
SDC	Medium Term Managed use of Balances	Funds held to support the budget for shortfalls	9,417.6	-9,417.6	0.0	0.0	MTFP Support
SDC	New Burdens	Government grant funding held for New Burdens	577.7	-577.7	0.0	0.0	Deleted
SDC	Somerset Building Control Partnership	3 year rolling reserve for Building control	502.5	0.0	0.0	502.5	
SDC	Succession Planning	Underspends on training set aside to fund professional qualifications	88.4	-88.4	0.0	0.0	Deleted
SDC	Port of Bridgwater	Funding held to cover expenditure on the Port in Bridgwater	177.1	0.0	0.0	177.1	
SDC	Covid 19 contingency	Held to pay for the collection fund deficit spreading due to COVID-19	444.5	-444.5	0.0	0.0	Collection Fund (TIG)
SDC	Other	Smaller earmarked reserve balances e.g. elections, planning, biodiversity etc.	558.8	-342.2	0.0	216.6	
Total SDC Earmarked Reserves			24,193.2	-20,691.2	0.0	3,502.0	
SSDC	Capital Fund	Revenue funds held to fund capital projects.	226.1	-226.1	0.0	0.0	Capital
SSDC	Cremator Replacement Reserve	Held to cover the cost of replacing the cremator	549.0	-549.0	0.0	0.0	Deleted
SSDC	Elections Reserve	Held for future elections	295.0	-295.0	0.0	0.0	Elections
SSDC	Sports Facilities Reserve	Maintenance reserve for Sports Facilities	10.0	-10.0	0.0	0.0	Deleted
SSDC	Yeovil Athletics Track Repairs	Replace track - end of life	212.4	-212.4	0.0	0.0	Deleted
SSDC	IT Replacement Reserve	Funds set aside to replace IT equipment	10.0	-10.0	0.0	0.0	Deleted
SSDC	Treasury Management Reserve	Funds held for shortfall in investment income	750.0	-750.0	0.0	0.0	Deleted
SSDC	Revenue Grant Reserve	Various revenue grants received for future use.	295.8	-295.8	0.0	0.0	Deleted
SSDC	MTFP Support Fund	Funds held to support shortfalls in the budget	7,557.1	-7,557.1	0.0	0.0	MTFP Support
SSDC	CTAX/Housing Benefits Reserve	Funds held from external grants specific to service, used to support service pressures	1,136.3	-1,136.3	0.0	0.0	Deleted
SSDC	Artificial Grass Pitch Reserve	Yeovil Rec Ground - maintenance	189.6	-189.6	0.0	0.0	Deleted
SSDC	Business Support Scheme (flooding)	Funding set aside to cover the cost associated with the River Parrett trail	70.5	-70.5	0.0	0.0	Deleted
SSDC	Regeneration Fund	Pooling Gains arising from SSDC being in the Somerset Business Rates Pool are transferred into the Fund. Transfers out are to fund the revenue costs of the Regeneration Programme (e.g. project management costs).	3,969.5	-2,952.5	0.0	1,017.0	Deleted
SSDC	Ticket Levy Income	Levy on each ticket sold for the Octogan for use on future repairs	413.6	0.0	0.0	413.6	
SSDC	Community Housing Fund		18.0	0.0	0.0	18.0	
SSDC	Community Safety Reserve		25.0	-25.0	0.0	0.0	Deleted
SSDC	Housing and Homelessness Reserve	To fund statutory homelessness function	593.8	0.0	0.0	593.8	
SSDC	Commercial Investment Reserve	Fund for landlord costs to manage investment properties	6,719.2	-6,719.2	0.0	0.0	Investment Property Risk Reserve
SSDC	Spatial Policy Reserve	Funding for Local Plans	133.9	-133.9	0.0	0.0	
SSDC	YIC Maintenance Reserve	Maintenance reserve for Yeovil Innovation Centre	72.0	-72.0	0.0	0.0	Deleted
SSDC	Climate Change Fund	Funds set aside for use on climate change initiatives	61.5	0.0	0.0	61.5	Climate Emergency
SSDC	Community Resilience Reserve		49.3	-49.3	0.0	0.0	Deleted
SSDC	NNDR S31 Grant Coll. Fund	This reserve holds the S31 grant provided by Government to compensate the Council for the reduced business rates income following the introduction of Retail Discount Relief	1,190.3	-1,190.3	0.0	0.0	NDR Section 31
SSDC	Area East Reserve	Previous area committee reserve	47.4	-47.4	0.0	0.0	Deleted
SSDC	Area North Reserve	Previous area committee reserve	23.9	-23.9	0.0	0.0	Deleted
SSDC	Area West Reserve	Previous area committee reserve	40.2	-40.2	0.0	0.0	Deleted
SSDC	Somerset LGR Reserve	Funds held to support local government reorganisation	720.0	-720.0	0.0	0.0	Local Government Reform
SSDC	COVID Recovery Reserve	Funds for use towards covid recovery	-134.3	134.3	0.0	0.0	Deleted
SSDC	MRP Reserve	Funds set aside for the required minimum revenue provision	443.7	-443.7	0.0	0.0	Deleted
SSDC	YWPC Crematorium Reserve	Funds held on behalf of others - previously treated as off-balance sheet at SSDC	400.4	0.0	0.0	400.4	
SSDC	YWPC Replace Cremator Reserve	Funds held on behalf of others - previously treated as off-balance sheet at SSDC	62.0	0.0	0.0	62.0	
SSDC	Cemetery Reserve	Funds held on behalf of others - previously treated as off-balance sheet at SSDC	231.3	0.0	0.0	231.3	
SSDC	Dorcas House Funds	Funds held on behalf of others - previously treated as off-balance sheet at SSDC	464.0	0.0	0.0	464.0	
SSDC	Chard Regeneration Reserve	Funds held on behalf of others - previously treated as off-balance sheet at SSDC	34.7	0.0	0.0	34.7	
SSDC	Internal Capital Loans Reserve	Funds held on behalf of others - previously treated as off-balance sheet at SSDC	1.0	0.0	0.0	1.0	
Total SSDC Earmarked Reserves			26,882.1	-23,584.8	0.0	3,297.2	

Legacy Authority	Reserve	Description of Reserve	Balance as at 31/03/2023 £'000	Transfers £'000	Pre-Approved MTFP 23/24 Commitments £'000	New Balance £'000	Notes
SCC	Ash die back	To fund cost of ash die back	643.1	0.0	0.0	643.1	
SCC	BSF Bridgwater - Equalisation Reserve	Set aside to meet future contract costs of the authorities PFI schools in Bridgwater. The reserve has been put aside by previous years underspends.	9,265.4	0.0	0.0	9,265.4	
SCC	Budget Equalisation Reserve	To fund shortfalls in the MTFP	2,445.9	-2,445.9	0.0	0.0	MTFP Support
SCC	Business Support System (ERP)	To support local government reorganisation new systems	3,872.7	0.0	0.0	3,872.7	
SCC	Capital Fund	Revenue funds set aside to fund capital projects	9.9	-9.9	0.0	0.0	Deleted
SCC	Climate Emergency	Reserve holding funds for Climate Change resources and projects	447.5	-447.5	0.0	0.0	Deleted
SCC	Collection Fund Compensation	Year-end surplus/deficits on the collection fund	479.6	-479.6	0.0	0.0	NDR Section 31
SCC	Corporate Priorities	Funds to be used towards Council priorities	4,913.6	-4,913.6	0.0	0.0	Deleted
SCC	Economic Development	Funds set aside to deliver specific economic growth (i.e. enterprise zones)	742.1	0.0	0.0	742.1	
SCC	Economic Recovery	Funds set aside for Economic Recovery Programmes	4,354.6	-2,700.0	0.0	1,654.6	
SCC	Elections	Funds set aside to smooth the cost of 4 year elections	117.4	-117.4	0.0	0.0	Elections
SCC	Funding Volatility	Funds set aside to cover shortfalls in funding for the council	6,772.6	-6,772.6	0.0	0.0	MTFP Support
SCC	Held for Infrastructure Developments	Interest on Hinkley Point C s106 monies - to be recycled	3,056.1	-3,056.1	0.0	0.0	S106
SCC	Improving Lives Programme	For funding transformation projects for improving lives in Somerset	111.0	-111.0	0.0	0.0	Deleted
SCC	Insurance	Funds set aside for insurance claims made against the council	8,255.6	-8,255.6	0.0	0.0	Insurance
SCC	Invest to Save	To cover expenditure in projects that will later provide savings	40.8	-40.8	0.0	0.0	Deleted
SCC	Local Government Reorganisation	Funds set aside to cover costs associated with local government reorganisation	10,664.1	-10,664.1	0.0	0.0	Local Government Reform
SCC	Other CDW	Funding for ICT projects	111.0	-111.0	0.0	0.0	Deleted
SCC	Other Children's Services	Interest on Schools Balances	2,095.3	-0.4	0.0	2,094.9	
SCC	Other ECI	Mainly various grant funding pots, specific to service e.g. bus service improvement	6,667.7	-1,123.9	0.0	5,543.7	
SCC	Prevention Fund	Funding for preventative work, including local impacts.	349.6	-349.6	0.0	0.0	Deleted
SCC	Property Repairs & Maintenance	Funds set aside for Property Repairs and Maintenance	283.4	-283.4	0.0	0.0	Deleted
SCC	Public Health	Ringfenced Public Health Grant Funding	4,787.7	0.0	-1,700.0	3,087.7	
SCC	Service Carry Forwards	Childrens Carry forward from 2022/23 for use in 2023/24	478.5	-100.0	0.0	378.5	
SCC	Short Life Asset Fund	To fund capital items with a short life span (ICT equipment, Fleet vehicles)	827.6	-827.6	0.0	0.0	Deleted
SCC	Social Care Transformation	Funds set aside for transformation projects for Adults and Childrens	2,013.1	0.0	-1,013.0	1,000.1	
SCC	Social Care Volatility Reserves	For potential shortfalls in social care funding	4,790.1	-4,790.1	0.0	0.0	Deleted
SCC	Trading Accounts	Funds held for Dillington House expenditure	2,976.1	0.0	0.0	2,976.1	
SCC	Workforce Reserve	To provide resilience to the Council for workforce pressures	850.0	-748.6	0.0	101.5	
Total SCC	Earmarked Reserves		82,422.1	-48,348.8	-2,713.0	31,360.3	

Legacy Authority	Reserve	Description of Reserve	Balance as at 31/03/2023 £'000	Transfers £'000	Pre-Approved MTFP 23/24 Commitments £'000	New Balance £'000	Notes
New Somerset Council Reserves							
SC	School Academy Conversions	Held for deficits where schools become academies	0.0	1,000.0	0.0	1,000.0	
SC	Collection Fund (TIG)	Tax Income Guarantee (TIG) Cost spread over 3 years to mitigate business rate losses that have also been spread over 3 yrs	0.0	1,526.1	0.0	1,526.1	
SC	NDR Volatility	For shortfalls in non-domestic rates	0.0	3,854.9	0.0	3,854.9	
SC	Crewkerne Car Park	Agreed retention of funds for car park project to safeguard project (previous SSDC decision).	0.0	413.0	0.0	413.0	
Total SC	Earmarked Reserves		0.0	6,794.0	0.0	6,794.0	
Amalgamated Somerset Council Reserves							
SC	Elections	Funds set aside to pay for future local elections	0.0	670.0	0.0	670.0	
SC	Local Government Reform	Funds set aside for costs associated with local government reorganisation	0.0	3,161.0	0.0	3,161.0	
SC	Investment Property Risk Reserve	Mitigates budget risk for investment net income volatility	0.0	8,000.0	0.0	8,000.0	
SC	MTFP Support	Funds set aside to support shortfalls in the budget	0.0	47,754.7	-10,950.0	36,804.7	
SC	Insurance	Funds set aside for insurance claims made against the council	0.0	8,558.1	0.0	8,558.1	
SC	Capital	Revenue funding set aside to fund capital	0.0	5,358.0	0.0	5,358.0	
SC	NDR Section 31	Used to hold any s31 grants that relate to the Collection Fund. Timing issues mean grants are not always received in the correct financial year.	0.0	6,102.2	-6,102.2	0.0	
SC	S106	Interest earned on S106 monies, funding capital projects or either paid back to the develop	0.0	3,106.1	0.0	3,106.1	
SC	Business Rates Retention - County Wide	Retained business rates to fund economic initiatives	0.0	814.4	0.0	814.4	Now Somerset Council Reserve
Total SC	Earmarked Reserves		0.0	83,524.5	-17,052.2	66,472.3	
Total Somerset Council Reserves			157,931.3	-22,179.9	-19,765.2	115,986.2	
Reserves Held on Behalf of Others							
SCC	Somerset Rivers Authority	Funds held on behalf of Somerset Rivers Authority	5,077.2	0.0	0.0	5,077.2	
SCC	Local Enterprise Partnership	Funds held on behalf of the Local Enterprise Partnership	4,134.5	0.0	0.0	4,134.5	
SCC	Connecting Devon and Somerset	Funds held on behalf of Connecting Devon and Somerset	538.9	0.0	-135.4	403.5	
SCC	Somerset and South West Mutual Scheme	Funds held on behalf of Somerset and South West Mutual Scheme	181.3	0.0	0.0	181.3	
SCC	Somerset Association of Primary Headteachers and	Funds held on behalf of SAPHTO	29.6	0.0	0.0	29.6	
SCC	S256 Funding	CCG funding for transforming care	97,739.3	0.0	0.0	97,739.3	
SCC	Local Enterprise Partnership - Governance	Funds held on behalf of the Local Enterprise Partnership	58.0	0.0	0.0	58.0	
SCC	School's Carry Forward	Funds held on behalf of Schools	22,593.7	0.0	0.0	22,593.7	
SCC	Business Rates Retention - County Wide	Funds held on behalf of all legacy authorities which are now Somerset Council funds	872.4	-872.4	0.0	0.0	Now Somerset Council Reserve
Total Reserves Held on Behalf of Others			131,224.8	-872.4	-135.4	130,217.0	
All Authorities Earmarked Reserves			289,156.1	-23,052.3	-19,900.6	246,203.3	
Total of All Somerset Council Reserves held			289,156.1	-23,052.3	-19,900.6	246,203.3	

Number Reference	Somerset Council Reserve	Description of Reserve	Service Director	Reserve Balance after transfers '£000	Pre-Approved MTFP 23/24 Commitments '£000	New Balance '£000
1	Apprentices	Funding held to cover apprenticeship posts	Dawn Bettridge	338.2	0.0	338.2
2	Ash die back	To fund cost of ash dieback response	David Carter	643.1	0.0	643.1
3	Biodiversity	Ring Fenced funding from DEFRA for development of policy guidance	Kirsty Larkin	83.7	0.0	83.7
4	Blue Anchor Csum 60yr Covenant	Blue Anchor Commuted Sum (60 Year Covenant from 2022)	David Carter	93.9	0.0	93.9
5	Building Local Capacity	Strategic Partnership with Homes to Inspire to set up children's residential homes. This reserve is for the mobilisation and set up costs for Homes and Horizons residential homes, high needs fostering and theraputic education.	Richard Selwyn	1,670.5	0.0	1,670.5
6	Bus Capacity Grant	Government grant given to help towards the development of Enhanced Partnership Schemes	David Carter	143.6	0.0	143.6
7	Bus Service Improvement	Government grant given to improve bus services	David Carter	2,149.2	0.0	2,149.2
8	Business Incubation Space	Ringfenced government funding, plus match funding toward town deal project	Paul Hickson	329.7	0.0	329.7
9	Business Rates Retention - County Wide	For economic development initiatives	Paul Hickson	814.4	0.0	814.4
10	Business Support System (ERP)	To support local government reorganisation new systems	Andy Kennell	3,872.7	0.0	3,872.7
11	Capital	Revenue funds set aside to fund capital projects		5,358.0	0.0	5,358.0
12	Changing Places	Ringfenced grant to provide fully accessible toilets	Paul Hickson	63.5	0.0	63.5
13	Children and Learning Commissioning	Interest on schools balances to be used within education	Ameila Walker	424.5	0.0	424.5
14	Cleaner / Greener Mendip	Part of the programme agreed in autumn 2021	Kirsty Larkin	126.5	0.0	126.5
15	Climate Emergency	Pre-committed climate change costs	Kirsty Larkin	117.6	0.0	117.6
16	Collection Fund (TIG)	Tax Income Guarantee (TIG) cost spread over 3 years to mitigate business rate losses that have also been spread over 3 years	Nicola Hix	1,526.1	0.0	1,526.1
17	Community Development Fund	Funding held for development projects		513.0	0.0	513.0
18	Community Housing Fund		Chris Brown	18.0	0.0	18.0
19	Crewkerne Car Park	Agreed retainment of funds for car park project to safeguard project (previous SSDC decision).	Sarah Dowden	413.0	0.0	413.0
20	Domestic Abuse Statutory Duty	Grant given to fund the Council's statutory duty for domestic abuse	Trudi Grant	78.0	0.0	78.0
21	Economic Development	For economic development initiatives	Paul Hickson	898.6	0.0	898.6
22	Economic Recovery	Funds set aside for economic recovery programmes	Paul Hickson	1,654.6	0.0	1,654.6
23	Elections	Funds set aside to pay for future local elections	David Clark	670.0	0.0	670.0
24	Environmental Impact Funding	Ring Fenced funding from DEFRA for development of Policy guidance	Kirsty Larkin	98.9	0.0	98.9
25	Flexible Homelessness Support Grant	Balance of grant funding	Chris Brown	161.4	0.0	161.4
26	Flood Project - EA		Kirsty Larkin	83.3	0.0	83.3
27	Flood Project - SRA		Kirsty Larkin	35.2	0.0	35.2
28	Garden Village			699.8	0.0	699.8
29	Held for infrastructure developments	Interest on Hinkley Point C s106 monies - to be recycled	Paul Hickson	3,106.1	0.0	3,106.1
30	Homeless Reduction Act	Balance of grant funding	Chris Brown	135.5	0.0	135.5
31	Homelessness	Homeless initiatives	Chris Brown	1,225.1	0.0	1,225.1
32	Homes for Ukraine	Agreed funding for supporting Ukrainian Refugees into the County.	Chris Brown	276.2	0.0	276.2
33	Housing and Homelessness		Chris Brown	593.8	0.0	593.8
34	Housing Enabling Fund		Chris Brown	52.7	0.0	52.7
35	Insurance	Funds set aside for insurance claims made against the council	Nicola Hix	8,558.1	0.0	8,558.1




Number Reference	Somerset Council Reserve	Description of Reserve	Service Director	Reserve Balance after transfers '£000	Pre-Approved MTFP 23/24 Commitments '£000	New Balance '£000
36	Investment Property Risk Reserve	Mitigates budget risk for investment net income volatility	Ollie Woodhams	8,000.0	0.0	8,000.0
37	Kings of Wessex Pool	To fund pool maintenance on annual basis	Liz Dawson	199.8	0.0	199.8
38	Land Charges Rolling Fund			161.2	0.0	161.2
39	LG Cyber Security Fund Grant	Government grant to fund cyber security spend	Andy Kennell	100.0	0.0	100.0
40	Local Government Reform	Funds set aside for costs associated with local government reorganisation		3,161.0	0.0	3,161.0
41	Local Plan Development and Inspection Costs	Fund for preparation of statutory plans for site allocation	Paul Hickson	125.8	0.0	125.8
42	MTFP Support	Funds set aside to support shortfalls in the budget	Nicola Hix	47,754.7	-10,950.0	36,804.7
43	NDR Section 31		Nicola Hix	6,102.2	-6,102.2	0.0
44	NDR Volatility	Potential shortfall in business rates income	Nicola Hix	3,854.9	0.0	3,854.9
45	Neighbourhood Planning Grant	Government grant given to support neighbourhood developments	Chris Brown	62.2	0.0	62.2
46	Other Earmarked Reserves	Various small balances below £50k	Various	151.7	0.0	151.7
47	Parking Services	Surplus parking funds, ringfenced to parking, transport and Highways infrastructure	David Carter	996.8	0.0	996.8
48	Permitting - Traffic	Surplus Streetworks funds, ringfenced to Streetworks rolling fund	David Carter	1,017.8	0.0	1,017.8
49	Phosphate Management Strategy	Government grant from DLUHC for nutrient work	Paul Hickson	135.0	0.0	135.0
50	Planning Performance Agreements		Paul Hickson	181.3	0.0	181.3
51	Port of Bridgwater	Funding held to cover expenditure on the port in Bridgwater	Sarah Dowden	177.1	0.0	177.1
52	Private Finance Initiative (PFI)	Set aside to meet future contract costs of the authorities PFI schools in Bridgwater. The reserve has been put aside by previous years underspends.		9,265.4	0.0	9,265.4
53	Public Health	Ringfenced Public Health Grant funding	Trudi Grant	4,537.7	-1,700.0	2,837.7
54	Regeneration Fund	Fund to support regeneration projects in the local area	Paul Hickson	1,017.0	0.0	1,017.0
55	Rough Sleepers Initiative	Balance of grant funding	Chris Brown	329.6	0.0	329.6
56	Saxonvale	Covers any revenue costs of the site/scheme		150.0	0.0	150.0
57	School Academy Conversions	Held for deficits where schools become academies	Ameila Walker	1,000.0	0.0	1,000.0
58	Service Carry Forwards	Mostly Children's carry forwards agreed in 2022/23	Various	505.4	0.0	505.4
59	Social Care Transformation	Funds set aside for transformation projects for Adults and Childrens Services	Emily Fulbrook/	2,013.1	-1,013.0	1,000.1
60	Somerset Building Control Partnership	3 year rolling reserve for Building control	Paul Hickson	502.5	0.0	502.5
61	Somerset Works (non ESF)	To fund support to young people not in employment or training	Rob Hart	801.2	0.0	801.2
62	Special Expenses Rate (SER)	SER levied on parishes for work done by former Mendip District Council	Nicola Hix	125.6	0.0	125.6
63	Steam Coast Trail	Funds for use on Steam Coast Trail Project	Paul Hickson	134.1	0.0	134.1
64	Strategic Housing Market Area Assessment	A community led housing approach to enable affordable housing delivery within the former Somerset West and Taunton Council area	Chris Brown	457.6	0.0	457.6
65	Supported Bus Service	Department for Transport funding to support service improvements	David Carter	334.6	0.0	334.6
66	Taunton Town Council	Funds set aside for set-up costs of Taunton Town Council	David Clark	67.7	0.0	67.7
67	Tenancy Hardship fund	Balance of ringfenced grant	Chris Brown	53.2	0.0	53.2
68	Ticket Levy Income	Levy on each ticket sold for the Octagon for use on future repairs	Liz Dawson	413.6	0.0	413.6
69	Toneworks Heritage Site	Historic England funding for Heritage Projects	Liz Dawson	435.3	0.0	435.3
70	Total Transport Pilot Fund	Department for Transport Fund for delivery of new or improved schemes	David Carter	52.9	0.0	52.9
71	Trading accounts	Funds held for Dillington House expenditure	Kirsty Larkin	2,976.1	0.0	2,976.1
72	West Somerset Employment Hub	To fund West Somerset Employment hub which helps to support people towards work.		69.5	0.0	69.5
73	Workforce Reserve	To cover lone working devices	Dawn Bettridge	101.5	0.0	101.5
	Total Somerset Council Earmarked Reserves			134,551.3	-19,765.2	114,786.1

Number Reference	Reserves Held on Behalf of Others	Description of Reserve	Service Director	Reserve Balance after transfers '£000	Pre-Approved MTFP 23/24 Commitments '£000	New Balance '£000
74	Somerset Rivers Authority	Funds held on behalf of Somerset Rivers Authority	Kirsty Larkin	5,084.0	0.0	5,084.0
75	Local Enterprise Partnership	Funds held on behalf of the Local Enterprise Partnership	Paul Hickson	4,134.5	0.0	4,134.5
76	Connecting Devon and Somerset	Funds held on behalf of Connecting Devon and Somerset	Paul Hickson	538.9	-135.4	403.5
77	Somerset and South West Mutual Scheme	Funds held on behalf of Somerset and South West Mutual Scheme	Nicola Hix	181.3	0.0	181.3
78	Somerset Association of Primary Headteachers and Officers (SAPHTO)	Funds held on behalf of SAPHTO	Ameila Walker	29.6	0.0	29.6
79	S256 Funding	CCG funding for transforming care	Paul Coles	97,739.3	0.0	97,739.3
80	Local Enterprise Partnership - Governance	Funds held on behalf of the Local Enterprise Partnership	Paul Hickson	58.0	0.0	58.0
81	School's Carry Forward	Funds held on behalf of Schools	Ameila Walker	22,593.7	0.0	22,593.7
82	YWPC Crematorium Reserve	Funds held of behalf of Yeovil Without Parish Council (YWPC)		400.4	0.0	400.4
83	YWPC Replace Cremator Reserve	Funds held of behalf of Yeovil Without Parish Council (YWPC)		62.0	0.0	62.0
84	Cemetery Reserve			231.3	0.0	231.3
85	Dorcas House Funds			464.0	0.0	464.0
86	Chard Regeneration Reserve			34.7	0.0	34.7
87	Internal Capital Loans Reserve			1.0	0.0	1.0
	Total Funds Held on Behalf of Others			131,552.6	-135.4	131,417.2
	Total All Earmarked Reserves			266,103.9	-19,900.6	246,203.3

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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

Organisation prepared for (mark as appropriate)	 Somerset Council	Yes	 NHS Somerset	No	 NHS Somerset NHS Foundation Trust	No
Version	0.3		Date Completed	11/9/2023		
Description of what is being impact assessed						
<p>The uprating of the income band thresholds within the proposed Council Tax Reduction scheme for 2024/25 in line with the inflationary uplift applied to state benefits for 2024/25 announced by Govt. in November 2025 (6.7%) i.e. option 3 outlined in the above report. The increase announced by Govt. to the National Living Wage (9.8%) is significantly higher than that used for state benefits. Consequently, existing claimants in receipt of the National Living Wage are potentially more likely to see a reduction in the amount of CTR they receive.</p>						

Evidence				
<p>What data/information have you used to assess how this policy/service might impact on protected groups? Sources such as the Office of National Statistics, Somerset Intelligence Partnership, Somerset’s Joint Strategic Needs Analysis (JSNA), Staff and/ or area profiles, should be detailed here</p>				
<p>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.</p>				
<p>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?</p>				
<p>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.</p>				
Analysis of impact on protected groups				
<p>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.</p>				
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.	☐	☐	☒

	<p>The working age scheme provided for in these proposals is open to all people of working age.</p> <p>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 the majority of existing claimants who receive state benefits, but may see reductions in the amounts received by those in receipt of the National Living Wage.</p>			
Disability	<p>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.</p>	□	□	☒
Gender reassignment	<ul style="list-style-type: none"> The proposed change is not specifically targeted at this group but will help to protect the proportion of CTR received by all existing claimants. No data is currently available on the numbers of people in this protected group who are getting CTR. 	□	☒	□
Marriage and civil partnership	<p>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..</p>	□	□	☒

Pregnancy and maternity	<ul style="list-style-type: none"> The proposed change is not specifically targeted at this group but will help to protect the proportion of CTR received by all existing claimants. No data held at case level on pregnancy. 	□	⊗	□
Race and ethnicity	<ul style="list-style-type: none"> The proposed change is not specifically targeted at this group but will help to protect the proportion of CTR received by all existing claimants. No data held at case level. 	□	⊗	□
Religion or belief	<ul style="list-style-type: none"> 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. No data held at case level. 	□	⊗	□
Sex	<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>	□	□	⊗
Sexual orientation	<ul style="list-style-type: none"> The proposed change is not specifically targeted at this group, but will help to protect the proportion of CTR received by all existing claimants No data held at case level. 	□	⊗	□

Armed Forces (including serving personnel, families and veterans)	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.	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Other, e.g. carers, low income, rurality/isolation, etc.	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.	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
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.				
Action taken/to be taken	Date	Person responsible	How will it be monitored?	Action complete
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	<input type="checkbox"/>
	Select date			<input type="checkbox"/>
	Select date			<input type="checkbox"/>
	Select date			<input type="checkbox"/>
	Select date			<input type="checkbox"/>
	Select date			<input type="checkbox"/>

	Select date			<input type="checkbox"/>
	Select date			<input type="checkbox"/>




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.

Completed by:	Simon Doyle
Date	14 Nov 2023
Signed off by:	Richard Sealy
Date	16 Nov 2023
Equality Lead sign off name:	Tom Rutland
Equality Lead sign off date:	16 Nov 2023
To be reviewed by: (officer name)	Richard Sealy, Interim Revenues & Benefits Manager
Review date:	30 Sep 2024

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

Organisation prepared for (mark as appropriate)	 Somerset Council	Yes	 NHS Somerset	No	 NHS Somerset NHS Foundation Trust	No
Version	0.1	Date Completed		13/11/2023		
Description of what is being impact assessed						
This assessment looks at the impact of either applying no uprating to the income band thresholds within the scheme (i.e. option 1 above) or applying uprating of less than the amount applied by Govt. to state benefits (i.e. option 2 above). Govt. have announced an increase of 6.7% for state benefits and 9.8% for the National Living Wage.						
Evidence						
<p>What data/information have you used to assess how this policy/service might impact on protected groups? Sources such as the Office of National Statistics, Somerset Intelligence Partnership, Somerset's Joint Strategic Needs Analysis (JSNA), Staff and/ or area profiles, should be detailed here</p>						
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.						

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	<p>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.</p> <p>Not increasing the income band thresholds in line with the rate of inflation used by Govt. to increase state benefits or the National Living Wage, will reduce the amount of CTR received by some of our working age claimants where this results in their income going over an income threshold.</p>	☒	☐	☐

Disability	<p>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 will remain in place with options 1 or 2.</p> <p>However, these options will see a number of existing claimants receiving a reduction in or losing CTR altogether. Given the additional living costs many disabled people experience it is not unrealistic to assume that any reductions could have a disproportionate impact on claimants who have a disability.</p>	☒	☐	☐
Gender reassignment	<p>This is not a factor used to determine entitlement to CTR. We do not hold specific data in respect of this group regarding CTR, but there is no evidence to suggest that these options will disproportionately disadvantage claimants with this characteristic.</p>	☐	☒	☐
Marriage and civil partnership	<p>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 these options. Whilst some claimants in this category may see a reduction in or loss altogether of their CTR, there is no evidence to suggest that they will be disproportionately impacted.</p>	☐	☒	☐

Pregnancy and maternity	This is not a factor used to determine entitlement to CTR. We do not hold specific data in respect of this group regarding CTR, but there is no evidence to suggest that these options will disproportionately disadvantage claimants with this characteristic.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Race and ethnicity	This is not a factor used to determine entitlement to CTR. We do not hold specific data in respect of this group regarding CTR, but there is no evidence to suggest that these options will disproportionately disadvantage claimants with this characteristic.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Religion or belief	This is not a factor used to determine entitlement to CTR. We do not hold specific data in respect of this group regarding CTR, but there is no evidence to suggest that these options will disproportionately disadvantage claimants with this characteristic.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Sex	<p>This is not a characteristic used to determine entitlement to CTR. However, claim data identifies that we have more female recipients of CTR than male recipients.</p> <p>Therefore, given that these options will see reductions in the amount of CTR paid to some claimants, it is reasonable to assume that this would have a disproportionate impact on females.</p>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sexual orientation	Sexual orientation is not a factor used to work out CTR. However, we have identified that these options are likely to have a greater impact on single people and single parents. Given this and the fact that data indicates that some categories of people with this characteristic are more likely to live alone, there is the potential that these options will have a disproportionate impact on some people within this group.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Armed Forces (including serving personnel, families and veterans)	The scheme provides for specific disregards for veterans and will continue to do so. These disregards are unaffected by these options which will help to protect the proportion of CTR received by existing claimants.	□	□	☒
Other, e.g. carers, low income, rurality/isolation, etc.	The scheme is specifically targeted at those on low incomes and contains income disregards in relation to carers. However, these options will in some cases reduce or remove altogether the CTR received by some claimants. Given that this is an income based scheme these options will by definition impact on people on low incomes and it is not unreasonable to assume that this will have a disproportionate impact on unpaid carers.	☒	□	□
<p>Negative outcomes action plan</p> <p>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.</p>				
Action taken/to be taken	Date	Person responsible	How will it be monitored?	Action complete
Recommend that we make increased provision for Exceptional Hardship payments within the CTR scheme and Council Tax Setting process.	15/02/2024	Richard Sealy	Through the year-end project team & plan	□
Identify any existing claimants who are going to be significantly worse off and contact them following the Full Council decision on the new scheme in December 2023.	29/02/2024	Richard Sealy	Through the year-end project team & plan	

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	<input type="checkbox"/>
	Select date			<input type="checkbox"/>
	Select date			<input type="checkbox"/>
	Select date			<input type="checkbox"/>
	Select date			<input type="checkbox"/>
	Select date			<input type="checkbox"/>

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.

Completed by:	Simon Doyle
Date	14 Nov 2023
Signed off by:	Richard Sealy
Date	16 Nov 2023
Equality Lead sign off name:	Tom Rutland
Equality Lead sign off date:	16 Nov 2023
To be reviewed by: (officer name)	Richard Sealy, Interim Revenues & Benefits Manager

Review date:

30 Sep 2024

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APPENDIX 3

Summary of the income band threshold options for 2024/24

Set out below are the details of the income band thresholds relating to the three different options outlined in the report. The calculations are based of the 6.7% increase in state benefits announced by Govt. for the coming financial year in November 2023.

Option 1 – retaining the existing (2023/24) income band thresholds for 2024/25

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
1	100	£0 - £95	£0 – £160	£0 - £220	£0 - £140	£0 - £200	£0 - £260
2	75	£95.01 - £155	£160.01 - £220	£220.01 - £290	£140.01 - £210	£200.01 - £260	£260.01 - £330
3	40	£155.01 - £190	£220.01 -£255	£290.01 - £370	£210.01 - £260	£260.01 - £295	£330.01 - £410
4	25	£190 - £235	£255.01 - £290	£370.01 - £480	£260.01 - £310	£295.01 - £330	£410.01 - £520
	0	Over £235	Over £290	Over £480	Over £310	Over £330	Over £520

Option 2 – uprating the income band thresholds by 50% of the increase applied by Govt. to state benefits (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
1	100	£0 - £99	£0 – 166	£0 – 228	£0 – 145	£0 – 207	£0 - 269
2	75	£99.01 - £161	£166.01 - £228	£228.01 - £300	£145.01 - £218	£207.01 - £269	£269.01 - £342

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
3	40	£161.01 - £197	£228.01 - £264	£300.01 - £383	£218.01 – £269	£269.01 – £305	£342.01 - £424
4	25	£197.01 - £243	£264.01 - £300	£383.01 - £497	£269.01 - £321	£305.01 - £342	£424.01 - £538
	0	Over £243	Over £300	Over £497	Over £321	Over £342	Over £538

Option 3 – uprating the income band thresholds by the same percentage increase applied by Govt. to state benefits (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
1	100	£0-102	£0-£171	£0-£235	£0-150	£0-£214	£0-£278
2	75	£102.01-£166	£171.01-£235	£235.01-£310	£150.01-£225	£214.01-£278	£278.01-£353
3	40	£166.01-£203	£235.01-£273	£310.01-£395	£225.01-£278	£278.01-£315	£353.01-£438
4	25	£203.01-£251	£273.01-£310	£395.01-£513	£278.01-£331	£315.01-£353	£438.01-£555
	0	Over £251	Over £310	Over £513	Over £331	Over £353	Over £555

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 1st April 2024.

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

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

- Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012;
- Council Tax Reduction Schemes (Prescribed Requirements and Default Scheme) (England) (Amendment) Regulations 2012;
- Council Tax Reduction Schemes (Transitional Provision) (England) Regulations 2013;
- Council Tax Reduction Schemes (Detection of Fraud and Enforcement) (England) Regulations 2013;
- Council Tax Reduction Schemes (Prescribed Requirements) (England) (Amendment) Regulations 2013;
- The Council Tax Reduction Schemes (Prescribed Requirements) (England) (Amendment) (No. 2) Regulations 2014;
- The Council Tax Reduction Schemes (Prescribed Requirements) (England) (Amendment) Regulations 2015;
- The Council Tax Reduction Schemes (Prescribed Requirements) (England) (Amendment) Regulations 2016;
- The Council Tax Reduction Schemes (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 scheme¹

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

¹ 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 made²**
- 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

² 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 evidence³**
- 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.

³ 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 application⁴**
- 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 circumstances⁵**
- 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—

⁴ Inserted by Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012

⁵ 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 authority⁶

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 decision⁷

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.

⁶ Inserted by Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012

⁷ 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 reduction⁸

- 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 paid⁹

- 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.

⁸ Inserted by Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012

⁹ Inserted by Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012

63.0 Shortfall in reduction¹⁰

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 entitled¹¹

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 liability¹²

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

¹⁰ Inserted by Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012

¹¹ Inserted by Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012

¹² 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 requirements¹³..

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;

¹³ 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 authority¹⁴

- 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 Act¹⁵. 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 Act¹⁶

- 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).

¹⁴ Inserted by Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012

¹⁵ As amended by the Tribunal Procedure (Amendment No 3) Rules 2014

¹⁶ 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
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Weekly Income Level

1 100%

2 75%

3 40%

4 25%

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 31st March 2003, was entitled on that date to income support or an income-based jobseeker's allowance but ceased to be so entitled on or before 5th April 2003 by virtue only of regulation 13 of the Housing Benefit (General) Amendment (No. 3) Regulations 1999 as in force at that date, the whole of his income.
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) 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
 - (c) directions made under section 73ZA of the Education (Scotland) Act 1980 and paid under section 12(2) 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;
 - (c) a payment (not falling within sub-paragraph (a) or (b) above) from a trust whose funds are derived from a payment made in consequence of any personal injury to the applicant;
 - (d) a payment under an annuity purchased;
 - (i) pursuant to any agreement or court order to make payments to the applicant; or
 - (ii) from funds derived from a payment made, in consequence of any personal injury to the applicant; or
- (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 31st March 1973; and equal to the amount specified in article 23(2) of the Naval, Military and Air Forces Etc. (Disablement and Death) Service Pensions Order 2006.

(2) In this paragraph ‘the Dispensing Instruments’ means the Order in Council of 19th December 1881, the Royal Warrant of 27th October 1884 and the Order by His Majesty of 14th January 1922 (exceptional grants of pay, non-effective pay and allowances).

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/23/09/22
Decision Date – 6 December 2023
Key Decision – yes



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

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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 their existing scheme).
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. We anticipate that state pension increases will be generally reflected in increased allowances in the prescribed Govt. element of the scheme.
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 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 previous recipients received either the same or more under the new scheme.

5. A light-touch review was undertaken earlier this year to look at the initial impact of the new CTR scheme and to help to inform any potential changes for the coming financial year. This review 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. The only noteworthy feedback we have received has been one view from one of our local Citizens Advice offices who requested that we extend one element of the income disregards within the scheme. 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 to the disregards.
6. It was concluded following the light touch review that no major changes were required to the scheme. (NB. Major changes require full public consultation, which has not been undertaken as no such changes were identified as being required).
7. The light touch review did identify that Council may wish to consider uprating the income band thresholds within the scheme. Most of our claimants are in receipt of state benefits, which Govt. normally uprate for the following year in line with the September CPI figure (6.7%). Therefore, uprating the income band thresholds within our scheme by the same amount helps to protect the proportion of CTR received by existing claimants the majority of whom receive state benefits. Our ability to uprate the income band thresholds is already provided for within our scheme and does not require consultation.
8. However, the Council’s forecast budget gap for next year has significantly worsened since the light touch review was undertaken. All aspects of Council expenditure now need to be carefully considered and potentially reduced in order to close the budget gap.
9. A fundamental re-write of the CTR scheme is not feasible within the timescale for setting next year’s Council Tax because, as stated above, this would require a full public consultation exercise and, potentially, changes to the four separate Revenues and Benefits IT systems currently in operation. The only options

available for significantly reducing expenditure on the main working age CTR scheme are to either not uprate the income band thresholds within the scheme or to uprate them at a lower rate than that used by the DWP for state benefits.

10. Three options have been considered in relation to the income bands:
 - Option 1 – retaining the existing (2023/24) income band thresholds (i.e. NOT uprating) – high-level modelling indicates that this could deliver a net cost reduction of circa £1m, but will detrimentally impact potentially 5,292 (29%) of our existing working age claimants who would see an average reduction of £326 per annum in the amount of CTR received
 - Option 2 – uprating the income band thresholds by 50% of the amount applied by Govt. to state benefits – this would reduce the detrimental impact of not uprating in line with inflation. Only 2,174 (12%) of our working age caseload would be affected and by an average of £318. However, this also provides a net cost reduction of £417k
 - Option 3 – uprating the income band thresholds by the same increase applied by Govt. to state benefits (6.7%) – this option essentially protects existing working age claimants who are in receipt of state benefits from the impact of income inflation on their CTR entitlement. However, working age claimants who are in receipt of the National Living Wage, which Govt. have announced will rise by 9.8%, could see a reduction in the amount of CTR they receive (depending on their circumstances). Overall with this option, we estimate the cost of CTR, as a proportion of the gross debit would not rise and may reduce due to the impact of the increase in the National Living Wage on some existing claimants
11. To ensure that we are making the best use of the limited funds at our disposal for future financial years a full review of the scheme during the 2024/25 financial year together with full public consultation on any proposed changes will be required. This will also allow the Council to review the existing CTR scheme after running it through a full financial year from 1st April 2023. This review exercise will require funding of circa £60k.
12. More detail is provided about each of the options below. In addition, we have provided information regarding the proposed Exceptional Hardship (EH) scheme for next year, which forms part of our CTR scheme (Appendix 4 refers).

13. All of the options are anticipated to reduce expenditure to a greater or lesser extent on the main CTR scheme. Consequently, this is likely to result in an increase in applications for Exceptional Hardship and to impact detrimentally on the collection rates, as it is highly likely that some claimants will not be able to pay the increased Council Tax. Any increase in EH payments will reduce any cost reductions in the main CTR scheme. Provision will need to be made for the anticipated costs of CTR and EH within the Council Tax base calculations for next year.
14. Options 1 and 2 in particular would have a variable impact on existing claimants. Our scheme is an income banded scheme which means that claimants whose income is near the top of an income band threshold will potentially fall into the next band and see a reduction in the amount of support they receive if their income increases above the band threshold. This could well mean that claimants will have to pay more in extra council tax than they will receive in their increase in their state benefits and / or wages, especially where they fall from the 100% relief level to the next one down at 75%. Details of how the different options would impact on the income band thresholds are shown at Appendix 3.
15. On balance, given the anticipated impact of not uprating the income band thresholds in line with the amount applied by Govt. to state benefits, this report recommends that Council uprates for next year in line with the 6.7% applied to state benefits. Doing so will help to maintain the level of support provided to those on the lowest incomes and most in need. However, some claimants, where they are in receipt of the National Living Wage, are still likely to see reductions in the amount of CTR they receive because of the significant increase (9.8%) in the earned income they will receive. For the longer term the report recommends that a full review of the scheme is undertaken during the coming financial year in order to identify the options for a revised scheme for the following financial year.
16. The proposed detailed CTR scheme is appended to this report at Appendix 5. The income band thresholds, detailed in Schedule 1 of the scheme document will be added following the decision by Council on 20 December 2023. Equalities Impact Assessments for the options are attached at Appendices 1 and 2.
17. This issue has been considered by Scrutiny for Corporate and Resources on 9th November 2023 and their comments are included below.

Recommendations

18. The Executive are asked to recommend to Full Council on 20 December 2023 approval of:
 - i) The Council Tax Reduction and Exceptional Hardship schemes set out in Appendices 4 and 5 to this report;
 - ii) Option 3 in relation to the income band thresholds used within Schedule 1 of the proposed Council Tax Reduction scheme i.e. uprating in line with the 6.7% rise in state benefits announced by Govt. in the November 2023 Autumn Statement; and
 - iii) A full review of the Council Tax Reduction scheme during the 2024/25 financial year to identify options for a revised scheme in the 2025/26 financial year. (NB. the review and consultation exercise will require funding which is anticipated to be in the region of £60k).

Reasons for recommendations

19. These recommendations are made in order to meet the Council's obligations in law to set a Council Tax Reduction scheme for the coming financial year and to provide options for delivering the scheme at reduced cost.

Other options considered

20. We are required by law to set a Council Tax Reduction scheme for each financial year.
21. No major changes were identified as being required to the existing scheme earlier this year and consequently no public consultation, which is required to enable major changes, has been undertaken. Our options are therefore limited to the amount by which we choose to increase the income band thresholds within the scheme and these options are all set out within this report. Two other options were considered in relation to the income band thresholds:
 - Option 1 – No uprating (i.e. retaining the thresholds at the existing amounts) – this would see a significant number of existing claimants

receiving a reduction in the amount of the CTR they receive. This would be highly likely to result in an increase in claims for Exceptional Hardship and result in a reduction in the amounts collected in view of some claimants not being able to afford to pay the increased amounts

- Option 2 - Limited uprating (i.e. 50% of the increase announced by Govt. in relation to state benefits) – whilst this reduces the numbers of claimants affected, a significant number would still see a reduction in the amount of CTR they receive. Again, this is likely to result in increased EH claims and will detrimentally affect collection rates

Links to Council Plan and Medium-Term Financial Plan

22. The CTR and EH schemes 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.
23. The CTR scheme also represents a significant amount of the Council's expenditure, currently £34.8m or 7.16% of the gross Council Tax debit. Reducing expenditure in this area can help to alleviate some of the council's significant budget pressures. However, doing so will detrimentally impact on people who are on low incomes and may lead to increased claims for Exceptional Hardship and reduced collection rates.

Financial and Risk Implications

CTR Scheme Financial Implications

24. 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.
25. We have compared spend on CTR this year against the combined legacy district spend for last year (see Table 1). The actual amounts awarded increase from year to year as the Council Tax charged rises by around five percent each year. Therefore, for comparison purposes, 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

Financial year	Gross Council Tax debit	Total CTR awarded	Proportion
2022/23	£452,666,027	£32,830,685	7.25%
2023/24	£486,794,248	* £34,816,737	7.16%

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

Financial implications of the income band threshold options

26. Govt. have announced that they will increase state benefits for the coming financial year, as it usually does, by the September CPI figure (6.7%). They have also announced that the National Living Wage will increase by 9.8%.
27. We have undertaken high-level modelling to identify the potential financial impacts on the cost of the scheme of the three options outlined above in relation to the income band thresholds. (NB. We are still operating on the four different legacy district IT systems for Revenues and Benefits. It has only been possible to undertake modelling on the caseload of the former Somerset West & Taunton area, but we have extrapolated the results across the rest of the County area. The modelling has been based on the 6.7% increase in state benefits, which are received by the majority of our claimants).
28. Unsurprisingly, the modelling indicates that the maximum cost reduction can be produced by not uprating the income band thresholds (see Table 2 below). However, the Council will need to make allowance for a potential increase in EH applications and reduced collection rates resulting from any decreases in the amounts of CTR being paid. Table 3 below details the potential net saving taking into account the estimated increases in EH payments for all of the options.

Table 2: Estimated comparison between the different income band threshold options

Option	Potential cost reduction	No. working age claimants impacted	Average cost impact per affected claim p.a.
Option 1 – NO uprating	£1,291,271	5,292	£326
Option 2 – uprating by 50% of state benefits increase	£516,977	2,174	£318
Option 3 – uprating in line with state benefits increase (6.7%) (see note below)	£negligible	(see note below)	£negligible

Note:

The National Living Wage has increased by a greater amount than state benefits (i.e. 9.8% are opposed to 6.7%). Therefore, some claimants who are in receipt of the National Living Wage will potentially see a reduction in the amount of CTR they receive under all three of the above options. Unfortunately, we have not been able to identify the precise number of claimants potentially affected.

Table 3: Net reduction taking in account the estimated increase in EH payments

Option	Potential cost reduction	Anticipated increase in EH payments (see note 2 below)	Net cost reduction
Option 1 – NO uprating	£1,291,271	£250,000	£1,041,271
Option 2 – uprating by 50% of state benefits increase	£516,977	£100,000	£416,977

Option 3 – uprating in line with state benefits increase (6.7%) (see note 1 below)	£negligible	£50,000k	£negligible
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Note:

1. The National Living Wage has increased by a greater amount than state benefits (i.e. 9.8% are opposed to 6.7%). Therefore, claimants in receipt of the National Living Wage are more likely to see a reduction in the amount of CTR they receive under all three of the above options. So, there will be some cost reductions with Option 3 as well, but we have not been able to model these.
2. This represents the amount in addition to the anticipated total spend on EH for the current year (2023/25) of £350k

Exceptional Hardship Scheme Financial implications

29. We have reviewed the number of Exceptional Hardship claims being received and amounts awarded for this year. 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 4: Exceptional Hardship claim statistics for 2023/24 (30 Sep 2023)

No. of claims received	Claims awarded	Amount awarded
724	454	£174,912

30. The above figures indicate that we are likely to spend £350k this year in total. Whilst this represents an increase on last year's spend (£190k), it is less than the £500k we estimated for this year.
31. 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.
32. The cost of EH for next year will be impacted by the amount by which we increase our income band thresholds. The recommended option is to increase in line with the increase applied by Govt. to state benefits (6.7%). This will minimise any potential increase in claims for EH by helping to protect the

proportion of CTR received by most current claimants. Table 5 below provides crude estimates of the financial impact on EH claims of the various options.

33. The Exceptional Hardship scheme is part of our main CTR scheme. Consequently, the cost of EH is also borne proportionately by the other major precepting authorities.

Table 5: Estimated impact on EH payments of the three income band threshold options

Option	Anticipated current year cost 2023/24	Estimated total cost for 2024/25
Option 1 – NO uprating	£350k	£600k
Option 2 – uprating by 50% of state benefits increase		£450k
Option 3 – uprating in line with state benefits increase		£400k*

* The £50k increase between the current year and next year for Option 3 takes into account an anticipated 5% rise in Council Tax and an increase in claims resulting from some claimants in receipt of the National Living Wage receiving less CTR.

34. The additional EH costs for all of the options will need to be offset against any reduction in CTR those options deliver and the Council Tax base calculations will need to be adjusted accordingly.

Potential impact on collection rates

35. Options 1 and 2 are likely to have a potential detrimental impact on the longer-term collection rates in respect of next year’s Council Tax charge. Again, it is very difficult to predict with accuracy what this impact could be.

Risk implications

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

Risk	Mitigating actions / comments	Score
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		L = Likelihood I = Impact
The scheme costs more than anticipated	<ul style="list-style-type: none"> The maximum we're proposing is to uprate the income band thresholds in line with the percentage used by Govt. to uprate state benefits. At most this will simply mean that the proportion of CTR paid remains the same as last year & remains cost neutral. The National Living Wage has increased by a higher percentage than state benefits, which means that some claimants in receipt of this may receive less CTR Options 1 or 2 would decrease the cost of the scheme. 	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 the same scheme, albeit a decision needs to be taken in relation to uplifting the income band thresholds.	L2 x I3 = 6
Not increasing the income band thresholds in line with the rate of inflation used by DWP or for the National Living Wage could result in significant hardship for some claimants	<ul style="list-style-type: none"> Claimants who will be significantly impacted will be identified & contacted The EH scheme is there to provide additional discretionary support in cases of significant hardship 	L4 x I3 = 12
Not increasing the income band thresholds in line with the rate of inflation	Both are likely & consequently we will need to make appropriate provision within the Council Tax base	L4 x I3 = 12

used by DWP or for the National Living Wage results in reduced collection rates & increased EH costs	calculations and longer-term collection rates.	
Legal challenge to the scheme	Full public consultation was undertaken in respect of the scheme last year. In addition, we have undertaken separate equalities impact assessments in respect of the options in relation to the income band thresholds.	L3 x I3 = 9

Legal Implications

37. 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

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

Other Implications:

Equalities Implications

39. The scheme proposed for next year is largely the scheme that is currently in operation. A full Equalities Impact Assessment was undertaken last year to support the report and recommendations that were made to full Council on 23 November 2022. This can be viewed at appendix A to agenda item 6, Paper B in [Meeting of SCC County Council on Wednesday, 23rd November, 2022, 10.00 am - Modern Council \(somerset.gov.uk\)](#)
40. The key changes proposed in relation to next year's scheme relate to the uprating of the income band thresholds within the scheme. Consequently, we have

focussed on understanding the impact of potential changes and alternative options in this area from an equalities perspective.

41. Most of our existing claimants receive state benefits, although some work or are self-employed. Govt. have announced that they will increase state benefits for the next financial year (2024/25) in line with the September 2013 CPI figure (6.7%). They have also announced that the National Living Wage will increase by 9.8%.
42. Outlined earlier in this report are a number of options in relation to the income band thresholds for next year.
43. Option 3 essentially sees us applying the same rate of inflation to the income band thresholds as is applied to state benefits. This allows us to protect the proportion of CTR received by most of our existing claimants for next year. A specific EIA has been completed for this option and is detailed at Appendix 1. This evidences that this option will have a largely positive impact from an equalities perspective, as it largely protects existing claimants. (NB. Some claimants who receive the National Living Wage may see a reduction in their CTR because Govt. have applied a higher increase to this than to state benefits).
44. Appendix 2 details a separate EIA undertaken in respect of options 1 and 2. These options would entail our either NOT increasing the income band thresholds at all or increasing by a lower percentage (50%) than the increase applied by Govt. to state benefits. In these scenarios our modelling indicates that a significant proportion of our existing claimants (up to 29%) would be worse off. Where no increase is applied the average amount could be as high as £326 a year.
45. In particular, Appendix 2 identifies potential disproportionate impacts on the following groups with protected characteristics:
 - Age – these changes can only apply to the working age scheme and consequently will impact disproportionately on that group
 - Disability – whilst we do not hold precise data on the impact, we know that a large number of our claimants will receive disability benefits. Whilst disregards will continue to apply to a number of these benefits, there will be cases where people with a disability will receive a reduction in their CTR. The impact of any such reduction is likely to be proportionately higher for a disabled claimant due to increased living costs

- Sex – the greater proportion of our claimants are females. Therefore, it is reasonable to assume that reducing the amount of CTR payable will have a disproportionate impact on this group
- Sexual orientation – whilst this is not a factor in determining eligibility for CTR, we do know that options 1 and 2 will potentially have a greater impact on single people. Groups with certain types of sexual orientation are more likely to live alone and consequently maybe disproportionately impacted
- Other e.g. low income and carers - the scheme is specifically targeted at those on low incomes and contains income disregards in relation to carers. However, these options will in some cases reduce or remove altogether the CTR received by some claimants. Given that this is an income based scheme these options will by definition impact on people on low incomes and it is not unreasonable to assume that this will have a disproportionate impact on unpaid carers

46. Mitigation actions have been identified and are outlined in both EIAs. These will largely be reliant on greater use of the discretionary Exceptional Hardship scheme and this report identifies where greater budget provision will need to be made for this.

Community Safety Implications

47. The CTR and EH schemes provide financial support to people on low incomes to help them pay their Council Tax. Not increasing the income band thresholds used within the scheme by the same rate applied by Govt. to state benefits could result in financial hardship for some existing claimants. However, they will be able to apply for additional support through the Exceptional Hardship scheme.

Climate Change and Sustainability Implications

48. 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

49. This proposal has no Health & Safety implications.

Health and Wellbeing Implications

50. The CTR and EH schemes provide financial support to people on low incomes to help them pay their Council Tax. Not increasing the income band thresholds used within the scheme by the same rate applied by Govt. to state benefits could result in financial hardship for some existing claimants. However, they will be able to apply for additional support through the Exceptional Hardship scheme.

Social Value

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

Scrutiny comments / recommendations:

52. Scrutiny for Corporate and Resources considered the report and recommendations on 9 November 2023. The committee noted the success of the scheme introduced from 1st April 2023 and passed on their thanks to the Revenues and Benefits team. They also noted that the severity of the budget situation and budget gap may mean that Council has to consider options to reduce expenditure on the Council Tax Reduction scheme for next year and that these options would include either not uprating the income band thresholds or uprating at a lower rate than that used by the DWP for state benefits. Members were keen to ensure that a full equalities impact assessment is undertaken in respect of any proposals which would reduce expenditure. In addition, the committee requested that consideration be given to extending the Exceptional Hardship scheme.

Background

General background

53. 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.

54. 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.
55. 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

56. 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.
57. 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

58. 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.
59. 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.

60. 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.
61. 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

62. 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

63. 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.
64. 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.
65. 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.

66. 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 from the light touch review

67. The 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.
68. No major changes to next year's scheme were identified as being required as a result of the review. Consequently, no public consultation exercise was undertaken. The review did conclude that it would make sense to uprate the income band thresholds within the scheme by the same indices of inflation used by Govt. to increase state benefits (usually the September CPI figure). Doing this would help to protect the proportion of CTR received by our working age claimants, the majority of whom receive state benefits. Changes to the income band thresholds are provided for within our existing scheme rules and consequently do not require public consultation.

The impact of the Council's financial position

69. The Council's financial position has significantly worsened since the review was undertaken and to the extent where all expenditure now needs to be considered for potential savings.
70. We have not, for the reasons stated above, proposed major changes to the CTR scheme for next year and have not consulted. Realistically there is not now time to develop, model, consult on and implement (in four separate IT systems) major changes to the CTR scheme for next year. However, we can still determine whether we choose to uprate the income band thresholds in the scheme. Not uprating or increasing by a lower amount than the figure used by Govt. to increase state benefits or, to a lesser extent, to wage increases, does provide the opportunity to deliver some cost reductions. This paper sets out three options for Members to consider:
- Option 1 – NOT uprating i.e. retaining the existing thresholds, which will maximise the potential cost reduction;

- Option 2 – uprating by 50% of the rate applied by Govt. to state benefits, which will deliver a cost reduction, but at a lower amount than option 1; or
 - Option 3 – uprating by the same percentage increase applied by Govt. to state benefits (6.7%), which will largely protect the proportions received by existing working age claimants, but is unlikely to deliver significant cost reductions.
71. Govt. have announced that state benefits will rise by 6.7% for the coming financial year and the National Living Wage by 9.8%.
72. Options 1 and 2 would reduce expenditure on the main CTR scheme. Consequently, this is likely to result in increases in the numbers of applications for EH. Consequently, we should make provision for additional EH costs this within the Council Tax calculations for next year should one of these options be chosen.
73. It is prudent to assume that either option 1 and 2 will impact detrimentally on collection rates for next year. Both options would result in our reducing the amount of CTR paid to people on low incomes and would increase the amount of Council Tax they are required to pay. This would be in addition to the anticipated annual increase in Council Tax charges. It is difficult to predict the actual impact on collection rates over the longer term, but, again we will need to make provision for this.
74. Option 3, by aligning our increase in our income band thresholds to that used by Govt. for state benefits (6.7%), largely protects the proportions of CTR received by the majority of existing claimants. However, existing claimants who receive the National Living Wage may still in some cases see a reduction in the amount of CTR they receive. This is because the National Living Wage has increased by a greater percentage than state benefits.

Background Papers

73. [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 in respect of uprating in line with the DWP increase in state benefits
- Appendix 2 – Equalities Impact Analysis for NOT uprating in line with the DWP increase in state benefits
- Appendix 3 – Summary of the income band threshold options for 2024/25
- Appendix 4 – Proposed EH scheme for 2024/25
- Appendix 5 – Proposed CTR scheme for 2024/25

Report Sign-Off

	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
Consulted:	Councillor Name	
Local Division Members	N/A	
Opposition Spokesperson	Cllr Mandy Chilcott	13 Oct 2023
Scrutiny Chair	Cllr Bob Filmer	13 Oct 2023

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PAPER C1

Decision Report - Executive Decision

Forward Plan Reference: FP/23/04/04

Decision Date - 04/10/2023

Key Decision - no



Annual Treasury Management Outturn Report 2022-23

Executive Member(s): Councillor Liz Leyshon – Executive Lead for Resources and Performance

Local Member(s) and Division: All

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

Author: Anton Sweet – Funds and Investments Manager

Contact Details: anton.sweet@somerset.gov.uk or (01823) 359584

Summary / Background

1. This attached appendices summarise the treasury management activities during 2022/23 for each of the 5 legacy councils that now make up Somerset Council, as required, to ensure compliance with the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice (the CIPFA Code) which requires the Authority to approve a treasury management annual report after the end of each financial year. This report:

- Is prepared in accordance with the CIPFA Treasury Management Code and the Prudential Code.
- Gives details of the outturn position on treasury management transactions in 2022-23.
- Presents details of capital financing, borrowing, and investment activity.
- Reports on the risk implications of treasury decisions and transactions.

Appended to this covering report are the individual outturn reports for each of the 5 legacy Councils as follows:

- Somerset County Council (appendix 1)
- Mendip District Council (appendix 2)
- Sedgemoor District Council (appendix 3)
- Somerset West and Taunton Council (appendix 4)

- South Somerset District Council (appendix 5)

The individual outturn reports have been prepared by the officers that undertook treasury for each of the legacy councils on the templates those councils used.

The CIPFA codes require as a minimum a mid-year and full year outturn. The mid-year report for Somerset Council will be produced before the end of fiscal Q3. The Treasury Strategy for Somerset Council for 2023-24 was approved by Full Council in February 2023.

Consolidated position as at 31 March 2023

Investments

£m	MDC	SDC	SWT	SSDC	SCC	Total
Money Market Funds	15.2	4.4	0.0	0.0	16.8	36.4
Notice Bank Accounts	5.0	1.6	0.0	0.0	0.0	6.6
Bank deposits	0.0	0.0	0.0	0.0	70.0	70.0
Intra unitary deposits	5.0	0.0	0.0	0.0	48.0	53.0
Time Deposits - LAs	0.0	0.0	1.3	0.0	65.0	66.3
Strategic Funds*	0.0	31.0	17.0	23.5	45.0	116.5
Total	25.2	37.0	18.3	23.5	244.8	348.8

*Strategic funds are shown at cost

Borrowing

£m	MDC	SDC	SWT	SSDC	SCC	Total
Intra unitary	0.0	34.0	6.0	13.0	0.0	53.0
Local Authority	0.0	10.0	78.0	118.5	0.0	206.5
PWLB	62.8	71.1	87.5	0.0	159.1	380.5
Fixed rate bank	0.0	0.0	3.0	0.0	57.5	60.5
LOBO bank	0.0	0.0	0.0	0.0	108.0	108.0
Total	62.8	115.1	174.5	131.5	324.6	808.5

Recommendations

2. That the Executive approves the report as being in compliance with the CIPFA Code of Practice for Treasury Management and recommends it to Full Council at the next available meeting.

Reasons for recommendations

3. The Local Government Act 2003 requires the Council to operate the overall treasury function with regard to the CIPFA Code of Practice for Treasury Management in the Public Services.
4. The Code requires Full Council to receive as a minimum, an annual strategy and plan in advance of the year, a mid-year review, and an annual report after its close. This is the full-year review for the 2022-23 financial year.

Other options considered

5. None. The adoption of the Treasury Management full year review for 2022-23 is a regulatory requirement.

Links to Council Plan and Medium-Term Financial Plan

6. Effective Treasury Management provides support to the range of business and service level objectives that together help to deliver the Somerset County Plan.

Financial and Risk Implications

7. There are no specific financial or risk implications associated with this outturn report. The risks associated with Treasury Management are dealt with in the Annual Treasury Management Strategy, Annual Investment Strategy, and Treasury Management Practice (TMPs) documents.

Legal Implications

8. Treasury Management must operate within specified legal and regulatory parameters as set out in the summary, and in more detail in the TMPs.

HR Implications

9. There are no HR implications.

Other Implications:

Equalities Implications

10. There are no equalities implications.

Community Safety Implications

11. There are no community safety implications.

Climate Change and Sustainability Implications

12. There are no climate change or sustainability implications.

Health and Safety Implications

13. There are no health and safety implications.

Health and Wellbeing Implications

14. There are no health and wellbeing implications.

Social Value

15. Not applicable

Scrutiny comments / recommendations:

16. The Audit Committee is the body responsible for ensuring effective scrutiny of the treasury management strategy and policies. They approved the Treasury Management strategy for the year and have recently approved updated Treasury Management Practices.

Background papers

17. Treasury Management Strategy Statement 2022-23 and appendices. These were approved by each Full Council prior to the start of the 2022-23 financial year.

Note: For sight of individual background papers please contact the report author.

Report Sign-Off

	Officer Name	Date Completed
Legal & Governance Implications	David Clark	27/09/2023
Communications	Peter Elliot	25/09/2023
Finance & Procurement	Jason Vaughan	22/09/2023
Workforce	Alyn Jones	26/09/2023
Asset Management	Oliver Woodhams	22/09/2023
Executive Director / Senior Manager	Jason Vaughan	22/09/2023
Strategy & Performance	Alyn Jones	26/09/2023
Executive Lead Member	Liz Leyshon	24/09/2023
Consulted:	Councillor Name	
Local Division Members	N/A	
Opposition Spokesperson	Mandy Chilcott	25/09/2023
Scrutiny Chair	Bob Filmer	26/09/2023

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Somerset County Council Annual Treasury Management Outturn Report 2022-23

Executive Member(s): Cllr Leyshon – Executive Lead for Resources
Local Member(s) and Division: All
Lead Officer: Jason Vaughan – Executive Director Resources and Corporate Services (Section 151 Officer)
Author: Alan Sanford – Principal Investment Officer
Contact Details: alan.sanford@somerset.gov.uk or (01823) 359585

1. Compliance, Governance & Risk Management

During the year, all Council treasury management policies, practices, and activities remained compliant with all relevant statutes and guidance, namely DLUHC investment guidance issued under the Local Government Act 2003, the CIPFA Code of Practice for Treasury Management, and the CIPFA Prudential Code. The DLUHC's Guidance on Investments reiterates security and liquidity as the primary objectives of a prudent investment policy. All investments were compliant with guidance issued by the DLUHC, with the investment strategy agreed, and activities conducted within the procedures contained in the Treasury Management Practices.

The Treasury Management Strategy Statement and Prudential Indicators were considered by Audit and approved by Full Council in February 2022 and the CIPFA TM Code and the mid-year review was presented to Full Council in November 2022.

Arlingclose have been retained independent Treasury Advisors throughout the period. Officers from the Treasury Management team reported debt and investment positions and performance via comprehensive reports at regular meetings with the Section 151 Officer and/or the Strategic Manager (Pensions Management). During the year Treasury staff have continued to attend (virtual) courses and seminars provided through the CIPFA Treasury Management Network (TMN), Arlingclose and other ad hoc events.

MiFID II is an EU regulatory framework designed to regulate financial markets and improve protections for investors. MiFID II aims to standardise practices throughout the EU and brings a larger number of firms under the supervision of an EU financial regulator. The Council continues to meet the conditions to opt up to professional status under MiFID II and as a result, will continue to have access to products including money market funds, pooled funds, treasury bills, bonds, shares and to financial advice.

2. Prudential indicators

The Council can confirm that it has complied with its Prudential Indicators for 2022-23. Those indicators agreed by Full Council and actual figures as at 31st March are included below:

Debt Limits

Borrowing	Limit for 2022-23	As at 31-03-23
Authorised Limit	£452m	£333m
Operational Boundary	£407m	£333m

Investment Limits

Maturity Structure of Borrowing	Upper	Lower	Actual
Under 12 months	50%	15%	29.0%
>12 months and within 24 months	25%	0%	1.5%
>24 months and within 5 years	25%	0%	15.3%
>5 years and within 10 years	20%	0%	4.8%
>10 years and within 20 years	20%	5%	6.0%
>20 years and within 30 years	20%	0%	6.0%
>30 years and within 40 years	45%	15%	37.4%
>40 years and within 50 years	15%	0%	0.0%
>50 years and above	5%	0%	0.0%

Limit for Principal sums invested > 365 days £75m Actual £50m

Credit Risk Indicator

The Council has adopted a voluntary measure of its exposure to credit risk by monitoring the value-weighted average credit rating / credit score of its investment portfolio. This is calculated by applying a score to each investment (AAA=1, AA+=2, etc.) and taking the arithmetic average, weighted by the size of each investment. Unrated investments are assigned a score based on their perceived risk (in conjunction with Arlingclose) and will be calculated quarterly.

