



**WATFORD  
BOROUGH  
COUNCIL**

# **COUNCIL MEETING**

**30 January 2024**

**7.30 pm**

**Town Hall, Watford**

## **Contact**

Sandra Hancock

[democraticservices@watford.gov.uk](mailto:democraticservices@watford.gov.uk)

01923 278377

For information about attending meetings please visit the [council's website](#).

**Publication date: 22 January 2024**

22 January 2024

Councillor

You are hereby summoned to attend a meeting of the Council of the Borough of Watford to be held on Tuesday, 30 January 2024 starting at 7.30 pm at the Town Hall, Watford to take into consideration and determine upon the following subjects, namely: -

**1. Apologies for Absence**

**2. Disclosure of Interests**

**3. Minutes**

The [minutes](#) of the meeting held on 17 October 2023 to be submitted and signed.

**4. Official Announcements**

**5. Mayor's Report (Pages 4 - 13)**

Report of the Mayor

**6. Questions by Members of the Council under Council Procedure Rule 10.0**

**7. Petitions presented under Council Procedure Rule 12.0**

**8. Business especially brought forward by the Chairman or the Head of Paid Service which in the opinion of the Chairman should be considered as a matter of urgency.**

**9. 2023-24 Polling District and Polling places review (Pages 14 - 29)**

Report of the Electoral Services Manager

**10. Members Allowances 2023/2024 (Pages 30 - 37)**

Report of the Democratic Services Manager

**11. Appointment of Independent Person to Audit Committee (Pages 38 - 45)**

Report of the Group Head of Democracy and Governance

**12. Council Tax Support Scheme 2024/25 (Pages 46 - 153)**

Report of the Head of Revenues and Benefits

**13. Budget and Council Tax Resolution 2024/25 (Pages 154 - 290)**

Report of the Chief Finance Officer

**14. Motions submitted under Council Procedure Rule 13.0**

**15. Exclusion of Press and Public**

**The Chairman to move:** that, under Section 100A (4) of the Local Government Act 1972, the public and press be excluded from the meeting for the following item of business as it is likely, in view of the nature of the business to be transacted or the nature of the proceedings, that if members of the public were present during consideration of the item there would be disclosure to them of exempt information as defined in Section 100(1) of the Act for the reasons stated below in terms of Schedule 12A.

**Note: if approved, the Chairman will ask members of the press and public to leave the meeting at this point.**

**16. Special Severance Payment (Pages 291 - 294)**

Report of the Chief Executive

This report is considered to be Part B in accordance with Paragraphs 1 and 3, Part 1 Schedule 12A, as it contains information relating to an individual and the business affairs of an individual and the council.

A handwritten signature in black ink, appearing to read 'Donna Nolan', with a long horizontal flourish extending to the right.

**Donna Nolan, Chief Executive**

# Agenda Item 5

## **Introduction**

Like all local authorities, we know 2024 is going to be challenging as we continue to navigate a political landscape marked by government funding cuts, a cost-of-living crisis, and higher interest rates. Watford Council is in a stronger position than many other councils. The Cabinet and I remain steadfast in our commitment to excellent financial stewardship, protecting services our residents value and remaining an ambitious council that delivers for our town.

We have made sound strategic investments and remain focussed on delivering improvements in our town, with initiatives such as expanding the Beryl bike scheme, plans to introduce an Electric Vehicle Car Club, and launching a new Shopper Bus service. Alongside this, we are enhancing our environment. Efforts include planting 20,000 trees, revitalising the River Colne, and continuing the Cassiobury Wetlands project.

To support the local economy, we have overseen investment into Watford Business Park. Plans to reopen Watford Colosseum and deliver a new Innovation and Incubation Hub are progressing well. Despite financial challenges, we have managed to ensure the quality of local services, from pristine parks to efficient waste and recycling services.

## **A competent council**

### **Our Corporate Peer Challenge**

Whilst we can be extremely proud of our track record and all that we are achieving for Watford, we are not complacent and recognise the importance of external assessment and validation. This is why we were pleased to welcome a team of five peers from a range of local authorities and the LGA who visited Watford to undertake a peer challenge last November.,

During the four day visit, the team gathered information and views from more than 55 meetings, in addition to further research and reading. They spoke to more than 150 people including a range of council staff, councillors and external stakeholders and partners.

We have now received the teams' final report, which highlighted a range of strengths including that:

- we have transformed since our last peer challenge in 2017, driven by strong leadership and a 'can do' attitude
- we are 'delivering hugely ambitious plans for Watford' and have 'an unwavering focus' on outcomes for our residents
- we have very effective partnerships in place involving both our businesses and community and we have 'forged strong external relationships' to support delivery
- we are underpinned by 'a culture of pride, ambition, and empowerment'
- we have a well-developed focus on place shaping with joined up senior leadership ensuring the vision for Watford is promoted nationally, regionally and locally
- we have a good record of financial stewardship and a clear understanding of our financial position

This was a huge vote of confidence in the council and the town and a well-deserved testament to the vision and hard work of our councillors, staff and partners.

### **Levelling Up Funding**

Last November, we also received the news that our transformational plans for the Town Hall area and Watford Colosseum has provisionally been awarded £16m in funding from the government's Levelling Up Fund. The funding will help us forge ahead with delivering our ambitions for this area of the town, unlocking economic growth, and driving further investment in Watford. This will mean new jobs and opportunities for local people as well as an exciting new venue to see some outstanding live performances. Very few areas' bids were successful, so this is a major achievement for Watford and the council and shows we are a town that makes the right decisions for our community and our future.

### **A caring community**

#### **Supporting those most in need**

Throughout the year, our focus has centred on alleviating the impact of the cost-of-living crisis. Collaborating with organisations such as Citizens' Advice, implementing council tax reductions for low-income households, and safeguarding essential services underscore our dedication to supporting residents, particularly those who find themselves most in need

I am delighted that we continue to be able to offer real and timely support to organisations and charities that are at the frontline of the cost of living crisis through our grant giving programme. During 2023, I continued to champion the Watford Community Fund, raising funds that can swiftly get to organisations and make a real difference across the town. The Fund has supported a diverse range of need including warm, welcoming spaces, help for food charities and community events that bring local people together at a time when, more than ever we need to unite and build a sense of belonging and understanding. The Mayor's Small Grant Fund has already helped more than 20 different community groups to bring their local initiatives to life. Alongside this, we are now in the process of awarding £300,000 from our neighbourhood grants budget.

The cost of Living Forum I convened in 2022 has been a vital source of information and insight into how people are managing in Watford. Bringing together groups and organisations who can provide their perspective and share their experiences has been extremely powerful and also offered an opportunity for networking, joining up and learning. I am delighted that, together, we have decided to take the forum forward as the 'Watford Community Response Forum' so we maintain what is a very effective and helpful means of supporting each other.

#### **Raising money for good causes**

As well as the Watford Community Fund, I am always pleased to do whatever I can to raise money for local causes as is our Chairman and many of our councillors. Last year saw the launch of the Watford Community Lottery, which I am pleased to say has already raised £18,892.20 for local groups and charities. The Mayor's Christmas card raised £8,000 for Playskill and Guideposts, both amazing organisations, through the generous sponsorship of Bugler Foundation, Warner Bros. Studios Leavesden, Murrill, Everyone Active, Morgan Sindall Construction, Wenta, Berkeley Group, Camelot, Sigma Pharmaceutical, West Herts Golf Club and Veolia UK.

I will be taking part in 'The Dreams United: Stadium Sleep Out' on 1 March at Vicarage Road Stadium to raise awareness and funds to help our local homeless charities - One YMCA, Herts Young

Homeless, New Hope and DENS. This is open to all our community, and I would encourage people to consider getting involved.

### **Watford People's Panel**

Hearing from local people is such a critical part of my role as Elected Mayor and I was pleased to launch the Watford People's Panel last autumn. This is a panel of local residents with a real passion for Watford who are keen to understand more about the council and help us by sharing their views and ideas for the future. We have already covered the significant issue of the council's budget but also had the opportunity to hear their thoughts on the new Museum, uncovering some really interesting stories about the town's history and also putting forward a suggestion for a 'Watford Day', when we can celebrate everything we love about the town together.

### **100 people who made Watford**

We launched this wonderful insight into those people who have contributed so much to the town during our centenary year. Thank you to the councillors who came forward with suggestions and I hope you agree that the 100 reflect so much about the diversity, pride and energy that makes Watford so special. The stories of the 100 will be captured in our new museum as a lasting legacy of our 100 years as a borough. It will probably come as no surprise that we are finishing our 100 this month with Sir Elton John's story but I would encourage everyone to take a look at other nominations – they might not be as world famous but their contribution has been no less outstanding.

### **Shopper Bus**

I am pleased to announce the introduction of the Watford Shopper Bus Service, a new initiative aimed at providing a safe and welcoming travel option for residents who may need a bit of extra assistance when visiting local shops. In collaboration with the organization Communities 1st, known for successfully running similar services in other areas, the council is committed to ensuring the service is both reliable and responsive to the unique needs of our residents.

Starting from this month, Watford residents facing mobility challenges, social anxiety, or other vulnerabilities can conveniently book the shopper bus for trips to local supermarkets across the town. This service, offered at a reasonable cost of £6 per person for a return trip, with an accompanying carer paying only £1, reflects our commitment to making sustainable and accessible travel options available to all. The Shopper Bus not only facilitates shopping trips but also serves as a community-engaging and supportive mode of transport, embodying our vision for a greener and more caring Watford.

### **A thriving local economy**

#### **Shop local**

For all of us that live in Watford, we know that our local businesses in the High Street and beyond are the backbone of the community and our economy. From popping into a local bakery for a cake, or buying a quirky gift from a local shop, by shopping locally people can help local business owners and local communities overcome the challenges of the last few years. Whether it's your local grocer, florist or fabric shop, I spent the last few months getting out and about to showcase these local success stories and promoting what they do through videos, interviews and social media posts.

We wanted to do this over the winter months as for many businesses, Christmas is a small businesses busiest time of the year. We knew it was really important we help them as much as we can. Shopping locally means money is kept in the local economy supporting jobs and local families. So, this year, when people in Watford were thinking about Christmas presents for friends and family, they had extra reason to explore some of the wonderful businesses in the town and their unique products. These businesses are the heart of our community and we need them to still be there for us in the future.

### **FSB Pledge and Business Reception**

For the same reasons, on Wednesday 13 December 2023, we held a packed event for local businesses, charities, and community leaders. There, I signed the Federation of Small Businesses (FSB) Local Leadership Partnership Pledge, cementing Watford Borough Council's continuing support for local small businesses – and the first district in Hertfordshire to do so.

Through this, Watford council was recognised as a Local Leadership Partner by Federation of Small Businesses (FSB) here in Watford. We understand the value of smaller to medium sized businesses and the vitality they bring to our local economy.

We want to include these businesses in Watford's decision-making when it comes to our local economy. The pledge commits Watford Borough Council to work with the FSB to communicate the needs of smaller businesses in Watford. The council pledges to continue promoting a supportive environment in which small businesses and local communities can prosper. With rising costs due to the cost-of-living crisis, it's really paramount that local councils make pledges such as these to reassure our small to medium sized enterprises.

### **Watford Business Park**

The huge investment of £25 million into an eco-conscious redevelopment has recently been completed in our town. The gateway to Watford Business Park has been successfully constructed, transforming 4.3 acres of an old car park and surrounding, out of date buildings into a striking modern hub for many different industries and businesses.

Sustainability has been really important in this build. Every industrial unit has been equipped with solar panels, electric vehicle charging points and ample cycle storage facilities to reduce car reliance and encourage Beryl Bike and electric vehicle use. The buildings are also designed to maximise natural light and ventilation to lower energy use. We think that because of the way it has been constructed, with a view to sustainability, Watford Business Park is likely to achieve a 'Very Good' sustainability rating.

Working in a green and clean environment is important and aligns to the commitments in our Environmental Strategy. A new sustainable urban drainage system, pond, native wildflower beds, and a large number of newly planted trees all bolster the beauty of this new site. Joining together nature within an industrial setting adds to the site's green credentials, while helping support biodiversity and boost well-being for residents and workers.

In recent years, premises and available space for new business and industry in Hertfordshire has been in short supply. To keep our local economy up to pace, reap all the benefits of being outside

London, the vitality of our town, and to provide local employment opportunities for residents, it is essential that we continue to offer high quality premises where our businesses can thrive for years to come.

Not limited to adult career installations, Watford is also investing in a gaming training hub for our youth as part of the innovation hub within the Town Hall complex. We plan to team up with specialised education providers to help kickstart careers in the gaming industry. The council aims to provide physical space and part funding for equipment, and then local businesses will be involved in the structure and set up.

Projects like these would not have been possible without Watford Council's input and direction, highlighting the prowess of services in our town and the great team we have constantly working on innovation and ideas.

### **Standing up for Watford**

#### **Watford General Hospital**

I am pleased to announce a significant achievement for our community as the West Hertfordshire Teaching Hospitals NHS Trust has successfully completed the acquisition of the final plot of land necessary for the construction of a much-anticipated transformed hospital in our town. I have championed the Trust's plans for Watford throughout my time as Elected Mayor and so we have made sure that the hospital could purchase the land and get ready for building to commence, once they have had the green light from government.

This achievement represents a crucial step forward in realising the vision for a modern healthcare facility that will not only benefit our dedicated NHS healthcare professionals but also provide the best possible care for Watford residents. It's really important the modern, 21st century facilities patients, staff and visitors deserve, get delivered.

The recently acquired plot of land, located adjacent to Thomas Sawyer Way, will soon undergo preparations for the initial stages of construction. These preparations include clearing the area, levelling the land, constructing retaining walls, and laying foundations.

#### **Housing / housing targets**

I would like to address the recent developments regarding the Housing Delivery Test and its impact on Watford. Watford Borough Council, along with 58 other councils, has been highlighted by the government for not meeting the set targets, resulting in the obligation to produce a plan outlining strategies to increase housing construction. This, in turn, will lead to a 'presumption in favour of sustainable development' which may mean sanctions for our council, and many other councils who have been busy building homes.

While acknowledging the housing challenges faced by our town, it is essential to provide a balance. Over the past three years, we have made substantial progress, with 73% of the UK Government's set quota for new homes achieved between 2019 and 2022. The Local Plan, recognised for its excellence, guides our approach to building quality homes with essential services and affordability in mind.



The government has imposed very high targets for our geographically small borough of 8 square miles. Our community has actively participated in the planning process, contributing to our commitment to building homes that align with residents' needs and desires. The challenge is to strike a balance between housing demand and shaping the town for current and future generations.

Our call for change extends to the planning system, where local input should play a more significant role. The current system imposes housing targets, sometimes overlooking local people's views and sentiments. We seek a more flexible approach that enables communities to make decisions that best suit their needs. Recent instances of Planning Inspectors overruling local decisions highlight the urgency for reform.

Despite this, Watford Borough Council remains committed to addressing housing needs while preserving the wishes of the community. Despite the flaws in the national planning system, I remain committed to working closely with residents to find solutions that align with their aspirations for our town.

### **A greener town**

#### **Tree planting**

I am delighted to share the positive outcome of the 'Your Tree Our Future' initiative that took place in Watford on 9 December 2023, supported by Watford Borough Council. Thousands of residents participated in collecting the free trees, demonstrating a remarkable commitment to making our town a greener and more sustainable place to live.

The response from our community was outstanding, with 8,980 trees requested for collection at the Woodside Playing Fields. The impact of these trees on our local environment is substantial, with the potential to eliminate an estimated 125,000 tonnes of carbon from the atmosphere throughout their lifespan.

These trees, predominantly destined for private gardens, will contribute to enhancing the greenery of neighbourhoods across Watford. As we work towards our goal of planting 20,000 trees by 2026, this tree giveaway marks a significant step forward to having a greener town.

Before my election, I set a goal to actively contribute to the planting of 20,000 trees by 2026, and this initiative represents a substantial stride toward achieving that objective. Beyond the immediate environmental benefits, the distribution of these trees aligns with the broader aim of our borough to achieve carbon net zero by 2030.

Watford Borough Council has broken last year's record on tree planting. In our commitment to environmental sustainability, we have planted 197 trees across the town this year. The funding, made possible through the generous support of the Forestry Commission's Local Authority Treescaping Fund (LATF) amounting to £73,203 and further topped up by Watford Borough Council, will enable the planting of 115 trees, in addition to the 82 trees funded by the council earlier this month. When combining the two schemes, 168 of the trees will be in public streets, surpassing the previous street tree planting record last year of 122. The remaining 29 trees will be in parks. Additionally, 300 new tree saplings will be planted in Lea Farm Recreation Ground and Woodside Playing Fields.

### **Parks / open spaces**

We ended 2023 with the fantastic news that Cassiobury Park has again been recognised as one of the top ten parks in the country. We will continue to maintain and provide exceptional green spaces.

I am equally delighted to share that the Meriden Park improvement project in Watford is nearing completion. The final phase, marked by a bulb planting event, was a great event attended by councillors and residents to crown a year-long effort to revitalise this cherished green space.

Throughout these park improvements, we focused on biodiversity and accessibility. From new planting schemes to wildlife-friendly landscaping and improved footpaths, these changes not only promote environmental sustainability but also create a more inviting space for our local community right across Watford.

Projects and awards like these reflect our ambition to a greener and more accessible Watford.

### **River Colne**

We have been focusing a tremendous amount of energy upon green initiatives since I last reported back, not least on our River Colne. To detail improvements and draw attention to the importance of our river, I have been working in partnership with West Herts College on a series of podcasts. This will form part of Tales of the River programme, which comprises events and activities for the whole community. All these are free to the public and, as we improve and enhance the River Colne physically, you will be able to enjoy the walks, media and eco activities for people of all ages.

Volunteers and staff will have spades in the ground throughout 2024. This will be to physically improve the banks and woodlands by the River Colne in a bid to tackle diseased trees, improve our tree canopy and also tidy the riverbanks.

### **Beryl Bikes**

Over the past three years, the introduction of the Beryl Bike scheme in Watford has proven to be a resounding success. I am pleased that Beryl bike usage remained high throughout 2023. This has contributed not only to the individual health benefits of riders but also to the overall environmental improvement in our town. It's been good to see people of all ages and abilities using these bikes about our town. The continuation and success of Beryl Bikes bring into line with our commitment to making Watford a greener place, reducing pollution, and alleviating congestion in our town centre.

The recently released fourth annual Rider Report by Beryl, sheds light on the positive impact of the bike scheme. The report, based on a survey of over 3,000 riders in September 2023, highlights the increasing impact of ease and speed as factors influencing sign-ups. Notably, 62% of riders in Watford are now cycling more frequently since joining Beryl, and a significant percentage has reduced their reliance on cars and taxis. These findings reinforce our dedication to providing accessible and sustainable travel options for Watford. Beryl Bikes are here to stay.

We are now working with Three Rivers and Hertsmere councils to expand the scheme. In the coming weeks we will be installing bays in Bushey and Croxley so that the scheme covers a larger area and there will be more electric bikes added to the fleet.

### **Car Club**

I am pleased to announce a significant step forward in our commitment to reducing carbon emissions in Watford. The Council has chosen Enterprise Car Club as a strategic partner to introduce

an eco-friendly car club for our community. This initiative supports our idea for a greener and more sustainable town, complementing the existing BerylBike rent-a-bike scheme.