Credit risk indicator (to be below target)	Target	Actual
Portfolio average credit rating (score)	A (6)	A+(4.70)

3. Non-Financial assets, regulatory changes, and risk management

Some Local Authorities have continued to invest in non-financial assets, with the primary aim of generating profit. Others have entered into very long-term investments or providing loans to local enterprises or third sector entities as part of regeneration or economic growth projects.

In response, CIPFA published its revised Prudential Code for Capital Finance and Treasury Management Code on 20th December 2021. The key changes in the two codes are around permitted reasons to borrow, knowledge and skills, and the management of non-treasury investments.

To comply with the Prudential Code, authorities must not borrow to invest primarily for financial return. This Code also states that it is not prudent for local authorities to make investment or spending decision that will increase the Capital Financing Requirement (CFR) unless directly and primarily related to the functions of the authority. Existing commercial investments are not required to be sold; however, authorities with existing commercial investments who expect to need to borrow should review the options for exiting these investments.

Borrowing is permitted for cashflow management, interest rate risk management, to refinance current borrowing and to adjust levels of internal borrowing. Borrowing to refinance capital expenditure primarily related to the delivery of a local authority's function but where a financial return is also expected is allowed, provided that financial return is not the primary reason for the expenditure. The changes align the CIPFA Prudential Code with the PWLB lending rules governed by HM Treasury.

HM Treasury proposed on changes to the PWLB, which it said would attempt to "focus PWLB loans on service delivery, housing, and regeneration, and ensure that this money is not diverted into financial investments that serve no direct policy purpose".

In August 2021 HM Treasury significantly revised guidance for the PWLB lending facility with more detail and 12 examples of permitted and prohibited use of PWLB loans. Authorities that are purchasing or intending to purchase investment assets primarily for yield will not be able to access the PWLB except to refinance existing loans or externalise internal borrowing. Acceptable use of PWLB borrowing includes service delivery, housing, regeneration, preventative action, refinancing and treasury management.

Revised HM Treasury guidance specifically stated "Any investment asset bought primarily for yield which was acquired after 26th November 2020 would result in the Authority not being able to access the PWLB in that financial year, or being able to use the PWLB to refinance this transaction at any point in the future"

Some of the Somerset District Councils had been purchasing assets primarily for yield, and some after the cut-off date of November 2020 imposed by HM Treasury. This would have meant that a sizeable portion of debt would not be able to be funded via the PWLB. However, due to the exceptional circumstance of becoming a unitary, HM Treasury have confirmed that the limiting of access to PWLB will not apply to the new Somerset Council for assets held at the inception of the new Council. The Secretary of State will allow Somerset Council unfettered access to PWLB loans.

Treasury outturn and performance

4. Economic background

Financial markets are constantly changing, both proactively in anticipation of upcoming scenarios and events, and reactively, in response to news and outcomes. Whilst it is important to review and report on performance, it must be borne in mind that Treasury decisions are made in dynamic conditions. It is important therefore to give some background and context to Treasury performance.

The war in Ukraine continued to keep global inflation above central bank targets and the UK economic outlook remained relatively weak with the chance of a mild recession. The economic backdrop during the January to March period continued to be characterised by high energy and commodity prices, high inflation, and the associated impact on household budgets and spending. Central Bank rhetoric and actions remained consistent with combatting inflation. The Bank of England, US Federal Reserve, and European Central Bank all increased interest rates over the period, even in the face of potential economic slowdowns in those regions.

Starting the financial year at 5.5%, the annual Consumer Price Index (CPI) measure of UK inflation rose strongly to hit 10.1% in July and then 11.1% in October. Inflation remained high in subsequent months but appeared to be past the peak, before unexpectedly rising again in February. Annual headline CPI registered 10.4% in February, up from 10.1% in January, with the largest upward contributions coming from food and housing.

The unemployment rate eased from 3.8% April-June to 3.6% in the following quarter, before picking up again to 3.7% between October-December. The most recent information for the period December-February showed an unemployment rate of 3.7%.

Nominal earnings were robust throughout the year, with earnings growth in December-February at as 5.7% for both total pay (including bonuses) and 6.5% for regular pay. Once adjusted for inflation, however, both measures were negative for that period and have been so throughout most of the year.

Quarterly Gross Domestic Product (GDP) was soft through the year, registering a 0.1% gain in the April-June period, before contracting by (an upwardly revised) - 0.1% in the subsequent quarter. The October-December period was revised upwards to 0.1% (from 0.0%), illustrating a resilient but weak economic picture. The annual growth rate in Q4 was 0.6%.

The Bank of England increased the official Bank Rate to 4.25% during the financial year. From 0.75% in March 2022, the Monetary Policy Committee (MPC) pushed through rises at every subsequent meeting over the period, with recent hikes of 50bps in December and February and then 25bps in March, taking Bank Rate to 4.25%. March's rise was voted by a majority of 7-2, with two MPC members preferring to maintain Bank Rate at 4.0%. The Committee noted that inflationary pressures remain elevated with growth stronger than was expected in the February Monetary Policy Report.

After reaching 9.1% in June, annual US inflation slowed for eight consecutive months to 6% in February. The Federal Reserve continued raising interest rates over the period with consecutive increases at each Federal Open Market Committee meetings, taking policy rates to a range of 4.75%- 5.00% at the March meeting.

From the record-high of 10.6% in October, Eurozone CPI inflation fell steadily to 6.9% in March 2023. Energy prices fell, but upward pressure came from food, alcohol, and tobacco. The European Central Bank continued increasing interest rates over the period, pushing rates up by 0.50% in March, taking the deposit facility rate to 3.0% and the main refinancing rate to 3.5%.

Financial markets: Uncertainty continued to be a key driver of financial market sentiment and bond yields remained relatively volatile due to concerns over elevated inflation and higher interest rates, as well as the likelihood of the UK entering a recession, and for how long the Bank of England would continue to tighten monetary policy. Towards the end of the period, fears around the health of the banking system following the collapse of Silicon Valley Bank in the US, and the purchase of Credit Suisse by UBS caused further volatility.

Over the period the 5-year UK benchmark gilt yield rose from 1.41% to peak at 4.70% in September before ending the financial year at 3.36%. Over the same timeframe the 10-year gilt yield rose from 1.61% to peak at 4.51% before falling back to 3.49%, while the 20-year yield rose from 1.82% to 4.96% and then declined to 3.82%. The Sterling Overnight Rate (SONIA) averaged 2.24% over the period.

5. The Treasury Position as at 31st March 2023

The Treasury position as at 31st March 2023 and a comparison with the previous year is shown in the table below.

Table 1 – Debt Portfolio

	Balance on 31-03-2022	Debt Matured / Repaid	New Borrowing	Balance on 31-03-2023	Increase/ Decrease in Borrowing
	£m	£m	£m	£m	£m
Short Term Borrowing	0.00	0.00	0.00	0.00	0.00
PWLB	159.05	0.00	0.00	159.05	0.00
LOBOs	108.00	0.00	0.00	108.00	0.00
Fixed Rate Loans	57.50	0.00	0.00	57.50	0.00
Total Borrowing	324.55	0.00	0.00	324.55	0.00

Table 2 – Debt interest

	31-03-2022 Rate %	31-03-2023 Rate %	Increase/ Decrease Rate %
Short Term Borrowing	N/A	N/A	0.00
PWLB	4.59	4.59	0.00
LOBOs	4.74	4.74	0.00
Fixed Rate Loans	4.73	4.73	0.00
Total Borrowing	4.66	4.66	0.00

The Council's need to borrow for capital purposes is determined by the Capital Programme and Capital Strategy. Council Members were aware of the major projects identified for 2022 to 2025 where the capital strategy forecast £109m of expenditure during 2022-23. £46m was identified for highways maintenance, major engineering, and traffic management; £31m for the delivery of schools' basic need and schools' condition; £9m for Economic Development projects and £23m for other programmes. Much of this was to be funded by a combination of grant, contributions, and capital receipts, with capital spend to be funded by borrowing in 2022-23 predicted to be £41.2m.

In the first half of the year, due to slippage and a positive cash flow, there had been no need for additional external borrowing to fund the SCC Capital Programme, and with the imminent coalescence of the 5 Council's debt and investment portfolios, it seemed appropriate to collate and analyse that information before deciding if and for what period any new debt would be taken. With a review of both commercial and strategic fund investments to take place, and with a healthy level of investment balances, it was decided that longer-term borrowing would not be taken in 2022-23.

The level of internal borrowing stood at £63.9m as at 31 March 2022. With the additional funding requirement and the fact that no new borrowing was taken, the estimated balance of internal borrowing by March 2023, may be around £96.2m.

During 2022-23, there were no scheduled debt maturities. The Public Works Loans Board (PWLB) portfolio remained the same.

Table 3 – Investments as at 31st March 2023

	Balance as at 31-03- 2022 £m	Rate of Return at 31-03-2022 %	Balance as at 31-03- 2023 £m	Rate of Return at 31-03-2023 %
Short-Term Balances (Variable)	49.00	0.59	79.75	4.15
Comfund (Fixed)	245.00	0.60	120.00	3.37
Pooled Funds	45.00	2.70	45.00	3.51
Total Investments	339.00	0.87	244.75	3.65

Table 4 - Investment balances by type

	31 March 2022 £m	31 March 2023 £m	Change
Money Market Funds	24.00	16.75	-7.25
Notice Bank Accounts	80.00	00.00	-80.00
Time Deposits/CD's - Banks	85.00	70.00	-15.00
Time Deposits - LAs	105.00	65.00	-40.00
Time Deposits – Somerset Districts	0.00	48.00	+48.00
Pooled Funds	45.00	45.00	+0.00
Total Investments	339.00	244.75	-94.25

Table 5 - Breakdown of investment balances by source

	31 March 2022 £m	31 March 2023 £m	Change
ENPA / SWC / SCT / PACCTS	1.83	8.15	+6.32
Organisations in the Comfund	10.05	0.00	-10.05
LEP – Growth Deal Grant	31.70	15.36	-16.34
CCG s256 money	80.40	97.74	+17.34
Earmarked funds held on behalf of other decision-making bodies	11.82	10.89	-0.93
Total Externals	135.80	132.14	-3.66
SCC	203.20	112.61	-90.59
Total Investments	339.00	244.75	-94.25

Total investments as at 31st March 2023, including unspent LEP money, and NHS Clinical Commissioning Group (CCG) s256 money, stood at £244.75m, a decrease of over £94m from 2022.

The investments balance has decreased significantly during the year, mostly being expenditure by SCC. The reduction in LEP money has been replaced by further s256 money from the CCG.

Although the Comfund was ended in March, there were £120m of legacy loans from that portfolio that will mature during 2023-24.

Revenue balances held on behalf of others at year-end decreased due to closing of the Comfund. LEP payments throughout the year meant a decrease of £16.34m of that money. In total £34.4m was managed on behalf of others at year-end 2023, a decrease of £21.0m, plus s256 money of £97.74m that has been made by the CCG.

The cash managed on behalf of others includes that of Exmoor National Park Authority (ENPA) and South-West Councils (SWC). Somerset Council (SC) continues to manage revenue balances on their behalf, and under contractual arrangements sweeps their cash into the SC account daily, from where it is lent into the market in the name of SC. There are arrangements in place for the allocation of interest received on these amalgamated balances, and SC retains a small amount for the management of the monies.

6. Summary of performance

During the year, Council treasury management policies, practices, and activities remained compliant with relevant statutes and guidance, namely the Department of Levelling Up, Housing and Communities (DLUHC) investment guidance issued under the Local Government Act 2003, and the CIPFA Treasury Management and Prudential Codes. The Council can confirm that it has complied with its Prudential Indicators for 2022-23.

At year-end, with no new debt taken, total debt stood at £324.55m, with an average rate paid on total borrowings of 4.66%.

Security of capital remained the Council's main investment objective. This was achieved by following the counterparty policy as set out in the Annual Treasury Management Strategy, and by the approval method set out in the TMPs. SCC has continuously monitored counterparties, and all ratings of proposed counterparties have been subject to verification on the day, immediately prior to investment.

In July Fitch revised the outlook on Standard Chartered and Bank of Nova Scotia from negative to stable. In September Fitch revised the outlook on HSBC to stable from negative.

In October following the Government 'fiscal event' both Fitch and Moody's revised the outlook on the UK sovereign to negative from stable. Moody's made a similar move for a number of local authorities and UK banks including Barclays Bank, National Westminster Bank, and Santander.

During the last few months of the reporting period there were only a handful of credit changes by the rating agencies, then in March the collapse of Silicon Valley Bank in the US quickly spilled over into worries of a wider banking crisis as Credit Suisse encountered further problems and was bought by UBS.

Credit Default Swap (CDS) Prices had been rising since the start of the period on the back of the invasion of Ukraine, and in the UK rose further in September/October at the time of the then-government's mini budget. After this, CDS prices had been falling, but the fallout from SVB caused a spike on the back of the heightened uncertainty. However, they had moderated somewhat by the end of the period as fears of contagion subsided, but many are still above their pre-March levels reflecting that some uncertainty remains.

On the back of this, Arlingclose reduced its recommended maximum duration limit for unsecured deposits for all UK and Non-UK banks and institutions on its counterparty list to 35 days as a precautionary measure. No changes were made to the names on the list.

As market volatility is expected to remain a feature, at least in the near term and, as ever, the institutions and durations on the Authority's counterparty list recommended by Arlingclose remains under constant review.

The average Credit Rating of the SCC investment portfolio (excluding pooled funds) as at 31st March 2022 was A+. To give this some perspective, the United Kingdom Government is rated AA- by two of the three main ratings agencies, the other being one notch higher at AA.

An account of issues and any restrictions implemented throughout the year can be found in appendix D.

Liquidity. In keeping with the DLUHC guidance, the Council maintained a sufficient level of liquidity through the use of call accounts, Money Market Funds, and short-term deposits. SCC did not need to borrow short-term money during the year.

Yield (excluding Pooled Funds). Interest of over £5.06m was earned on cash investments during 2022-23. This was due to the 8 base rate rises in the year, taking base rate from 0.75% to 4.25%.

When compared with average cash rates for the year, the ex-Pooled Funds yield of 1.90% was 0.40% below the average base rate, which is expected in a rapidly rising rate environment.

Pooled Funds. During 2022-23, Pooled Fund investments remained at £45m and delivered an average net income yield of 3.30%.

Yield (including Pooled Funds). Interest of nearly £6.55m was earned on total investments during 2022-23.

Security and liquidity have been achieved with the income return of 2.10% achieved for the year, being 0.20% below average base rate.

7. Temporary borrowing

Temporary borrowing has not been necessary at all during 2022-23.

8. Long term borrowing

The borrowing strategy for 2022-23 recognised that borrowing of up to £105.1m (including externalising current internal borrowing) may have been necessary.

Due to slippage and a positive cash flow, there had been no need for additional external borrowing to fund the SCC Capital Programme to date, and with the imminent coalescence of the 5 Council's debt and investment portfolios, it seemed appropriate to collate and analyse that information before deciding whether any new debt would be taken.

During 2022-23, there were no scheduled debt maturities. The debt portfolio therefore remained at £324.55m during the year. All details of long-term borrowing rates and any activity during the year can be found in appendix C.

9. Cash managed on behalf of others

During 2022-23 SCC provided treasury management services to the Police and Crime Commissioner for Avon and Somerset. As from 1st April 2020, a new contract had been signed, for Treasury Management services to be supplied to the Police, by SCC, for a 3-year period, with an option to extend. Funds continue to be lent on a segregated basis, with PCC funds lent in its own name.

The Comfund was closed in March and funds returned to most participants. SC continues to manage cash on behalf of others, namely Exmoor National Park Authority (ENPA), South-West Councils (SWC), the Society of County Treasurers (SCT)), and the Police & Crime Commissioners Treasurers Society (PACCTS) via service level agreements. These balances were just over £8.1m at year-end.

In addition, during 2022-23, SCC was retained to manage the Local Enterprise Partnership (LEP) Growth Deal Grant on behalf of the other Enterprise Partners. An average balance in excess of £22m was managed, with a year-end balance of £15.36m.

All treasury management activities, including a fee for the management of the LEP money, brought in income just over £108k during the year.

10. Investments

The Council holds significant investment balances, details shown by balance, type, source, and return achieved, is shown in tables 3-5 above. During the year, investment balances ranged between £243.6m and £370.6m, averaging £311.5m. The minimum and lowest balance were lower than last year's by £17m, and £6m, with the highest figure being £7.4m higher than the previous year.

Net asset value money market funds (LVNAV MMFs) were relatively quick to respond to rate rises. Their rates usually crept up to within 10 or so basis points of base rate, at just the time another base rate rise was announced.

Investment activity, especially during the second half of the year, was driven by the rapidly rising interest rate environment. Deposits were generally kept short to be able to reinvest at the ever-increasing rates. A couple of longer-term deposits with Local Authorities were taken when it was judged that the market had been overly high, to provide a hedge in case the market did not rise as high as expected.

Investing for shorter periods complimented the fact that by now it was known that the new Council would have a lot of short-term debt that would need to be repaid or refinanced early in the 2023-24 year. Also, cash flow was not going to be totally predictable, so more cash had to be held short-term to cover any unknown expenditure.

When measuring the cash investment performance of its treasury management activities in terms of its security, the credit risk target of A(6) has been bettered, being AA- throughout most of the year, and being A+(4.70) at year-end. The yield achieved has been under in relationship to benchmark interest rates, but with 8 rate rises in the year, that is to be expected.

The Guidance on Local Government Investments in England gives priority to security and liquidity and the Council's aim is to achieve a yield commensurate with these principles.

Security: Security of capital remained the Council's main investment objective. This was maintained by following the counterparty policy as set out in the Annual Investment Strategy, and by the approval method set out in the Treasury Management Practices.

SCC has continuously monitored counterparties, and all ratings of proposed counterparties have been subject to verification on the day, immediately prior to investment. Other indicators considered have been:

- Credit Default Swaps and Government Bond Spreads.
- GDP and Net Debt as a Percentage of GDP for sovereign countries.
- Likelihood and strength of Parental Support.
- Banking resolution mechanisms for the restructure of failing financial institutions i.e. bail-in.
- Share Price.
- Market information on corporate developments and market sentiment towards the counterparties and sovereigns.

In July Fitch revised the outlook on Standard Chartered and Bank of Nova Scotia from negative to stable. In September Fitch revised the outlook on HSBC to stable from negative.

In October following the Government 'fiscal event' both Fitch and Moody's revised the outlook on the UK sovereign to negative from stable. Moody's made a similar move for a number of local authorities and UK banks including Barclays Bank, National Westminster Bank, and Santander.

During the last few months of the reporting period there were only a handful of credit changes by the rating agencies, then in March the collapse of Silicon Valley Bank in the US quickly spilled over into worries of a wider banking crisis as Credit Suisse encountered further problems and was bought by UBS.

CDS Prices had been rising since the start of the period on the back of the invasion of Ukraine, and in the UK rose further in September/October at the time of the then-government's mini budget. After this, CDS prices had been falling, but the fallout from SVB caused a spike on the back of the heightened uncertainty. However, they had moderated somewhat by the end of the period as fears of contagion subsided, but many are still above their pre-March levels reflecting that some uncertainty remains.

On the back of this, Arlingclose reduced its recommended maximum duration limit for unsecured deposits for all UK and Non-UK banks and institutions on its counterparty list to 35 days as a precautionary measure. No changes were made to the names on the list.

As market volatility is expected to remain a feature, at least in the near term and, as ever, the institutions and durations on the Authority’s counterparty list recommended by Arlingclose remains under constant review.

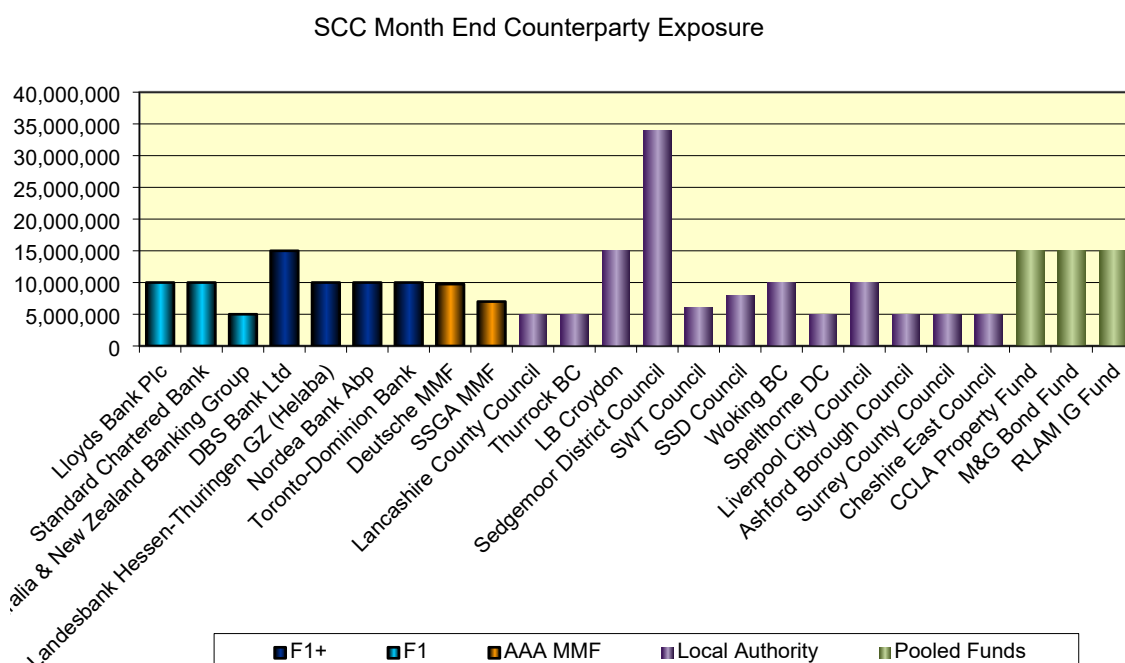
Local authorities remain under financial pressure, but Arlingclose continues to take a positive view of the sector, considering its credit strength to be high. Section 114 notices have been issued by only a handful of authorities with specific issues. While Arlingclose’s advice for local authorities on its counterparty list remains unchanged, a degree of caution is merited with certain authorities.

Another means of assessing inherent risk in an investment portfolio is to monitor the duration, the average weighted time to maturity of the portfolio. As change to a unitary council became closer, the lending of SCC became increasingly shorter. This was because it was known that there would be a lot of short-term debt in the new council, and because cash flow was inevitably uncertain.

This, coupled with Arlingclose advice meant that there were no bank deposits maturing beyond early July 2023. Some longer dated deposits had been placed with local authorities to take advantage of elevated rates at year-end, and £48m was lent to Somerset District Councils, to mature on 1st April.

Thirty-Eight loans were with Local Authorities during the year (49 in 2021-22). This allowed for longer-dated maturities with excellent creditworthiness and an appropriate yield.

The chart below shows the names of approved counterparties with deposit exposures as at 31st March 2023.



Liquidity: In keeping with the DLUHC guidance, the Council maintained enough liquidity through the use of call accounts, money market funds (MMFs), and short-term deposits. This was beneficial not just for liquidity and yield, but in mitigating counterparty and interest rate risk. During the year, identified core balances and reserves have been lent for longer periods when deemed appropriate, via the Comfund. The Comfund's aim was to create a portfolio of deposits with a rolling maturity providing sufficient liquidity, whilst enabling advantage to be taken of the extra yield offered in longer periods. With the coming of Somerset Council, and the knowledge that short-term borrowing would be taken on, longer term loans had been reduced over the year, and Comfund was wound up in March.

Yield: The Council sought to optimise returns commensurate with its objectives of security and liquidity. After 3 successive rises in Base Rate during the 2021-22 financial year, the MPC delivered rises at each of its' 8 meetings in 2022-23, raising rates from 0.75% to end the financial year at 4.25%.

Last year rates were as low as 0.15% for a 1-year deposit with a bank. Local Authority rates were less than this, with 1-year money trading as low as 0.06%. Whilst current rates are higher, it can take time for previous deposits to drop out of the portfolio.

1-month, 3-month, 6-month and 12-month Money Market rates averaged 2.43%, 2.83%, 3.20% and 3.67% respectively for 2022-23, and as at 31st March 2023 were 4.11%, 4.43%, 4.59% and 4.89% respectively. A table of rates is shown below.

Money Market Rates 2022-2023, Source = Arlingclose

	Base Rate	7-Day	1-Month	3-Month	6-Month	12-Month	2-Yr SWAP
01/04/2022	0.75	0.67	0.60	1.10	1.33	1.57	2.02
30/04/2022	0.75	0.85	0.94	1.25	1.40	1.80	2.22
31/05/2022	1.00	0.92	1.02	1.42	1.71	1.95	2.34
30/06/2022	1.25	1.23	1.24	1.60	2.20	2.70	2.63
31/07/2022	1.25	1.22	1.49	1.90	2.40	2.88	2.49
31/08/2022	1.75	1.70	1.89	2.30	2.95	3.60	3.89
30/09/2022	2.25	2.22	2.32	3.89	4.10	4.95	5.39
31/10/2022	2.25	2.82	2.98	3.43	3.83	4.55	4.53
30/11/2022	3.00	2.95	3.19	3.46	3.98	4.55	4.35
31/12/2022	3.50	3.45	3.57	3.91	4.18	4.60	4.46
31/01/2023	3.50	3.90	3.86	4.03	4.25	4.65	4.04
28/02/2023	4.00	3.95	4.09	4.29	4.51	4.88	4.57
31/03/2023	4.25	4.20	4.11	4.43	4.59	4.89	4.27
Average 2022-23	2.30	2.30	2.43	2.83	3.20	3.67	3.63
Minimum	0.75	0.67	0.60	0.96	1.17	1.57	1.99
Maximum	4.25	4.20	4.28	4.45	4.76	5.32	5.86
Spread	3.50	3.53	3.68	3.49	3.59	3.75	3.87
Average 2021-22	0.19	0.15	0.12	0.23	0.37	0.50	0.76
Difference in average	+2.11	+2.15	+2.31	+2.60	+2.83	+3.17	+2.87

Comfund: The Comfund's aim was to create a portfolio of deposits with a rolling maturity providing sufficient liquidity, whilst enabling advantage to be taken of the extra yield offered in longer periods. With the coming of Somerset Council, and the knowledge that short-term borrowing would be taken on, longer term loans had been reduced over the year, and Comfund was wound up in March.

The average balance of the Comfund throughout 2022-23 was £211.9m. The Comfund vehicle, with an average return of 1.84% to March underperformed the benchmark for base rate of 2.30% for the year, by 0.46%. It can be difficult to maintain a positive performance when the comparator rate is moving up, particularly with quick successive rises.

A total of approximately £3.9m of income was earned an increase of nearly £3.34m on the figure for 2021-22 of £562,000.

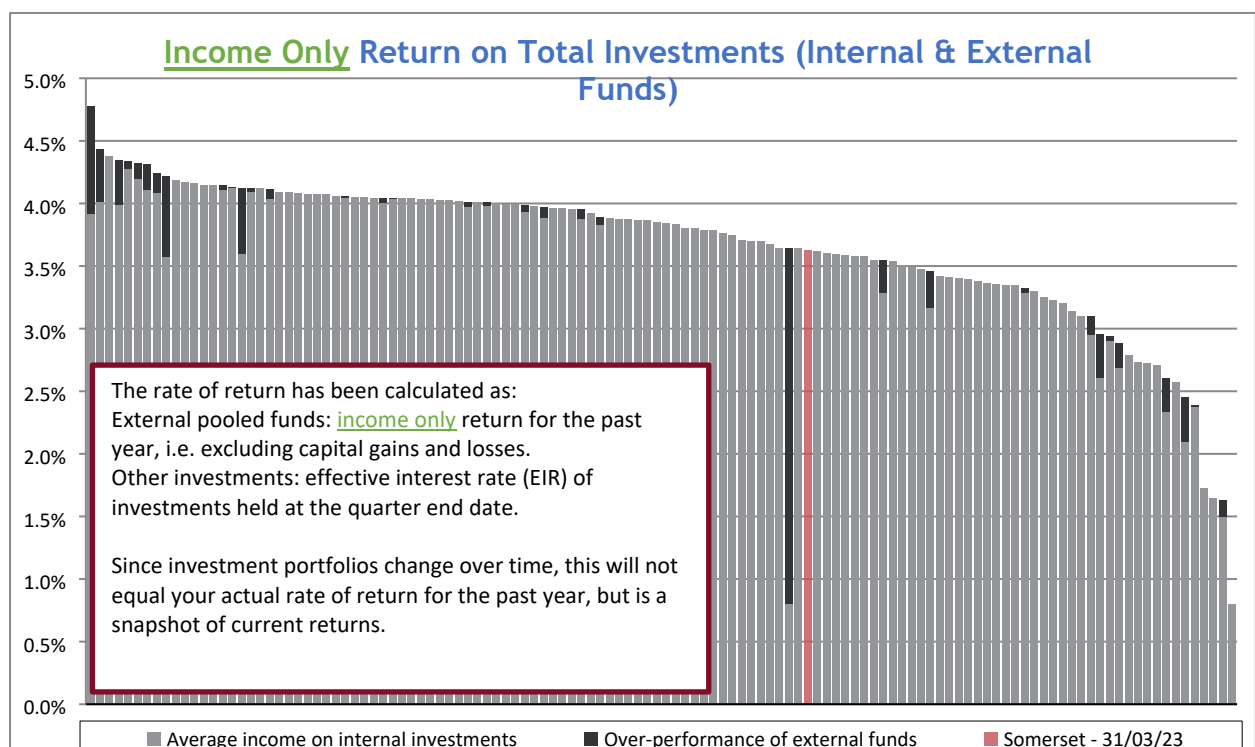
Revenue: Revenue balances averaged £54.6m during the year, with an average yield of 2.13%. This is closer to the average base rate as cash is reinvested at the higher rates more quickly. This income stream earned interest of over £1.16m.

Pooled Funds: £45m was invested in Pooled Funds during 2022-23 and delivered an average net income yield of 3.30%, and nearly £1.486m of income.

Combined: The combined average daily balance of the Council’s investments during 2022-23 was £311.5 against £317.9m for 2021-22. The overall weighted investment return of combined investments was 2.10% against a return of 0.58% for 2021-22. Excluding the Pooled Funds, cash returns were 1.90% compared to 0.24% for 2021-22. Total income generated was in excess of £6.5m.

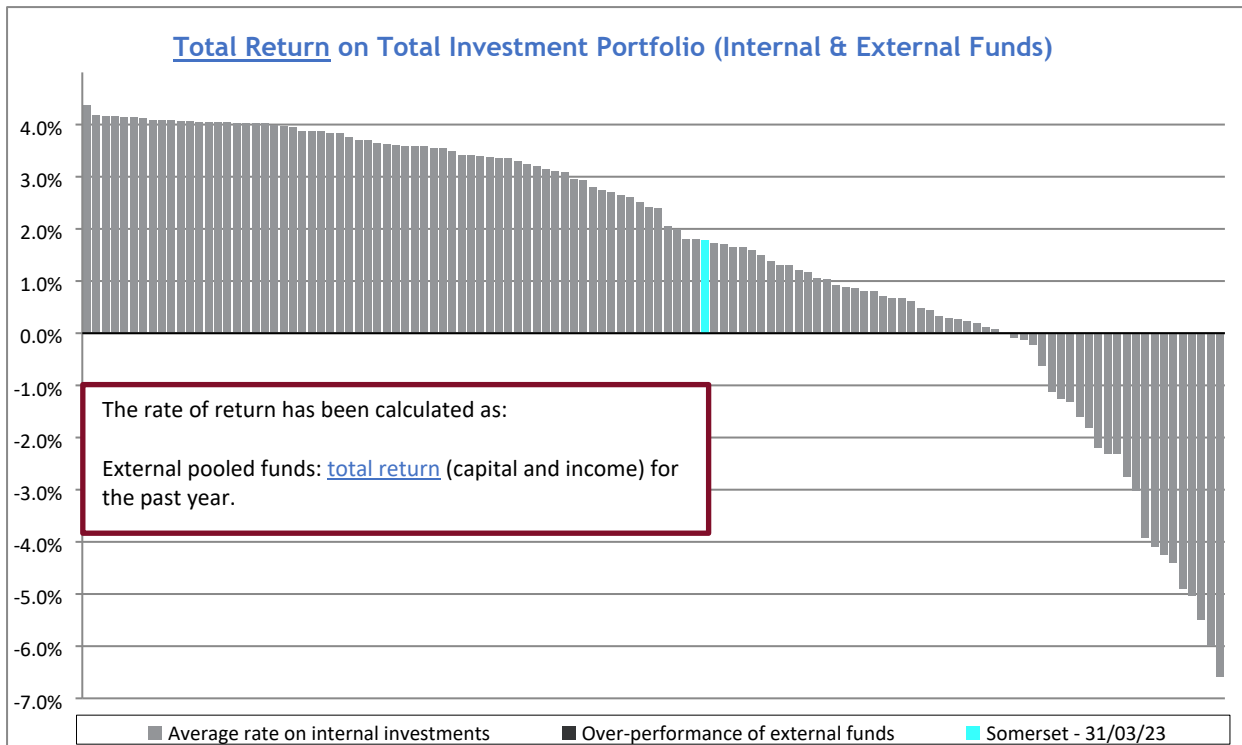
Comparison against other Local Authorities clients of Arlingclose

2022-23 was the thirteenth complete year that SCC had the services of retained Treasury advisors, Arlingclose. It would therefore seem appropriate to look at SCC performance compared with other Authorities that use Arlingclose, i.e. that share much of the same investment advice, particularly regarding counterparties.



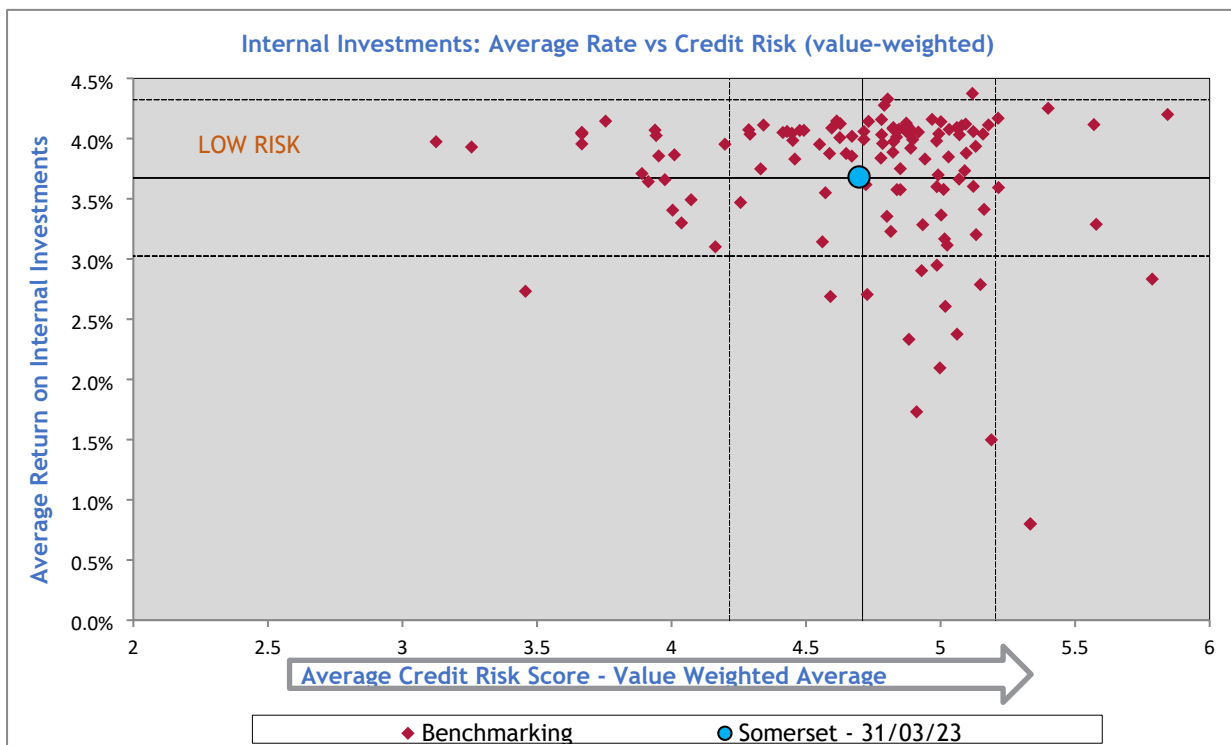
Returns as at 31st March 2023 can be seen in the graph above (if in black & white, SCC is the bar above the ‘E’ in the word external in ‘Over-performance of external funds’ in the graph legend).

A total return graph is shown below, with Somerset being directly above the right- hand side of the narrative box.



A comparison of internally managed investments only is included below, showing performance on a returns v credit risk basis. Note: The Arlingclose report compares quarter-end figures only.

This graph shows that SCC has a return and average credit risk score that is right on the average lines for both.



Security and liquidity have been achieved while returning an overall rate just 0.20% below average base rate in a market where base rate has increased 8 times during the year.

The overall return has produced a total income of £6.5m, up by £4.7m from 2021-22 on higher average rates but slightly reduced average balances.

All treasury management activities have mitigated risk to SCC to permit the achievement of objectives and including a fee for the management of the LEP money, have brought in income and benefits of approximately £140k.

11. Background papers

Treasury Management Strategy Statement 2022-23 and appendices. These were approved by SCC Full Council at the meeting on 23rd February 2022

Note: For sight of individual background papers please contact the report author.

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PAPER C1 - Appendix 2

Mendip District Council Annual Treasury Management Outturn Report 2022-23

Executive Member(s): Cllr Leyshon – Executive Lead for Resources

Local Member(s) and Division: All

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

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Introduction

The Authority adopted the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice* (the CIPFA Code) which requires the Authority to approve treasury management semi-annual and annual reports.

The Authority's treasury management strategy for 2022/23 was approved at a meeting on 21 February 2022. The Authority has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of risk remains central to the Authority's treasury management strategy.

The 2021 Prudential Code includes a requirement for local authorities to provide a Capital Strategy, a summary document approved by full Council covering capital expenditure and financing, treasury management and non-treasury investments. The Authority's Capital Strategy, complying with CIPFA's requirement, was approved by full Council on 21 February 2022.

External Context

Economic background: The war in Ukraine continued to keep global inflation above central bank targets and the UK economic outlook remained relatively weak with the chance of a mild recession. The economic backdrop during the January to March period continued to be characterised by high energy and commodity prices, high inflation, and the associated impact on household budgets and spending.

Central Bank rhetoric and actions remained consistent with combatting inflation. The Bank of England, US Federal Reserve, and European Central Bank all increased interest rates over the period, even in the face of potential economic slowdowns in those regions.

Starting the financial year at 5.5%, the annual CPI measure of UK inflation rose strongly to hit 10.1% in July and then 11.1% in October. Inflation remained high in subsequent months but appeared to be past the peak, before unexpectedly rising again in February. Annual headline CPI registered 10.4% in February, up from 10.1% in January, with the largest upward contributions coming from food and housing. RPI followed a similar pattern during the year, hitting 14.2% in October. In February RPI measured 13.8%, up from 13.4% in the previous month.

Following the decision by the UK government under Rishi Sunak and Jeremy Hunt to reverse some of the support to household energy bills announced under Liz Truss, further support in the form of a cap on what energy suppliers could charge household was announced in the March Budget to run from April until end June 2023. Before the announcement, typical household bills had been due to rise to £3,000 a year from April.

The labour market remained tight albeit with some ongoing evidence of potential loosening at the end of the period. The unemployment rate 3mth/year eased from 3.8% April-June to 3.6% in the following quarter, before picking up again to 3.7% between October-December. The most recent information for the period December-February showed an unemployment rate of 3.7%.

The inactivity rate was 21.3% in the December-February quarter, slightly down from the 21.4% in the first quarter of the financial year. Nominal earnings were robust throughout the year, with earnings growth in December-February at as 5.7% for both total pay (including bonuses) and 6.5% for regular pay. Once adjusted for inflation, however, both measures were negative for that period and have been so throughout most of the year.

Despite household budgets remaining under pressure, consumer confidence rose to -36 in March, following readings of -38 and -45 in the previous two months, and much improved compared to the record-low of -49 in September. Quarterly GDP was soft through the year, registering a 0.1% gain in the April-June period, before contracting by (an upwardly revised) -0.1% in the subsequent quarter. For the October-December period was revised upwards to 0.1% (from 0.0%), illustrating a resilient but weak economic picture. The annual growth rate in Q4 was 0.6%.

The Bank of England increased the official Bank Rate to 4.25% during the financial year. From 0.75% in March 2022, the Monetary Policy Committee (MPC) pushed through rises at every subsequent meeting over the period, with recent hikes of 50bps in December and February and then 25bps in March, taking Bank Rate to 4.25%. March's rise was voted by a majority of 7-2, with two MPC members preferring to maintain Bank Rate at 4.0%. The Committee noted that inflationary pressures remain elevated with growth stronger than was expected in the February Monetary Policy Report. The February vote was also 7-2 in favour of a hike, and again with two members preferring to keep Bank Rate on hold.

After reaching 9.1% in June, annual US inflation slowed for eight consecutive months to 6% in February. The Federal Reserve continued raising interest rates over the period with consecutive increases at each Federal Open Market Committee meetings, taking policy rates to a range of 4.75%- 5.00% at the March meeting.

From the record-high of 10.6% in October, Eurozone CPI inflation fell steadily to 6.9% in March 2023. Energy prices fell, but upward pressure came from food, alcohol, and tobacco. The European Central Bank continued increasing interest rates over the period, pushing rates up by 0.50% in March, taking the deposit facility rate to 3.0% and the main refinancing rate to 3.5%.

Financial markets: Uncertainty continued to be a key driver of financial market sentiment and bond yields remained relatively volatile due to concerns over elevated inflation and higher interest rates, as well as the likelihood of the UK entering a recession and for how long the Bank of England would continue to tighten monetary policy. Towards the end of the period, fears around the health of the banking system following the collapse of Silicon Valley Bank in the US and purchase of Credit Suisse by UBS caused further volatility.

Over the period the 5-year UK benchmark gilt yield rose from 1.41% to peak at 4.70% in September before ending the financial year at 3.36%. Over the same timeframe the 10-year gilt yield rose from 1.61% to peak at 4.51% before falling back to 3.49%, while the 20-year yield rose from 1.82% to 4.96% and then declined to 3.82%. The Sterling Overnight Rate (SONIA) averaged 2.24% over the period.

Credit review: Early in the period, Moody's affirmed the long-term rating of Guildford BC but revised the outlook to negative. The agency also downgraded Warrington BC and Transport for London.

In July Fitch revised the outlook on Standard Chartered and Bank of Nova Scotia from negative to stable and in the same month Moody's revised the outlook on Bayerische Landesbank to positive. In September S&P revised the outlook on the Greater London Authority to stable from negative and Fitch revised the outlook on HSBC to stable from negative.

The following month Fitch revised the outlook on the UK sovereign to negative from stable. Moody's made the same revision to the UK sovereign, following swiftly after with a similar move for a number of local authorities and UK banks including Barclays Bank, National Westminster Bank (and related entities) and Santander.

During the last few months of the reporting period there were only a handful of credit changes by the rating agencies, then in March the collapse of Silicon Valley Bank (SVB) in the US quickly spilled over into worries of a wider banking crisis as Credit Suisse encountered further problems and was bought by UBS.

Credit Default Prices had been rising since the start of the period on the back of the invasion of Ukraine, and in the UK rose further in September/October at the time of the then-government's mini budget. After this, CDS prices had been falling, but the fallout from SVB caused a spike on the back of the heightened uncertainty. However, they had moderated somewhat by the end of the period as fears of contagion subsided, but many are still above their pre-March levels reflecting that some uncertainty remains.

On the back of this, Arlingclose reduced its recommended maximum duration limit for unsecured deposits for all UK and Non-UK banks/institutions on its counterparty list to 35 days as a precautionary measure. No changes were made to the names on the list.

As market volatility is expected to remain a feature, at least in the near term and, as ever, the institutions and durations on the Authority's counterparty list recommended by Arlingclose remains under constant review.

Local authorities remain under financial pressure, but Arlingclose continues to take a positive view of the sector, considering its credit strength to be high. Section 114 notices have been issued by only a handful of authorities with specific issues. While Arlingclose's advice for local authorities on its counterparty list remains unchanged, a degree of caution is merited with certain authorities.

Local Context

On 31st March 2023, the Authority had net borrowing of £36m arising from its revenue and capital income and expenditure. The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while usable reserves and working capital are the underlying resources available for investment. These factors are summarised in Table 1 below.

Table 1: Balance Sheet Summary

	31.3.23 Actual £m
General Fund CFR	58.625
External borrowing	62.873
(Under)/over funding of CFR	4.248

The Authority pursued its strategy of keeping borrowing and investments below their underlying levels, sometimes known as internal borrowing, in order to reduce risk and keep interest costs low.

The treasury management position at 31st March 2023 and the change during the year is shown in Table 2 below.

Table 2: Treasury Management Summary

	31.3.22 Balance £m	Movement £m	31.3.23 Balance £m
Long-term borrowing	62.839	-0.017	62.822
Short-term borrowing*	0.051	0.000	0.051
Total borrowing	62.890	-0.017	62.873
Long-term investments	0.000	0.000	0.000
Short-term investments	-19.990	19.990	0.000
Cash and cash equivalents	-13.790	-12.974	-26.764
Total investments	-33.780	7.016	-26.764
Net borrowing	29.110	6.999	36.109

*The above includes £34k interest owed on PWLB Loans that has been moved to borrowing at year end

Borrowing Update

CIPFA's 2021 Prudential Code is clear that local authorities must not borrow to invest primarily for financial return and that it is not prudent for local authorities to make any investment or spending decision that will increase the capital financing requirement, and so may lead to new borrowing, unless directly and primarily related to the functions of the Authority. PWLB loans are no longer available to local authorities planning to buy investment assets primarily for yield unless these loans are for refinancing purposes.

The Authority is currently reviewing its capital programme in light of changes to the CIPFA Prudential Code and PWLB lending arrangements to ensure that borrowing to invest primarily for commercial return is no longer undertaken.

The Authority currently holds £55.445m in commercial investments that were purchased prior to the change in the CIPFA Prudential Code. Before undertaking further additional borrowing the Authority will review the options for exiting these investments.

Borrowing Strategy and Activity

As outlined in the treasury strategy, the Authority's chief objective when borrowing has been to strike an appropriately low risk balance between securing lower interest costs and achieving cost certainty over the period for which funds are required, with flexibility to renegotiate loans should the Authority's long-term plans change being a secondary objective. The Authority's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio and, where practicable, to maintain borrowing and investments below their underlying levels, sometimes known as internal borrowing.

The cost of both long and short-term borrowing rose dramatically over the year, with rates at the end of March around 2% - 4% higher than those at the beginning of April. Rate rises have been driven primarily by inflation and the need for central banks to control this by raising interest rates. Particularly dramatic rises were seen in September after Liz Truss' 'mini-budget' included unfunded tax cuts and additional borrowing to fund consumer energy price subsidies: over a twenty-four-hour period some PWLB rates increased to 6%. Rates have now fallen from September peaks but remain volatile and well above recent historical norms. The PWLB 10 year maturity certainty rate stood at 4.33% at 31st March 2023, 20 years at 4.70% and 30 years at 4.66%.

At 31st March 2023 the Authority held £62.873m of loans, (a decrease of £17k). Outstanding loans on 31st March are summarised in Table 3 below.

Table 3A: Borrowing Position

	31.3.22 Balance £m	Net Movement £m	31.3.23 Balance £m
Public Works Loan Board	62.827	0.000	62.827
Other financial intermediaries	0.015	-0.003	0.012
Local authorities SCC	0.048	-0.014	0.034
Total borrowing	62.890	-0.017	62.873

Table 3B: Long-dated Loans borrowed

	31.3.23 Balance £m	Type	Interest Rate	Maturity	Years remaining
PWLB - 506506	8.710	Fixed Rate	2.66	36	30.61
PWLB - 506507	7.483	Fixed Rate	2.53	46	40.61
PWLB - 508117	7.000	Fixed Rate	2.83	21	16.19
PWLB - 508247	5.000	Fixed Rate	2.04	11	6.21
PWLB - 116646	0.900	Fixed Rate	1.55	14	10.51
PWLB - 116648	5.000	Fixed Rate	1.55	14	10.51
PWLB - 116650	4.000	Fixed Rate	1.68	17	13.51
PWLB - 116652	4.000	Fixed Rate	1.80	25	21.52
PWLB - 116654	2.600	Fixed Rate	1.66	48	44.53
PWLB - 116656	3.800	Fixed Rate	1.78	30	26.52
PWLB - 116658	2.000	Fixed Rate	1.78	31	27.52
PWLB - 116660	2.000	Fixed Rate	1.71	37	33.53
PWLB - 116662	2.000	Fixed Rate	1.69	40	36.53
PWLB - 116664	2.000	Fixed Rate	1.66	45	41.53
PWLB - 116666	5.300	Fixed Rate	1.66	50	46.45
PWLB - 116668	1.000	Fixed Rate	1.66	50	46.45
M&G	0.012	Fixed Rate	8.00	30	3.000
SCC	0.034	Fixed Rate	6.43	30	3.000

The accrued interest that formed part of borrowing in the trial balance at year end is below:

	31.3.23 Balance £k
PWLB - 508247	25.220
PWLB - 116666	7.251
PWLB - 116668	1.368

The Authority's borrowing decisions are not predicated on any one outcome for interest rates and a balanced portfolio of short- and long-term borrowing was maintained.

Treasury Investment Activity

CIPFA published a revised Treasury Management in the Public Services Code of Practice and Cross-Sectoral Guidance Notes on 20th December 2021. These define treasury management investments as investments that arise from the organisation's cash flows or treasury risk management activity that ultimately represents balances that need to be invested until the cash is required for use in the course of business.

The Authority holds invested funds, representing income received in advance of expenditure plus balances and reserves held. The investment position at 31 March 2023 is shown in table 4 below.

Table 4: Treasury Investment Position

	Principal	Duration	Interest Rate	Annual Interest
	£m		%	£k
Standard Chartered - Sustainable	5.000	123 days	3.75	187.5
South Somerset District Council	5.000	59 days	4.00	200.0
Bank of New York Mellon - Federated	10.000	Call	3.90	390.0
Standard Life - Aberdeen	5.200	Call	3.94	204.9
Total Treasury Investments	25.200			

Both the CIPFA Code and government guidance require the Authority to invest its funds prudently, and to have regard to the security and liquidity of its treasury investments before seeking the optimum rate of return, or yield. The Authority's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income.

Bank Rate has increased from 0.75% at the beginning of the year to 4.25% at the end of March 2023. Short-dated cash rates, which had ranged between 0.7% - 1.5% at the beginning of April, rose by around 3.5% for overnight/7-day maturities and 3.3% for 6-12 month maturities.

By end March 2023, the return on the Council's sterling Low Volatility Net Asset Value (LVNAV) Money Market Funds ranged between [0.5% - 0.7% p.a.] in early April and between [3.9% and 4.0%] at the end of March.

Towards the end of the financial year rates increased in line with base rate, however Mendip decided to keep all cash short term due to unitary approaching on 1st April 2023 and not know what cash position the council would be in.

The progression of risk and return metrics are shown in the extracts from Arlingclose's quarterly investment benchmarking in Table 5 below.

Table 5: Investment Benchmarking – Treasury investments managed in-house.

	31.3.22 Balance £m	31.3.23 Balance £m
AA rated counterparties	8.000	15.200
AA- rated counterparties	0.000	5.000
A+ rated counterparties	25.780	5.000
A rated counterparties	0.000	1.564
	33.780	26.764

The change in the Authority's funds' capital values and income earned over the 12-month period is shown in Table 4.

Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Authority's medium- to long-term investment objectives are regularly reviewed. Strategic fund investments are made in the knowledge that capital values will move both up and down on months, quarters and even years; but with the confidence that over a three- to five-year period total returns should exceed cash interest rates.

The Authority had budgeted £180,000 income from these investments in 2022/23. Income received was £917,707. The reason for the considerable increase in investment income was due to investment purchases being put on hold due to the unitary authority so having surplus cash and an increase in base rate.

Non-Treasury Investments

The definition of investments in CIPFA's revised 2021 Treasury Management Code covers all the financial assets of the Authority as well as other non-financial assets which the Authority holds primarily for financial return. Investments that do not meet the definition of treasury management investments (i.e. management of surplus cash) are categorised as either for service purposes (made explicitly to further service objectives) and or for commercial purposes (made primarily for financial return).

Investment Guidance issued by the Department for Levelling Up Housing and Communities (DLUHC) and Welsh Government also broadens the definition of investments to include all such assets held partially or wholly for financial return.

The Authority also held £59.135m of such investments in

- directly owned investment property £55.445m
- loans to local businesses (Somerset Waste Partnership) £3.69m

These investments generated £3.123m of income for the Authority with direct costs of £1.511, representing a rate of return of 2.7%.

Compliance

The Chief Finance Officer reports that all treasury management activities undertaken during the year complied fully with the CIPFA Code of Practice and the Authority's approved Treasury Management Strategy. Compliance with specific investment limits is demonstrated in table 7 below.

Compliance with the authorised limit and operational boundary for external debt is demonstrated in table 7 below.

Table 7: Debt Limits

	31.3.23 Original £m	31.3.23 Revised £m
Authorised limit for external debt	80.000	80.000
Operational boundary for external debt	80.000	80.000
Capital Financing Requirement	60.464	58.625

Since the operational boundary is a management tool for in-year monitoring it is not significant if the operational boundary is breached on occasions due to variations in cash flow, and this is not counted as a compliance failure.

Treasury Management Indicators

This Council applies the creditworthiness service provided by the Link Group. This service employs a sophisticated modelling approach utilising credit ratings from the three main credit rating agencies - Fitch, Moody's and Standard & Poor's. The credit ratings of counterparties are supplemented with the following overlays:

- "watches" and "outlooks" from credit rating agencies;
- CDS spreads that may give early warning of changes in credit ratings;
- sovereign ratings to select counterparties from only the most creditworthy countries.

This modelling approach combines credit ratings, and any assigned Watches and Outlooks in a weighted scoring system which is then combined with an overlay of CDS spreads. The end product of this is a series of colour coded bands which indicate the relative creditworthiness of counterparties. These colour codes are used by the Council to determine the suggested duration for investments. The Council will, therefore, use counterparties within the following durational bands.

- Yellow 5 years *
- Dark pink 5 years for Ultra-Short Dated Bond Funds with a credit score of 1.25
- Light pink 5 years for Ultra-Short Dated Bond Funds with a credit score of 1.5
- Purple 2 years
- Blue 1 year (only applies to nationalised or semi nationalised UK Banks)
- Orange 1 year
- Red 6 months
- Green 100 days
- No colour not to be used

* Please note: the yellow colour category is for UK Government debt, or its equivalent, money market funds and collateralised deposits where the collateral is UK Government debt

The Link creditworthiness service uses a wider array of information other than just primary ratings. Furthermore, by using a risk weighted scoring system, it does not give undue preponderance to just one agency's ratings.

Typically, the minimum credit ratings criteria the Council use will be a short-term rating (Fitch or equivalents) of F1 and a long-term rating of A-. There may be occasions when the counterparty ratings from one rating agency are marginally lower than these ratings but may still be used. In these instances, consideration will be given to the whole range of ratings available, or other topical market information, to support their use.

All credit ratings will be monitored weekly. The Council is alerted to changes to ratings of all three agencies through its use of the Link creditworthiness service.

- if a downgrade results in the counterparty / investment scheme no longer meeting the Council's minimum criteria, its further use as a new investment will be withdrawn immediately.
- in addition to the use of credit ratings the Council will be advised of information in movements in Credit Default Swap spreads against the iTraxx European Financials benchmark and other market data on a daily basis via its Passport website, provided exclusively to it by Link. Extreme market movements may result in downgrade of an institution or removal from the Council's lending list.

Sole reliance will not be placed on the use of this external service. In addition, this Council will also use market data and market information, as well as information on any external support for banks to help support its decision making process.

Y	Pi1	Pi2	P	B	O	R	G	N/C
1	1.25	1.5	2	3	4	5	6	7
Up to 5yrs	Up to 5yrs	Up to 5yrs	Up to 2yrs	Up to 1yr	Up to 1yr	Up to 6mths	Up to 100days	No Colour

	Colour (and long-term rating where applicable)	Money Limit £m	Time Limit
Banks	Yellow	5	5yrs
Banks	purple	5	2 yrs
Banks	orange	5	1 yr
Banks – part nationalised	blue	5	1 yr
Banks	red	5	6 months
Banks	green	5	100 days
Limit 3 category-Council's banker	No colour		1day
Other institutions limit	-	5	1yr
DMADF	AAA	unlimited	6 months
Local authorities	n/a	5	1yr
Housing Associations	Colour bands	5	As per colour band

The Authority measures and manages its exposures to treasury management risks using the following indicators.

The Council's investment priorities will be security first, portfolio liquidity second and then yield, (return). The Council will aim to achieve the optimum return (yield) on its investments commensurate with proper levels of security and liquidity and with the Council's risk appetite. In the current economic climate, it is considered appropriate to keep investments short term to cover cash flow needs. However, where appropriate (from an internal as well as external perspective), the Council will also consider the value available in periods up to 12 months with high credit rated financial institutions, as well as wider range fund options.

Guidance from the DLUHC and CIPFA places a high priority on the management of risk. This authority has adopted a prudent approach to managing risk and defines its risk appetite by the following means: -

1. Minimum acceptable **credit criteria** are applied in order to generate a list of highly creditworthy counterparties. This also enables diversification and thus avoidance of concentration risk. The key ratings used to monitor counterparties are the short term and long-term ratings.
2. **Other information:** ratings will not be the sole determinant of the quality of an institution; it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To achieve this consideration the Council will engage with its advisors to maintain a monitor on market pricing such as “**credit default swaps**” and overlay that information on top of the credit ratings.
3. **Other information sources** used will include the financial press, share price and other such information pertaining to the financial sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.
4. This authority has defined the list of **types of investment instruments** the treasury management team are authorised to use, ‘specified’ and ‘non-specified’ investments.
 - **Specified investments** are those with a high level of credit quality and subject to a maturity limit of one year or have less than a year left to run to maturity if originally, they were classified as being non-specified investments solely due to the maturity period exceeding one year.
 - **Non-specified investments** are those with less high credit quality, may be for periods in excess of one year, and/or are more complex instruments which require greater consideration by members and officers before being authorised for use.
5. **Non-specified and loan investment limits.** The Council has determined it will set a limit to the maximum exposure of the total treasury management investment portfolio to non-specified treasury management investments of 50%.

6. **Transaction limits** are set for each type of investment
7. Investments will only be placed with counterparties from countries with a specified minimum **sovereign credit rating of AA- from Fitch**.
8. This authority has engaged **external consultants**, to provide expert advice on how to optimise an appropriate balance of security, liquidity and yield, given the risk appetite of this authority in the context of the expected level of cash balances and need for liquidity throughout the year.
9. All investments will be denominated in **sterling**.
10. As a result of the change in accounting standards for 2022/23 under IFRS 9, this authority will consider the implications of investment instruments which could result in an adverse movement in the value of the amount invested and resultant charges at the end of the year to the General Fund. (In November 2018, the MHCLG, concluded a consultation for a temporary override to allow English local authorities time to adjust their portfolio of all pooled investments by announcing a statutory override to delay implementation of IFRS 9 for five years ending 31.3.23.
11. Investments will not be made with counterparties based in countries with alleged poor human rights records.

However, this authority will also pursue **value for money** in treasury management and will monitor the yield from investment income against appropriate benchmarks for investment performance. Regular monitoring of investment performance will be carried out during the year.

PAPER C1 - Appendix 3

Sedgemoor District Council Annual Treasury Management Outturn Report 2022-23

Executive Member(s): Cllr Leyshon – Executive Lead for Resources
Local Member(s) and Division: All
Lead Officer: Jason Vaughan – Executive Director Resources and Corporate Services (Section 151 Officer)
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Background

The Council's Treasury Management Strategy for 2022/23 outlined the parameters within which treasury management is delegated to the S151 Officer. Council investments are exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates.

Treasury risk management is set within the framework of specific Codes of Practice issued by the Chartered Institute of Public Finance and Accountancy, CIPFA and referred to as the 'Treasury Management Code of Practice' and the 'Prudential Code'.

These requires the Council to approve a Treasury Management Strategy before the start of each financial year and to approve, as a minimum, a half-year and annual treasury outturn report. This report fulfils the Council's legal obligation under the Local Government Act 2003 to have regard to the CIPFA Code.

The Prudential Code includes a requirement for local Councils to provide a Capital Strategy. This is a comprehensive and high-profile document approved by Full Council covering capital expenditure and financing, treasury management and non-treasury investments.

CIPFA defines Treasury Management as:

“The management of the local Council's cash flows, its borrowings and its investments, the management of the associated risks, and the pursuit of the optimum performance or return consistent with those risks”.

Overall responsibility for treasury management remains with the Council with operational responsibility delegated to the S151 Officer. No treasury management activity is without risk; the effective identification and management of risk are integral to the Council's treasury management objectives.

Report

The overall Treasury Management year end position for Sedgemoor District Council is shown below:

Treasury position as at 31st March 2023

Investments		31st March 2023	31st March 2022 £
<i>Variable Rate MMF</i>			
Aberdeen Asset Management	2.24%	4,401,960	470,000
CCLA	1.94%	-	1,412
Invesco AIM	3.14%	-	298,960
BNP Paribas	2.91%	-	1,000
<i>Variable Rate on Call</i>			
Santander	1.33%	1,648,224	4,995,551
<i>Variable Rate - Pooled Funds</i>			
Ninety One Diversified income Fund	3.8%	5,000,000	5,000,000
Schroder Income Maximiser	7.3%	8,000,000	8,000,000
CCLA property fund	4.0%	5,000,000	5,000,000
Aegon Diversified monthly income fund	5.5%	5,000,000	5,000,000
CCLA diversified income fund	2.6%	3,000,000	3,000,000
UBS Equity Global Income Fund	9.4%	5,000,000	5,000,000
		37,050,184	36,766,923

The budget and outturn position for investment income is shown in the table below:

Investment performance to end March 2023

Interest received:	Budget 2022/23 £	Actual 2022/23 £
Internally Managed Funds – On Call accounts	50,000	220,827
Externally Managed Funds	1,550,000	1,693,700

The following table outlines the performance of externally managed funds:

Pooled funds	Actual dividends 22/23 £	Average Rate
Ninety-One Diversified Income Fund	183,770	3.76%
Schroders Income Maximiser Fund	539,727	7.25%
CCLA Property Fund	193,437	3.96%
Aegon Diversified Monthly Income Fund	245,497	5.50%
CCLA Diversified Income Fund	78,656	2.62%
UBS Equity Global Income Fund	452,613	9.37%

In addition to investments Sedgemoor District Council's borrowing for both the General Fund and HRA is shown below:

Borrowing

Type	
Intra unitary	34,000,000
Local Authority	10,000,000
PWLB	71,100,000
Total	115,100,000

The interest paid on borrowing for the 2022/23 year was as follows:

Interest due:	FY Budget 2022/23 £	Profiled Budget 2022/23 £	Actual 2022/23 £
General fund - PWLB	1,133,010	850,000	240,500
General fund – Other Local Authorities			423,396
HRA – PWLB	1,587,010	1,190,258	1,490,146

Loan repayments due to other local authorities after vesting day are outlined in the table below. The Treasury Management workstream simplified loans due to other authorities through the District Councils borrowing from Somerset County Council close to vesting day wherever possible.

Loan repayments due	Amount	Repayment due
Somerset County Council	34,000,000	3-Apr-23
Gloucestershire CC	5,000,000	5-May-23

PAPER C1 - Appendix 4

Somerset West and Taunton Council Annual Treasury Management Outturn Report 2022-23

Executive Member(s): Cllr Leyshon – Executive Lead for Resources

Local Member(s) and Division: All

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

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1 Executive Summary / Purpose of the Report

- 1.1 To provide Members with an update on the Treasury Management activity of Somerset West and Taunton Council and performance against the Prudential Indicators for 2022/23.
- 1.2 Treasury management performance during the year has reflected the agreed strategy for the Council. Investment security remains with good credit ratings across the portfolio, whilst liquidity remains high and liquidity. As forecast, there was high borrowing activity during the year, with £74million advanced to the Council. Vigilant action during the early part of the financial year provided favourable interest rates ahead of substantial increases in the money market as the year progressed. A suitable spread of loan durations were obtained, enabling substantial flexibility to become available when the new Unitary Council takes on the mix of loan and investment portfolios from the combining councils, whilst building in some benefit from low interest rates for borrowing that is due to mature in the medium term.

2 Background and Full details of the Report

- 2.1 The Council's Treasury Management Strategy for 2022/23 was approved at Full Council on 29th March 2022. The Council invests substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of risk remains central to the Council's Treasury Management Strategy.
- 2.2 Treasury risk management at the Council is conducted within the framework of specific Codes of Practice issued by the Chartered Institute of Public Finance and Accountancy, CIPFA. In abbreviated format, they are referred to as the 'Treasury Management Code of Practice' and the 'Prudential Code'.

- 2.3 The first Code is the Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes. The version that is relevant to the start of the financial year 2022/23 requires the Council to approve a Treasury Management Strategy before the start of each financial year and to approve, as a minimum, a half-year and annual treasury outturn report. This report fulfils the Council's legal obligation under the Local Government Act 2003 to have regard to the CIPFA Code.
- 2.4 Working alongside the Treasury Management Code, the 2017 CIPFA The Prudential Code includes a requirement for local Councils to provide a Capital Strategy. This is a comprehensive and high-profile document approved by Full Council covering capital expenditure and financing, treasury management and non-treasury investments.
- 2.5 Similarly to the Treasury Management Code of Practice, CIPFA published a new release of the Prudential Code in December 2021. The Council's latest Capital Strategy, complying with CIPFA's requirement, was approved by Somerset West and Taunton Full Council on 29th March 2022.
- 2.6 For continuity and clarity, CIPFA defines Treasury Management as:
- “The management of the local Council's cash flows, its borrowings and its investments, the management of the associated risks, and the pursuit of the optimum performance or return consistent with those risks”.
- 2.7 Overall responsibility for treasury management remains with the Council with operational responsibility delegated to the S151 Officer. No treasury management activity is without risk; the effective identification and management of risk are integral to the Council's treasury management objectives.

3 Local Context

- 3.1 On 31st March 2023, the Council had net cash investments of £74.368m arising from its revenue and capital income and expenditure. The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while usable reserves and working capital are the underlying resources available for investment. These components, which stem from the Council's Balance Sheet, are summarised in Table 1 below.

Table 1: Balance Sheet Summary

	31.3.23 Actual £m
General Fund CFR	133.968
HRA CFR	117.752
Total CFR	251.720
Less: External borrowing	-174.500
Internal borrowing	77.220
Less: Usable reserves	-80.873
Less: Working capital	-70.715
Net Investments	-74.368

- 3.2 The Council pursued its strategy of keeping borrowing and investments below their underlying levels, sometimes known as internal borrowing, to reduce risk and keep interest costs low.
- 3.3 The treasury management position as at 31st March 2023 and the change during the year is shown in Table 2 below.

Table 2: Treasury Management Summary

	31.3.22 Balance £m	In-year Movement £m	31.3.23 Balance £m
Long-term borrowing	-105.500	17.000	-88.500
Short-term borrowing	-75.000	-11.000	-86.000
Total borrowing	-180.500	6.000	-174.500
Long-term investments	0.003	-0.003	0.000
Short-term investments	17.449	-1.764	15.685
Cash and cash equivalents	23.465	-21.774	1.691
Total investments	40.917	-23.541	17.376
Net Borrowing	-139.583	-17.541	-157.124

Borrowing Update

- 3.4 CIPFA's 2021 Prudential Code is clear that local authorities must not borrow to invest primarily for financial return and that it is not prudent for local authorities to make any investment or spending decision that will increase the capital financing requirement, and so may lead to new borrowing, unless directly and primarily related to the functions of the Authority. PWLB loans are no longer available to local authorities planning to buy investment assets primarily for yield unless these loans are for refinancing purposes.
- 3.5 The Council currently holds £95.223m in commercial investments that were purchased prior to the change in the CIPFA Prudential Code.

Borrowing Strategy and Activity

- 3.6 As outlined in the treasury strategy, the Council's main objectives when borrowing was to achieve a low but certain cost of finance while retaining flexibility should any of the plans changed, particularly with the transfer to a single Unitary Council on 1st April 2023. The Council's borrowing strategy continued to address the key issue of affordability without compromising the longer-term stability of the debt portfolio and, where practicable, to maintain borrowing and investments below their underlying levels, sometimes known as internal borrowing.
- 3.7 The cost of both long and short-term borrowing rose dramatically over the year, with rates at the end of March around 2% - 4% higher than those at the beginning of April. Rate rises have been driven primarily by inflation and the need for central banks to control this by raising interest rates. Particularly dramatic rises were seen in September after Liz Truss' 'mini-budget' included unfunded tax cuts and additional borrowing to fund consumer energy price subsidies: over a twenty-four-hour period some PWLB rates increased to 6%. Rates have now fallen from September peaks but remain volatile and well above recent historical norms. The PWLB 10 year maturity certainty rate stood at 4.33% at 31st March 2023, 20 years at 4.70% and 30 years at 4.66%.
- 3.8 A new HRA PWLB rate of gilt yield plus 0.4% (0.4% below the currently available certainty rate) was announced on 15th March 2023. This discounted rate is to support local authorities borrowing for Housing Revenue Accounts and the delivery of social housing and is expected to be available from June 2023, initially for a period of one year.

- 3.9 As at 31st March 2023 the Council held £174.5m of loans as part of its strategy for funding previous and current years' capital programmes. This represented a decrease of £6m compared to the previous financial year-end, 31st March 2022. Outstanding loans on 31st March are summarised in Table 3 below.

Table 3: Borrowing Position

	31.3.22 Balance £m	Net Movement £m	31.3.23 Balance £m
Public Works Loan Board (Long-term)	87.500	-7.000	80.500
Public Works Loan Board (Short-term)	5.000	2.000	7.000
Banks (Fixed term)	3.000	0.000	3.000
Local Councils (Long-term)	15.000	-10.000	5.000
Local Councils (Short-term)	70.000	9.000	79.000
Total borrowing	180.500	-6.000	174.500

- 3.10 For clarification, long-term loans are defined as any loan with a maturity date exceeding 365 days from the date of a reported balance. The Council's chief objective when taking new borrowing during 2022/23 has been to strike an appropriately low risk balance between securing low interest costs and achieving cost certainty over the period for which funds are required, with flexibility to renegotiate loans should the Council's long-term plans change being a secondary objective.
- 3.11 The Council has an increasing CFR due to the capital programme and an estimated borrowing requirement as determined by the Liability Benchmark, which also takes into account usable reserves and working capital. Having considered the appropriate duration and structure of the borrowing need based on realistic projections, it was decided to take a mixture of short-term and long-term borrowing. The Council currently has £88.5m of longer-term borrowings in respect of the Housing Revenue Account and General Fund, details of which are shown below. These loans provide some longer-term certainty and stability to the debt portfolio. It is also worthy of note that loans shown in the table with a higher rate of interest reflect historically higher interest rates at the time when they were advanced to the Council.

Table 4: External Long-term Borrowing Position as at 31 March 2023

Long-dated Loans borrowed	Amount £m	Rate %	Maturity Date
Public Works Loan Board	6.0	2.82	28 Mar 2025
Waverley Borough Council	5.0	1.20	16 Feb 2026
Public Works Loan Board	7.0	2.92	28 Mar 2026
Public Works Loan Board	16.0	3.01	28 Mar 2027
Public Works Loan Board	7.0	3.08	28 Mar 2028
Public Works Loan Board	5.0	3.15	28 Mar 2029
Public Works Loan Board	5.5	3.21	28 Mar 2030
Public Works Loan Board	1.0	8.38	03 Aug 2056
Public Works Loan Board	1.0	7.38	06 May 2057
Public Works Loan Board	2.0	6.63	05 Sep 2057
Public Works Loan Board	10.0	1.64	12 Nov 2070
Public Works Loan Board	20.0	1.89	26 Mar 2071
Barclays	3.0	4.25	14 Jun 2077
Total borrowing	88.5		

- 3.12 The Council's borrowing decisions are not predicated on any one outcome for interest rates and a balanced portfolio of short- and long-term borrowing was maintained.

Treasury Investment Activity

- 3.13 The Council holds significant invested funds, representing income received in advance of expenditure plus balances and reserves held for a wide range of purposes. During the year, the Council's investment balances ranged between £17.025m and £62.000m due to timing differences between income and expenditure as well as cashflow movements. The investment position is shown in Table 5, below.

Table 5: Treasury Investment Position

	31.03.22 Balance £m	Net Movement £m	31.03.23 Balance £m
Banks and Building Societies (unsecured)	1.630	-0.319	1.311
Government (including local authorities)	2.898	-2.898	0.000
Money Market Funds	17.900	-17.900	0.000
Cash Plus Funds	0.983	-0.012	0.971
Strategic Bond Funds	1.985	-0.032	1.953
Equity Income Funds	1.980	-0.212	1.768
Property Funds	5.697	-0.821	4.876
Multi Asset Income Fund	6.688	-0.542	6.146
Total Investments	39.761	-22.736	17.025

Investments as at 31 March 2023

Borrower	Amount £	Rate of Interest %	Date of Investment	Date of Maturity
National Westminster Bank	1,311,644	Variable	N/A	On Demand
CCLA Local Authority Property Fund	4,875,987	Variable	N/A	On Demand
Ninety-One (Formerly Investec)	2,607,296	Variable	N/A	On Demand
Columbia Threadneedle	1,768,039	Variable	N/A	On Demand
Royal London Enhanced Cash Fund	970,718	Variable	N/A	On Demand
Payden Sterling Reserve Fund	1,953,067	Variable	N/A	On Demand
AEGON Diversified Income Fund (Formerly Kames)	1,661,901	Variable	N/A	On Demand
Schroder Income Maximiser Fund	1,876,815	Variable	N/A	On Demand
TOTAL	17,025,467			

- 3.14 Both the CIPFA Code and government guidance require the Authority to invest its funds prudently, and to have regard to the security and liquidity of its treasury investments before seeking the optimum rate of return, or yield. The Authority's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income.
- 3.15 Bank Rate has increased from 0.75% at the beginning of the year to 4.25% at the end of March 2023. Short-dated cash rates, which had ranged between 0.7% - 1.5% at the beginning of April, rose by around 3.5% for overnight/7-day maturities and 3.3% for 6–12-month maturities.
- 3.16 By end March 2023, the rates on DMADF deposits ranged between 4.05% and 4.15%.
- 3.17 The progression of risk and return metrics are shown in the extracts from Arlingclose quarterly investment benchmarking in Table 6, overleaf.

Table 6: Investment Benchmarking – Treasury investments managed in-house

	Credit Score	Credit Rating	Bail-in Exposure	Weighted Average Maturity (days)	Rate of Return %
31.03.2022	4.54	A+	87%	1	3.87%
31.03.2023	5.33	A+	100%	1	-5.03%
Similar Local Authorities	4.74	A+	63%	56	0.73%
All Local Authorities	4.71	A+	59%	12	1.59%

- 3.18 Arlingclose provided the Council with a report as at 31st March 2023 which shows the current value of the Council's investments are held in externally managed strategic pooled funds was £12.766m, where short-term security and liquidity are lesser considerations, and the objectives are, instead, regular revenue income and long-term price stability. These funds generated dividends of £0.622m in 2022/23, an income return of 4.33% which is used to support services in year, however had an unrealised capital loss of £1.613m (-11.22%).
- 3.19 While the CCLA Property Fund had the largest capital loss, there has also been significant downturn in the bond sector over the last year as rising interest rates have depressed bond capital values.
- 3.20 For fixed income bond investors, 2022 was a very difficult year - bonds had their worst year of performance in several decades; long-term government bonds had their worst year ever as central banks delivered larger interest rates hikes than initially expected and promised more to combat inflation. As policy rates rapidly rose from very low levels, bond investors suffered large crystallised or unrealised losses from rising sovereign and corporate bond yields (i.e. falling prices) as well as from widening credit spreads as concern grew over the risk of defaults in a recessionary environment. The return on the All-Gilts index was -16.3% over the 12 months to March 2023. Negative yielding bonds all but disappeared globally.
- 3.21 UK and global equities remained volatile against a backdrop of high and sticky inflation, rapid policy rates tightening and an increasing risk of recession. There was a large sell-off in global equities in April, and again in June and September for both UK and global equities. The total return on the FTSE All Share index for the 12 months ending March 2023 was 2.9% and 5.4% for the FTSE 100.
- 3.22 The negative correlation between bonds and equities, which had featured for some years, turned positive in 2022 as both bonds and equities sold off simultaneously against an outlook of sticky inflation and high interest rates. Simultaneously, tighter financial conditions, higher bond yields and challenges in some segments of commercial real estate (e.g. offices post-COVID, high street shops and shopping centres) saw commercial property values fall during 2022, with a large fall in the final calendar quarter.
- 3.23 Dividends continued to be received from the Council's bond, equity, multi-asset and property funds, the payout increasing slightly for most funds in the portfolio.
- 3.24 Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Authority's medium- to long-term investment objectives are regularly reviewed. Strategic fund investments are made in the knowledge that capital values will move both up and down on months, quarters and even years; but with the confidence that over a three- to five-year period total returns should exceed cash interest rates.

Non-Treasury Investments

- 3.25 The definition of investments in CIPFA's revised 2021 Treasury Management Code covers all the financial assets of the Council as well as other non-financial assets which the Council holds primarily for financial return. Investments that do not meet the definition of treasury management investments (i.e. management of surplus cash) are categorised as either for service purposes (made explicitly to further service objectives) and or for commercial purposes (made primarily for financial return).
- 3.26 Investment Guidance issued by the Department for Levelling Up Housing and Communities (DLUHC) also broadens the definition of investments to include all such assets held partially or wholly for financial return. This represented a significant feature of CIPFA's new Code of Practice published in December 2021.
- 3.27 The Council holds £95.223m of such commercial property investments held as directly owned property and £4.011m as loans to local businesses, charities, partnerships and sports clubs as at 31 March 2023.
- 3.28 Commercial property investments generated £6.871m of gross investment income representing an average rate of return of 6.90% and the loans to local businesses generated £162k of investment income representing an average rate of return of 3.42%.

Treasury Performance

- 3.29 The Council measures the financial performance of its treasury management activities in terms of its impact on the revenue budget as shown Table 7 below.

Table 7: Performance

	Budget 2022/23 £m	Actual 2022/23 £m	Variance 2022/23 £m
Interest Paid	3.831	3.257	-0.574
Interest Received	-1.297	-1.298	-0.001

- 3.30 The above excludes interest paid relating to commercial properties.

Compliance

- 3.31 The Section 151 Officer is pleased to report that all treasury management activities undertaken during the year fully complied with the CIPFA Code of Practice and with every one of the Council's approved Treasury Management Strategy parameters – see Table 8, below.

Table 8: Investment Limits

	2022/23 Maximum	31.3.23 Actual	2022/23 Limit	Complied
The UK Government	£10.7m	£nil	Unlimited	Yes
Local Authorities and Other Government Entities	£nil	£nil	£7.0m	Yes
Secured Investments	£nil	£nil	£7.0m	Yes
Banks (Unsecured)	£3.2m	£1.3m	£7.0m	Yes
Building Societies (Unsecured)	£nil	£nil	£7.0m	Yes
Registered Providers (Unsecured)	£nil	£nil	£7.0m	Yes
Money Market Funds	£7.0m	£nil	£7.0m	Yes
Strategic Pooled Funds	£5.0m	£5.0m	£7.0m	Yes
Real Estate Investment Trusts	£nil	£nil	£7.0m	Yes
Other Investments	£nil	£nil	£5.0m	Yes

- 3.32 Compliance with the authorised limit and the operational boundary for external debt is demonstrated in Table 9 below, relating to 2022/23:

Table 9: Debt Limits

	2022/23 Maximum	31.3.23 Actual	2022/23 Operational Boundary	2022/23 Authorised Limit	Complied
Borrowing	£188.5m	£174.5m	£310.0m	£370.0m	Yes
Total debt	£188.5m	£174.5m	£310.0m	£370.0m	Yes

Treasury Management Indicators

3.33 The Council measures and manages its exposures to treasury management risks using the following indicators.

3.34 **Security:** The Council has adopted a voluntary measure of its exposure to credit risk by monitoring the value-weighted average credit rating of its investment portfolio. This is calculated by applying a score to each investment (AAA=1, AA+=2, etc.) and taking the arithmetic average, weighted by the size of each investment. Unrated investments are assigned a score based on their perceived risk.

	31.3.23 Actual	2022/23 Target	Complied
Portfolio average credit rating	A+	A-	Yes

3.35 **Liquidity:** The Council has adopted a voluntary measure of its exposure to liquidity risk by monitoring the amount of cash available to meet unexpected payments within a rolling three-month period, without additional borrowing.

	31.3.23 Actual	2022/23 Target	Complied
Total cash available within 3 months	£12.62m	£20.00m	No

The reason for this target not being complied with was due to Somerset West and Taunton Council utilising its balances ahead of the creation of the Unitary Council with effect from 1st April 2023, rather than renewing short term borrowing.

3.36 The impact of a change in interest rates is calculated on the assumption that maturing loans and investments will be replaced at current rates, and that the business cases for commercial properties (costs and income) are stand alone.

3.37 Maturity **Structure of Borrowing:** This indicator is set to control the Council's exposure to refinancing risk. The upper and lower limits on the maturity structure of all borrowing were:

	31.3.23 Actual	Upper Limit	Lower Limit	Complied
Under 12 months	49.28%	100%	0%	Yes
12 months and within 24 months	3.44%	100%	0%	Yes
24 months and within 5 years	20.06%	100%	0%	Yes
5 years and within 10 years	6.02%	100%	0%	Yes
10 years and above	21.20%	100%	0%	Yes

3.38 Time periods start on the first day of each financial year. The maturity date of borrowing is the earliest date on which the lender can demand repayment.

3.39 Principal **Sums Invested for Periods Longer than a year**: The purpose of this indicator is to control the Council's exposure to the risk of incurring losses by seeking early repayment of its investments. The limits on the long-term principal sum invested to final maturities beyond the period end were:

	2022/23	2023/24	2024/25
Actual principal invested beyond year end	£nil	£nil	£nil
Limit on principal invested beyond year end	£30m	£25m	£25m
Complied	Yes	Yes	Yes

PAPER C1 - Appendix 5

South Somerset District Council Annual Treasury Management Outturn Report 2022-23

Executive Member(s): Cllr Leyshon – Executive Lead for Resources

Local Member(s) and Division: All

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

Author: Paul Matravers

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1. The treasury management position at 31st March 2023 and the change during the year is shown in the table below.

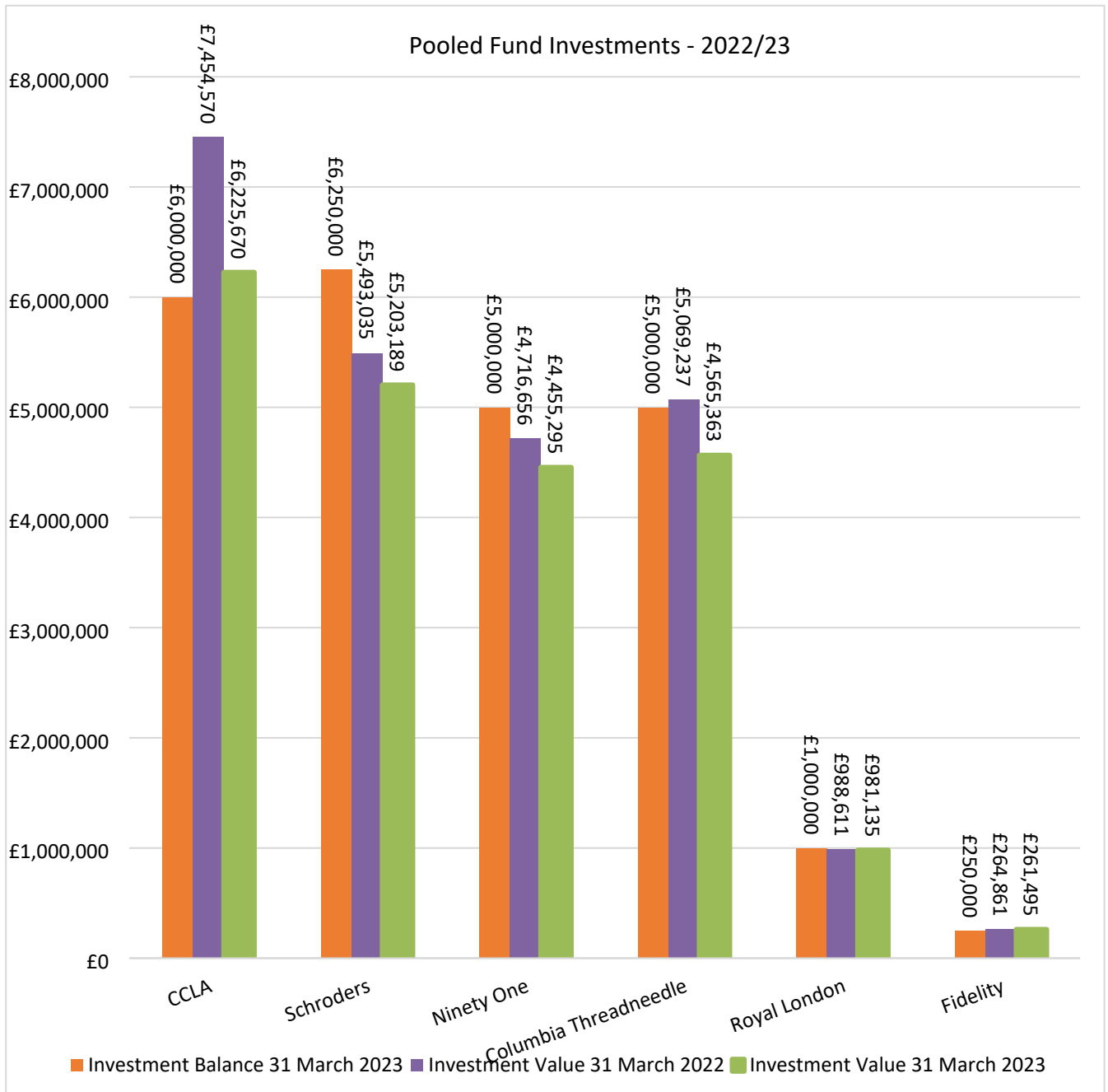
	31/03/2022 Balance £000's	Net Movement £000's	31/03/2023 Balance £000's
Long-term borrowing	-	-	-
Short-term borrowing	(128,500)	(3,000)	(131,500)
Total Borrowing	(128,500)	(3,000)	(131,500)
Long-term Investments	-	-	-
Short-term Investments	16,550	(16,550)	-
Cash and Cash Equivalents	23,500	-	23,500
Total Investment	40,050	(16,550)	23,500
Net Position	(88,450)	(19,550)	(108,000)

2. External borrowing has increased by £3m during the year, reflecting the financing of planned capital expenditure. The Treasury Management Mid-Year Performance and Strategy Update report projected the value of external borrowing as at 31 March 2023, this was reported to meeting of the South Somerset District Council Full Council in December 2022.
3. The report projected the year end borrowing figure to be £149m, the year end position is £17.5m less than projected. The amount of external borrowing is dependent on the level of capital expenditure incurred in the financial year along with other in and outgoing cash flow requirements.
4. The capital spend in the final quarter of 2022/23 was less than expected, an element of capital spend was anticipated to be funded by external borrowing. With the spend being lower than anticipated the borrowing will have reduced in line with the reduced spend.

Investment Activity

5. CIPFA published a revised Treasury Management in the Public Services Code of Practice and Cross-Sectoral Guidance Notes on 20th December 2021. These define treasury management investments as investments that arise from the organisation's cash flows or treasury risk management activity that ultimately represent balances that need to be invested until the cash is required for use in the course of business.
6. The Council holds significant invested funds, representing income received in advance of expenditure plus balances and reserves held.

7. The Council’s best performing investments continue to be the investments in the Pooled Funds (Strategic Investments). Details of the investment balance as at 31 March 2023 and the value of each investment at the same date is detailed in the chart below.



Note: Pooled fund investments are revalued at the end of the financial year to reflect the fair value of the investment; the third bar in the graph signifies this value and details the investment value as at 31 March 2023. The first bar represents the investment balance in each fund at that date.

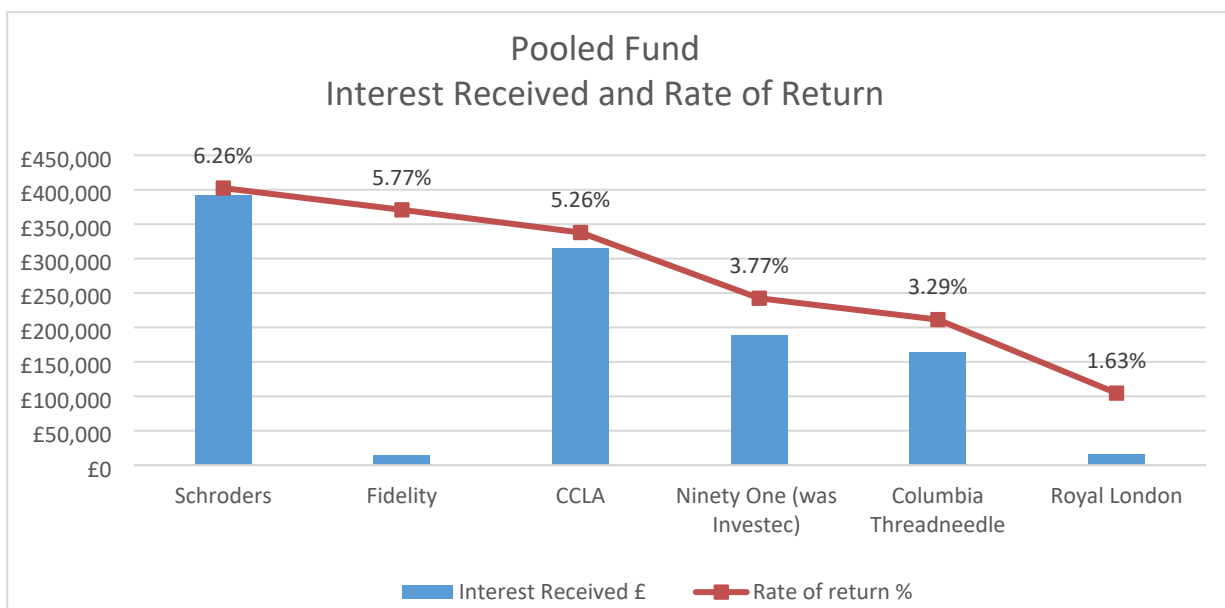
Pooled Fund Investments 2022/23

8. The table below includes the opening and closing investment balances for each pooled fund investment. The investment fair value signifies the individual value of the investments after the year end revaluation.

Investment Type	Investment Balance				Investment Value		
	01/04/2022 £000's	31/03/2023 £000's	Change £000's		01/04/2021 £000's	31/03/2022 £000's	Change £000's
CCLA	£6,000	£6,000	£0		£7,455	£6,226	(£1,229)
Schroders	£6,250	£6,250	£0		£5,493	£5,203	(£290)
Investec	£5,000	£5,000	£0		£4,716	£4,455	(£261)
Colombia Threadneedle	£5,000	£5,000	£0		£5,069	£4,566	(£503)
Royal London	£1,000	£1,000	£0		£989	£981	(£8)
Fidelity	£250	£250	£0		£265	£261	(£4)
Total	£23,500	£23,500	£0		£23,987	£21,692	(£2,295)

9. It should be noted that the £2.295m decrease in the capital value of the investments will not have an impact on the General Fund as the Council is using the alternative fair value through profit and loss (FVPL) accounting and defers the funds' fair value losses (and gains) to the Pooled Investment Fund Adjustment Account.

10. The income generated from these investments in 2022/23 and the rate of return is detailed in graph and table below.

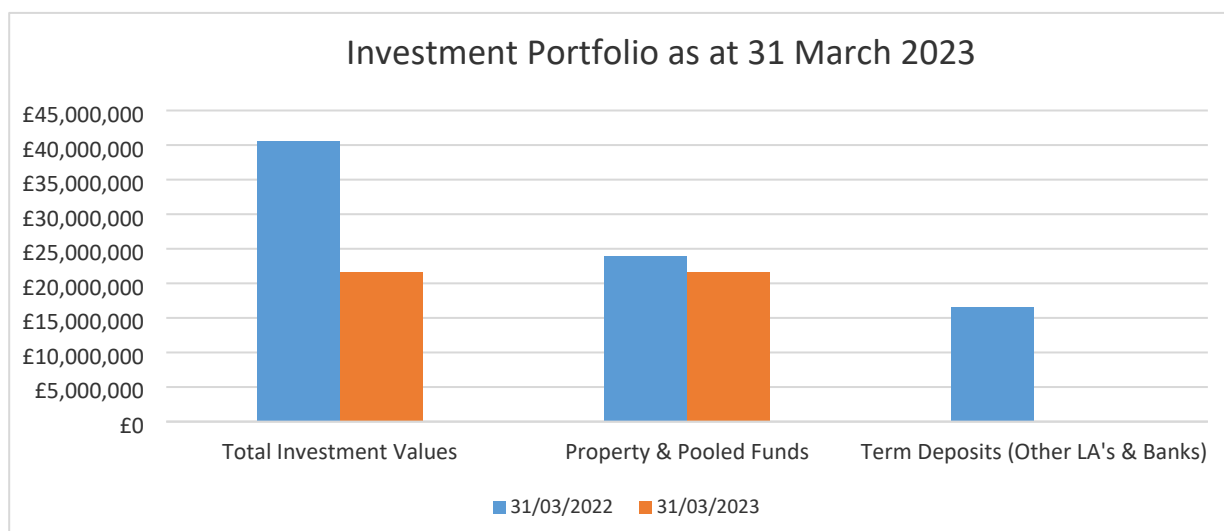


Fund	Interest Received £	Rate of return %
Schroders	£391,305	6.26%
Fidelity	£14,421	5.77%
CCLA	£315,337	5.26%
Ninety One (was Investec)	£188,539	3.77%
Columbia Threadneedle	£164,414	3.29%
Royal London	£16,272	1.63%
Total	£1,090,288	4.64%

11. Pooled funds have no defined maturity date but are available for withdrawal after a notice period. Their performance and continued suitability in meeting the Council's investment objectives is regularly reviewed. Strategic fund investments are made in the knowledge that capital values will move both up and down; but with the confidence that over a three to five-year period total returns will exceed cash interest rates.
12. The investment strategy approved in the 2022/23 Treasury Management Strategy Statement recommended that the Council maintains its investments in the secure and higher yielding asset classes given the increasing risk and very low returns from short-term unsecured bank investments.
13. The graph above and table detailing interest received, and the rate of return on investments demonstrates that the approved policy has met the objectives of the investment strategy. The diversification into strategic investments represents a continuation of the strategy adopted in 2017/18.

Investment Portfolio – Values and Returns

14. The graph below provides a snapshot of the Council’s portfolio of investments at the end of the 2022/23 financial year, in comparison to the previous year end position.



15. The table below provides additional information on the actual value of investments at the start and end of the 2022/23 financial year:

Investment type	Investment Value as at 31/03/2022	Investment Value as at 31/03/2023	Actual Income	% Rate of return
Property & Pooled Funds	23,986,971	21,692,146	1,090,288	4.64%
Money Market Funds & Business Reserve Accounts	0	0	1,847	1.98%
Term Deposits (Other LAs & Banks)	16,550,000	0	2,714	1.73%
Corporate Bonds	0	0	2,529	2.10%
Total Investment Values	40,536,971	21,692,146	1,097,378	2.77%

16. The types of investment that the Council held at the 31 March 2022 and 31 March 2023 has changed. The continuation of the policy to invest in higher yielding, long term strategic investments has resulted in a large portion of the Council’s investment being concentrated in the pooled and property fund investment type.

Treasury Investments

17. Security of capital has remained the Council's main investment objective. This has been maintained by following the Council's counterparty policy as set out in its Treasury Management Strategy Statement for 2022/23. The table below lists the investments held on 31 March 2023.

Breakdown of investments as at 31 March 2023

Counterparty	Nominal Amount £'000	Rate %
Property & Pooled Funds		
Schroders Income Maximiser (UK Equity)	6,250	6.26
Fidelity Global enhanced income (Global Equity)	250	5.77
CCLA Property Fund	6,000	5.26
Ninety One Diversified Income (was Investec)	5,000	3.77
Columbia Threadneedle Strategic Bond	5,000	3.29
Royal London Enhanced Cash Plus Fund	1,000	1.63
Total	23,500	4.64

Non-Treasury Investments

18. In addition to its treasury investments, the Council also holds £42.55m in other investments in the form of loans to third parties. The loans values are detailed below:
- Loan to Community Organisation - £0.12m
 - Loan to Local Authority Partnership - £3.60m
 - Loan for Commercial Activities - £38.83m
19. The detail of the Council’s total investment in commercial investment property is reported separately. As part of its Commercial Strategy, investment in property has increased significantly in the past three years. The value of investment properties held on the SSDC balance sheet (unaudited) as at 31 March 2023 (including some properties held for a substantial period) was £102.36m.

Borrowing

20. The Council’s primary objective when borrowing has been to strike an appropriately low risk balance between securing low interest costs and achieving cost certainty over the period for which funds are required, with flexibility to renegotiate loans should the Council’s long-term plans change being a secondary objective.
21. The table below summarises the external borrowing position for 2022/23. It details the opening position in respect of external loans, loans repaid, new loans, the average interest rate, and the year-end position.

	Amount £'000	Average Interest Rate %
External Loans as at 1 April 2022	128,500	0.09%
New Loans	293,000	1.58%
Loans Repaid	(290,000)	0.92%
Total External Loans as at 31 March 2023	131,500	1.22%

22. Details of the borrowing are included in the table below.

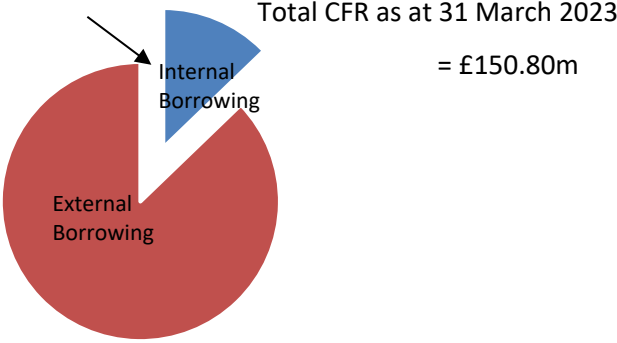
Lender	Date Borrowed	Repayment Date	No of Days	Interest Rate	Amount	2022/23 Interest	Total Interest
West of England Combined Authority	16/05/2022	15/05/2023	364	1.00%	3,000,000	26,301	29,918
West of England Combined Authority	19/05/2022	18/05/2023	364	1.00%	5,000,000	43,425	49,863
West Yorkshire Combined Authority	19/07/2022	19/04/2023	274	1.25%	2,000,000	17,534	18,767
West Yorkshire Combined Authority	20/07/2022	03/04/2023	257	1.25%	10,000,000	87,329	88,014
London Borough of Hackney	20/07/2022	20/04/2023	274	1.25%	5,000,000	43,664	46,918
The Nottinghamshire Office of the Police & Crime Commissioner	18/08/2022	18/04/2023	243	1.70%	8,000,000	84,208	90,542
Halton, Knowsley, Liverpool, St Helens, Sefton and Wirral City Region Combined Authority	15/12/2022	17/04/2023	123	3.40%	3,000,000	29,901	34,373
Wokingham Borough Council	18/01/2023	18/04/2023	90	3.20%	10,000,000	64,000	78,904
Liverpool City Region Combined Authority	18/01/2023	18/05/2023	120	3.65%	3,000,000	21,900	36,000
Maldon District Council	19/01/2023	19/04/2023	90	1.33%	2,000,000	5,247	6,559
Northern Ireland Housing Executive	20/01/2023	04/04/2023	74	3.65%	2,000,000	14,200	14,800
Middlesbrough Borough Council (Pension)	16/02/2023	16/05/2023	89	3.65%	6,000,000	26,400	53,400
Tending District Council	20/02/2023	21/08/2023	182	3.80%	3,000,000	12,493	56,844
Warwickshire County Council	20/02/2023	21/08/2023	182	4.00%	5,000,000	21,918	99,726
Mendip District Council	20/02/2023	20/04/2023	59	4.00%	5,000,000	21,918	32,329
Warwickshire County Council	21/02/2023	21/08/2023	181	4.00%	5,000,000	21,370	99,178
South Lanarkshire Council	21/02/2023	22/05/2023	90	4.10%	5,000,000	21,904	50,548
North Northamptonshire Council	24/02/2023	24/07/2023	150	4.25%	5,000,000	20,959	87,329
South Lanarkshire Council	28/02/2023	28/07/2023	150	4.25%	5,000,000	18,630	87,329
Newport City Council	03/03/2023	03/04/2023	31	3.95%	1,500,000	4,708	5,032
Cambridge City Council	06/03/2023	06/09/2023	184	4.02%	5,000,000	14,318	101,326
West Midlands Combined Authority	17/03/2023	15/09/2023	182	4.60%	5,000,000	9,452	114,685
Basildon Borough Council	20/03/2023	20/06/2023	92	4.50%	5,000,000	7,397	56,712
Amber Valley Borough Council	20/03/2023	20/06/2023	92	4.55%	5,000,000	7,479	57,342
South Lanarkshire Council	20/03/2023	20/09/2023	184	4.60%	10,000,000	15,123	231,890
Somerset County Council	31/03/2023	01/04/2023	1	4.25%	8,000,000	932	932
				Total	131,500,000	662,711	1,629,260

23. The Council's underlying need to borrow is defined as its 'Capital Financing Requirement (CFR)'. The CFR was £143.9m million at the beginning of 2022/23. Capital expenditure during 2022/23 was funded through a combination of capital receipts, revenue reserves, external contributions (e.g. S106 receipts) and borrowing. As a result, the borrowing requirement (CFR) has increased to £150.8 million.

24. However, we have followed a strategy of using our cash reserves to finance this borrowing requirement in the short term – known as “internal borrowing” – as short term investment returns foregone are currently lower than longer term borrowing rates.

Borrowing Type	£'000	%
Internal Borrowing	£19,305	12.80%
External Borrowing	£131,500	87.20%
Total Capital Financing Requirement as at 31 March 2023	£150,805	

Capital Financing Requirement
as at 31 March 2023



Treasury Management Indicators

25. The Authority measures and manages its exposures to treasury management risks using the following indicators.

Security: The Authority has adopted a voluntary measure of its exposure to credit risk by monitoring the value-weighted average credit rating of its investment portfolio. This is calculated by applying a score to each investment (AAA=1, AA+=2, etc.) and taking the arithmetic average, weighted by the size of each investment. Unrated investments are assigned a score based on their perceived risk.

	2022/23 Target	2022/23 Actual
Portfolio average credit rating	5.0	4.9

Liquidity: The Authority has adopted a voluntary measure of its exposure to liquidity risk by monitoring the amount of cash available to meet unexpected payments within a rolling three-month period.

	2022/23 Target	2022/23 Actual
Total cash available within 3 months	£10m	£23.5m

Interest Rate Exposures: This indicator is set to control the Authority’s exposure to interest rate risk. The upper limits on the one-year revenue impact of a 1% rise or fall in interests was:

	2022/23 Limit	2022/23 Actual
Upper limit on one-year revenue impact of a 1% change in interest rates	£200,000	£545,718

The impact of a change in interest rates is calculated on the assumption that maturing loans and investment will be replaced at current rates.

Maturity structure of borrowing: This indicator is set to control the Council’s exposure to refinancing risk. The upper and lower limits on the maturity structure of borrowing will be:

Refinancing rate risk indicator	2022/23 Upper Limit %	2022/23 Lower Limit %	2022/23 Actual %
Under 12 months	100%	100%	100%
12 months and within 24 months	100%	100%	0%
24 months and within 5 years	100%	100%	0%
5 years and within 10 years	100%	100%	0%
10 years and above	100%	100%	0%

Time periods start on the first day of each financial year. The maturity date of borrowing is the earliest date on which the lender can demand repayment. Upper and lower limits are set at 100% providing full flexibility to optimise borrowing arrangements.

Principal sums invested for periods longer than a year: The purpose of this indicator is to control the Authority’s exposure to the risk of incurring losses by seeking early repayment of its investments. The limits on the long-term principal sum invested to final maturities beyond the period end were:

Price risk indicator	2022/23
Actual principal invested beyond year end	£0m
Limit on principal invested beyond year end	£30m

The impact of a change in interest rates is calculated on the assumption that maturing loans and investment will be replaced at current rates.

Prudential Indicators – 2022/23

Capital Expenditure: The actual capital expenditure incurred for 2022/23 compared to the revised estimate was:

	2020/21 Outturn £'000	2022/23 Revised Estimate £'000	2022/23 Outturn £'000	2022/23 Variance £'000
Approved capital schemes	35,478	21,258	18,371	(2,887)
Total Expenditure	35,478	21,258	18,371	(2,887)

Ratio of Financing Costs to Net Revenue Stream: This is an indicator of affordability and highlights the revenue implications of existing and proposed capital expenditure by identifying the proportion of the revenue budget required to meet financing costs, net of investment income.

	2021/22 Outturn £'000	2022/23 Revised Estimate £'000	2022/23 Outturn £'000	2022/23 Variance £'000
Financing Costs	(655)	1,142	425	(717)
Net Revenue Stream	17,483	19,781	19,212	(569)
%	(3.7%)	5.8%	2.2%	

*Figures in brackets denote income through receipts and reserves

The financing costs include interest payable and notional amounts set aside to repay debt less interest on investment income. The figure in brackets is due to investment income outweighing financing costs significantly for the Council but is relevant since it shows the extent to which the Council is dependent on investment income.

Estimates of Capital Financing Requirement: The Capital Financing Requirement (CFR) measures the Authority's underlying need to borrow for a capital purpose.

	2021/22 Outturn £'000	2022/23 Revised Estimate £'000	2022/23 Outturn £'000	2022/23 Variance £'000
Opening CFR	134,148	143,887	143,887	-
Capital Expenditure	35,616	21,258	18,371	(2,887)
Capital Receipts*	(17,853)	(4,300)	(4,815)	(515)
Grants/Contributions*	(7,017)	(7,141)	(4,729)	2,412
Minimum Revenue Provision (MRP)	(1,007)	(1,768)	(1,911)	(143)
Additional Leases taken during year	-	-	-	-
Closing CFR	143,887	151,936	150,805	1,133

*Figures in brackets denote income through receipts or use of revenue resources.

Gross Debt and the Capital Financing Requirement: In order to ensure that over the medium term debt will only be for a capital purpose. The Council should ensure that debt does not, except in the short term, exceed the total of capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and next two financial years. This is a key indicator of prudence.

	2021/22 Outturn £'000	2022/23 Revised Estimate £'000	2022/23 Outturn £'000	2022/23 Variance £'000
Borrowing	128,500	149,000	131,500	(17,500)
Finance Leases	5	20	0	(20)
Total Debt	128,505	149,020	131,500	(17,520)
Capital Financing Requirement	143,887	151,936	150,805	(1,133)

Credit Risk: The Council considers security, liquidity and yield, in that order, when making investment decisions.

Credit ratings remain an important element of assessing credit risk, but they are not a sole feature in the Council's assessment of counterparty credit risk. The Council also considers alternative assessments of credit strength, and information on corporate developments of and market sentiment towards counterparties. The following key tools are used to assess credit risk:

- Published credit ratings of the financial institution and its sovereign
- Sovereign support mechanisms
- Credit default swaps (where quoted)
- Share prices (where available)
- Economic Fundamentals, such as a country's net debt as a percentage of its GDP
- Corporate developments, news articles, markets sentiment and momentum
- Subjective overlay

The only indicators with prescriptive values remain to be credit ratings. Other indicators of creditworthiness are considered in relative rather than absolute terms.

Actual External Debt: This indicator is obtained directly from the Council's balance sheet. It is the closing balance for actual gross borrowing plus other long-term liabilities (this represents our finance leases). This indicator is measured in a manner consistent for comparison with the Operational Boundary and Authorised Limit.

Actual External Debt as at 31/03/2023	£'000
Borrowing	131,500
Other Long-term Liabilities (Finance Leases)	
-Vehicles	0
-Photocopiers	-
Total	131,500

Authorised Limit for External Debt: This limit represents the maximum amount that the Council may borrow at any point in time during the year. If this limit is exceeded the Council will have acted ultra vires. It also gives the Council the responsibility for limiting spend over and above the agreed capital programme. A borrowing requirement was identified in year to finance the capital programme and further borrowing may be undertaken to fund the agreed plans to acquire investment properties.

	2021/22 Actual £'000	2022/23 Original Estimate £'000	2022/23 Actual £'000
Borrowing	128,500	170,000	131,500
Other Long-term Liabilities	5	25,000	0
Total	128,505	195,000	131,500

Operational Boundary for External Debt: The operational boundary sets the limit for short term borrowing requirements for cash flow and must be lower than the previous indicator, the authorised limit for external debt.

Since the operational boundary is a management tool for in-year monitoring it is not significant if the operational boundary is breached on occasions due to variations in cash flow, and this is not counted as a compliance failure.

The S151 Officer has delegated authority, within the total limit for any individual year, to effect movement between the separately agreed limits for borrowing and other long-term liabilities. Decisions will be based on the outcome of financial option appraisals and best value considerations. Any movement between these separate limits will be reported to the next Council meeting.

	2021/22 Actual £'000	2022/23 Original Estimate £'000	2022/23 Actual £'000
Borrowing	128,500	160,000	131,500
Other Long-term Liabilities	5	20,000	5
Total	128,505	180,000	128,505

Compliance

26. The Council operated within all the Prudential Indicators during 2022/23.

Appendix A

Money Market Data and PWLB Rates

The average low and high rates correspond to the rates during the financial year-to-date, rather than those in the tables below.

Table 1: Bank Rate, Money Market Rates -SONIA (Sterling Overnight Interbank Rates)

Date	Bank Rate	O/N SONIA	7-day SONIA	1-month SONIA	3-month SONIA	6-month SONIA	12-month SONIA
01/04/2023	4.25	4.17	4.20	4.11	4.43	4.59	4.89
30/04/2023	4.25	4.17	4.20	4.37	4.70	4.93	5.17
31/05/2023	4.50	4.42	4.45	4.54	4.95	5.21	5.56
30/06/2023	5.00	4.90	4.91	5.02	5.42	5.90	6.38
31/07/2023	5.00	4.91	5.10	5.27	5.48	5.80	6.17
31/08/2023	5.25	5.17	5.18	5.31	5.52	5.82	6.05
30/09/2023	5.25	5.19	5.19	5.22	5.51	5.63	5.77
Minimum	4.25	4.06	4.20	4.11	4.39	4.53	4.86
Maximum	5.25	5.19	5.35	5.49	5.59	5.95	6.60
Average	4.80	4.71	4.76	4.86	5.16	5.45	5.77
Spread	1.00	1.13	1.15	1.38	1.20	1.42	1.74

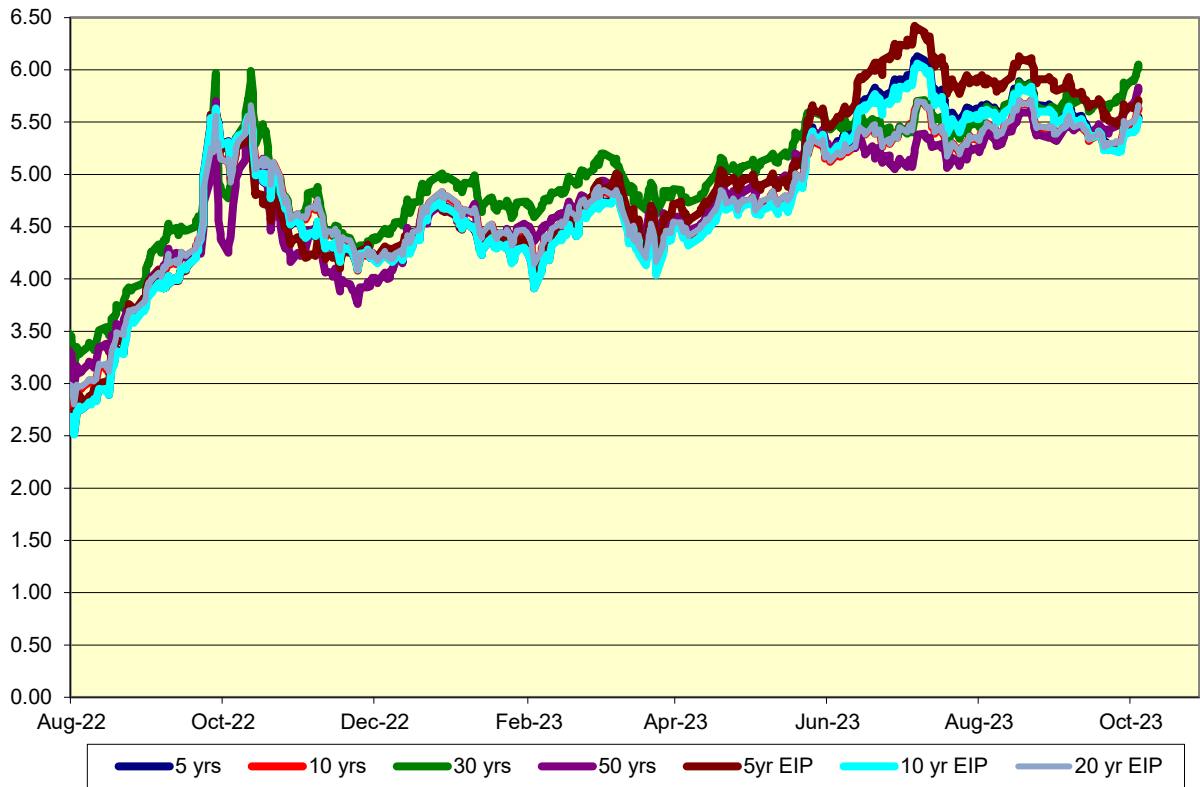
Table 2: PWLB Borrowing Rates – Fixed Rate, Equal Instalment of Principal (EIP) Loans

Change Date	Notice No	4½-5 yrs	9½-10 yrs	19½-20 yrs	29½-30 yrs	39½-40 yrs	49½-50 yrs
01/04/2023	128/23	4.74	4.50	4.54	4.78	4.48	4.89
30/04/2023	163/23	4.94	4.70	4.74	4.98	5.09	5.10
31/05/2023	203/23	5.45	5.20	5.16	5.37	5.48	5.49
30/06/2023	247/23	6.24	5.84	5.45	5.52	5.56	5.53
31/07/2023	289/23	5.85	5.53	5.34	5.48	5.55	5.53
31/08/2023	333/23	5.81	5.50	5.38	5.56	5.64	5.64
30/09/2023	375/23	5.63	5.39	5.47	5.72	5.85	5.87
	Low	4.55	4.32	4.41	4.66	4.78	4.78
	High	6.42	6.06	5.71	5.87	5.94	5.92
	Average	5.61	5.32	5.22	5.40	5.49	5.48
	Spread	1.87	1.74	1.30	1.21	1.16	1.14

Table 3: PWLB Borrowing Rates – Fixed Rate, Maturity Loans

Change Date	Notice No	4½-5 yrs	9½-10 yrs	19½-20 yrs	29½-30 yrs	39½-40 yrs	49½-50 yrs
01/04/2023	128/23	4.53	4.53	4.89	4.85	4.72	4.60
30/04/2023	163/23	4.73	4.72	5.09	5.07	4.95	4.84
31/05/2023	203/23	5.21	5.15	5.48	5.47	5.39	5.29
30/06/2023	247/23	5.91	5.45	5.56	5.45	5.28	5.15
31/07/2023	289/23	5.59	5.33	5.55	5.49	5.37	5.25
31/08/2023	333/23	5.55	5.38	5.64	5.60	5.47	5.33
30/09/2023	375/23	5.42	5.46	5.84	5.85	5.76	5.62
	Low	4.34	4.4	4.78	4.73	4.59	4.46
	High	6.13	5.71	5.94	5.88	5.78	5.65
	Average	5.36	5.21	5.49	5.44	5.32	5.19
	Spread	1.79	1.31	1.16	1.15	1.19	1.19

Movements in PWLB rates (August 2022 - September 2023)



PAPER C2

Decision Report - Executive Decision

Forward Plan Reference: FP/23/04/05

Decision Date - 06/12/2023

Key Decision - No



Annual Treasury Mid-Year Report 2023-24

Executive Member(s): Cllr Liz Leyshon – Deputy Leader and Lead Member for Resources and Performance

Local Member(s) and Division: All

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

Author: Alan Sanford, Principal Investment Officer

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Summary / Background

1. In compliance with the requirements of the CIPFA Code of Practice this report provides Councillors with a summary report of the treasury management activity during the first six months of 2023-24. It gives a summarised account of Treasury Management activity and outturn for the first half of the year and ensures Somerset Council (SC) is embracing Best Practice in accordance with the Chartered Institute of Public Finance and Accountancy's (CIPFA) recommendations. All treasury activity was conducted within the benchmarks set as Prudential limits for prudent and sustainable capital plans, financing, and investment. A risk-averse approach has been taken in relation to investment activity with priority being given to security and liquidity over yield. This report is for information only.

On the 1st April, the debt and treasury investment portfolios of the 5 legacy Councils came together. Fuller details of the total inherited portfolios, and movements during the first six months of the year are shown below in tables 1 to 3 (debt), and 5 to 8 (investments).

As at 1st April, the debt portfolio (Excluding loans between legacy Somerset Councils) stood at £750.7m at an average rate of 3.45%. The medium to longer-term loans, being £375.7m of Public Works Loan Board (PWLB), and

£60.5m of fixed rate market loans, seemed to dovetail well to give a reasonable overall maturity profile. However, £201.5m of the £206.5m short-term variable rate debt was maturing during the 2023-24 financial year, and £83m of the £108m LOBO (Lenders Option, Borrowers Option) loans would have an option to call during 2023-24, giving rise to significant interest rate risk when refinancing.

Investments (Excluding loans between legacy Somerset Councils) stood at £295.75m on 1st April at an average rate of 4.27%. This figure included approximately £13.9m of cash managed on behalf of the Local Enterprise Partnership (LEP), £8.5m of other external bodies (Exmoor National Park (ENP), South-West Councils (SWC), Society of County Treasurers (SCT) and the Police & Crime Commissioners Treasurers' Society (P&CCTS), £10.5m of earmarked funds held on behalf of others, and £53.3m held under S256 for NHS Somerset. Of this, £179.25m was cash investment, whilst the remaining £116.5m was held in Strategic Pooled Funds.

The main objective of treasury activity for the beginning of the year was to limit new medium to longer-term borrowing whilst reviews of both strategic pooled funds and non-treasury commercial investments were carried out.

Debt balances were reduced by aggregate repayment of short-term loans and the repayment of 3 x £5m LOBO loans that opted to raise the rate (we then exercised our option to repay).

Investment balances were also reduced, to fund the reduction in debt. Treasury Advisors Arlingclose had advised a 35-day limit for new bank deposits, so bank and Local Authority (LA) deposit maturities were allowed to run off as and when debt repayments were due.

The debt portfolio as at 30th September was £656.2m at an average rate of 3.92%. Short-Term variable debt was reduced by £79.5m, and 3 x £5m LOBO loans were repaid.

Of the circa £32.1m annual budgeted debt interest for the year, £12.9m has been incurred to 30th September. However, with little investment left to mature, more debt will be refinanced/taken in the second half of the year.

During the six months, gross investment balances averaged £294.6m (£177.19m net of funds held for others), yielding 4.81% for the period including Pooled

Funds. The cash return (net of Pooled Funds) of 4.58% was 0.22% lower than the average base rate, and 0.28% below the 1-month SONIA rate (a benchmark rate at which Banks will lend to each other). A below benchmark return is practically inevitable in a rapidly rising interest rate environment.

Income of £7,111,616 (£6,596,800 net of that apportioned to the LEP and external bodies) has been earned in the period, more than originally budgeted for, as interest rates have risen much faster than anticipated. However, with reduced investment balances to provide income in the second half of the year, this will likely fall below budget by year-end.

All Treasury activities undertaken have been in full compliance with relevant legislation, codes, strategies, policies, and practices.

Recommendations

2. That the Executive approves the report as being in compliance with the CIPFA Code of Practice for Treasury Management and recommends it to Full Council at the next available meeting.

Reasons for recommendations

3. The Local Government Act 2003 requires the Council to operate the overall treasury function with regard to the CIPFA Code of Practice for Treasury Management in the Public Services.
4. The Code requires Full Council to receive as a minimum, an annual strategy and plan in advance of the year, a mid-year review, and an annual report after its close. This is the mid-year review for the 2023-24 financial year.

Other options considered

5. None. The adoption of the Treasury Management mid-year review for 2023-24 is a regulatory requirement.

Links to Council Plan and Medium-Term Financial Plan

6. Effective Treasury Management provides support to the range of business and service level objectives that together help to deliver the Somerset County Plan.

Financial and Risk Implications

7. There are no specific financial or risk implications associated with this outturn report. The risks associated with Treasury Management are dealt with in the Annual Treasury Management Strategy, Annual Investment Strategy, and Treasury Management Practice (TMPs) documents.

Legal Implications

8. Treasury Management must operate within specified legal and regulatory parameters as set out in the summary, and in more detail in the TMPs.

HR Implications

9. There are no HR implications.

Other Implications:

Equalities Implications

10. There are no equalities implications.

Community Safety Implications

11. There are no community safety implications.

Climate Change and Sustainability Implications

12. There are no climate change or sustainability implications.

Health and Safety Implications

13. There are no health and safety implications.

Health and Wellbeing Implications

14. There are no health and wellbeing implications.

Social Value

15. Not applicable

Scrutiny comments / recommendations:

16. The Audit Committee is the body responsible for ensuring effective scrutiny of the treasury management strategy and policies. They approved the Treasury Management strategy for the year and have recently approved updated Treasury Management Practices.

Background

17.1 Economic Background

UK inflation remained stubbornly high over much the period, keeping expectations of how much further the Bank of England (BoE) would hike rates elevated. However, inflation data published in the latter part of the period undershot expectations, causing financial markets to reassess the peak in BoE Bank Rate. This was followed very soon after by the BoE deciding to keep Bank Rate on hold at 5.25% in September, against expectation for another 0.25% rise.

Economic growth in the UK remained relatively weak over the period. In calendar Q2 2023, the economy expanded by 0.4%, beating expectations of a 0.2% increase. However, monthly GDP data showed a 0.5% contraction in July, the largest fall to date in 2023 and worse than the 0.2% decline predicted which could be an indication the monetary tightening cycle is starting to cause recessionary or at the very least stagnating economic conditions.

July unemployment data showed the rate increased to 4.3% (3mth/year) while the employment rate rose to 75.5%. Pay growth was 8.5% for total pay (including bonuses) and 7.8% for regular pay, which for the latter was the highest recorded annual growth rate.

Inflation continued to fall from its peak as annual headline CPI declined to 6.7% in July 2023 from 6.8% in the previous month against expectations for a tick back up to 7.0%. The core rate also surprised on the downside, falling to 6.2% from 6.9% compared to predictions for it to only edge down to 6.8%.

The Bank of England's Monetary Policy Committee continued tightening monetary policy over most of the period, taking Bank Rate to 5.25% in August. Against expectations of a further hike in September, the Committee voted 5-4 to maintain Bank Rate at 5.25%. Each of the four dissenters were in favour of another 0.25% increase.

Financial market Bank Rate expectations moderated over the period as falling inflation and weakening data gave some indication that higher interest rates were working. Expectations fell from predicting a peak of over 6% in June to 5.5% just ahead of the September MPC meeting, and to then expecting 5.25% to be the peak by the end of the period.

Following the September MPC meeting, Arlingclose, the authority's treasury adviser, modestly revised its interest rate forecast to reflect the central view that 5.25% will now be the peak in Bank Rate. In the short term the risks are to the upside if inflation increases again, but over the remaining part of the time horizon the risks are to the downside from economic activity weakening more than expected. The lagged effect of monetary policy together with the staggered fixed term mortgage maturities over the next 12-24 months means the full impact from Bank Rate rises are still yet to be felt by households.

The US Federal Reserve increased its key interest rate to 5.25-5.50% over the period, pausing in September following a 0.25% rise the month before, and indicating that it may have not quite completed its monetary tightening cycle.

The European Central Bank increased its key deposit, main refinancing, and marginal lending interest rates to 4.00%, 4.50% and 4.75% respectively in September, and hinted these levels may represent the peak in rates but also emphasising rates would stay high for as long as required to bring inflation down to target.

Financial market sentiment and bond yields remained volatile throughout the period but had trended downwards in September as there were signs inflation, while still high, was moderating and interest rates were at a peak.

Gilt yields fell towards the end of the period. The 5-year UK benchmark gilt yield rose from 3.30% to peak at 4.91% in July before trending downwards to 4.29%, the 10-year gilt yield rose from 3.43% to 4.75% in August before declining to 4.45%, and the 20-year yield from 3.75% to 4.97% in August and then fell back to 4.84%. The Sterling Overnight Rate (SONIA) averaged 4.71% over the period.

Gilt yields have a direct correlation to Public Works Loan Board (PWLB) rates. Rates drifted sideways from April to June, and after a slight peak, returned to April levels in July. As the inflationary picture became clearer, rates climbed

steeply at the back end of August and through September. This is clearly shown in Tables 2 and 3 and the graph in Appendix A.

Sterling Overnight Interbank Average (SONIA) money market rates moved up during the period, anticipating gradual base rate rises.

The 1-month, 3-month, 6-month, and 12-month SONIA rates averaged -4.86%, 5.16%, 5.45%, and 5.77% respectively over the period, and ended the period at 5.22%, 5.51%, 5.63%, and 5.77% respectively.

Lending, and conversely borrowing rates between Local Authorities have unusually been elevated in relation to market rates, as demand has generally outstripped supply. The issuance and talk of Section 114 notices has meant lenders have a stronger hand and have become more selective about who they lend to. Some have declined to lend to Somerset Council. The effect that economic conditions had on money market rates during the period, can be seen in Table 1, Appendix A.

17.2 Debt Management

The Council's need to borrow for capital purposes is determined by the capital programme. Council Members are aware of the major projects identified within the Capital Programme approved in February 2023. This was followed by revised programmes for the General Fund and HRA that were approved at full Council in September which included the slippage in capital spend from all five legacy Councils.

The opening General Fund CFR for Somerset Council is £924.27m and the HRA £182.2m. These figures represent the underlying need to borrow for capital for the new authority. It is expected that further borrowing of £136.7m for the General Fund will be required over the period of the new programme.

On top of possible new borrowing, £203.5m of short-term borrowing and £17.2m of PWLB loans were due to mature during the year; and as interest rates were expected to move higher, the possibility that LOBOs would exercise their options became more likely.

Table 1 – Legacy Debt Portfolios by Council 31st March 2023

£m	MDC	SDC	SWT	SSDC	SCC	Total
Intra Unitary	0.00	34.00	6.00	13.00	00.0	53.00
Local Authority	0.00	10.00	78.00	118.50	0.00	206.50
PWLB	62.79	66.35	87.50	0.00	159.05	375.69
Fixed rate bank	0.00	0.00	3.00	0.00	57.50	60.50
LOBO bank	0.00	0.00	0.00	0.00	108.00	108.00
Total	62.79	110.35	174.50	131.50	324.55	803.69

Table 2 – Debt Portfolio movement 31st March 2023 to 30th September

General Fund	Balance on 01-04-2023 £m	Debt Matured / Repaid £m	New Borrowing £m	Balance on 30-09-2023 £m	Increase/ Decrease in Borrowing £m
Intra-Unitary Loans	53.00	-53.00	0.00	0.00	-53.00
Short Term Borrowing	191.50	-171.50	97.00	117.00	-74.50
PWLB	239.84	0.00	0.00	239.84	0.00
LOBOs	108.00	-15.00	0.00	93.00	-15.00
Fixed Rate Loans	57.50	0.00	0.00	57.50	0.00
Total General Fund	649.84	-239.50	97.00	507.34	-142.50
HRA					
Short Term Borrowing	15.00	-5.00	0.00	10.00	-5.00
PWLB	135.85	0.00	0.00	135.85	0.00
LOBOs	0.00	0.00	0.00	0.00	0.00
Fixed Rate Loans	3.00	0.00	0.00	3.00	0.00
Total HRA	153.85	-5.00	0.00	148.85	-5.00
Total	803.69	-244.50	97.00	656.20	-147.50

Table 3 – Debt Interest

	01-04-2023	30-09-2023	Increase/ Decrease Rate
	Rate	Rate	%
	%	%	%
Short Term Borrowing	2.47	4.43	+1.96
PWLB	3.42	3.42	0.00
LOBOs	4.74	4.75	+0.01
Fixed Rate Loans	4.70	4.70	0.00
Total Borrowing	3.45	3.92	+0.47

A key determinant of borrowing strategy was to be the review of the £116.5m of pooled funds held, and the circa £250m non-treasury investment portfolio. The strategy was therefore to refinance or take any required new debt whilst balancing the needs of budgets and introducing the least possible risk into the long-term debt portfolio.

There was a substantial rise in the cost of both short- and long-term borrowing over the period, with Bank Rate rising by 1% from 4.25% at the beginning of April to 5.25% at the end of September.

UK gilt yields were volatile, mainly facing upward pressure since early April following signs that UK growth had been more resilient, inflation stickier than expected, and that the Bank of England saw persistently higher rates through 2023-24 as key to dampening domestic demand. Gilt yields, and consequently PWLB borrowing rates, rose and broadly remained at elevated levels.

With borrowing rates rising and then plateauing during the period, it was deemed to be more cost effective in the short-term to use internal resources, and or to borrow short (1-2 years) via the LA market. As medium-term PWLB loans (6-10 years) were generally lower than short and long-term rates, a proportion of loans from the PWLB in this period could provide a suitable

balance to the risk of holding too much short-term borrowing, or in the event that the intra-LA market suffered a lack of liquidity.

During the period, investments were allowed to mature, to pay down short-term borrowing maturities, to reduce the need to refinance. £176.5m of short-term loans were repaid, with 12 new short-term loans totalling £97m being taken out. 3 x £5m LOBOs were repaid after the option to raise their rate was exercised. No new PWLB loans were taken as rates remained elevated.

The overall rate paid on SC loans remained unchanged for the PWLB portfolio of £375.696m, at 3.42%. The average Market Loan rate at 30th September (LOBOs + Barclays, total £153.5m) was 4.75%, rising slightly as loans with lesser rates were repaid. The cost of refinancing short-term debt meant an average of 4.43% at period-end, a rise of 1.96%, albeit on reduced balances. The combined average rate was 3.92% on £656.2m.

Initial budgeted debt interest for the year for the general fund was £32.12m, meaning that the £10.56m paid to date is £5.5m under budget. However, with little investment to mature, more debt will be refinanced/taken in the second half of the year, and it will be more expensive. This will likely eat into any underspend by year-end.

17.3 Investment Activity

The Guidance on Local Government Investments in England gives priority to security and liquidity and the Council's aim is to achieve a yield commensurate with these principles.

Security of capital remained the Council's main investment objective. This was achieved by following the counterparty policy as set out in the Annual Investment Strategy, and by the approval method set out in the Treasury Management Practices. Counterparties having approval for use during the period are listed in Table 4 below. Those used during the first half of the year are denoted with a star. Few Banks have been used during this period, as Arlingclose restricted their maximum duration advice on all counterparties to 35 days, and maturities were used to pay down debt.

Table 4 - Approved Counterparties

Bank or Building Society		Sterling LVNAV Money Market Funds	
Australia & NZ Bank	*	Deutsche MMF	*
Bank of Scotland		Invesco Aim MMF	*
Bank of Montreal		Federated Prime MMF	*
Bank of Nova Scotia		Insight MMF	*
Barclays Bank Plc		Aberdeen Standard MMF	*
Canadian Imperial Bank of Commerce		LGIM MMF	*
Commonwealth Bank of Australia		SSGA MMF	*
DBS Bank Ltd	*	Aviva MMF	*
DZ Bank		Other Counterparties	
HSBC Bank		Other Local Authorities (Number of Deals)	* (12)
Landesbank Hessen- Thuringen	*	Debt Management Office	
Lloyds Bank	*	Strategic Pooled Funds	
National Australia Bank		CCLA Property Fund	*
National Bank of Canada	*	RLAM Bond Fund	*
National Westminster	*	M&G Bond Fund	*
Nationwide BS		Aegon Diversified Fund	*
Nordea Bank	*	CCLA Diversified Fund	*
OP Corporate Bank		Fidelity Equity Fund	*
Oversea-Chinese Banking Corporation (Singapore Bank)		Columbia Threadneedle Bond Fund	*
Rabobank		Ninety-One Diversified Fund	*
Royal Bank of Scotland		Paydon & Rygel Bond Fund	*

Santander UK	*	RLAM Short-Term Fund	*
Standard Chartered Bank	*	Schroder Equity Fund	*
Handelsbanken Plc		UBS Equity Fund	*
Bank or Building Society (Continued)			
Toronto-Dominion Bank	*		
United Overseas Bank			

SC has continuously monitored counterparties, and all ratings of proposed counterparties have been subject to verification on the day, immediately prior to investment. Other indicators considered have been:

- Credit Default Swaps and Government Bond Spreads.
- GDP and Net Debt as a Percentage of GDP for sovereign countries.
- Likelihood and strength of Parental Support.
- Banking resolution mechanisms for the restructure of failing financial institutions i.e. bail-in.
- Share Price
- Market information on corporate developments and market sentiment towards the counterparties and sovereigns.

Counterparty Update

Following concerns of a wider financial crisis after the collapse of Silicon Valley Bank, and the purchase of Credit Suisse by UBS, in March our advisors Arlingclose reduced the advised maximum duration limit for all banks on its recommended counterparty list to 35 days. This stance was maintained to the end of the period.

During the second quarter of the period, Moody's revised the outlook on Svenska Handelsbanken to negative from stable, citing concerns around the Swedish real estate sector.

Having put the US sovereign rating on Rating Watch Negative earlier in the period, Fitch took further action in August, downgrading the long-term rating to

AA+, partly around ongoing debt ceiling concerns but also an expected fiscal deterioration over the next couple of years.

Following the issue of a Section 114 notice, in September Arlingclose advised against undertaking new lending to Birmingham City Council, and later in the month cut its recommended duration on Warrington Borough Council to a maximum of 100 days.

The Council continued to monitor and assess credit default swap levels for signs of ongoing credit stress. Heightened market volatility is expected to remain a feature, at least in the near term and, as ever, the institutions and durations on the Council's counterparty list recommended by treasury management advisors Arlingclose remain under constant review.

Liquidity

In keeping with guidance from the Department for Levelling-Up, Housing and Communities (DLUHC) the Council maintained a sufficient level of liquidity through the use of call accounts, Money Market Funds, and short-term deposits.

122 cash deposits totalling just over £859m were made during the first half of the year, mostly placed with Money Market Funds with daily liquidity.

SC, in managing an average of approximately £117.5m of money held on behalf of external bodies, has needed to retain more liquidity than normal, as forecasting and timing of Capital and LEP spending has been difficult. Deposits were kept short in line with Arlingclose advice, and also because debt maturities were repaid, and to cover the possibility of LOBOs calling and being repaid.