Car clubs, offering hourly or daily car hire, provide a convenient and cost-effective alternative to ownership, catering to individuals and organisations alike. This initiative is designed to address the needs of those who prefer flexible travel options without the burden of car ownership. We are excited about the partnership with Enterprise Car Club, as it brings a new and eco-friendly dimension to Watford's evolving transportation landscape.

By offering zero-emission vehicles for hourly rentals across the town, we aim to reduce private car ownership and enhance air quality. Car club is a fine demonstration to our dedication in providing accessible and sustainable travel options for the residents of Watford.

### **A safer town**

#### **CCTV**

New safety measures are being installed at two of Watford's parks to make sure that they are safe, welcoming, and enjoyable for everyone. We are proudly investing in new security measures in Cassiobury Park and Watford Fields.

In Cassiobury Park, we are improving the lighting between the car park and the Visitors' Hub and café and in Watford Fields we are installing new security cameras along the path from the High Street station to Ladies Close. With both being popular routes for people walking and cycling, we wanted to make sure that everyone feels safe when they're using the routes.

We are also funding a camera in Victoria passage over the next year in response to local concerns

These cameras will be staffed 24 hours a day, 365 days a year and operators will be on the lookout for illegal and antisocial behaviour in our communities via the town's network of 53 cameras.

#### **Working with the police**

Monday 4 December 2023 marked a significant moment in Watford's local history as the town's new police station at 3 George Street opened. The old station and adjacent courthouse in Shady Lane opened in 1940, replacing the older Victorian police station which was on King Street. Working closely with me, our police force and town is changing to service the needs of 21st century Watford's growing population. I made sure that as soon as it was open, I went down to visit the Hertfordshire Police officers based out of the new site. The facilities are really modern and more than capable enough to suit the officers based out of the new station.

#### **Public Spaces Protection Orders (PSPOs) renewed**

Following a public consultation in October, [Safer Watford](#), Watford's Community Safety Partnership, which includes the council and the police, two important PSPOs have been renewed in the town. One stops non-commercial vehicles from entering Albert Road South between specific times, and the other is an extension, which allows Police Officers to remove alcohol from people drinking in the town centre and also into Watford Fields, if necessary. PSPOs are designed to address specific issues that may negatively impact people's quality of life and are vital to maintaining the safety and family-friendly atmosphere of the town.

### **Disabled Parking Bays**

We can't forget the challenges faced by disabled residents and visitors in finding suitable parking in our town to access Watford's bustling high street.

We are constantly taking measures to address this issue. There are now five new on-street disabled parking bays along Church Street and an additional three bays on George Street. These on-street disabled parking bays will make our town centre even more accessible.

The newly installed parking bays feature accessibility enhancements, including wider spaces to accommodate wheelchair users and those with mobility aids, ensuring greater ease of access.

### **Improving Watford**

#### **Town Hall Quarter programme & Watford Museum**

We have made great steps forward in the ongoing refurbishment of the iconic Watford Colosseum, paving the way for the venue's anticipated reopening in autumn 2024. Pending approval, key alterations include the addition of an external ventilation duct, a roof plant, and a front canopy, all contributing to the enhancement of this beloved cultural landmark at the centre of our town.

Since 2022, we have been committed to preserving the rich heritage and past of Watford Colosseum while elevating it to new heights as a cultural and sustainable hub for our community. This extensive reimagining not only breathes fresh life into the historic venue but also makes it more accessible and appealing to local performers, creative individuals, and arts groups.

With AEG Presents managing the venue, we look forward to welcoming leading entertainers to Watford, stimulating our local economy, creating jobs, and offering increased volunteer opportunities for those of us that have a bit more free time to give back to the community. This is a pivotal part of our broader plan to revitalise the town centre, creating a vibrant community hub that highlights the great culture and history of Watford.

The refurbishment of the Colosseum and moving the Museum includes the revitalisation of the Town Hall. The site will include a new, modern Watford Museum, spaces for the community, entertainment, learning, and innovation to the area. I'm really proud of all the officers and elected members who have been working on this project. In Watford, we are clearly very good at showcasing our plans for the future and securing the bids to facilitate those plans.

### **News and Events**

#### **Remembrance Day**

On Sunday 12 November, I commemorated the service and sacrifice of the town's armed forces in the two world wars and up to the present day by laying wreaths at Watford's Peace Memorial outside the town hall. A two minute silence was also observed led by myself and the Chairman of the Council.

This year's tribute included a parade, led by the Lord Lieutenant of Hertfordshire from St Mary's Church. This parade also included flag-bearers from the Royal British Legion and local scout groups. I am grateful to the Lord Lieutenant and all of those who attended the event. It is important that we never forget the sacrifice that so many have made to protect our freedoms and defend democracy.

This year in particular, as the war in Ukraine continues and conflicts rage across the globe, we are reminded of the cost of maintaining the rights we hold so dear.

**White Ribbon Accreditation**

On Wednesday 6 December, we commemorated White Ribbon Day to mark the International Day for the Elimination of Violence Against Women alongside the Chairman and Deputy Mayor. We were joined by a number of local organisations, including Veolia, Waford Football Club and SLM, as well as survivors of domestic abuse in a walk to remember the 186 women and girls who were victims of violence in our town in the previous year.

I am very proud to be a White Ribbon Ambassador and to see the number of men and women who walked with us to show that our town is a place where women and girls must feel safe and supported and that we will not except, excuse or enable male violence against women and girls.

# Agenda Item 9

Part A

**Report to:** Council

**Date of meeting:** 30 January 2024

**Report author:** Electoral Services Manager

**Title:** Polling District, places, and stations review

## 1.0 Summary

- 1.1 This report sets out the results of a review of the Polling Districts and Polling Places within the borough. A public notice of the review was posted 25 September 2023 which invited comments. Direct consultation was also carried out with the elected members for the various tiers of government covering the borough, political parties, and voluntary sector organisations, including disabled and ethnic minorities.
- 1.2 Responses received for changes to polling place/stations within polling districts DA & DD, and LB (within respective Leggatts and Oxhey Borough Wards) are set out in Appendix 1 and 1A.
- 1.3 From responses received, only one relating to Leggatts DA plus DD, provided a clear suggestion for alternative polling stations location within its polling place, while 2 responses from individuals who reside outside the borough boundaries, regarding the other (Oxhey LB), simply expressed requests for the polling place/stations to be moved without a clear suggestion of a specific alternative.

## 2.0 Risks

### 2.1

Nature of risk	Consequence	Suggested Control Measures	Response (treat, tolerate, terminate or transfer)	Risk Rating (combination of severity and likelihood)
i. Change of current 2 x polling station location from school hall via main school gate entrance, to	ia. Initial confusion for electors due to change from longstanding main gate entrance to more concealed side entrance. ib. Increased walking distance for	ia-ic. Maintain current designated polling location within school's main hall without change for polling districts DA and DC. ii. Public awareness action to forewarn	Treat & tolerate	Unlikely (2) x High (3) = rating of 6

<p>the nursery classroom via more concealed side entrance. ii. Request/ agreement for school to remain open on days when polls are held from 2/5/24 onwards.</p>	<p>electorate to attend their polling station with possible difficulty for older and disabled electors. ic. School’s nursery classroom and entrance via side gate too small to house 2 x polling stations for total electorate allotted to venue. ii. Limited car parking at polling place during hours school is open. i and ii. Possible decline in voter turnout.</p>	<p>allotted electorate that school will remain open on day of poll with effect from 2/5/2024 with potential for limited car parking during school hours.</p>		
<p>Change of polling location re. Polling District LB – within Oxhey Ward</p>	<p>ia. Initial confusion for electors due to change from longstanding polling station location. ib. Only response/ requests received for change during Review were from 2 currently non-eligible Hertsmere BC electors* whose children currently attend Bushey and Oxhey Infants School. ic. Possible decline in voter turnout. ii. Potential increase in ongoing election costs for the Oxhey ward iii.</p>	<p>ia.-ic., and ii. Maintain current designated polling locations without change for polling district LB.  But if a change considered and confirmed ensure - An extensive public awareness action to forewarn electorate prior to the initial change of venue and at first of each type of election in addition to usual poll cards clearly highlighting change of venue with location map.</p>	<p>Treat</p>	<p>Unlikely (2) x High (3) = rating of 6</p>

	<p>*Note following the next national UK general elections, electors within Hertsmere BC's Bushey North Ward will become part of the Watford constituency and consequently eligible to respond to future Watford Polling District and Place Reviews.</p>			
--	---	--	--	--

### 3.0 Recommendations

- 3.1 that the current arrangements for Callowland, Central, Holywell, Meriden, Nascot , Park, Stanborough, Tudor, Vicarage and Woodside wards, as set out in Appendix 1, continue without change.
- 3.2 that the existing polling place/polling stations within the School Hall at The Orchard Primary School for Leggatts Ward be retained in the knowledge that the school will remain open on future polling days with effect from 2 May 2024 without addition for the reasons set out in Appendix 2.
- 3.3 that the current arrangements for Oxhey Ward polling district LB continue unchanged for the foreseeable future following the 2023 Review.

**Further information:**

Gordon Amos  
gordon.amos@watford.gov.uk

**Report approved by:** Group Head of Democracy and Governance

### 4.0 Detailed proposal

- 4.1 The council is required to undertake a review of all Polling Districts and Polling Places within the Borough at least every 5 years. Whilst the Electoral Services Manager informally reviews the adequacy of polling places after each election the council last conducted a formal review in 2019.



4.2 Following conduct of the 2023 Polling District and Polling Place review full details of the various submissions made to the review are contained in Appendix 1 and 1A, and officer comments on them is contained in Appendix 2.

4.3 Only 3 submissions were received relating to 2 Wards. No changes were proposed for the other 10 Wards.

#### 4.4 **Leggatts Ward**

4.4.1 The Orchard Primary School's Executive Head Teacher had requested that the council considers –

1. An alternative location for the necessary 2x polling stations within the polling place, but after a visit to the school by the Electoral Services Manager, it was felt that the alternative location offered would not be large enough to accommodate the 2 required polling stations. Following discussions, the Executive Head Teacher the school has accepted that the school hall can be retained for the polling venue. Full details are set out in Appendices 1 and 2.

Therefore, officers recommend that the polling places remain as current for the reasons set out in Appendix 1 and 2.

2. That the school be permitted to remain open for pupil attendance/education on the next, polling day and all future election dates. Acceptance of this request is recommended by officers for the reasons set out in Appendix 2.

#### 4.5 **Oxhey Ward**

4.5.1 Prior to the 2023 Review an Oxhey ward councillor had raised the issue of the use of Bushey and Oxhey Infants School as the designated polling place for polling district LB. 2 responses were received to the advert regarding the review from parents of children attending the school asking the council to reconsider using the venue as they did not wish the school to close on polling day. However, no response was received from either the school or any currently eligible Watford Borough/constituency registered elector to the advert requesting views on the polling district review. It is not recommended that the location be changed for the reasons set out in Appendix 2.

### 5.0 **Implications**

#### 5.1 **Financial**

5.1.1 The Chief Finance Officer comments that the recommendations set out in this report are within existing budgets. However, if the Council decides to relocate the polling place for the Oxhey Ward polling district LB there is a possibility for budget implications because of the need to hire a suitably large non-public funded venue as an alternative.

## 5.2 **Legal Issues** (Monitoring Officer)

5.2.1 The Group Head of Democracy and Governance comments that it is a legal requirement to conduct a 5 yearly review of polling districts and polling places. The Council is required to publish its polling districts and polling places prior to March 2024

## 5.3 **Equalities, Human Rights and Data Protection**

5.3.1 All polling stations are checked to ensure that they are accessible by electorate with disabilities.

## 5.4 **Staffing**

5.4.1 No implications

## 5.5 **Accommodation**

5.5.1 Consequent to the completion of the 2023 Polling District and Polling Place Review as per officer's views detailed in Appendix 2 no change or additional polling place accommodation will be required for the foreseeable future.

## 5.6 **Community Safety/Crime and Disorder**

5.6.1 At every election the council has a single point of contact with the police in case of any crime and disorder issues and the police are entitled to enter any polling station during an election.

## **Appendices**

Appendix 1 – Submissions received

Appendix 1A – Submissions received from Hertsmere BC resident electors

Appendix 2 – Officers comments on the Submissions

## **Background papers**

No papers were used in the preparation of this report.

**Watford Borough Polling District and Polling Station Review 2023-24****Callowland Ward**

**Polling Districts and Polling Places** EA – Parkgate Youth and Community Centre  
EB – Grace Baptist Church Hall  
EC – Christchurch Hall  
ED – Parkgate Youth and Community Centre

No responses received

---

**Central Ward**

**Polling Districts and Polling Places** HB – Watford Christian Spiritualist Church  
HC – Derby Road Baptist Church  
HD – St Mary’s Church Centre  
HE – The Wellspring Church Centre

No responses received

---

**Holywell Ward**

**Polling Districts and Polling Places** KA – Chessbrook Education Support Centre  
KB – Holywell Primary School  
KC – Chessbrook Education Support Centre  
KD – Green Building, Adjacent Holywell Allotments

No responses received

---

## Leggatts Ward

**Polling Districts and Polling Places** DA – The Orchard Primary School  
 DB – St Helens Church Hall  
 DC – Cherry Tree Primary School  
 DD – The Orchard Primary School

Responses received as follows -

Date of response	From	Polling district / station	Details of response	Officer's comments
14/11/2023	Executive Head Teacher The Orchard Primary School	DA/DD - Orchard Primary School	<p>Verbal communication received from school secretary with invite to attend the school and consider relocating the polling stations to an alternative classroom to enable the school to remain open on polling days.</p> <p>School was attended on 14/11/2023 and floor plan/measurements requested.</p> <p>Following visit and receipt of the floor plan/measurements consideration was given to the alternative, but on account of the electorate size with double polling station requirement it was necessary to advise the alternative classroom would not be suitable.</p> <p>Subsequent acceptance of need for continued use of the school hall for polling, but in conjunction with intent to keep the school open. The School/Executive Head Teacher also confirmed that adequate safety for the pupils would be ensured.</p>	<p>Officers acknowledge the Executive Head Teacher's comments.</p> <p>Officers' comments on the request to –</p> <p>i. change the location of polling stations within the Polling Place. And</p> <p>ii. keep the school open on polling days.</p> <p>are shown in Appendix 2.</p>

**Meriden Ward**

**Polling Districts and Polling Places** CA – Coates Way JMI and Nursery School  
 CB – Garston Community Church  
 CC – Meriden Community Centre

No responses received

---

**Nascot Ward**

**Polling Districts and Polling Places** GA – Holy Rood Catholic Primary School  
 GB – St Andrews Church  
 GC – Holy Rood Catholic Primary School

No responses received

---

**Oxhey Ward**

**Polling Districts and Polling Places** LA – St Matthew’s Church Hall  
 LB – Bushey and Oxhey Infants School  
 LC – St Matthew’s Church Hall

Prior to conduct of the 2023-24 Review communication was received from one of the Oxhey Ward borough councillors about relocation of the polling station away from the school to prevent its closure and loss of education for any of the pupils in the future. However, I must advise that –

1. During the review no response was received from either Bushey and Oxhey Infants School or any eligible elector who is allotted to vote at the venue.
2. Responses were received from 2 Hertsmere Borough residents who reside within the Bushey North Ward who I believe have children who attend the school. Currently these representations are not valid considerations on account of neither being registered electors within the Watford Borough constituency. However, I must advise that from the next UK wide Parliamentary elections Hertsmere Borough Council’s Bushey North Ward will become part of the Watford constituency which will in turn qualify the electors within this Ward to make eligible representation in the future and in the same way as all Watford Borough registered electors. Hence for completeness I have included the correspondence concerned for information and possible consideration -

Date of response	From	Polling district / station	Details of response	Officer's comments
06/10/2023 and 07/10/2023	Hertsmere BC - Resident Elector A and Resident Elector B	LB – Bushey and Oxhey Infants School	2 similar emails were received from ineligible resident electors from within the Hertsmere Borough Council area.	Officer/residents exchange of email communications is shown in Appendix 1A.

---

**Park Ward**

**Polling Districts and Polling Places**

- IA – St Lukes Church
- IB – The Clarendon Muse – School of Music
- IC – The Clarendon Muse – School of Music
- ID – The Clarendon Muse – School of Music

No responses received

---

**Stanborough Ward**

**Polling Districts and Polling Places**

- BA – Leavesden Green Community Centre
- BB – Imam Hussein Foundation Centre
- BC – Stanborough Park Community Centre
- BD – Stanborough Park Community Centre

No responses received

---

**Tudor Ward**

**Polling Districts and Polling Places**    **FA – Parkgate Youth and Community Centre**  
**FB – Knutsford Primary Academy**  
**FC – Luther Blissett Community Hub**  
**FD – Luther Blissett Community Hub**  
**FE – Parkgate Youth and Community Centre**

No responses received

---

**Vicarage Ward**

**Polling Districts and Polling Places**    **JA – Multi-Cultural Community Centre**  
**JB – Watford Football Stadium**  
**JC – Watford Football Stadium**

No responses received

---

**Woodside Ward**

**Polling Districts and Polling Places**    **AA – Woodside Church of the Nazarene**  
**AB – Studio 2, (at rear of) Woodside Leisure Centre**  
**AC – Orbital Community Centre**  
**AD – Orbital Community Centre**

No responses received

---

## Contact received from confirmed residents within Hertsmere's Bushey North Ward regarding use of Bushey & Oxhey Infants School as a Polling Place

### 1 - Correspondence between Hertsmere Borough resident A and Watford Electoral Services Office between 6/10/2023 and 11/10/2023

---

From: [REDACTED]  
Sent: Friday, October 6, 2023 7:28 PM  
To: Elections (Watford) [REDACTED]  
Subject: Bushey Infant school polling station

Dear Sir/madam

As part of the consultation, please move the polling station from Bushey Infant school.

Kind regards

[REDACTED]

---

On 9 Oct 2023, at 09:01, Gordon Amos, Electoral Services Manager wrote:

Morning [REDACTED],

Further to your email below please could you provide me with your address to confirm your electoral registration details.

Many thanks and best regards

Electoral Services Manager

Watford Borough Council

---

**From:** [REDACTED]  
**Sent:** Wednesday, October 11, 2023 8:14 AM  
**To:** Gordon Amos [REDACTED]  
**Cc:** Elections (Watford) [REDACTED]

**Subject:** Re: Bushey Infant school polling station

Resident A - provided address to confirm residence (and registration check) via email above.

---

On 11 Oct 2023, at 10:29, Gordon Amos, Electoral Services Manager wrote:

Many thanks [REDACTED],

The first thing I must advise is that as a Hertsmere BC resident, and I assume registered elector, you are (correctly) not registered as Watford Borough elector, nor currently an elector within the Watford Borough Parliamentary constituency.

As per statutory Regulations and detail in the public notice 'Notice of review of Watford's Polling Districts, Places and Stations 2024' published on 25 September 2023 –

Any elector registered in the Borough of Watford (or in the Watford Borough constituency) may make representations to Watford's Electoral Registration Officer.

And these are the necessary qualifications to qualify any formal representation made.



However, I can advise that I have noted your request, and on account of the pending inclusion of Hertsmere Borough Council's Bushey North Ward (which your address [REDACTED] is a part) into the Watford Borough constituency for, and with effect from the next UK Parliamentary elections I intend to include a note in the Review Report that will be prepared for consideration by Full Council in due course.

Best regards

Electoral Services Manager  
Watford Borough Council

---

## 2 - Correspondence between Hertsmere Borough resident B and Watford Electoral Services Office between 7/10/2023 and 26/10/2023

**From:** [REDACTED]

**Sent:** Saturday, October 7, 2023 7:24 AM

**To:** Elections (Watford) [REDACTED]

**Subject:** Polling venue

Hello,

I hope you are well. Following from the school newsletter that we can voice our views on the polling venue, I'd like to share mine. My children go to school in Bushey, my younger is in Bushey and Oxhey Infant and my older is in Bushey Manor. With children who lost learning time during covid and still catching up with the basics. And a number of teachers strikes we had, I wouldn't want them to keep missing school and the opportunity to learn. Also it's difficult for working parents who can't take time off. The children aren't benefiting from being time off school. I'd like the polling station to be moved to another suitable alternative if possible i.e a church hall?

Kind regards

[REDACTED]

---

On 26 Oct 2023, at 4:50, Gordon Amos, Electoral Services Manager wrote:

**To:** [REDACTED]

**Subject:** RE: Polling venue

Afternoon [REDACTED],

Further to your email below please could you provide me with your address to confirm your electoral registration details.

Many thanks and best regards

Electoral Services Manager

Watford Borough Council

---

**From:** [REDACTED]

**Sent:** Thursday, October 26, 2023 5:06 PM

**To:** Gordon Amos [REDACTED]

**Subject:** Re: Polling venue

Resident B - provided address to confirm residence (and registration check) via email above.

On 26 Oct 2023, at 5:14, Gordon Amos, Electoral Services Manager wrote:

**To:** [REDACTED]

**Subject:** RE: Polling venue

Many thanks [REDACTED],

The first thing I must advise is that as a Hertsmere BC resident, and I assume registered elector, you are (correctly) not registered as a Watford Borough elector, nor currently an elector within the Watford Borough Parliamentary constituency.

As per statutory Regulations and detail in the public notice 'Notice of review of Watford's Polling Districts, Places and Stations 2024' published on 25 September 2023 –

Any elector registered in the Borough of Watford (or in the Watford Borough constituency) may make representations to Watford's Electoral Registration Officer.

And these are the necessary qualifications to qualify any formal representation made.

However, I can advise that I have noted your request, and on account of the pending inclusion of Hertsmere Borough Council's Bushey North Ward (which your address [REDACTED] is a part) into the Watford Borough constituency for, and with effect from the next UK Parliamentary elections I intend to include a note in the Review Report that will be prepared for consideration by Full Council in due course.

Best regards

Electoral Services Manager  
Watford Borough Council

---

**From:** [REDACTED]

**Sent:** Thursday, October 26, 2023 5:45 PM

**To:** Gordon Amos [REDACTED]

**Subject:** Re: Polling venue

Hi,

Thanks. School advised us to contact the council to express our views if we don't want it to be closed on polling day hence my original email. I think many families are affected.

Kind regards

[REDACTED]

---

## Suggestions for changes and alternative polling stations

### Leggatts Ward

#### DA – The Orchard Primary School, Gammons Lane, Watford, WD24 5JW

**Response received:** The executive head teacher acknowledged the requirement for the council to have polling stations and the need for the school to assist in this democratic role but asked if the council could consider –

1. relocating the 2 polling stations located within the school from the main hall to the nursery classroom. And
2. (Following Officers visit on 14/11/2023, to check the alternative accommodations suitability and receipt of the floor plan/measurements which unfortunately proved to be an unsuitable alternative. The school was notified of the findings together with an alternative suggestion, which was rejected and followed by the school's acceptance for continued use of the school hall for polling purposes with) Request for permission to keep the school open on the days when polls are held in the future.

**Officer's response:** Following receipt of the initial response the Electoral Services Manager and Officers visited The Orchard Primary School on 14/11/2023. The pros and cons for requests 1 and 2 above have been set out below. Based on these, officers are of the opinion that changing the (school hall) location of the 2 polling stations required within this Polling Place would not be a viable option. Unfortunately, the suggested alternative (nursery classroom) accommodation with revised side gate entrance/exit was simply too compact to allow the large number of electors allotted to attend the dual polling stations to effectively enter, vote, and exit safely as required, which could in turn have a negative impact on voter turnout effectively and safely.

#### 1. Request for relocating polling stations within polling place -

**Pros:** Orchard Primary School's location within polling district DA (plus DD) is very central and its main hall has very good facilities for the high number of electors allotted to vote at the 2 polling stations within the polling place, including those requiring level disability access into and departure from the building.

**Cons:** Relocation of required 2 polling stations from the main hall to the smaller nursery classroom with single entrance/exit point would not be suitable due to the high allotted electorate (approximately 2,400). Following visit, receipt of floor plan and measurements, and careful consideration the finding was advised to, and accepted by the executive head teacher who agreed for continued use of the school's main hall for polling requirements.

#### 2. Request from school to remain open on days whenever election polls are held -

**Pros:** As per the practice in other school polling places this can work to effectively enable both a school's education of pupils and the conduct of election polls together.

Parents attending to deliver and collect their children from the school can also assist to increase voter turnout.

Consequently, it was agreed that The Orchard Primary School will remain open on future polling dates commencing 2/5/2024 with the understanding that all voters must be permitted to attend, vote, and leave their polling station within the polling place without difficulty, in addition to the school being responsible to ensure appropriate action/precautions are taken to safeguard the children during the period the school is open and overlapped with the polling hours.

**Cons:** Historically with the school closed electors were able use the school car park throughout the day, but as at other school polling places which remain open it is likely that parking will be more limited during school hours.

**Recommendations:** 1. that The Orchard Primary School (school hall) be retained as the Polling Place for Polling District DA (plus DD), and  
2. acceptance of the executive head teacher's request for the school to remain open on days when election polls are required.

### Oxhey Ward continued

**LB – Bushey and Oxhey Infants School, Aldenham Road, Bushey, Watford,  
WD23 2QH**

**Response received:** The council received two responses regarding this polling station, as set out in Appendix 1A.

Both responses were received from Hertsmere Borough residents who reside within the Hertsmere Bushey North Ward, and I believe have children who attend Bushey and Oxhey Infants School. Currently these representations are not valid considerations on account of neither being registered electors for Watford Borough or within the Watford parliamentary constituency. However, I must advise that from the next UK wide Parliamentary elections Hertsmere Borough Council's Bushey North Ward will become part of the Watford constituency which will in turn qualify the electors within this Ward to make eligible representation at future reviews in the same way as all Watford Borough registered electors.

**Officers' response:** Upon commencement of the current Polling District and Places Review it is believed that Bushey and Oxhey Infants School advised their pupil's parents to contact the council to express their views if they did not want the school to be closed on polling days. During the review no response was received from either Bushey and Oxhey Infants School or any currently eligible registered elector including those allotted to vote at the venue.

**Pros:** Bushey and Oxhey Infants School's location within polling district LB has been a very good facilities for the high number of electors allotted to vote at the 2 polling stations within the polling place, including those requiring level disability access into and departure from the building.

## Appendix 2

Without representation from either the school itself or any eligible elector allotted to vote thereat, including many likely parents with children who attend the school it is difficult to justify the need for change.

Use of public premise such as schools for polling stations is generally cheaper than other premise as already paid for by taxation and therefore not eligible to charge for more than a reasonable additional heating, lighting, and caretaking fee.

**Cons:** Change of venue could cause initial confusion for some of the electorate, and any change of venue could/is likely to increase future election costs for the Borough.

**Recommendation:** that Bushey and Oxhey Infants School be retained as the Polling Station for Polling District LB

# Agenda Item 10

Part A

**Report to:** Council

**Date of meeting:** Tuesday, 30 January 2024

**Report author:** Democratic Services Manager

**Title:** Members Allowances 2023/2024

## 1.0 Summary

1.1 Council is asked to review the recommendations of the Independent Members Remuneration Panel (IMRP) for members' allowances following the agreement of the local government national pay negotiations for 2023 and an allowance for an independent member for Audit Committee.

## 2.0 Risks

### 2.1

Nature of risk	Consequence	Suggested Control Measures	Response (treat, tolerate, terminate or transfer)	Risk Rating (combination of severity and likelihood)
Members do not accept the panel's recommendation and reject any increase.	Potential for discouraging individuals in coming forward to stand for elected office.	Members to have regard to the advice from the panel.	Tolerate	1x2=2
Members do not accept the panel's recommendation and approve a higher percentage increase than recommended.	There would be more pressure on the council's budget.	Members to have regard to the advice from the panel.	Tolerate	1x2=2
Members do not accept the panel's	There would be more pressure on	Members to have regard to the advice of the	Tolerate	1x2=2

recommendation regarding no increase to the Special Responsibility and Group Leaders' Allowances.	the council's budget.	panel and be mindful of the finance report included elsewhere on the agenda.		
---	-----------------------	--	--	--

### 3.0 Recommendations

- 3.1 To consider the Independent Members Remuneration Panel's suggestion that the basic allowance be increased by 4.59% from 1 April 2023.
- 3.2 To consider the Independent Members Remuneration Panel's suggestion that the Mayor's remuneration be increased by 4.59% from 1 April 2023.
- 3.3 To consider the Independent Members Remuneration Panel's suggestion that the Special Responsibility and Group Leaders allowances shall not be increased until the next full review of members' allowances.
- 3.4 To consider the Independent Remuneration Panel's suggestion that the Co-optee as independent member for the Audit Committee (referenced elsewhere on this agenda) be given an allowance of £1500 per annum.

#### Further information:

Sandra Hancock  
sandra.hancock@watford.gov.uk  
Tel: 01923 278377

#### Report approved by:

### 4.0 Detailed proposal

- 4.1 In January 2022 Council agreed the Independent Member Remuneration Panel (IMRP) recommendations set out in the quadrennial review. As part of those recommendations the Mayoral remuneration, councillors' basic allowance and the Special Responsibility Allowances (SRA) should continue to be linked to the level of local government pay settlements.
- 4.2 At the time of that review local government pay settlements tended to be increased by a percentage rather than a lump sum. Many other local authorities' member remuneration schemes contain similar wording. However, following the announcement of the local government pay award for 2022/23, which set a lump sum increase, the Group Head of Democracy and Governance contacted the Chair

of the IMRP to inform him of the pay award. A meeting was arranged for the Chief Executive and Democratic Services Manager to discuss the matter with the panel's Chair. Information was provided to the Chair who met the other panel members, and their recommendations were presented to Council last January and approved.

4.3 For 2023/24 the Local Government Services pay agreement was agreed and notified to local authorities on 1 November 2023. The agreement was to award all those on spinal point 43 and below an increase of £1,925. For those above spinal point 43 but below deputy chief officer level pay should be increased by 3.88%.

4.4 The Democratic Services Manager contacted the Chair of the IMRP to advise him of the increase. Information was provided about the approach to be taken by other local authorities within Hertfordshire where known. He was also provided with details of the median percentage increase of the staff pay award, which was 4.59%.

4.5 The Chair met with the other panel members on 9 January and then contacted the Democratic Services Manager with their decision. The email on the 12 January contained the following:

“In respect of councillors' allowances our view, based on the information available and the current economic environment, is that the Basic Allowance should be increased as per the local government review and rise by the median increase level of 4.59%.

It was felt that Special allowances should remain the same, and be reviewed when the Remuneration Panel does a full analysis of all allowances.”

4.6 The Democratic Services Manager contacted the Chair again to confirm if this also related to the Mayor's remuneration. The Chair responded on 16 January and confirmed the panel recommended the same increase for the Mayor. He also added the following reason for recommending no increase for the Special Responsibilities Allowance and Group Leaders allowance:

“We would recommend that considering the current financial situation other special allowances and the Group leaders allowance stay the same until the next full review.”

4.7 As a result the panel's recommendation, the increase of 4.59%, would apply to the following allowances only:

- Basic Allowance
- Mayor's remuneration

4.8 Council is asked to consider the recommendation from the IMRP as set out in paragraph 4.7 above and that there is no increase to the Special Responsibilities



Allowance or Group Leaders' Allowance as clarified by the Chair in his email correspondence.

4.9 Any increase agreed at Council will be backdated to 1 April 2023. If approved by Council the Basic Allowance will increase from £8,017 to £8,441 per annum. The Mayor's remuneration will increase from £73,607 to £76,986 per annum.

4.10 The IMRP was also asked to advise on an allowance for a new co-optee role from the municipal year 2024/25. That of independent person for the Audit Committee. There is a report on the agenda seeking council's approval to appoint an independent person to act as critical friend to the Committee. The IMRP has recommended, having had regard to what other authorities in Hertfordshire pay, to award between £1500-2000 per annum. It is recommended that in the current financial climate an allowance of £1500 be awarded.

## 5.0 **Implications**

### 5.1 **Financial**

5.1.1 The Chief Finance Officer comments that the cost of the pay award will be met from the contingency for pay.

5.1.2 The proposed budget for 2024/25 includes an allowance for the remuneration for an independent member of the Audit Committee.

### 5.2 **Legal Issues (Monitoring Officer)**

5.2.1 The Group Head of Democracy and Governance comments that Council must have regard to the views of the IMRP when deciding on allowances for themselves, however they are not bound by them.

### 5.3 **Equalities, Human Rights and Data Protection**

5.3.1 As required by the regulations councillors should have regard to the recommendations of the IMRP. The basic allowance must be the same for all councillors.

5.3.2 Having had regard to the council's obligations under the General Data Protection Regulation (GDPR) 2018, it is considered that officers are not required to undertake a Data Processing Impact Assessment (DPIA) for this report.

### 5.4 **Staffing**

5.4.1 Not applicable

## 5.5 **Accommodation**

5.5.1 Not applicable

## 5.6 **Community Safety/Crime and Disorder**

5.6.1 Not applicable

## 5.7 **Sustainability**

5.7.1 Not applicable

## **Appendices**

Appendix 1 – Members allowances rates from 1 April 2023 (based on a 4.59% increase to the basic allowance and Mayor’s remuneration)

## **Background papers**

The following background papers were used in the preparation of this report. If you wish to inspect or take copies of the background papers, please contact the officer named on the front page of the report.

Members Allowances Scheme 2022-2026 (as updated)

Email correspondence with the Chair of the IMRP

Information related to the local government pay settlement for 2023/24

**Members Allowance Rates from 1<sup>st</sup> April 2023**  
**Following local government pay award for 2023/24**  
**Based on 4.59% increase for Basic allowance and Mayor's remuneration**

**1. Basic Allowance**

£8,441 per annum (band 1)

**2. Special Responsibility Allowances**

<b>Role</b>	<b>Band</b>	<b>Basic</b>	<b>SRA</b>	<b>Total</b>
Portfolio Holder	2.5	£8,441	£12,108	£20,549
Chairs of Scrutiny Chairs of Development Management & Licensing Chair of Audit Committee	2a	£8,441	£8,878	£17,319
Cabinet Member without portfolio Vice Chair of Overview and Scrutiny Chair of Functions (pro rata) Chair of Chief Officer Pay Panel (pro rata)	2	£8,441	£3,229	£11,670
Group leaders				£112 p.a. per group member

**3. Co-optees' Allowances**

£200 per annum

£300 per annum for Chair of Independent Members Remuneration  
Panel

**4. Chairman and Vice Chairman of the Council**

£4,500 Chairman of the Council

£1,500 Vice Chairman of the Council

**5. Elected Mayor**

The Elected Mayor's salary is £76,986, plus an annual travel allowance of £700. There is a contribution for pension payments added to the salary, equivalent to the employer's pension contributions made in the local government pension scheme.

## 6. Travel allowances

With receipts where applicable

<b>Rail</b>	2nd class fare plus charges for seat reservations	Actual Cost
<b>Public services</b>	Normal fare	Actual Cost
<b>Taxis</b>	To be used when no other option is available	Actual Cost
	<b>Per mile</b>	
Motor cycle		TBC
Motor vehicle (First 10,000 miles) TBC		TBC
Cycle		20p

## 7. Subsistence rates

Members may claim **up to** the amount specified below for the time period away from home, if no meals or refreshments are provided at the meeting or event which the Member is attending or already included in any accommodation charges paid for by the council. All claims **must** be supported with receipts.

	<b>Up to</b>
<b>Breakfast Allowance</b> Payable where the Member is absent from home for more than 4 hours before 11am	£7.21
<b>Lunch Allowance</b> Payable where the Member is away from home for more than 4 hours, including the lunchtime period between 12 noon and 2pm	£9.95
<b>Tea Allowance</b> Payable where the Member is away from home for more than 4 hours including the period 3pm - 6pm	£3.94
<b>Evening Meal</b> Payable where the Member is away from home for more than 4 hours ending after 7pm	£12.33
<b>Overnight Accommodation</b> To cover overnight accommodation	£105.05
<b>Meals on Trains</b> Where main meals (i.e. breakfast, lunch or dinner) are taken on trains during a period for which there is an entitlement to a day	

subsistence allowance, the reasonable cost of the meal may be reimbursed in full.	
---	--

**8. Communications allowances**

£12 per month

# Agenda Item 11

Part A

**Report to:** Council

**Date of meeting:** Tuesday, 30 January 2024

**Report author:** Group Head of Democracy and Governance

**Title:** Appointment of Independent Person to Audit Committee

## 1.0 Summary

1.1 Following the recent Corporate Peer Challenge Review and discussion with the Elected Mayor and Portfolio Holders Council is asked to agree to the appointment of an Independent Person to act as a critical friend to the Audit Committee.

## 2.0 Risks

2.1

Nature of risk	Consequence	Suggested Control Measures	Response (treat, tolerate, terminate or transfer)	Risk Rating (combination of severity and likelihood)
Reputational. Council does not agree to make an appointment	The Council does not have as effective an audit committee as it could have.	An independent member is appointed	treat	2
Reputational. No suitable candidate is found.	No Independent member is appointed	The position is advertised in appropriate financial trade press	treat	2

## 3.0 Recommendations

3.1 That an Independent Member of the Audit Committee is advertised for with a view to commencing on the committee from the start of the 2024 Municipal Year.

3.2 That a panel comprising the Chairs of Audit Committee and Finance Scrutiny Committee, Chief Finance Officer, and Group Head of Democracy and Governance

be appointed to interview candidates with a view to making a recommendation to Council in March 2024.

- 3.3 That remuneration for the position be set at £1,500 as recommended by the Independent Remuneration Panel.

**Further information:**

Carol Chen

carol.chen@watford.gov.uk

Tel: 01923 278350

**Report approved by:** Donna Nolan

**4.0 Detailed proposal**

- 4.1 The recently published Corporate Peer Challenge report suggested that the council considered appointing an Independent Member to the Audit Committee. This follows on from CIPFA's Position Statement on Audit Committees in Local Authorities and Police in 2022 which stated that in order to improve the effectiveness of Audit Committees local authorities should enable Audit Committees to have the required members with knowledge and expertise, whether drawn from elected members or having an independent member co-opted to the committee. This proposal is also endorsed by the Elected Mayor and Portfolio Holders.
- 4.2 Research within Hertfordshire has shown that seven of the 11 councils already have an independent person on their Audit Committee and of the 4 who don't (including Watford) 2 others are actively considering it.
- 4.3 Attached at appendix 1 is a proposed job description for the position. It is proposed that the position be advertised on the council's website and appropriate financial trade sites. It is also proposed that a panel comprised of the Chairs of Audit Committee and Finance Scrutiny Committee, the Chief Finance Officer, and the Group Head of Democracy and Governance interview candidates with a view to making a recommendation to Council in March.
- 4.4 The Independent Members Remuneration Panel were asked to recommend a suitable payment for the role and have recommended that £1,500 be offered.
- 4.5 The intention would be that the independent person would take up duties from the 2024 municipal year and would hold the position for 4 years.