Yield

There were three increases in Bank Rate over the period under review from 4.25% to 5.25%. Short-dated cash rates, which had ranged between 4.17% for overnight money, and 4.89% for 12-month money at the beginning of the period, rose by around 1% for overnight maturities and by nearly 0.88% for 12-month maturities.

At certain points during the summer the market expected base rate to rise to over 6%, but as inflationary worries eased in September, markets paused to

reassess, and it was thought that a base rate of 5.25% was at, or at the very least, near the top of the rate cycle.

Cash

As at 30th September Cash investment stood at £66.45m averaging just over £178m for the year-to-date. Cash had an average return for the year-to-date of 4.58%. The return of 4.58% was 0.22% lower than the average base rate, and 0.58% below the 3-month SONIA rate (a benchmark rate at which Banks will lend to each other). A below benchmark return is practically inevitable in a rapidly rising interest rate environment.

A total of just under £4.09m (£3.575m net of that paid to the LEP and external bodies) has been earned in Cash interest in the first six months of the year. Cash administration charges and other Treasury Management fees brought in approximately £50k of income in the period.

Pooled Funds

As at 31st March 2023, combined, the 5 Councils held £116.5m in Pooled Funds. The list below shows the funds, the categories, and the original investment value of each fund.

Cash Plus Funds

Payden & Rygel Sterling Reserve Fund - £2m

Royal London Short-Term Fixed Income Enhanced Fund - £2m

Fixed Income

Columbia Threadneedle Strategic Bond Fund - £7m

M&G £ Corporate Bond Fund - £15m

RLAM Investment Grade Short Dated Credit Fund - £15m

Equity

Fidelity Global enhanced income (Global Equity) - £250,000

Schroder Income Maximiser Fund - £16.25m

UBS Global Income Fund - £5m

Property

CCLA Property Fund - £31m

Multi-Asset

Aegon Diversified Monthly Income Fund - £7m

CCLA Diversified Income Fund - £3m

Ninety One Diversified - £13m

For existing longer-term investors in fixed income securities, the prospect of a higher-for-longer rate environment weighed on sentiment. Yields rose in Q2 2023 on the expectation that central banks would continue hiking rates but fell in August as investors grew confident that policy rates were close to their peak. This affected capital values of the Council's longer-dated bond funds during the six-month period and, to a lesser extent, the multi-asset funds where there was some offset from equity performance.

Investor sentiment for UK commercial property was more settled than in Q3 and Q4 of 2022 when the sharp rise in bond yields resulted in a big fall in property valuations. There were signs of returning investor interest, occupier resilience and a perception that the downturn in commercial real estate may be bottoming out. It helped rental income and led to some stabilisation in capital values. However, the combination of high interest rates and bond yields, higher funding costs and the prospect of sluggish economic growth continue to constrain the outlook for commercial property.

The combination of the above continues to have a negative effect on the combined value of the Council's strategic funds. As at 30th September 2023 the Net Asset Value of all the funds was £100,885,869. The unrealised losses (no actual losses would be incurred until assets were sold) are evenly spread across all funds and categories, with the exception of the Cash Plus funds. The average yield at 30th September was 5.22%

The review of strategic pooled funds has concluded that a large proportion of holdings will be sold as and when appropriate, taking into account potential losses incurred, ongoing diversification of portfolio, and liquidity of assets. It has not yet been fully decided as to what if any level of holdings will be retained.

Combined

Combined return for the period has been 4.81% on an average balance of £294.6m. This figure includes approximately £13.9m of cash managed on behalf of the Local Enterprise Partnership (LEP), £10.5m of Earmarked Funds held on behalf of other decision-making bodies, £84.3m held as S256 money for NHS Somerset, and £8.8m of other external bodies (e.g. Exmoor National

Park (ENP), and South West Councils (SWC)). Total investment income was just over £7.11m (£6.60m net of external investors).

Initial budgeted income for the year to date was £13m, meaning that the £6.60m (net of that paid to external bodies) is on budget. However, with reduced investments to provide income, this will likely fall below budget by year-end.

Figures below highlight Legacy investment portfolios by Council, Table 5, Investment figures and returns for period, Table 6, Balances by type – Table 7, and a breakdown of investment balances by source – Table 8: -

Table 5. Legacy Investment Portfolios by Council 31st March 2023

£m	MDC	SDC	SWT	SSDC	SCC	Total
Money Market Funds	15.20	4.40	0.00	0.00	16.75	36.35
Notice Bank Accounts	0.00	1.60	0.00	0.00	0.00	1.60
Bank deposits	5.00	0.00	0.00	0.00	70.00	75.00
Intra unitary deposits	5.00	0.00	0.00	0.00	48.00	53.00
Time Deposits - LAs	0.00	0.00	1.30	0.00	65.00	66.30
Strategic Funds*	0.00	31.00	17.00	23.50	45.00	116.50
Total	25.20	37.00	18.30	23.50	244.75	348.75

- Strategic Funds are shown at cost.
- On 1st April £53m of Intra-Unitary deposits were effectively quashed, so leaving a balance of £295.75m

Table 6 – Investment figures and returns for period.

	Balance 1 April 2023 £m	Rate of Return at 1 April 2023 %	Balance as at 30 Sept 2023 £m	Rate of Return at 30 Sept 2023 %	Average Balance April to Sept £m	Average Rate April to Sept %
Cash	179.25	3.81*	64.50	5.18	178.09	4.58
Pooled Funds	116.50	4.89	116.50	5.22	116.50	5.17
Total Lending	295.75	4.27	182.95	5.20	294.59	4.81

*Somerset County Council rate

Table 7 – Investment balances by type

	1 April 2023 £m	30 Sept 2023 £m	Change £m
Money Market Funds	36.35	26.45	-9.90
Bank Call Accounts	0.00	0.00	0.00
Bank Notice Accounts	1.60	20.00	+18.40
Time Deposits – Banks	75.00	0.00	-75.00
Time Deposits – LAs	66.30	20.00	-46.30
Pooled Funds	116.50	116.50	0.00
Total Investments	295.75	182.95	-112.80

Table 8 – Breakdown of investment balances by source

	01 April 2023 £m	30 Sept 2023 £m	Change £m
ENPA/SWC/SCT/P&CCTS	8.15	8.51	+0.36
LEP	15.36	12.45	-2.91
Earmarked Funds held on behalf of other decision-making bodies	10.89	10.02	-0.87
NHS Somerset S256	97.74	53.27	-44.47
Total external	132.14	84.25	-47.89
SC	163.61	98.70	-64.91
Total	295.75	182.95	-112.80

17.4 Compliance and Prudential Indicators

All treasury management activities undertaken during the first 6-months have complied fully with the CIPFA Code of Practice and the Councils approved Treasury Management Strategy.

SC has continuously proactively assessed and implemented mitigation for the risks that have materialised in the new investment environment.

Controls/procedures are constantly being assessed and introduced/adapted where needed and embedded into practices to further mitigate risks to SC investment and borrowing portfolios.

SC has complied with its Prudential Indicators for 2023-24. Those indicators agreed by Full Council and actual figures as at 30th September are included below:

	2023-24 £m	As at 30-09 £m
Authorised limit (borrowing only)	1,039.4	670.1
Operational boundary (borrowing only)	1,004.4	670.1

Maturity structure of borrowing

	Upper Limit	Lower Limit	As at 30-09-23
Under 12 months	50%	15%	32.49%
>12 months and within 24 months	25%	0%	7.76%
>24 months and within 5 years	25%	5%	11.76%
>5 years and within 10 years	25%	0%	7.12%
>10 years and within 20 years	25%	0%	5.55%
>20 years and within 30 years	20%	0%	6.36%
>30 years and within 40 years	30%	10%	22.36%
>40 years and within 50 years	15%	0%	6.15%
50 years and above	5%	0%	0.45%

	2023-24 £m	As at 30-09 £m
Prudential Limit for principal sums invested for periods longer than 365 days	160	116.5

Credit Risk Indicator

The Council has adopted a voluntary measure of its exposure to credit risk by monitoring the value-weighted average credit rating / credit score of its investment portfolio. This is calculated by applying a score to each investment (AAA=1, AA+=2, etc.) and taking the arithmetic average, weighted by the size of each investment. Unrated investments are assigned a score based on their perceived risk (in conjunction with Arlingclose) and will be calculated quarterly.

Credit risk indicator (Number to be below target)	Target	Actual
Portfolio average credit rating (score)	A (6)	A+ (4.65)

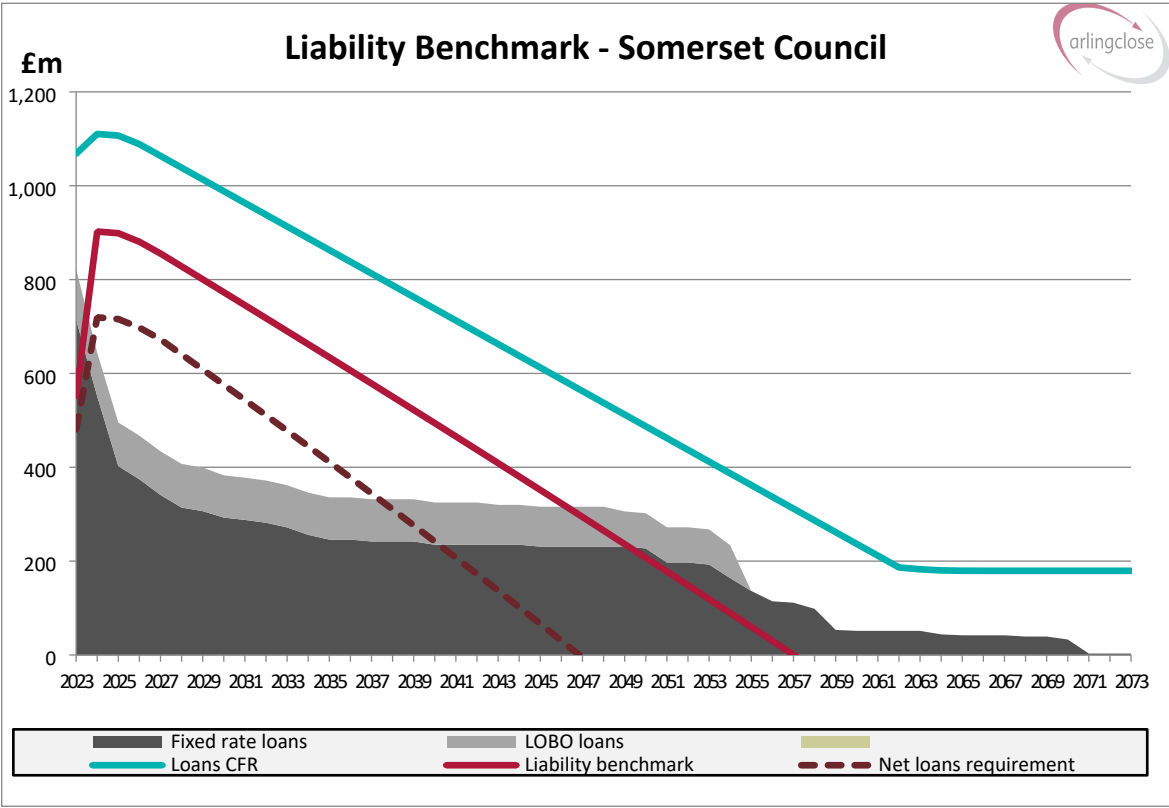
Liability Benchmark

This new indicator compares the Council’s actual existing borrowing against a liability benchmark that has been calculated to show the lowest risk level of borrowing. The liability benchmark is an important tool to help establish whether the Council is likely to be a long-term borrower or long-term investor in the future, and so shape its strategic focus and decision making. It represents an estimate of the cumulative amount of external borrowing the Council must hold to fund its current capital and revenue plans while keeping treasury investments at a pre-determined minimum level required to manage day-to-day cash flow (including allowances for certain contingencies).

The concept is that the chart below allows a comparison of current borrowing against the need to borrow, looking at both the amount (on the y axis) and the term (on the x axis). Where actual loans exceed the Liability Benchmark, the authority can make long-term investments for cash flow management or repay loans early; where the Liability Benchmark exceeds loans, the authority can take long-term borrowing or sell investments.

There is no requirement to borrow exactly to the Liability Benchmark, but a decision to borrow more or less, or longer or shorter, than the Liability Benchmark implies a deliberate decision to accept additional risk. This may be entirely appropriate if it is accompanied by a reduction in cost, for example through short-term borrowing at lower margins. The Liability Benchmark provides the tool for local authorities to measure this risk and make such risk/reward decisions openly and explicitly.

The graph clearly shows there is a need to borrow quite significant sums out to a period of 12 or so years. Another course of action would be to sell investments, or more probably, a combination of the two.



17.5 Outlook for Quarters 3 & 4

UK inflation and wage growth remain elevated, but the August CPI data suggested that inflation was falling more rapidly. The UK economy has so far been resilient. However, recent data indicates a further deceleration in business and household activity growth as higher interest rates start to bite.

In a narrow 5-4 vote, the MPC took the opportunity to hold rates at 5.25% in September, a level many now see as the peak.

Policy rates are expected to remain at the peak for another 10-12 months. It is anticipated that the MPC will cut rates in the medium term to stimulate the UK economy but will be reluctant to do so until it is sure there will be no lingering second round effects.

Arlingclose see rate cuts from Q3 2024 to a low of around 3% by early 2026. • The immediate risks around Bank Rate lie to the upside, but these diminish

over the next few quarters and shift to the downside before balancing out, due to the weakening UK economy and dampening effects on inflation.

Arlingclose expects long-term gilt yields to eventually fall from current levels reflecting the lower medium-term path for Bank Rate. However, yields will remain relatively higher than in the past, partly due to quantitative tightening, with continued elevated volatility.

With many Councils facing overspends in 2023-24, there is likely to be reduced liquidity in the LA to LA cash market, particularly around financial year-end. Those with cash to lend will be able to be more selective about who they lend to. Many have already declined to lend to Somerset Council due to adverse financial publicity.

Whilst other sources of borrowing will be pursued, it is likely that the PWLB will be substantially used towards the end of the year.

Table 9 – Base Rate forecast to 2026.

	Dec 23	Mar 24	Jun 24	Sep 24	Dec 24	Mar 25
Upside Risk	0.00	0.25	0.50	0.75	0.75	0.75
Base Rate	5.25	5.25	5.25	5.00	4.75	4.25
Downside Risk	0.00	-0.25	-0.50	-0.75	-1.00	-1.00

	Jun 25	Sep 25	Dec 25	Mar 26	Jun 26	Sept 26
Upside Risk	0.75	0.75	0.75	0.75	1.00	1.00
Base Rate	4.00	3.75	3.50	3.25	3.00	3.00
Downside Risk	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00

Background papers

18. Treasury Management Strategy Statement 2023-24 and appendices. These were approved by Full Council prior to the start of the 2023-24 financial year.

Note: For sight of individual background papers please contact the report author.

Report Sign-Off

	Officer Name	Date Completed
Legal & Governance Implications	David Clark	27/11/23
Communications	Peter Elliot	24/10/23
Finance & Procurement	Jason Vaughan	25/10/23
Workforce	Alyn Jones	27/11/23
Asset Management	Oliver Woodhams	23/10/23
Executive Director / Senior Manager	Jason Vaughan	25/10/23
Strategy & Performance	Alyn Jones	27/11/23
Executive Lead Member	Liz Leyshon	27/11/23
Consulted:	Councillor Name	
Local Division Members	N/A	
Opposition Spokesperson	Mandy Chilcott	Sent 27/11/23
Scrutiny Chair	Bob Filmer	Sent 27/11/23
Audit Chair	Mike Hewitson	Sent 27/11/23

PAPER D

Decision Report - Executive Decision

Forward Plan Reference: FP/23/11/08

Decision Date – 6 December 2023

Key Decision – no

Confidential Information – no



Harbour Management Advisory Committee

Executive Member(s): Leader of the Council and Lead Member for Governance and Communications

Lead Officer: David Clark, Service Director-Governance, Democratic & Legal Services

Author: Scott Wooldridge, Interim Head of Governance & Democratic Services and Steven Hellard, Legal Services Manager

Contact Details: scott.wooldridge@somerset.gov.uk or steven.hellard@somerset.gov.uk

Summary / Background

- 1.1 As Members will be aware, Somerset Council has Ports and Harbours within its areas of responsibility. The Council is the Statutory Harbour Authority and Competent Harbour Authority for the Port of Bridgwater (does not include Bridgwater Docks), the Statutory Harbour Authority for Minehead and Watchet Harbours, and has statutory responsibility for Bridgwater Docks.
- 1.2 The operation of ports and harbours is governed by both national and local legislation which sets out duties and powers that the respective Statutory Harbour Authorities must fulfil. In addition, there are codes of practice and guidance documents such as the Port Marine Safety Code and the PMSC Guide to Good Practice, Ports Good Governance Guidance, Safety in Docks (ACOP) that cover issues such as governance and safety.
- 1.3 The PMSC requires that all organisations must also have a “Duty Holder” who is accountable for compliance with the Code and their performance in ensuring safe marine operations.
- 1.4 The Harbour Function is a local choice function under the Local Authorities (Functions and Responsibilities) (England) Regulations 2000. This means that it can sit with Full Council, the Executive or be split between the two. The Full Council previously resolved that the responsibility for the Council’s functions as

Statutory Harbour Authority and the role of Duty Holder should sit with the Executive.

- 1.5 The Duty Holder is responsible for ensuring that the organisation complies with the Port Marine Safety Code (“PMSC”). The PMSC sets out a national standard for marine safety at ports and harbours. It applies to ports, harbours, and other marine facilities, berths and terminals. The PMSC is best practice guidance rather than “law”. However, ports and harbours are expected to comply and failure to do so can lead to prosecution (for example, under section 3 Health and Safety at Work Act 1974). In order to effectively undertake this role they should:
- be aware of the organisations powers and duties related to marine safety;
 - ensure that a suitable Marine Safety Management System is in place;
 - appoint a suitable Designated Person (the person who provides audits and monitors compliance and provides independent assurance that the MSMS is being effective in ensuring compliance with the PMSC);
 - appoint competent people to manage marine safety;
 - be responsible for publication of a marine safety plan and reporting of performance against objectives and targets set; and
 - report compliance with the Code to the MCA every 3 years.
- 1.6 Many municipal ports have established Harbour Management Committees as detailed in the DfT Ports Good Governance Guidance as a means to govern the operation of the port. On 15th March 2023 the Executive resolved to establish a Harbour Management Advisory Committee as an Executive Sub-Committee from 1st April 2023 on the terms of reference set out in Appendix 1.
- 1.7 In order to widen the membership, experience and expertise of the Harbour Management Advisory Committee, this report recommends that the Harbour Management Advisory Committee is established as a Council committee (rather than an Executive sub-committee) with membership drawn from the Full Council and external co-opted members with relevant expertise in order to increase governance and scrutiny in relation to that important function.

Recommendations

- 2.1 The Executive agrees:
- a. That the Harbour Management Advisory Sub-Committee is disbanded with immediate effect;

- b. The terms of the Memorandum of Understanding between the Executive and the Harbour Management Advisory Committee attached as Appendix 2;
- c. To recommend to Full Council :
 - (i) that a Harbour Management Advisory Committee is established as an advisory committee to the Executive under s102(4) of the Local Government Act 1972;
 - (ii) approval of the Terms of Reference of the Harbour Management Advisory Committee attached at Appendix 1;
 - (ii) approval of the terms of the Memorandum of Understanding between the Executive and the Harbour Management Advisory Committee attached as Appendix 2;
 - (iii) the appointment of 6 elected members, as nominated by relevant political group leaders, to the Harbour Management Advisory Committee in accordance with the political balance requirements in section 15 of the Local Government and Housing Act 1989.
 - (iv) delegated authority be granted to the Service Director Regulatory and Operational in consultation with the Service Director Governance, Democratic & Legal Services to conduct a skills audit for the Harbour Management Advisory Committee and to conduct the process for the recruitment of appropriately skilled co-opted members to the Committee and make recommendations to Full Council for appointment of the co-opted members

Reasons for recommendations

- 3.1 The establishment of a Harbour Management Advisory Committee as an Executive Sub-Committee limits the membership from Somerset Council to the Sub-Committee to only members of the Executive. The recommendations propose the formation of a committee of the council which would enable broader membership and locally elected members to be part of the Harbour Management Advisory Committee.
- 3.2 S102(4) of the Local Government Act 1972 expressly allows the Council to appoint a committee to advise the Executive as Duty Holder and allows the committee to consist of both members of the Council and co-opted members. The Harbour Management Advisory Committee would remain purely 'advisory' in nature. So although it can continue to have external co-opted members on it, the Harbour

Management Advisory Committee itself would still only be able to make 'recommendations' to the Executive. The Executive would remain as the Duty Holder under the PMSC which makes it clear that the Duty Holder cannot assign or delegate its accountability for compliance with the Code and as Duty Holder the Executive is the body with ultimate responsibility in relation to the Ports and responsibility to make financial decisions about their operation.

3.3 Establishing the Harbour Advisory Committee as a Council committee with both members of the Council and external co-opted members therefore strengthens governance by widening the pool for membership of the committee and allowing members of the wider Council and external appointees who are stakeholder representatives or individuals with valuable skills and experiences to participate in advising the Executive as Duty Holder, and in doing so achieving the balance of skills required to effectively govern the ports.

3.4 The Ports Good Governance Guidance recommends:

"Harbour Management Committees should ideally comprise:

- *approximately 50% LA elected members of a constituent authority. These do not all have to be LA councillors, but can be co-opted representatives who are appointed by the LA or provide specific skills in support of port management;*
- *the port chief executive/harbour master should have access to the HMC in an advisory role, but as an officer of the Council they cannot serve on the committee or have voting rights;*
- *external appointees who are stakeholder representatives or individuals with valuable skills and experiences;*
- *a Chair appointed on merit, skills and suitability;*
- *external members should be appointed by public advertisement using the guidance applicable to public appointments, in line with the advice given above.*

The Harbour Management Committee Chair should ideally be an elected representative of the LA as this will automatically maintain reporting lines and accountability to the Council. Should the LA favour the appointment of an independent Chair, it is important that reporting lines and voting arrangements are clear and in line with LA corporate governance practice. Before recruiting, local authorities should undertake a skills audit to assess the balance of skills required to effectively govern the port and deliver against the business plan.

These skills should be considered for all committee members. In order for the Harbour Management Committee to operate effectively a formal memorandum of understanding could be established between the harbour committee and the local

authority. The memorandum of understanding could set out the recommended ground rules for a framework between the port and its authority.”

In line with the Ports Good Governance Guidance, if Members support the recommendations in this report, two documents will therefore be required to articulate the governance arrangements for the Harbour Management Advisory Committee. The first being Terms of Reference to set out the purpose of the Harbour Management Advisory Committee for incorporation into the Council' constitution. The second is a Memorandum of Understanding setting out the commitments and agreements of the Executive and the Harbour Management Advisory Committee, whether the Committee is advisory or decision-making and the running and management of the Harbours. Draft Terms of Reference for the Committee and a draft Memorandum of Understanding are therefore attached at Appendices 1 and 2 respectively for consideration.

Other options considered

4. Making no change to the existing arrangement and continuing to operate with an Executive Sub-Committee has been considered as an option. However, it is considered that widening the membership to the wider Council and external co-optees who are stakeholder representatives or individuals with valuable skills and experiences to participate in advising the Executive as Duty Holder, will increase participation and achieve the balance of skills required to effectively govern the ports, thereby increasing scrutiny and improving governance.

Links to Council Plan and Medium-Term Financial Plan

5. The recommendations in this report will allow for the port services to be run in an efficient and safe manner that is consistent with best practice guidance to deliver a single service for Somerset residents, and meets the Council core principles including being a listening, empowering council, a council with evidence based and open decision making and a collaborative council.

Financial and Risk Implications

- 6.1 The direct financial implications arising from recommendations in this report result from a moderate increase in travel expenses for attending meetings of the proposed new committee, membership of which is slightly larger than the existing Executive Sub-Committee. These costs will be met from the Members Expenses budget. The Independent Remuneration Panel will need to consider whether to recommend to the Council that the Chair of the new committee should receive a Special Responsibility Allowance as part of the Scheme of Members' Allowances.
- 6.2 There are risks to the authority if the recommendations are not implemented. It could mean that regulatory bodies and port users would not have confidence that the port is being governed and run effectively and in accordance with best practice. Additionally should there be an accident or incident and it was shown the Council was not compliant with the PMSC then it could lead to further issues in relation to health and safety legislation. By implementing the recommendations of this report, the risks identified above should be managed effectively.

Predicted risk score without implementing recommendations					
Likelihood	2	Impact	2	Risk Score	4

Predicted risk score implementing recommendations					
Likelihood	1	Impact	1	Risk Score	2

Legal Implications

- 7.1 Section 102(4) of the Local Government Act 1972 allows the Council to appoint a committee to advise the Executive on any matter relating to the discharge of their functions. Section 102(4)(a) provides that such a committee may consist of such persons (whether members of the appointing authority or not) appointed for such term as may be determined by the appointing authority. The recommendation to Full Council to establish an advisory committee to advise the Executive is therefore in accordance with the Act.

7.2 As the Council previously resolved that the responsibility for the Council's functions as Statutory Harbour Authority and the role of Duty Holder should sit with the Executive, the Committee would be entirely advisory. The Executive would remain the Duty Holder under the Port Marine Safety Code which makes it clear that the Duty Holder cannot assign or delegate its accountability for compliance with the Code. All decisions would therefore need to be taken by Executive or in accordance with the other arrangements permitted in section 9E of the Local Government Act 2000.

7.3 The Council member appointees will need to accord with the political balance requirements in section 15 of the Local Government and Housing Act 1989.

HR Implications

8.1 There are no HR implications arising from this report.

Other Implications:

Equalities Implications

9.1 The proposed new Harbour Management Advisory Committee will be administered by Democratic Services, with all meetings being arranged and administered by Democratic Services under their established policies/procedures which have had equalities impacts assessed. Equalities impacts will therefore be addressed through these existing processes.

9.2 The process for the recruitment and appointment of co-opted members of the Committee will comply with equalities duties and legislation.

Community Safety Implications

10.1 This report relates solely to governance of the port and harbours and therefore there are no Community Safety Implications arising.

Climate Change and Sustainability Implications

11.1 This report relates solely to governance of the port and harbours and therefore there are no Climate Change and Sustainability Implications arising.

Health and Safety Implications

12.1 If implemented, the recommendations in this report would reduce the risk of noncompliance with health and safety legislation by ensuring that port operation and safety is given appropriate oversight and scrutiny.

Health and Wellbeing Implications

13.1. This report relates to governance of the port and harbours and therefore there are no Health and wellbeing implications arising.

Social Value

14.1 This report relates solely to governance of the port and harbours and therefore there are no social value implications arising.

Scrutiny comments / recommendations:

15.1 The recommendations in this report have not been considered by a scrutiny committee.

Background Papers

16.1 None

Appendices

- Draft Terms of Reference
- Draft Memorandum of Understanding

Assurance checklist (if appropriate)

	Officer Name	Date Completed
Legal & Governance Implications	David Clark	21/11/23
Communications	Peter Elliott	27/11/23
Finance & Procurement	Nicola Hix	27/11/23
Workforce	Alyn Jones	27/11/23
Asset Management	Oliver Woodhams	27/11/23
Executive Director / Senior Manager	David Clark	21/11/23
Strategy & Performance	Alyn Jones	27/11/23
Executive Lead Member	Cllr Bill Revans	27/11/23
Consulted:	Councillor Name	
Local Division Members	f	
Opposition Spokesperson	Cllr David Fothergill	13/11/23
Scrutiny Chair	Cllr Martin Dimery	13/11/23

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Membership and meeting arrangements

1. The Harbours Management Advisory Committee shall be primarily responsible for advising the Executive in exercising the Council's functions as a harbour authority as defined in the Harbours Act 1964 and any other functions arising under any local Act and/or byelaw in respect of the operational issues in relation to harbour land of any harbours within the area of the Council not dealt with through any other mechanism.

2. The Harbours Management Advisory Committee shall have the power to advise the Executive in determining income and expenditure matters relating to the harbours for which it is responsible.

3. The Committee will be made up of 6 members drawn from the Council and four non-elected members will be co-opted onto the Committee following an appointment process to assess the skills and expertise they can bring to the Committee.

4. The co-opted members will be recommended to Council for appointment and their appointment is subject to ratification by Council. Co-opted members will serve the Committee in accordance with the following arrangements:

Co-opted Membership for the first term of the Committee shall be as follows:

- 1 Co-opted Member will sit for only 1 year
- 2 Co-opted Members will sit for only 2 years
- 1 Co-opted Member will sit for a full term of 3 years

5. Co-opted Members who sit for only one or two years in the first term may be appointed for one or two subsequent three-year terms without further competition being required.
6. A Co-opted Member may be appointed to a second three-year term without recourse to open competition, subject to the agreement of both the Chair and the Co-opted Member, and the Committee's assessment that the Member has performed satisfactorily during the first term (all Membership of the Committee is subject to ratification by the Council).
7. The quorum will be 5 members save that at no time shall there be less than 4 Council Members present at the meeting.
8. The Chair and Vice Chair will be Council Members.
9. The Committee shall meet at least 4 times a year and be governed by the Council Procedure Rules.
10. All members of the Committee shall abide by the Council's Code of Conduct.
11. The Committee will report annually to the Executive.

Functions

1. Any function of the Council as Harbour or Port Authority is an Executive Responsibility
2. The Committee shall be primarily responsible for advising the Executive in exercising the functions of the Council as Harbour or Port Authority in accordance with the provisions of the

Harbours Act 1964 and the Harbour Docks and Piers Clauses Act 1847 (as incorporated), as amended from time to time (the 'Harbour Legislation').

3. The Committee shall not incur any expenditure, enter into any obligations or take any other action except:

(i) within the budget determined by the Council in accordance with the following provisions; and

(ii) as set out in the harbour business plan approved by the Executive in accordance with the following provisions (the 'Harbour Business Plan')

4. The Committee is an advisory committee and makes recommendations to the Executive where there are any decisions required regarding the management, acquisition and disposal of assets in accordance with the Council's acquisitions and disposals policies, financial procedure rules and contracts procedures rules.

5. When making recommendations to the Executive, the Committee shall ensure its recommendations:

(i) accord with the provisions of the Harbour Legislation and Council's plans, policies and strategies and in particular the Harbour Business Plan;

and

(ii) Have been developed following 21 days' prior notice given to the Council's Chief Finance Officer.

6. The Committee will review and then recommend an annual budget, (including rental charges and central re-charges to the Council) and an annual schedule of charges and dues for the Harbours and these will be determined by the Executive.

7. The Committee will monitor performance against approved budgets and take

appropriate action where this is required.

8. The Committee will make an annual report to the Executive reporting on performance against budget.

9. The Committee will publish a Harbour Business Plan and any other plan required from time to time following approval from the Executive.

10. The Harbour Business Plan and other plans should promote the Harbours to be financially self-sustainable in the long term, reducing the risk of the need to call upon the Council's General Fund

PAPER D

Appendix 2

DATED: _____

MEMORANDUM OF UNDERSTANDING

DRAFT

between
Somerset Council (Executive)

and the

Harbour Management Advisory Committee

in respect of the statutory harbour undertakings at
the Port of Bridgwater, Bridgwater Docks, Minehead Harbour and Watchet Harbour

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MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding is made on the [] day of [] 2023 between:

- (1) **The Executive** of Somerset Council whose principal place of business is [insert], hereinafter referred to as **'the Executive'**,

and

- (2) **The Harbour Management Advisory Committee**, as an advisory committee of Somerset Council, whose principal place of business is [insert], hereinafter referred to as the **'HMAC'**,

who are jointly referred to in this Memorandum of Understanding as **'the Parties'** and each a **'Party'**.

WHEREAS:

- (1) On 01 April 2023, the Somerset (Structural Changes) Order 2022 (S.I. 2022/329):

- (a) wound up and dissolved the local government areas of Somerset, including the Sedgemoor District Council and the Somerset West and Taunton Council areas; and
- (b) transferred the statutory harbour undertakings of Sedgemoor District Council and Somerset West and Taunton Council to the Somerset Council (**'the Council'**) as the unitary and principal authority for Somerset,

and thereafter the Council became the statutory harbour authority for the Port of Bridgwater, Bridgwater Docks, Minehead Harbour and Watchet Harbour.

AND WHEREAS:

- (2) The Council operates a Leader and Executive model of governance arrangements and has agreed that the Executive should exercise the Council's Harbour Functions as statutory harbour authority insofar as such functions were not already Executive Functions within the meaning of the Local Authorities (Functions and Responsibilities) (England) Regulations 2000.
- (3) The HMAC is a committee of the Council and is advisory in nature; the HMAC has been established to assist with improvement of the governance of the harbour undertakings having regard to the recommendations for governance changes made in the PGGG.

AND WHEREAS:

- (4) The Parties wish to set out their commitment to implementing the recommendations of the PGGG relevant to the establishment of the HMAC, including form and composition.

1. DEFINITIONS AND ABBREVIATIONS

For the purposes of this MOU, the following definitions and abbreviations shall apply:

“**the 1964 Act**” means the Harbours Act 1964;

“**the Assets**” means the property, equipment and all other matters set out in the Asset Register in **Appendix C** to this MOU;

“**Co-opted Member**” means an HMAc member co-opted by Council-elected Members for the purposes of Clause X of this MOU;

“**the Constitution**” means the constitution of the Council as amended from time to time;

“**the Council**” means Somerset Council;

“**Council-elected Member**” means an HMAc Member elected by members of the Council;

“**Council Member**” means a member of the Council;

“**DfT**” means the Department for Transport;

“**Directions and Byelaws**” means the special directions, general directions, and byelaws which the Council is authorised to make or has made (from time to time in force) under the local harbour legislation;

“**the Executive**” means the Executive of the Council;

“**Harbours Business Plan**” means the Harbours Business Plan for the relevant period in relation to the harbour undertakings as approved by the Executive;

“**harbour charges and dues**” means the charges, dues, rates, tolls and other moneys and receipts which may be taken and received by way of income from or in respect of the harbour undertakings under the authority of local harbour legislation, the 1964 Act, or the Harbours, Docks and Piers Clauses Act 1847;

“**Harbour Function**” means the functions described in Part A of **Appendix D** to this MOU;

“**harbour revenue**” shall include the charges, dues, rates, tolls and other moneys and receipts which may be taken and received by way of income from or in respect of the harbour undertakings under the authority of local harbour legislation, the 1964 Act, or the Harbours, Docks and Piers Clauses Act 1847;

“**harbour undertakings**” means the statutory harbour undertakings of the Council authorised by the local harbour legislation, each of which may be referred to in this MOU as a ‘**harbour undertaking**’;

“**the HMAc**” means the harbour management committee established by the Council in relation to the harbour undertakings;

“**HMAc Member**” means any member of the HMAc, including both Council-elected Members and Co-opted Members;

“local harbour legislation” means the Port of Bridgwater Acts and Orders, the Bridgwater Docks Acts and Orders, the Minehead Harbour Acts and Orders, and the Watchet Harbour Acts and Orders described in **Appendix F** of this MOU;

“MOU” means Memorandum of Understanding;

“the Parties” shall mean the Executive and the HMA, each of which may be referred to in this MOU as a **‘Party’**;

“the PGGG” means the Department for Transport’s Ports Good Governance Guidance, March 2018, and any variations of that document as may from time to time be published; and

“PMSC” means the Port Marine Safety Code.

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2. PURPOSES OF THE MOU

- (1) Subject to the requirement of the Constitution, the purpose of this MOU is to:
 - (a) provide a clear framework for the decision making, accountability, and financial management of the harbour undertakings to enable the HMAc (in exercising its advisory role to the Executive) to assist the Executive in addressing the needs of the harbour undertakings as businesses and as environmental and community assets, taking full account of the commercial realities of municipal port / harbour operations; and
 - (b) assist in clarifying the role of the HMAc to carry out its functions as an advisory body to the Executive in respect of the harbour undertakings under its Terms of Reference
- (2) The statutory role and functions of the Parties are not affected by the requirements of this MOU.
- (3) This MOU is a statement of understanding between the Parties; it is not, and is not intended to be, legally binding on either Party. The detailed working arrangements may change overtime by the agreement of the Executive.
- (4) This MOU provides that the harbour undertakings will be governed in accordance with the best practice guidance provided by the PGGG.

3. THE PORTS GOOD GOVERNANCE GUIDANCE

- (1) The PGGG was published by the DfT in March 2018 following extensive consultation with the port and harbour industry. It sets out a number of recommendations for the accountability, governance, and finance of statutory harbour authorities and Part C of the PGGG relates specifically to ports and harbours within the Municipal Sector.
- (2) The PGGG is based on a number of other documents, particularly the UK Corporate Governance Code (UKCGC). It replaces that in previous documents such as Modernising Trust Ports (MTP) published by the then DETR in 2000, its second edition Modernising Trust Ports (MTP2) published by DfT in 2009, and Opportunities for Ports in Local Authority Ownership published by DfT in 2006. The PGGG also reflects the recommendations of the DfT's Trust Port Study published in May 2016.
- (3) The PGGG does not have force of law and is not legally binding. It does not replace any legal duties or obligations that statutory harbour authorities might have in their own legislation or general acts of Parliament, such as the Harbours Act 1964 or the Companies Act 2006. Where such legal duties conflict with the PGGG, the legal duties take precedence.
- (4) Whilst the guidance is advisory, the DfT expects all statutory harbour authorities to carefully consider it and to implement its principles if these are not already in place (where practical and appropriate to the circumstances of the statutory harbour authority).

- (5) It has been agreed by the Executive that this MOU is drawn up to address the recommendations contained in the PGGG. An extract from the PGGG related to the establishment of harbour management committees is set out at **Appendix A** to this MOU.
- (6) This MOU is prepared on the basis of the findings of the PGGG. However, it is recognised by the Parties that the PGGG deals with short, medium and long-term issues. It is fully appreciated that circumstances may change and for this reason a review and monitoring mechanism is essential to underpin this process.
- (7) On this basis, it is intended that a report will be put to the HMAc annually to allow the HMAc to review and monitor this MOU and recommend to the Executive any changes to it as are required by amendments to the PGGG or developments in respect of the PGGG.

4. GENERAL COMMITMENTS OF THE EXECUTIVE AND HMAc

- (1) This MOU records that the Executive and HMAc have considered the guidance of the PGGG and records the commitment of the Executive and the HMAc to implement the recommendations contained therein.
- (2) This MOU further records that Executive and HMAc shall take all reasonable steps to work together constructively to mutually facilitate the implementation of the recommendations contained in the PGGG.

5. AGREEMENTS OF THE EXECUTIVE AND HMAc

The Executive and HMAc agree that:

Reporting lines and decision making

- (1) The reporting lines relevant to an advisory committee of the Council advising the Executive pursuant to the provisions of section 102(4) of the Local Government Act 1972 and having regard to the recommendations of the PGGG will be maintained to assist the HMAc to carry out its role under its Terms of Reference.
- (2) The HMAc will be required to exercise an advisory role to the Executive in respect of the harbour undertakings.
- (3) The Executive will exercise the functions of the Council and make decisions in respect of the harbour undertakings under and in accordance with the 1964 Act, the Harbour Docks Piers and Clauses Act 1847 (as incorporated), and the local harbour legislation.
- (4) **Appendix E** to this MOU sets out the organisational structure that is to be put into place defining the reporting lines between the Parties.

Accounts

- (5) It is the intention of the Parties that the Council will keep separate accounts for the harbour undertakings with capital distinguished from revenue in accordance

[insert local provisions as to accounts] and for the Harbour Revenue to be applied in accordance with [insert local provisions as to application].

- (6) The Accounts are to include any monies in any reserve fund established under article [insert reserve fund provisions].
- (7) Companies Act accounts are to be established and maintained for ease of understanding for the HMAc, and to fulfil statutory obligations under the Harbours Act 1964.

6. AGREEMENT OF THE EXECUTIVE

The Executive agrees that:

- (1) The Assets (including land, buildings, infrastructure, plant and machinery) of the Council that are utilised for the running of the harbour undertakings as listed in **Appendix C** to this MOU form part of the harbour undertakings and that the HMAc may advise the Executive in relation to them in accordance with its Terms of Reference, the Harbour Business Plan, the Council's plans and policies and the provisions of this MOU.
- (2) An annual budget including all port or harbour rental charges and central re-charges will be recommended by the HMAc and will then be reviewed and determined by the Executive annually.
- (3) The annual harbour charges and dues for the harbour undertakings will be recommended by the HMAc at the same time as the annual budget and will be reviewed and determined by the Executive annually.
- (4) The HMAc shall not be permitted to obtain specialist services from external sources but can recommend to the Executive that they should take such action.
- (5) The Executive will ensure that its aims and objectives regarding the advice and recommendations it seeks to receive in relation to its management of the harbour undertakings are agreed and clearly set out between the Parties in policies and plans.
- (6) The Council's policies and plans for the harbour undertakings are stated by the Executive to be:
 - (c) [the Environmental Policy]; and
 - (d) [the Harbours Business Plan].
- (7) It is the intention of the Parties that these policies and plans will support the harbour undertakings as a financially self-sustainable bodies without the need to call upon the Council's general fund.
- (8) The Executive will consider for approval updated policies and plans proposed by the HMAc from time to time, and utilise the skills and experience of the HMAc to its best advantage.

- (9) Borrowing facilities may be recommended to the Executive by the HMAc to fund revenue generating projects in the harbour undertakings if the HMAc can demonstrate that such borrowing facilities are consistent with the Council's policies and plans and the local harbour legislation.
- (10) The Executive will make payments to HMAc Members in accordance with the Council's [**Members' Allowances Scheme**] set out in [**Chapter X of the Constitution**].

7. AGREEMENT OF THE HMAc

The HMAc agrees that:

- (1) The HMAc is a committee of the Council constituted by virtue of section 102(4) of the Local Government Act 1972 and is therefore an advisory body and can only make recommendations to the Executive in respect of the management of the harbour undertakings.
- (2) In accordance with the PMSC, the Executive as duty holder cannot delegate its accountability for compliance with the PMSC to the HMAc.
- (3) In advising and making recommendations to the Executive, the HMAc will ensure to address the needs of the harbour undertakings as businesses and as environmental and community assets, which takes full account of the commercial realities of port and harbour operations.
- (4) The HMAc shall make recommendations to the Executive regarding the management, acquisition and disposal of Assets.
- (5) Recommendations made to the Executive in respect of the management, acquisition and disposal of assets must be made in accordance with the Council's acquisitions and disposals policy, financial procedure rules and contracts procedures rules.
- (6) The HMAc shall not make recommendations to the Executive on the disposal or acquisition of property assets unless the recommendation(s) accords with the provisions of the local harbour legislation and the Council's plans, policies and strategies and, in particular, the Harbours Business Plan.
- (7) The HMAc will review and then recommend an annual budget, (including rental charges and central re-charges) to the Executive, annual harbour charges and dues for the harbour undertakings, and these will be determined by the Executive.
- (8) The HMAc will monitor performance against approved budgets and recommend appropriate action to the Executive where this is required.
- (9) The HMAc will make a six monthly and annual report to the Executive reporting on performance against budget.

- (10) The HMAc will produce a Harbours Business Plan and any other plan required from time to time and recommend its contents to the Executive for publishing. The Harbours Business Plan will relate to all of the harbour undertakings, although each may be considered individually within the Harbours Business Plan.
- (11) The Harbours Business Plan and other plans should promote the harbour undertakings to be a financially self-sustainable bodies in the long term.
- (12) The HMAc will discharge its role in accordance with its Terms of Reference, the HMAc Guidance Notes contained in **Appendix D** to this MOU, this MOU and with consideration of other relevant policies and plans such as the PMSC, the PGGG, Health and Safety at Work legislation, Directions and Byelaws, and any other appropriate policies, plans and legislation.
- (13) The HMAc will provide an annual report to the Executive on how it is advising and making recommendations in relation to the harbour undertakings in a manner that is consistent with relevant policies plans and legislation.
- (14) Borrowing facilities may be recommended by the HMAc and considered by the Executive to fund revenue generating projects in the harbour undertakings where the HMAc can demonstrate that such borrowing facilities are consistent with the terms of the local harbour legislation and the Council's policies and plans including the sustainability of the Council's budget.
- (15) The HMAc will take all reasonable steps to engage appropriately with the stakeholder community. It will maintain formal links with stakeholder forum(s) as appropriate.

8. GENERAL

- (1) This MOU neither expands nor is in derogation of those powers and authorities vested in the participating Parties by applicable law.
- (2) The HMAc is neither the Designated Person nor the Duty Holder for the purposes of the PMSC.
- (3) The Duty Holder for the purposes of the PMSC is the Executive.

9. TERM OF MOU

- (1) This MOU in this form or such amended form as agreed between the Parties shall remain effective for as long as the present governance arrangements are in place.
- (2) The Parties shall review this MOU at periods of 12 months, or such earlier period as appropriate should the need arise. The Executive may agree to amend this MOU if circumstances dictate.
- (3) The MOU may be terminated by resolution of the Executive.

10. DATA PROTECTION AND INFORMATION

The Parties agree to comply with the Data Protection Act 2018, the General Data Protection Regulations, the Freedom of Information Act 2000, the Environmental Information Regulations 2004 and other statutory information regimes.

Signed for and on behalf of the Executive of Somerset Council Signed on behalf of the HMAC

.....
Cllr [Signee name]
Leader of the Council

.....
[Signee name]
Chair of the HMAC

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APPENDIX A: PORTS GOOD GOVERNANCE GUIDANCE

Extract from the PGGG relating to Harbour Management Committees:

Harbour Management Committees

4.6 Some LAs have established Harbour Management Committees (HMACs) as a means of governing their harbours. These have some of the features of a trust port board or board of a private SHA and are a good example of how corporate governance best practice principles can be applied in the context of local authority harbours.

4.7 The establishment of a HMAC (which would be constituted as a committee within the current LA system) can bring openness and additional accountability to port decisions, along with more expertise and experience (as a skills audit will be carried out prior to board members being decided upon).

4.8 LAs may wish to consider formally establishing HMACs by legislative routes. The BPA has produced guidance for LAs that have or are planning to put in place HMACs. Key points are set out in the box below.

Key points are set out in the box below.

Harbour Management Committees

The formation and membership of the committee is critical. It should be strategic and aware of the commercial and legal framework within which ports operate. Based on particular experiences the Committee should ideally comprise:

- approximately 50% LA elected members of a constituent authority. These do not all have to be LA councillors, but can be co-opted representatives who are appointed by the LA or provide specific skills in support of port management;
- the port chief executive/harbour master should have access to the HMC in an advisory role, but as an officer of the Council they cannot serve on the committee or have voting rights;
- external appointees who are stakeholder representatives or individuals with valuable skills and experiences;
- a Chair appointed on merit, skills and suitability;
- external members should be appointed by public advertisement using the guidance applicable to public appointments, in line with the advice given above.

The HMC Chair should ideally be an elected representative of the LA as this will automatically maintain reporting lines and accountability to the Council. Should the LA favour the appointment of an independent Chair, it is important that reporting lines and voting arrangements are clear and in line with LA corporate governance practice.

Before recruiting, local authorities should undertake a skills audit to assess the balance of skills required to effectively govern the port and deliver against the business plan. These skills should be considered for all committee members.

In order for the HMC to operate effectively a formal memorandum of understanding could be established between the harbour committee and the local authority. The memorandum of understanding could set out the recommended ground rules for a framework between the port and its authority.

APPENDIX B: ACTION PLAN

This will set out any key tasks that will need to be completed as part of the more structured governance arrangements. To be completed by the Executive and then reviewed by the HMAC before the MOU is signed by both parties.

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APPENDIX C: ASSET REGISTER

(1) Port of Bridgwater Asset Register

At the date of this MOU, the Port of Bridgwater including:

- (a) Fundus and foreshore (including all leases within)
- (b) Port Office
- (c) Buoys, Beacons, Navigational Lights, Moorings and Signage
- (d) [insert]

(2) Bridgwater Docks Asset Register

At the date of this MOU, Bridgwater Docks including:

- (a) Fundus and foreshore (including all leases within)
- (b) Port Office
- (c) Buoys, Beacons, Navigational Lights, Moorings and Signage
- (d) [insert]

(3) Minehead Harbour Asset Register

At the date of this MOU, Minehead Harbour including:

- (a) Fundus and foreshore (including all leases within)
- (b) Harbour Office
- (c) Buoys, Beacons, Navigational Lights, Moorings and Signage
- (d) [insert]

(4) Watchet Harbour Asset Register

At the date of this MOU, Watchet Harbour including:

- (a) Fundus and foreshore (including all leases within)
- (b) Harbour Office
- (c) Buoys, Beacons, Navigational Lights, Moorings and Signage
- (d) [insert]

APPENDIX D: HMAC GUIDANCE NOTES

A Establishment of the HMAC

- (1) The functions of the Executive conferred under the Constitution include the functions within the definition of a “harbour authority” in section 57(1) of the Harbours Act 1964, the local harbour legislation, and the Harbours, Docks and Piers Clauses Act 1847 (as incorporated into the local harbour legislation), and any functions arising out of any Directions and Byelaws made under the legislation listed in this paragraph.
- (2) The HMAC will provide advice to the Executive in relation to the discharge of these functions within any policy and budget approved by the Council as set out in the Terms of Reference and MOU between the Executive and the HMAC.
- (3) All Meetings of the HMAC shall be conducted in accordance with the Council’s **[Procedure Rules]** as set out in the Council’s Constitution.

B Membership of the HMAC

- (1) The HMAC shall consist of **[12 HMAC Members made up of 6 Council-elected Members and 6 Co-opted Members]**. Each Co-opted Member, as far as it is achievable, will be appointed on a ‘fit-for-purpose basis’ through assessment of each nominee’s skills, knowledge, experience and commitment on matters identified from time to time by a skills audit as being the main skills requirements for the HMAC.
- (2) All HMAC Members, including any Co-opted Members, will be bound by the **[Somerset Council Code of Conduct]** as set out in the Constitution and will be required to sign the declaration of acceptance of office (contained in the **Schedule to this Appendix**) as required by law in any event within 14 days of their appointment. A Co-opted Member is under the same obligations as the Council-elected Members that appoint them, and that Co-Opted Member must observe the Constitution and most importantly comply with the statutory rules relating to conduct and the disclosure of interests.
- (3) No Co-opted Member shall act as an HMAC Member until that person has made the declaration of acceptance of office (contained in the **Schedule to this Appendix**); a Co-opted Member shall cease to be an HMAC Member if that person fails to make that declaration within three months of their appointment.
- (4) The Chair and Vice Chair of the HMAC shall be elected in accordance with the Constitution. Only Council-elected Members shall be the Chair of the HMAC.
- (5) As the Harbour Function rests with the Executive, the HMAC is constituted as a committee of the Council by virtue of section 102(4) of the Local Government Act 1972. The formation of the HMAC under this provision permits the appointment of co-opted members to an advisory committee. Council-elected Members must accord with the political representation requirements in section 15 of the Local Government and Housing Act 1989 (unless in this requirement is disapplied by the Council in accordance with section 17(1) Local Government and Housing Act 1989) and all decisions in respect of the harbour undertakings must be taken by the Executive or in accordance with the other arrangements permitted in section 9E of the Local Government Act 2000.

- (6) In the event that a HMAC Member other than a Council-elected Member does not attend any meetings of the HMAC for a period of six months from the date of their last attendance, that HMAC Member shall cease to be an HMAC Member, unless within the period of absence the Council gives approval for this absence. This shall not apply to Council-elected Members whose attendance is regulated by statute.
- (7) All HMAC Members will attend relevant training to be determined by the Chair on the basis of appropriate advice, which shall be founded on best practice.
- (8) All HMAC Members will be required to attend Code of Conduct Training.

C Appointments Process

- (1) As an advisory committee, HMAC Members shall be appointed in accordance with section 104(2) of the Local Government Act 1972.
- (2) The HMAC shall consist of [12] HMAC Members made up of [6] Council-elected Members and [6] Co-opted Members. Each Co-opted Member, as far as it is achievable, will be appointed on a 'fit-for-purpose basis' through assessment of each nominee's skills, knowledge, experience and commitment on matters but not limited to the following:
 - (a) management of harbours;
 - (b) shipping and other forms of transport;
 - (c) local industrial, commercial, financial or legal matters;
 - (d) management of marine leisure activities;
 - (e) safety or personnel management;
 - (f) community issues;
 - (g) environmental matters;
 - (h) knowledge of port / maritime or other nautical experience; and
 - (i) any other skills and abilities considered from time to time by the Appointments Panel to be relevant to the discharge by the HMAC of its functions as an advisory body.
- (3) Council-elected Members shall be appointed to the HMAC by the Council.
- (4) A Council-elected Member's term shall expire on the fourth day after the date of the next regular election or from the date of their resignation. Council-elected Members' appointments will be governed by the Constitution.
- (5) The Council shall secure, so far as reasonably practicable, that the Council-elected Members appointed by it will, between them, have special knowledge, experience and ability in a broad and complementary range of matters relevant to the efficient, effective and economic discharge by the HMAC of its function as an advisory body.
- (6) A Co-opted Member's term of appointment shall be three years from the date of appointment unless the Member shall die, resign or be disqualified.
- (7) Co-opted Members shall be appointed by the Council for up to 2 full terms, and exceptionally 3 full terms.

- (8) A Co-opted Member may be appointed to a second three-year term without recourse to open competition, subject to the agreement of both the Chair and the Member, and the HMAc's assessment that the Member has performed satisfactorily during the first term (all membership of the HMAc is subject to ratification by the Council);
- (9) Re-appointment of a Co-opted Member for a third term shall involve competition with other candidates.
- (10) Appointments will usually be made by an appointments panel (**'the Appointments Panel'**) consisting of the Chair of the HMAc, a Co-opted Member, [and an independent external technical advisor with a thorough understanding of harbour / port governance issues].
- (11) The Appointments Panel shall secure, so far as reasonably practicable, that the Co-opted Members appointed by it will, between them, have special knowledge, experience and ability in a broad and complementary range of matters relevant to the efficient, effective and economic discharge by the HMAc of its functions. The decisions of the Appointments Panel are subject to ratification by the Council.

D Resignation of Members

An HMAc Member, including the Chair, may resign their office at any time by Notice in writing given to the Council's Monitoring Officer.

E Meetings

- (1) The HMAc shall meet at least [6] times a year and be governed by the [Procedure Rules] as set out in the Constitution.
- (2) The quorum for meetings of the HMAc shall be [6] save that at no time shall there be less than [2] Council-elected Members present at the meeting.
- (3) The HMAc shall consider the following business:
 - (a) approval of the Minutes of the previous meeting;
 - (b) declarations of Interest, if any;
 - (c) report and feedback from Stakeholder Forums; and
 - (d) the business otherwise set out on the Agenda for the meeting.
- (4) **Agendas:** A copy of the agenda including the item, or a copy of the item, shall be open to inspection by members of the public at least [5] clear working days before the meeting or, where the meeting is convened at shorter notice, from the time the meeting is convened; unless by reason of special circumstance, which shall be specified in the meeting minutes, the Chair of the meeting is of the opinion that the item should be considered as a matter of urgency.
- (5) An Annual Meeting of the HMAc will take place during the year. This will be an informal meeting and include invitation to all members of Stakeholder Forums.

F Declaration of Interests

- (1) A Co-opted Member shall be under the same obligations as the Council-elected Members that appoint that person and that person must observe the Council's

Standing Orders and comply with the statutory rules relating to the disclosure of interests.

- (2) All HMAc Members will be governed by the [[Somerset Council Code of Conduct](#)] which details interests which need to be declared.
- (3) The Council maintains and regularly updates a register of interests declared by Members, and shall make the register available for inspection by members of the public at all times during usual office hours.

G Payments to Members

- (1) The Chair of the HMAc shall receive a Special Responsibility Allowance in accordance with the Local Authorities (Members' Allowances) (England) Regulations 2003 (as amended).
- (2) The HMAc may pay to Co-opted Members such expenses for travelling allowances on the same basis as Council-elected Members.

H Stakeholder Forums

- (1) To ensure that the HMAc has strong and direct links with harbour users, local communities and other external organisations with an interest in the HMAc areas, a formal consultation mechanism will be established by the Executive. This will enable Stakeholder Forums to formally make representations to the HMAc.
- (2) No Member of the HMAc will have a position on the Stakeholder Forums. The Harbour Master (or authorised deputy) and an HMAc Member may attend as observers.
- (3) The HMAc may recommend to the Executive to appoint other Stakeholder Forums.

Schedule: Declaration of Acceptance of Office | Co-opted Members of the HMAc

I.....being a Co-opted Member of the Somerset Council (**‘the Council’**) Harbour Management Committee (**‘the HMAc’**) declare that I will duly and faithfully fulfil the requirements of this role according to the best of my judgement and ability.

I undertake to observe the [**Somerset Council Code of Conduct**] as to the conduct which is expected of Members and Co-opted Members of a Committee of the Council.

If I have an interest, direct or indirect:

- (a) in any contract or proposed contract to which the Council as statutory harbour authority is or would be a party or I am a director of a company or body with which the contract or proposed contract is made or proposed to be made; or
- (b) in any other matter with which the Council as statutory harbour authority or the HMAc is concerned,

I will declare that interest.

I have disclosed details of every financial and other interest as is mentioned in (a) and (b) above, and I will in future notify as soon as reasonably practicable any alteration to those interests, or any new interest such as is mentioned in (a) and (b) above, which I may acquire.

Signed

.....
[Signee name]

Signed

.....
[Signee name]
[Monitoring / Deputy Monitoring Officer]

APPENDIX E: ORGANISATIONAL STRUCTURE

This will contain a clear organisational structure that shows the reporting lines between the HMAc and Council (including the Duty Holder) and the Designated Person. This is important to ensure the proper functioning of the HMAc and the harbours, and also for compliance with the PMSC.

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APPENDIX F: LOCAL HARBOUR LEGISLATION

Port of Bridgwater Acts and Orders

- (1) Bridgwater Navigation and Quays Act 1845.
- (2) Pier and Harbour Orders Confirmation (No. 1) Act 1908 (only section 2).
- (3) Bridgwater Port and Navigation Order 1908.
- (4) Bridgwater Port and Navigation Order 1923.
- (5) Any other enactment of local application from time to time in force which applies to the Port of Bridgwater undertaking of the Council (as statutory harbour authority) as described in the Acts and Orders listed above.

Bridgwater Docks Acts and Orders

- (1) An Act for making a navigable canal from the River Avon, at or near Morgan's Pill, in the Parish of Easton-in-Gordano, otherwise Saint George's, in the County of Somerset, to or near the River Tone, in the Parish of Saint James in Taunton, in the said county, and a certain navigable cut therein described 1811.
- (2) An Act to abridge, vary, extend, and improve the Bristol and Taunton Canal Navigation, and to alter the powers of an Act of the fifty-first year of His late Majesty, for making the said Canal 1824.
- (3) An Act to explain and amend two Acts, of the fifty-first year of His late Majesty King George the Third and the fifth year of His late Majesty King George the Fourth, relative to the Bridgewater and Taunton Canal Navigation 1832.
- (4) An Act to enable the Company of Proprietors of the Bridgewater and Taunton Canal Navigation to continue the line of the canal below the Town of Bridgewater, and for varying the Powers of the several Acts relative to the said Canal 1837.
- (5) Bridgwater and Taunton Canal, and Stolford Railway and Harbour Act 1846.
- (6) Bridgwater and Taunton Canal Act 1866.
- (7) Great Western Railway Company and Bristol and Exeter Railway Amalgamation Act 1876.
- (8) Any other enactment of local application from time to time in force which applies to the Bridgwater Docks undertaking of the Council (as statutory harbour authority) as described in the Acts and Orders listed above.

Minehead Harbour Acts and Orders

- (1) An Act for more effectually improving and keeping in repair the pier and harbour of Minehead in the County of Somerset 1823 (sections 1, 3 4 and 34 only).
- (2) Minehead Pier and Harbour Order 1895 (article 19 only).
- (3) Minehead Harbour Order 1952.
- (4) Any other enactment of local application from time to time in force which applies to the Minehead Harbour undertaking of the Council (as statutory harbour authority) as described in the Acts and Orders listed above.

Watchet Harbour Acts and Orders

- (1) Watchet Harbour Act 1860.
- (2) Watchet Pier and Harbour Order 1902.
- (3) Watchet Urban District Council Act 1934.
- (4) Watchet Harbour Revision Order 1970.
- (5) Watchet Harbour Revision Order 2000.

- (6) Any other enactment of local application from time to time in force which applies to the Watchet Harbour undertaking of the Council (as statutory harbour authority) as described in the Acts and Orders listed above.

DRAFT

Decision Report - Executive Decision

Forward Plan Reference: N/A

Decision Date – 6 December 2023

Key Decision – No



Proposed withdrawal and dissolution of the Heart of the South West Joint Committee

Executive Member(s): Cllr Bill Revans, Leader of the Council and Lead Member for Governance and Communications

Local Member(s) and Division: All

Lead Officer (s): Duncan Sharkey, Chief Executive and Paul Hickson Service Director for Economy, Employment and Planning.

Author: Scott Wooldridge, Interim Head of the Governance & Democratic Services

Contact Details: scott.wooldridge@somerset.gov.uk

Summary

1. This report follows a steer from the Leaders / senior members of several Constituent Authorities for proposals to be brought forward to all Constituent Authorities to consider their withdrawal and dissolution of the Heart of the South West (HotSW) Joint Committee (the Joint Committee).
2. The proposals in this report specifically relate to the Joint Committee's governance arrangements only and do not cover the HotSW Local Enterprise Partnership (LEP) or the associated HotSW LEP Joint Scrutiny Committee.
3. A separate report to the Executive is envisaged in early 2024 concerning the transfer and integration of LEP functions into local authorities, including Somerset Council.

Background

4. In 2015 the HotSW partnership (17 local authorities, two National Parks, the LEP and three clinical commissioning groups) submitted a devolution "statement of intent" to Government and began negotiations about a devolution deal. However, following the EU referendum in 2016, devolution was no longer a government policy priority and the HotSW partnership developed a Productivity Strategy. In

March 2018 the partnership formalised the arrangements to establish the HotSW Joint Committee. Following the establishment of Somerset Council, the HotSW Joint Committee Constituent Authorities are now:

- Dartmoor National Park Authority
- Devon County Council
- East Devon District Council
- Exeter City Council
- Exmoor National Park Authority
- Mid Devon District Council
- North Devon Council
- Plymouth City Council
- Somerset Council
- South Hams District Council
- Torbay Council
- Teignbridge District Council
- Torridge District Council
- West Devon Borough Council

The Heart of the SW LEP and the NHS are co-opted members of the HotSW Joint Committee.

5. The Joint Committee was seen a partnership vehicle to provide a single forum for local authority engagement with the Heart of the South West Local Enterprise Partnership and Government.

The specific objectives of the HotSW Joint Committee in its Terms of Reference are to:

- (a) Improve the economy and the prospects for the region by bringing together the public, private and education sectors;
- (b) Increase our understanding of the economy and what needs to be done to make it stronger;
- (c) Improve the efficiency and productivity of the public sector;
- (d) Identify and remove barriers to progress and maximise the opportunities / benefits available to the area from current and future government policy.

6. Since its inception, the Joint Committee's work has worked on issues covering the HotSW area as a whole such as: Local Industrial Strategy, Coastal Productivity Plan, Housing Task Force and regional imbalances.
7. The Joint Committee currently has a meeting cycle of two formal meetings a year and it is directly supported by Somerset Council.

The case for change

8. Changes in Government policy over the last five years, the development of the Devon, Plymouth and Torbay devolution deal and forthcoming integration of the HotSW LEP into local authorities mean that the purpose of the Joint Committee has largely been superseded and other partnership arrangements between the Constituent Authorities can deliver their aims with reduced duplication.
9. In relation to withdrawal from/dissolution of the Joint Committee, the inter-authority agreement states that:
 - *A Constituent Authority wishing to withdraw from the Joint Committee shall give a minimum of 6 months' notice in writing to the other Constituent Authority via the Administering Authority. The Constituent Authorities shall co-operate with any such request.*
 - *If two or more Constituent Authorities give notice of withdrawal from membership of the Joint Committee in the same Financial Year, the Joint Committee shall consider and make recommendations to the remaining Constituent Authorities as to the future operation of the Joint Committee and, if appropriate, recommend any necessary amendments required to the Joint Committee's functions and operating arrangements.*
 - *Where a majority of the Constituent Authorities at any time agree (via formal resolutions) that the Joint Committee should be dissolved or terminated on a specified date then the Joint Committee shall cease to exist from that date.*
10. In December 2022, the scheduled meeting of the Joint Committee was adjourned as it was not quorate due to low attendance by Constituent Authorities. On 27 October 2023, the scheduled meeting of the Joint Committee was also not quorate and able to proceed due to only four of the fourteen Constituent Authorities attending the meeting.

11. It is likely that proposals will be brought forward during November and December 2023 by a majority of the Constituent Authorities for their councils to agree to serve notice and recommend the dissolution of the Joint Committee on 31 December 2023.

12. **Recommendations**

That the Executive recommends to the Council that it agrees to serve notice of its withdrawal and that the Heart of the South West Joint Committee be dissolved on 31 December 2023.

Reasons for recommendations

12 Changes in Government policy over the last five years, the development of the Devon, Plymouth and Torbay devolution deal and forthcoming integration of the HotSW LEP into local authorities mean that the purpose of the HotSW Joint Committee has largely been superseded and other existing partnership arrangements between the Constituent Authorities can deliver their aims. The HotSW Joint Committee is therefore considered to be superfluous and not adding value to the Constituent Authorities.

Other options considered

13 The alternative option is that the Council does not agree to serve notice and continues to be a member of the Joint Committee. However, if the majority of Constituent Authorities serve notice then the Joint Committee will be automatically dissolved. As stated previously it is considered that the Joint Committee is superfluous and adds duplication to existing arrangements.

Links to Council Plan and Medium-Term Financial Plan

14 The recommendation will help achieve the Council Plan 2023-27 vision and priorities, in particular the priority for a flourishing and resilient Somerset.

15 The proposals will result in a minor saving and refocus of available resources to support the MTFP.

Financial and Risk Implications

- 16 The Joint Committee remains completely reliant on the Constituent Authorities for its budget and there are no obvious sources of additional funding to support running costs or delivery of its work programme. Joint Committee members' costs and expenses are funded and administered by each respective Constituent Authority.
- 17 The Administering Authority (Somerset Council) holds the balance of contributions from the Constituent Authorities. The current unallocated balance is £ 43,009. If the Joint Committee is dissolved, then any outstanding balance would be returned proportionally to each of the Constituent Authorities on the same percentage basis that they made contributions.
- 18 The key risk is continuing with the Joint Committee and duplicating the work of existing partnership arrangements without adding any value. The recommendations in this report mitigate that risk.

Likelihood	4	Impact	3	Risk Score	12
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Legal Implications

- 19 The HotSW Joint Committee is established under Sections 101 to 103 of the Local Government Act 1972.
- 20 The review of the role and functions of the Joint Committee has taken account of the legal framework within which the Joint Committee operates. The proposed recommendations are in accordance with the Inter-Authority Agreement.

HR Implications

- 21 There are no HR implications in agreeing these proposals.

Other Implications:

Equalities Implications

- 22 No specific equalities implications have been identified in relation to the proposed recommendations.

Community Safety Implications

23 No specific implications have been identified in relation to the proposed recommendations.

Climate Change and Sustainability Implications

24 No specific implications have been identified in relation to the proposed recommendations.

Health and Safety Implications

25 No specific implications have been identified in relation to the proposed recommendations.

Health and Wellbeing Implications

26 No specific implications have been identified in relation to the proposed recommendations.

Social Value

27 The decision is not related to a procurement process.

Scrutiny comments / recommendations:

28 The proposed decision has not been considered by a Scrutiny Committee but all elected members will have the opportunity to consider the proposals if the Executive recommend them to Full Council for approval.