## 5.0 **Implications**

### 5.1 **Financial**

5.1.1 The Chief Finance Officer comments that an allowance has been made within the proposed budget for 2024/25 to meet the cost of remuneration for an independent member.

5.1.2 The audit committee is often required to consider complex and technical financial issues and has specific responsibility for the approval of the Annual Governance Statement, Annual Statement of Accounts, and scrutiny of Treasury Management. Independent members can bring knowledge of these areas, enhancing the work of the committee and increasing assurance for all councillors who are ultimately responsible for the governance arrangements of the Council.

### 5.2 **Legal Issues** (Monitoring Officer)

5.2.1 The Group Head of Democracy and Governance comments that the Independent Member would not have voting rights on the committee but would act as a critical friend to the committee and council and assist with the committee's important role of holding the council to account for good governance.

### 5.3 **Equalities, Human Rights and Data Protection**

5.3.1 Having had regard to the council's obligations under s149, it is considered no equality impact analysis is required. The council will adhere to its recruitment policies in undertaking this appointment.

### 5.4 **Staffing**

5.4.1 No implications

### 5.5 **Accommodation**

5.5.1 No Implications

### 5.6 **Community Safety/Crime and Disorder**

5.6.1 No implications

### 5.7 **Sustainability**

5.7.1 No implications



## **Appendices**

- Proposed job description.

## **Background papers**

No papers were used in the preparation of this report.



Draft Job Description.

**Watford Borough Council.**

**Appointment of Independent Member to Audit Committee.**

The Audit Committee.

The Audit Committee is currently composed of 5 elected members and is politically balanced. The committee meets approximately 5 times a year. Meetings are held in person at Watford Town Hall commencing at 7 pm. You will be required to be available to attend these meetings and any associated training and development events.

The Terms of Reference for the Audit Committee are:

Approving the internal audit strategy.

Reviewing the annual internal audit report.

Monitoring actions from internal audit reports.

Considering the reports of external inspection agencies such as the external auditors, The Regulation of Investigatory Powers Commissioner, the Information Commissioner and the Local Government and Social Care Ombudsman.

Monitoring the Councils Risk Management arrangements.

Approving and Monitoring the Councils anti- fraud and anti- corruption and whistle blowing policies.

Approving the annual financial statement and receiving the external auditor's opinion.

Monitoring compliance with Freedom of Information Act deadlines.

Receiving and monitoring the Councils Treasury Management Policy.

Having oversight of the Councils corporate governance and use of resources.

The role of the Independent Member will be to bring additional knowledge and expertise and also reinforce the Committee's neutrality and independence. You will not be a member of the council and the role will have no voting rights. You will be consulted and asked to contribute to the debate and voting members will be required to take your views into account when taking any decisions.

Key Responsibilities and Commitments

You will need to have the appropriate skills, experiences and competencies to meet the following criteria.

- Committing to attend and constructively participate in meetings.
- Thorough preparation for meetings through careful consideration of all agenda reports and documents.

- Questioning Portfolio Holders, officers and attendees from internal and external audit on issues arising from agenda papers having regard to the role of the committee and its terms of reference.
- Adopting and demonstrating political neutrality in questioning and contributing to the work of the committee.
- Applying relevant skills and experiences to add value and depth to the work of the committee.
- Commitment to personal development and attending training.
- Signing and abiding by the council's Code of Conduct for Members.
- Adopting the highest levels of personal integrity, openness and honesty.

### Person Specification

- Good communication and interpersonal skills. Be able to present relevant and well-reasoned arguments and provide effective and constructive challenge. Be a confident public speaker.
- Able to effectively analyse and interpret complex issues arising from written and verbal reports on finance, audit, risk management and governance.
- Have a good understanding of the importance of accountability and probity in public life.
- Able to demonstrate objectivity, integrity and discretion.
- Able to maintain confidentiality when dealing with sensitive information.

Knowledge of the following is desirable:

- Previous experience of audit committees (not necessarily in the public sector)
- An understanding of local government and the role of members and officers.
- The council's vision and values, council plan and delivery plan and a wider understanding of the challenges facing local government.
- Financial management/accountancy/risk management/governance within the public or private sector.
- An understanding of the roles and purpose of internal and external audit.

You must:

- Have local connections, and either reside within the Borough of Watford, or carry out the main part of your work or have other recognisable ties to the Borough.
- Agree to abide by the Council's Code of Conduct for Members.
- Disclose to the council any matter that might damage its reputation or indicate a real or perceived conflict of interest with the role of the committee.

You must not:

- Be a member or officer of the council or have been so in the preceding 5 years prior to appointment.

- Be related to or a close friend of any member or officer of the council.
- Have been convicted of any offence attracting a sentence of imprisonment (whether suspended or not) for not less than a period of 3 months without the option of a fine. The council has the right to DBS check.
- Be an undischarged bankrupt.
- Have significant business dealings with the council.
- Have a formal connection with any political group.
- Be an employee of or significant office holder in an organisation with close commercial links with the council.
- Have Council Tax, Business Rate arrears or other debts owing to the council.

#### Remuneration

£1,500 annually paid in monthly instalments.

# Agenda Item 12

Part A

**Report to:** Council

**Date of meeting:** Tuesday, 30 January 2024

**Report author:** Head of Revenues and Benefits

**Title:** Council Tax Support Scheme 2024/25

## 1.0 Summary

- 1.1 The purpose of this report is to recommend that the Council approves the implementation of a revised Council Tax Reduction Scheme with effect from 1st April 2024.
- 1.2 Each year the Council is required to review its Council Tax Reduction Scheme in accordance with the requirements of schedule 1A of the Local Government Finance Act 1992 and to either maintain the scheme or replace it.
- 1.3 Council Tax Reduction (CTR) was introduced from 1 April 2013 when it replaced the Central Government funded Council Tax Benefit regime. From its inception, the funding available to the Council from government has reduced year on year.
- 1.4 It is now essential that the Council make changes to the CTR scheme for working age applicants to reduce the significant administrative burden placed on the Council by the introduction of Universal Credit and to provide a scheme which is less reactive to change and provide more support to those households on the lowest incomes.
- 1.5 The changes proposed affect only applicants who are of working age and the scheme for pension age applicants is not affected in any way. The rules for all pension age applicants are prescribed by Central Government.
- 1.6 This report recommends that the Council adopts a new scheme for working age applicants with effect from 1 April 2024 in respect of the 2024/25 financial year.

## 2.0 Risks

### 2.1

Nature of risk	Consequence	Suggested Control Measures	Response (treat, tolerate, terminate or transfer)	Risk Rating (combination of severity and likelihood)
Failure to Communicate Change	Reputational damage to the council.	A full communications plan to be	Treat	4

	Uncertainty for claimants.	developed and a letter explaining the changes to be included in council tax bills.		
Change results in additional costs to the Council	Additional budget pressure	The scheme has been designed to be cost neutral.	Treat	3
Some claimants will lose out under the new scheme.	Reputational damage to the Council	Modelling has taken place to minimise the numbers who lose out under the revised scheme. Funding has been allowed within the existing envelope to deal with cases that result in hardship.	Treat	4

### 3.0 Recommendations

- 3.1 That the Council adopts the new banded Council Tax Support Scheme for 2024/25 attached at appendix B.

**Further information:**

Jane Walker  
jane.walker@threerivers.gov.uk

**Report approved by: Hannah Doney, Chief Finance Officer**

### 4.0 Detailed proposal

- 4.1 Council Tax Reduction (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).
- 4.2 The current Council Tax Reduction scheme administered by the Council is effectively divided into two, with pension age applicants receiving support under the rules prescribed by Central Government, and the scheme for working age applicants being determined solely by the local authority.
- 4.3 Pensioners, subject to their income, can receive up to 100 per cent support towards their Council Tax. The Council has no power to change the level of support provided

to pensioners and therefore any changes to the level of CTR can only be made to the working age scheme.

- 4.4 When Council Tax Reduction was introduced in 2013, for working age applicants, the Council broadly adopted the previous means tested Council Tax Benefit scheme as the basis of awarding support. The current scheme allows up to 100% support and makes deductions for non-dependants. Slight changes have been made to bring the scheme into line with either Housing Benefit or Universal Credit. These have been minor, and a more fundamental change is now required.

#### **The main issues with the current scheme**

- 4.5 There are several issues with the current scheme that need addressing if the system is to continue to provide effective support to low-income taxpayers and if the Council is able to provide the service in an efficient manner. The main issues are as follows:

- The introduction of Universal Credit for working age applicants which would mean an increased number of changes in entitlement per year – typically between eight and twelve under the current scheme.
- The desire for a much-needed simplification of the scheme for claimants to understand, allowing claimants to estimate their entitlement and be clear on how the discount they receive will change with changes in income; and
- The opportunity to contain, or even, reduce the administrative burden caused by administration of multiple changes and the impact on collection rates.

- 4.6 It should also be noted that the DWP are also moving all existing Income Based Jobseeker's Allowance, Income Support and Tax Credit cases across to Universal Credit by 2024 with the remaining cases (Income Related Employment and Support Allowance) moving to Universal Credit by 2028. In effect, this move will increase the number of Universal Credit cases in the Borough by almost 30%.

#### **The recommended approach for the 2024/25 Council Tax Reduction Scheme**

- 4.7 In view of the problems being experienced with the current scheme, it is recommended that a new approach be taken from 2024/25. The new approach fundamentally redesigns the scheme to address all the issues highlighted above and in particular.

- Targeting support available to the poorest households;
- The problems with the introduction of full-service Universal Credit; and
- The significant increase in administration costs due to the high level of changes received in respect of Universal Credit.

- 4.8 The new scheme as attached at appendix B has been drafted and a full consultation has been completed with the public and the major precepting authorities in line with legislative requirements. The results of that consultation are attached at appendix A

- 4.9 The Council has received favourable responses to the new approach from the major preceptors and in the case of the public consultation, a majority positive response



has been received in respect of all the changes proposed. In addition to the above formal consultation meetings have been held with the Citizens' Advice Bureau and Watford and Three Rivers Trust.

4.10 If the scheme as attached at appendix B is accepted by the Council, it will take effect from 1 April 2024.

4.11 The recommended new scheme has several key features as follows:

- Targeted support will be given to those households on the lowest of incomes; and
- The current means - tested schemes will be replaced by a simple income grid model as shown below:

4.12 The following paragraphs provide more detail on the operation of the new scheme:

- a) The highest level of discount will be at a maximum level of liability (100%), Band 1, and all current applicants that are in receipt of a '\*passport benefit' such as Income Support, Jobseeker's Allowance (Income Based) and Employment and Support Allowance (Income Related) will receive maximum discount.
- b) The Band D restriction will remain as at present.
- c) All other discount levels are based on the applicant's and partner's, (where they have one) net weekly income.
- d) The scheme allows for variation in household size with the levels of income per band increasing where an applicant has a partner, and / or dependants.
- e) There will be no charges made where an applicant has non-dependants living with them. This is a significant change and means that the administration of the scheme will be more straightforward whilst also protecting low-income families where adult sons and daughters for example remain at home.
- f) Where applicants or their partner (if they have one) are working, allowing an earnings disregard. This will be a standard disregard of up to £25 for a single applicant and £50 for couples or lone parents.
- g) Disability benefits such as Disability Living Allowance and Personal Independence Allowance will continue to be disregarded.
- h) Where any applicant, their partner or dependent child (ren) are disabled, a further disregard of £60 per week will be given, thereby maintaining the current level of support to those with disabilities.
- i) Carer's Allowance and the Support Component of Employment and Support Allowance will be disregarded.
- j) Child benefit and Child Maintenance will be disregarded.
- k) An amount in respect of the housing element, limited capability for work / work related element, childcare element, disabled child element. and carer's element within universal credit will be disregarded.

- l) The total disregard on war pensions and war disablement pensions will continue.
- m) Extended payments will be removed.
- n) A capital limit of £8,000 will be introduced but with no tariff (or assumed income) being applied. Any applicant who has capital above that level will not qualify; and
- o) Allowing for backdating of reduction up to a maximum of 12 months.

### **How the new scheme will address the problems with the current Council Tax Reduction**

- 4.13 With the simplicity of the proposed new scheme and by taking a more 'Council Tax discount approach', it will address the problems associated with the increased administration caused by failings in the current scheme and Universal Credit.
- 4.14 The scheme will require a simplified claiming process. All applicants will see a significant reduction in the claiming process and, where possible, Council Tax Reduction will be awarded automatically. For Universal Credit applicants any Universal Credit data received from the Department for Work and Pensions (DWP) will automatically be treated as a claim for Council Tax Reduction. Where information is received from DWP, the entitlement to Council Tax Reduction will be processed automatically without the need to request further information from the taxpayer.
- 4.15 The new scheme will avoid constant changes in discount, the need for multiple changes in instalments and therefore assist claimants by avoiding constant changes in instalments that can lead to them falling behind with payments. A side impact of this will be to assist the Council in maintaining high collection rates.

### **Transition to the new scheme and the Exceptional Hardship Scheme**

- 4.16 The council will need to instigate a full communications strategy to ensure all applicants are aware of the changes. This will use all channels available including a letter in council tax bills. The council will also engage with third parties such as the CAB and W3RT as well as offering face to face opportunities to discuss changes.
- 4.17 Inevitably, with any change in a scheme, there will be winners and losers although the proposed scheme has been designed to protect the most vulnerable. From modelling based on current values approximately 875 applicants will receive more support and only 505 will receive reduced level of assistance.
- 4.18 To mitigate this, the new scheme will contain additional provisions to protect individuals who experience exceptional hardship. Where any applicant is likely to experience exceptional hardship, they will be encouraged to apply for an exceptional hardship payment. The Council will consider all applications for exceptional hardship on an individual basis, considering available income and essential outgoings. This approach will enable individual applicants to be dealt with in a fair and equitable manner. The Exceptional Hardship Scheme will form part of the Council Tax Reduction Scheme and fall to be paid through the Collection Fund.

## **Alternative to Changing the Scheme**

4.19 The alternative to introducing a new scheme for Council Tax Reduction from 2024/25 is to leave the existing scheme in place. This would be a short-term option; lead to continuation of increasing costs of administration; and in the longer term, significantly affect the collection of Council Tax and the effectiveness of the scheme to support households within the Council's area.

## **5.0 Implications**

### **5.1 Financial**

5.1.1 The Chief Finance Officer comments that the new scheme has been designed to be budget neutral in respect of council tax, and the financial implications are included within the Budget Setting report contained within this agenda. The council tax support scheme impacts on the council tax base set by the council each year.

5.1.2 The introduction of the new scheme will also ensure that the costs of administering the Council Tax Reduction scheme remain within budget and may offer opportunities for future efficiency savings.

### **5.2 Legal Issues (Monitoring Officer)**

5.2.1 The Group Head of Democracy and Governance comments that it is a legal requirement for the council to agree a Council Tax Reduction Scheme before the start of each new financial year.

### **5.3 Equalities, Human Rights and Data Protection**

5.3.1 The move to the new scheme will either have a neutral or positive affect to the majority of working age claimants. From initial modelling 3,3376 applicants will receive the same or more support than under the previous scheme.

5.3.2 As with all changes however there will be up to 505 applicants who may receive less support than under the previous scheme. In all those cases, further support will be available through the Council's Exceptional Hardship Fund.

5.3.3 A full EIA is attached within Appendix C.

### **5.4 Staffing**

5.4.1 There are no direct staffing implications of these proposals, but they are expected to allow the service to achieve the reduction in its agency staff budget within the revenue budget for 2024/25 and beyond.

## 5.5 **Accommodation**

5.5.1 none

## 5.6 **Community Safety/Crime and Disorder**

5.6.1 none.

## 5.7 **Sustainability**

5.7.1 none

### **Appendices**



- Appendix A – results of the consultation
- Appendix B – draft CTSS policy
- Appendix C - EIA

### **Background papers**



No papers were used in the preparation of this report.

# Watford Borough Council - Council Tax Reduction Scheme 2024/25 Consultation

## 2. Background to the Council Tax Reduction Scheme consultation

1. I have read the background information about the Council Tax Reduction Scheme: This question must be answered before you can continue.				
Answer Choices			Response Percent	Response Total
1	Yes		97.37%	37
2	No		2.63%	1
			answered	38
			skipped	14




## 3. Part 1 - Introducing an income banded scheme for all working age applicants which will provide up to 100% support

2. Do you agree with introducing an income-based banded discount scheme as shown above?				
Answer Choices			Response Percent	Response Total
1	Yes		71.43%	10
2	No		28.57%	4
3	Don't Know		0.00%	0
			answered	14
			skipped	38

3. If you disagree please explain why. You can also use this space to let us know if you have any alternative suggestions.				
Answer Choices			Response Percent	Response Total
1	Open-Ended Question		100.00%	5
			answered	5
			skipped	47

## 4. Part 2 - Removing Non Dependant Deductions

#### 4. Do you agree with this proposal?




Answer Choices		Response Percent	Response Total
1	Yes 	58.33%	7
2	No 	25.00%	3
3	Don't Know 	16.67%	2
		answered	12
		skipped	40

#### 5. If you disagree please explain why. You can also use this space to let us know if you have any alternative suggestions.

Answer Choices		Response Percent	Response Total
1	Open-Ended Question	100.00%	2
		answered	2
		skipped	50

#### 5. Part 3 - Disregarding certain elements of Universal Credit




#### 6. Do you agree with this proposal?

Answer Choices		Response Percent	Response Total
1	Yes 	54.55%	6
2	No 	27.27%	3
3	Don't Know 	18.18%	2
		answered	11
		skipped	41

#### 7. If you disagree please explain why. You can also use this space to let us know if you have any alternative suggestions.




Answer Choices		Response Percent	Response Total
1	Open-Ended Question	100.00%	3
		answered	3
		skipped	49

6. Part 4 - Where applicants or their partner (if they have one) are working, a standard disregard of up to £25 per week will be applied for single applicants and up to £50 per week for couples or lone parents.

8. Do you agree with this proposal?				
Answer Choices			Response Percent	Response Total
1	Yes		63.64%	7
2	No		18.18%	2
3	Don't Know		18.18%	2
			answered	11
			skipped	41

9. If you disagree please explain why. You can also use this space to let us know if you have any alternative suggestions.				
Answer Choices			Response Percent	Response Total
1	Open-Ended Question		100.00%	1
			answered	1
			skipped	51

7. Part 5 - Any new claim or change in circumstances will be applied on a daily basis

10. Do you agree with this proposal?				
Answer Choices			Response Percent	Response Total
1	Yes		63.64%	7
2	No		18.18%	2
3	Don't Know		18.18%	2
			answered	11
			skipped	41




11. If you disagree please explain why. You can also use this space to let us know if you have any alternative suggestions.				
Answer Choices			Response Percent	Response Total
1	Open-Ended Question		100.00%	1

11. If you disagree please explain why. You can also use this space to let us know if you have any alternative suggestions.

answered	1
skipped	51

8. Part 6 - Backdating reduction (up to a maximum of 12 months from the date of claim) where circumstances show that the applicant would have been continuously eligible for the period in question had they applied at that time.

12. Do you agree with this proposal?




Answer Choices		Response Percent	Response Total
1	Yes 	72.73%	8
2	No 	18.18%	2
3	Don't Know 	9.09%	1
		answered	11
		skipped	41

13. If you disagree please explain why. You can also use this space to let us know if you have any alternative suggestions.

Answer Choices		Response Percent	Response Total
1	Open-Ended Question	100.00%	1
		answered	1
		skipped	51

9. Part 7 - Protecting people with a disability by disregarding PIP, ESA (Support Component) and DLA.

14. Do you agree with this proposal?

Answer Choices		Response Percent	Response Total
1	Yes 	72.73%	8
2	No 	18.18%	2
3	Don't Know 	9.09%	1
		answered	11
		skipped	41






15. If you disagree please explain why. You can also use this space to let us know if you have any alternative suggestions.

Answer Choices		Response Percent	Response Total
1	Open-Ended Question	100.00%	1
		answered	1
		skipped	51

#### 10. Part 8 - Protecting families by continuing to disregard Child Benefit and Child Maintenance

16. Do you agree with this proposal?




Answer Choices		Response Percent	Response Total
1	Yes 	72.73%	8
2	No 	18.18%	2
3	Don't Know 	9.09%	1
		answered	11
		skipped	41

17. If you disagree please explain why. You can also use this space to let us know if you have any alternative suggestions.

Answer Choices		Response Percent	Response Total
1	Open-Ended Question	100.00%	1
		answered	1
		skipped	51

#### 11. Part 9 - Disregarding Carer's Allowance

18. Do you agree with this proposal?

Answer Choices		Response Percent	Response Total
1	Yes 	72.73%	8
2	No 	18.18%	2
3	Don't Know 	9.09%	1

**18. Do you agree with this proposal?**



answered	11
skipped	41

**19. If you disagree please explain why. You can also use this space to let us know if you have any alternative suggestions.**

Answer Choices	Response Percent	Response Total
1 Open-Ended Question	100.00%	1
	answered	1
	skipped	51

**12. Part 10 - Protecting War Pensioners by continuing to disregard War Pensions or War Disablement pensions in full**

**20. Do you agree with this proposal?**




Answer Choices	Response Percent	Response Total
1 Yes 	72.73%	8
2 No 	27.27%	3
3 Don't know	0.00%	0
	answered	11
	skipped	41

**21. If you disagree please explain why. You can also use this space to let us know if you have any alternative suggestions.**

Answer Choices	Response Percent	Response Total
1 Open-Ended Question	100.00%	1
	answered	1
	skipped	51

**13. Part 11 - Reducing the Capital Limit to £8,000 but removing the assumed income from capital (or 'tariff' income) from the calculation of Council Tax Reduction**

**22. Do you agree with this proposal?**




Answer Choices		Response Percent	Response Total
1	Yes 	40.00%	4
2	No 	40.00%	4
3	Don't know 	20.00%	2
		answered	10
		skipped	42

**23. If you disagree please explain why. You can also use this space to let us know if you have any alternative suggestions.**

Answer Choices		Response Percent	Response Total
1	Open-Ended Question	100.00%	3
		answered	3
		skipped	49

**14. Part 12 - Removing the Extended Payment provision.**

**24. Do you agree with this proposal?**



Answer Choices		Response Percent	Response Total
1	Yes 	50.00%	5
2	No 	40.00%	4
3	Don't know 	10.00%	1
		answered	10
		skipped	42

**25. If you disagree please explain why. You can also use this space to let us know if you have any alternative suggestions.**

Answer Choices		Response Percent	Response Total
1	Open-Ended Question	100.00%	3
		answered	3
		skipped	49

**15. Part 13 - Providing an Exceptional Hardship Scheme**

**26. Do you agree with this proposal?**

Answer Choices		Response Percent	Response Total
1	Yes		80.00% 8
2	No		20.00% 2
3	Don't know		0.00% 0
		answered	10
		skipped	42

**27. If you disagree please explain why. You can also use this space to let us know if you have any alternative suggestions.**

Answer Choices		Response Percent	Response Total
1	Open-Ended Question		100.00% 1
		answered	1
		skipped	51



**16. Your comments and suggestions on the proposed Council Tax Reduction Scheme**

**28. Please use this space to make any other comments on the proposed scheme or any alternative suggestions you have.**

Answer Choices		Response Percent	Response Total
1	Open-Ended Question		100.00% 5
		answered	5
		skipped	47

**17. About you**

**29. Are you completing this form on behalf of an organisation or group?**



Answer Choices		Response Percent	Response Total
1	Yes		10.00% 1
2	No		90.00% 9
		answered	10
		skipped	42

If yes, please tell us the name of the organisation/group and add any other comments you wish to make.



Answer Choices		Response Percent	Response Total
1	Open-Ended Question	100.00%	1
		answered	1
		skipped	51

## 18. Questions for Individuals



30. Do you live in the Watford Borough Council area?

Answer Choices		Response Percent	Response Total
1	Yes 	88.89%	8
2	No 	11.11%	1
		answered	9
		skipped	43




31. Do you pay Council Tax?

Answer Choices		Response Percent	Response Total
1	Yes 	88.89%	8
2	No 	11.11%	1
		answered	9
		skipped	43




32. Are you currently receiving Council Tax Reduction?

Answer Choices		Response Percent	Response Total
1	Yes 	22.22%	2
2	No 	77.78%	7
		answered	9
		skipped	43


### 33. How would you describe your gender?

Answer Choices			Response Percent	Response Total
1	I prefer not to say		11.11%	1
2	Female		55.56%	5
3	Male		33.33%	3
4	I describe myself in another way		0.00%	0
			answered	9
			skipped	43



### 34. Which of the following age ranges do you fall into?

Answer Choices			Response Percent	Response Total
1	Prefer not to say		0.00%	0
2	16-24		0.00%	0
3	25-34		0.00%	0
4	35-44		33.33%	3
5	45-59		44.44%	4
6	60-74		22.22%	2
7	75 or over		0.00%	0
8	75-84		0.00%	0
9	85+		0.00%	0
			answered	9
			skipped	43





### 35. Which of the following best describes your ethnic group?

Answer Choices			Response Percent	Response Total
1	Prefer not to say		0.00%	0
2	Arab		0.00%	0
3	Asian or Asian British: Indian		11.11%	1
4	Asian or Asian British: Pakistani		0.00%	0
5	Asian or Asian British: Bangladeshi		0.00%	0

### 35. Which of the following best describes your ethnic group?

6	Asian or Asian British: Chinese		0.00%	0
7	Any other Asian Background		0.00%	0
8	Black or Black British: Caribbean		0.00%	0
9	Black or Black British: African		0.00%	0
10	Any other Black Background		0.00%	0
11	Mixed Heritage: White and Black Caribbean		0.00%	0
12	Mixed Heritage: White and Black African		0.00%	0
13	Mixed Heritage: White and Asian		0.00%	0
14	Any other Mixed Background		11.11%	1
15	White British		77.78%	7
16	White Irish		0.00%	0
17	Any other White Background		0.00%	0
			answered	9
			skipped	43




### 36. What is your religion/belief?

Answer Choices		Response Percent	Response Total	
1	Prefer not to say		11.11%	1
2	Buddhist		0.00%	0
3	Christian (includes Church of England, Catholic, Protestant and all other Christian Denominations)		55.56%	5
4	Sikh		0.00%	0
5	Jewish		0.00%	0
6	Muslim		0.00%	0
7	Hindu		11.11%	1
8	Other		0.00%	0
9	No religion		22.22%	2

### 36. What is your religion/belief?

answered	9
skipped	43

### 37. Which of the following best describes your sexual orientation?

Answer Choices		Response Percent	Response Total
1	Prefer not to say 	22.22%	2
2	Bisexual 	11.11%	1
3	Gay or lesbian	0.00%	0
4	Straight/Heterosexual 	66.67%	6
5	Other	0.00%	0
		answered	9
		skipped	43





**WATFORD  
BOROUGH  
COUNCIL**

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

1.0	Introduction to the Council Tax Reduction Scheme .....	4
2.0	Interpretation – an explanation of the terms used within this policy .....	9
3.0	Requirement to provide a National Insurance Number .....	15
4.0	Persons who have attained the qualifying age for state pension credit .....	15
5.0	Persons treated as not being in Great Britain and Persons Subject to Immigration Control .....	16
6.0	Transitional provision .....	18
7.0	Temporary Absence (period of absence) .....	18
8.0	Membership of a family .....	20
9.0	Circumstances in which a person is to be treated as responsible (or not responsible) for a child or young person. ....	21
10.0	Circumstances in which a child or young person is to be treated as being or not being a member of the household .....	21
11.0	Calculation of income and capital of members of applicant’s family and of a polygamous marriage .....	22
12.0	Calculation of income and capital: persons who have an award of universal credit .....	22
13.0	Calculation of income on a weekly basis .....	23
14.0	Average weekly earnings of employed earners.....	23
15.0	Average weekly earnings of self-employed earners.....	23
16.0	Average weekly income other than earnings.....	23
17.0	Calculation of average weekly income from tax credits.....	23
18.0	Calculation of weekly income.....	24
19.0	Earnings of employed earners.....	24
20.0	Calculation of net earnings of employed earners .....	25
21.0	Earnings of self-employed earners.....	25
22.0	Calculation of net profit of self-employed earners .....	26
23.0	Deduction of tax and contributions of self-employed earners.....	27
24.0	Calculation of income other than earnings .....	28
25.0	Capital treated as income and Notional Income .....	29
26.0	Capital limit.....	31
27.0	Calculation of capital .....	31
28.0	Disregard of capital of child and young person .....	32
29.0	Income treated as capital .....	32
30.0	Calculation of capital in the United Kingdom .....	32
31.0	Calculation of capital outside the United Kingdom .....	32
32.0	Notional capital .....	33
33.0	Diminishing notional capital rule.....	34
34.0	Capital jointly held.....	34
35.0	Students - Student related definitions .....	34
36.0	Students who are excluded from entitlement to council tax reduction .....	37
37.0	Students - Calculation of grant income .....	38
38.0	Students- Calculation of covenant income where a contribution is assessed.....	39
39.0	Students - Covenant income where no grant income or no contribution is assessed .....	40
40.0	Students - Covenant Income and Grant income – non-disregard .....	40
41.0	Treatment of student loans.....	40
42.0	Students - Treatment of fee loans.....	41
43.0	Students - Treatment of payments from access funds.....	41
44.0	Students - Disregard of contribution .....	42
45.0	Further disregard of student’s income .....	42
46.0	Students - Income treated as capital.....	42
47.0	Students - Disregard of changes occurring during summer vacation.....	42
48.0	Maximum Council Tax Reduction .....	42
49.0	Date on which entitlement is to begin .....	43
50.0	Date on which change of circumstances is to take effect .....	43
51.0	Making an application .....	43
52.0	Procedure by which a person may apply for a reduction under the authority’s scheme .....	44
53.0	Date on which an application is made.....	45
54.0	Submission of evidence electronically.....	47

55.0	Use of telephone provided evidence.....	47
56.0	Information and evidence .....	47
57.0	Amendment and withdrawal of application.....	49
58.0	Duty to notify changes of circumstances .....	49
59.0	Decisions by the authority.....	50
60.0	Notification of decision .....	50
61.0	Time and manner of granting council tax reduction .....	51
62.0	Persons to whom reduction is to be paid .....	52
63.0	Shortfall in reduction.....	52
64.0	Payment on the death of the person entitled .....	52
65.0	Offsetting.....	52
66.0	Payment where there is joint and several liability .....	52
67.0	Use of information from and to the Department of Work and Pensions (DWP) and His Majesty's Revenues and Customs (HMRC) .....	53
68.0	Collection of information .....	53
69.0	Recording and holding information.....	53
70.0	Forwarding of information .....	53
71.0	Persons affected by Decisions .....	54
72.0	Terminations .....	54
73.0	Procedure by which a person may make an appeal against certain decisions of the authority	54
74.0	Procedure for an application to the authority for a reduction under section 13A(1)(c) of the 1992 Act .....	55
75.0	Exceptional Hardship Scheme and transitional protection .....	55
76.0	Interpretation for the use of electronic communication .....	55
77.0	Conditions for the use of electronic communication .....	55
78.0	Use of intermediaries .....	56
79.0	Effect of delivering information by means of electronic communication .....	56
80.0	Proof of identity of sender or recipient of information.....	56
81.0	Proof of delivery of information .....	56
82.0	Proof of content of information .....	57
83.0	Counter Fraud and compliance .....	57
	Schedule 1 .....	58
	Calculation of the amount of Council Tax Reduction in accordance with the Discount Scheme. ....	58
	Schedule 2 .....	60
	Sums to be disregarded in the calculation of income other than earnings.....	60
	Schedule 3 .....	71
	Capital to be disregarded.....	71
	Schedule 4 .....	82
	Amounts to be disregarded from earnings.....	82

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

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

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

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

- Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012;
- Council Tax Reduction Schemes (Prescribed Requirements and Default Scheme) (England) (Amendment) Regulations 2012;
- Council Tax Reduction Schemes (Transitional Provision) (England) Regulations 2013;
- Council Tax Reduction Schemes (Detection of Fraud and Enforcement) (England) Regulations 2013;
- Council Tax Reduction Schemes (Prescribed Requirements) (England) (Amendment) Regulations 2013;
- The Council Tax Reduction Schemes (Prescribed Requirements) (England) (Amendment) (No. 2) Regulations 2014;
- The Council Tax Reduction Schemes (Prescribed Requirements) (England) (Amendment) Regulations 2015;
- The Council Tax Reduction Schemes (Prescribed Requirements) (England) (Amendment) Regulations 2016;
- The Council Tax Reduction Schemes (England) (Amendment) Regulations 2017;
- The Council Tax Reduction Schemes (Prescribed Requirements) (England) (Amendment) Regulations 2018;
- The Council Tax Reduction Schemes (Prescribed Requirements) (England) (Amendment) Regulations 2020;
- The Council Tax Reduction Schemes (Prescribed Requirements) (England) (Amendment) Regulations 2021;
- The Council Tax Reduction Schemes (Prescribed Requirements) (England) (Amendment) Regulations 2022;
- The Council Tax (Demand Notices and Reduction Schemes) (England) (amendment) Regulations 2022;
- The Council Tax (Demand Notices and Reduction Schemes) (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 excluded 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 His Majesty otherwise than under an enactment to make provision about pensions for or in respect of persons who have been disabled or have died in consequence of service as members of the armed forces of the Crown;
  - (d) a guaranteed income payment;
  - (e) a payment made to compensate for the non-payment of such a pension or payment as is mentioned in any of the preceding sub-paragraphs;
  - (f) a pension paid by the government of a country outside Great Britain which is analogous to any of the pensions or payments mentioned in sub-paragraphs (a) to (d) above;
  - (g) pension paid to victims of National Socialist persecution under any special provision made by the law of the Federal Republic of Germany, or any part of it, or of the Republic of Austria.

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

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

- 1.6 The adopted scheme for working age applicants is 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, or 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 the 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 a 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 of £8,000 or above;
- (h) not have income above the levels specified within the scheme at Schedule 1;
- (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 (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 under this scheme;

'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;

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

'person on Universal Credit' means a person in receipt of Universal Credit;

'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;

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

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

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

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

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

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

'water charges' means;

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

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

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

'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 Reductions Schemes (Prescribed Requirements) (England) (Amendment) Regulations 2021
  - (b) Appendix EU to the immigration rules made under section 3(2) of that Act;
  - (c) being a person with a Zambrano right to reside as defined in Annex 1 of Appendix EU to the immigration rules made under section 3(2) of that Act; or
  - (d) having arrived in the United Kingdom with an entry clearance that was granted under Appendix EU (Family Permit) to the immigration rules made under section 3(2) of that Act.
- 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 His 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 His 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 section —  
 “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

“His 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 the following elements:
  - (i) Housing Element;
  - (ii) Limited Capability for Work Element and the Limited Capability for Work Related Activity Element;
  - (iii) Disabled Child Element;
  - (iv) Carer Element; and
  - (v) Childcare Costs Element.

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 may 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.

- 12.6 When considering any award of universal credit, the authority may amend elements within the universal credit award where there is evidence which supports that the universal credit award is incorrect.

**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, amounts as specified in Schedule 4 of this scheme. 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 payable under this scheme; and
    - ii. 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, amounts as specified in Schedule 4 of this scheme. 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 23; 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 23 (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 22 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 the 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 (other than council tax reduction) under the benefit Acts and the rate of that benefit is altered with effect from a date on or after 1st April in any year but not more than 14 days thereafter, the authority shall treat the applicant as possessing such benefit at the altered rate from 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 £8,000 and no reduction shall be granted when the applicant has an amount of £8,000 or greater.

## **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 bounty 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 support 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;
  - (b) B is the number of days in that financial year.
- 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 date on which the change actually occurs.

50.2 Subject to paragraph (3), where the change of circumstances is a change in the amount of council tax payable, it takes effect from the day on which it actually occurs.

50.3 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.

50.4 Where there is a change to DWP benefits due to annual uprating, the change shall take effect on 1<sup>st</sup> April of the financial year to which the increase applies.

**51.0 Making an application.**

51.1 In the case of a couple or members of a polygamous marriage an application is to be made by whichever one of them they agree should so apply or, in default of agreement, by such one of them as the authority determines.

51.2 Where a person who is liable to pay council tax in respect of a dwelling is unable for the time being to act, and;

- (a) a deputy has been appointed by the Court of Protection with power to claim, or as the case may be, receive benefit on his behalf; or
- (b) in Scotland, his estate is being administered by a judicial factor or any guardian acting or appointed under the Adults with Incapacity (Scotland) Act 2000 who has power to apply or, as the case may be, receive benefit on his behalf; or
- (c) an attorney with a general power or a power to apply or, as the case may be, receive benefit, has been appointed by that person under the Powers of Attorney Act 1971, the Enduring Powers of Attorney Act 1985, or the Mental Capacity Act 2005 or otherwise,

that deputy, judicial factor, guardian, or attorney, as the case may be, may make an application on behalf of that person.