Background Papers

Heart of the South West Joint Committee – establishment report to all Constituent Authorities in November and December 2017

Heart of the South West Joint Committee Governance Arrangements – 27 September 2019 and Budget Update report in October 2020

Heart of the South West Constitution and Inter-Authority Agreement

Report Sign-Off

	Officer Name	Date Completed
Legal & Governance Implications	David Clark	17/11/23
Communications	Not applicable	
Finance & Procurement	Nicola Hix	17/11/23
Workforce	Not applicable	
Asset Management	Not applicable	
Executive Director / Senior Manager	Mickey Green	17/11/23
Strategy & Performance	Alyn Jones	17/11/23
Executive Lead Member	Cllr Bill Revans	17/11/23
Consulted:		
Local Division Members	N/A	
Opposition Spokesperson	Cllr David Fothergill, Opposition Group Leader	Sent 17/11/23
Scrutiny Chair	Cllr Martin Dimery Chair of Scrutiny Committee - Climate and Place	Sent 17/11/23

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Executive Decision Report

Forward Plan Reference: FP/23/09/13

Decision Date: 6 December 2023

Key Decision: No



2023/24 Housing Revenue Account (HRA) Revenue and Capital Budget Monitoring as at Quarter 2 (30 September 2023)

Executive Member(s): Deputy Leader of the Council and Lead Member for Resources and Performance(s); Lead Member for Communities, Housing and Culture

Local Member(s) and Division: All

Lead Officer: Jason Vaughan, Executive Director for Resource & Corporate, S151 Officer

Author: Kerry Prisco, Management Accounting & Reporting Lead

Contact Details: kerry.prisco@somerset.gov.uk

1 Executive Summary

1.1 This report provides an update on the projected outturn financial position of the Council's Housing Revenue Account (HRA) for the financial year 2023/24 (as at 30th September 2023).

1.2 The headline estimates for **revenue** costs are:

Revenue Budget	Forecast overspend of £2.074m	Red
General Reserves	£9.975m forecast balance = favourable compared to £3.722m minimum requirement	Green
Earmarked Reserves	£258k opening balance	Green

1.3 The HRA is a ring-fenced account which must abide by the accounting regulations and ensure that cross subsidy does not occur. Whilst self-financing has provided some flexibilities, the HRA is heavily regulated which restricts income growth and increase cost pressures.

1.4 The HRA has set a balance budget for 2023/24 however areas of risk for the year will

relate to the **economic operating environment** and the impact this may have on any variation from the forecasts assumed when setting the budget, for example the cost of borrowing for the refinancing of debt, pay awards, cost of materials and utilities, etc.

- 1.5 In addition, there are risks associated with **regulatory and compliance** requirements. For example, changes are expected during the year in relation to the Regulator of Social Housing's decent home standard where the cost impact is unknown, as well as a new Act which places new emphasis on customer safety, quality of accommodation, engagement, communication and greater evidence of listening to our tenants. New tenant satisfaction measures are now established and reported on.
- 1.6 From an **operational** perspective, the risk here relates to the levels of demand from our tenants for support and service, for example for debt and benefit advice, repairs and maintenance on their properties, and the number and condition of void properties. This is a very reactive service based on the needs of the tenants.
- 1.7 The headline estimates for **capital** costs are:
- 1.8 The Housing Revenue Account (HRA) Capital Programme for 2023/24 onwards is £122.606m. This consists of £32.208m of new schemes approved for 2023/24 plus £90.397m approved budget carry forward.
- 1.9 The current forecast outturn is an underspend of c.£4.6m for the Major & Improvement Works. The Social Housing Development schemes will be delivered over the next eight years, with the profiled budget for 2023/24 reporting an underspend of c.£491k.

2 Recommendations

- 2.1 The Executive agree:
- 2.2 To note the HRA's forecast financial performance and projected reserves position for 2023/24 financial year as at 30 September 2023, including key risks and future issues and opportunities detailed in the report which will be closely monitored and updated throughout the year.
- 2.3 To note the forecast outturn position of the Capital Programme.

3 Risk Assessment

- 3.1 Financial forecasts are based on known information and projections based on assumptions. As such any forecast carries an element of risk. The current forecasts included in this report are considered reasonable given the extra element of risk around inflation being experienced in the current economic operating environment and based on experience it is feasible the year end position could change. It is common for overspends and / or underspends to emerge during the year, reflecting an optimism bias within previous forecasting. There may also be matters beyond the Council's control that affect the final outturn position.
- 3.2 Salient in year budget risks are summarised below. The Council manages financial risk in several ways including setting prudent budgets, carrying out appropriate monitoring and control of spend, operating robust financial procedures, and so on. The Council also holds both unearmarked and earmarked reserves which include contingencies to manage budget risk.
- 3.3 Budgets and forecasts are based on known information and the best estimates of the housing service's future spending and income. Income and expenditure over the 2023/24 financial year are estimated by budget holders and then reported through the budget monitoring process. During this process risks and uncertainties are identified which could impact on the financial projections, but for which the likelihood, and/or amount are uncertain. The Council carries protection against risk and uncertainty in several ways, such as insurances and maintaining reserves. This is a prudent approach and helps to mitigate unforeseen pressures.
- 3.4 The following general risks and uncertainties have been identified:

Regulatory and Compliance

- 3.5 Over the past few years, the regulatory and compliance requirements have increased. The landlord functions have increasingly stringent standards to ensure customers are kept safe. Recent and imminent legislation in Fire Safety and Damp & Mould has led to greater investment in a range of components and different working practices. The proportionate cost of works associated with compliance has increased significantly over the past three years. The landlords are investing significantly in electrical safety checks, compartmentalisation within blocks and fire doors and Homes in Sedgemoor with the Council has enhanced its practices to manage new Building Safety Act requirements. New national concerns for example Reinforced Autoclaved Aerated Concrete (RAAC) have hit the headlines and the service needs to react to reassure customers and the

council.

- 3.6 **Landlord Compliance:** Both operating models have good and well-established approaches to ensure the Council keep tenants safe. The big six compliance areas (Gas, Electric, Water, Asbestos, Fire Safety and Lifts) have now been joined by Damp and Mould. Housing is increasingly scrutinised and reputational damage as well as harm is significant if the Council fails to manage its compliance responsibilities. The Council is ultimately responsible. Performance management frameworks are in place to measure landlord compliance and new approaches have been developed to help the services respond to damp and mould cases. The Housing Regulator is currently supporting the in-house service's action plan to bring Electrical testing to top quartile performance. Regular audits take place, and we are awaiting a final report on the Fire Safety Audit recently undertaken.
- 3.7 **Social Housing (Regulation) Act:** The core objectives to facilitate a new, proactive approach to customer regulation regime, refine the existing economic regime and strengthen the regulatory powers to enforce customer and economic regulation. The Bill includes Awaab's Law - placing additional requirements in relation to resolving damp and mould on the landlord and requiring greater professionalisation of the service. Other requirements will follow, for example the need for all Housing Managers to have professional qualifications which, although welcomed, will add further cost pressures to the service. The Council is applying the new Tenant Satisfaction Measures in an identical way through its two operating models and reporting these through Key Performance Indicators. The Bill requires several changes to home safety, tenant satisfaction measures, complaints handling, a new inspection regime for social landlords and a strengthened role for the Regulator of Social Housing. The Act provides us with additional impetus for the two operating models to share best practice and learn from one another. The in-house service is focussing this year on improving communication with tenants, within the service and on Core Service delivery (repairs, compliance, capital programme, voids/lettings, tenancy management and income collection). Homes in Sedgemoor will retain a focus on core services which are performing well such as rent collection and tenant engagement whilst looking to improve in areas such as major voids, leasehold management and lift servicing.
- 3.8 **Responding to increased stock quality standards:** Changes to the Regulator of Social Housing's decent home standard as well as net zero targets and milestones place an additional financial burden on resources. Both operating models have been successful at attracting grant and aligning some energy works with capital programmes to partially offset costs. For example, the HRA is currently using Social Housing Decarbonisation

funding wave 1 & 2 and ECO4 utility obligation to minimise the cost of low carbon retrofit. After a period of transition, the Housing Revenue Account service will be in a good position to influence stock investment for all 10,000 homes and align strategy such as low carbon retrofit.

- 3.9 **Right To Buy (RTB) Receipts:** This is a government policy that enables tenants to purchase their homes at a discount, subject to meeting qualifying criteria. The receipts allowed to be retained by the Council can now fund up to 40% of new social housing costs and must be used within five years of receipt. To date, with the exception of one instance in Q1 2015/16 where receipt and interest was repaid, the Council has successfully fully spent all of their retained 1-4-1 receipts. In addition, the HRA makes use of other grant funds including Homes England, Hinkley Point C and better care fund to reduce the costs to the HRA of regeneration, development or building hoes to support vulnerable customers.

Economic Operating Environment

- 3.10 **Inflation:** The current economic operating environment is placing financial risk on the Council in terms of rising inflation increasing the cost of supplies such as utilities, labour and materials. Regardless of the difference in how the repairs are delivered (by a direct labour organisation or contracts) the shortage of labour and materials is increasing costs to the service and often additional supervision is required to ensure quality is maintained.
- 3.11 **Rising cost of borrowing:** The landlord service has a well developed social housing and regeneration programme; however, these schemes can only obtain a maximum of 40% subsidy from the RTB Scheme (subject to criteria) leaving the Council to borrow to finance the remaining 60% cost of the scheme. With the cost of borrowing rising this is having a significant impact on the MTFP and 30-Year Business when new borrowing is required to either refinance debt falling due or to finance new borrowing requirements. The service has supported the wider aims of the council and benefitted from the Local Authority Housing Fund to purchase homes for displaced persons and hosting the properties in the HRA. This type of approach aligning corporate priorities with the Councils HRA functions is an example that benefits the customer, general fund and HRA.
- 3.12 The PWLB has recently announced a reduction in the margin applied to loans that will be used to fund capital expenditure within the Housing Revenue Account (HRA). Available from the 15 June 2023 (until the 1 June 2024) qualifying loans (submitted within one year) will attract a margin of 0.40% above Gilts which is a discount of 0.60% below the published PWLB rates.

- 3.13 The Council is benefitting from continually exploring opportunities to subsidise schemes and reduce the HRAs borrowing requirements. For example, the council was the first registered provider to receive funding from the new Homes England Regeneration fund which has reduced the borrowing for the North Taunton Woolaway project by £5m.
- 3.14 **Capital Programme Forecasts:** Engaging with Contractors at all tiers continues to be very challenging, therefore the risk to the capital programme and forecast costs should be considered. The labour and materials market are still in short supply, with Contractors unable to resource both tenders being issued on projects on site. As such, competition in the market is more limited than it has been for some time.
- 3.15 The cost pressure created by inflation, the liquidation of a number of contractors, logistics challenges and the general acceleration to get projects to site, is causing previous fixed price contracts to be re-appraised within a matter of months of a successful tender. This could move schemes to the limits of viability. The resulting impact of this cost pressure is resulting in Tier One (larger scale) Contractors often turning down tender opportunities unless an inflation clause (requiring the Client to take the risk of inflation), is included in Contracts, whilst smaller Contractors are withdrawing tenders after submission or operating on such a small margin as to put them at risk of failure. The service has successfully procured a greater number of smaller contractors to deliver Kitchens and Bathrooms and is seeking to procure mid-range contractors for future development schemes. In addition, recent contracts for demolition are showing some market improvements for the service.
- 3.16 There is no question that the cost of maintenance and construction has significantly increased over the past two years. The forecast tender price inflation market appears to be at a turning point as inflation and demand pressures fall. This may see new opportunities during the tendering of works however the baseline is significantly higher than 2021/2022. The material price index in January 2023 increased by 10.4% (All Words) which was slightly down on previous months. Tender price inflation appears to be dropping to around 3% in 2023 compared to 3.75% in 2022. Although the Housing Revenue Account is sufficiently robust the ability to deliver works will in part relate to the solvency of contractors and their ability to manage the economic environment.
- 3.17 **Recruitment:** There are a number of vacancies across the Council and assumptions have been made as to when these vacancies will be filled. The Council is experiencing recruitment issues (as seen country-wide) therefore assumptions and forecasts may change, in addition to higher agency costs to cover roles where permanent recruitment is not successful.

3.18 **Cost of living crisis, Welfare Reform and Universal Credit (UC):** The impacts of these are significant with the number and value of rent accounts in arrears expected to increase considerably, albeit we have managed to contain this to date. Several mitigations are already in place to help support tenants affected particularly by the rising cost of living such as debt advice, access to discretionary housing payments and an arrears management team with redesigned workflow processes and the introduction of a new VoiceScope system to automatically remind customers of arrears.

Operational Delivery

3.19 **Repairs & Maintenance:** Overall this is a very demand led and reactive service based on the needs of the tenants. There are also a number of uncontrollable variables associated with this service such as the weather (e.g. flooding, cold winters causing burst pipes, roof leaks, etc), condition of properties when returned (e.g., void refurbishments), consumer demand on minor internal / external repairs (e.g., broken door or fence) and the type of repair work required. Market pricing of materials etc can also be volatile with some unit costs increasing in recent years. As such the levels of demand do not always follow a recognisable trend. We therefore caveat the forecasts in these areas to account for fluctuations.

3.20 **Fluctuation in demand for services:** We operate many demand-led services and the levels of demand do not always follow a recognisable trend, which may lead to fluctuations in costs and income compared with current forecasts. We have certainly seen an increase in demand for tenancy management support for complex cases, often related to poor mental health, which brings additional costs to the service. Regulatory change is increasing the landlords need to improve access to the service and by its nature increase demand. Increase in demand can often be a positive in terms of maintenance as early intervention can limit damage and save costs to the landlord.

3.21 **HRA Service Level Agreements with the new unitary council:** As the Housing Revenue Account comes together as one account there is an opportunity to review and formally agree the service level agreements which helps the landlord functions operate through the purchase of General Fund skills. For example, finance, human resources, business support, governance, etc. The in-house landlord is looking at all its services in order to secure appropriate resources from within its own structure or through other Council directorates. It is envisaging the new Service Level Agreements will allow the landlord and HRA strategic business team to better meet the challenges as a highly regulated social landlord.

Technical Accounting Risks

- 3.22 **Bad Debt Provision:** The budgeted bad debt provision of £147k provides financial capacity for any increase in arrears and / or aging debt from one year to the next as well as any in-year write offs. This is a year-end technical accounting adjustment. The key challenges facing the arrears position are the pressures to maximise rental income in an environment of reduced government support and greater need to utilise internal resources; the 'cost of living crisis' marked by reductions in real income accompanied by increases in utility, fuel costs and food prices; welfare reforms which have made extensive use of sanctions and reductions in eligibility; and the impact of the COVID pandemic. Homes in Sedgemoor have excelled at managing income and are currently in the top ten social housing landlord nationally. The in-house service does not compare as well but is still performing within the top quartile industry standard. Income generation and managing debt is being elevated in importance for the service and new software is being introduced to support this critical work.
- 3.23 The approaches incorporated at the Council to aid the HRA's enforcement of debt and support to tenants include providing direct welfare benefit advice and support; facilitating access to employment and training, support and advice; facilitating access to debt prevention support; and opportunities for flexible rent payment.
- 3.24 **Unitary Council:** The landlord functions have transitioned well into the new authority. The challenges since April have been working with new financial systems, learning other corporate software such as risk management software and working to procedures such as those in relation to recruitment and governance. It is currently unknown what the potential HRA costs will be and whether revenue costs including costs associated with staff movements due to uncertainty/feeling of insecurity, additional reliance on agency staff to fill vacancies in the short term, rebranding vehicle, offices and PPE have been impacted. From a capital perspective the business plan does provide some headroom to allow non-right to buy receipts to be used as flexible capital receipts to fund transformation costs. Revenue costs of implementation are not currently budgeted and will place additional pressures on the HRA budget and reserves, thus we will need to review planned expenditure and reserves during the business planning process in 2023/24.
- 3.25 **Forecasting Assumptions:** It is conceivable that, whilst budget holders are optimistic that they will spend all their budget, experience shows that variances are more accurate in the last quarter of the financial year. The pace of spending may also reduce as capacity and delivery of priorities is affected by local government structural change.

3.26 **Year-end Adjustments:** There are certain items that are not determined or finalised until the financial year-end. For example, the final assessment of provisions required for bad debts and final allocations of support service recharges, as well as the year end capital financing requirement impacting net interest payable. These can result in potentially significant differences to current forecasts.

4 Partnership Implications

4.1 A range of HRA services are provided through partnership arrangements such as MIND, citizen's advice, etc. The cost of these services is reflected in the Council's financial outturn position for the year. The Housing Revenue Account is increasingly having to question the funding of services outside its core service.

5 Scrutiny Comments / Recommendations

5.1 This report will be considered by Corporate and Resources Scrutiny on 5 December 2023. A summary of the comments and recommendations discussed will be provided here (or a verbal update) for the Executive to consider on 6 December 2023.

6 Background and Full details of the Report

6.1 The Housing Revenue Account (HRA) is a ring-fenced, self-financing, account used to manage the Council's housing stock, with the Council acting as the Landlord. This has been the case since April 2012 where, under the Localism Act 2011, the government abolished the national subsidy system (which required an annual payment from the HRA to Central Government) and introduced 'self-financing'. This new system enabled Councils to retain all rental income to fund the costs of managing and maintaining the housing stock, as well as meeting the interest payments and repayment of debt. As part of the self-financing agreement, Councils had to buy themselves out of the subsidy system by making a one-off payment to the Government. The debt taken in 2012 was a total of £133m; £85.198m for the Taunton Deane Borough Council legacy authority and £47.321m for the Sedgemoor District Council legacy authority.

6.2 Self-financing does bring financial benefits and more flexibility, especially since the borrowing cap was removed in October 2018, however the HRA is still heavily regulated. For example, rent increases are restricted by the Regulator of Social Housing's Rent Standard, there are specific regulations which govern eligible income and expenditure to prevent cross subsidy with the General Fund, as well as the decent homes standards that stipulate the conditions of properties.

6.3 The new unitary Somerset Council has inherited two landlord operating models which

now sit under one Housing Revenue Account. The two landlord operating models are an in-house service in the West, formerly Somerset West and Taunton (SWT), and Homes in Sedgemoor which is an Arm's Length Management Organisation (ALMO) operating in the North, formerly 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).

- 6.4 The Council's two operating models which deliver the landlord functions will continue to operate as they did previously however there are various transitional projects taking place which will enable the Council to compare the two models like for like. These transitional projects will also allow the Council's in-house service and Homes in Sedgemoor to learn from one another. The transitional programme will also recognise the opportunity to enhance the Council's strategic Housing Revenue Account responsibilities. This will allow the council to be a better client to the arm's length service and its own in-house service. The transition will see appropriate resources at landlord function level and at the strategic level allowing the in-house and Homes in Sedgemoor landlord service to be ambitious in delivering great and improving services to customers and allow the Council to make strategic decisions in relation to stock investment, growth, rent setting, zero carbon homes and administering its statutory and regulatory responsibilities. Following a period of transition, the Council will be able to turn toward an option appraisal of its stock and operating models.
- 6.5 The regular monitoring of financial information is a key element in the Council's HRA Performance Management Framework. Crucially it enables remedial action to be taken in response to significant budget variances, some of which may be unavoidable. It also provides the opportunity to assess any consequent impact on reserves and the HRA's Medium Term Financial Plan and 30-Year Business Plan.
- 6.6 Members are to note that the position can change between 'in-year' projections and the final outturn position, mainly due to demand-led service costs and income levels and where actual costs and income can vary from initial estimates and assumptions. The budget monitoring process involves a detailed review of the more volatile budgets and a proportionate review of low risk/low volatility budget areas. Budget Holders, with support and advice from their finance business partner, update their forecasts monthly based on currently available information and knowledge of service requirements for the remainder of the year. As with any forecast there is always a risk that some unforeseen changes could influence the position at the year-end, and several risks and uncertainties are highlighted within this report. However, the following forecast is reasonable based on current information.

7 HRA Revenue Budget 2023/24 Forecast Outturn

- 7.1 This report provides the Housing Revenue Account (HRA) forecast end of year financial position for revenue and capital expenditure as at 30 September 2023.
- 7.2 The current year end forecast outturn position for the HRA for 2023/24 is an overspend against budget of £2.074m. The table below summarises the approved revenue budget for the combined HRA for 2023/24, with more detail found in **Appendix A**. Variances over £50k are explained below.

Table 1: HRA Revenue Outturn Summary

	Current Budget	Forecast Outturn	Forecast Variance	
	£000	£000	£000	%
Gross Income	-51,115	-50,949	166	1.1%
Service Expenditure	29,578	31,487	1,909	6.5%
Other Expenditure	21,537	21,537	0	0.0%
Total	0	2,074	2,074	7.6%

Income

- 7.3 **Dwelling Rent Income:** The combined budgeted income for 2023/24 is £45.2m, which reflects an assumption of an average 2% void loss and applying a 52-week year. The outturn position for dwelling rent income is an under recovery against budget of c.£114k which is in part due to timings of RTB sales and stock changes for social housing development schemes, as well as higher levels of voids especially in temporary accommodation stock. A Void Improvement Plan was presented to the Housing Senior Management Team in November which focuses on bringing average void times down. Discussions are ongoing with Adults Social Care to improve the number and quality of referrals for Extra Care Housing which should also reduce voids, and work is taking place with the Homeless Service to bring more capacity onto proactively tackling temporary accommodation voids. The forecast includes £108,102 of write offs during the year (£25,256 on current tenancies and £82,846 on former tenancies).
- 7.4 **Non-Dwelling Rents:** The combined budgeted income for 2023/24 is £1.3m and includes garages, shops and land access. The outturn position is an under recovery of £41k primarily due to lower garage rent income. This is due to an increase in vacancies of around 30 this year due to tenants and private garage renters handing back their garages, to reduce costs and as space is no longer required. A further 13 garages have been emptied to allow development at Wordsworth Drive. We know that there is a surplus of garages within our stock compared to demand and we will look for further development

opportunities.

- 7.5 **Charges for Services / Facilities:** The combined budgeted income of £3.4m for 2023/24 includes (a) £1.700m for the Service Charge Income for Dwellings (after discounts have been applied to tenants such as Piper Charge to Sheltered Housing and Extra Care) less an average 2% void loss and applying a 52-week year, (b) £150k for Leaseholder Charges for Services, and (c) £3k for Meeting Halls.
- 7.6 The Leaseholder Charges for Services is forecasting an under recovery of income of £78k. The leaseholders are invoiced a year in arrears. The number of routine repairs undertaken were lower last year than anticipated. In addition, the delivery of major repairs has been delayed due to surveys at the blocks not yet been completed and / or works not been completed at blocks where leaseholders' own properties, as well as leaseholders being capped at £250 due to section 20 notices not served in time. Looking forwards, Section 20 consultations are being held with all leaseholders for the major works planned for the next 3-5 years to ensure full cost recovery.

Expenditure

- 7.7 **Maintenance:** This overspend relates to the responsive repairs service and void repairs service which is undertaken to ensure our Lettable Standard is met before reletting. These are very demand led and reactive areas, particularly with void costs influenced by the condition of the properties being returned for reletting. Both of these service areas are experiencing an increase in cost pressures as inflation drives up the cost of construction materials (as seen nationally), and additional volumes of work (approximately 22% increase YTD for this financial year compared to the same period last year for voids, and approximately 31% for responsive repairs).
- 7.8 There are a number of activities being undertaken to seek to mitigate additional spend, including an in-house initiative called the "Leaving Well" scheme which aims to work with and support the tenants to leave their homes in a suitable manner to reduce the time and cost of work then required on void properties before reletting, a procurement exercise to test the market for external contractor support for void repairs, and a comprehensive review of budget cost allocation to ensure all works that can be appropriately capitalised are assigned to a capital budget. Whilst there is currently a predicted year-end overspend of c.£1.8m, it is anticipated that once the focussed activity being undertaken as detailed above is completed this will significantly reduce this figure.

8 Capital Programme

8.1 The Housing Revenue Account (HRA) Capital Programme for 2023/24 onwards is £122.606m as summarised in the table below and further detail provided in **Appendix B**. This consists of £32.208m of new schemes approved for 2023/24 by Full Council on 22 February 2023 plus £90.397m of previously approved schemes in prior years that have been approved to be carried forward by Full Council on 27 September 2023.

Table 2: Summary of HRA Capital Programme Approved Budget for 2023/24

	2022.23 Slippage Budget	2023.24 Approved Budget	2023.24 Total Budget
	£000	£000	£000
Majors & Improvements	5,507	22,206	27,712
Social Housing Development	84,891	10,003	94,893
Total	90,397	32,208	122,606

8.2 Approval for a supplementary capital budget of £3,313,829 (in addition to the current budget of £150,000 plus carry forward of £373,671) for the in-house HRA to spend on essential fire safety works following Fire Risk Assessments (FRAs) to general needs, sheltered and extra-care schemes is pending approval by Full Council on 20 December 2023. This is not currently shown in the figures above.

8.3 The Council plans to finance this investment through the Major Repairs Reserve, Capital Receipts, Capital Grants, Revenue Funding and Borrowing (see **Appendix C**).

8.4 The HRA Capital Programme relates to in-year works and longer-term schemes that will be completed over the next eight years. The current planned profiled spend is summarised in **Appendix D**. The budget has been profiled to reflect the estimated timing of costs for the approved schemes, with £45.851m profiled to be spent in 2023/24 with the balance of £76.755m projected forward into future years.

8.5 Information on what the HRA capital programme plans to deliver during 2023/24 can be found below and its financial performance to date against this financial year can be found in **Appendix D**. The current forecast outturn is £40.759m. The programme will underspend against profiled budget for 2023/24 by £5.091m; £4.391m slipping into subsequent years and a budget of £700k being returned.

8.6 The net slippage of £4.391m relates to the in-house service major works and improvement programme caused by an underspend of £5.436m on Major Works due to on-site contractor programme delays in delivery, and contractor capacity to enable prompt commencement of programmes following mobilisation meetings. This has been

partially offset by an overspend of £976k on essential fire safety works.

- 8.7 The budget return of £700k relates to strategic contingent budget of which £500k was for the purchase of properties (ALMO) and £200k for transformation costs (in-house); both are no longer required.

Major Works and Improvement:

- 8.8 The two operating models both aim to maintain homes to the decent home's standard enhance the thermal comfort of tenants by moving towards 2030 and 2050 standards.
- 8.9 The 2023/24 capital programme includes major programmes such as kitchens, bathrooms, heating improvements, insulation and ventilation, door entry systems, external doors, fasciae and soffits, roofing and windows.
- 8.10 The two operating models have previously placed slightly different emphasis on different aspects of major works however under one Housing Revenue Account decent homes, low carbon living, stock sustainability and block investment can be approached more consistently. Both organisations have been successful at being awarded grant for low carbon works and combined bids and programmes will be encouraged.

Social Housing Development Programme:

- 8.11 The Homes in Sedgemoor and in-house functions both have a social housing development programme of works, which increases stock through a combination of acquisitions from the open market and / or building new homes.
- 8.12 The Right To Buy (RTB) scheme is a government scheme that enables tenants to purchase their homes at a discount, subject to meeting qualifying criteria. During 2022/23 the Council sold 50 properties (SWT 28 and SDC 22). The Council estimates that on average 55 properties will be sold each year through the Right to Buy Scheme. Therefore, growth in our housing stock is vital to replace stock and attempt to ensure Somerset has more affordable homes to meet the increasing demand.
- 8.13 The business planning process shortly to conclude will align what were diverse development approaches of the two organisations into one pipeline compatible with the strategic needs of the Council and within HRA business plan affordability assumptions. The period 2023/2024 to 2025/2026 are set to see over 300 new HRA affordable homes. The HRA has started aligning its growth ambitions with opportunities to deliver homes on behalf of the Council especially for vulnerable customers. The landlords are

purchasing for displaced persons and building and purchasing properties to support the General Fund homelessness challenges. The HRA 30-Year Business Plan considers the cost of growth alongside the many other service needs. In practice compliance and regulation always remain the first priority and the HRA must work hard to retain development programmes.

9 HRA Earmarked Reserves

- 9.1 The Housing Revenue Account (HRA) Earmarked Reserves at the beginning of 2023/24 totalled £258k (see **Table 3** below). These have been carried forwards from Somerset West and Taunton. There were none held by Sedgemoor District Council.
- 9.2 Earmarked reserves are set aside for a specific purpose and are reviewed on a regular basis. These funds have been earmarked to be spent within the next two years.

Table 3: Earmarked Reserves Balances

Description	Opening Balance 01/04/2023 £000	Transfers £000	Projected Balance 31/3/2024 £000
Hinkley – Community Grants	130	0	130
Climate Change Grant - Electric Vehicles	77	0	77
Hinkley – Home Moves Plus Grant	34	0	34
Tenant Satisfaction Grant	17	0	17
Total	258	0	258

10 HRA Unearmarked Reserves

- 10.1 The Housing Revenue Account (HRA) Unearmarked Reserves opening balance of £13.699m stands above the recommended minimum balance of £3.722m and provides ongoing financial resilience and mitigation for unbudgeted financial risks.
- 10.2 The recommended minimum balance for the combined HRA is £3,722,400 and is equates to approximately 7.3% of gross income and £385 per property.
- 10.3 As part of the budget setting proposals to Full Council on 22 February 2023, £1.650m of current reserves will be used to support the base budget in 2023/24. Further approved (or proposed) allocations to / from Unearmarked Reserves are shown in the table below.

Table 4: HRA Unearmarked Reserves Balance

	Approval	£000
Balance Brought Forward 1 April 2023		
From Sedgemoor District Council		10,713
From Somerset West and Taunton		2,986
Total Balance Brought Forward 1 April 2023		13,699
Budgeted Contribution to support base budget 2023/24	FC – Feb23	-1,650
Current Balance		12,049
Forecast: 2023/24 Projected Overspend		-2,074
Projected Balance 31 March 2024		9,975
Recommended Minimum Balance		3,722
Projected Balance above Minimum Reserve Balance		6,253

- 10.4 The current outturn position is forecast to be a net overspend of £2.074m. If the forecast outturn position does not improve, the deficit will reduce reserve balances to £9.975m, which is £6.253m above the recommended minimum balance of £3.722m.
- 10.5 It is essential that control on spending for the remainder of the year continues to reduce the forecast overspend and maintain adequate reserves. It is vital that costs are managed within annual income totals to ensure ongoing affordability of services. Management must take the necessary steps to control costs and manage risk to ensure financial resilience is maintained.

Background Papers

HRA Budget Setting Report – Full Council 22 February 2023

HRA Outturn Report – 27 September 2023

List of Appendices

Appendix A	Housing Revenue Account (HRA) Approved Budget for 2023/24
Appendix B	Approved Capital Budget
Appendix C	Capital Financing of Total Approved Budget
Appendix D	Annual Profiling of Approved Capital Budget
Appendix E	Profiled Capital Budget for 2023/24 Vs Forecast Capital Outturn for 2023/24

Report Sign-Off

	Officer Name	Date Completed
Legal & Governance Implications	David Clark	21.11.2023
Communications	Peter Elliott	17.11.2023
Finance & Procurement	Nicola Hix	28.11.2023
Workforce	Alyn Jones	28.11.2023
Asset Management	Oliver Woodhams	21.11.2023
Executive Director / Senior Manager	Chris Hall / Jason Vaughan	
Strategy & Performance	Alyn Jones	23.11.2023
Executive Lead Member	Cllr Federica Smith / Cllr Liz Leyshon	28.11.2023 / 28.11.2023
Consulted:	Councillor Name	
Local Division Members		
Opposition Spokesperson	Cllr Mandy Chilcott Deputy Leader of the Opposition and Opposition Spokesperson for Resources and Performance	Sent 28.11.2023
	Cllr Andy Dingwall Opposition Spokesperson for Communities, Housing and Culture	Sent 28.11.2023
Scrutiny Chair	Cllr Bob Filmer, Chair - Scrutiny Corporate & Resources Committee	Sent 28.11.2023
	Cllr Gwil Wren, Chair - Scrutiny Communities Committee	Sent 28.11.2023

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Appendix A: Housing Revenue Account (HRA) Approved Budget for 2023/24

	In-House	ALMO	Combined							A/(F)
	Approved Budget	Approved Budget	Original Budget	Current Budget	Full Year Projection	Month 6 Variance		Month 3 Variance		
	£m	£m	£m	£m	£m	£m	%	£m	%	
Income										
Dwelling Rents	(27.1)	(18.0)	(45.2)	(45.2)	(45.07)	0.114	0.3%	0.0	0.0%	A
Non Dwelling Rents	(0.7)	(0.6)	(1.3)	(1.3)	(1.31)	(0.015)	-1.1%	0.0	0.0%	F
Charges for Services / Facilities	(1.9)	(1.5)	(3.4)	(3.4)	(3.30)	0.067	2.0%	0.0	0.0%	A
Contributions Towards Expenditure	(0.2)	(1.1)	(1.3)	(1.3)	(1.27)	0.000	0.0%	0.0	0.0%	-
	(29.9)	(21.2)	(51.1)	(51.1)	(50.95)	0.166	1.1%	0.0	0.0%	A
Expenditure										
Repairs and Maintenance	8.7	4.4	13.1	13.1	14.92	1.80	13.7%	0.0	0.0%	A
Supervision and Management	4.1	5.2	9.2	9.2	9.35	0.11	1.1%	0.0	0.0%	A
Special Services	1.6	1.3	2.9	2.9	2.94	0.00	0.0%	0.0	0.0%	-
Rents, Rates, Taxes and Other Charges	0.2	0.7	0.8	0.8	0.84	0.00	0.0%	0.0	0.0%	-
Central Recharges (to / from the General Fund)	3.2	0.2	3.4	3.4	3.43	0.00	0.0%	0.0	0.0%	-
	17.8	11.8	29.6	29.6	31.487	1.91	6.5%	0.0	0.0%	A
Other Operating Income and Expenditure										
Interest Payable	3.3	2.5	5.8	5.8	5.79	0.00	0.0%	0.0	0.0%	-
Interest Receivable	0.0	(0.3)	(0.3)	(0.3)	(0.25)	0.00	0.0%	0.0	0.0%	-
Change in Provision for Bad Debts	0.1	0.0	0.1	0.1	0.15	0.00	0.0%	0.0	0.0%	-
Depreciation	9.1	7.3	16.3	16.3	16.34	0.00	0.0%	0.0	0.0%	-
Capital Financing	0.0	1.2	1.2	1.2	1.16	0.00	0.0%	0.0	0.0%	-
Movement in Reserves	(0.4)	(1.3)	(1.6)	(1.6)	(1.65)	0.00	0.0%	0.0	0.0%	-
	12.1	9.4	21.5	21.5	21.54	0.00	0.0%	0.0	0.0%	-
Net Surplus(-) / Deficit for the Year	0.0	0.0	0.0	0.0	2.07	2.07	7.6%	0.0	0.0%	A

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Appendix B: HRA Approved Capital Budget

HRA Capital Programme	Prior Year Slippage	Current Year Approval Feb 2022 Budget Setting for 2022/23	Total Approved Budget	Current year Virements	Current Year Supplements	Current Year Returns	Revised Current Year Approved Capital Budget	Pipeline Pending Approval	Provisional Capital Budget 22/23
Major Works	3,199,366	10,867,970	14,067,336	0	0	0	14,067,336	0	14,067,336
Fire Safety	373,671	150,000	523,671	0	0	0	523,671	3,313,829	3,837,500
Related Assets	-	50,000	50,000	0	0	0	50,000	0	50,000
Exceptional & Extensive	-	300,000	300,000	0	0	0	300,000	0	300,000
Vehicles	-	-	-	0	0	0	0	0	0
ICT & Transformation	85,138	210,000	295,138	0	0	0	295,138	0	295,138
Aids & Adaptations & DFGs	-	370,000	370,000	0	0	0	370,000	0	370,000
Sub-Total Majors & Improvements	3,658,175	11,947,970	15,606,145	0	0	0	15,606,145	3,313,829	18,919,974
Social Housing Development	82,191,096	-	82,191,096	0	0	0	82,191,096	0	82,191,096
Total In-House HRA	85,849,271	11,947,970	97,797,241	0	0	0	97,797,241	3,313,829	101,111,070
Major Works	1,718,969	9,856,810	11,575,779	0	0	0	11,575,779	0	11,575,779
Fire Safety	129,600	-	129,600	0	0	0	129,600	0	129,600
Related Assets	-	-	-	0	0	0	0	0	0
Exceptional & Extensive	-	-	-	0	0	0	0	0	0
Vehicles	-	-	-	0	0	0	0	0	0
ICT & Transformation	-	-	-	0	0	0	0	0	0
Aids & Adaptations & DFGs	-	400,740	400,740	0	0	0	400,740	0	400,740
Sub-Total Majors & Improvements	1,848,569	10,257,550	12,106,119	0	0	0	12,106,119	0	12,106,119
Social Housing Development	2,699,654	10,002,510	12,702,164	0	0	0	12,702,164	0	12,702,164
Total ALMO HRA	4,548,223	20,260,060	24,808,283	0	0	0	24,808,283	0	24,808,283
Major Works	4,918,335	20,724,780	25,643,115	0	0	0	25,643,115	0	25,643,115
Fire Safety	503,271	150,000	653,271	0	0	0	653,271	3,313,829	3,967,100
Related Assets	-	50,000	50,000	0	0	0	50,000	0	50,000
Exceptional & Extensive	-	300,000	300,000	0	0	0	300,000	0	300,000
Vehicles	-	-	-	0	0	0	0	0	0
ICT & Transformation	85,138	210,000	295,138	0	0	0	295,138	0	295,138
Aids & Adaptations & DFGs	-	770,740	770,740	0	0	0	770,740	0	770,740
Sub-Total Majors & Improvements	5,506,744	22,205,520	27,712,264	0	0	0	27,712,264	3,313,829	31,026,093
Social Housing Development	84,890,750	10,002,510	94,893,260	0	0	0	94,893,260	0	94,893,260
Total HRA	90,397,494	32,208,030	122,605,524	0	0	0	122,605,524	3,313,829	125,919,353

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Appendix C: HRA Capital Financing of Total Approved Budget

HRA Capital Programme	TOTAL CAPITAL FINANCING	Capital Grant - Section 106	Capital Grants - Homes England	Capital Grant - Other	Capital Receipts	HRA Revenue Contribution	Major Repairs Reserve	Right To Buy (RTB) Capital Receipts	Borrowing
Major Works	14,067,336	-	-	1,000,000	-	-	13,067,336	-	-
Fire Safety	523,671	-	-	-	-	-	523,671	-	-
Related Assets	50,000	-	-	-	-	-	50,000	-	-
Exceptional & Extensive	300,000	-	-	-	-	-	300,000	-	-
Vehicles	-	-	-	-	-	-	-	-	-
ICT & Transformation	295,138	-	-	-	200,000	-	95,138	-	-
Aids & Adaptations & DFGs	370,000	-	-	-	-	-	370,000	-	-
Sub-Total Majors & Improvements	15,606,145	-	-	1,000,000	200,000	-	14,406,145	-	-
Social Housing Development	82,191,096	-	5,040,588	-	-	-	-	18,990,787	58,159,720
Total In-House HRA	97,797,241	-	5,040,588	1,000,000	200,000	-	14,406,145	18,990,787	58,159,720
Major Works	11,575,779	-	-	-	-	1,163,410	10,412,369	-	-
Fire Safety	129,600	-	-	-	-	-	129,600	-	-
Related Assets	-	-	-	-	-	-	-	-	-
Exceptional & Extensive	-	-	-	-	-	-	-	-	-
Vehicles	-	-	-	-	-	-	-	-	-
ICT & Transformation	-	-	-	-	-	-	-	-	-
Aids & Adaptations & DFGs	400,740	-	-	-	-	-	400,740	-	-
Sub-Total Majors & Improvements	12,106,119	-	-	-	-	1,163,410	10,942,709	-	-
Social Housing Development	12,702,164	112,000	2,472,450	-	-	-	-	1,688,349	8,429,365
Total ALMO HRA	24,808,283	112,000	2,472,450	-	-	1,163,410	10,942,709	1,688,349	8,429,365
Major Works	25,643,115	-	-	1,000,000	-	1,163,410	23,479,705	-	-
Fire Safety	653,271	-	-	-	-	-	653,271	-	-
Related Assets	50,000	-	-	-	-	-	50,000	-	-
Exceptional & Extensive	300,000	-	-	-	-	-	300,000	-	-
Vehicles	-	-	-	-	-	-	-	-	-
ICT & Transformation	295,138	-	-	-	200,000	-	95,138	-	-
Aids & Adaptations & DFGs	770,740	-	-	-	-	-	770,740	-	-
Sub-Total Majors & Improvements	27,712,264	-	-	1,000,000	200,000	1,163,410	25,348,854	-	-
Social Housing Development	94,893,260	112,000	7,513,038	-	-	-	-	20,679,136	66,589,085
Total HRA	122,605,524	112,000	7,513,038	1,000,000	200,000	1,163,410	25,348,854	20,679,136	66,589,085

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Appendix D: HRA Annual Profiling of Approved Capital Budget

HRA Capital Programme	Total Approved Budget	Planned Capex 2023/24	Planned Capex 2024/25	Planned Capex 2025/26	Planned Capex 2026/27	Planned Capex 2027/28	Planned Capex 2028/29	Planned Capex 2029/30	Planned Capex 2030/31
Major Works	14,067,336	14,067,336	0	0	0	0	0	0	0
Fire Safety	523,671	523,671	0	0	0	0	0	0	0
Related Assets	50,000	50,000	0	0	0	0	0	0	0
Exceptional & Extensive	300,000	300,000	0	0	0	0	0	0	0
Vehicles	0	0	0	0	0	0	0	0	0
ICT & Transformation	295,138	295,138	0	0	0	0	0	0	0
Aids & Adaptations & DFGs	370,000	370,000	0	0	0	0	0	0	0
Sub-Total Majors & Improvements	15,606,145	15,606,145	0	0	0	0	0	0	0
Social Housing Development	82,191,096	9,438,477	14,249,899	18,434,353	12,774,879	8,927,976	8,725,275	8,016,150	1,624,087
Total In-House HRA	97,797,241	25,044,622	14,249,899	18,434,353	12,774,879	8,927,976	8,725,275	8,016,150	1,624,087
Major Works	11,575,779	11,575,779	0	0	0	0	0	0	0
Fire Safety	129,600	129,600	0	0	0	0	0	0	0
Related Assets	0	0	0	0	0	0	0	0	0
Exceptional & Extensive	0	0	0	0	0	0	0	0	0
Vehicles	0	0	0	0	0	0	0	0	0
ICT & Transformation	0	0	0	0	0	0	0	0	0
Aids & Adaptations & DFGs	400,740	400,740	0	0	0	0	0	0	0
Sub-Total Majors & Improvements	12,106,119	12,106,119	0	0	0	0	0	0	0
Social Housing Development	12,702,164	8,699,918	4,002,246	0	0	0	0	0	0
Total ALMO HRA	24,808,283	20,806,037	4,002,246	0	0	0	0	0	0
Major Works	25,643,115	25,643,115	0	0	0	0	0	0	0
Fire Safety	653,271	653,271	0	0	0	0	0	0	0
Related Assets	50,000	50,000	0	0	0	0	0	0	0
Exceptional & Extensive	300,000	300,000	0	0	0	0	0	0	0
Vehicles	0	0	0	0	0	0	0	0	0
ICT & Transformation	295,138	295,138	0	0	0	0	0	0	0
Aids & Adaptations & DFGs	770,740	770,740	0	0	0	0	0	0	0
Sub-Total Majors & Improvements	27,712,264	27,712,264	0	0	0	0	0	0	0
Social Housing Development	94,893,260	18,138,395	18,252,145	18,434,353	12,774,879	8,927,976	8,725,275	8,016,150	1,624,087
Total HRA	122,605,524	45,850,659	18,252,145	18,434,353	12,774,879	8,927,976	8,725,275	8,016,150	1,624,087

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Appendix E: HRA Profiled Capital Budget for 2023/24 Vs Forecast Capital Outturn for 2023/24

HRA Capital Programme	Profiled Capex Budget 2023/24	Expenditure YTD	% Spend	Forecast Outturn 2023/24	Variance; - underspend + overspend	- Slippage c/f	In Year - Underspend + Overspend
Major Works	14,067,336	1,943,377	14%	8,631,014	(5,436,322)	(5,436,322)	0
Fire Safety	523,671	783,699	150%	1,500,000	976,329	976,329	0
Related Assets	50,000	0	0%	110,000	60,000	60,000	0
Exceptional & Extensive	300,000	49,740	17%	300,000	0	0	0
Vehicles	0	0	0%	0	0	0	0
ICT & Transformation	295,138	7,512	3%	95,138	(200,000)	0	(200,000)
Aids & Adaptations & DFGs	370,000	121,878	33%	370,000	0	0	0
Sub-Total Majors & Improvements	15,606,145	2,906,207	19%	11,006,152	(4,599,993)	(4,399,993)	(200,000)
Social Housing Development	9,438,477	3,978,155	42%	9,438,477	0	0	0
Total In-House HRA	25,044,622	6,884,362	27%	20,444,629	(4,599,993)	(4,399,993)	(200,000)
Major Works	11,575,779	3,671,611	32%	11,575,779	0	0	0
Fire Safety	129,600	1,604,102	1238%	129,600	0	0	0
Related Assets	0	0	0%	0	0	0	0
Exceptional & Extensive	0	0	0%	0	0	0	0
Vehicles	0	0	0%	0	0	0	0
ICT & Transformation	0	0	0%	0	0	0	0
Aids & Adaptations & DFGs	400,740	70,350	18%	400,740	0	0	0
Sub-Total Majors & Improvements	12,106,119	5,346,063	44%	12,106,119	0	0	0
Social Housing Development	8,699,918	5,966,187	69%	8,208,577	(491,341)	8,659	(500,000)
Total ALMO HRA	20,806,037	11,312,250	54%	20,314,696	(491,341)	8,659	(500,000)
Major Works	25,643,115	5,614,988	22%	20,206,793	(5,436,322)	(5,436,322)	0
Fire Safety	653,271	2,387,802	366%	1,629,600	976,329	976,329	0
Related Assets	50,000	0	0%	110,000	60,000	60,000	0
Exceptional & Extensive	300,000	49,740	17%	300,000	0	0	0
Vehicles	0	0	0%	0	0	0	0
ICT & Transformation	295,138	7,512	3%	95,138	(200,000)	0	(200,000)
Aids & Adaptations & DFGs	770,740	192,228	25%	770,740	0	0	0
Sub-Total Majors & Improvements	27,712,264	8,252,270	30%	23,112,271	(4,599,993)	(4,399,993)	(200,000)
Social Housing Development	18,138,395	9,944,342	55%	17,647,055	(491,341)	8,659	(500,000)
Total HRA	45,850,659	18,196,612	40%	40,759,326	(5,091,334)	(4,391,334)	(700,000)

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Somerset Council



Full Council

20 December 2023

Additional Council Tax Premiums

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 and Benefits Manager

Author: Richard Sealy

Contact Details: e-mail: richard.sealy@somerset.gov.uk, Tel: 01823 217558

Summary / Background

1. In recent years Government have provided increasing flexibility to local authorities to determine the amount of discount awarded, if any, for empty properties and second homes. In addition, local authorities have been provided with the ability to charge premiums for long-term empty properties. Recognising the national housing shortages, the intention of these changes is to bring properties back into full-time use.
2. Last year, in the lead up to the creation of the new Somerset Council, detailed work was undertaken to formally align the existing legacy district discretionary policies in relation to Council Tax discounts and premiums. This was a relatively straightforward exercise as there was already a high degree of alignment across the legacy districts, although some changes were introduced. The then Somerset County Council agreed to the new aligned policy at its meeting on 23 November 2022. A summary of the current policy can be found at Appendix 1.
3. Prior to 23 November 2022, the Government had been indicating for some time their intention to extend the powers to charge premiums through the introduction of the Levelling Up and Regeneration Bill. Specifically, they indicated that they intended to implement discretionary powers for local authorities to reduce the qualifying period for the long-term empty premium from two years to one and to introduce a premium for 'second homes' (dwellings which are furnished, but unoccupied).
4. In anticipation of this change in law Council agreed in principle on 23 November 2022, as part of the broader policy decision, that it would implement both additional premiums when they came into law. This recommendation along with the wider Council Tax discounts and premiums policy recommendations were considered by the appropriate Scrutiny Committee and the Executive in advance of the Council decision.

5. The Levelling Up and Regeneration Bill has now received Royal Assent and has passed into law. The core elements of the Council Tax changes, as outlined above, remain the same. However, Government have indicated their intention to provide for specific 'exemptions' from the additional premiums and have made provision for this within the Act. Consultation was undertaken over the summer regarding the potential content of these exemptions, but, at the time of writing, we have yet to receive details of the actual exemptions. (NB. The consultation can be viewed at [Consultation on proposals to exempt categories of dwellings from the council tax premiums in England - GOV.UK \(www.gov.uk\)](https://www.gov.uk/consultation-on-proposals-to-exempt-categories-of-dwellings-from-the-council-tax-premiums-in-england))
6. Given that these changes have only just come into law and the intention to provide for statutory exemptions from the premiums, it makes sense for Council to formally reaffirm its decision to implement both premiums. Doing so will help to significantly minimise the risk of any legal challenge to these new premiums.
7. Consequently, as this report simply seeks the reaffirmation of decisions which have already been subject to scrutiny and which have already been taken in principle by the Council, these recommendations are going straight to Council on 20 December 2023.
8. The reduction in the qualifying period for the long-term empty premium can be implemented from 1st April 2024. The decision to implement a second homes premium cannot by law be implemented until 1st April 2025.
9. If implemented and based upon the current year's Council Tax charges we estimate that these changes could generate £1.72m of additional Council Tax revenue in 2024/25 and £4.09m in 2025/26. This additional income would benefit the Council Tax Collection Fund and consequently would be split proportionately between the major preceptors.

Recommendations

10. Council is recommended to reaffirm the decision taken on 23 November 2022 to:
 - i) Reduce the qualifying period for the long-term empty property premium to one year effective from 1st April 2024; and
 - ii) Implement a 100% premium for second homes (dwellings which are furnished, but unoccupied) effective from 1st April 2025.
11. Council is also recommended to delegate powers to the Council's Section 151 Officer to enable them to amend the policy and / or any associated procedures to ensure

alignment with the regulations or statutory guidance relating to the exemptions from the premiums, when these are issued or subsequently amended by Government.

Reasons for recommendations

12. These recommendations allow us to implement changes already agreed in principle by Council on 23 November 2022.

Other options considered

13. The alternative to asking Council to reaffirm its original decision would be to simply rely on that decision to enable us to implement the new legislation. Given that the original decision was taken prior to the finalisation of the legislation and that minor adjustments have been made, this could potentially leave that original decision open to legal challenge. Reaffirming the decision will help to significantly reduce the risk of legal challenge.
14. The adjustments that have been made to the legislation are minor and do not impact on the core principles and intentions of the legislation (i.e. to reduce the long-term empty qualifying period to one year and provide for the charging of a premium for second homes). Consequently, as these changes are minor the original decision in principle does not need to be reconsidered.

Links to Council Plan and Medium-Term Financial Plan

15. The intention of the policy is to encourage the owners of second properties to bring them back into full time use and occupation through the imposition of premiums. This supports the council's priorities around the provision of housing.
16. The implementation of the additional premiums will provide additional Council Tax income for the Council.

Financial and Risk Implications

Financial implications

17. We have worked with an external Revenues and Benefits specialist, David Airey from ACS Ltd, to identify the estimated additional income we can potentially generate from implementing the new premiums.

The long-term empty premium

18. The reduction in the long term empty qualifying period from two years to one year can be implemented from 1 April 2024. We currently have a total of 2,638 empty and unoccupied properties, which are comprised of both short term and long term. The breakdown is shown in Table 1 below.

Table 1 Empty properties

10 years +	87
5 years +	106
2 years +	453
Less than 2 years	1,992
TOTAL	2,638

(The above figures are taken from the October 2023 Council Tax Base report)

19. Based on exercises conducted in other local authorities we estimate that approximately 40% of empty dwellings will be subject to a long-term empty premium if we reduce the qualifying period to one year. This increases the tax base by an estimated 813 band D equivalent properties. Multiplied by the current year's average band D amount of £2,115, this generates additional income of £1.72m in 2024/25.

Second homes premium

20. The new legislation allows for us to implement the new second homes premium from 1 April 2025. Based on the October 2023 Council Tax Base report, we currently have a total of 2,888 properties which are classed as being second homes (dwellings which are furnished, but unoccupied).
21. The Government are, as stated above, introducing certain exemptions from premiums and these were outlined in the consultation paper entitled; Consultation on proposals to exempt categories of dwellings from the council tax premiums in England. The consultation (which has now ended), sought views on possible categories of dwellings which should be dealt with as exceptions to the council tax premiums. It covers the empty homes premium, and also the second homes premium, provisions for which are included within the Levelling Up and Regeneration Act 2023. The consultation can be viewed at [Consultation on proposals to exempt categories of dwellings from the council tax premiums in England - GOV.UK \(www.gov.uk\)](https://www.gov.uk/consultation-on-proposals-to-exempt-categories-of-dwellings-from-the-council-tax-premiums-in-england)
22. In view of this, it is prudent to assume that the exemptions may apply to up to 30% of properties in this category. Taking this estimated 30% reduction into account, this change produces an estimated increase in the tax base of 1,932 band D equivalent properties. Based on the current year's average band D amount of £2,115, this would

generate additional income of in the region of £4.09m effective during the financial year 2025/26.

Risk implications

23. Set out below are the key risks identified in respect of these proposals.

Risk	Mitigating actions / comments	Score L = Likelihood I = Impact
Legal challenge by way of an appeal to the Valuation Tribunal on our ability to charge the premiums	Asking Council to reaffirm the decision to charge the premiums following the enactment of the Levelling up and Regeneration Bill should significantly reduce the risk of successful legal challenge.	L3 x I3 = 9
The new premiums do not generate the anticipated additional income	We have purposefully been conservative in the income projections and made reasonable adjustments for the impact of the new exemptions from the premiums	L3 x I3 = 9
The new premiums cause financial hardship to people struggling to dispose of second properties	Protection is provided by existing discounts and exemptions, the new exemptions from the premiums and in extreme cases we can use the Section 13A 1(c) provisions	L3 x I3 = 9

Legal Implications

24. Sections 79 and 80 of the Levelling Up and Regeneration Act 2023 provide the legal powers for the Council to apply these changes and additional premiums.
25. Council took a decision in principle on 23 November 2022 in advance of these changes in law, but it is recommended that it reaffirm this decision in order to reduce the potential risk of legal challenge.

HR Implications

26. There are no HR implication resulting from this report.

Other Implications:

Equalities Implications

27. The changes proposed relate to the charging of premiums for long-term empty properties and for second homes (furnished, but unoccupied properties). Legislation provides local authorities with the discretion to decide whether or not to apply these additional premiums. Should we decide to do so then the level of the premium to be charged is determined by legislation.

28. Full Council took a decision in principle on 23 November 2022 to charge these additional premiums. A full Equalities Impact Assessment (EIA) was undertaken and included with the report and recommendations that went to that meeting. This can be viewed at Appendix A in Paper C to agenda item 6 in the [\(Public Pack\)Agenda Document for County Council, 23/11/2022 10:00 \(somerset.gov.uk\)](#).

29. We have not undertaken a further EIA in respect of this report as it is essentially just asking for Council to reaffirm a decision already taken.

30. However, it is worth commenting that existing legislation together with the intended new exemptions from the premiums will provide potential benefits for people with protected characteristics. These include:

- Existing Council Tax discounts exemptions will continue to apply for people who have left a property in order to receive or provide care
- The existing discount for job-related dwellings where a person is required to live elsewhere by reason of their employment will continue to apply. This can often apply to armed forces personnel
- The Section 13A 1(c) provisions allow us to make discretionary awards in case of hardship

Community Safety Implications

31. There are no community safety implications resulting from these recommendations.

Climate Change and Sustainability Implications

32. There are no specific climate change and sustainability implications from these recommendations.

Health and Safety Implications

33. There are no specific health and safety implications from these recommendations.

Health and Wellbeing Implications

34. The recommendations and policy changes are designed to encourage the occupation of empty premises and bring second homes into use for local residents and to provide additional revenue to the council. This should have positive benefits for local communities.

Social Value

35. The recommendations and policy changes are designed to encourage the occupation of empty premises and bring second homes into use, which should benefit local communities.

Scrutiny comments / recommendations:

36. The original proposals were considered by the Scrutiny for Policies and Place Committee on 11 October 2022 in conjunction with the wider Council Tax Discounts and Premiums policy. The committee were broadly supportive of the entire policy and made no specific comments in relation to the changes outlined in this report.

Background

Council Tax discounts, premiums and local discretion

37. A large part of the Council Tax legislation is mandatory on all billing authorities within England. Discounts (such as Single Person Discounts), Disregards and Exemptions are set by statute with no local discretion allowed.

38. However, there are an increasing number of areas where each Council may determine locally the type and levels of charge to be made. The current main discretionary areas are as follows:

- (a) Second homes (premises which are no-one's sole or main residence but are furnished);
- (b) Unoccupied and substantially unfurnished premises;

- (c) Unoccupied and substantially unfurnished premises which require or are undergoing structural repairs; and
- (d) Premiums where premises have been unoccupied and substantially unfurnished for a period exceeding 2 years.

39. The clear intention of Government in introducing the powers to levy premiums for empty properties is to encourage such properties to be brought back into full time residential use.

40. Government have been indicating for some time their intention to extend the powers of local authorities to levy premiums in respect of certain types of unoccupied properties. Specifically this includes:

- (a) Long-term empty properties (i.e. unoccupied and unfurnished properties) where they intend to reduce the qualifying period from two years to one year; and

- (b) Second homes (i.e. dwelling which are furnished, but unoccupied) where they intend to introduce the power to charge a 100% premium.

41. These additional changes have now been enacted through the Levelling-up and Regeneration Act 2023. Government have also now made provision within the legislation to enable them to create specific exemptions from the additional premiums. These exemptions were not anticipated when Members considered the recommendations last year.

42. The exemptions will apply to properties in specific circumstances and prevent us from charging the levy for a specified period of time. The effect of this is to reduce rather than extend the scope of the premiums and it will obviously also reduce the amount of income that can be generated. We have not been formally notified yet of the exemptions, but Government did undertake consultation over the summer. From this consultation we understand that they are likely to include the following types of situations:

- Properties undergoing probate - the Government proposes that these properties should be exceptions to both the second homes and empty homes premiums for 12 months. The exception would start once probate or letters of administration are granted. This does not affect the existing Class F exemption or the ability for billing authorities to charge the normal rate of council tax following the expiry of the Class F exemption
- Properties that are being actively marketed for sale or rent - the Government proposes that this exception would apply for up to a maximum of 6 months from

the date that active marketing commenced, or until the property has been sold or rented, whichever is the sooner. It will be essential that the Council will need to determine in its policy, what evidence will be required to support any exception

- Empty properties undergoing major repairs - time limited to 6 months - the Government proposes that empty properties undergoing major repair works or structural alterations should be an exception to the premium for up to 6 months once the exception has been applied or when the work has been completed, whichever is the sooner. The exception could be applied at any time after the property has been empty for at least 12 months, so long as the Council is satisfied that the necessary repair work is being undertaken
- Annexes forming part of, or being treated as, part of the main dwelling - the Government proposes that such annexes should be an exception to the council tax premium on second homes
- Job related dwellings - currently, there is a council tax discount of up to 50% for properties which are unoccupied because the owner is required to live elsewhere for employment purposes. The discount applies where the dwelling is provided for the better performance of the duties of the employment, and it is one of the kinds of employment in the case of which it is customary for employers to provide dwellings for employees. The Government proposes that the job related dwellings provision should also be an exception to the second homes premium. The exception will not apply to cases where someone chooses to have an additional property to be closer to work while having a family home elsewhere or where an individual is posted to a new location but maintains their previous address
- Occupied caravan pitches and houseboat moorings - the Government proposes that these caravans and boats should be an exception to the council tax premium on second homes
- Seasonal homes where year-round or permanent occupation is prohibited or has been specified for use as holiday accommodation or prevents occupancy as a person's sole or main residence - the Government proposes that properties that have restrictions or conditions preventing occupancy for a continuous period of at least 28 days in any 12-month period, or specifies its use as a holiday let, or prevents occupancy as a person's sole or main residence, should be an exception to the second homes premium

43. It is understood that regulations or guidance (which has to be followed in accordance with the Levelling Up and Regeneration Act) will be in line with government's proposal. In view of this, the Council will need to ensure that any charging policy or procedure aligns with legislation. It is therefore recommended that the Council's Section 151

Officer is granted delegated powers to amend the Council's policy relating to premiums in line with legislative or government requirements and changes.

44. Local authorities, as billing authorities, are required to make formal determinations as to the levels of discounts and premiums they choose to award and charge in respect of these categories. These decisions have to be taken by full Council and, once agreed, published within 21 days.

The existing Somerset Council policy

45. Somerset County Council agreed on 23 November 2022 the policies in relation to discounts and premiums that would be effective from 1st April 2023 for the new Somerset Council. This included the agreement in principle to charge the new premiums proposed through the Levelling-up and Regeneration Bill, which had not been enacted at that stage.
46. The policies agreed last year are summarised at Appendix 1. The only changes proposed to these policies are the two additional premiums detailed in this report, which were agreed in principle by Council on 23 November 2022.
47. Given that these changes have only just come into law and the intention to provide for statutory exemptions from the premiums, it makes sense to formally reaffirm the Council's decision to implement both premiums. Doing so will help to significantly minimise the risk of any legal challenge to these new premiums.
48. Upon receipt of the statutory exemptions to the premiums we will develop local procedures to ensure that they are implemented in a fair and consistent manner across Somerset.

Exceptional circumstances

49. Clearly there may be instances where it is not appropriate and we would not wish to levy an additional premium. Legislation makes provision for this and specifically so through:
 - (a) A range of pre-existing discounts and exemptions to cater for circumstances where properties are left unoccupied as a result of people moving into residential care, following bereavement, living elsewhere to provide care etc;
 - (b) The new exemptions from the premiums; and
 - (c) The provisions of our Section 13A 1(c) policy which provide us with general powers to reduce Council Tax in situations where there is hardship.

Background Papers

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

Appendices

- **Appendix 1 – Summary of the Council Tax Discount and Premiums Discretionary Policy agreed 23 November 2022 and proposed additional premiums**

Report Sign-Off (if appropriate)

	Officer Name	Date Completed
Legal & Governance Implications	David Clark	1 Dec 2023
Communications	Peter Elliott	29 Nov 2023
Finance & Procurement	Nicola Hix	5 Dec 2023
Workforce	Dawn Bettridge	
Asset Management	Oliver Woodhams	5 Dec 2023
Executive Director / Senior Manager	Jason Vaughan	29 Nov 2023
Strategy & Performance	Sara Cretney	6 Dec 2023
Executive Lead Member	Cllr Liz Leyshon	29 Nov 2023
Consulted:	Councillor Name	
Local Division Members	N/A	
Opposition Spokesperson	Cllr Mandy Chilcott	29 Nov 2023
Scrutiny Chair	Cllr Bob Filmer	29 Nov 2023

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Summary of the Council Tax Discount and Premiums Discretionary Policy agreed 23 November 2022 and proposed additional premiums

Discount / premium type	Existing policy agreed 23 Nov 2022	Recommended changes resulting from the Levelling-up and Regeneration Act 2023
Second Homes (Class A – 28-day planning restriction ¹) Furnished, but unoccupied property (i.e. not a sole or main residence)	0% discount	100% premium ²
Second Homes (Class B – NO planning restriction ³) Furnished, but unoccupied property (i.e. not a sole or main residence)	0% discount	100% premium
Class C Unoccupied / substantially unfurnished	0% discount	
Long-term empty – 2 year premium	100% premium	Reduction in the qualifying period for the premium to 1 year
Long-term empty – 5 year premium	200% premium	

¹ **restricted** by a planning condition preventing occupancy for a continuous period of at least 28 days

² In practice we anticipate that Govt. will exempt properties with occupation restrictions from being charged the premium

³ the occupation of which is **not restricted** by a planning condition preventing occupancy for a continuous period of at least 28 days in the relevant year

Long-term empty - 10 year premium	300% premium	
Class D structural repairs Unoccupied and substantially unfurnished	0% discount	
Care leavers below 25 years old S13A 1(c)	100% discount	
Foster Carers (meeting the qualifying criteria) S13A 1(c)	50% discount	

Somerset Council

Full Council
20 December 2023



Somerset Council Redundancies Requiring Full Council Approval under the Localism Act Arising from the Implementation of the Senior Management Structures in the Climate and Place, Community Services and Resources and Corporate Services Directorates

Executive Member(s): Councillor Theo Butt-Philip, Lead Member for Transformation and Human Resources

Local Member(s) and Division: Not applicable

Lead Officer: Alyn Jones, Executive Director Strategy, Workforce and Localities

Author: Sari Brice, Strategic Manager HR Practice

Contact Details: alyn.jones@somerset.gov.uk and sari.brice@somerset.gov.uk

1. Summary

- 1.1.** The purpose of this report is to present details of proposed dismissals on account of redundancy in relation to the creation of Somerset Council and the appointments to senior management posts in the Climate and Place, Community Services and Resources and Corporate Services Directorates. It provides recommendations on the role of Full Council in relation to these dismissals and requests the necessary delegation to the Somerset Council Chief Executive to finalise details of the payments associated with the redundancies, in line with appropriate legislation and policies.

Following consultation on the structure of the senior management teams in Climate and Place, Community Services and Resources and Corporate Services and potential redundancies, and subsequent recruitment processes to these senior management teams, 16 members of staff no longer have a permanent role with the Council.

Of this group, 5 members of staff have redundancy packages (includes contractual redundancy payment and pension strain costs) that exceed £100k and therefore require the approval of Full Council.

Appendix A presents the cost of the redundancies to the Council. All payments are in accordance with statutory and contractual obligations. The Appendix also splits out the costs to the authority and the payment received by the officer.

1.2. Creation of a single unitary authority for Somerset

On 21 July 2021 the Secretary of State for Housing, Communities and Local Government announced his decision to implement a single unitary council covering the whole of the administrative county of Somerset. This decision enabled implementation of the One Somerset Business case submitted on 30 July 2020.

On 18 March 2022 the Secretary of State made the Somerset (Structural Changes) Order 2022 (SCO). The SCO formalised the decision to implement the business case and set out the legal framework for implementation.

1.3. The programme to achieve this outcome had the following objectives:

- Create a new unitary Council for Somerset that delivers the approved business case on 1 April 2023.
- Enable performance capability – to deliver the approved business case vision on 1 April 2023.
- Develop the new council to optimise benefits and opportunities from 1st April 2023 to 31st March 2025.

1.4. Somerset Council was established on 1 April 2023, with the four District Councils abolished and their functions transferring to Somerset County Council, as the continuing authority.

1.5. Upon the establishment of Somerset Council, staff at the four district councils employed immediately before the transfer became Somerset Council employees on 1 April 2023; in the case of local government reorganisation, this is confirmed in Regulation 3 of the Local Government (Structural and Boundary Changes) (Staffing) Regulations 2008.

1.6. Savings through implementation of new Directorate senior management structures for Somerset Council

The move to a single council provides scope to drive many efficiencies and improvements in the provision of public services and provide simpler routes of access to public services in Somerset. One of the efficiencies will be to make ongoing savings in the operation of council services.

The One Somerset Business Case detailed proposed annual savings (£18.5m) from the implementation of local government reorganisation (LGR) in Somerset, once investment to deliver the new council has been recouped.

The implementation of new Directorate senior management structures will release further savings as anticipated in the Business Case.

The cost of redundancies will be funded from the LGR implementation budget.

1.7. Creation of the new senior management structure in Climate and Place, Community Services and Resources and Corporate Services for Somerset Council

A consultation on the proposed new senior management structures in Climate and Place, Community Services and Resources and Corporate Services took place from 19 July to 2 September 2023. This consultation covered:

- The proposed structure for the senior management teams and the process to recruit to the new posts.
- Proposed redundancies that will be made as a result of the senior management restructures.

1.8. Realising savings through reduction in senior management posts

The Local Authorities (Standing Orders) (England) Regulations 2001 state that the dismissal of a member of staff of the authority must be discharged, on behalf of the Council, by the Head of Paid Service or their nominee.

This does not however apply to the following posts: (a) The Chief Executive (Head of paid service) (b) Executive Director – Resources and Corporate Services (Section 151 officer) (c) Service Director – Governance, Democratic and legal Services (monitoring officer) (d) Executive Director of Children and Family Services (e) Executive Director of Adult Services (f) Executive Director of Public Health (g) Executive Director – Strategy, Workforce and Localities (h) Executive Director – Community Services (i) Executive Director – Climate and Place And additionally; (j) any officer who reports or is directly accountable to the officers listed in (a) to (i).

2. Recommendations

- 2.1 Approve the severance costs for 5 posts as set out in Appendix A, where Full Council approval is required for costs that exceed £100,000.**
- 2.2 Delegate authority to the Chief Executive to agree the final date of dismissal and the final redundancy packages, noting that such settlements will not exceed contractual redundancy pay, the payment required under statute to the Local Government Pension Scheme, or the requirement for Full Council approval for any severance payment that exceeds £100,000.**

3. Summary of the redundancy process and considerations

- 3.1.** Full consideration has been given to policy, governance and employment law considerations relating to the redundancy process and follows discussion with Somerset Council's legal advisors and HR, Legal and Governance colleagues.
- 3.2.** An employee who is made redundant:
 - Must be given notice of the termination of their employment and must be paid for their notice period.
 - Must be paid a redundancy payment in line with statutory entitlement and any contractual entitlement.
 - Must be paid any accrued holiday pay due to them as at the termination date; and:
 - If they are age 55 or over, their LGPS pension becomes payable, and the Council is required to pay any pension strain so that the employee takes the pension free of any actuarial reduction.
- 3.3.** Subject to Full Council approval of the recommendations in this report, the timescales for implementing the next and final stages of the redundancy process are:
 - **21 December 2023:** Notice of redundancy served, following decisions at Full Council meeting. Staff advised of right of appeal.
 - **Week commencing 25 March 2024 at the latest:** Dismissals on grounds of redundancy become effective, dependent on contractual notice periods and pending appeals or executive objections.

4. Background papers

Appendix A: Redundancy costs for those over £100k.

Appendix B: One Somerset Business Case

<https://newsomersetcouncil.org.uk/wp-content/uploads/2020/07/OneSomersetBusinessCase.pdf>

Note: For sight of individual background papers please contact the report author(s)

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Appendix A – Redundant Posts and Severance Payments

Please note that these are the latest calculations, based on conversations with affected staff and figures that have been received to date.

Legacy Council	New Directorate	Current Post Name (Job Title)	Redundancy Est – Statutory	Redundancy Est – Enhancement	Employer’s Pension Costs	Total Costs
SCC	Community Services	Service Manager Customer Access & Experience	£18,004	£8,923	£140,008	£166,935
SSDC	Community Services	Lead Specialist – Environment	£43,403	£27,831	£188,281	£259,515
MDC	Community Services	Public Protection Manager	£57,870	£34,319	£53,986	£146,175
SDC	Climate & Place	Building Control Manager	£40,509	£29,275	£62,093	£131,877
SDC	Resources & Corporate Services	Finance Manager	£54,012	£32,411	£171,890	£258,313
	Overall Total		£213,798	£132,759	£616,258	£962,815

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Appendix B

One Somerset Business Case

Available at: <https://newsomersetcouncil.org.uk/wp-content/uploads/2020/07/OneSomersetBusinessCase.pdf>

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Somerset Council

Full Council
20 December 2023



Report of the Standards Committee – members’ declaration of gifts and hospitality

Chair of the Standards Committee: Councillor John Bailey

Lead Officer: David Clark, Service Director – Governance, Democratic and Legal Services

Authors: Scott Wooldridge and Steve Taylor, Democratic Services

Contact Details: steve.taylor@somerset.gov.uk

1. Summary

- 1.1 The Standards Committee reviewed the level at which Gifts and Hospitality are declared by elected members under the Members Code of Conduct (Part H) of Somerset Council’s Constitution.
- 1.2 The Committee recommend to Council that the level at which Gifts and Hospitality be declared by elected members be reduced from the current £50 to £10 and that the form members complete be amended, to further improve openness and transparency.

2. Recommendations

- 2.1 That Full Council amend the Section 9 (Gifts and hospitality) of the Members Code of Conduct, Part H of Somerset Council’s Constitution, as follows:
 1. That paragraph 9.5 of the Members Code of Conduct be amended to ‘I register with the Monitoring Officer any gift or hospitality with an estimated value of at least £10 within 28 days of its receipt.’
 2. That paragraph 9.6 of the Members Code of Conduct be amended to ‘I register with the Monitoring Officer any gift or hospitality with an estimated value of at least £10 that I have been offered but have refused to accept within 28 days of the offer. It is recommended that a member sets out their reasons for either refusing or accepting.’

3. Amendments to the declaration form so that elected members indicate whether the gift and hospitality being declared had been accepted or not.
4. That a non-mandatory box be added to the declaration form to allow members to give reasons, should they wish to do so, as to why they accepted or refused the gift or hospitality being declared.

3. Background

- 3.1 Somerset Council adopted the Local Government Association (LGA) Model Code of Conduct following a decision of Full Council in February 2022 ahead of the elections in May 2022. That Code was incorporated into the new Council's Constitution that was approved in February 2023. This has transitioned to the new Somerset Council from 1 April 2023.
- 3.2 The Members' Code of Conduct sets out the requirement that Somerset Council Members should declare any gifts or hospitality either accepted or rejected by a member over an estimated value of £50. Many councils have adopted that approach for their councillors to declare any gifts or hospitality.
- 3.3 The Committee reviewed the current requirements at its meetings on 30 August 2023 and 25 October 2023 where the Committee's Priority Group 3 made recommendations regarding revisions to the current arrangements for members to declare any gifts and hospitality.

4. Implications

- 4.1 Changing the estimated value for declarations from £50 to £10 represents a significant change from the LGA Model Code of Conduct **and** from the Model Code of Conduct which the Council, and its predecessor Councils, had all been encouraging all the city, town and parish councils in Somerset to adopt.
- 4.2 Reducing or increasing the level at which declarations need to be made will place a greater or lesser reliance on Members to ensure they make declarations.
- 4.3 Democratic Services administers the Register of Gifts and Hospitality and any changes to the current requirements would require some procedural and administration changes to be made.

5. Background Papers

- 5.1 The Constitution and Governance Committee's report to Full Council on 22 February 2023. [Constitution & Governance Committee report](#)
- 5.2 The report considered by the Standards Committee on 25 October 2023 ([Review of Gifts and Hospitality - Updated report and appendices](#))

Note For sight of individual background papers please contact the report author

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Somerset Council

Full Council
- 20 December 2023



Report of the Licensing and Regulatory Committee – Item for Decision

Executive/Lead Members: Councillor Federica Smith-Roberts – Lead Member for Communities, Housing and Culture and Councillor Simon Carswell – Chair of Licensing and Regulatory Committee

Division and Local Member: All

Lead Officers: Alan Weldon – Licensing and Fraud Manager

Author: Clare Rendell - Specialist - Democratic Services

Contact Details: democraticserviceteam@somerset.gov.uk

1. Summary

- 1.1 This report sets out the Licensing and Regulatory Committee’s recommendation to Council arising from their consideration of the report at the Licensing and Regulatory Committee meeting on 12 October 2023.

Note: The references in this report to Paper A relate to the relevant report considered by the Licensing and Regulatory Committee containing specific recommendations for Full Council to consider and are appended to this report for reference.

- 1.2 **Paper A (Statement of Principles – Gambling Policy)** was considered at the Licensing and Regulatory Committee meeting on 12 October 2023. The Licensing and Regulatory Committee endorsed Paper A and agreed for this to be reported to Full Council to consider and approve.

The report requests the approval of a new Statement of Principles - Gambling Policy.

Under the Gambling Act 2005 (the Act), Somerset Council as Licensing Authority must determine a Statement of Principles describing how it will deal with matters pertaining to the Act. The statement represents a policy document and must be reviewed as necessary at intervals of at least three years.

2. Recommendations

- 2.1 **Statement of Principles – Gambling Policy** – see Paper A and its appendices that the Licensing and Regulatory Committee considered and endorsed at its meeting in October 2023. (Appendix A has been amended to reflect the changes requested at the meeting.)

The Council is recommended to approve the Statement of Principles – Gambling Policy.

3. Options considered and consultation undertaken

- 3.1 Options considered and details of consultation undertaken in respect of the recommendations set out above are set out in the reports and appendices within Paper A.

4. Implications

- 4.1 The implications are set out in the report and appendices within Paper A.

5. Background Papers

- 5.1 These are set out within Papers A and its appendices.

PAPER A

Licensing and Regulatory Committee
12 October 2023



Statement of Principles – Gambling Policy

Executive Member(s): Councillor Federica Smith-Roberts – Lead Member for Housing, Communities and Culture

Local Member(s) and Division: Licensing and Regulatory Committee Chair – Councillor Simon Carswell

Lead Officer: Alan Weldon – Licensing and Fraud Manager

Author: Alan Weldon – Licensing and Fraud Manager

Contact Details: alan.weldon@somerset.gov.uk – 01278 436452

1. Summary / Background

- 1.1 Somerset Council is a Licensing Authority as determined by Section 2 of the Gambling Act 2005 (the Act). Section 349 of the Act requires the Licensing Authority to determine a Statement of Principles describing how it will deal with gambling issues. The statement represents a policy document and must be reviewed as necessary at intervals of at least three years. Today's report details the next step in the necessary process, following a period of public consultation in advance of adoption by Full Council.

- 1.2 The Statement of Principles is a key tool for the Licensing Authority to set out its priorities and objectives relating to gambling, with a strong consideration of local issues and risks in relation to the land-based regulatory responsibility placed upon it. Furthermore, the policy document is intended to offer guidance to businesses when considering making applications in Somerset.

The draft Statement of Principles previously approved by Committee is attached as Appendix A. Consultation has since taken place over a 7-week period, resulting in 13 responses being received. These responses are shown in Appendix B along with Officer recommendations for consideration by the Committee.

2. Recommendations

- 2.1 The Committee is asked to consider the consultation comments made regarding the Gambling Policy, recommend any amendments, and recommend the final draft of the Policy for approval by Full Council.

3. Reasons for recommendations

- 3.1 There is a legal requirement that each Licensing Authority has in place a Statement of Principles.

4. Other options considered

- 4.1 Not applicable. This is a statutory requirement.

5. Links to Council Vision, Business Plan and Medium-Term Financial Strategy

- 5.1 Not applicable. This is a statutory requirement.

6. Financial and Risk Implications

- 6.1 There are no direct financial implications arising from approving this report. The Licensing Authority must have a Statement of Principles in place by legislative requirement.

7. Legal Implications

- 7.1 The Gambling Act 2005 requires the Council to determine and publish its Gambling Policy every three years. Before determining its Gambling Policy, the Council is required to consult the statutory consultees set out in the Gambling Act 2005.

8. HR Implications

- 8.1 None.

9. Other Implications:

10. Equalities Implications

10.1 None

11. Community Safety Implications

11.1 The role of the Licensing Authority includes regulation of gambling operators within its boundaries regarding operational compliance with the licensing objectives specified in the Act. One of these objectives is “protecting children and other vulnerable persons from being harmed or exploited by gambling”. Strong and robust assessments of local risks will, therefore, protect members of the Community who may be at risk of suffering from gambling related harm.

12. Climate Change and Sustainability Implications

12.1 None.

13. Health and Safety Implications

13.1 None.

14. Health and Wellbeing Implications

14.1 The entry under “Community Safety Implications” above equally applies to this section. The consultation process has, however, allowed health and welfare related agencies an opportunity to respond and for any comments to be taken into consideration by this Committee following the closure of the consultation period.

15. Social Value

15.1 Not applicable. This is a statutory requirement.

16. Scrutiny comments / recommendations:

16.1 Not applicable. This is a statutory requirement.

17. Background Papers

17.1 Not applicable. This is a statutory requirement.

Appendices

Appendix A – Draft Gambling Statement of Principles.

Appendix B – Consultation responses & Officer recommendations.



Somerset
Council

GAMBLING POLICY STATEMENT OF PRINCIPLES

Organisation	Somerset Council
Title	Gambling Policy – Statement of Principles
Author	Licensing
Owner	Licensing
Primary Legislation	Gambling Act 2005

Responsible	Licensing
Accountable	Licensing
Consulted	Public
Informed	Responsible Authorities

Version History

Revision Date	Author	Version	Description of Revision
20/10/2022	Alan Weldon	1	New policy created
26/01/2023	Alan Weldon	2	District leads approved policy

Document Notification

Approval	Name	Date
Consultation	Licensing & Regulatory Committee	15 th June 2023
Consider consultation response	Licensing & Regulatory Committee	12 th October 2023

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Contacts, links, and useful websites

If you wish to make comments on this Gambling Policy, or if you want further information regarding the Gambling Act 2005 please contact: -

Somerset Licensing Team

Telephone: 0300 123 2224

Email: licensing.mendip@somerset.gov.uk; licensing.sedgemoor@somerset.gov.uk; licensing.south@somerset.gov.uk; licensing.west@somerset.gov.uk

The Gambling Act 2005 can be viewed at: -

[Gambling Act 2005 \(legislation.gov.uk\)](https://www.legislation.gov.uk/ukpga/2005/19)

The Mandatory and Default Conditions for premises: -

[The Gambling Act 2005 \(Mandatory and Default Conditions\) \(England and Wales\) Regulations 2007 \(legislation.gov.uk\)](https://www.legislation.gov.uk/ukpga/2005/19/regulations/2007/1)

The Gambling Commission: -

[Gambling Commission website - Gambling Commission](https://www.gamblingcommission.gov.uk)

The Licence Conditions and Codes of Practice: -

[Licence Conditions and Codes of Practice - Gambling Commission](https://www.gamblingcommission.gov.uk/conditions-and-codes-of-practice)

The Gambling Act 2005 (Premises licences and provisional statements) regulations 2007: -

[The Gambling Act 2005 \(Premises Licences and Provisional Statements\) Regulations 2007 \(legislation.gov.uk\)](https://www.legislation.gov.uk/ukpga/2005/19/regulations/2007/1)

Gambling Commission Guidance to Licensing Authorities: -

[Guidance to Licensing Authorities \(6th Edition – April 2021\)](https://www.gamblingcommission.gov.uk/guidance-to-licensing-authorities)

Somerset Council Corporate Enforcement Policy: -

[Enforcement Policy \(somerset.gov.uk\)](https://www.somerset.gov.uk/corporate-enforcement-policy)

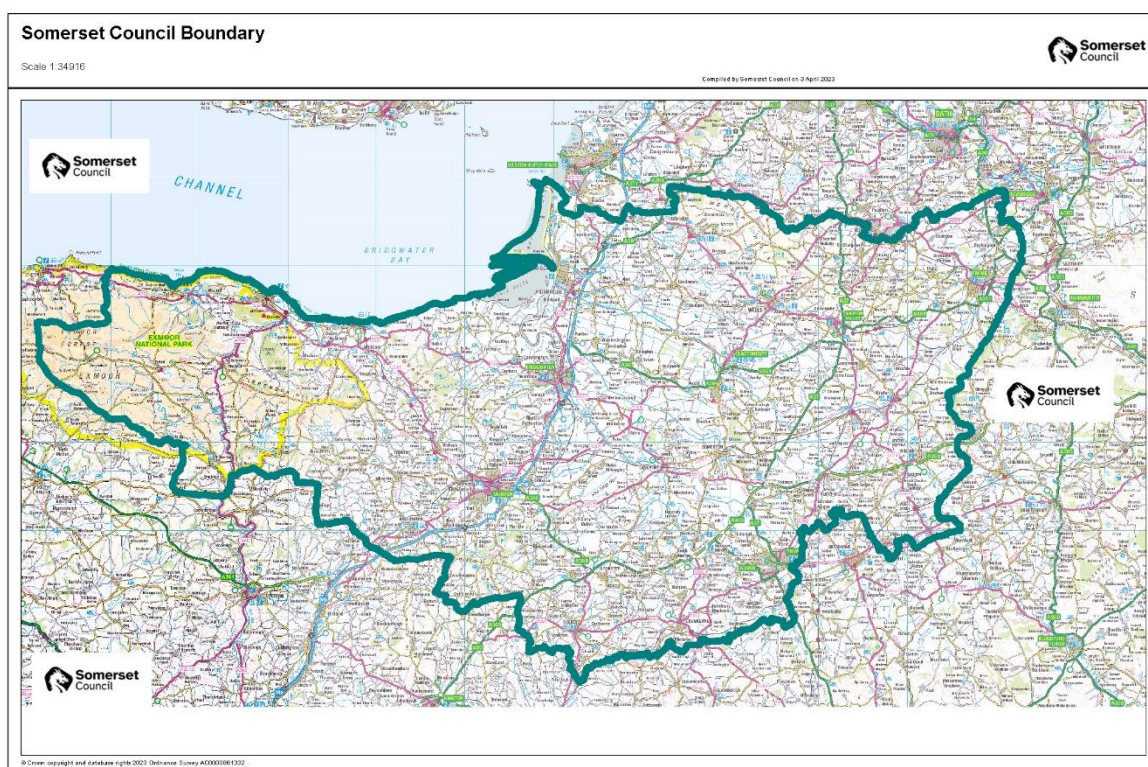
Somerset Council's Public Health

<https://www.somerset.gov.uk/social-care-and-health/public-health/>

Somerset Council Map and Summary

Somerset Council covers the administrative area of Somerset, formerly served by four district councils – Mendip, Sedgemoor, South Somerset and Somerset West and Taunton and Somerset County Council - and is one of largest unitary authorities in the UK. Somerset Council serves 572,000 residents; covers 3,500 square kilometers; has a 5,000-strong workforce; 110 elected members and a gross budget of £1bn.

Consequently, there is considerable variation demographically within the area when considering matters of policy. Because of its sheer size, Somerset Council has many different and diverse communities, neighbourhoods and economies from low carbon electricity generation at Hinkley Point C and Gravity, to world-leading aerospace industry, alongside small market towns, food and farming industries and National Parks. Noted for its stunning rural countryside ranging from rolling hills, Levels and Moors to coastal resorts, it is also well served by strategic transport links. Alongside neighbouring North Somerset and Bath and North East Somerset, these three unitary councils serve the historic county of Somerset.



1.0 GAMBLING POLICY - STATEMENT OF PRINCIPLES

1.1 LICENSING OBJECTIVES

Section 153 of the [Gambling Act 2005](#) requires that the Licensing Authority carry out its various licensing functions having regard to the following three licensing objectives:

- Preventing gambling from being a source of crime or disorder, being associated with crime or disorder, or being used to support crime.
- Ensuring that gambling is conducted in a fair and open way; and
- Protecting children and other vulnerable persons from being harmed or exploited by gambling.

In discharging its responsibilities under the Act (S.153) and in making decisions in relation to premises licences and temporary use notices the Licensing Authority will aim to permit the use of premises for gambling in so far as it thinks that its use will be:

- In accordance with any relevant code of practice issued by the Gambling Commission.
- In accordance with this Licensing Authority's Statement of Licensing Policy.

The Licensing Authority particularly notes the Gambling Commission's latest [Guidance to Licensing Authorities](#) (from now on referred to as the Gambling Commission's Guidance).

The Licensing Authority recognises the potential impact of gambling on the community within the district and will seek to address the needs of residents to ensure a safe and healthy environment in which to live and work, together with safe and well-run entertainment premises that will benefit the local economy.

1.2 INTRODUCTION

The Gambling Act 2005 ('the Act') also provides scope for the Gambling Commission (the Commission) to set an overall direction at national level, while leaving licensing authorities in the lead locally, with appropriate support from the Commission. The [guidance](#) to which licensing authorities must have regard, is an important part of those arrangements.

The Commission has issued [Guidance to Licensing Authorities](#) in accordance with Section 25 of the 2005 Act about the manner in which licensing authorities exercise their licensing functions under the Act and, in particular, the principles to be applied.

The Commission will also issue [Codes of Practice under Section 24](#) about the way in which facilities for gambling is provided, which may also include provisions about the advertising of gambling facilities.

Somerset Council is the Licensing Authority in accordance with the Act and is responsible for granting premises licences in Somerset in respect of:

- Casino premises.
- Bingo premises.
- Betting premises, including tracks.
- Adult Gaming Centres and
- Family Entertainment Centres (and permits to unlicensed Family Entertainment Centres)

Section 349 of the Act requires the Licensing Authority to publish a 'Statement of Licensing Policy' that sets out the principles the authority will generally apply to promote the licensing objectives when making decisions on applications made under the Act. This is commonly known as a Policy statement.

This Gambling Policy- Statement of Principles has, therefore, been prepared having regard to the provisions of the [Gambling Act 2005 Guidance to Licensing Authorities](#) issued by the Gambling Commission and responses received in response to the consultation process.

It is intended to be a discussion document leading to the adoption by Somerset Licensing Authority of a formal Statement of Licensing Policy after giving due regard to any responses from those consulted on the draft policy statement. The policy will come into effect on the date of adoption by the Licensing Authority and will be reviewed as necessary and at least every three years from the date of adoption.

This policy may be subject to further review changes as a result of any Gambling Review.

Should you have comments regarding this Statement of Policy please email – licensing.mendip@somerset.gov.uk; licensing.sedgemoor@somerset.gov.uk; licensing.south@somerset.gov.uk; or licensing.west@somerset.gov.uk

1.3 TYPES OF LICENCE

This document sets out the policies that the Licensing Authority will apply when making decisions upon applications or notifications made for:

- Premises Licences.
- Temporary Use Notices (TUN).
- Occasional Use Notices (OUN).
- Permits as required under the Act.
- Registrations as required under the Act.

1.4 LICENSABLE PREMISES AND PERMITS

This policy relates to all those licensable premises, notices, permits, and registrations identified as falling within the provisions of the Act, namely:

- Casinos.
- Bingo Premises.
- Betting Premises.
- Tracks.
- Adult Gaming Centres (AGC).

- Licensed Family Entertainment Centres (FEC).
- Unlicensed Family Entertainment Centres (uFEC).
- Club Gaming Permits & Club Machine Permits.
- Prize Gaming and Prize Gaming Permits.
- Gaming Machine Permits (alcohol licensed premises).
- Occasional Use Notices (OUN).
- Temporary Use Notices and (TUN).
- Registrations of small society lotteries.

The Licensing Authority is not responsible for online (remote) gambling which is regulated by the Gambling Commission.

In the Somerset Licensing Authority district, the type of gambling premises licences includes:

- Adult Gaming Centres (AGC).
- Bingo Premises.
- Betting Premises.
- Licensed Family Entertainment Centres (FEC).
- Unlicensed Family Entertainment Centres (uFEC).
- Racecourses (Tracks).

1.5 LICENSING AUTHORITY FUNCTIONS

Licensing authorities are required under the Act to:

- Be responsible for the licensing of premises where gambling activities are to take place by issuing Premises Licences.
- Issue Provisional Statements.
- Regulate members' clubs and miners' welfare institutes who wish to undertake certain gaming activities via issuing Club Gaming Permits and/or Club Machine Permits.
- Issue Club Machine Permits to Commercial Clubs.
- Grant permits for the use of certain lower stake gaming machines at unlicensed Family Entertainment Centres.
- Receive notifications from alcohol licensed premises (under the Licensing Act 2003) for the use of two or less gaming machines.
- Issue Licensed Premises Gaming Machine Permits for premises licensed to sell/supply alcohol for consumption on the licensed premises, under the Licensing Act 2003, where there are more than two machines.
- Register small society lotteries below prescribed thresholds.
- Issue Prize Gaming Permits.
- Receive and endorse Temporary Use Notices.
- Receive Occasional Use Notices.
- Provide information to the Gambling Commission regarding details of licences issued (see section 1.9 on Information Exchange).
- Maintain registers of the permits and licences that are issued under these functions.

1.6 GENERAL PRINCIPLES

Nothing in this Gambling Policy will:

- Undermine the rights of any person to apply under the Act for a variety of permissions and have the application considered on its individual merits, or
- Override the right of any person to make representations on any application or seek a review of a licence or permit where they are permitted to do so under the Act.

In exercising their functions under the Act, the Licensing Authority shall aim to permit the use of premises for gambling in so far as the authority think it -

- In accordance with any code of practice under section 24 of the Act.
- In accordance with any guidance issued by the Commission under section 25 of the Act.
- Reasonably consistently with the licensing objectives, and
- In accordance with the statement published by the authority under section 349 of the Act.

In accordance with the Act, premises licenses are subject to [The Gambling Act 2005 \(Mandatory and Default Conditions\) \(England and Wales\) Regulations 2007](#) which are usually sufficient to ensure that operation is reasonably consistent with the licensing objectives.

Additional Licence Conditions will only be considered where evidence suggests that they are needed to meet the requirements of the licensing objectives and any conditions applied will not be overly onerous and will be proportionate to the scale of the application and the 'risks' involved. Conditions will generally be considered unnecessary if they are already adequately covered by other legislation.

All applicants for premises licences will be required to set out how they will ensure operation is reasonably consistent with the Licensing Objectives, as specified in section 1.1 above, and what measures they intend to employ to ensure compliance with them.

When determining an application to grant a premises licence or whether to review a premises licence, regard will be taken regarding the proximity of the premises to schools, vulnerable adult centres, or to residential areas with a high concentration of families with children. The proximity of premises etc. taken into consideration will vary depending upon the size and scope of the gambling premises concerned. Each case will, however, be determined on its merits. Therefore, if an applicant can effectively demonstrate how they might overcome licensing objective concerns, this will be taken into account. Further information regarding the requirement for local risk assessments is provided below.

When considering any conditions to be attached to licences, the Licensing Authority will primarily focus on the direct impact of the activities taking place at licensed premises on members of the public living, working or engaged in other activity in the area concerned.

In determining an application, the Licensing Authority may not have regard to the expected demand for the facilities which it is proposed to provide.

In this respect, the Licensing Authority recognises that, apart from the licensing function, there are a number of other mechanisms available for addressing issues of unruly behaviour that can occur away from licensed premises, including:

- Planning controls.
- Ongoing measures to create a safe and clean environment in these areas in partnership with local businesses, transport operators and other Licensing Authority Departments.
- Regular liaison with the Police on law enforcement issues regarding disorder and anti-social behaviour.
- The power of the Police, other responsible authorities or a local resident or business to seek a review of the licence.

Objectors will be required to relate their objection to one or more of the Licensing Objectives, as specified in section 1.1 above, before the Licensing Authority will be able to consider it.

The Licensing Authority, in undertaking its licensing function, will have due regard to the need to eliminate unlawful discrimination and to promote equality.

In considering applications and in making any decisions, the Licensing Authority will take into account the Human Rights Act 1998, in particular:

- Article 1, Protocol 1 - peaceful enjoyment of possessions.
- Article 6 - right to a fair hearing.
- Article 8 - respect for private and family life.
- Article 10 - right to freedom of expression.

GamCare is the leading provider of information, advice, and support for anyone affected by problem gambling. They operate the National Gambling Helpline, provide treatment for problem gamblers and their families, create awareness about responsible gambling and treatment, and encourage an effective approach to responsible gambling within the gambling industry. GamCare have developed the 'Safer Gambling Standard'; a voluntary process which comprises of an independent audit assessment of an operator's player protection measures and social responsibility standards, policy, and practice. The Licensing Authority will encourage operators to demonstrate they are part of the [Safer Gambling Standard scheme](#).

The Licensing Authority will also encourage operators to be members of British Amusements and Catering Trade Association (BACTA), the trade association for the amusement and gaming industry in the UK, on account of their having to abide by [BACTA's Social Responsibility Charter and Code of Practice](#).

1.7 RESPONSIBLE AUTHORITIES

Under Section 157 of the [Gambling Act 2005](#) Responsible Authorities are defined as:

- A licensing authority in England and Wales in whose area the premises are wholly or partly situated.
- The Gambling Commission.
- The chief officer of police for a police area in which the premises are wholly or partly situated.
- The fire and rescue authority for an area in which the premises are wholly or partly situated.
- The local planning authority, in accordance with Part I of the Town and Country Planning Act 1990 (c. 8), for an area in which the premises are wholly or partly situated.
- An authority which has functions by virtue of an enactment in respect of minimising or preventing the risk of pollution of the environment or of harm to human health in an area in which the premises are wholly or partly situated.
- A body which is designated in writing for the purposes of this paragraph, by the licensing authority for an area in which the premises are wholly or partly situated, as competent to advise the authority about the protection of children from harm.
- Her Majesty's Commissioners of Customs and Excise.
- Any other person prescribed for the purposes of this section by regulations made by the Secretary of State.

The Licensing Authority will notify all Responsible Authorities of on-line applications and these bodies will be entitled to make representations to the Licensing Authority in relation to applications for, and in relation to, Premises Licences. For postal applications the applicant is responsible for notifying Responsible Authorities.

1.8 LICENSING AUTHORITY AS A RESPONSIBLE AUTHORITY

There is no requirement under the Act for responsible authorities to make representations about applications for the grant of premises licences or to take any other steps in respect of different licensing processes. The Licensing Authority will therefore determine when it considers it appropriate to act in its capacity as a Responsible Authority based on the individual circumstances of each situation and in accordance with its duties under the [Gambling Act 2005](#).

The Licensing Authority would not normally expect to act as a Responsible Authority on behalf of other parties (for example, local residents, local councillors or community groups) although there are occasions where the authority may decide to do so. Such parties can make relevant representations to the Licensing Authority in their own right, and the Licensing Authority considers it reasonable to expect them to make representations themselves where they are reasonably able to do so. However, if these parties have failed to take action and the Licensing Authority is aware of relevant grounds to make a representation, it may choose to act in its capacity as Responsible Authority.

The Licensing Authority will normally expect that other responsible authorities should intervene where the basis for the intervention falls within the remit of that other Responsible Authority.

Section 157 of the [Gambling Act 2005](#) enables Licensing Authorities to act as responsible authorities.

In cases where the Licensing Authority is also acting as Responsible Authority in relation to the same process, it is important to achieve a separation of responsibilities within the authority to ensure procedural fairness and eliminate conflicts of interest. In such cases licensing determinations will be made by the licensing committee or sub-committee comprising elected members of the authority (although they are advised by a licensing officer). Therefore, a separation is achieved by allocating distinct functions (i.e., those of Licensing Authority and Responsible Authority) to different officials within the authority.

In these cases, the Licensing Authority where possible will allocate the different responsibilities to different licensing officers or other officers within the local authority to ensure a proper separation of responsibilities. The officer advising the licensing committee (i.e., the authority acting in its capacity as the Licensing Authority) will be a different individual to the officer who is acting for the Responsible Authority. The officer acting for the Responsible Authority should not be involved in the licensing decision process and should not discuss the merits of the case with those involved in making the determination by the Licensing Authority.

Communication between these officers in relation to the case should remain professional and consistent with communication with other responsible authorities.

1.9 INFORMATION EXCHANGE

The Licensing Authority is required to include in their Gambling Policy the procedure to be applied in exercising the functions under Sections 29 and 30 of the [Gambling Act 2005](#) in respect to the exchange of information with the Gambling Commission. The functions under S.350 of the [Gambling Act 2005](#) with respect to the exchange of information with persons and bodies are listed in Schedule 6 to the Act.

The Licensing Authority will apply the provisions of the [Gambling Act 2005](#) in its exchange of information, which includes the provision that the [General Data Protection Regulations 2018](#) will not be contravened and any Guidance issued by the Gambling Commission or the Secretary of State under the powers provided in the Act.

The Licensing Authority will work closely with the Gambling Commission, Avon and Somerset Police and with Responsible Authorities where there is a need to exchange information on specific premises. Should any protocols be established in respect to the exchange of information with other bodies then they will be made available.

The privacy of those making representations will be respected, but it may be necessary for the identity of those making representations to be passed on to

Responsible Authorities and the Gambling Commission for the purpose of determining licensing applications or in any subsequent appeal that may be made.

Contact details of those persons making representations and the details of the representations will be made available to applicants to allow for negotiation and, in the event of a hearing being held, will form part of a public document. Anyone making representations or applying for the review of a premises licence will be informed that their details will be disclosed.

1.10 LICENSING REGISTER

This Licensing Authority will maintain a Licensing Register of all premises licences and permits issued and information will be made available by contacting licensing.mendip@somerset.gov.uk; licensing.sedgemoor@somerset.gov.uk; licensing.south@somerset.gov.uk; or licensing.west@somerset.gov.uk

2.0 LEGISLATION & OTHER POLICIES

2.1 LEGISLATION

In undertaking its licensing function under the [Gambling Act 2005](#), the Licensing Authority is also bound by other legislation, including:

- Section 17 of the [Crime and Disorder Act 1998 \(legislation.gov.uk\)](#)
- [Human Rights Act 1998 \(legislation.gov.uk\)](#)
- [Health and Safety at Work etc. Act 1974 \(legislation.gov.uk\)](#)
- [Environmental Protection Act 1990 \(legislation.gov.uk\)](#)
- [Anti-social Behaviour Act 2003 \(legislation.gov.uk\)](#)
- [Anti-social Behaviour, Crime and Policing Act 2014 \(legislation.gov.uk\)](#).
- [Equality Act 2010 \(legislation.gov.uk\)](#)
- [Children Act 2004 \(legislation.gov.uk\)](#)
- [Data Protection Act 2018 \(legislation.gov.uk\)](#) However, the policy is not intended to duplicate existing legislation and regulation regimes that already place obligations on employers and operators.

2.2 RELATIONSHIP WITH PLANNING POLICIES

When determining an application, regard cannot, under the terms of the [Gambling Act 2005](#), be given to planning or building control permissions and/or any planning restrictions.

Unmet demand is not a criterion that will be taken into consideration when determining an application for a premises licence under the [Gambling Act 2005](#).

The issue of a Provisional Grant of a premises licence is a separate and distinct process to the granting of Planning Permission. Planning and Building Control permissions will have to be sought and approved before any development takes place. The existence of a planning permission or building regulation approval for a premises or activity associated with gambling shall not be taken into account by the Licensing Authority in determining a Premises Licence application. Similarly, the

existence of a gambling licence shall not prejudice the consideration of any planning or building regulation application related to a gambling activity or premises.

When dealing with a new premises licence application for finished buildings, the licensing authority should not take into account whether those buildings have to comply with the necessary planning or building consents. Nor should fire or health and safety risks be taken into account.

Section 210 of the [Gambling Act 2005](#) prevents licensing authorities taking into account the likelihood of the proposal by the applicant obtaining planning or building consent when considering a premises licence application. Equally, the grant of a gambling premises licence does not prejudice or prevent any action that may be appropriate under the law relating to planning or building.

The Licensing Authority recognises that licensing applications should not be seen as a re-run of the planning application process and there will be a clear separation of the planning and licensing regimes to avoid duplication and inefficiency.

A general 'dislike of gambling' is no reason for rejection of a Premises Licence application.

2.3 GAMBLING PREVALENCE AND SOCIAL RESPONSIBILITY

Gambling related harm is defined as any type of repetitive gambling that disrupts or damages a person, family, or recreational pursuits. It can have many and varied impact, including on an individual's physical and mental health, relationships, housing and finances and affect a wide range of people, such as families, colleagues and wider local communities (for example, where problem gambling is associated with crime or homelessness) and society as a whole (in terms of the costs that may be created by problem gambling). Evidence suggests that certain groups are more vulnerable to problem gambling including children and young people, people with mental health issues, certain minority ethnic groups, the unemployed, homeless people, those with low intellectual functioning, people with financially constrained circumstances and those living in deprived areas. Harms may include financial hardship, relationship breakdown, domestic violence, mental health problems and suicidal thoughts.

Gambling Operators must comply with the Gambling Commission's [Licence Conditions and Codes of Practice - Gambling Commission](#) (LCCP). The Social Responsibility Code 3 requires gambling operators to have and put into effect policies and procedures to promote socially responsible gambling and these should reduce the risk of, and seek to identify, problem gambling.

The requirements on gambling premises under the social responsibility code are based upon key areas:

- Provision of information on gambling responsibly – for example, the availability of time or monetary limits for players and information on where to get help and advice about gambling.
- Customer interaction – licensees are required to have policies and procedures in place governing customer interaction where there are concerns that a

customer is displaying signs of problem gambling. These will include staff training and the types of behaviour that may trigger an intervention or where staff may consider refusing services to customers.

- Layout of the premises - operators must ensure that the layout of a gambling premises supports the effective supervision of the premises.
- Self-exclusion – licensees must have procedures for self-exclusion that ensure that individuals who wish to self-exclude from gambling are prevented from participating in gambling. In addition to operating their own self-exclusion schemes all licensees must offer the facility for customers to self-exclude on a multi-operator basis, meaning that an individual who self-excludes from one operator should be able to self-exclude from all operators offering the same type of gambling in the same locality. Trade bodies for different sectors of the gambling industry have led on the development of multi-operator self-exclusion arrangements for each sector.

Any marketing communications for gambling must be socially responsible, with particular regard to the need to protect children, young persons, and other vulnerable persons from being harmed or exploited. Licensees are required to comply with the Social Responsibility Code 5 of the [Licence Conditions and Codes of Practice - Gambling Commission](#) (LCCP).

2.4 LOCAL STRATEGIES AND POLICIES

Where appropriate, the Licensing Authority will take into account local strategies and policies. These will include: -

- Sustainable Community Strategy.
- Somerset Health & Well-Being Plan.
- Somerset Climate and Ecological Commitment.

2.5 INTEGRATING STRATEGIES

There are many stakeholders involved in the leisure industry and many are involved in the promotion of the licensing objectives. A number of stakeholders' plans and strategies deal with matters related to the licensing function. Where this is the case the Licensing Authority will aim, as far as possible, to coordinate them.

Where appropriate, the Licensing Authority will also have regard to:

- Local crime prevention strategies.
- The needs of the local tourist economy.
- The employment situation in the area and the need for new investment and employment where appropriate.
- The needs of the local community.
- The duty on Public Authorities to eliminate unlawful discrimination.
- The policy on cumulative impact.

3.0 DECISION MAKING

3.1 LICENSING AND REGULATORY COMMITTEE

Somerset Council's Constitution contains the Terms of Reference for the Licensing and Regulatory Committee and the Licensing Sub-Committee, along with the Committee Procedural Rules for the Sub-Committee Hearings.

3.2 ALLOCATION OF DECISION-MAKING RESPONSIBILITIES

The Licensing Authority will be involved in a wide range of licensing decisions and functions and has established a Licensing Committee to administer them.

Appreciating the need to provide a speedy, efficient, and cost-effective service to all parties involved in the licensing process, the Committee has delegated certain decisions and functions and has established a Sub-Committee to deal with them.

Many of the decisions and functions will be purely administrative in nature and the grant of non-contentious applications, including for example, those licences and permits where no representations have been made, will be delegated to Licensing Officers.

The Table shown at Appendix B sets out the agreed delegation of decisions and functions to Licensing Committee, Sub-Committee and Officers.

This form of delegation is without prejudice to Officers referring an application to a Sub-Committee, or a Sub-Committee to Full Committee, or Committee to Full Licensing Authority, if considered appropriate in the circumstances of any particular case.

3.3 PROVISIONAL STATEMENTS

The Licensing Authority will have regard to the [Gambling Act 2005, Guidance to Licensing Authorities](#) that a licence to use premises for gambling should only be issued in relation to premises where the licensing authority can be satisfied that the premises are going to be **ready to be used for gambling** in the reasonably near future, consistent with the scale of building or alterations required before the premises are brought into use.

If the construction of a premises is not yet complete, or if they need alteration, or if the applicant does not yet have a right to occupy them, then an application for a provisional statement should be made instead.

In deciding whether a premises licence can be granted where there are outstanding construction or alteration works at a premises, this authority will determine applications on their merits, applying a two-stage consideration process:

- First, whether the premises ought to be permitted to be used for gambling.
- Second, whether appropriate conditions can be put in place to cater for the situation that the premises are not yet in the state in which they ought to be before gambling takes place.

The Licensing Authority is entitled to decide that it is appropriate to grant a licence subject to conditions, but it is not obliged to grant such a licence and will have regard to the detailed examples of the circumstances in which such a licence may be granted set out in the [Gambling Act 2005](#), [Guidance to Licensing Authorities](#).

3.4 LICENSING REVIEWS

The Licensing Authority will carry out a review of a premises licence where it has received a formal application for review in accordance with the Act that is relevant to one or more of the Licensing Objectives.

Due consideration will be given to all relevant representations unless they fit the following:

- the grounds are frivolous,
- the grounds are vexatious,
- the grounds are irrelevant,
- the grounds will not cause the Licensing Authority to revoke or suspend a licence or to remove, amend or attach conditions on the Premises Licence,
- the grounds are substantially the same as the grounds cited in a previous application relating to the same premises or
- the grounds are substantially the same as representations made at the time the application for a Premises Licence was considered.

An 'Interested Party' or a 'Responsible Authority' can make an application to the Licensing Authority at any time, requesting that the Licensing Authority review a licence that it has granted; the Licensing Authority may also initiate a review of a licence in exceptional circumstances.

Should the Authority receive an application requesting the review of a licence, the Licensing Authority will make a determination as to whether or not the review is to be carried out. In making this determination the Licensing Authority will consider whether the request for the review is relevant to the matters listed below:

(This list is indicative and is not exhaustive):

- Representations which are inconsistent with Section 153 of the [Gambling Act 2005](#)
- Representations that are inconsistent with any guidance or Codes of Practice issued by the Gambling Commission [Licence Conditions and Codes of Practice - Gambling Commission](#) (LCCP).
- Representations which relate to an objection to gambling activity generally for instance, on moral grounds.
- Representations in relation to the demand or unmet demand for Gambling Premises.
- Whether the request for review is frivolous, vexatious, or repetitious.
- In accordance with Somerset Licensing Authority's 'Statement of Principles'
- Representations in relation to planning matters.
- Public Safety Issues.
- Traffic Congestion issues.

Should the Licensing Authority determine that an application for a licence review,

(which has been duly submitted by an 'Interested Party' or a 'Responsible Authority'), is valid or should the Licensing Authority decide to initiate a licence review of its own volition; then that licence review will be undertaken and progressed to conclusion, in accordance with the requirements of the Act, any guidance or codes of practice issued by the Gambling Commission and this Statement of Policy.

4.0 GENERAL PRINCIPLES – PREMISES LICENCES

4.1 APPLICATIONS

An application for a premises licence can only be made by a person who a) holds an operator's licence granted by the Gambling Commission authorising him/her to carry out the activity specified within the application or b) has made an application for an operator's licence which has yet to be determined. A premises licence will, therefore, only be granted when evidence is obtained of the granting of an operator's licence.

4.2 ASSESSMENT OF NEED

- The absence of unmet demand is not a criterion for a licensing authority in considering an application for a premises licence under the [Gambling Act 2005](#). Each application must be considered on its merits without regard to demand.

4.3 LOCATION

The Licensing Authority is aware that demand issues cannot be considered with regard to the "location of premises" but that considerations in terms of the licensing objectives are relevant to its decision-making. Particular attention will be given to the protection of children and vulnerable persons from being harmed or exploited by gambling in addition to issues of crime and disorder.

The Licensing Authority will have regard to any further guidance as regards areas where gambling premises should ideally not be located although the existence of any policy does not preclude any application being made and each application will be decided on its merits, with the onus upon the applicant showing how potential concerns can be overcome.

In determining whether a premises location is suitable for the grant of a licence regard will be given to the following factors:

- The proximity of the premises to any school, centre or establishment for the education, training, or care of young and/or vulnerable persons.
- The proximity of the premises to leisure centres used for sporting and similar activities by young and/or vulnerable persons.
- The proximity of the premises to any community, ecclesiastical, welfare, health or similar establishments used specifically, or to a large extent, by young and /or vulnerable persons.
- The proximity of any other area or location where young and / or vulnerable persons could congregate.
- The proximity of the premises to any youth club or similar establishment

Where gambling premises are located in sensitive areas (for example, near schools), the Licensing Authority will consider imposing restrictions on advertising gambling facilities on such premises where it is felt relevant and reasonably consistent with the Licensing Objectives.

4.4 PLANS

[The Gambling Act 2005 \(Premises Licences and Provisional Statements\) Regulations 2007 \(legislation.gov.uk\)](#) state that a plan to accompany an application for a Premises Licence must show:

- The extent of the boundary or perimeter of the premises.
- Where the premises include, or consist of, one or more buildings, the location of any external or internal walls of each such building.
- Where the premises forms part of a building, the location of any external or internal walls of the building which are included in the premises.
- Where the premises are a vessel or part of a vessel, the location of any external or internal walls of the building which are included in the premises.
- The location of each point of entry to and exit from the premises, including in each case a description of the place from which entry is made or to which exit leads.
- The [Gambling Act 2005](#) requires applicants to submit plans of the premises with their application in order to ensure that the Licensing Authority has the necessary information to make an informed judgement about whether the premises are fit for gambling. The information will also be used to plan future premises inspection activity. The plan should be drawn to scale.

If plans change in any material respect in the opinion of the Licensing Authority during the lifetime of the licence, the applicant will be in breach of their licence and would either need to make a fresh application under Section 159 or to seek an amendment to the licence under Section 187 of the [Gambling Act 2005](#).

4.5 LOCAL RISK ASSESSMENTS

The current [Licence Conditions and Codes of Practice - Gambling Commission](#) requires under Social responsibility (SR) code 10 licensed operators to assess the local risks to the licensing objectives posed by the provision of gambling facilities at each of their premises, and to have policies, procedures and control measures in place to mitigate those risks. In undertaking their risk assessments, they must take into account relevant matters referred to in this policy document.

Operators are, therefore, required to undertake a local risk assessment on application for a new premises licence. Furthermore, all licensed premises-based operators must also have a risk assessment in place. The risk assessments must also be updated:

- When a subsequent application for a variation of a premises licence is made.
- To take account of significant changes in local circumstances (see below) and
- When there are significant changes at an operator's premises that may affect their mitigation of local risks (see below).

Significant changes in local circumstances

The following lists some examples of what the Licensing Authority considers to be significant changes occurring in the local area. The list is not exhaustive, and each premises will be considered on its own merits. Operators must consider whether or not any change in the locality of their premises is one that may be considered significant:

- Any substantial building development or conversion of existing premises in the local area which may increase or decrease the number of visitors. The various stages of development regarding the HPC site during the years ahead is the obvious example of a risk to be assessed. Other examples affecting the immediate vicinity of a premises, however, will include where new offices, supermarkets and hotels are either built nearby or developed from existing buildings.
- New pay day loan establishment or pawn brokers shops.
- The building of new educational establishments or any significant changes to an existing facility such as, for example, the expansion of a local college.
- New gambling premises.
- New premises licensed to sell or supply alcohol.
- The building of new premises which will be used for delivering services to vulnerable groups. Examples will include homeless hostels, mental health care facilities and addiction rehabilitation centres.
- The building of new premises/ creation of areas that are likely to attract children. For example, youth centres, play areas, toy shops and cinemas.
- Changes are made to the provision and location of public transport in the local area, such as a bus stop which is used by children to attend school is moved to a location in proximity to gambling premises.
- The local area is identified as a crime hotspot by the police and/or Licensing Authority.

4.6 SIGNIFICANT CHANGES TO AN OPERATOR'S PREMISES

From time-to-time operators will undertake to refresh the premises' layout and décor, which is unlikely to prompt a review of the risk assessment for that premises. However, where there is a significant change at the premises that may affect the mitigation of local risks, then an operator must review its risk assessment and if necessary, update it, taking into account the change and how it may affect one or more of the licensing objectives.

The following lists some examples of what the Licensing Authority considers to be significant changes in local circumstances. As above, the list is not exhaustive and each premises will be considered on its own merits. Operators must consider whether or not any change at their premises is one that may be considered significant:

- Any building work or refurbishment where gambling facilities are relocated within the premises.
- The premises licence has been transferred to a new operator whose policies and procedures differ from those of the previous licence holder.

- The entrance or entrances to the premises are changed. This will include changes in access from one area in a premises to another (e.g., from an Adult Gaming Centre to/ from a Family Entertainment Centre (FEC) and/or unlicensed uFEC).
- New gambling facilities are made available on the premises which were not provided previously. For example, handheld gaming devices for customers, Self-Service Betting Terminals, or the provision of a different category of gaming machine.
- The operator makes an application for a licence to undertake activities at that premises in accordance with other legislation. For example, this may include an application for the sale/ supply of alcohol, the provision of regulated entertainment and/ or the provision of late-night refreshment ([Licensing Act 2003](#)).
- Any change to the operator's internal policies which as a result requires additional or changes to existing control measures; and/or staff will require retraining on those policy changes.

The [Licence Conditions and Codes of Practice - Gambling Commission](#) Social responsibility code provision is supplemented by a further code that requires operators to share these risk assessments with Licensing Authorities on new applications, variations or otherwise at the request of the Licensing Authority.

In view of the above, the Licensing Authority requires that both new applicants and existing operators (licensees) develop a good understanding of the area in which they operate or propose to operate. A local risk assessment must include the location of all of the following in relation to the site of the premises:

- Schools.
- Colleges.
- Other educational establishments (if applicable).
- Play areas.
- Youth centres.
- Leisure centres.
- Banks.
- Cash machine/ ATMs.
- Alcohol licensed premises.
- Takeaway/ fast food establishments.
- Other gambling licensed premises.
- Pay day loan/ pawn shops.
- Homeless hostels.
- Rehabilitation centres.
- Hospital/ mental health services.
- Places of worship.
- The footfall in the local area, for example, does it predominately comprise residents, workers, or visitors.
- Whether it is a family orientated area, popular with children and young people.
- Transport links and parking facilities.
- The ethnicity, age, economic make-up of the local community.
- Significant presence of young children.

- High crime/unemployment area.
- Alcohol or drug support facility nearby.

The local risk assessment must show how the operator mitigates the risk of each of the above should one or more be in the vicinity of the premises. For example, the level of staffing required may vary according to the proximity of schools, colleges, alcohol licensed premises and their respective opening hours.

It is important that an operator not only identifies the risks within the immediate proximity of the premises but also takes into account the impact of risks identified for the wider area locally. Similarly, one-off events held on a regular basis within the area will need to be factored into the local risk assessment. We will, therefore, expect risk to be assessed should the premises be affected by a temporary increase in the number of people situated in the immediate area.

Operators will also be expected to include reference to:

- Local statistics regarding crime and disorder, including anti-social behaviour.
- Whether or not the premises is situated within an area of deprivation.
- Any nearby residential areas occupied by a high concentration of families with children.
- Any large events that take place regularly near the premises – these could for example, include the Glastonbury Festival, The Royal Bath and West Show and Bridgwater Fair in addition to the annual Carnivals.
- The relationship with and expectations of any Local Community Networks (LCNs).

The Licensing Authority requires a copy of the up-to-date local risk assessment to be kept on the premises and available for inspection on request by an Officer of the Licensing Authority. Local risk assessments should be regularly reviewed, at least on an annual basis.

Operators must also note that, a local risk assessment will apply to the whole premises/ building if an unlicensed Family Entertainment Centre (uFEC subject to a permit) is situated immediately adjacent to an area covered by a premises licence (such as an Adult Gaming Centre (AGC)).

There is no mandatory requirement for a Licensing Authority to undertake a specific Local Area Profile and this authority has decided not to do so at the time of producing this policy statement.

This decision will, however, be reviewed should it be felt by the Licensing Authority that potential or actual risks identified within the County deem its production necessary. Applicants and existing operators should, therefore, take their own steps to identify risks by, for example, consulting with any relevant Responsible Authorities and liaising with other gambling operators in the area where necessary.

The Licensing Authority request that there is a single named contact for each gambling premises. For example, for larger businesses this could be an Area Manager.

4.7 CONDITIONS

Conditions will be applied to licences that are proportionate and appropriate to the business, organisation or individual concerned. The Licensing Authority will principally draw upon the advice issued by the Gambling Commission and attach conditions relative to the given circumstances of each individual case.

[The Gambling Act 2005 \(Mandatory and Default Conditions\) \(England and Wales\) Regulations 2007](#) are often sufficient to ensure an application is reasonably consistent with the Licensing Objectives in relation to the specific premises in question.

Any conditions attached to a Premises Licence will take into account any mandatory and default conditions, be proportionate and will be:

- Relevant to the need to make the proposed building suitable as a gambling facility.
- Directly related to the premises and the type of licence applied for.
- Fairly and reasonably related to the scale and type of premises.
- Reasonable in all other respects.

The Licensing Authority will not attach conditions to premises licences which:

- Are impossible to comply with as an operating licence condition.
- Relate to gaming machine categories, numbers, or method of operation.
- Provide that membership of a club or body be required (the Gambling Act 2005 specifically removes the membership requirement for casino and bingo clubs and this provision prevents it being reinstated).
- Are in relation to stakes, fees, winning or prizes.

The Licensing Authority will expect the applicant to offer his/her own suggestions as to the way in which the Licensing Objectives can be achieved. The Licensing Authority may, however, exclude a suggested condition and substitute it with one that is either more or less restrictive. In this instance the Licensing Authority will give clear and cogent reasons for so doing.

Conditions attached to the premises licences will, so far as possible, reflect local crime prevention strategies. For example, the provision of closed-circuit television cameras may be appropriate in certain premises.

4.8 DOOR SUPERVISORS

Where premises may attract disorder or be subject to attempts at unauthorised access (for example by children and young persons) then the entrances to the premises will be controlled by a suitably qualified and regulated door supervisor (SIA registered) and attach such conditions as may be appropriate to the premises licence.

4.9 MATERIAL AMENDMENTS TO THE PREMISES

The Authority will have regard to the principles as set out in s.153 of the [Gambling Act 2005](#) in determining variation applications. However, applications will be carefully scrutinised to ensure the Licensing Objectives are not undermined.

Facilities for gambling must only be offered in a manner which provides for appropriate supervision of those facilities by staff at all times and any typical gaming machines arrangements will be considered a material change regardless of the category of machine.

The Licensing Authority will require a full premises licence variation application where premises are intending to use privacy screening and/or installing a booth to any machines. The Licensing Authority will expect any application proposing the use of customer privacy screens/ booths, to clearly identify how these areas can be adequately supervised including an updated local risk assessment to evidence that any risks presented have been recognised and mitigated. The local risk assessment must also be updated to reflect any new risks identified.

4.10 REPRESENTATIONS - LICENSING APPLICATIONS

Only Responsible Authorities and Interested Parties may make representations. Where there are representations, the Licensing Authority will encourage negotiation between the objector and the applicant as to the possible use of conditions on the licence. Further information may be found in Appendix E.

Where there are representations, the Licensing Authority will determine whether or not they will be admissible and will consider carefully whether the representations are relevant. Relevant representations must:

- Be related to the three Licensing Objectives.
- Raise issues under the Gambling Statement of Principles.
- Raise issues under the Gambling Commission Guidance.
- Raise issues under the Gambling Commission's Codes of Practice.

Representations are not relevant where for example they can be addressed by other legislation, such as noise nuisance.

Before a decision is made as to whether it is relevant or not, the Licensing Authority will consider:

- Who is making the representation and whether there is a history of making representations that are not relevant.
- Whether or not it raises a relevant issue.
- Whether it raises issues specifically to do with premises that are the subject of the application.

The Licensing Authority strongly recommends that representations are submitted by e-mail to the relevant area licensing address at the earliest opportunity prior to the end of the prescribed consultation period: -

licensing.mendip@somerset.gov.uk; licensing.sedgemoor@somerset.gov.uk;
licensing.south@somerset.gov.uk; or licensing.west@somerset.gov.uk

4.11 ENFORCEMENT

The Licensing Authority has adopted an Enforcement Policy available to view on the Council's web site: [Corporate Enforcement Policy](#)

Enforcement action will be: -

- Targeted toward those premises presenting the highest risk. The level of risk will be determined by the outcome of previous inspections and any advice received from the Gambling Commission.
- Proportional to the nature and seriousness of the risk those premises present.
- Consistent, so that the Licensing Authority takes similar approaches in similar situations.
- Transparent, so those who are subject to enforcement action know what to expect; and
- Accountable, so that the Licensing Authority and its officers take responsibility for their actions.

The Licensing Authority intends to use appropriate enforcement to promote the licensing objectives. Once licensed, it is essential that premises are monitored to ensure that they are run in compliance with the specific requirements of the Act and any licence conditions. It will also monitor the County for unlicensed activities that may or may not require authorisation.

The Licensing Authority has established protocols with the Fire Authority, Police, and Trading Standards on enforcement issues to ensure an efficient deployment of officers. Where official warnings are given prior to any decision to prosecute for an offence, the Licensing Authority shall ensure that these enforcement authorities are informed of these warnings and the result of any action taken.

In order to ensure compliance with the law and licensing conditions, the Licensing Authority will also carry out whenever possible unscheduled 'non routine' inspections. After each visit, the Premises Licence Holder shall be notified of any concerns and be given an opportunity to rectify any issues.

The Licensing Authority recognises that most Licence Holders seek to comply with the law and any enforcement action will normally follow a graduated approach and in the first instance will include education and support. Where licence holders continue to flout the law or act irresponsibly firm action will be taken.

The Licensing Authority may seek to meet with the licence holder working closely with them and relevant Responsible Authorities in implementing a Premises Improvement Plan where appropriate.

Where the premises does not comply with an agreed Improvement Plan and continues to breach the licensing laws and/or licence conditions, the Responsible Authority or Licensing Authority can consider further sanctions, either by way of a review, formal caution or prosecution.

In any event, the Licensing Authority will have regard to the Regulators' Compliance Code (www.gov.uk/government/publications/regulators-code) and the Enforcement Concordat together with the Council's own [Corporate Enforcement Policy](#) as referred to above.

Any decision to instigate legal proceedings will take account of the criteria set down in the Code of Crown Prosecution and Attorney General Guidelines.

4.12 PREMISES INSPECTIONS

Premises will be subject to a scheme of routine inspection, the frequency of which will be determined by the risks posed by the premises i.e., those premises considered to pose a greater risk will be subject to more frequent inspections than those posing a lower risk.

When determining risk, consideration will be given to:

- The nature of the gambling activities carried out on the premises.
- The procedures put in place by the management to meet the licensing objectives.
- Issues highlighted in the premises local risk assessment.
- The identification of significant changes in the local area.

Additional random monitoring visits may be made, at the discretion of the licensing team, where it is considered necessary to meet the needs of the licensing objectives or following receipt of complaint. The Licensing Authority area will be monitored for unlicensed premises.

The Licensing Authority will undertake routine inspections using the premises assessment templates available in the [Premises assessments toolkit and Primary Authority agreements - Gambling Commission](#).

During proactive or pre-planned visits, the Licensing Enforcement Officers will review documentation including:

- Site Plan to ensure this reflects the actual layout of the premises.
- Local area risk assessments.
- Training policies and training undertaken by staff.
- Records of refusals to serve or admit on age grounds.
- The premise's approach to managing self-exclusion, how the premises fulfils the requirement to participate in multi-operator schemes and the numbers of people currently self-excluded.

- The involvement or impact of any work in local gambling schemes such as Betwatch.
- That appropriate signage and information is in place.

Where 'one off' events take place under a Temporary Use Notice or Occasional Use Notice, the Licensing Authority may also carry out inspections to ensure the Licensing Objectives are being promoted.

The Licensing Authority's compliance and enforcement functions will be guided by

- [Guidance to licensing authorities \(gamblingcommission.gov.uk\)](https://www.gamblingcommission.gov.uk/guidance-to-licensing-authorities)
- Regulators' Compliance Code (www.gov.uk/government/publications/regulators-code)
- [Better regulation framework - GOV.UK \(www.gov.uk\)](https://www.gov.uk/better-regulation-framework)
- [Local regulation: Primary Authority - GOV.UK \(www.gov.uk\)](https://www.gov.uk/local-regulation-primary-authority)

In line with the Gambling Commission's Guidance the Licensing Authority will endeavour to avoid duplication with other regulatory regimes so far as reasonably possible.

5.0 GAMBLING PERMITS

5.1 UNLICENSED FAMILY ENTERTAINMENT CENTRE (UFEC) GAMING MACHINE PERMITS

Where an operator does not hold a Premises Licence but wishes to provide gaming machines, it may apply to the Licensing Authority for this permit. The operator does not require a licence from the Gambling Commission in order to apply for a permit.

The term '**unlicensed family entertainment centre**' (uFEC) is one defined in the Act and refers to a premises which provides category D gaming machines along with various other amusements, such as computer games and penny-pushers. The premises is 'unlicensed' in that it does not require a premises licence but does require a permit to be able to provide its category D gaming machines. It should not be confused with a 'licensed family entertainment centre' which does require a premises licence because it contains both category C and D gaming machines. Information on gaming machines can be found on the Gambling Commission website - <https://www.gamblingcommission.gov.uk/licensees-and-businesses/guide/gaming-machine-categories>

uFECs will be most commonly located at seaside resorts, in airports and at motorway style service centres, and will cater for families, including unaccompanied children and young persons.

The marketing of these premises is often targeted towards under 18's and therefore, may be a child's first experience of gambling. Prizes range from 2 pence to £5 notes or sometimes soft toys and more commonly prize redemption tickets which can be accumulated and exchanged for a higher value prize.

An application for a permit may be granted only if the Licensing Authority is satisfied that the premises will be used as an unlicensed Family Entertainment Centre (uFEC), and if the Chief Officer of Police has been consulted on the application. Responsible considerations to take into account would be the applicant's suitability, such as any convictions that they may have that would make them unsuitable to operate a family entertainment centre (for example, Schedule 7 offences under the [Gambling Act 2005](#)) and the suitability of the premises in relation to their location and issues about disorder.

Under Section 238 of the Act, uFECs are premises which are "wholly or mainly" used for making gaming machines available. In accordance with the Act, we will, therefore, not allow a permit to be granted for an entire shopping centre or leisure centre, for example. We will also expect gaming machines to be situated in clearly defined areas within multi-purpose premises such as, for example, Motorway Service areas. It would not, therefore, be appropriate to site a gaming machine within a row of multi-purpose machines such as vending machines and/or ATM machines with no clearly defined area of separation.

In view of the above, the operator will be required to provide a detailed plan of the premises on application/ renewal of an uFEC. If the uFEC area is within a multi-purpose premises, the plan must specify the area subject to the permit application. Plans must be drawn to scale.

A local area risk assessment will be required for the whole premises/ building if an uFEC is situated immediately adjacent to an area covered by a gambling premises licence in accordance with the Act (for example an AGC).

The Licensing Authority will issue permits for uFECs in accordance with the following principles:

- The Licensing Objectives.
- Any Responsible regulations or Codes of Practice.
- Any guidance issued by the Gambling Commission.
- The principles set out in this 'Statement of Policy'.

Applicants will also be required to demonstrate to the Licensing Authority:

- That the applicant has a full understanding of the maximum stakes and prizes of the gambling that is permissible in an unlicensed Family Entertainment Centre.
- That staff are suitably trained and have a full understanding of the maximum stakes and prizes permissible in an unlicensed Family Entertainment Centre.
- That the applicant has no convictions, which may have been identified as 'Relevant Convictions' for the purposes of the Act.
- The Licensing Authority will expect the applicant to show that they have policies and procedures in place to protect children from harm. Harm in this context is not limited to harm from gambling but includes wider child protection considerations.
- Appropriate measures/training for staff as regards suspected truant school children on the premises.

- Appropriate measures/training for staff regarding unsupervised young persons being on the premises.

Operators must notify the Licensing Authority of any significant changes as soon as practically possible. Examples of significant changes will be similar to those given in paragraph 4.6 above, in relation to premises licences.

The Licensing Authority will require the following supporting documents to be served with all uFEC permit applications:

- Proof of age - a certified copy or sight of an original birth certificate, a photo style driving licence, or passport – all applicants for these permits must be aged 18 or over.
- Proof that the applicant has the right to occupy the premises – acceptable evidence would be a copy of any lease, a copy of the property's deeds or a similar document.
- A standard disclosure and barring service check for the Responsible person issued within the previous month. This will be used to check that the applicant has no Responsible convictions as defined in Schedule 7 of the Act.
- Evidence that the machines to be provided are or were supplied by a legitimate gambling machine supplier or manufacturer who holds a valid gaming machine technical operating licence issued by the Gambling Commission.
- A suitable and sufficient gambling local risk assessments where the uFEC is located adjacent to an AGC.
- A suitable and sufficient safeguarding policy.

A plan of the premises (drawn to scale) for which the permit is sought showing the following items:

- The boundary of the building with any external or internal walls, entrances and exits to the building and any internal doorways.
- The location of any fixed or semi-fixed counters, booths, or offices on the premises whereby staff monitor the customer floor area.
- The location of any ATM/cash machines.
- The location of any fixed or temporary structures such as columns or pillars.
- The location and height of any stages in the premises; any steps, stairs, lifts, balconies, or lifts in the premises.
- The location of any public toilets in the building.

The Licensing Authority reserves the right to request the positioning and identification of gaming machines and any other amusement machines to be included in the plan, if considered appropriate to the nature and/or layout of the premises.

The Licensing Authority encourages applicants for uFEC Permits to adopt the British Amusement Catering Trade Association (BACTA) Voluntary Code of Practice for Amusement with Prizes Machines in Family Entertainment Centres - [SOCIAL RESPONSIBILITY - Bacta](#). This Code of Practice promotes awareness of social-responsibility and acknowledges that proactive specific and appropriate commitment

will be given to educating children and young persons, thereby minimising the potential for harm.

The Licensing Authority can grant or refuse an application for an uFEC permit. An application for renewal of a permit may be refused only on the grounds that an authorised local authority officer has been refused access to the premises without reasonable excuse, or that renewal would not be reasonably consistent with the pursuit of the Licensing Objectives. Exceptional regard shall be given to the duty to protect children and other vulnerable persons from being harmed or exploited by gambling.

However, the Authority cannot attach conditions to a permit.

5.2 ALCOHOL LICENSED PREMISES - GAMING MACHINE PERMITS

There is an automatic entitlement to provide a maximum of 2 Category C and/or D gaming machines, on premises that are licensed under the [Licensing Act 2003](#), for the sale and consumption of alcohol on the premises. This is subject only to the proviso that the premises licence holder must serve notice of intention (notification) upon the Licensing Authority in respect of those machines.

The Licensing Authority can remove the 'Licensing Act 2003 Automatic Entitlement' in respect of any particular premises if:

- The provision of the machines is not reasonably consistent with the pursuit of the Licensing Objectives.
- The licensee has breached the requirements of the Act.
- An offence under the Act has been committed on the premises.
- The premises are mainly used for gaming.

The premises must comply with the Code of Practice for gaming machines in clubs and premises with an alcohol licence issued by the Gambling Commission available here [Pubs and clubs toolkit - Gambling Commission](#)

All gaming machines situated on the premises must be located in a place within the premises so that their use can be supervised, either by staff whose duties include such supervision (including bar or floor staff) or by other means such as CCTV.

The provision of gaming machines, on premises licensed for the sale and consumption of alcohol, in excess of the automatic two machine entitlement, can only be authorised by way of an Alcohol Licensed Premises Gaming Machine Permit issued by the Licensing Authority.

In considering any application for a permit to authorise the provision of more than two gaming machines on premises licensed under the Licensing Act 2003 for the sale and consumption of alcohol, the Licensing Authority will have regard to the following:

- The requirements of the Act.

- The Licensing Objectives.
- Any guidance issued by the Gambling Commission.
- Any Code of Practice issued by the Gambling Commission [Pubs and clubs toolkit - Gambling Commission](#)
- The principles within this ‘Statement of Principles’.
- Any other matters that the Licensing Authority considers relevant.

The matters that the Licensing Authority considers relevant will include but are not exclusive to:

- Any consultation it considers Responsible by the Police and the Safeguarding Children Board.
- Any relevant policies.
- The percentage of gross turnover the gaming machines contribute to total gross turnover of the premises, and this should not be significant.
- The confidence the Licensing Authority has in the management of the premises.