- 51.3 Where a person who is liable to pay council tax in respect of a dwelling is unable for the time being to act and sub-paragraph (2) does not apply to him, the authority may, upon written application made to them by a person who, if a natural person, is over the age of 18, appoint that person to exercise on behalf of the person who is unable to act, any right to which that person might be entitled under the authority's scheme and to receive and deal on his behalf with any sums payable to him.
- 51.4 Where a person who is liable to pay council tax in respect of a dwelling is for the time being unable to act and the Secretary of State has appointed a person to act on his behalf under regulation 33 of the Social Security (Claims and Payments) Regulations 1987 (persons unable to act), the authority may if that person agrees, treat him as if he had been appointed by them under sub-paragraph (3).
- 51.5 Where the authority has made an appointment under sub-paragraph (3) or treated a person as an appointee under sub-paragraph (4);
- (a) it may at any time revoke the appointment;
  - (b) the person appointed may resign his office after having given 4 weeks' notice in writing to the authority of his intention to do so;
  - (c) any such appointment terminates when the authority is notified of the appointment of a person mentioned in sub-paragraph (2).
- 51.6 Anything required by the authority's scheme to be done by or to any person who is for the time being unable to act may be done by or to the persons mentioned in sub-paragraph (2) above or by or to the person appointed or treated as appointed under this paragraph and the receipt of any such person so appointed shall be a good discharge to the authority for any sum paid.
- 51.7 The authority must;
- (a) inform any person making an application of the duty imposed on them
  - (b) explain the possible consequences (including prosecution) of failing to comply with that duty; and
  - (c) set out the circumstances a change in which might affect entitlement to the reduction or its amount.
- 52.0 Procedure by which a person may apply for a reduction under the authority's scheme<sup>1</sup>**
- 52.1 Paragraphs 2 to 7 apply to an application made under the authority's scheme.
- 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

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

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 makes a claim which includes (or which the applicant 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 12 months where the applicant would have been continuously eligible for support if they had applied at the time. **The period of backdate will be at the discretion of the Council.**

### **53.0 Date on which an application is made<sup>2</sup>**

53.1 Subject to sub-paragraph (7), the date on which an application is made is;

(a) in a case where;

(i) an award of state pension credit which comprises a guarantee credit has been 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

---

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

(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 by telephone;

(a) is corrected within one month (or such longer period as the authority considers reasonable) of the date the authority last drew attention to it, the authority must treat the application as if it had been made in the first instance;

(b) is not corrected within one month (or such longer period as the authority considers reasonable) of the date the authority last drew attention to it, the authority must treat the application as if it had been duly made in the first instance where it considers it has sufficient information to decide the application.

53.4 The authority is to treat a defective application as if it had been validly made in the first instance if, in any particular case, the conditions specified in sub-paragraph (5)(a), (b) or (c) are satisfied.

53.5 The conditions are that—

(a) where the authority receives the properly completed application or the information requested to complete it or the evidence within one month of the request, or such longer period as the authority may consider reasonable; or

(b) where an application is not on approved form or further information requested by

authority applies;

(i) the approved form sent to the applicant is received at the offices of the authority properly completed within one month of it having been sent to him; or, as the case may be;

(ii) the applicant supplies whatever information or evidence was requested within one month of the request; or,

in either case, within such longer period as the authority may consider reasonable; or

(c) where the authority has requested further information, the authority receives at its offices the properly completed application or the information requested to complete it within one month of the request or within such longer period as the authority considers reasonable.

53.6 Except in the case of an application made by a person treated as not being in Great Britain, where a person has not become liable for council tax to the authority but it is anticipated that he will become so liable within the period of 8 weeks (the relevant period), he may apply for a reduction under that authority's scheme at any time in that period in respect of that tax and, provided that liability arises within the relevant period, the authority must treat the application as having been made on the day on which the liability for the tax arises.

53.7 Except in the case of an application made by a person treated as not being in Great Britain, where the applicant is not entitled to a reduction under the authority's scheme in the reduction week immediately following the date of his application, but the authority is of the opinion that unless there is a change of circumstances, he will be entitled to a reduction under its scheme for a period beginning not later than;

(a) in the case of an application made by;

(i) a pensioner, or

(ii) a person who has attained, or whose partner has attained, the age which is 17 weeks younger than the qualifying age for state pension credit, the seventeenth reduction week following the date on which the application is made, or

(b) in the case of an application made by a person who is not a pensioner, the thirteenth reduction week following the date on which the application is made, the authority may treat the application as made on a date in the reduction week immediately preceding the first reduction week of that period of entitlement and award a reduction accordingly.

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

#### **54.0 Submission of evidence electronically**

54.1 The authority may accept such evidence, documents, and certificates to support the claim electronically where it feels that this would be acceptable given the nature of the claim.

#### **55.0 Use of telephone provided evidence**

55.1 The authority may accept such evidence to support the claim by telephone where it feels that this would be acceptable given the nature of the claim.

#### **56.0 Information and evidence<sup>3</sup>**

56.1 Subject to sub-paragraph (3), a person who makes an application for a reduction under an authority's scheme must satisfy sub-paragraph (2) in relation both to himself and to any other person in respect of whom he is making the application.

56.2 This sub-paragraph is satisfied in relation to a person if—

(a) the application is accompanied by;

(i) a statement of the person's national insurance number and information or

---

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

- 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 of Schedule 8 of the Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012 (duty to notify change of circumstances) to notify the authority of any change of circumstances; and
  - (b) without prejudice to the extent of the duty owed under paragraph 9, indicate to him either orally or by notice or by reference to some other document available to him on application and without charge, the kind of change of circumstances which must be notified.
- 56.7 This sub-paragraph applies to any of the following payments;
- (a) a payment which is made under or by the Trusts, the Fund, the Eileen Trust, MFET Limited, the Skipton Fund, the Caxton Foundation or the London Bombings Relief Charitable Fund; and
  - (b) a payment which is disregarded under paragraph 24 of Schedule 5, other than a payment under the Independent Living Fund (2006);
- 56.8 Where an applicant or a person to whom a reduction under the authority's scheme has been awarded or any partner has attained the qualifying age for state pension credit and is a member of, or a person deriving entitlement to a pension under, a personal pension scheme, he must where the authority so requires furnish the following information;
- (a) the name and address of the pension fund holder;
  - (b) such other information including any reference or policy number as is needed to enable the personal pension scheme to be identified.



## **57.0 Amendment and withdrawal of application<sup>4</sup>**

- 57.1 A person who has made an application may amend it at any time before a decision has been made on it by a notice in writing delivered or sent to the designated office.
- 57.2 Where the application was made by telephone the amendment may also be made by telephone.
- 57.3 Any application amended is to be treated as if it had been amended in the first instance.
- 57.4 A person who has made an application may withdraw it by notice to the designated office at any time before a decision has been made on it.
- 57.5 Where the application was made by telephone, the withdrawal may also be made by telephone.
- 57.6 Any notice of withdrawal given in accordance with sub-paragraph (4) or (5) has effect when it is received.
- 57.7 Where a person, by telephone, amends or withdraws an application the person must (if required to do so by the authority) confirm the amendment or withdrawal by a notice in writing delivered or sent to the designated office.

## **58.0 Duty to notify changes of circumstances<sup>5</sup>**

- 58.1 Subject to sub-paragraphs (3), (6) and (7), an applicant (or any person acting on his behalf) must comply with sub-paragraph (2) if there is a relevant change of circumstances at any time;
- (a) between the making of an application and a decision being made on it, or
  - (b) after the decision is made (where the decision is that the applicant is entitled to a reduction under the authority's scheme) including at any time while the applicant is in receipt of such a reduction.
- 58.2 The applicant (or any person acting on his behalf) must notify any change of circumstances which the applicant (or that person) might reasonably be expected to know might affect his entitlement to, or the amount of, a reduction under the authority's scheme (a "relevant change of circumstances") by giving notice to the authority;
- (a) in writing; or
  - (b) by telephone—
    - (i) where the authority has published a telephone number for that purpose unless the authority determines that in any particular case or class of case notification may not be given by telephone; or
    - (ii) in any case or class of case where the authority determines that notice may be given by telephone; or
  - (c) by any other means which the authority agrees to accept in any particular case, within a period of 21 days beginning with the day on which the change occurs, or as soon as reasonably practicable after the change occurs, whichever is later.
- 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

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

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

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 Not used.

58.7 All changes in circumstances should be notified to the authority in writing (or by whatever format agreed by the authority) within 21 days of the happening of the event or change in circumstance. This timescale may be extended at the discretion of the authority. Where such a change is not received within that timescale and where the change would increase the level of reduction payable, the authority may use a date later than the actual change of circumstances.

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

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

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

60.1 The authority must notify in writing any person affected by a decision made by it under its scheme;  
(a) in the case of a decision on an application, forthwith or as soon as reasonably practicable thereafter;  
(b) in any other case, within 14 days of that decision or as soon as reasonably practicable thereafter.

60.2 Where the decision is to award a reduction, the notification under sub-paragraph (1) must include a statement;  
(a) informing the person affected of the duty imposed by paragraph 9(1);  
(b) explaining the possible consequences (including prosecution) of failing to comply with that duty; and  
(c) setting out the circumstances a change in which might affect entitlement to the reduction or its amount.

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.

---

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

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

- 60.6 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 who has power to apply or, as the case may be, receive benefit on the person's behalf; or
    - (iii) an attorney with a general power or a power to apply or, as the case may be, receive benefit, has been appointed by that person under the Powers of Attorney Act 1971, the Enduring Powers of Attorney Act 1985 or the Mental Capacity Act 2005 or otherwise,
  - (c) a person appointed by the authority to act for a person unable to act.

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

- 61.1 Where a person is entitled to a reduction under this authority's scheme in respect of his liability for the authority's council tax as it has effect in respect of a chargeable financial year ("the chargeable year"), the authority must discharge his entitlement;
- (a) by reducing, so far as possible, the amount of his liability to which regulation 20(2) of the Council Tax (Administration and Enforcement) Regulations 1992 refers; or
  - (b) where;
    - (i) such a reduction is not possible; or
    - (ii) such a reduction would be insufficient to discharge the entitlement to a reduction under the authority's scheme; or
    - (iii) the person entitled to the reduction is jointly and severally liable for the council tax and the authority determines that such a reduction would be inappropriate, by making payment to him of the amount of reduction to which he is entitled, rounded where necessary to the nearest penny.
- 61.2 The authority must notify the person entitled to a reduction under this scheme of the amount of that reduction and how his entitlement is to be discharged in pursuance of paragraph (1).
- 61.3 In a case to which paragraph (1)(b) refers;
- (a) if the amount of the council tax for which he remains liable in respect of the chargeable year, after any reduction to which sub-paragraph (1)(a) refers has been made, is insufficient to enable his entitlement to a reduction under the authority's scheme in respect thereof to be discharged, upon the final instalment of that tax becoming due any outstanding reduction;
    - (i) must be paid to that person if he so requires; or
    - (ii) in any other case must (as the authority determines) either be repaid or credited against any subsequent liability of the person to make a payment in respect of the authority's council tax as it has effect for any subsequent year;
  - (b) if that person has ceased to be liable for the authority's council tax and has discharged the liability for that tax, the outstanding balance (if any) of the reduction under the authority's scheme in respect thereof must be paid within 14 days or, if that is not reasonably practicable, as soon as practicable thereafter

---

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

- (c) in any other case, the reduction under the authority's scheme must be paid within 14 days of the receipt of the application at the offices of the authority or, if that is not reasonably practicable, as soon as practicable thereafter.

61.4 For the purposes of this paragraph "instalment" means any instalment of the authority's council tax to which regulation 19 of the Council Tax (Administration and Enforcement) Regulations 1992 refers (council tax payments).

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

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

62.2 Where a person other than a person who is entitled to a reduction under this authority's scheme made the application for the reduction and that first person is a person acting pursuant to an appointment or is treated as having been so appointed, the amount of the reduction may be paid to that person.

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

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

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

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

64.1 Where the person entitled to any reduction under this scheme has died and it is not possible to award the reduction which is due in the form of a reduction of the council tax for which he was liable, the authority must make payment of the amount of the reduction to his executor or administrator in accordance with regulation 58(4) of the Council Tax (Administration and Enforcement) Regulations 1992.

**65.0 Offsetting**

65.1 Where a person has been allowed or paid a sum of council tax reduction under a decision which is subsequently revised or further revised, any sum allowed or paid in respect of a period covered by the subsequent decision shall be offset against arrears of entitlement under the subsequent decision except to the extent that the sum exceeds the arrears and shall be treated as properly awarded or paid on account of them.

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

66.1 Where;

- (a) a person is entitled to a reduction under the authority's scheme in respect of his liability for the authority's council tax as it has effect in respect of a chargeable financial year;

---

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

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

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

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

(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 His Majesty's Revenues and Customs (HMRC)**

67.1 The authority will use information provided by the DWP and HMRC for the purposes of Council Tax Reduction, council tax liability, billing, administration and enforcement as outlined within Schedule 2 of the Local Government Finance Act 1992 as amended by the Local Government Finance Act 2012 and the Social Security (Information-sharing in relation to Welfare Services etc.) (Amendment) Regulations 2013

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

**68.0 Collection of information**

68.1 The authority may receive and obtain information and evidence relating to claims for council tax reduction, the council may receive or obtain the information or evidence from—

- (a) persons making claims for council tax reduction;
- (b) other persons in connection with such claims;
- (c) other local authorities; or
- (d) central government departments including the DWP and HMRC

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

**69.0 Recording and holding information.**

69.1 The authority:

- (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 the information 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

---

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

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;

#### **72.0 Terminations**

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

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

- 73.1 A person who is aggrieved by a decision of the authority, which affects;
- (a) the person's entitlement to a reduction under its scheme, or
  - (b) the amount of any reduction to which that person is entitled,
- may serve a written notice on the authority stating the matter by which, and the grounds on which, he is aggrieved.
- 73.2 The authority must
- (a) consider the matter to which the notice relates;
  - (b) notify the aggrieved person in writing;
    - (i) that the ground is not well founded, giving reasons for that belief; or
    - (ii) that steps have been taken to deal with the grievance, stating the steps taken.
- 73.3 Where, following notification under sub-paragraph (2)(b)(i) or (ii), the person is still aggrieved, or if the authority fails to notify the person aggrieved in accordance with sub-paragraph (2)(b) within two months of the service of his notice, he may appeal to the valuation tribunal under section 16 of the 1992 Act<sup>15</sup>.

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

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

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

74.1 An application to the authority for a reduction under section 13A(1)(c) of the 1992 Act may be made;

- (a) in writing,
- (b) by means of an electronic communication in accordance this scheme or
- (c) where the authority has published a telephone number for the purpose of receiving such applications, by telephone.

74.2 Where;

- (a) the authority has made a determination under section 13A(1)(c) in relation to a class of case in which liability is to be reduced; and
- (b) a person in that class would otherwise be entitled to a reduction under its scheme, that person's application for a reduction under the authority's scheme may also be treated as an application for a reduction under section 13A(1)(c).

**75.0 Exceptional Hardship Scheme and transitional protection for 2024/25 only.**

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.

75.3 For 2024/25 **only** any applicant who received an amount of Council Tax Reduction at 31st March 2024n and no longer entitled to reduction under the 2024/25 scheme, will receive a 'one-off' reduction to their Council Tax liability based on their 2023/24 Council Tax reduction at 31st March 2024. This will be shown directly on their Council Tax account.

**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.

---

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

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), His 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 Reduction Scheme.**

DRAFT

- 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 (weekly net income)	Couple with no children (weekly net income)	Lone Parent or Couple with one child/young person (weekly net income)	Lone Parent or Couple with two or more children/young persons (weekly net income)
1*	100%	£0 to £110.00	£0 to £165.00	£0 to £220.00	£0 to £275.00
2	75%	£110.01 to £165.00	£165.01 to £220.00	£220.01 to £275.00	£275.01 to £330.00
3	50%	£165.01 to £220.00	£220.01 to £275.00	£275.01 to £330.00	£330.01 to £385.00
4	25%	£220.01 to £275.00	£275.01 to £330.00	£330.01 to £385.00	£385.01 to £440.00
5	0%	£275.01 +	£330.01+	£385.01+	£440.01+

- 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 \*Where any applicant receives Income Support, Jobseeker's Allowance (Income Based) or Employment and Support Allowance (Income Related), a discount will be granted at Band 1
4. For the sake of clarity all incomes shown within the table above are weekly in accordance with the scheme requirements and definitions.
- 5 Discount bands vary depending on both weekly income and the household (family as defined within this scheme).
6. Any applicant whose capital is £8,000 or above shall not be entitled to any Council Tax Reductions whatsoever.
7. 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.

**Schedule 2**

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

DRAFT

1. Any amount paid by way of tax on income.
2. Any payment made to the claimant and in respect of any travel or other expenses incurred, or to be incurred, by him in respect of his participation in the Mandatory Work Activity Scheme.
3. Any payment made to the applicant in respect of any travel or other expenses incurred, or to be incurred, by him in respect of his participation in the Employment, Skills and Enterprise Scheme or Back to Work Scheme, but only for 52 weeks beginning with the date of receipt of the payment.
3. Any payment in respect of any expenses incurred or to be incurred by an applicant who is–
  - (a) engaged by a charitable or voluntary organisation, or
  - (b) volunteer,
 if he otherwise derives no remuneration or profit from the employment and is not to be treated as possessing any earnings under section 32.0 (notional income).
4. Any payment in respect of expenses arising out of the applicant's participation in a service user group.
5. In the case of employment as an employed earner, any payment in respect of expenses wholly, exclusively and necessarily incurred in the performance of the duties of the employment.
6. Where an applicant is on income support, an income-based jobseeker's allowance or an income-related employment and support allowance the whole of his income.
7. Where the applicant is a member of a joint-claim couple for the purposes of the Jobseekers Act and his partner is on an income-based jobseeker's allowance, the whole of the applicant's income.
8. Where the applicant, or the person who was the partner of the applicant on 31<sup>st</sup> March 2003, was entitled on that date to income support or an income-based jobseeker's allowance but ceased to be so entitled on or before 5<sup>th</sup> April 2003 by virtue only of regulation 13 of the Housing Benefit (General) Amendment (No. 3) Regulations 1999 as in force at that date, the whole of his income.
9. Any disability living allowance or personal independence payment or AFIP
10. Any concessionary payment made to compensate for the non-payment of;
  - (a) income support;
  - (b) an income-based jobseeker's allowance.
  - (c) an income-related employment and support allowance.
11. Any mobility supplement under article 20 of the Naval, Military and Air Forces Etc. (Disablement and Death) Service Pensions Order 2006 (including such a supplement by virtue of any other scheme or order) or under article 25A of the Personal Injuries (Civilians) Scheme 1983 or any payment intended to compensate for the non-payment of such a supplement.
12. Any attendance allowance.
13. Any payment to the applicant as holder of the Victoria Cross or of the George Cross or any analogous payment.
14. (1) Any payment–
  - (a) by way of an education maintenance allowance made pursuant to;
  - (b) regulations made under section 518 of the Education Act 1996 (payment of school expenses; grant of scholarships etc.);
  - (c) regulations made under section 49 or 73(f) of the Education (Scotland) Act 1980 (power to

- assist persons to take advantage of educational facilities);
  - (d) directions made under section 73ZA of the Education (Scotland) Act 1980 and paid under section 12(2)I of the Further and Higher Education (Scotland) Act 1992
  - (e) corresponding to such an education maintenance allowance, made pursuant to;
  - (f) 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
  - (g) 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)I of the Further and Higher Education (Scotland) Act 1992,
- in respect of a course of study attended by a child or a young person or a person who is in receipt of an education maintenance allowance or other payment made pursuant to any provision specified in sub-paragraph (1).
15. Any payment made to the applicant by way of a repayment under regulation 11(2) of the Education (Teacher Student Loans) (Repayment etc.) Regulations 2002.
16. (1) Any payment made pursuant to section 2 of the 1973 Act or section 2 of the Enterprise and New Towns (Scotland) Act 1990 except a payment;
- (a) made as a substitute for income support, a jobseeker's allowance, incapacity benefit, severe disablement allowance or an employment and support allowance;
  - (b) of an allowance referred to in section 2(3) of the 1973 Act or section 2(5) of the Enterprise and New Towns (Scotland) Act 1990; or
  - (c) intended to meet the cost-of-living expenses which relate to any one or more of the items specified in sub-paragraph (2) whilst an applicant is participating in an education, training or other scheme to help him enhance his employment prospects unless the payment is a Career Development Loan paid pursuant to section 2 of the 1973 Act and the period of education or training or the scheme, which is supported by that loan, has been completed.
- (2) The items specified in this sub-paragraph for the purposes of sub-paragraph (1) are food, ordinary clothing or footwear, household fuel or rent of the applicant or, where the applicant is a member of a family, any other member of his family, or any council tax or water charges for which that applicant or member is liable.
17. (1) Subject to sub-paragraph (2), any of the following payments;
- (a) a charitable payment;
  - (b) a voluntary payment;
  - (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,
    - (iii) in consequence of any personal injury to the applicant; or
    - (iv) 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;
  - (c) a pension payable to a person as a widow, widower or surviving civil partner under any power of His Majesty otherwise than under an enactment to make provision about pensions for or in respect of persons who have been disabled or have died in consequence of service as members of the armed forces of the Crown;
  - (d) a guaranteed income payment;
  - (e) a payment made to compensate for the non-payment of such a pension or payment as is mentioned in any of the preceding sub-paragraphs;
  - (f) a pension paid by the government of a country outside Great Britain which is analogous to any of the pensions or payments mentioned in sub-paragraphs (a) to (d) above;
  - (g) pension paid to victims of National Socialist persecution under any special provision made by the law of the Federal Republic of Germany, or any part of it, or of the Republic of Austria.
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.