In granting a permit the Licensing Authority can prescribe a different number of machines to that which was applied for and can prescribe the particular category of machine(s) that may be permitted. However, the Licensing Authority cannot attach conditions to a permit. The number of machines will be clearly stated on each permit. **Applicants should be aware that only those premises which have a ‘bar’ (servery) at which alcohol is sold for consumption on the premises will be eligible for a machine in the bar area of the premises. This means that premises such as restaurants, which do not have a bar for serving drinks or can only sell alcoholic drinks as an ancillary to food will not automatically qualify for two machines.**

5.3 PRIZE GAMING PERMITS

Prize gaming is where the prize paid is not pre- determined on the number of players or amounts paid for playing, for example prize bingo in a seaside arcade (uFEC). [Part 27: Prize gaming and prize gaming permits - Gambling Commission](#)
Prize Gaming Permits must be obtained when there is no premises licence in place to allow prize gaming. A permit is not applicable where a premises licence is in force (casino, bingo hall, AGC, FEC).

In considering any application for a prize gaming permit the Licensing Authority will have regard to the following:

- The type of gaming that the applicant is intending to provide.
- The requirements of the Act.
- The Licensing Objectives.
- Any guidance issued by the Gambling Commission.
- Any statutory and mandatory conditions.
- The principles within this ‘Statement of Principles.’

The Licensing Authority will expect the applicant to demonstrate that they understand the limits applicable to ‘stakes and prizes’ that are set out in [The](#)

[Gambling Act 2005 \(Limits on Prize Gaming\) Regulations 2009](#) and that they are able to understand and ensure that the gaming to be provided is within the law. There are statutory conditions in the Act which the permit holder must comply with, and the Licensing Authority cannot impose any additional conditions to the grant of a permit.

The Licensing Authority will require the following information when exercising its function to determine the suitability of an applicant for a Prize Gaming Permit:

- A scaled plan of the premises (clear and legible in all material respects) showing the boundary of the permitted area.
- Policies and procedures in place to protect children from harm. Harm in this case is not limited to harm from gambling but includes wider child protection considerations. The efficiency of such policies and procedures will each be considered on their merits; however, they may include appropriate measures such as training; covering how staff would deal with unsupervised young persons or suspected truant school children on the premises. Such training should be documented, signed and dated by staff to prove that training has been undertaken and understood.
- Evidence that staff are aware of the limits to stakes and prizes as set out in the Regulations and that the gaming is offered within the law.
- Numbers of staff employed.
- Any other policies or procedures in place to protect children from harm.

Where the Licensing Authority intends to refuse the application for a permit, it will notify the applicant of its intention to refuse it stating the reasons and offering the applicant an opportunity to make representations orally or in writing or both.

5.4 CLUB MACHINE PERMITS AND CLUB GAMING PERMITS

Member's Clubs (but not Commercial Clubs) may apply for a Club Gaming Permit or a Club Gaming machines permit. Commercial Clubs can only apply for a Club Machine Permit.

A Club Gaming Permit will enable the premises to provide gaming machines (3 machines of categories B3A or B4, C or D), equal chance gaming and games of chance as set out in regulations. This is in addition to the exempt gaming authorised under S.269 of the Act.

Alternatively, a member's club (but not commercial clubs) can apply for a Club Gaming Machine Permit will enable the premises to provide only gaming machines (3 machines of categories B3A or B4, C or D).

Commercial clubs are not permitted to provide non-machine gaming (other than exempt gaming under section 269 of the Act) which means that they should only apply for a Club Gaming Machine Permit. However, they are not able to site category B3A gaming machines offering lottery games in their club.

NOTE: This maximum entitlement of three machines will include any machines

provided by virtue of the [Licensing Act 2003](#) entitlement; it is not in addition to that entitlement.

Gambling Commission Guidance states: 'Members clubs must have at least 25 members and be established and conducted 'wholly or mainly' for purposes other than gaming unless the gaming is permitted by separate regulations. The Secretary of State has made regulation and these cover bridge and whist clubs, which replicates the position under the Gaming Act 1968. A members' club must be permanent in nature, not established to make commercial profit, and controlled by its members equally. Examples include working men's clubs, branches of Royal British Legion and clubs with political affiliations.

The Licensing Authority must be satisfied that the premises meets the requirements of a members' club and may grant the permit provided the majority of members are over 18.

The Licensing Authority will take steps to ensure that a club is a bonafide club within the terms set out in the Act and with this in mind reserve the right to request or require sight of evidence that confirms the status of the club. The Licensing Authority may request evidence any of the follow factors for consideration in its decision-making.

- Evidence of committee members and evidence of their election by club members?
- Minutes of previous meetings (where appropriate)?
- Are there annual club accounts available for more than one year?
- Is the primary activity of the club something other than gaming?
- Does the club have a constitution, and can it provide evidence that the constitution was approved by members of the club?
- Are the club's profits retained solely for the benefit of the club's members?
- Are there 25 or more members?
- Do guest arrangements link each guest to a member?
- Is the 48-hour rule being applied for membership and being granted admission being adhered to (for member clubs)
- How is the club advertised and listed in directories and on the internet?
- Are children permitted in the club?
- Submission of a plan of the premises for which the permit is sought i.e., premises, boundaries, machine position, etc.

The Licensing Authority may only refuse an application for a 'Club Gaming Permit' or a 'Club Machine Permit' on the grounds that:

- The applicant does not fulfil the statutory requirements for a members' club, a commercial club or a miners' welfare institute and therefore is not entitled to receive the type of permit for which it has applied.
- The applicant's premises are used wholly or mainly by children and/or young persons.
- An offence under the Act or a breach of a permit has been committed by the applicant while providing gaming facilities.
- A permit held by the applicant has been cancelled in the previous ten years.

- An objection to the grant of a permit has been lodged by the Gambling Commission or the Police.

The Licensing Authority is aware that there is a fast-track procedure for the issue of a permit to premises which hold a club premises certificate granted under the [Licensing Act 2003](#). Under this fast-track procedure there is no opportunity for objections to be made by the Gambling Commission or the Police.

The 'fast track' process afforded to an applicant under the Licensing Act 2003 does not provide any statutory right to the issue of a permit and the Licensing Authority may resolve to refuse the grant of a 'fast track' application on the following grounds:

- That the club is established primarily for gaming, other than gaming prescribed under Schedule 12 of the Act, that section relating to 'Club Gaming Permits' and 'Club Machine Permits'.
- That in addition to the prescribed gaming to be provided under the permit, the applicant provides facilities for other gaming on the same premises.
- That a club gaming permit or club machine permit issued to the applicant in the last ten years has been cancelled.

No child shall be permitted to use a Category B or C gaming machines on the premises and that the holder of the Premises Licence must comply with any code of practice relevant to the location and operation of gaming machines. [Section C - Gaming machines in clubs and premises with an alcohol licence](#).

Information on permits can be found on the Gambling Commission website - [Permits - Gambling Commission](#).

5.5 GAMING IN ALCOHOL LICENSED PREMISES

The Licensing Authority recognises that low level (exempt) gaming (e.g., bingo, poker and race nights) may take place in alcohol licensed premises. Exempt gaming being equal chance gaming that should be ancillary to the purposes of the premises. Further information can be found here: [Exempt gaming in pubs - Gambling Commission](#) and [Section B - Equal chance gaming in clubs and premises with an alcohol licence](#).

Where bingo is permitted in alcohol-licensed premises, this must be low turnover bingo only and applicants are expected to comply with any Codes of Practice [Section B - Equal chance gaming in clubs and premises with an alcohol licence](#) and advice issued by the Gambling Commission. High turnover bingo (where stakes and prizes exceed £2,000 in any 7-day period will require a Bingo Operating Licence from the Gambling Commission.

Where the Licensing Authority is suspicious that a licensee or club exceeds the prescribed limits, the Licensing Authority will inform the Gambling Commission accordingly.

No child shall be permitted to use a Category C gaming machines on the premises and that the holder of the Premises Licence must comply with any code of practice

Responsible to the location and operation of gaming machines. [Section C - Gaming machines in clubs and premises with an alcohol licence - Gambling Commission](#)

Gaming in alcohol-licensed premises should therefore be supervised by the person in day-to-day management control of the premises (a person authorised by the Designated Premises Supervisor (DPS)). All gaming should comply with the Codes of Practice issued by the Gambling Commission. [Section C - Gaming machines in clubs and premises with an alcohol licence.](#)

As there is likely to be limited regulatory scrutiny of gaming provided in these premises, the Premises Licence holder is considered fully responsible and must be aware of and adopt these Codes of Practice together with any subsequent guidance issued by the Gambling Commission and to ensure that all gaming in such premises is suitably managed.

Further information on Poker and gaming can be found here - <https://www.gamblingcommission.gov.uk/authorities/guide/page/section-b-equal-chance-gaming-in-clubs-and-premises-with-an-alcohol-licence>

Poker and race night toolkit - <https://www.gamblingcommission.gov.uk/authorities/guide/poker-toolkit>

5.6 TEMPORARY USE NOTICES (TUN)

A TUN authorises gambling at a premises that does not otherwise have a gambling premises licence. For example, a poker tournament held at a conference venue.

There are a number of statutory limits as regards Temporary Use notices. The limits are set out in section 218 of the Act as:

- A set of premises may not be the subject of Temporary Use notification for more than 21 days in a period of 12 months.
- A set of premises may be the subject of more than one temporary use notice in a period of 12 months; provided that the aggregate of the periods for which the notices have effect does not exceed 21 days.

The purposes for which a temporary use notice may be used are restricted by regulations, to the provision of facilities for equal chance gaming only, which must be provided by means other than 'machine gaming'.

'Equal Chance Gaming' is gaming where the participants are taking part in a gambling competition which is intended to produce a single, overall winner. An example of this would be a poker competition.

The reference to a 'set of premises' prevents one large premises from having a Temporary Use Notice in effect for more than 21 days in a 12-month period by giving notification in relation to different parts of the premises and re-setting the clock. The Licensing Authority will decide what constitutes a 'set of premises' where Temporary Use Notices are received relating to the same building/site.

In considering whether a place falls within the definition of a 'set of premises' the Licensing Authority will look at the ownership/occupation and control of the premises

and the Licensing Authority will consider whether different units are in fact different 'sets of premises'. An example would be a large exhibition centre with different exhibition halls. This would be considered properly as one premises and would not be granted a temporary use notice for each of its exhibition halls.

In considering whether to object to a Temporary Use Notice the Licensing Authority will have particular regard to this Gambling Policy and any guidance issued by the Gambling Commission, with regard to the nature and definition of a 'premises' or a 'place'.

The Licensing Authority may object to notices where it appears that their effect would be to permit regular gambling in a place that could be described as one set of premises. Should the Licensing Authority consider that 'Temporary Use Notices' are being employed at premises, (or for discreet parts of premises), to the extent where 'regular gambling' is thereby being provided within a given building or at a given place; then Licensing Authority may object to the notice(s).

The Licensing Authority and other bodies to which the notice is copied may give notice of objection, but they must have regard to the Licensing Objectives and where there are such objections, they must give a notice of objection to the person who gave the TUN, such notice will be copied to the Licensing Authority.

The Licensing Authority shall give a counter-notice where it appears that the effect of the TUN would be to permit gambling on a set of premises for more than 21 days.

The event organiser must have an Operator Licence from the Commission and the gambling proposed must be the same as that permitted by the licence.

5.7 OCCASIONAL USE NOTICES

An Occasional Use Notice permits gambling at a premises that would not otherwise have a gambling premises licence. An example would be to permit betting at a sporting event (such as a Point-to-Point meeting). Although the track need not be a permanent fixture, land used temporarily as a track providing races or sporting events may qualify. The Licensing Authority will, however, consider what constitutes a 'track' on a case-by-case basis and will ensure that the statutory limit of 8 days in a calendar year is not exceeded.

With regard to 'Occasional Use Notices' (OUN's) the Licensing Authority will ensure the following:

- That the statutory limit of 8 days in a calendar year is not exceeded.
- That the subject premises can reasonable and effectively be defined as a 'track'.
- That the applicant is permitted to avail himself/herself of the notice.

The Licensing Authority will maintain a register of all such Notices.

Further information on OUN's may be found on the Gambling Commission website: [Occasional use notices \(OUNs\) - Gambling Commission](#)

6.0 PREMISES LICENCES

6.1 DEFINITION OF "PREMISES"

The Licensing Authority will have regard to the definition of 'premises' as set out in the Section 152 of the [Gambling Act 2005](#) to include 'any place'. The intention of Section 152 is to prevent more than one gambling premises licence applying to any place.

A single building could be subject to more than one premises licence, provided they are for different parts of the building and the different parts of the building can be reasonably regarded as being different premises. This approach has been taken to allow large, multiple unit premises such as a pleasure park, pier, track, or shopping mall to obtain discrete premises licences, where appropriate safeguards are in place. Particular attention will be given to the sub-division of a single building or plot to ensure that mandatory conditions relating to access between premises are observed.

The Licensing Authority will have regard to the Gambling Commission's [Gambling Act 2005 \(the Act\)](#), [Guidance to Local Authorities](#) that states 'In most cases the expectation is that a single building / plot will be the subject of an application for a licence, for example, 32 High Street. But that does not mean 32 High Street cannot be the subject of separate premises licences for the basement and ground floor if they are configured acceptably. Whether different parts of a building can properly be regarded as being separate premises will depend on the circumstances. The location of the premises will clearly be an important consideration and the suitability of the division is likely to be a matter for discussion between the operator and the licensing officer. However, the Commission does not consider that areas of a building that are artificially or temporarily separated, for example by ropes or moveable partitions, can properly be regarded as different premises.'

The Licensing Authority will have regard to the clarification of guidance issued by the Gambling Commission in respect to any premises granted multiple licences. These premises may be inspected to reconsider the separation control measures put in place; any material changes noted since the granting of the application and the relevance of all these factors having regard to the promotion of the licensing objectives, in particular to the protection of children and vulnerable persons from being harmed or exploited from gambling.

The Licensing Authority takes particular note of the Gambling Commission's [Gambling Act 2005 \(the Act\)](#), [Guidance to Licensing Authorities](#) which states that Licensing Authorities should take particular care in considering applications for multiple licences for a building and those relating to a discrete part of a building used for other (non-gambling) purposes. In particular they should be aware of the following:

The third licensing objective seeks to protect children from being harmed by gambling. In practice, that means not only preventing them from taking part in gambling but also preventing them from being in close proximity to gambling. Therefore, premises should be configured so that children are not invited to

participate in, have accidental access to, or closely observe gambling where they are prohibited from participating.

Entrances to and exits from parts of a building covered by one or more premises licences should be separate and identifiable so that the separation of different premises is not compromised, and people do not 'drift' into a gambling area. In this context it should normally be possible to access the premises without going through another licensed premises or premises with a permit.

There should be tangible and evident separation between premises. Adequate separation may be obtained by means of screening, walls, clear signage, PIR alarms etc.

Customers should be able to participate in the activity named on the premises licence in accordance with Social Responsibility Code 9 of the [Licence Conditions and Codes of Practice - Gambling Commission](#).

The Licensing Authority may consider the following questions as relevant factors to in its decision-making, depending on all the circumstances of the case:

- Do the premises have a separate registration for business rates?
- Is the premises' neighbouring premises owned by the same person or someone else?
- Can each of the premises be accessed from the street or a public passageway?
- Can the premises only be accessed from any other gambling premises?
- Has a risk assessment identified and adequately controlled risks?

[The Gambling Act 2005 \(Mandatory and Default Conditions\) \(England and Wales\) Regulations 2007 \(legislation.gov.uk\)](#) restrict access to different types of licensed gambling premises. In considering proposals to divide a building into different premises, the Licensing Authority will have to be satisfied that proposals to divide buildings are compatible with the mandatory conditions which relate to access between premises.

Casinos

- No entrance to a casino must be from premises that are used wholly or mainly by children and/or young persons.
- No customer must be able to enter a casino directly from any other premises which holds a gambling premises licence.

Adult Gaming Centre (AGC)

- No customer must be able to access the premises directly from any other licensed gambling premises or one with a permit (such as an unlicensed family entertainment centre (uFEC)).

Betting Shops

- No direct access from a betting shop to another premises used for the retail sale of merchandise or services. In effect there cannot be an entrance to a

betting shop from a shop of any kind and you could not have a betting shop at the back of a café – the whole area would have to be licensed.

Tracks

No customer should be able to access the premises directly from:

- A Casino.
- An Adult Gaming Centre.

Bingo Premises

No customer must be able to access the premises directly from:

- A Casino.
- An Adult Gaming Centre.
- A Betting premises, other than a track.

Family Entertainment Centre (FEC)

No customer must be able to access the premises directly from:

- A Casino.
- An Adult Gaming Centre.
- A Betting premises, other than a track.

The Commission [Gambling Act 2005, Guidance to Local Authorities](#) at paragraph 7.22 states “There is no definition of ‘direct access’ in the Act or Regulations, but Licensing authorities may consider that there should be an area separating the premises concerned, for example a street or café, which the public go to for purposes other than gambling, for there to be no direct access.”

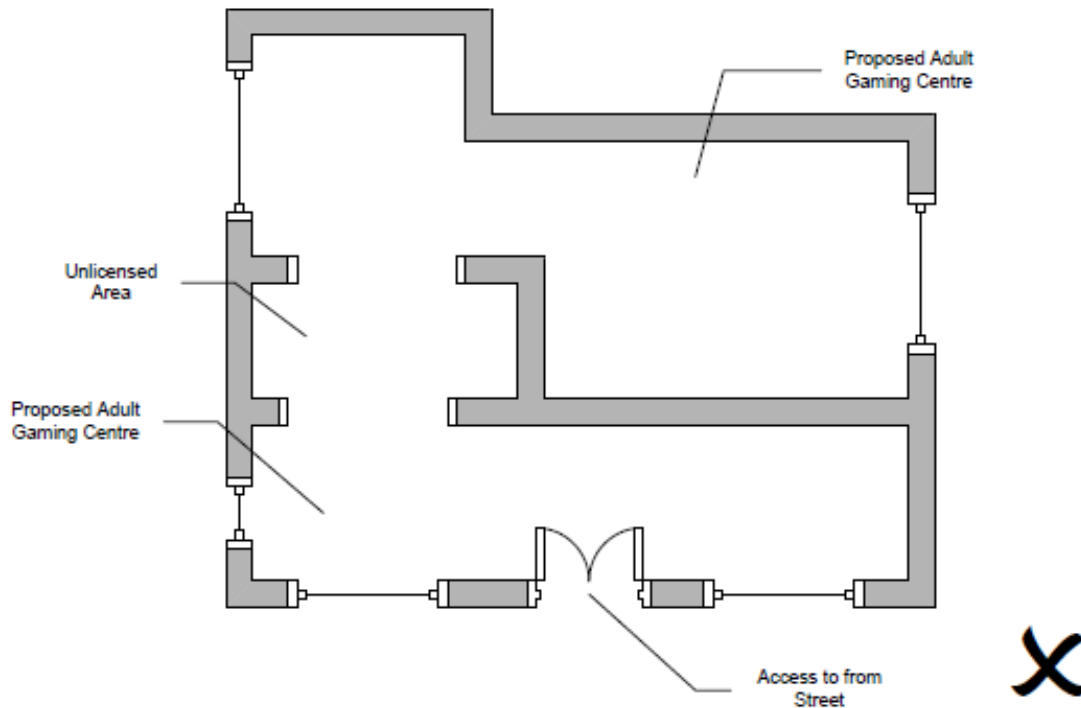
To ensure that advice given to applicants regarding the division between AGCs and FECs or uFECs in amusement arcades is consistent, the following standards are recommended:

- All partitions shall be permanently fixed.
- Partitions shall be opaque.
- No part of any partition shall be formed from any part of a gaming machine or any other type of machine.
- Partitions shall be a minimum height of 1.75 metres (5 foot 9 inches).
- Partitions shall be a maximum height of 0.15 metres (6 inches) from the floor.

The Licensing Authority does not consider that provisions which prohibit direct access between licensed premises are satisfied where licensed premises are separated by an area created artificially within a building principally for members of the public attending the licensed premises, irrespective of whether this area is unlicensed or provides non-gambling facilities, for example refreshments or ATMs.

Applications to place two licensed premises in one premises with an unlicensed area separating them, (see figure 1 below) will not meet this Policy because of the artificial nature of the premises, access, and likely use issues which will arise.

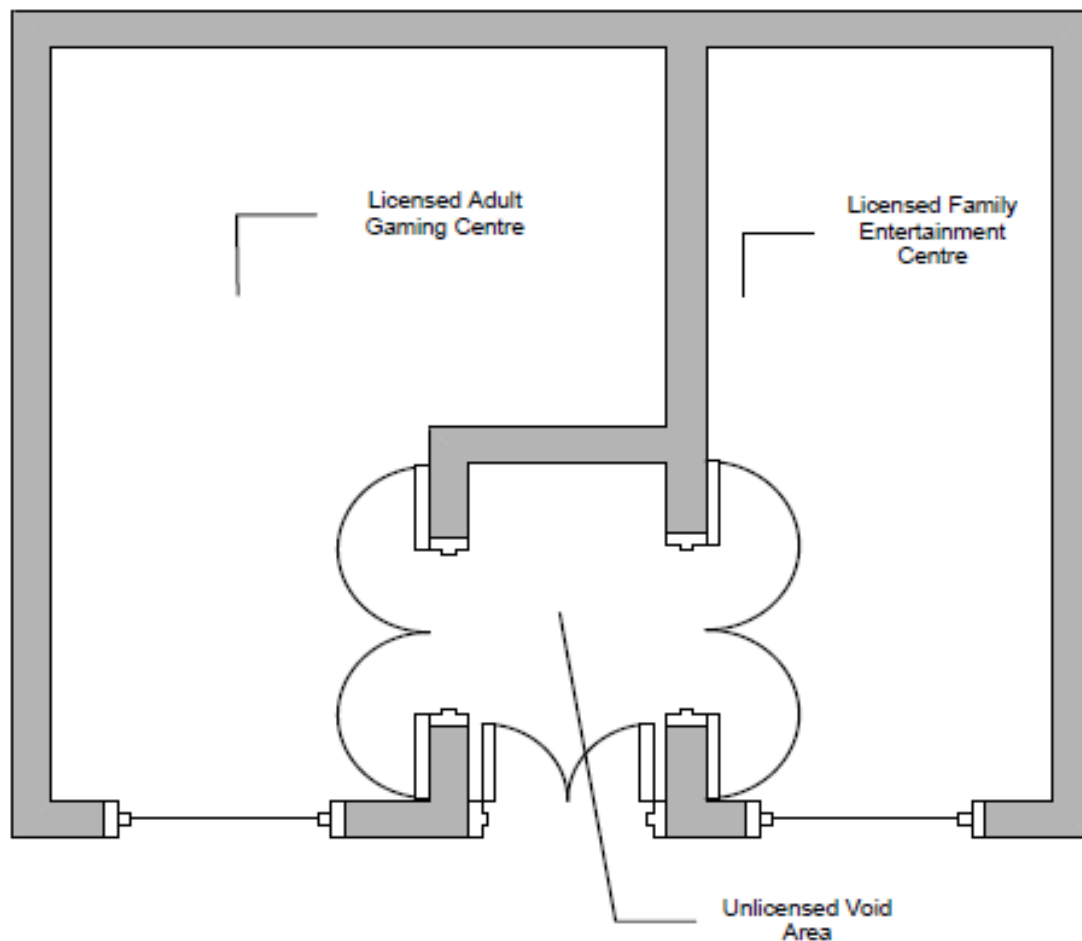
Figure 1



It is possible to have an unlicensed foyer area which separates one licensed premises from another if the foyer is accessed from the street. See Figure 2. The Licensing Authority would expect as a minimum that the area should be used for non-gaming purposes such as an information point, a coffee shop or similar but must not contain any gambling information or literature promoting gambling activities.

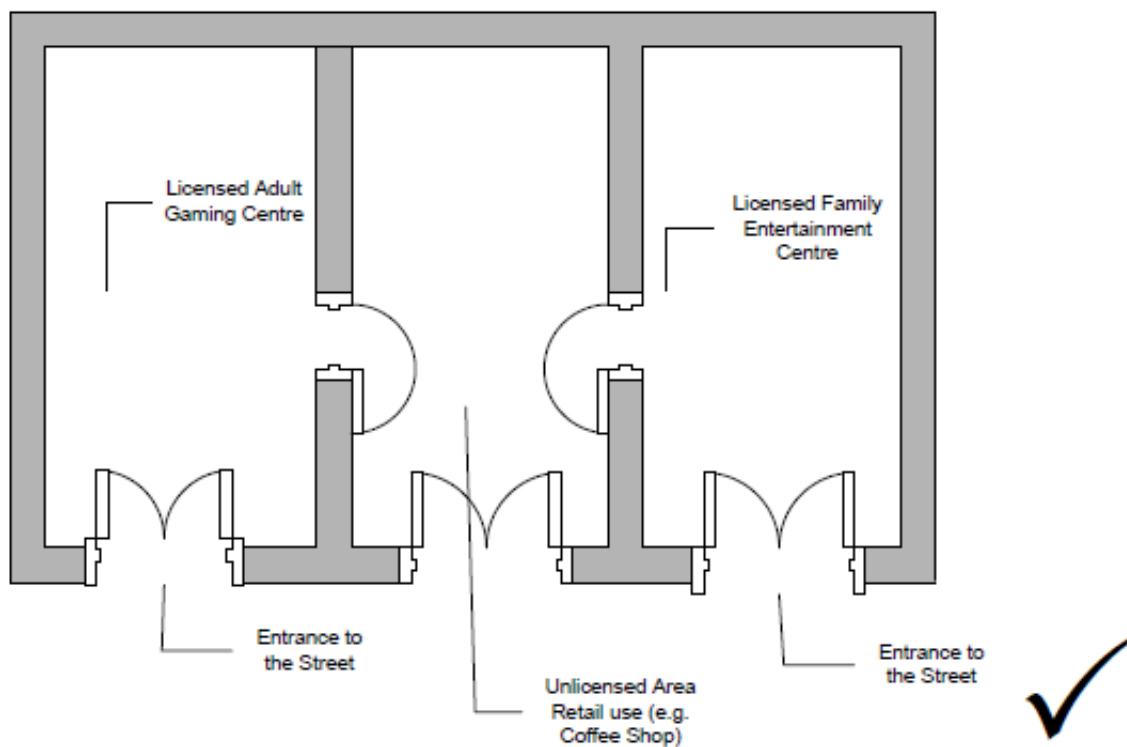
The size of the unlicensed area is matter for each application, but the Licensing Authority will not consider this configuration if the foyer is not of sufficient size to be a useable space.

Figure 2



It may also be acceptable if a premises is separated by another non-licensed premises that has access to both licensed premises from it. An example of this could be in the form of a coffee shop which has a main entrance to the street. The coffee shop may have access to an Adult Gaming Centre on one side and an entrance Family Entertainment Centre on the other side, see figure 3. Where a member of the public not using the gambling premises is likely to use the coffee shop it may be considered that there is no direct access between the two licensed premises.

Figure 3



Part 7 of the Gambling Commission's Guidance also contains further guidance on this issue, which this authority will also take into account in its decision-making.

This will apply to all applications for new Premises licences and any Variations after the date of publication of this Statement of Policy.

6.2 CASINOS

This Authority cannot currently grant a Casino Premises Licence under section 175 of the 2005 Act. However, if this changes the Licensing Authority recognises that applicants may either apply for a full Casino Premises Licence or alternatively a Provisional Statement. Applicants for full Premises Licences however must:

- (a) hold or have applied for an Operating Licence; or
- (b) have the right to occupy the premises.

S166 of the Act states that a Licensing Authority may resolve not to issue casino premises licences. There is no resolution to prohibit casinos in Somerset at present. However, the Licensing Authority reserves the right to review this situation and may, at some time in the future, resolve not to permit casinos or, if licensed casinos are already operating, resolve not to permit any additional casinos.

Should the Licensing Authority choose to make such a resolution, this will be a resolution of Full Licensing Authority following considered debate, and the reasons for making the resolution will be given. This position will be reviewed every three years.

6.3 ADULT GAMING CENTRES (AGC)

The Licensing Authority is responsible for the issue of premises licences for all Adult Gaming Centres are able to offer higher stakes gaming machines and are restricted to over-18s.

Further information on machine categories can be found here -

<https://www.gamblingcommission.gov.uk/licensees-and-businesses/guide/gaming-machine-categories>.

In respect of Adult Gaming Centres, the Licensing Authority will have specific regard to the Licensing objective which seeks to protect children and vulnerable persons from being harmed or exploited by gambling. The applicant will be expected to satisfy the Licensing Authority that there will be sufficient measures and procedures in place, to ensure that persons under 18 years of age do not have access to the premises.

The Licensing Authority will expect applicants to offer their own measures and must be included in the local risk assessment to meet the Licensing Objectives. However appropriate measures and/or licence conditions may cover issues such as:
(This list is indicative only and is not exhaustive)

- Proof of age schemes.
- Closed Circuit Television Systems.
- Supervision of entrances and machine areas.
- Physical separation of areas.
- Location of entry.
- Appropriate notices and signage.
- Self-exclusion schemes and the display of information regarding self-exclusion schemes.
- Provision of information leaflets and helpline numbers for organisations such as 'GamCare'.
- Identify local risks.

In determining an application for a licensed Adult Gaming Centre, the Licensing Authority will have regard to any guidance issued by the Gambling Commission and any mandatory or default conditions deemed to have a positive effect.

6.4 FAMILY ENTERTAINMENT CENTRES (FEC)

The Licensing Authority is responsible for the issue of premises licences for all Family Entertainment Centres. These permit gaming machines of up to category C to be provided.

Further information on machine categories can be found here -

<https://www.gamblingcommission.gov.uk/licensees-and-businesses/guide/gaming-machine-categories>

In respect of FECs, the Licensing Authority will have specific regard to the licensing objective which seeks to protect children and vulnerable persons from being harmed

or exploited by gambling. The applicant will be expected to satisfy the Licensing Authority that there will be sufficient measures and procedures in place, to ensure that persons under 18 years of age do not have access to the 'adult only' gaming machine areas on the premises.

The Licensing Authority will expect applicants to offer their own measures and must be included in the local risk assessment to meet the Licensing Objectives. However, appropriate measures and/or licence conditions may cover issues such as:
(*This list is indicative only and is not exhaustive*)

- Proof of age schemes.
- Closed Circuit Television Systems.
- Supervision of entrances and machine areas.
- Physical separation of areas.
- Location of entry.
- Appropriate notices and signage.
- Self-exclusion schemes.
- Measures/training for staff on how to deal with suspected truant school children on the premises.
- Provision of information leaflets and helpline numbers for organisations such as Gamcare.
- Identify local risks.

In determining an application for a licensed Family Entertainment Centre, the Licensing Authority will have regard to any guidance issued by the Gambling Commission and any mandatory or default conditions deemed to have a positive effect. Licensing Authority will have particular regard to any guidance or direction on how the separation and/or delineation of the 'adult only' machine areas of the premises should be achieved. Please refer to section 6.1 for more information regarding separation of premises.

6.5 BINGO PREMISES LICENCES

The Licensing Authority is responsible for the issue of premises licences for all bingo premises. Typically, these are a bingo hall or club but can also be similar to an AGC on the high street.

Further information on machine categories can be found here -

<https://www.gamblingcommission.gov.uk/licensees-and-businesses/guide/gaming-machine-categories>

The Licensing Authority considers that if persons under 18 years of age are allowed to enter premises licensed for bingo, it is important that they do not participate in gambling, other than on category D machines. Where category C or above machines are available on premises to which persons under 18 years of age have access, the Licensing Authority will require that:

- All such machines are located in an area of the premises separated from the remainder of the premises by a physical barrier, which is effective to prevent access other than through a designated entrance.
- Only adults are admitted to the area where the machines are located.

- Access to the area where the machines are located is adequately supervised.
- The area where the machines are located is arranged so that it can be observed by staff of the operator or the licence holder.
- At the entrance to and inside any such area there are notices prominently displayed, indicating that access to the area is prohibited to persons under 18.
- No under 18s may play bingo on this premises' must be displayed at each entrance to the bingo premises.

The Licensing Authority will expect applicants to offer their own measures and must be included in the local risk assessment to meet the Licensing Objectives. However, appropriate measures and/or licence conditions may cover issues such as: *(this list is indicative only and is not exhaustive)*

- Proof of age schemes.
- Closed Circuit Television Systems.
- Supervision of entrances and machine areas.
- Physical separation of areas.
- Location of entry.
- Appropriate notices and signage.
- Specific opening hours.
- Self-exclusion schemes.
- Provision of information leaflets and helpline numbers for organisations such as GamCare.
- Identify local risks.

In determining any application for a Bingo Premises Licence, the Licensing Authority will have regard to any guidance issued by the Gambling Commission with regard to the suitability and general layout and appearance of Bingo Premises (Social Responsibility Code 9 of the [Licence Conditions and Codes of Practice - Gambling Commission](#)).

6.6 BETTING PREMISES LICENCES

The Licensing Authority is responsible for the issue of premises licences for all betting establishments, including casinos, licensed betting offices and tracks. It is illegal for persons under 18 years of age to enter licensed betting premises and bet, but they may gain entry to tracks.

A betting premises licence gives the holder the entitlement to up to 4 Cat B2 Machines (also known as Fixed Odds Betting Terminals (FOBTs)).

Further information on machine categories can be found here - <https://www.gamblingcommission.gov.uk/licensees-and-businesses/guide/gaming-machine-categories>

Section 169 of the Act gives the Licensing Authority the power to apply conditions in specific circumstances, in such cases the Licensing Authority will have regard to the following:

- The size of the premises.

- The number of counter positions available for person-to-person transactions.
- The ability of staff to monitor the use of the machines by persons under 18.
- years of age or vulnerable persons.

The Licensing Authority expects applicants to offer their own measures and must be included in the local risk assessment to meet the Licensing Objectives. However appropriate measures and/or licence conditions may cover issues such as:

(This list is indicative only and is not exhaustive)

- Proof of age schemes.
- Closed Circuit Television Systems, (CCTV).
- Supervision of entrances and machine areas.
- Physical separation of areas.
- Location of entry.
- Appropriate notices and signage.
- Specific opening hours.
- Self-exclusion schemes.
- Measures / training for staff on how to deal with suspected underage access and play on the premises.
- Provision of information leaflets and helpline numbers for organisations such as GamCare.
- Identify local risks.

In determining any application for a Betting Premises Licence, the Licensing Authority will have regard to any guidance issued by the Gambling Commission with regard to the suitability and general layout and appearance of Betting Premises (Social Responsibility Code 9 of the [Licence Conditions and Codes of Practice - Gambling Commission](#)).

6.7 TRACKS

The Licensing Authority is aware that the Gambling Commission may provide further specific guidance as regards tracks and recognise that tracks are different from other premises in that there may be more than one Premises Licence in effect and that the track operator may not be required to hold an 'Operators' Licence as there may be several premises licence holders at the track who will need to hold their own operator licences.

As children and young persons will be permitted to enter track areas where facilities for betting are provided e.g., dog racing and/or horse racing, the Licensing Authority would expect the premises licence applicants to demonstrate suitable measures to ensure that children do not have access to adult only gaming facilities; it shall also expect applicants to offer their own measures to meet the Licensing Objectives, however, appropriate measures may cover issues such as:

(This list is indicative only and is not exhaustive)

- Proof of Age schemes.
- CCTV.
- Door supervisors.
- Supervision of entrances/exits/machine areas.
- Physical separation of areas.
- Notices / signage.

- Specific Opening Hours.
- Location of entry and gaming machines.

The Licensing Authority will consider on its own merit applications for venues such as athletics tracks or sports stadium for track betting licences to cover the whole track.

Applicants will be required to:

- Provide a detailed plan of the grounds indicating where the betting is to take place and the location of the racetrack.
- In the case of dog tracks and horse racecourses, indicate the location of any fixed and mobile pool betting facilities operated by the Tote or track operator as well as any other proposed gambling facilities.
- Evidence measures taken to ensure the third Licensing Objective will be complied with.
- Indicate what arrangements are being proposed for the administration of the betting. (The Gambling Commission and Licensing Authority recommend that betting takes place in areas reserved for, and identified as being for, that purpose).
- Areas of the track that will be used by on course operators (bookmakers) visiting the track on race days shall be defined.
- Any temporary structures erected on the track for providing facilities for betting shall be defined.
- Location of any gaming machines (if any) shall be defined.

Plans should make clear what is being sought for authorisation under the track betting premises licence and what, if any, other areas are to be subject to a separate application for a different type of premises licence.

The Licensing Authority recommends an applicant consults with the Gambling Commission and the Licensing Authority prior to submission of their application.

6.8 BETTING AND GAMING MACHINES ON TRACKS

With regard to gaming machines on tracks, the Licensing Authority will consider carefully the location of any adult gaming machines at tracks to ensure that these machines are in areas which children are excluded, though it is recognised that children and young persons are not prohibited from playing Category D machines on a track.

The Licensing Authority recognises the potential space for such machines may be considerable, bringing with it significant problems in relation to the proliferation of such machines. It is the responsibility of the track operator to ensure compliance with the law in preventing children from using these machines. It is for this reason the Licensing Authority may consider restricting the number and location of machines, however, each application will be considered on its own merit.

6.9 SELF-CONTAINED BETTING OFFICES ON TRACKS

In general, the rules that apply to betting premises away from tracks will apply to self-contained betting premises on tracks and the Licensing Authority will consider future guidance from the Gambling Commission about how such premises should be delineated, both to make it clear to the public that they are entering a 'betting office' and to prevent the entry of children and young persons. Applicants are recommended to consider the Gambling Commission's view that it would be preferable for all self-contained premises operated by off course betting operators on track to be the subjects of separate premises licences; this would thus ensure that there was clarity between the respective responsibilities of the track operator and the off course-betting operator running a self-contained unit on the premises.

On advice from the Gambling Commission, the Licensing Authority may attach a condition to track premises licences requiring the track operator to ensure that the rules of betting are prominently displayed in or near the betting areas, or that other measures are taken to ensure that they are made available to the public. For example, the rules could be printed in the race card or made available in leaflet form from the track office. The Licensing Authority would welcome other suitable methods.

6.10 VESSELS AND VEHICLES

Licences may be granted for passenger vessels. However, not all forms of permits are available to vessels. Vehicles may not be the subject of a Premises Licence and therefore all forms of commercial betting and gaming will be unlawful in a vehicle.

The Licensing Authority will have jurisdiction over gambling conducted on vessels on all inland waterways, at permanent moorings and on all aircraft on the ground or in domestic air space.

Section 211 (4) of the Act provides that in relation to a vessel, but to no other premises, responsible authorities should also include navigation authorities within the meaning of Section 221 of the Water Resources Act 1991 that have functions in relation to the waters where the vessel is usually moored or berthed, or in any waters where it is proposed to be navigated at a time when it is used for licensable activities.

6.11 TRAVELLING FAIRS

Travelling fairs do not require any permit to provide gaming machines but must comply with the legal requirements as to the way the machines operate. They may provide an unlimited number of Category D gaming machines and/or equal chance prize gaming machines, provided that the facilities for gambling amount to no more than an ancillary amusement at the fair.

A given area of land may, by statute, only be used on 27 days per calendar year for the purposes of accommodating a fair. The statutory maximum of 27 days calendar use, applies to the land on which the fairs are held, and that use is cumulative, regardless of whether it is the same fair or a procession of different travelling fairs. The Licensing Authority may monitor fairs, (whether travelling or otherwise), which provide category D gaming machines or equal chance prize gaming machines within

Somerset, to ensure that the provision of gambling is ancillary to the amusement provided at the fair and to ensure that the statutory limits upon the annual use of the land are not exceeded.

7.0 GENERAL POINTS REGARDING GAMING MACHINES

Gaming machines are made available through a variety of permissions established by the granting of premises licences and permits. There are different categories of machine (the category will determine the level of stakes and prizes), and the number permitted to be made available for play by each operator is controlled by the licence or permit in question. For example, the allowance for an Adult Gaming Centre will differ from a Bingo premises. The Licensing Authority undertakes regular inspections of premises where licences and/or permits are in place to ensure that these requirements are complied with.

Further information on machine categories can be found here -

<https://www.gamblingcommission.gov.uk/licensees-and-businesses/guide/gaming-machine-categories>

In view of the above, regardless of the permission involved, operators must:

- Clearly display the classification (e.g., Category D) of each machine on the machine itself.
- Undertake consultation with the Licensing Authority in advance of applying screening and/or erection of booths to category B machines within licensed premises.
- Ensure that gaming machines situated in premises licensed to sell/ supply alcohol (authorised by way of notification of automatic entitlement and/or permit) are made available strictly in accordance with the Gambling Commission's code of practice with regards to gaming machines in alcohol-licensed premises.

The Licensing Authority will expect the holder of a Permit or Premises Licence to comply with the Codes of Practice issued by the Commission on the location of, and access to, such machines by children and young persons. [Section C - Gaming machines in clubs and premises with an alcohol licence](#).

The Licensing Authority recognises concerns about unlawfully sited gaming machines because they are:

- Provided in prohibited places such as takeaways and taxi offices.
- Provided without a Responsible permit.
- Provided from an unregistered supplier and/or are uncategorised.
- Known to have links with organised crime.

In circumstances where illegal machines are being provided, the following actions may be taken by the Licensing Authority:

- Initial enforcement, visit and verbal/written warning issued to remove the machines.
- Removal of the gaming machines in partnership with the Commission/ Police.

There are a variety of reasons why the provision of gaming machines may be illegal, and operators are advised to seek the advice of the Licensing Authority or the Gambling Commission before making them available. Where the Licensing Authority is uncertain of whether or not a machine is a gaming machine as defined under the Act, it will seek the advice of the Gambling Commission.

Where the Licensing Authority has concerns about the manufacture, supply, or repair of a gaming machine it will bring this to the attention of the Gambling Commission.

8.0 SMALL SOCIETY LOTTERIES

Under the [Gambling Act 2005](#) a lottery is unlawful unless it runs under an operating licence (a large lottery) or is an exempt lottery. The Licensing Authority will register and administer small society lotteries as defined under the Act. Promoting or facilitating a lottery will fall into two categories. Licensed lotteries (requiring an operating licence from the Gambling Commission) Exempt lotteries (including small society lotteries registered with Somerset Licensing Authority).

Exempt lotteries are defined as:

- Small society lotteries.
- Incidental non-commercial lotteries.
- Private lotteries.
- Work lotteries.
- Residents' lotteries.
- Customer lotteries.

Advice regarding the definitions of the above exempt lotteries is available from the Gambling Commission guidance and the website - [Types of lottery you can run without a licence - Gambling Commission](#)

Organisers of raffles or lotteries MUST follow the legislation contained with the [Gambling Act 2005](#) to ensure that the arrangements for lottery are legal to avoid an offence being committed. The Licensing Authority recommends those seeking to run lotteries take their own legal advice on which type of lottery category they fall within.

Applicants for small society lottery registrations must apply to the Licensing Authority in the area where their principal office is located. Where the Licensing Authority believes that the Society's principal office is situated in another area it will inform the Society as soon as possible and where possible, will inform the other Licensing Authority.

The Licensing Authority will ask applicants to set out the purposes for which the Society is established and will ask the promoter to declare that they represent a bona fide non-commercial society and have no relevant convictions. The Licensing Authority may seek further information from the Society if not provided.

The Licensing Authority may refuse an application for registration if in their opinion:

- The applicant is not a non-commercial society.
- A person who will or may be connected with the promotion of the lottery has been convicted of a relevant offence; or
- Information provided in or with the application for registration is false or misleading.

The Licensing Authority will refuse applications for registration if in the previous five years, either an Operating Licence held by the applicant for registration has been revoked, or an application for an Operating Licence made by the applicant for registration has been refused. Where the Licensing Authority is uncertain as to whether or not an application has been refused, it will contact the Gambling Commission to seek advice.

Where the Licensing Authority intends to refuse registration of a Society, it will give the Society an opportunity to make representations and will inform the Society of the reasons why it is minded to refuse registration and supply evidence on which it has reached that preliminary conclusion.

The Licensing Authority may revoke the registered status of a society if it thinks that they would have been obliged or permitted to refuse an application for registration if it were being made anew. No revocations will take place unless the Society has been given the opportunity to make representations. The Licensing Authority will inform the Society of the reasons why it is minded to revoke the registration and will provide an outline of the evidence on which it has reached that preliminary conclusion.

Where the annual fee is not paid by the due date the Licensing Authority may cancel the small society registration. The onus is firmly placed on the Society to ensure they pay the annual fee by the due date.

Where a Society employs an external lottery manager, it will need to satisfy itself that that person holds an Operator's Licence issued by the Gambling Commission. The Licensing Authority will expect this to be verified in writing by the Society.

The Licensing Authority requires all registered small society lottery operators to maintain written records of any unsold and returned tickets for a period of one year from the date of the lottery draw.

The Licensing Authority is permitted to inspect the records of the lottery for any purpose related to the lottery. It is likely to do so where:

- The Society has failed to complete the statement of return correctly on two or more occasions.
- The Society fails to submit a statement of return for a lottery the society has held within 3 months of the draw taking place.

The Licensing Authority will keep a Public Register of all applications to register a small society for lottery purposes.

The Licensing Authority will accept return information by an electronically scanned return sent by e-mail.

9.0 LICENSING OBJECTIVES

9.1 PREVENTING GAMBLING FROM BEING A SOURCE OF CRIME OR DISORDER, BEING ASSOCIATED WITH CRIME OR DISORDER, OR BEING USED TO SUPPORT CRIME

The Licensing Authority will, when determining applications, consider whether the grant of a premises licence will result in an increase in crime and disorder arising from gambling activities. This will include measures to be undertaken in order to prevent money laundering activities taking place.

The Gambling Commission, in its draft guidance for local authorities, has noted that “disorder is intended to mean activity that is more serious and disruptive than mere nuisance. Factors to consider in determining whether a disturbance was serious enough to constitute disorder would include whether police assistance was required and how threatening the behaviour was to those who could see or hear it.” The Licensing Authority agrees with this statement.

Applicants are encouraged to discuss the crime prevention procedures in their premises with the Licensing Authority and/or the Avon & Somerset Constabulary before making a formal application. In considering licence applications, the Licensing Authority will particularly take into account the following:

- The design and layout of the premises.
- The training given to staff in crime prevention measures appropriate to those premises.
- Physical security features installed in the premises. This may include matters such as the position of cash registers or the standard of CCTV that is installed.
- The likelihood of any violence, public order, or policing problem if the licence is granted.
- The premises local risk assessment..

Where evidence is submitted that an area has known high levels of organised crime the Licensing Authority will consider carefully whether gambling premises are suitable to be located there and whether conditions may be suitable such as the provision of door supervisors. The Licensing Authority is aware of the distinction between disorder and nuisance and will consider factors such as whether Police assistance was required.

The Licensing Authority recognises that disorder may be focused on premises and therefore expects an applicant to demonstrate an understanding of possible crime and disorder and to take such controls as are necessary to prevent it. Examples may include thought given to the way that gambling is conducted on the premises, company policy on prevention of crime and disorder, siting of large pay out machines and the provision of door supervisors.

9.2 ENSURING THAT GAMBLING IS CONDUCTED IN A FAIR AND OPEN WAY

Generally, the Commission would not expect Licensing Authorities to become concerned with ensuring that gambling is conducted in a fair and open way as this will be a matter for either the management of the gambling business, and therefore subject to the Operating Licence or will be in relation to the suitability and actions of an individual and therefore subject to the Personal Licence, both of which are the responsibility of the Gambling Commission.

All gambling should be fair in the way it is played with transparent rules such that players know what to expect. Examples may include easily understandable information being made available on the rules and probability of winning/losing, ensuring the rules are fair and that advertising is not misleading. The Licensing Authority encourages that where written rules are provided that they are of a font size not less than 11 and in a format accessible to all.

9.3 PROTECTING CHILDREN AND OTHER VULNERABLE PERSONS FROM BEING HARMED OR EXPLOITED BY GAMBLING

9.3.1 CHILD AND YOUNG PERSONS ACCESS TO GAMBLING LICENSED PREMISES

The access of children and young persons to those gambling premises which are adult only environments, will not generally be permitted.

The Licensing Authority will seek to limit the advertising for premises so that gambling products are not aimed at children or advertised in such a way that makes them particularly attractive to children.

We expect all operators to have a safeguarding policy in relation to children and vulnerable adults. All staff will be expected to undertake training regarding:

- Vulnerability risk factors
- How to identify safeguarding issues.
- How to report and record concerns.

Please refer to Appendix F for further information.

The Licensing Authority will consult with the Local Safeguarding Children Board on any application that indicates there may be concerns over access for children or vulnerable persons.

Where premises are subject to age-restrictions and there are procedures in place to conduct age verification checks, these checks will be taken into account when considering the licence.

The Licensing Authority will judge the merits of each separate application before deciding whether to impose conditions to protect children on particular categories of premises. This may include such requirements as:
(*This list is indicative only and is not exhaustive*)

- Supervision of entrances.
- Segregation of gambling areas from areas frequented by children.
- Supervision of gaming machines in non-adult gambling specific premises.
- Staff training.
- Company policies for protecting children and vulnerable persons.
- Careful consideration of the siting of cash machines.
- Additional requirements to provide supervision at entrances.
- Steps taken to segregate gambling from non-gambling areas frequented by children.
- Supervision of gaming machines in non-adult gambling specific premises in order to prevent children or vulnerable young persons from being harmed or exploited by gambling.
- Appropriate signage.
- Location of machines.
- Numbers of staff on duty.

These measures will be particularly relevant in mixed use premises and on tracks where children have freedom of movement in betting areas on race days. The Licensing Authority expects that operators would have identified the risks and mitigations in their premises risk assessments.

9.3.2 VULNERABLE PERSONS

The Licensing Authority does not seek to prohibit particular groups of adults from gambling in the same way that it seeks to prohibit children, but it will assume, for regulatory purposes, that ‘vulnerable persons’ includes:

- People who gamble more than they want to.
- People who gamble beyond their means.
- People who may not be able to make an informed or balanced decision due to alcohol or drug addiction and
- People whose disability limits a person’s ability to understand the consequences of gambling.

The Licensing Authority notes the Gambling Commission’s guidance to protect children and other vulnerable persons from being harmed or exploited by gambling.

The Licensing Authority will expect to see evidence that measures have been put into place to protect this group of people during any inspections it may carry out.

9.3.3 ADVISORY BODY FOR THE PROTECTION OF CHILDREN FROM HARM

Somerset Council as the Licensing Authority designates Somerset Council’s Children’s Social Care as the competent authority to provide advice on the protection of children from harm.

Somerset Children’s Social Care, which includes an out of hours emergency duty service, operates throughout the county of Somerset and has the specialist knowledge and expertise to fulfil this role.

Please see Appendix F

10.0 COMPLAINTS ABOUT LICENSED PREMISES

The Licensing Authority will investigate complaints about the operation of licensed premises regarding matters relating to the licensing objectives for which it has responsibility. For all customer complaints about the gambling products, complainants must raise the complaint directly with the licensee or business concerned to seek a local resolution. If they are not satisfied, they should contact the Gambling Commission.

Where an interested party has made valid representations about licensed premises, or a valid application for a licence to be reviewed, the Licensing Authority may initially recommend a conciliation meeting to address and clarify the issues of concern.

This process will not override the right of any interested party to ask that the Licensing Committee consider their valid objections, or for any licence holder to decline to participate in a conciliation meeting.

11.0 FURTHER INFORMATION

Further information about [Gambling Act 2005](#), this Gambling Policy Statement of Principles and about the application process, including application forms and guidance notes can be obtained from:

Somerset Council, Licensing Department, County Hall, The Crescent, Taunton, Somerset TA1 4DY.

Tel: 0300 123 2224 Website: <https://www.somerset.gov.uk/business-economy-and-licences/>

E-mail: licensing.mendip@somerset.gov.uk; licensing.sedgemoor@somerset.gov.uk; licensing.south@somerset.gov.uk; licensing.west@somerset.gov.uk

Gambling Commission, Victoria Square House, Victoria Square, Birmingham B2 4BP

Tel: 0121 230 6666 Website: www.gamblingcommission.gov.uk

APPENDIX A

GLOSSARY OF TERMINOLOGY

Within this Statement of Policy, the following words and terms are defined as stated:

Licensing Objectives:	As defined in section 1.1.
Licensing Authority:	Means Somerset Licensing Authority.
County:	Means the area of Somerset administered by Somerset Licensing Authority – see map in introduction.
Licences:	As defined in section 1.4.
Applications:	Means applications for Licences or Permits defined in section 1.4
Notifications:	Means notifications of Temporary Use Notices (TUN) and Occasional Use Notices (OUN).
Act:	Means the Gambling Act 2005
Regulations:	Means Regulations made under the Gambling Act 2005
Premises: moveable	Means any place and includes a vehicle, vessel, or structure (in accordance with the Gambling Act 2005).
Code of Practice:	Means any relevant code of practice under section 24 of the Gambling Act 2005).
Mandatory Condition:	Means any specified condition provided by regulations to be attached to a licence. The Gambling Act 2005 (Mandatory and Default Conditions) (England and Wales) Regulations 2007
Default Condition:	Means a specified condition provided by regulations to be attached to a licence (unless disapplied by the Licensing Authority). The Gambling Act 2005 (Mandatory and Default Conditions) (England and Wales) Regulations 2007
Responsible Authority:	For the purposes of the Gambling Act 2005 , the following are responsible authorities in relation to premises: <ul style="list-style-type: none"> • The Licensing Authority (Somerset Council) • The Gambling Commission • Avon & Somerset Constabulary • Devon & Somerset Fire & Rescue Service • Planning Somerset Council • Planning Exmoor National Park Authority • Environmental Protection Somerset Council • Somerset Local Safeguarding Children Board, Somerset Licensing Authority

- HM Revenue and Customs

Interested Party: For the purposes of the [Gambling Act 2005](#), a person is an interested party in relation to a premises licence if, in the opinion of the Licensing Authority which issues the licence or to which the application is made, the person see Appendix E for further details.

When considering whether a person is an interested party, each case will be judged on its merits taking into consideration the Responsible circumstances, including those contained in the Gambling Commission's [Guidance to Licensing Authorities](#)

Operator Licence: is a licence issued to the operator by the Gambling Commission

Personal Licence: is a licence issued to individuals by the Gambling Commission

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APPENDIX B

TABLE OF DELEGATIONS OF LICENSING FUNCTIONS

MATTER TO BE DEALT WITH	FULL COMMITTEE	SUB-COMMITTEE	OFFICERS
Three-year licensing policy	Yes		
Policy not to permit casinos	Yes		
Fee Setting - when appropriate	Yes		
Application for premises licences		If a relevant representation is made and not withdrawn	If no relevant representation
Application for a variation to a licence		If a relevant representation is made and not withdrawn	If no relevant representation
Application for a transfer of a licence		If a relevant representation is made and not withdrawn	If no relevant representation
Application for a provisional statement		If a relevant representation is made and not withdrawn	If no relevant representation
Review of a premises licence		Yes	
Application for club gaming /club machine permits		If a relevant representation is made and not withdrawn	If no relevant representation
Cancellation of club gaming/ club machine permits		If a relevant representation is made and not withdrawn	If no relevant representation
Applications for other permits		If a relevant representation is made and not withdrawn	If no relevant representation
Cancellation of licensed premises gaming machine permits		If a relevant representation is made and not withdrawn	If no relevant representation
Consideration of temporary use notice		If a relevant representation is made and not withdrawn	If no relevant representation
Decision to give a counter notice to a temporary use notice		If a relevant representation is made and not withdrawn	If no relevant representation
Determination as to whether			All cases

a person is an Interested Party			
Determination as to whether representations are relevant			All cases
Determination as to whether a representation is frivolous, vexatious, or repetitive			All cases

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APPENDIX C

CONTACT DETAILS FOR RESPONSIBLE AUTHORITIES

The Licensing Authority	Licensing Department County Hall The Crescent Taunton Somerset TA1 4DY
The Gambling Commission	Fourth Floor Victoria Square House Victoria Square Birmingham B2 4BP
Avon & Somerset Constabulary	Licensing Bureau PO Box 3259 Bristol BS2 2EJ
Devon & Somerset Fire & Rescue Service (DSFRS)	Devon & Somerset Fire & Rescue Service Headquarters The Knowle Clyst St George Exeter EX3 0NW
Somerset Children's Social Care	Somerset Direct Childrens and Young Persons Team PO Box 618 Taunton Somerset TA1 3WF
HM Customs & Excise	HM Revenue & Customs National Registration Unit Portcullis House 21 India Street Glasgow G2 4PZ
Exmoor National Park Authority Planning	Exmoor National Park Authority Exmoor House Dulverton Somerset TA22 9HL

APPENDIX D

LIST OF CONSULTEES

- Elected Members, Somerset Council
- Town and Parish Councils in Somerset
- All licensed gambling operators
- Holders of Family Entertainment permits
- Association of British Bookmakers (ABB)
- British Amusement Catering Trade Association (BACTA)
- The Bingo Association
- The Lotteries Council
- Somerset Chamber of Commerce
- Gamcare
- Gamblers Anonymous
- GambleAware
- Mencap
- NSPCC
- CAB
- Director of Public Health
- Members of the public who will be affected by this policy

Note: This list is not intended to be exclusive. Comments and observations will be welcome from anyone who will be affected by this policy.

APPENDIX E

INTERESTED PARTIES

Interested Parties' can make representations to the Licensing Authority, in respect of an application for a 'Premises Licence', or in respect of an application for a 'Provisional Statement', submitted to the Licensing Authority by an applicant, under the Act.

Interested parties can also initiate, (or make representation in respect of), a review of a Premises Licence, the detail of which is outlined under the heading of 'Reviews'.

The Act states that a person is an 'Interested Party', if in the opinion of the Licensing Authority, that person:

- Lives sufficiently close to the premises to be likely to be affected by the authorised activities
- Has business interests that might be affected by the authorised activities, or
- Represents persons who satisfy the criteria at paragraph a) or b)
- These persons include trade associations, trade unions, and residents' and tenants' associations. However, the Licensing Authority will not generally view these bodies as interested parties, unless they have a member who satisfies the criteria in paragraphs a) or b) above; and they have written Authority of representation

'Interested Parties' can also be persons who are democratically elected, such as Councillors, (including Town Councillors), and Members of Parliament. In such circumstances, no specific evidence of being 'asked' to represent an interested person will be required, provided the Responsible Elected Member represents the ward or town likely to be affected.

Individuals who wish to approach Councillors to represent their views may do so. In the case where a Councillor represents an interested party, in order to avoid conflict of interests, that Councillor shall not be part of the Licensing Committee dealing with the licence application. If there are any doubts, Councillors will be asked to contact the Licensing Authority's Legal team to gain further advice.

Likewise, parish/town councils likely to be affected will be considered to be interested parties.

Other than these, however, this Authority will generally require written evidence that a person/body (e.g., an advocate/relative) 'represents' someone who either lives sufficiently close to the premises to be likely to be affected by authorised activities and/or has business interests that might be affected by the authorised activities. A letter from one of these persons confirming their wish to be represented will be sufficient.

The Licensing Authority will firstly determine whether or not a person is an interested party and secondly whether or not their representation is relevant. Representations by such persons that do not relate to the Licensing Objectives but focus on demand and competition will not be considered as relevant.

The Licensing Authority will take into account the following factors when interpreting 'sufficiently close':

- Size of the premises
- Nature of the premises
- Distance of the premises from the location of the person making the representation
- Potential impact of the premises, i.e., number of customers, routes likely to be taken by those visiting the establishment
- Circumstances of the complainant, i.e., interests of the complainant that may be relevant to the distance from the premises

The Licensing Authority recognises 'sufficiently close to be likely to be affected' could have a different meaning for, for instance, a private resident, a residential school for children with behavioural or other problems and a residential hostel for vulnerable adults and will therefore deal with each representation on its own merit.

Persons with business interests that could be affected

The Licensing Authority will decide upon representations from those persons with business interests on an individual basis and would require to be satisfied that the Responsible business is likely to be affected and shall not take into account representations put forward by a rival operator, anywhere in the country, simply because they are in competition within the same gambling sector. The following factors will therefore be relevant:

- Size of the premises
- The 'catchment' area of the premises (i.e., how far people travel to visit)
- Whether the person making the representation has business interests in that catchment area that might be affected
- Whether or not the representation is purely based on 'competition' as the Licensing Authority does not consider this to be a relevant representation

APPENDIX F

CHILD SEXUAL EXPLOITATION & TRAFFICKING OF CHILDREN & YOUNG PEOPLE

This Licensing Authority is helping to tackle child sexual exploitation and trafficking by working together with key partners.

Through agencies working together and sharing information, we aim to identify and prevent sexual exploitation, disrupt the activities of perpetrators, protect children and young people, and prosecute perpetrators of sexual exploitation. Sharing information with Police and Child Protection services helps to protect young people from harm. Safeguarding children and young people is everyone's responsibility.

Child sexual exploitation and trafficking is a crime that can affect any child, anytime, anywhere – regardless of their social or ethnic background.

Sexual exploitation of children and young people involves exploitative situations, contexts and relationships where young people (or a third person or persons) receive something, e.g., food, accommodation, drugs, alcohol, cigarettes, affection, gifts, money, etc. as a result of them performing, and/or another or others performing on them, sexual activities. Violence, coercion, and intimidation are commonly involved in such exploitative relationships.

Child sexual exploitation involves perpetrators grooming youngsters and using their powers to sexually abuse them. Sexual exploitation of children and young people can take many forms, whether it occurs through a seemingly 'consensual' relationship with an older boyfriend, or a young person having sex in return for attention, gifts, alcohol, or cigarettes.

How gambling premises licence and permit holders and their employees can help tackle child sexual exploitation

Gambling establishment licence and permit holders and their employees are in a good position to help identify victims of sexual exploitation because, through the operation of certain gambling activities, licence and permit holders and their employees regularly come into contact with children, young and vulnerable people. This means that licence and permit holders and their employees are in an ideal position to help protect young and vulnerable people.

In particular, licence and permit holders and their employees should ask themselves the following questions when they see young and vulnerable people in their gambling premises:

- Do any of your customers appear to be under 18 years old?
- Are they with a much older person and appear to be in a relationship?
- Do you think that they are under the influence of alcohol or drugs?
- Are children/young people being brought regularly to your premises by older people? If so, ask yourself why?

Operators should have in place appropriate safeguarding measures and should seek appropriate advice where necessary to ensure that they are aware of both national and local issues, best practice and/ or priorities.

Further information on reporting child/adult abuse in Somerset can be found at: -
<http://www.somerset.gov.uk/childrens-services/safeguarding-children/report-a-child-at-risk/>

<https://www.somerset.gov.uk/care-and-support-for-adults/report-an-adult-at-risk/>

If you have reason to suspect that a child is being abused or at risk of abuse it is your responsibility to report your concerns to and share information with the Police (Tel: 101) and Somerset Council Child Protection Unit. (Tel: 0300 123 2224).

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APPENDIX B - Somerset Council Gambling Policy - Statement of Principles - 2023 Consultations

Reference	Consultee	Comment	Officer Recommendation	Licensing Committee Decision
1	National Operator	<p>From a company perspective, the main amendments would be to our LRA document we have in each shop. I have picked out 7 points which we would look to include in our next annual review of the documentation.</p> <p>All 7 make sense and only one would be difficult for us to achieve, solely down to a data issue but I will look to try and resolve in the next couple of months.</p> <p>I firmly believe we are working to, and can demonstrate, the rest of the document. On a side note, it's great to see other aspects of gambling, that were previously relaxed, included in the governance of the industry, therefore, making it safer for all.</p> <p>If I can help with anything throughout the process or provide any feedback please do not hesitate to get in touch.</p>	Recommend no change to Policy – Supportive comment.	
2	Member of public	<p>I am concerned at how easily available and widespread gambling has become. Despite references to pausing to think, advertising glorifies gambling, suggesting easy gains which lie outside most people's wildest dreams. The attractive prominence of Merkur Slots in Taunton Parade, as well as local betting shops in poor areas of the town, offer a wide variety of gambling, which for many cause or maintain habits that undermine relationships and jeopardize a stable income.</p>	Recommend no change to Policy as this is a general statement of concern. The author was contacted during the consultation period and asked if they would like to engage directly with the policy document, but no further reply was received.	
3	Service user	<p>I have no issue with it, as we do a raffle at the Church, I can't see that being a major issue.</p>	Recommend no change to Policy – Supportive comment.	
4	Service user	<p>I help run a small society lottery.</p> <p>I note that (para 8 pp 52) "Where the annual fee is not paid by the due date the Licensing Authority will cancel the small society registration. The onus is firmly placed on the Society to ensure they pay the annual fee by the due date."</p> <p>The Council (Mendip in this case) writes to tell us when we have missed a payment, but it is then too late to avoid the extra cost of re-registration. In effect, they reminded us to pay, but too late to pay!</p>	Recommend no change to Policy: These comments are duly noted, however, and refers to something that we are working towards in terms of aligning our procedures moving forwards. This is a procedural issue specifically relating to small society lotteries and not an issue for policy.	

		<p>Whilst I have some sympathy with the desirability of placing the onus where it should lie, Mendip's policy felt like a deliberate policy to make money at the expense of those seeking to benefit our communities by fundraising for charity. Neither is a reminder BEFORE the deadline incompatible with keeping the onus where it should be, as long as it is worded appropriately.</p> <p>I urge you to change the policy to include reminders where email addresses have been provided.</p>	<p>Recommend amended wording as follows (8.0) (Page 52 of policy document): ".....the Licensing Authority will may cancel the small society registration"..... to reflect the wording in legislation.</p>	
5	Member of public	<p>Living in Somerset I do not perceive gambling to be a huge problem in the County. This is probably due to the efforts of previous councils under the act.</p> <p>There should be no let-up in the efforts to keep things this way.</p>	<p>Recommend no change to Policy – Supportive comment.</p>	
6	Member of public	<p>Gambling should be restricted in all areas where children go I've pubs with slot machines.</p>	<p>Recommend no change to Policy as there is no context provided with this statement. The author was contacted during the consultation period and asked to provide further information in order to link with the policy document, but no further reply was received.</p> <p>Legislation and Codes of practice specify which areas (licensed or authorised by permit – such as pubs) can be accessed by children and which controls apply.</p>	
7	Member of public	<p>Seems straightforward and cover most occurrents I can think off</p>	<p>Recommend no change to Policy – Supportive comment.</p>	
8	Service user	<p>A clearly laid out policy document which gives sufficient detail for the charity of which I am treasurer.</p>	<p>Recommend no change to Policy – Supportive comment.</p>	
9	Member of Public	<p>We do not need more state regulation of gambling, if anything less. However, CCTV cameras outside gambling premises can help deter crime as people leave with any winnings. They can also help with other crime, particularly deterring attacks on women and vulnerable people.</p> <p>Overall I would like to see less legislation in all walks of life including gambling, I often feel like the public are treated like sheep to be controlled, often by people with less morals than the average citizen.</p> <p>During my time on a licencing committee I ensured CCTV cameras were installed outside venues to help protect gamblers leaving with winnings but that also help prevent other crime, i.e. a woman walking home late at night might be followed by a man with bad intentions but the minute they realise they have been recorded they have</p>	<p>Recommend no change to Policy. This response relates to general concerns regarding crime and disorder rather than gambling specific issues that are a matter for the policy document itself. The Police will have input as a Responsible Authority in accordance with the Act to address issues of concern. The risk of such occurrences should also be addressed in the Local Area Risk Assessment for the premises in question.</p>	

5) Child safeguarding – The licencing objective states protecting children and other vulnerable persons from being harmed or exploited by gambling.

I think child safeguarding is something every business / organisation that has children as customers should do and again see my comments on 4.12. the statement ‘harm in this context is not limited to harm from gambling but includes wider child protection measure’ is unnecessary and this particular wording does not appear in the licencing policy so why should it in this one. I would say though that the inclusion of Appendix F in both policies is very useful, and possibly a wider circulation to other non-licenced businesses would be useful.

6) Appropriate measures/training for staff as regards suspected truant school children on the premises

The same as above goes for truant / training measures, - is this based on evidence or just a hangover from the 1970s.