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
    - (iv) 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. Any Housing Benefit;
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);
- (c) as respects Scotland, under regulation 3, 5 or 11 of the National Health Service (Travelling Expenses and Remission of Charges) (Scotland) (No. 2) Regulations 2003 (travelling expenses and health service supplies).
- (2) Any payment or repayment made by the Secretary of State for Health, the Scottish Ministers or the Welsh Ministers, which is analogous to a payment or repayment, mentioned in sub-paragraph (1).
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;
  - (c) a court order;
  - (d) a consent order;
  - (e) a maintenance agreement registered for execution in the Books of Council and Session, or the sheriff court books;
- 'liable relative' means a person listed in regulation 54 (interpretation) of the Income Support (General) Regulations 1987, other than a person falling within sub-paragraph (d) of that definition.
48. Any payment (other than a training allowance) made, whether by the Secretary of State or any other person, under the Disabled Persons (Employment) Act 1944 to assist disabled persons to obtain or retain employment despite their disability.
49. Any guardian's allowance.
50. (1) If the applicant is in receipt of any benefit under Parts 2, 3 or 5 of the Act, any increase in the rate of that benefit arising under Part 4 (increases for dependants) or section 106(a) (unemployability supplement) of the Act, where the dependant in respect of whom the increase is paid is not a member of the applicant's family.
- (2) If the applicant is in receipt of any pension or allowance under Part 2 or 3 of the Naval, Military and Air Forces Etc. (Disablement and Death) Service Pensions Order 2006, any increase in the rate of that pension or allowance under that Order, where the dependant in respect of whom the increase is paid is not a member of the applicant's family.
51. Any supplementary pension under article 23(2) of the Naval, Military and Air Forces Etc. (Disablement and Death) Service Pensions Order 2006 (pensions to surviving spouses and surviving civil partners) and any analogous payment made by the Secretary of State for Defence to any person who is not a person entitled under that Order.
52. In the case of a pension awarded at the supplementary rate under article 27(3) of the Personal Injuries (Civilians) Scheme 1983(a) (pensions to widows, widowers or surviving civil partners), the sum specified in paragraph 1(c) of Schedule 4 to that Scheme.
- 53 (1) Any payment which is
- (a) made under any of the Dispensing Instruments to a widow, widower or
  - (b) surviving civil partner of a person;
    - (i) whose death was attributable to service in a capacity analogous to service as a member of the armed forces of the Crown; and
    - (ii) whose service in such capacity terminated before 31<sup>st</sup> March 1973; and equal to the amount specified in article 23(2) of the Naval, Military and Air Forces Etc. (Disablement and Death) Service Pensions Order 2006.
- (2) In this paragraph 'the Dispensing Instruments' means the Order in Council of 19<sup>th</sup> December 1881, the Royal Warrant of 27<sup>th</sup> October 1884 and the Order by His Majesty of 14<sup>th</sup> January 1922

(exceptional grants of pay, non-effective pay and allowances).

54. Any council tax reduction or council tax benefit to which the applicant is entitled.
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
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. An amount the authority determines relates to the following elements of Universal Credit;
- (a) Housing Element;
  - (b) Limited Capability for Work Element and the Limited Capability for Work Related Activity Element;
  - (c) Disabled Child Element; and
  - (d) Carer Element; and
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, the applicant (or any member of the household) is in receipt of a Personal Independence Payment, Armed Forces Independence Payment, Employment and Support Allowance (Support Component) or Disability Living Allowance , a further disregard of £60 shall be a 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.
75. Any bereavement payment.
76. **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.

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

DRAFT

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 £8,000.
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 his capital provided that it is no more than £8,000.
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) disability living allowance or personal independence payment;
  - (e) working tax credit and child tax credit
  - (f) an income-related employment and reduction allowance

(2) 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

DRAFT

**Schedule 4**  
**Amounts to be disregarded from earnings.**

DRAFT

### **The Standard Earnings Disregard**

1. There shall be a disregard applied of up to £25 per week for a single applicant (single disregard) and up to £50 per week where the applicant and / or their partner (couple disregard) work and have earnings as defined within this scheme.
2. The disregard will apply against earnings only and will not be affected by the number of hours worked.
3. For the sake of clarity only one disregard will apply per claim.

DRAFT

**Appendix C**  
**Equality Impact Assessment**



**WATFORD  
BOROUGH  
COUNCIL**

# Equality Impact Analysis

<b>Title of policy, function or service</b>	Council Tax Reduction Scheme 2024/25
<b>Lead officer</b>	Jane Walker
<b>Person completing the EIA</b>	Jane Walker
<b>Type of policy, function or service:</b>	Existing (reviewed) <input checked="" type="checkbox"/> New/Proposed <input type="checkbox"/>
<b>Version &amp; Date</b>	

## 1. Background

The replacement of the current Council Tax Reduction Scheme with effect from 1 April 2024 with a modern simplified banding / grid scheme.

## 2. Focus of the Equality Impact Analysis

This EIA, therefore, considers the potential equality related impacts, both positive and negative on the people in the groups or with the characteristics protected in the Equalities Act 2010.

These are:

1. Age
2. Disability
3. Gender Reassignment
4. Pregnancy and maternity
5. Race
6. Religion or belief
7. Sex (gender)
8. Sexual Orientation
9. Marriage and Civil Partnership.

## 3. Engagement and consultation

A full public consultation has been undertaken. The results of the consultation are included in Appendix B.

Major Preceptors have also been consulted. Their responses are included within Appendix A

## 4. What we know about the Watford population

**UP TO DATE INFORMATION ON WATFORD'S POPULATION AND PROFILE**

**Speak to Head of Corporate Strategy and Communications for advice on this area and for relevant up to date information.**

## 5. How will the council ensure equality is promoted through

The new scheme will apply to working age applicants only. Pension age applicants are **not** affected as they are covered by the Prescribed Scheme. The revised scheme is not designed to reduce the overall level of support but to allow more targeted support to low income households.

The scheme continues to protect those applicants with 'protected' characteristics by:

- disregarding disability benefits;
- disregarding war pensions and war disablement pensions;

- disregarding carers allowance;
- providing additional disregards where any member of the household is disabled; and
- removing the requirement for non-dependant deductions.

#### **A. Positive impacts**

The positive impacts of the scheme are:

- that it maintains the high level of support currently available;
- that applicants are not subject to constant change especially those on Universal Credit;
- that those applicants with protected characteristics continue to receive additional protection.

#### **B. Negative impacts**

The negative impacts of the scheme are that some applicants *may* receive less support. This is mitigated by the Council introducing an Exceptional Hardship Scheme. All applicants can apply for additional support where they are experiencing exceptional financial hardship.

#### **6. Overall conclusion**

Make sure you highlight both positive and negative impacts but draw out how these will be addressed and an overall view of whether the change / new policy has a positive or negative impact. Completing the following tables will help you complete this section.

### Summary of potential positive impacts and ways in which they can be ensured

Positive Impact	Protected characteristics	Ways to ensure the positive impact
<p>The positive impacts of the scheme are:</p> <ul style="list-style-type: none"> <li>• that is maintains the high level of support currently available;</li> <li>• that applicants are no subject to constant change especially those on Universal Credit;</li> <li>• that those applicants with protected characteristics continue to receive additional protection.</li> </ul>	<p>The scheme continues to protect those applicants with 'protected' characteristics by:</p> <ul style="list-style-type: none"> <li>• disregarding disability benefits;</li> <li>• disregarding war pensions and war disablement pensions;</li> <li>• disregarding carers allowance;</li> <li>• providing additional disregards where any member of the household is disabled; and</li> <li>• removing the requirement for non-dependant deductions</li> </ul>	

### Summary of potential negative impacts and ways in which they can be removed or mitigated

Negative Impact	Protected characteristics	Ways to mitigate the negative impact
<p>The negative impacts of the scheme are that some applicants <i>may</i> receive less support.</p>		<p>This is mitigated by the Council introducing an Exceptional Hardship Scheme. All applicants can apply for additional support where they are experiencing exceptional financial hardship.</p>



**This EIA has been approved by:**

..... **Date** .....

DRAFT

# Agenda Item 13

Part A

**Report to:** Council

**Date of meeting:** Tuesday, 30 January 2024

**Report author:** Chief Finance Officer

**Title:** Budget and Council Tax Resolution 2024/25

## 1.0 Summary

- 1.1 The purpose of this report is to enable the Council to set the 2024/25 budget and pass the statutory Council Tax Resolutions for 2024/25 in relation to Watford Borough Council's Council Tax Requirement (CTR).
- 1.2 At the time of writing this report, the precept demand from both Hertfordshire County Council and the Police and Crime Commissioner for Hertfordshire have not been set. A report will be submitted to the Functions Committee on 21 February 2024 to set the overall Council Tax, which will include these precepts.
- 1.3 Copies of the Budget Report to the Cabinet meeting on 15 January 2024 are published alongside this report as they contain information relevant to the recommendations.

## 2.0 Chief Finance Officer's Statutory Report

- 2.1 Under Section 25 of the Local Government Act 2003, the Council's Chief Finance Officer (designated officer under section 151 of the Local Government Act 1972) must report to Council on the following matters:
  - a. the robustness of the estimates made for the purposes of the calculations, and
  - b. the adequacy of the proposed financial reserves
- 2.2 The full report was provided to Cabinet on 15 January 2024 and is included at Annex C.

### 3.0 Recommendations

#### 3.1 To agree proposals recommended by Cabinet on 15 January 2024 that Council:

- a) Resolves in accordance with the Local Authorities (Calculation of Tax Base) Regulations 1992, the amount calculated by Watford Borough Council as its Council Tax Base for the year 2024/25 is **35,532.1** as outlined in the report.
- b) Approves the budget (Attachment 1) as laid out in the report, including:
  - the revenue budget for 2024/25
  - the Capital Investment Programme 2023/24 to 2026/27
- c) Approves the Capital Strategy for 2024/25, and delegates to the Chief Finance Officer in consultation with the Portfolio Holder for Property, Resources and Customer Services responsibility for agreeing and maintaining the Treasury Management Strategy Statement. (Attachment 2)
- d) Agrees to increase the annual Council Tax for a Band D property 2024/25 by 2.99%. This will apply to all other bands.
- e) Agrees to the creation of a Redundancy Reserve and to rename the Riverwell Project Reserve to Commercial Risk Reserve
- f) Notes the key risks identified and approves their proposed mitigations as set out in Appendix 11 to Attachment 1 – Budget Setting Report.
- g) Notes the advice provided by the Chief Finance Officer on the robustness of estimates and the adequacy of reserves at Annex 3.
- h) Notes the indicative budgets for 2025/26 and 2026/27 as set out in Attachment 1 and Attachment 3.
- i) Approves the revenue virements for 2023/24 set out in Annex 4 (as noted by Cabinet on 15 January 2024 after consideration of the Financial Monitoring Report 2023/24 to Period 8).

### 3.2 Setting the Council Tax Requirement for Watford Borough Council:

- a) That the Council's net General Fund expenditure for 2024/25 shall be **£14.626m**.
- b) That the 2024/25 band D precept is set at **£299.55** and other bands and amounts are set in accordance with the table at paragraph 3.2 (E)
- c) That Watford Borough Council's Council Tax Base for 2024/25 has been calculated at 35,532.1 in accordance with Regulation 3 of the Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012 made under Section 31B (1) of the Local Government Finance Act 1992, as amended.
- d) That the following amounts be now calculated by the Council for the year 2024/25 in accordance with Sections 31A to 36 of the Local Government Finance Act 1992:
  - (A) *Being the aggregate of the amounts which the Council estimates for the items set out in Section 31A (2) of the Act. (Effectively the gross expenditure and transfers to reserves) **£94,166,929***
  - (B) *Being the aggregate of the amounts which the Council estimates for the items set out in Section 31A (3) of the Act. (Effectively the gross income and transfers from reserves) **£85,523,288***
  - (C) *Being the amount by which the aggregate at 2.5 (A) above exceeds the aggregate at 2.5 (B) above calculated by the Council in accordance with Section 31A (4) of the Act as its Council Tax Requirement for the year **£10,643,641***
  - (D) *Being the amount at paragraph 2.5 (C) divided by amount at 2.4 above, calculated by the Council, in accordance with Section 33 (1) of the Act as the basic amount of its Council Tax for the year (at Band D) **£299.55***

(E)

Council Tax Valuation Band	Conversion Factor to Band D	Watford's Share £
A	6 / 9	199.70
B	7 / 9	232.98
C	8 / 9	266.27
<b>D</b>	<b>1</b>	<b>299.55</b>
E	11 / 9	366.12
F	13 / 9	432.68
G	15 / 9	499.25
H	2	599.10

*Being the amounts given by multiplying the amount at paragraph 3.2 (D) above by the number which, in the proportion set out in Section 5 (1) of the Act, is applicable to dwellings listed in a particular valuation band divided by the number which in that proportion is applicable to dwellings listed in Valuation Band D, calculated by the Council, in accordance with Section 36 (1) of the Act, as the amounts to be taken into account for the year 2024/25 in respect of categories of dwellings listed in different valuation bands.*

- e) That a report including precepts of both the Hertfordshire County Council and the Police & Crime Commissioner for Hertfordshire be presented to the Functions Committee on 21 February 2024 to set the total Council Tax.

**Further information:**

Hannah Doney  
hannah.doney@watford.gov.uk

**Report approved by:** Hannah Doney, Chief Finance Officer and Section 151 Officer

**4.0 Budget Process**

- 4.1 At its meeting on the 15 January 2024 the Cabinet approved the budget proposals for 2024/25. The decisions made by Cabinet are reflected in the formal resolutions set out above.
- 4.2 The Council is recommended to approve Cabinet's budget proposals, as set out in in the agenda, and to make the necessary formal resolutions to set the level of Council Tax.

- 4.3 Members are required to have regard to the Chief Finance Officer's assessment of risks and the adequacy of balances as set out in this report.
- 4.4 Finance Scrutiny Committee considered Cabinet's proposals at its meeting on 10 January 2024 and its minutes were circulated to Cabinet prior to any decisions being taken.
- 4.5 The precepts for Hertfordshire County Council and The Police and Crime Commissioner for Hertfordshire have not yet been notified to the Council. A report will be submitted to the Functions Committee on 21 February 2024 detailing the tax requirement for Watford Borough Council's own purposes with those of the preceptors, to formally set the overall level of Council Tax.
- 4.6 Watford's net revenue expenditure for 2024/25 is forecast to be £14.626m. Council tax is estimated to be the band D charge multiplied by the tax base (adjusted for the collection rate) which gives an estimated Council tax precept of £10.644m. Other funding is £4.266m. The budget includes a contribution of £0.285m to the general fund to return it to the risk assessed level. The council tax base for 2024/25 is 35,532.1 (Band D equivalents).
- 4.7 This results in a council tax for Band D of £299.55. Watford Borough Council's Council Tax has increased by £8.70 from the precept set in 2023/24.
- 4.8 Virements are requested for the 2023/24 revenue budget at Annex 4. Details of the virement requests are included in the Financial Monitoring Report 2023/24 to Period 8 reported to Cabinet on 15 January 2024. The impact of these virements is included within the forecast for Earmarked Reserves and General Balances.
- 5.0 **Implications**
- 5.1 The implications are set out in full in the report to Cabinet on 15 January 2024 and accompanying attachments. Members are invited to refer to these papers.


## **Background papers**

Report to Cabinet of 15 January 2024

## MTFS Changes, as recommended by Cabinet 15 January 2024

<b>MTFS Changes Summary</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>
Gap in MTFS at 1 April (approved in January 2023)	0.081	0.510	0.510
<b>Changes to Net Expenditure:</b>			
Growth, Savings & Efficiencies	4.894	2.072	0.871
Changes to Use of Earmarked Reserves	(4.996)	(2.772)	(1.066)
Net changes	(0.103)	(0.700)	(0.194)
<b>Revised gap</b>	<b>(0.022)</b>	<b>(0.190)</b>	<b>0.316</b>
<b>Funding Changes:</b>			
Council tax	0.341	0.104	(0.401)
Business Rates	0.000	0.000	0.000
Collection Fund	0.099	0.000	0.000
Additional Government Funding	(0.703)	0.086	0.086
Total Funding Changes	(0.263)	0.190	(0.315)
Contribution to General Fund	0.285	0.000	0.000
<b>Final gap</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>

## Medium Term Financial Strategy (MTFS) 2024/25 to 2026/2027

 <b>WATFORD BOROUGH COUNCIL</b> BE BOLD	Medium Term Financial Strategy		
	2024/25 Draft £m	2025/26 Draft £m	2026/27 Draft £m
<b>Current MTFS</b>			
Corporate, Housing & Wellbeing Place	6.030 (0.322)	5.985 (0.514)	
Corporate Strategy & Comms	1.363	1.344	
Democracy & Governance	2.078	2.089	
Human Resources	0.596	0.597	
Strategic Finance	4.984	5.903	
<b>Net cost of services</b>	<b>14.728</b>	<b>15.404</b>	<b>0.000</b>
<b>Financial Planning</b>			
Additional Year			15.404
Salary Changes	0.338	0.301	0.343
Pressures, Growth and Other Variances	2.442	1.814	1.745
Timing of income from Joint Ventures and Croxley Park	4.392	2.755	1.779
Changes to use of Earmarked Reserves	(4.996)	(2.772)	(1.066)
Efficiency Savings and Service Changes	(2.238)	(2.691)	(3.080)
Fees & Charges	(0.294)	(0.358)	(0.358)
Contingency for Pay and Other Inflation	0.253	0.251	0.442
<b>Sub-Total</b>	<b>(0.103)</b>	<b>(0.700)</b>	<b>15.209</b>
<b>Total Net Cost of Services</b>	<b>14.626</b>	<b>14.704</b>	<b>15.209</b>
<b>Proposed MTFS</b>			
Corporate, Housing & Wellbeing Place	7.147 0.235	6.747 (0.214)	6.802 0.112
Corporate Strategy & Comms	1.458	1.425	1.449
Democracy & Governance	2.168	2.162	2.167
Human Resources	0.591	0.556	0.557
Strategic Finance	3.027	4.029	4.122
<b>Net cost of services</b>	<b>14.626</b>	<b>14.704</b>	<b>15.209</b>
<b>Use of Corporate Reserves</b>			
Contribution to General Fund	0.285		
<b>Sub-Total</b>	<b>0.285</b>	<b>0.000</b>	<b>0.000</b>
<b>Funding</b>			
Council Tax	(10.644)	(11.127)	(11.632)
Collection Fund (surplus) / deficit	0.099	0.000	0.000
Business Rates	(3.002)	(3.002)	(3.002)
New Homes Bonus	(1.238)	(0.450)	(0.450)
Additional Government Funding	(0.125)	(0.125)	(0.125)
<b>Sub-Total</b>	<b>(14.911)</b>	<b>(14.704)</b>	<b>(15.209)</b>
<b>Total Funding &amp; Use of Reserves</b>	<b>(14.626)</b>	<b>(14.704)</b>	<b>(15.209)</b>
<b>Council Tax Rate Calculation</b>			
Council tax base	35,532.1	36,420.4	37,330.9
Council tax charge for band D	£299.55	£305.51	£311.59
Council Tax Requirement	10,643,641	11,126,797	11,631,926



## Chief Finance Officer's Statutory Report

### Introduction

1. Under Section 25 of the Local Government Act 2003 I am required, as the designated Chief Financial Officer, to report on the following matters to members when agreeing its annual budget and council tax requirement:
  - a) the robustness of the estimates made for the purposes of the budget calculations, and
  - b) the adequacy of the proposed financial reserves
2. Under the law, the Council is required to have due regard to this report when making decisions on the budget.
3. In making this report, I have considered the governance and financial management arrangements in place and the adequacy of the budget planning process.