7) Appropriate measures/training for staff as regards unsupervised very young children being on the premises and children causing perceived problems on/or around the premises.

Although I understand how this has ended up in the document it just needs to be deleted. What is a ‘perceived problem’ – and perceived by whom? What is the definition of very young?

It is unwarranted and onerous, and staff may not be willing to and should not be required to take measures against people outside he premises. Again, is there any evidence of a crime and disorder issue caused by unlicenced FECs.

Any measures taken by employees of any business outside of the business premises is a commercial decision not a licencing one.

8) Operators must notify the Licensing Authority of any material changes as soon as practically possible.

Would seem sensible but what is the definition of a material change – can this be more descriptive in the policy?

9) Evidence that the machines to be provided are or were supplied by a legitimate gambling machine supplier or manufacturer who holds a valid gaming machine technical operating licence issued by the Gambling Commission.

Why ? It is an unlicenced FEC and therefore meant to be a light touch regulation. – Although I have seen this in other policies I think Exeter was one, most of the machines will not be reel based Cat D fruit machines. My understanding is that only

5) **Recommend no change to Policy.** This relates to the 4th bullet point at the foot of page 29 of the policy document.

The inclusion of safeguarding is really important for uFECs in particular – the point is that the staff need to be trained to recognise and report **any** safeguarding issues, not just, for example, a child playing on the machines for a long time.

Supportive comments on the inclusion of Appendix F duly noted.

6) **Recommend no change to policy.** This relates to the first full bullet point on Page 30 of the policy document.

Our experience is that a number of arcades have an approach that train staff to recognise when children are on the premises when they should be in school – Some have the contact numbers for the pastoral staff for local schools. This is considered to be good practice.

7) **Agree in part.** This relates to the following bullet point to 6) above (Page 30). **Recommend that the wording** quoted in the consultation response is amended to: “Appropriate measures/training for staff regarding unsupervised young persons being on the premises”.

Agree, however, with removal of reference to perceived problems.

8) **Agree:** This relates to Page 30 of the policy document, 2nd para.) **Recommend additional wording** that reads: “Examples of significant changes will be similar to those given in paragraph 4.6 above in relation to premises licences.” Also, **replace the word** “material” with “significant” in existing sentence, for consistency and more clarity.

9) **Recommend no change to policy.** This relates to Page 30 of the policy document, second set of bullet points, 4th bullet point.

The Gambling Commission states that: “The entity making machines available on the premises (the arcade operator) does not need a Gambling Commission operating licence.

those that have to be Homologated by the Gambling Commission. It is also onerous and impractical. This could involve up to hundreds of machines that may not have been purchased yet and machines change all the time, new ones brought old ones sold or scrapped. Also, some machines could be legacy machines. I cannot see anything in the act about the supply of machines to a UFEC – but happy to be corrected, but the use of any machines that are non-compliant with the ‘ gaming machine technical standards’ would be dealt with at an inspection – either by the LA or the trade associations or the gambling commission.

10) A plan of the premises (1:100 scaled) for which the permit is sought showing the following items:

See earlier comments.

11) a) Where any category D gaming machines are positioned and the particular type of machines to be provided (e.g., slot machines, penny-falls, cranes). • The positioning and types of any other amusement machines on the premises.

I understand say a hatched area for machines area to be on the plan but not the location of in.

b) The location of any ATM/cash machines or change machine

It is an unlicensed FEC and although I understand the reasoning for ATMs to be separate reel based fruit machines and not in between other machines (i.e.: to create a break in play). For the same reasons in the point above this is impractical and onerous. We have 15 change machines, and they get moved around all the time and although the ATM machine has been in the same place for 25 years it may get moved at some point.

c) The location of any fixed or temporary structures such as columns or pillars. individual machine types as this could change all the time, from location to type.

Although I suspect that this ties in with supervision of the floor area, if they are permanent pillars I would have thought they would be on the plan but understand the need to specify this. However, a temporary structure may be moved, hence its name. The location and height of any stages in the premises; any steps, stairs, lifts, balconies, or lifts in the premises + The location of any public toilets in the building. I am struggling to see how this related to the licencing objectives.

12) The Licensing Authority encourages applicants for uFEC Permits to consider adopting the British Amusement Catering Trade Association (BACTA) Voluntary Code of Practice for Amusement with Prizes Machines in Family Entertainment Centres - SOCIAL RESPONSIBILITY - Bacta. This Code of Practice promotes.

The word encourages consider adopting should be changed ‘must adopt’ – even though its voluntary!

However, the entity supplying machines to the business (the machine supplier) must be licensed by us”.

10) **Agree. See point 4) above.**

11) a) **Agree in part.** (5.1) (This relates to Page 30 of the policy document, last set of bullet points on that page, second and third bullet points).

The machines can be located anywhere within the permitted area. The uFEC permit could, however, apply to a pub or other entertainment area so it’s important that we know from a plan where the machines are located and what type they are, in those circumstances. We do, however, accept that the exact positioning of machines may not be required in, for example, a traditional stand-alone uFEC area.

The following recommendation is, therefore, made: - Remove second and third bullet points referred to above and, instead, add a line after this set of bullet points with the wording: -

“The Licensing Authority reserves the right to request the positioning and identification of gaming machines and any other amusement machines to be included in the plan, if considered appropriate to the nature and/or layout of the premises.”

b) **Agree in part** (This relates to Page 30 of the policy document, last set of bullet points on that page, fifth bullet point) – **Recommended amendment** to wording to remove “change machine”.

We do, however, consider that the position of ATM/cash machines is relevant and the conditions that are specified for licensed FECs mandate that any ATM must be separate to any gaming machines to allow for a break in play. It makes sense for this to also apply to uFECs to mitigate the risk of gambling related harm.

c) **Recommend no change to Policy** – (reference to Temporary structures).

This directly relates to the ability to supervise a premises – often they are staffed at a minimal level and it’s important to be able to see if the level of supervision is appropriate to prevent gambling related harm.

I would add that applications should be a member of a trade association such as Bacta or Balpa.

13) A local area risk assessment will be required for the whole premises/ building if an uFEC is situated immediately adjacent to an area covered by a gambling premises licence in accordance with the Act (for example an AGC).

Would this not be covered by the AGC, and would it in fact be any different as it is likely to be the same operator?

14) 5.3 Prize Gaming Permits.

See earlier comments.

15) 6.1 Premises
Partitions shall be opaque.

Although I understand this is so people (I assume children) can't see in, it makes supervision and security more difficult. There is no requirement to an AGC to be permanently manned (i.e.: in a motorway service station) and again in a service station The machines are on full display to all users. This also contradicts the spirit of bookmaker's windows being opened and there is no requirement for a standalone AGC in a high street not to have windows.

16) 6.3 Adult Gaming Centres.

Any comments from earlier that may be relevant (i.e.: Schools etc).

17) 6.4 Family Entertainment Centres.
Any comments from earlier regarding schools and truant children, I also do not see the need for the bit about a high crime area. I noticed it is not in the paragraph about Bingo premises, yet they can have machines too.

18) 6.5 Bingo Premises.
See the above school comments.

19) 6.6 Bookies
I notice that the schools are not mentioned but they are for AGC that also have no entry to under 18s restrictions.

12) There is no legislative requirement for a permit holder to be a member of BACTA so we can only 'encourage' and not mandate. We do, however, **recommend a slight change of wording** shown in the consultation response from "to consider adopting" to "adopt". (Page 30 of the policy document, last para.).

13) **Recommend no change to Policy.** There is no requirement for the local area risk assessment (LARA) to cover an uFEC area, as it's not licensed. We do feel, however, that it is important where premises are co-located with a licensed gambling premises that the LARA covers the entire premises to highlight for example, the risks presented by potential underage access from the uFEC to, for example, the AGC areas. (Page 29 of the policy document, 5th para, in bold).

14) **Agree (reference to plans)** – (5.3) (Page 33 of the policy document, first bullet point). **Recommend amendment of wording** to: "A scaled plan of the premises (clear and legible in all material aspects) showing the boundary of the permitted area".

Agree in part (reference to Policies and procedures – training). (5.3) (Page 33 of the policy document, second bullet point) Recommend **re-wording** of second bullet point, second sentence to read:
"The efficiency of such policies and procedures will each be considered on their merits; however, they may include appropriate measures such as training; covering how staff would deal with unsupervised young persons or suspected truant school children being on the premises."
This is consistent with the amendments suggested in response to point 7) above.

15) **Recommend no change to policy** (6.1) (Page 40 of the policy document, last set of bullet points on that page, second bullet point).
The previous sentence ends: "..... the following standards are recommended:" It is, therefore, a recommendation rather than a mandate. The purpose of this is to ensure that children cannot see into an AGC area from the uFEC area and be attracted to enter.

			<p>16 to 19) Agree in part. The inconsistency regarding each list is duly recognised. In light of previous comments and amendments suggested above, the recommendation is that the wording of the bullet points in question for each type of premises is amended to simply read “Identify local risks”.</p> <p>Page 44 of the policy document, last bullet point. Page 45 of the policy document, last bullet point. Page 46 of the policy document, second set of bullet points, last bullet point. Page 47 of the policy document, second set of bullet points, last bullet point.</p>	
	Responsible Authority	<p>Thank you for contacting Devon and Somerset Fire and Rescue Service (DSFRS) regarding your policy consultation.</p> <p>DSFRS have no observations to make at this time other than to update our contact details in Appendix C.</p> <p>Headquarters address:</p> <p>Devon and Somerset Fire and Rescue Service Headquarters The Knowle Clyst St George Exeter EX3 0NW</p> <p>Email / telephone communication for fire safety purposes</p> <p>Tel : 01392 872567 Email : firesafetyhelpdesk@dsfire.gov.uk</p>	Agree with suggested amendment	
		District Map and Summary page	<p>Replace “District Map and Summary” with “Somerset Council Map and Summary”</p> <p>Para 2, line 1 - Replace “within the district” with “within the area”</p>	
			Delegated authority required to continue to make minor textural changes as and when required	

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Somerset Council

Full Council
20 December 2023



Motions on Notice

Executive Member: All

Division and Local Member: All

Lead Officer: David Clark - Service Director – Governance, Democratic and Legal Services

Author: Mike Bryant - Service Manager – Democratic Services

Contact Details: democraticserviceteam@somerset.gov.uk / 01823 357628

A. Motion on the immediate bilateral ceasefire in Israel-Gaza conflict

The following motion will be proposed by Councillor Helen Kay and seconded by Councillor Habib Farbahi:

Council condemns the awful terrorist attacks carried out by Hamas in Israel on 7th October 2023.

Council is horrified by the scenes of violence in the weeks and days since, in particular the devastating humanitarian situation in Gaza where thousands of innocent Palestinians have already been killed and over 136 Israelis are still being held hostage.

Council affirms that Hamas remaining in Gaza is not tenable, for the security of Israelis and the future of Palestinians, but additionally it is clear that a military solution to eliminate Hamas is not possible.

Council further affirms that a lasting peace and a two-state solution is the only way to guarantee the dignity and security which both Palestinians and Israelis deserve.

Council believes:

- 1) All combatants must act in accordance with the rules of war and international humanitarian law.

- 2) The hostages held by Hamas must be unconditionally released.
- 3) Essential supplies of water, food, medicine and electricity must be restored to Gaza, and the passage of aid into Gaza must be facilitated.
- 4) Israel has a right in international law to protect its citizens which means targeting terrorists, not civilians, and ensuring that innocent Palestinians do not pay the price for Hamas' actions.
- 5) With a humanitarian catastrophe, ongoing hostage situation, and the risk of regional escalation growing, now is the time to attempt movement towards a political solution.
- 6) The UK Government must lead calls for an immediate bilateral ceasefire which will:
 - a) Facilitate the delivery of humanitarian aid into Gaza
 - b) Provide an opportunity to realise the release of the hostages
 - c) Allow for an intensive period of diplomacy to realise a political solution, to get Hamas out of Gaza, and realise a two-state solution and a lasting peace.

Council accordingly resolves to write to the UK Government to call for an immediate bilateral ceasefire.

Council notes with deep concern the severe reverberations of this crisis in the UK, with Jewish, Muslim and Palestinian communities all fearing and grieving, and condemns the rise in antisemitism and Islamophobia since 7 October 2023.

Council thanks community leaders for the role they are playing in reducing tensions at this sensitive and difficult time.

Council calls upon community leaders and public figures to act responsibly and work to bring communities together at this sensitive time.

Somerset Council

Full Council
- 20 December 2023



Report of the Leader and Executive – Items for Information

Executive Member: Councillor Bill Revans – Leader of the Council and Lead Member for Governance and Communications

Division and Local Member: All

Lead Officer: David Clark – Service Director - Governance, Democratic and Legal Services and Monitoring Officer

Author: Mike Bryant - Service Manager - Democratic Services

Contact Details: democraticserviceteam@somerset.gov.uk / 01823 357628

1. Summary

- 1.1. This report covers key decisions taken by the Leader, Executive Lead Members and Officers between 15 September 2023 and 8 December 2023, together with the items of business discussed at the Executive meetings on 4 October 2023, 8 November 2023 and 6 December 2023.

The Leader and Executive Lead Members may also wish to raise other issues at the Full Council meeting.

2. Details of decisions

- 2.1. Agenda and papers for the Executive meetings held on 4 October 2023, 8 November 2023 and 6 December 2023 are published within the Executive webpages on the Council's website. Individual Leader, Executive Lead Member and Officer key decision records and related reports are also published within the Decision webpages on the Council's website.

Decision Title (Link to further information and decision paperwork)	Decision Maker and date of decision
<u>Proposed withdrawal and dissolution of the Heart of the South West Joint Committee</u>	By Executive on 6 December 2023
<u>Harbour Management Advisory Committee</u>	By Executive on 6 December 2023
<u>Recommission - Learning Disabilities Open Framework</u>	By Executive on 6 December 2023
<u>Contract award for the Taunton Park & Ride service</u>	By Executive on 6 December 2023
<u>Award of a contract for highway lighting and other electrical assets</u>	By Executive on 6 December 2023
<u>Council Tax Reduction & Exceptional Hardship Scheme for 2024/25</u>	By Executive on 6 December 2023
<u>2024/25 General Fund Revenue Budget & Capital Programme update</u>	By Executive on 6 December 2023
<u>Annual Treasury Mid-Year Report 2023-24</u>	By Executive on 6 December 2023
<u>Corporate Performance Management Report Q2 2023/2024</u>	By Executive on 6 December 2023
<u>2023/24 Housing Revenue Account Capital and Revenue Budget Monitoring Report Q2</u>	By Executive on 6 December 2023
<u>2023/24 General Fund Capital Budget Monitoring Report - Month 6 Q2</u>	By Executive on 6 December 2023
<u>2023/24 General Fund Revenue Budget Monitoring Report - Month 6 Q2</u>	By Executive on 6 December 2023
<u>Recommission - Learning Disabilities Open Framework</u>	By Executive on 6 December 2023
<u>Contract award for the Taunton Park & Ride service</u>	By Executive on 6 December 2023
<u>Award of a contract for highway lighting and other electrical assets</u>	By Executive on 6 December 2023

<u>Contract Award for Electoral Service Printing</u>	By Service Director of Governance, Democratic and Legal Services, Leader of the Council and Lead Member for Governance & Communications on 28 November 2023
<u>Review of Advisory Services for Non-Treasury Investments</u>	By Lead Member for Economic Development, Planning and Assets, Service Director for Strategic Asset Management on 28 November 2023
<u>Authority Wide Waste Collection Changes in Two Phases During February 2024 and June 2024</u>	By Executive Director of Climate and Place on 20 November 2023
<u>Key Decision to Commence Design and Tender Works for the Refurbishment of Property at Coram's Lane, Wellington to deliver the second Homes and Horizons Therapeutic Education Provision</u>	By Lead Member for Children, Families and Education, Lead Member for Economic Development, Planning and Assets on 20 November 2023
<u>Education Build CIL Funding (Taunton)</u>	By Lead Member for Economic Development, Planning and Assets on 20 November 2023
<u>Academy Conversion Heathfield Community School</u>	By Lead Member for Children, Families and Education, Service Director of Strategic Asset Management on 15 November 2023
<u>Bathroom replacement programme 2023-27</u>	By Lead Member for Communities, Housing and Culture, Service Director of Housing on 13 November 2023
<u>Award of contract for Highways Services</u>	By Executive on 8 November 2023
<u>Decision to award Contracts for Care and Support at Home in Somerset</u>	By Executive on 8 November 2023
<u>Voluntary, Community, Faith and Social Enterprise Strategic Funding</u>	By Executive on 8 November 2023
<u>Celebration Mile - Bridgwater Urban Realm Enhancement Scheme Contract Award</u>	By Executive on 8 November 2023
<u>Policy for the Disposal of Assets</u>	By Executive on 8 November 2023

<u>Proposed formation of Property and Investments Executive Sub-Committee</u>	By Executive on 8 November 2023
<u>Financial Strategy Update</u>	By Executive on 8 November 2023
<u>General Fund Revenue Budget Monitoring Report - Month 5</u>	By Executive on 8 November 2023
<u>Early Years Supplementary Grant 2023-24</u>	By Lead Member for Children, Families and Education on 2 November 2023
<u>Delivering Better Value for Special Educational Needs and Disabilities in Somerset</u>	By Lead Member for Children, Families and Education, Service Director of Finance and Procurement on 23 October 2023
<u>Schools Converting to Academy Status - November/December 2023</u>	By Service Director for Strategic Asset Management on 18 October 2023
<u>Commercial Investment update</u>	By Executive on 5 October 2023
<u>Kitchen replacement programme 2023-27</u>	By Executive on 5 October 2023
<u>Cornwall and the Council of the Isles of Scilly Adoption Service to integrate with Adopt South West Regional Adoption Agency</u>	By Executive on 5 October 2023
<u>Statement of Community Involvement</u>	By Executive on 5 October 2023
<u>Local Development Scheme</u>	By Executive on 5 October 2023
<u>Octagon Project Update</u>	By Executive on 5 October 2023
<u>Contract Award - Appointment of Providers to deliver housing related support and accommodation for 16-25 year olds</u>	By Executive on 5 October 2023
<u>Award of contracts for highways services</u>	By Executive on 5 October 2023
<u>2023/24 Housing Revenue Account Report Q1</u>	By Executive on 5 October 2023
<u>My Life, My Future</u>	By Lead Member for Adult Social Care on 4 October 2023
<u>Library Management System Contract Award</u>	By Executive Director of Community Services on 26 September 2023

<u>Contract Award: Decarbonisation Project at the Alcombe Childrens Centre, Minehead</u>	By Lead Member for Economic Development, Planning and Assets, Lead Member for Environment and Climate Change on 25 September 2023
<u>Contract Award: Decarbonisation Project at Wellington Sports Centre</u>	By Lead Member for Environment and Climate Change and Lead Member for Economic Development, Planning and Assets on 25 September 2023
<u>Commissioning of Somerset Integrated Domestic Abuse Service Lot 4 - Counselling Services</u>	By Lead Member for Public Health, Equalities and Diversity on 19 September 2023 <i>Note - Special Urgency</i>
<u>Strategic relationship with the Voluntary, Community, Faith and Social Enterprise Sector in Somerset</u>	By Lead Member for Transformation and Human Resources on 15 September 2023

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Somerset Council

Full Council
20 December 2023



Annual report of the Lead Member for Environment and Climate Change

Executive Member(s): Councillor Dixie Darch, Lead Member for Environment and Climate Change

Local Member(s) and Division: all

Lead Officer: Micky Green, Director of Climate and Place

Author: Councillor Dixie Darch, Lead Member for Environment and Climate Change

Contact Details: dixie.darch@somerset.gov.uk

Background

1. The Executive Member for Environment and Climate Change, takes the lead on all the services that sit within the **Climate, Environment and Sustainability directorate**. The Directorate is made up of several services. and plays a vital role in supporting the Council to: -
 - Achieve its ambitious targets in tackling climate change and ecological emergency.
 - Reducing waste and improving recycling rates, promote re-use.
 - Provide emergency response to events in the community.
 - Support communities to build resilience.

Updates

2. Somerset Council remains committed to reducing emissions and transitioning to Net Zero and has been recognised as a leader in its work to respond to the climate emergency. We achieved a score of A- (“Leadership”) from the Carbon Disclosure Project (CDP) for our performance in 2023. This rating compares to a regional average of B and a global average of C.
3. CDP accreditation is seen as the ‘gold standard’ of environmental reporting and this is the first time the new Somerset Council has been scored by the not-for-profit charity. CDP runs the environmental disclosure system and helps organisations make their environmental impact transparent, reduce their impact, and act as environmental leaders.

The score is based on the Council’s climate-related projects, strategies and activities. These include our plans for expanding the county’s electric vehicle charging network,

our Tree Strategy and work that encourages the uptake of 'retrofit' home heat efficiency.

Decarbonisation programme across Somerset Council's Estates

4. A range of green improvements for Alcombe Children's Centre are being made thanks to Somerset Council and government grants. It is estimated the revamp of the building in Minehead will deliver carbon savings of nearly twelve tonnes per year, contributing to the Council's commitment to creating a greener and more sustainable county in line with its Climate Emergency actions. The project is being made possible with £250k from the Council's successful bid to the Public Sector Decarbonisation Scheme.



5. A key mitigator of carbon emissions in Somerset is retrofitting old buildings, which are poorly insulated and heated by oil or gas. Work is underway to assess and decarbonise a variety of council owned estate assets and buildings. Additional, Somerset Council is supporting a variety of organisations including parishes and town council to aid residents to retrofit their own homes, moving off oil and onto renewables, using ground source and air source heat pumps, plus solar PV.
6. There is also work ongoing to decarb several leisure centres across Somerset including Wellington Sports Centre, Goldenstones Leisure Centre and Chard Leisure Centre. This work will help to reduce the carbon emissions across the County. The decarbonisation works are possible thanks to a successful bid to the Public Sector Decarbonation Scheme (PSDS).

Decarbonisation of the Somerset Council Fleet and reducing the carbon emissions from highways activities.

7. The climate service is taking an active role is working with Fleet Operations to decarbonise and reduce the number of the fossil fuel vehicles in the Council Fleet. The project will look to introduce new electric vehicles into the fleet, whilst utilising new technology to capture data for better utilisation across the Council.
8. The Climate service will also work as part of a collaborative approach with our Highways to maximise the reduction of carbon emissions from our new Somerset highways contracts and the activities they provide.
9. The target and ambition are to reduce the emissions attributable to highways service by at least 50% from the year one baseline by the end of the eight-year term reflects Somerset Climate Emergency Strategic goals to decarbonise and become resilient to the effects of climate change. To achieve this ambitious target, we will:

Assure delivery: using sustainable materials such as warm asphalt as standard and methodologies that minimise carbon.

Deploy a transformative approach: that embeds sustainability in the everything we do. For carbon, this means tracking the cost and carbon of our activities using the FHRG carbon methodology and tool. It means managing wider sustainability impacts

(using tools such as our biodiversity metric), and ecosystem service value. E.g., carbon sequestration and storage, flood avoidance and air pollution removal (using iTree design).

Improving the sustainability of the whole highways service: by our head of sustainability establishing a climate change working group and leading the creation of a partnership-wide climate emergency plan (CEP) with short-, medium-, and long-term targets and actions for each partner. Led by the Highway Contracts Collaborative Board (HCCB), the working group will embed a sustainability culture through education and communications and track progress.

10. The overall approach will maximise our contributions to meeting the objectives of the Somerset Climate Emergency Strategy.

Electric Vehicle Infrastructure.

11. Somerset Council are to receive £3,783,000 of capital funding for the installation of electric vehicle charging infrastructure across Somerset. The Local Electric Vehicle Infrastructure scheme is aimed at providing standard 7kW and fast 22kW chargepoints at locations for those who do not have access to their own off-street parking.
12. The EV team resubmitted an amended Stage 2 application for LEVI funding on 07-12-23. It looks like we are only the second application to be reviewed. Potentially, Somerset's application will be taken to their new board next week for discussion. If not, it may be the new year.
13. If we gain approval, we can proceed to procurement. 90% of the funding will be issued at the end of 2023/24, with the remainder being issued once contracts have been through an approval process and signed off, Autumn of 2024.
14. The Mendip chargepoint project has three chargepoint locations in Frome still waiting to go live. As of end of November, Badcox and Cattle Market car parks are awaiting meters and North Parade is awaiting DNO connection. Clarks Village has been put on hold due to cabling issues.
15. Dunster chargepoint has gone live, however there are issues with an intermittent signal which is awaiting an upgrade. The South Somerset Deletti project is all but complete with minor snagging and a few bays requiring painting.
16. A rapid chargepoint project has been approved by the C&P board and the non key decision has been signed by David Carter. Swarco will be installing these in the new year, there will be one rapid location at Bridgwater and one at Burnham.

Somerset Energy Plan

17. Work is progressing well with Regen and our partners on the development of the Somerset Energy plan. A Scrutiny task and finish group as provided important challenge to the process and useful insight. We will be consulting on the new plan early in 2024. The plan highlights the need to develop more renewable energy across

the county, utilising solar (where possible on rooftops), wind power in appropriate locations and the use of small schemes like anaerobic digesters.

18. We are also working in partnership with UK100, who are supporting us in sharing good practice across Councils, and seeking resolution to challenges around grid connections.

Somerset Sustainable Food Conference

19. A Somerset Sustainable Food Conference is planned to take place on 22nd and 23rd November 2024 at the Bath and West Showground. The conference has been formed through a partnership between Somerset Council, Sustainable Food Somerset and the Bath and West Agricultural Society. Funding of £20,000 has been committed through the farming in protected landscapes fund (FiPL) from the Mendip Hills and Quantock Hills National Landscape.

Natural Environment services:

20. Local authorities such as Somerset Council are crucial to the delivery of the UK's transition to a cleaner, greener future. Now we are the new authority for Somerset, our progress needs to be accelerated in every local area if Somerset's nature restoration targets are to be met.
21. On the 31st January 2023, the Government published the Environmental Improvement Plan 2023, its delivery plan for the environment and for building a greener, more prosperous Country. These changes to legislation, and an update to the 25-year Environment Plan, are not short on ambition, providing some improved opportunities for our natural environment and the diverse range of often threatened habitats and species. It remains to be seen how it translates into delivery both nationally, but also on a local level.
22. Working with Somerset Local Nature Partnership (LNP), Somerset Council is collaborating with other environmental organisations to deliver local initiatives to meet the Environment Acts ambitions. The LNP draws together collective skills, experience, and resources to lead and implement initiatives and solutions in response to the pressing local challenges, as well as the need to fulfil their own green targets and counter the ecological emergency.
23. One of the key areas of development in Environment law and policy is the introduction of mandatory Biodiversity Net Gain (BNG) requirements. The Environment Act 2021 introduced a requirement that, with a few exceptions, all developments achieve Biodiversity Net Gain (BNG) of least 10%, to be maintained for at least 30 years. The mandatory BNG requirement is due to come into effect at the start of February 2024 for town and country planning development (2025 for nationally significant infrastructure projects). Somerset Council planning and environment officers have developed local guidance documentation for the implementation of this new requirement. Training has been provided to Council planning officers, councillors and critically, developers and agents to make all aware of the extent of these changes and

ensure that they are prepared with a route to achieving net gain, whether on the development site, through offsetting projects elsewhere or through BNG credits.

Mendip Hills and Quantock Hills National Landscapes (Previously Known as AONBs):

24. Somerset Council hosts the Mendip Hills and Quantock Hills National Landscapes, previously known as Areas of Outstanding Natural Beauty (AONBs). The new name reflects their national importance, and the vital contribution they make to protect the nation from the threats of climate change, nature depletion and the wellbeing crisis, whilst also creating greater understanding and awareness for the work that they do.



View from the Mendip Hills

25. Some of the key achievements and projects this year from Mendip Hill AONB include: Farming in Protected Landscapes – £350,000 has been allocated to projects on farms that address climate issues, nature recovery, involve people and/or improve the sense of place.

AONB Management Plan – formal approval has been given by the National Landscape Partnership to notify Natural England that the review of the statutory AONB management plan is commencing in line with the Countryside and Rights of Way Act 2000.

Mendip Super National Nature Reserve – 31 sites across the south facing slopes of the Mendip Hills declared a ‘super’ National Nature Reserve in October.

26. Access for All – Defra announced additional funds were available this current year to remove barriers (physical and information) to the countryside. The Mendip Hills team were awarded nearly £40,000, to include consultation on ‘opening’ Cheddar Gorge

one day per month by removing traffic via an Experimental Traffic Regulation Order. The team has already been allocated £70,000 for 2024-25.

27. Nature Calling – The Mendip Hills is one of six national landscapes awarded over £500,000 Arts Council money to involve audiences from deprived areas in the landscape starting in 2024.

28. Nature Recovery Work – 7477 volunteer hours delivered on nature recovery tasks, including 275 on rebuilding dry stone walls.



Planning – 65 planning applications consulted on, 9 forestry plans, 2 national government consultations and 2 local government consultations.

Training – 70 parish councillors trained on the planning system and AONBs, plus how to involve nature recovery in their decision making.

29. Some of the key achievements and projects this year from Quantock Hills AONB include:

Farming in Protected Landscapes Programme (FiPL). £250,980 of FiPL has been allocated for 2023/24 by end of September. Extension to FiPL for 2024/25 confirmed with additional £252,000 funding. Headlines include nearly 1,000Ha of agricultural land now being managed through regenerative agricultural techniques, five projects increasing knowledge of carbon storage / emissions and nine projects reducing carbon emissions from farming systems, over 1.3km of new native hedgerow planted, 3,400Ha of land improved for biodiversity. In terms of engagement the programme has engaged 59 farmers of which 30 have not engaged with the National Landscape before and 27 had not engaged with agri-environment schemes previously.



View across the Quantocks National Landscape

30. Greater Quantock Landscape Development Fund. Budget £163,458. 54 applications approved with £158,257 allocated. One application currently pending. Expectation that fund will be fully allocated by year end.
31. Species monitoring. Seven transects completed for bat monitoring, including 3 as part of the priority National Bat Monitoring Programme, 2 transects butterfly monitoring, adder monitoring, nightjar monitoring, dormouse monitoring, pied flycatchers, results feeding into the Quantock Hills State of Nature Report, national monitoring programmes as well as site management plans.
32. Quantock Farmer cluster formed with 19 members and four meetings / events held. Health and Wellbeing. Joint Somerset Nature Connections Project entering final year. In period 3 sets of 6-weekly courses run with 27 participants. Core Team's Working Well group – monthly volunteering group specifically for participants with low / poor mental health – continues with 6 sessions and 18 participants. Group provides pathway from SNC to other volunteering groups. Group has recently engaged with refugees currently living in Bridgwater / Taunton providing activities and tasks including social activities.
New volunteer role – walk leader. 6 volunteers recruited undertaking lowland leader training to be able to run walk / events increasing access and understanding.
Land Management Skills Scheme - £60,000 project to run rural skills training for long-term unemployed and NEETs.
Hosted the Disabled Ramblers annual festival leading 3 events.
33. National Landscapes facilitated and hosted successful pilot Nature to Doorstep Project (Social Value funded) to deliver family events programme in Hamp, Wilstock and Stockmoor areas of Bridgwater. Including 12 partners from conservation, arts and sports sectors the initiative ran 12 events in summer 2023 with over 420 people attending.
34. Quantock Landscape Partnership Scheme (£2.6m NLHF project) (April – Sept)

3,600 people engaged, majority from less engaged audiences over 103 events including 3 camping trips for young people / families (1 from north Taunton, 1 from Wilstock, Bridgwater and 2BU, LGBTQ+ support group)

3rd archaeological dig undertaken with 35 individual volunteers and 19 young people. Open day held with approx. 180 people attending.

Lidar Research Project. Interpretation of Lidar has identified over 1,500 potential archaeological features. This volunteer project is now entering the next phase with features being added to the HER or ground truthing if required.

Increased diversity of people working in the National Landscape sector with an events management work experience student from our Nigerian community members.



Walking group on the Quantock National Landscape

35. The work carried out by National Landscapes in engaging with minority groups and those with mental health issues have been incredibly successful, and something we wish to highlight as best practice. They have shown how the countryside is for everyone, and the positive impact it has on health.

Somerset Ecology Services:

36. Somerset Ecology Services offer a range of professional ecological services providing comprehensive support for projects from inception to conclusion. From initial desk top studies and preliminary walkover surveys to more in-depth surveys for protected species, practical help with planning applications and implementing cost-effective measures on site. Our ecological team provides high quality ecological advice and expertise. The services offer biodiversity solutions tailored to the specific needs of a range of council services and provides:

- Ecological advice

- Wildlife surveys
- Legally protected species surveys and support
- Management planning
- Training
- Particular specialisms: -
 - Ecology and the planning system
 - Protected species licences held for Bats, Dormice, Barn Owls and Great Crested Newts
 - Badger licence applications
 - Habitats regulations assessments
 - Biodiversity off-setting calculations
 - Biodiversity Net Gain (BNG)

37. Somerset Ecology Service have been instrumental in the development of BNG guidance and the future assessment of sites that have and will come forward for BNG S106 obligations.

38. The service is currently developing a business plan to see how we can meet the growing internal needs of Somerset Council services as well as establish income generating opportunities.

Green Estates Services: Woodland creation team, Countryside management and Habitat creation teams.

39. The teams deliver against several service plans which include broad habitat management and creation works, whilst also focussing on securing and delivery of grant funding for development projects.

40. Significantly the approval of the National Lottery Heritage Fund grant of 1.6million allowed the Ham Hill project to enter its delivery phase in February 2023. Since that time a new Assistant Countryside Ranger, and Engagement Ranger have started with the team, and are playing their parts in delivery of the Landscape, Activity and Interpretation plans for the three-year project. The project team are working with the appointed contractor to deliver the new visitor centre (opening early 2025) and an interpretation consultant to deliver the new permanent exhibition in the visitor centre, whilst also exploring solutions to explaining the complex wider landscape of the country park to visitors. The grants from the Heritage Fund, Wolfson Foundation, Fine Family Foundation and others, are also covering the purchase of new site equipment, a new tramper mobility vehicle, stone for dry stone walling repairs, purchase of plants to deliver habitat enhancement in woodlands and hedgerows for protected dormice populations, and to improve field margins for the shrill carder bee.



A photo of Ham Hill

41. Partnership projects continue to deliver great outcomes for nature and at Yeovil Country Park the Yeovil Rivers Community Trust secured £200K of funding to carry out a range of in channel improvements along the length of the Dodham Brook that runs through the site. The Green Recovery Challenge funding enabled berms and fishes passes to be installed along an important length of the brook, improving the channel for invertebrates, fish and the existing population of water voles. The Trust, countryside rangers and volunteers also created panels to explain the works and have been delighted with the early signs of recovery in the brook – from an eel sighting to freshwater sponges.
42. Some of the key achievements and projects from the Countryside team this year include:
43. Over 2,000 volunteer days donated across all three sites (Ham Hill, Chard and Yeovil Country Park), equivalent to additional 5.5 FTE rangers. Volunteers take part in a range of activities across the sites including wildlife recording / dry stone walling / site patrols / practical conservation and site maintenance / event assistance / school group assistance.
Wildlife training days have been delivered for staff and volunteers; Bumblebee Conservation Trust led a bumblebee ecology and identification workshop for our wildlife recording volunteers and how to deal with difficult customers was delivered for Roaming Ranger volunteers.
44. Friends of Ham Hill have secured £11,500 from the Banister Trust towards the Ham Hill Heritage Fund project and £1,700 from Co-Op towards Woodland Wellbeing sessions delivered by the Community Ranger. Friends of Yeovil Country Park have secured over £3,000 of funding through public events, £2,000 through the

Wildscapes Grant and £500 from Woodward Charitable Trust for community ranger activities.

45.54 public events delivered by the rangers with over 3350 participants. These events are designed to be educational and include activities such as bat walks, pond dipping, geology themed and historical. The teams have also facilitated other externally delivered events including Ham to Lyme Running Race, Park Yoga, Chill on the Hill, Yeovil Does Pride and Ham Hill dog show, with a further 5,000 attendees across these events.

30 school visits have been delivered throughout the year, with over 700 pupils engaged in these activities.

46. Protected species have been monitored and work carried out to maintain and improve their habitats. Species include great crested newts, dormice and water voles. Habitat management work continues to improve biodiversity and over 10,000 orchids of 5 species estimated across Ham Hill and Chard Reservoir LNR.

47. Over 700 trees have been planted to increase canopy cover, create new hedgerows and improve biodiversity in existing woodlands.

48.29 community group activities were delivered to over 1,900 vulnerable people with groups such as Yeovil4Families, Yeovil ADHD, Martock Community Services, Fiveways School and Cambian College.

49. The ranger team have worked with stakeholders and partners to deliver events and activities for the community including Chard Museum, South Somerset Heritage Collection, Yeovil Arts Space and Somerset Wildlife Trust.

Somerset Tree Strategy and the Woodland Creation Team:

50. Somerset Council has adopted (June '23) and implemented a ten-year plan to enhance and protect Somerset trees and woodlands (Appendix A Tree Strategy). Amongst its ambitious aims, the strategy sets out a plan for planting 240 hectares of new trees and woodlands each year across the county until 2033.

51. The tree strategy recognises the Council's role in helping tackle the twin crises of climate change and biodiversity loss and has been developed in partnership with the Environment Agency, Somerset Local Nature Partnership (LNP), Exmoor National Park, Quantock Hills, AONB Partnership, the Forestry Commission and the Woodland Trust.

52. Built around five themes, the strategy seeks to strengthen the Counties bond with its trees, creating a 'wood culture' where the people of Somerset can access and be part of caring about Somerset's woodland.

53. The Strategy has created three posts, funded through a successful bid to DEFRA's Woodland Creation Accelerator Fund. With tasks including supporting tree groups and encouraging new ones, the Woodland Creation Team have started in the Summer of 2023 implementing a range of initiatives, identifying opportunities and establishing actions within their service plan.

54. Projects currently within the service plan include:

- GIS surveys for urban tree planting sites to be used to support a bid for the Urban Tree Challenge Grant.

- Project confirmation and funding confirmed for tree planting in temperate rainforest zone in Exmoor National Park
- Project confirmation and funding confirmed for Chewton Mendip Woodland Creation Project (approximately 2500 trees)
- Community Project with the School and Parish Council of Meare (6 Orchard trees + 300 trees)
- Draft application in partnership with Ham Hill Country Park to create a 7.1 Hectare Woodland expansion on their site.
- Funding confirmed to create a new woodland on our own Council Land (sites currently being identified)
- Development of a new Creation of a Tree / Woodland Information hub

Somerset Local Nature Recovery Strategy

55. Local Nature Recovery Strategies (LNRS) are ‘a new, England-wide system of spatial strategies that will establish priorities and map proposals for specific actions to drive nature’s recovery and provide wider environmental benefits’, as set out by Government in the Environment Act 2022.

56. The Secretary of State has appointed Somerset Council as the Responsible Authority to develop the LNRS in conjunction with Supporting Authorities and all other interested stakeholders, especially landowners and managers. Somerset Council is working in partnership with the Local Nature Partnership, the approach to the strategy is very much one of partnership.

57. As well as having a role in the planning system and directing public funding for nature recovery, LNRSs will inform the delivery of ‘nature-based solutions’ for outcomes such as flood management, carbon sequestration and improvements in water quality.

Completed work to date:

- Developed a governance structure.
- Created the Steering Group.
- Produced our baseline map of nature for Somerset.

Work in progress: Collate views on habitats, species and nature-based solutions:

Evidence gathering from environmental practitioners and farmers / landowners (May 2023 - April 2024)

Engagement with public and wider stakeholders (December 2023 - April 2024)

58. Formal consultation and sign off will take place from August until November 2024, with the document being published in December 2024.

CO-ADAPT (2019- June 2023)

59. Somerset Council (and previous Somerset County Council) led an international consortium of partners to bid for funding via the INTERREG 2 Seas programme. Co-

Adapt had 13 partners from four countries. CO_ADAPT was a 4 year, £6.5M project, and we had three projects funded in Somerset.

60. Adapting the Levels (SCC / SWT / FWAG SW)

The learning, thinking and co-creation elements of this challenging project funded by Co-Adapt have inspired positive change within the next generation of landscape scale projects within Somerset.

61. The projects have had many positive, long-lasting impacts, some of the key pieces of work are: -

Creation of a web-based Community Climate Adaptation Toolkit, which will enable communities to co-create plans to prepare and adapt to the impacts of climate change. Copies of the toolkit will be sent to every Parish and Town council in Somerset.

62. Development of Moor Associations - provides bottom-up organisational structure, a common platform on which co-created designs can be developed and implemented. All landowner stakeholders within two complete “whole moor” hydrological blocks (35-40 landowner stakeholders/block) participated in a winter floodplain connectivity trial, aimed at reducing the pressure in high-risk areas, such as towns and villages.

63. Riverlands: Porlock Vale (National Trust)

64. National Trust (NT) has delivered a wide range of Nature Based Solutions. The project has improved the natural function of two entire river catchments, the Aller and Horner. It has contributed to adoption of innovative river restoration projects that will impact a significant area of river catchment regionally and nationally and informed the debate on wild release of Eurasian beaver which will impact rivers systems nationally into the long term.

65. The project has also implemented innovative floodplain reconnection, the ‘Stage 0’ approach, for the first time in the UK, and planted over 70,000 trees, including woodland expansion and connectivity corridors, in field, trees, silvo-pasture and traditional orchards.

5km of new hedge has also been planted, including cross flow hedges.

66. The results from the project have shown a 10% reduction in peak flows due to increased surface roughness and more complex flow paths. The NT work undertaken will help to reduce the impact of extreme weather on over 200 properties with a combined insurance value of over £100m.

67. Connecting the Culm (Blackdown Hills National Landscapes)

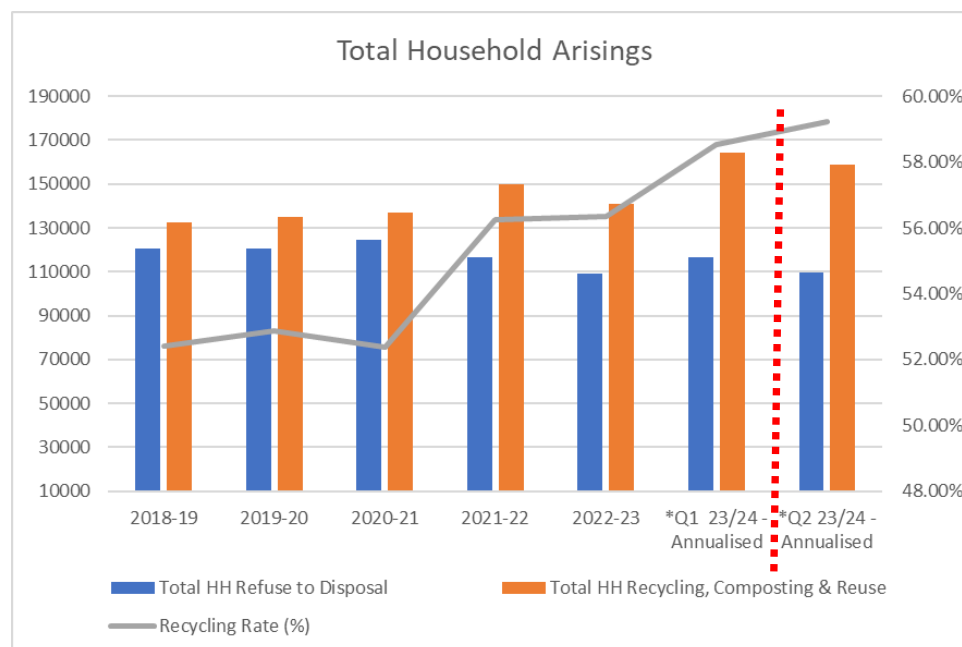
68. The Connecting the Culm project has worked with nature and local communities, to help make the river Culm and its catchment better for wildlife and people, and more resilient to flood and drought. The project saw the developed a 'Blueprint for the Culm' – a long-term management plan. It is the culmination of a 3-year process of evidence-gathering, research, piloting and discussion that has been co-created by a broad range of people. The results have meant a decreasing Flood Risk - Peak flow reductions in all sub catchments of between 6% and 20%. This equates to an annual average benefit of £96k, or £2.9m over a 100- year appraisal.

Waste and Recycling Services:

Total Waste Arisings

69. The last financial year was the first year where Recycle More has been fully implemented across the county. The scheme has helped to drive total recycling rates up from 52% in 19/20 (pre-Recycle More) to 56% in 22/23 across all waste streams that the Authority handles. The positive trend continued during the first two quarters of 23/24 total where Recycling Rates across the entire authority function reached an impressive 58%.
70. Total waste arisings in 22/23 have dropped significantly, with around 4,500 less tonnage than previous years. We estimate that around 1,000 tonnes of this reduction are attributable to a reduction in garden waste that is dependent on weather conditions, the remainder of the reduction indicates a positive trend to more sustainable waste practices amongst Somerset residents.
71. Total household Refuse for disposal reached 109,125 tonnes in 2022/23. This represents a reduction in tonnage of around 12,500 tonnes a year compared to 2018-2021 average, with around 3,500 tonnes being diverted to dry recycling and reuse and a further 4,500 tonnes to food waste recycling since the introduction of Recycle More.
72. The positive trends continue in Q1 and Q2 for this financial year noting recycling rates above 58% in the period:

Figure 1 – Total Household Arisings

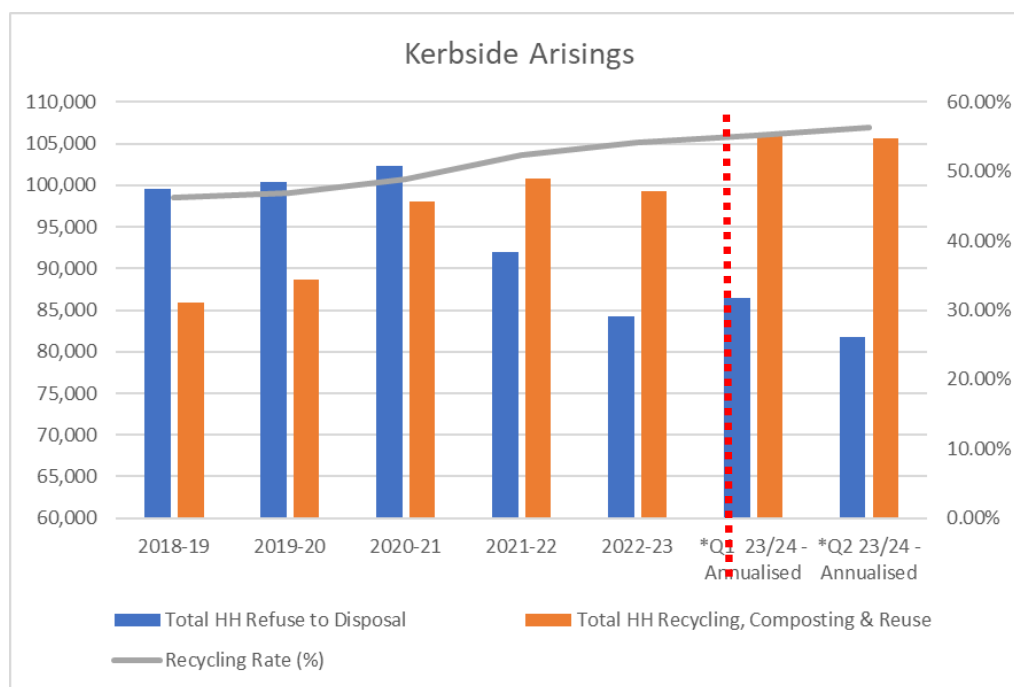


73. Kerbside Waste Arisings

74. The kerbside collection service continues to perform well with recycling rates on the service at above 54% and with Q1 and Q2 23/24 above 55%. The introduction of Recycle More continues to influence and encourage Residents to engage with the service in a positive manner. A very significant change in waste arisings from the kerbside has been noted with far less refuse being presented for disposal on the kerbside service since Recycle More has been implemented (15,000 tonnes reduction from 2019).

75. During Q1 23/24 a slight adverse position on refuse tonnage was noted, the rise is attributed to an unusual amount of bank holidays and reliability issues on the waste collection services. Q2 indicates a return to anticipated levels.

Figure 2 – Total Household Arisings



76. Participation/Composition Analysis

77. Participation and composition analysis was undertaken on the kerbside services this year revealing encouraging shifts in resident behaviour compared to the previous study undertaken in 2018.

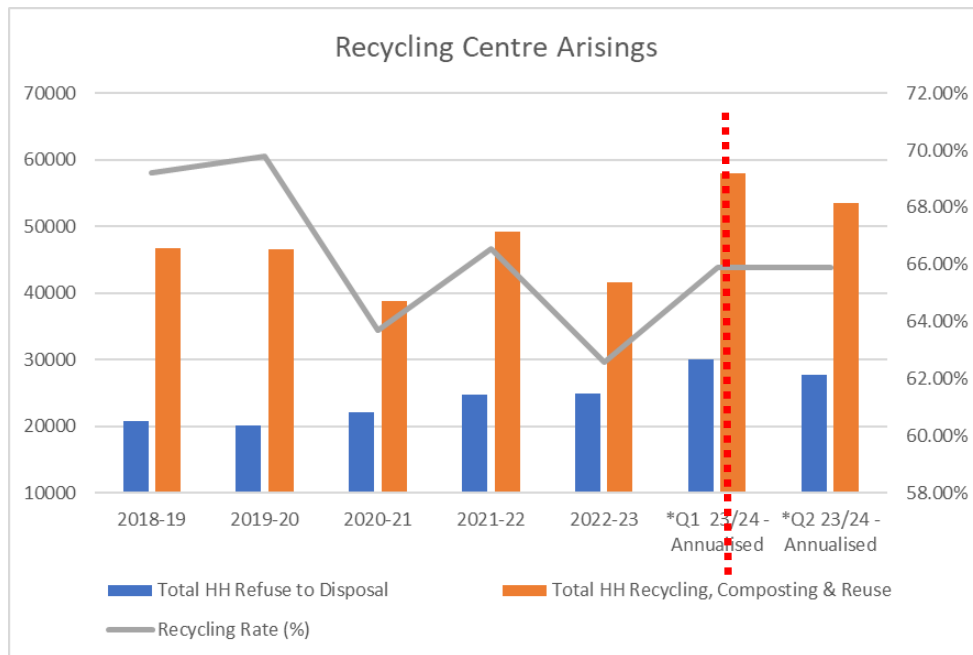
78. Household participation in the kerbside recycling service has increased from 85% to 91% over the past five years. During the same time the number of households presenting food waste for collection has increased by 10% to 72%

79. Delving further into the composition of discarded items, whilst the analysis showed a very positive reduction in the number of recyclable items in the rubbish bin dropping by 10% (from 51% to 41% in five years). The study also showed that half of the recyclables being discarded into the black waste bins was food waste. Furthermore, it was revealed that over 60% of the discarded food waste is packaged. This demonstrates the need for further resident engagement and behaviour change, and we will look to focus on this over the coming year. Aside from Garden Waste and Pet Bedding (7%), each category of recyclable material comprises a relatively small proportion of the total discarded material.

Recycling Centre Arisings

80. The data from Recycling Centres shows a, shifts in tonnage patterns are closely linked to changes in resident behaviour, a trend influenced by COVID-19 pandemic.

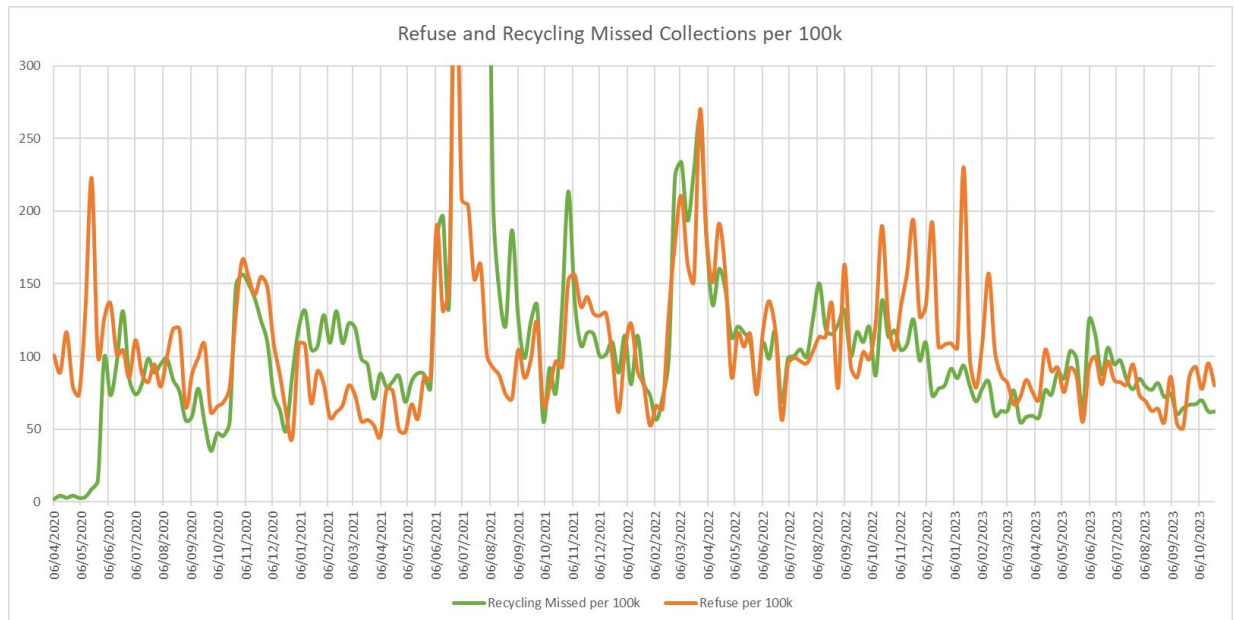
81. During the first quarter of 23/24 Recycling Centres experienced an unexpectedly high levels of residual waste, attributed to the abundance of bank holidays during that period and disruptions to waste collection services stemming from the Kings Coronation. Despite the challenges, recycling rates from the service area have achieved 66% in Q1 and Q2 23/24



Collection Contract - Highlights

82. Suez have achieved sustainability over the period with a focus on ensuring that a stable staffing platform has been achieved. Their concerted efforts have resulted in a consistent decrease in agency headcount, improved management of sickness/absence levels and a strategic approach to minimising staff turnover. The major transition activities related to contract mobilisation and service change undertaken in previous years have also come to an end.

83. As a direct outcome of these initiatives the occurrence of missed collections and customer complaints within our service has demonstrated stability, and not been subject to historic variability as we have seen previously. While the Contract target of 45 missed collections per 100,000 has not been uniformly met, it is noteworthy that a tangible improvement in the reliability of our services has been achieved and provides a stable footing to enhance the standard of service delivery in future.



84. A successful trial of flexible plastics has been delivered in the Frome area to 3,500 properties since Apr 23, this scheme has been well utilised by the participants and 65% of residents engaging with the scheme on a regular basis. Following the success of the trial FPF have agreed, in principle, to extend and fully fund the trial to 20,000 properties from next spring.

85. During the Summer industrial action was narrowly avoided, much work was undertaken to ensure that the public and stakeholders were prepared, and that mitigation was in place.

Recycling Centres and Waste Treatment

86. Several Key changes have affected the operation of the Recycling Centres this year, including the collection of material containing POPs (Persistent Organic Pollutants). To achieve compliance with the new legislative requirements, separate disposal points at the recycling centres have had to be implemented. This has led to a reduction in haulage efficiency due to the lower volume of the material and reduction in Biffa's ability to segment the fraction into its recyclable contents. In the new year, the Controlled Waste Regulations are changing, preventing the Authorities ability to charge for Non-Household Waste (Plasterboard, Asbestos and Hardcore) at Recycling Centres. As Somerset Council historically exercised this option, this change represents a significant additional financial pressure to the Authority.

87. On a positive note, recent upgrades to the Recycling Centres' CCTV system have expanded webcam coverage. This enhancement enables customers to better identify busier times. Additionally, the ANPR system has undergone an overhaul, resulting in more reliable user data. This improvement strengthens our ability to identify and address site abuse, track visitor numbers accurately, and gain deeper insights into customer behaviour. Some Recycling Centres are also having engineering work undertaken to reduce the requirement to close the sites when waste compaction activity is being undertaken. The objective of this is to ensure that queueing times are

reduced to a minimum and to increase customer satisfaction. Also, a trial is also taking place at Highbridge and Taunton Recycling Centre to recycle UPVC.

88. Engineering Amendments have been made to Walpole Anaerobic Digestion plant, with the aim to achieving PAS110 accreditation to increase the options for the onward use of this material.

Working with Communities

89. The Schools Against Waste team have reached over 2,500 children with waste themed assemblies and workshops. Since the start of the programme in Feb 2018, 373 visits have been provided across 193 primary schools. The team continues to achieve a 95% excellence rating in feedback surveys. Since the commencement of the scheme in Feb 2018, over 55,000 children have reached through 365 school visits.

90. Since its launch in May 2022, Fixy has spoken to nearly 4000 people and received nearly 2,000 smart tech items, weighing nearly 4 tonnes, which have been transferred to Donate IT to data wipe and refurbish. Fixy now has its own Facebook page @Fixyproject to share opportunities, highlighting Fixy's whereabouts and how to find local community repair groups (see Somerset's Repair Network).



91. Our Facebook following continues to grow up 4.3% from last year to 20,423, with 1103 posts. The interaction within our digital space remains vibrant, evidenced by a tally of over 21,000 likes, shares and comments. From a standing start we've successfully cultivated an impressive 71,000 Next Door followers.

92. Waste Services provides talks to community groups about our services subject to capacity. So far this year, we have engaged over 90 people with a 45min-1 hour talk about what happens to your recycling, with confirmed bookings in spring likely to reach another 155 people. These talks emphasise the importance of what goes where in the recycling containers, explains what happens to it after it is collected, how well Somerset is doing, and gives confidence by sharing the recycling tracker. This face-

to-face contact is a great way of gaining valuable feedback on areas of confusion, concern and interest, which can be used to shape wider communications.

Customer Experience

93. The transition to Vesting Day posed several challenges for our Customer Experience teams. Integrating our My Waste Services platform (MWS) into the newly structured Somerset Council Customer Services teams required substantial effort. Technically, the system had to seamlessly operate, undergo a rebranding to reflect the new Somerset identity, and ensure the migration of all historical data and maintain compliance with data retention requirements.
94. To prepare for Vesting Day, a program of training, guidance, and support was developed for Customer Services staff. This proactive approach ensured that all staff members were fully familiar of our service and capable of system use on vesting day. Our web presence underwent a significant overhaul and seamlessly integrated into the new Council digital platform. We collaborated closely with the web teams to streamline and migrate all content in alignment with vesting day.
95. Throughout the year, we've successfully implemented several subtle yet significant enhancements., one of these changes has seen the development of a system which allows customers to check the expiry dates of their garden waste subscriptions.

Civil Contingencies Unit (CCU)

Community Resilience

96. CCU continue to provide the chair and secretariat for the Somerset Prepared partnership. This lively partnership of twelve public and third sector organisations exists to promote and support communities to be more resilient to disruptive challenges. It provides advice, information, training and access to small grants. So far this year, grants have been awarded to five communities to purchase resilience equipment. Communities are Winsford, Combe Flory, Combe St Nicholas, Kilve and Oake.
97. Highlight for 2023 was the Somerset Prepared Community Resilience Conference held on 5th October. Over 100 community volunteers attended the Day. It was a hugely successful day filled with informative talks, engaging workshops and equipment demonstrations. Attendees were able to learn from experts on various aspects of preparedness, covering topics such as writing your community plan, community organisation and communication. As well as having the opportunity to engage in interactive workshops and 'hands on' experience of how to correctly use a throw line for people stuck in water alongside experiencing situational understanding via VR goggles, both provided by Devon and Somerset Fire and Rescue Service.
98. The event also hosted the presentations of the prestigious Community Resilience Award. In its second year, this accolade recognises exceptional individuals and community groups who had gone above and beyond to make their communities more

resilient. The Awards were presented by Lord-Lieutenant Mr Mohammed Saddiq and the winners were:

Group Winner: Kingston St Mary Good Neighbour Volunteer Scheme.

Group runner up: Avon and Somerset Search and Rescue Group

Individual Winner - Rev Deborah Perreau of Combe St Nicholas

Runners Up - Ian Upshall of Stoke St Gregory and Kate Symmonds of Moorland Ford Gate and West Yeo



Incident Response

99.CCU and Emergency Planning officers have supported the response to three Major Incidents in Somerset since April 2023. These include the flooding events in May and September and Storm Ciaran in early November. Duty Civil Contingencies Officers have responded to about 40 alerts, notifications or incidents since 1st April.

Planning and Preparedness, Business Continuity, Training and Exercising deliverables

Deliverables in the year have included:

- New Strategic on-call rota and training.
- Corporate Strategic business continuity exercise.
- Hinkley DEPZ decision.
- Somerset risk assessment and review of capabilities.
- Draft service plan and work programme.
- May and September flooding recovery.
- Glastonbury Festival.
- Hinkley Off-site plan updated.

Flood, Water and Coastal Management Team:

Within the first year of the Flood and Coastal Team, the focus has been on integrating the previous Flood and Water Team from County into a holistic, sustainable team that incorporates the significant additional oversight of the Coastal responsibilities previously held at District level.

Consideration of team function can be divided across:

- Planning Referrals
- Asset Management
- Technical Services
- Community Engagement and Queries
- Programme Management

100. By utilising consultant and secondment resource our statutory duties have been met in reference to Planning Referrals, Land Drainage Consents and Public Queries, alongside our duties to undertake investigation into flooding under Section 19 of the Flood and Water Management Act 2010. The May 2023 flood events were the worst to impact Somerset since the 2013/14 floods, and subsequent flood events in September and November have demonstrated the importance of Flood Risk Management and Response within the County.



Figure 1. Flood Damage, Milverton, May 2023

101. We have a significant programme of works ahead into 24/25, including the Taunton Strategic Flood Alleviation Improvement Programme and the Chard Reservoir Measures in the Interest of Safety.
102. We are working closely with partners to develop a strategic approach to flood and coastal risks, by working more collaboratively we have been able to improve outcomes for our communities for example the Chard Flood Alleviation Programme, the Minehead Flood Action Plan and, going into 2024, the Taunton Flood Action Plan. We recognise we can achieve much more with partners and will continue to strengthen these relationships to support better value in delivery, ensuring efforts across the sector are complimentary.
103. During 2024, we will develop an up-to-date the Flood Risk Management Strategy

(a statutory document, defined within the Flood and Water Management Act 2010) which will form the basis for our ongoing strategic planning of Surface Water Management in Somerset. Following this, a Shoreline Management Strategy will be undertaken, both documents informing the further Land Plan and ensuring that the unique Flood and Coastal characteristics of Somerset are included within that document.

Conclusion

Whilst huge amounts of work have gone on this the Council became a unitary in April 2023, Somerset Council acknowledges there is still a much to do, to combat climate change, the ecological emergency and promote community resilience. We also understand the only way progress will be achieved at pace is by collaborating with our partners and communities, something we will continue to focus on over the next year and beyond.

Somerset Council

Full Council

- 20 December 2023



Report of the five Scrutiny Committees

Scrutiny Chairs: Councillor Gill Slocombe, Councillor Gwil Wren, Councillor Martin Dimery, Councillor Leigh Redman, Councillor Bob Filmer

Lead Officer: Jamie Jackson, Scrutiny Manager

Author: Max Perry, Senior Democratic Services Officer

Contact Details: max.perry@somerset.gov.uk

1. Summary

1.1. The Scrutiny Committees are required by the Constitution to provide Full Council with a summary progress report and outcomes of their meetings. This report covers meetings since April 2023.

1.2. Members of the Council are reminded that:

- all Members have been invited to attend meetings of the three Scrutiny Committees and to contribute freely on any agenda item;
- any Member could propose a topic for inclusion on the Scrutiny Work Programme.
- any Member can be asked by the Committee to contribute information and evidence and to participate in specific scrutiny reviews.

2. Background

2.1. The 5 Scrutiny Committees met a total of 19 times over the stated period, including one Joint Scrutiny Committee between Adults and Health and Children and Families.

2.2. Scrutiny – Adults and Health

Scrutiny Adults and Health met five times for the period of April to November 2023, including the joint Scrutiny Committee with Children and Families.

We discussed a variety of topics, proposed by members and lead officers as areas of interest for the work programme. Of note for their public engagement and

emotive discussions were the following topics:

- Suicide prevention strategy
- Stroke services
- Dentistry

Other matters discussed included:

- Adult Social Care Transformation Programme
- Budget monitoring
- Annual reports on safeguarding adults and public health
- Primary care strategy
- Integrated Care Board Performance

Questions of more detail were often raised in this committee, for example asking for specific quality KPIs for Primary Care, as well as a list of 'hotspots' within the county where access to primary care is difficult or likely to become difficult in the near future.

2.3. Scrutiny – Children and Families

Scrutiny – Children and Families met five times for the period of April to November 2023, including the joint Scrutiny Committee with Children and Families.

We discussed a variety of topics, proposed by members and lead officers as areas of interest for the work programme. There was considerable public engagement on the following topics:

- Children with SEND
- Preparing for adulthood

Other matters discussed included:

- Academisation
- Youth vaping
- Children's mental health
- Children's social care

At the joint Scrutiny Committee on 25th October, the committee unanimously agreed to take further actions on Youth Vaping, writing to the executive to request: the current government consultation be shared with members, the licensing committee be asked to review and action stronger enforcement regarding sale of the devices, the '*Quit tool not cool tool*' slogan be promoted, and that the council take a position to work with the government to increase legislation around electronic cigarettes.

2.4. Scrutiny – Climate and Place

Scrutiny – Climate and Place met four times for the period of April to November 2023, plus an additional informal members' briefing on the topic of water quality and phosphate levels. Each of the meetings had a standing agenda item of a forward plan to enable members and officers to suggest topics appropriate for scrutiny.

There were several recurring themes of discussion for this committee:

- Water quality and phosphate levels
- Public transport
- Sustainability and green growth

Issues of public transport and road safety were areas which received public engagement, with several members of the public submitting questions for the committee. At the 19th July Scrutiny Committee, members agreed to set up a Task and Finish Group on the Local Transport Plan.

There were several other areas where the Climate and Place Scrutiny Committee resolved to commission a Task and Finish Group: The Somerset Wide Energy Plan, Climate Strategy Refresh, and Public Transport Communications and Engagement.

2.5. Scrutiny – Communities

Scrutiny – Communities met three times for the period of April to November 2023. Each of the meetings had a standing agenda item of a forward plan to enable members and officers to suggest topics appropriate for scrutiny.

Housing was a key recurring theme for this committee, scrutinising areas of housing such as

- Homefinder
- Supported accommodation

As well as questions from the public on training for housing officers and housing application policies.

Other topics discussed included:

- CCTV
- Customer Services
- Budget monitoring

2.6. Scrutiny – Corporate and Resources

Scrutiny – Corporate and Resources met 6 times for the period of April to November 2023. Each of the meetings had a standing agenda item of a forward plan to enable members and officers to suggest topics appropriate for scrutiny.

Topics discussed included:

- Commercial investment
- Property Rationalisation
- Assets Disposal Policy
- Council Tax Reduction and Exceptional Hardship Scheme

The Corporate and Resources Committee also commissioned a Task and Finish Group on the topic of Disposal of the Commercial Investment Portfolio.

3. Consultations undertaken

- 3.1.** The Committee invites all councillors to attend and contribute to its meetings.
- 3.2.** The Scrutiny Manager has also met with the Scrutiny Committee Chairs and Vice Chairs on a monthly basis to identify best practice, joint scrutiny opportunities and address challenges. These meetings have proved useful and the Chair and Vice of Audit Committee are now also invited to attend.

4. Implications

- 4.1.** The Committees consider carefully and often ask for further information about the implications as outlined in the reports considered at its meetings.

For further details of the reports considered by the Committee, please contact the author of this report.

5. Background papers

- 5.1.** Further information about the Committee including dates of meetings and agendas and reports from previous meetings, are available via the Council's website.

Note For sight of individual background papers please contact the report author