### Governance and control frameworks

4. The Council has good governance arrangements in place as set out in the Annual Governance Statement and supported by the Internal Audit Annual Statement of Assurance.
5. The external audit of the Statement of Accounts is outstanding for 2021/22 and 2022/23 and the 2020/21 audit is due to be concluded shortly with an unqualified opinion as set out in the External Auditor's Draft Audit Results Report to Audit Committee. Adjustments arising from the audits could result in changes to the draft accounts, however these are most likely to be technical accounting adjustments that will not have an impact on the general fund balance.
6. The recent LGA Corporate Peer challenge found that Watford has a 'good record of financial stewardship and has a clear understanding of its financial position.' The report highlighted that the recommendations made by the peer challenge team are 'designed to assist the council in its journey to achieving continuous improvement and excellence in financial management.'
7. Alongside taking forward the peer challenge recommendations, we will continue to embed a finance business partnering approach to enhance our already good budget management. This will ensure that we have early notice of emerging pressures and risks, so these can be managed in a planned way, reducing the need to call on reserves.
8. The savings within the draft budget are significant. Therefore, appropriate governance arrangements have been put in place to oversee the delivery.
9. The Budget Delivery Programme Board has been established, chaired by the Executive Director of Place, to oversee the implementation of agreed savings. The board is an internal officer board that reports into the Corporate Management Board, Portfolio Holders and Elected Mayor, monitoring key milestones and risks.
10. The delivery of savings will also be reported to Finance Scrutiny Committee and Cabinet through the financial monitoring report as is already done for savings within the current MTFs.

## Budget Planning Process

11. There has been a robust budget planning process for 2024/25 with budget proposals considered in detail by the Corporate Management Team and Portfolio Holders and subject to peer challenge. All budget proposals have been supported by impact assessments which set out the risks and mitigations associated with the delivery of savings.
12. The Finance Scrutiny Committee provides challenge to financial forecasts throughout the year through scrutiny of the in-year financial monitoring reports. Finance Scrutiny Committee will consider the draft budget, including assumptions used to set the budget at the meeting on 10 January 2024 and these comments will be available to Cabinet and Council when considering recommendation and approval of the budget.

## Robustness of Estimates

### Government Funding:

13. 'Uncertainty' has been a recurring theme for local government and local government finance over the last few years as the sector has responded to emerging financial challenges as a result of COVID-19, high inflation and the impact they have had on the economic environment, our residents, and directly on our own budgets. The Local Government Association (LGA) estimates that there is £4 billion funding gap across English Councils over the next two years.
14. In addition to this uncertainty around cost pressures, there has also been uncertainty about the level of funding available from one year to the next as a result of one-year finance settlements.
15. The 2024/25 settlement is the sixth consecutive one-year settlements with 2019/20 being the final year of the last multi year settlement. Over that period, there has been an expectation that funding reform would take place including implementation of a review of relative needs and resources and resetting the base line for accumulated business rate growth. The 2024/25 Local Government Finance Policy Statement issued by the Department for Levelling Up, Housing and Communities (DLUHC) confirmed that government 'remains committed to improving the local government finance landscape in the next Parliament.'
16. The Chair of the Local Government Association (LGA), Cllr Shaun Davies has said that:  
"No council is now immune to the growing risk to their financial sustainability. The Government urgently needs to address the growing financial crisis facing councils and come up with a long-term plan to sufficiently fund local services through multi-year settlements."
17. Given that there will be a general election during 2024/25, it is highly likely that the 2025/26 settlement will also be a one-year settlement as there will not be time for the implementation of meaningful reform with appropriate transition arrangements. However, there is no certainty that the Services Grant, New Homes Bonus, or Funding Guarantee grant streams will remain for 2025/26 or beyond.
18. For the purposes of setting the MTFs, it is assumed that government grant funding will continue in 2025/26 and 2026/27 but at a reduced rate with New Homes Bonus forecast to reduce from £1.238m to £0.450m. This is a prudent position on the basis that:
  - New Homes Bonus is a variable funding stream,
  - there is no commitment to continuing the Funding Guarantee Grant which would otherwise offset reductions in New Homes Bonus,
  - government has previously consulted on ending New Homes Bonus, and
  - there is no clarity on the allocation methodology for a replacement grant stream.

Other areas that require significant estimation or carry inherent risk:

19. Forecasts for commercial investment income are based on known information about lease events and estimates for void periods, market rents and lease incentives. In arriving at these estimates we utilise expert advice from external advisors and consider risk appetite, ensuring that a prudent forecast is set.
20. Capital financing costs are subject to three main variables:
  - delivery of the capital programme,
  - core cash balances, and
  - interest rates
21. The forecast is based on delivery of the capital programme as per the budgeted capital investment programme, core cash balances reducing as reserves and capital contributions are utilised, and PWLB interest rates reducing from 5% to 3.8% over the MTFS. Interest rate forecasts are arrived at utilising forecasts provided by our external Treasury Management Advisors and other market information and projections including the Bank of England Monetary Policy Committee reports.
22. The proposed MTFS is balanced based on the delivery of service redesign savings totalling £1.346m by the end of the MTFS period. The budget includes the creation of a redundancy reserve which will fund the cost of redundancy and enable savings to be delivered to the revenue budget in full without a payback period.
23. In identifying how these savings will be delivered, we will be mindful of the recommendation from the LGC Corporate Peer Challenge that, 'implementation of 2025/26 savings during 2024/25 would further reduce revenue pressures and provide a contingency against unforeseen budget issues.'
24. Whilst there is a risk that the savings target will not be achieved, the governance arrangements that have been put in place will ensure that there is early visibility and enable this risk to be managed.

**Adequacy of Reserves**

25. CIPFA define financial resilience as the ability to respond to changes in delivery or demand without placing the organisation at risk of financial failure. Reserves are critical to a local authority being able to achieve this as they enable authorities to manage one off financial pressures or provide space and time to find effective long term solutions to issues by providing short term funding.
26. The Council holds a General Fund which is set at a risk assessed level of £2.000m across the MTFS to manage unexpected cost pressures. This is 13.7% of the net revenue budget and is sufficient to manage in year overspends across the MTFS accepting that, if drawn upon, the MTFS will have to be replenished in future years.
27. In addition to the General Fund, Watford has a good level of Earmarked Reserves which are forecast to be £28.792m at 31 March 2024 which is 197% of net revenue expenditure for 2024/25.
28. The CIPFA Financial Resilience index identifies the use of reserves as a risk factor. However, depletion of reserves is not of itself an indicator of financial stress provided that the use of reserves is in line with the purpose that the reserves are held for and are available over the time frame required.
29. The MTFS includes planned use of earmarked reserves of £10.123m which is a 35.2% reduction. Of this, £7.453m relates to the Croxley Park Reserve which is forecast to reduce from £11.357m at 31 March 2024 to £3.904m at 31 March 2027. This forecast is in line with the Croxley Park financial

model which currently shows that the reserve will remain at a sufficient level to manage fluctuations in income over the life of the finance lease.

### **Summary Statement**

30. It is my opinion that the budget for 2024/24 has been prepared based on reasonable and prudent estimates and that the level of reserves is sufficient to meet the financial risks that the Council faces.
31. I can therefore confirm that:
  - a) the estimates made for the purposes of the calculation of the Council's budget requirement under Section 32 of the Local Government Finance Act 1992, contained in this report, are robust in the context of information available,  
and
  - b) the financial reserves that will remain available to the Council as a result of agreeing the proposals contained in this budget are adequate to enable the setting of a lawful budget for 2024/25

**Hannah Doney**  
**Chief Finance Officer and Section 151 Officer**

## Revenue Budget Virements for approval by Council

Reference	Budget	Income / Expenditure	In year or permanent?	Amount £	Virement Description
009-2023/24	Place General Funding	Expenditure Income	In Year	598,000 (598,000)	Utilization of the Riverwell Reserve to support short term shortfall in commercial income on a one-off basis.
010-2023/24	Place General Funding	Income Expenditure Income	In Year	(9,714,829) 13,220,364 (3,505,535)	Creation of Budgets for Croxley Business Park
011-2023/24	Strategic Finance Place Corporate, Housing and Wellbeing Democracy and Governance Corporate Strategy and Comms Human Resources	Expenditure	In Year	(779,973) 303,663 274,803 110,981 48,056 42,470	Allocation of Budgets for 2023/24 Pay Award
<b>Total Virement</b>				<b>0</b>	

In year virements apply only to the current financial year.  
Permanent virements create an ongoing budget change.

## Part A

**Report to:** Cabinet

**Date of meeting:** Monday, 15 January 2024

**Report author:** Chief Finance Officer

**Title:** Financial Planning 2024/25 to 2026/27

### 1.0 Summary

1.1 This report sets out the draft Budget for 2024/25 and Medium Term Financial Strategy to 2026/27 for consideration and onward recommendation to Council on 31 January 2024.

1.2 It includes:

- the draft revenue budgets for the period 2024/25 to 2026/27
- the draft capital programme for the period 2023/24 to 2026/27
- the draft Capital Strategy 2024/25 including the Treasury Management Strategy Statement, Prudential Indicators and Minimum Revenue Provision Policy

1.3 The report also includes advice from the Chief Finance Officer and Section 151 Officer on the adequacy of general reserves and balances in the context of the three-year planning horizon 2024/25 to 2026/27.

### 2.0 Risks

2.1 The Finance and Budgetary Risk Register is included within Attachment 1 – Budget Planning Report at appendix 11.

### 3.0 Recommendations

#### **Cabinet is recommended to:**

3.1 Approve an allocation of £1.500m Strategic CIL to pump prime operation and maintenance costs of the Colosseum between 2024/25 and 2029/30

3.2 Delegate to the Chief Finance Officer in consultation with the Portfolio Holder for Property, Resources and Customer Services the ability to amend the budget figures in accordance with decisions taken at the Cabinet meeting on 15 January 2024 and any minor variations that may occur before the Council meeting on 30 January 2024.

**Cabinet recommended to recommend to Council that:**

- 3.3 Council resolves in accordance with the Local Authorities (Calculation of Tax Base) Regulations 1992, the amount calculated by Watford Borough Council as its Council Tax Base for the year 2024/25 is 35,532.1 as outlined in the report.
- 3.4 Council approves the budget (Attachment 1) as laid out in the report, including:
- the revenue budget for 2024/25
  - the Capital Investment Programme 2023/24 to 2026/27
- 3.5 Council approves the Capital Strategy for 2024/25, and delegates to the Chief Finance Officer in consultation with the Portfolio Holder for Property, Resources and Customer Services responsibility for agreeing and maintaining the Treasury Management Strategy Statement. (Attachment 2)
- 3.6 Council agrees to increase the annual Council Tax for a Band D property 2024/25 by 2.99%. This will apply to all other bands.
- 3.7 Council agrees to the creation of a Redundancy Reserve and to rename the Riverwell Project Reserve to Commercial Risk Reserve.
- 3.8 Council notes the key risks identified and approves their proposed mitigations as set out in Appendix 11 to Attachment 1 – Budget Setting Report.
- 3.9 Council notes the advice provided by the Chief Finance Officer on the robustness of estimates and the adequacy of reserves as set out in Appendix 10 to Attachment 1 – Budget Setting Report.
- 3.10 Council notes the indicative budgets for 2025/26 and 2026/27 as set out in Attachment 1 and Attachment 3.

**Further information:**

Hannah Doney  
hannah.doney@watford.gov.uk

**Report approved by:**

Hannah Doney, Chief Finance Officer and Section 151 Officer

**4.0 Detailed proposal**

- 4.1 The detailed proposal is set out in Attachment 1 – Budget Setting Report, Attachment 2 – Capital Investment Strategy, and Attachment 3 – Directorate Budget Book 2024/25 to 2026/27.

## 5.0 Implications

### 5.1 Financial

5.1.1 The Chief Finance Officer comments that the financial implications are set out in Attachment 1 - Budget Setting Report, Attachment 2 - Capital Investment Strategy and Attachment 3 – Directorate Budget Book 2024/25 to 2026/27.

### 5.2 Legal Issues (Monitoring Officer)

5.2.1 The Group Head of Democracy and Governance comments that the council's budget must be approved by full Council and all decisions taken regarding the budget must be by a named recorded vote.

5.2.2 The Local Government Act 1992 requires billing authorities to complete and approve their budgets and set a council tax before 11 March each year, prior to the start of the financial year on 1 April. The budget and Council Tax Requirement for 2024/25 must therefore be agreed by Council by 11 March 2023.

5.2.3 It is a statutory requirement that the Capital Strategy is reviewed annually. The report meets the requirement of CIPFA's Code of Practice on Treasury Management and the CIPFA Prudential Code for Capital Finance in Local Authorities and complies with the Local Government Act 2003.

5.2.4 It is a statutory requirement that the Chief Financial Officers provides a report under Section 25 of the Local Government Act 2003 on the robustness of estimates used in the budget and the sufficiency of the Council's reserves. This is included as Appendix 10 in Attachment 1 – Budget Setting Report.

### 5.3 Equalities, Human Rights and Data Protection

5.3.1 Under s149 (1) of the Equality Act the council must have due regard, in the exercise of its functions, to the need to –

- eliminate discrimination, harassment, victimisation and any other conduct prohibited by the Act
- advance equality of opportunity between persons who share relevant protected characteristics and persons who do not share them
- foster good relations between persons who share relevant protected characteristics and persons who do not share them.



5.3.2 This report provides an overview of Budget proposals and equalities issues will be specifically considered for all changes to services as a result of the budget proposals.

5.3.3 Having had regard to the council's obligations under the General Data Protection Regulation (GDPR) 2018, it is considered that officers are not required to undertake a Data Processing Impact Assessment (DPIA) for this report.

#### 5.4 **Staffing**

5.4.1 Where budget proposals impact on teams or individuals there will be appropriate engagement or consultation in line with best practice. During 2023/24 there have been a series of staff briefings to ensure that staff are aware of the council's budget position.

#### 5.5 **Accommodation**

5.5.1 There are no accommodation implications arising from this report.

#### 5.6 **Community Safety/Crime and Disorder**

5.6.1 Section 17 of the Crime and Disorder Act 1998 requires the council to give due regard to the likely effect of the exercise of its functions on crime and disorder in its area and to do all it reasonably can to prevent these. There are no implications arising from this report.

#### 5.7 **Sustainability**

5.7.1 Sustainability implications are considered within the individual business cases for capital schemes and service changes.

### **Appendices**

- Attachment 1 – Budget Setting Report
- Attachment 2 – Capital Investment Strategy
- Attachment 3 – Directorate Budget Book 2024/25 to 2026/27

## **Background papers**

The following background papers were used in the preparation of this report. If you wish to inspect or take copies of the background papers, please contact the officer named on the front page of the report.

- Budget Report 2023/24 to 2025/26 to Council 31 January 2023
- Treasury Management Mid Term Review to Audit Committee 23 November 2023
- Financial Monitoring Report – Period 8 to Finance Scrutiny Committee 10 January 2024

# **BUDGET SETTING**

**2024/25 to 2026/27**

**Medium Term  
Financial Strategy**



## 1. Executive Summary

- 1.1. The Medium Term Financial Strategy (MTFS) provides Members with information on the overall financial position of the council over the next three years, and brings together the previous budget set by Council in January 2022, the budget monitoring activities carried out during the current year and the latest developments in funding, legislation and cost of service delivery.
- 1.2. Regular budget monitoring reports are presented to Cabinet, Finance Scrutiny Committee and the Corporate Management Board throughout the year. The latest budget monitoring report is available as at the end of November (Period 8).
- 1.3. Each year the council is required to set a realistic, achievable and balanced budget for the forthcoming year and indicative budgets for the medium term. The council defines medium term as the three-year period from the end of the current financial year (1 April 2024 to 31 March 2027).
- 1.4. The reductions in central government funding over the last decade, against a backdrop of increasing demand for services and high inflation, has created a challenging financial environment for local authorities. The Local Government Association (LGA) has stated that councils in England face a £4 billion funding gap over the next two years.
- 1.5. The [LGA statement on the Provisional Local Government Finance Settlement](#) for 2024/25 set out that that the settlement was not sufficient to meet the cost and demand pressures faced by councils and that, 'No council is now immune to the growing risk to their financial sustainability.'
- 1.6. The council has a good track record of delivering services to budget, achieving efficiency savings, generating additional income and minimising service growth in order to continue to provide value for money services to the public and set a balanced budget. This approach has been continued in preparation of the proposed MTFS, which has been guided by an agreed set of principles that help to ensure that budget proposals prioritise Council Plan commitments.
- 1.7. The proposed MTFS for 2024/25 to 2026/27 is set out below and in detail at Appendix 1.

	2024/25	2025/26	2026/27
	£m	£m	£m
<b>Net Expenditure</b>	14.626	14.704	15.209
Funded by:			
Planned Contribution to / (from) General Fund	0.285	0.000	0.000
Business Rates	(3.002)	(3.002)	(3.002)
Government Unringfenced Grant Funding	(1.363)	(0.575)	(0.575)
Deficit on Collection Fund	0.099	0.000	0.000
<b>Council Tax Requirement</b>	<b>10.644</b>	<b>11.127</b>	<b>11.632</b>
<b>Council Tax Calculation:</b>			
Council Tax Base	35,532.10	36,420.00	37,330.50
Council Tax Charge for Band D	£299.55	£305.51	£311.59

- 1.8. The proposed MTFS has been updated to include the latest information on government funding as set out in the Provisional Local Government Settlement, published by the Department for

Levelling Up, Housing and Communities (DLUHC) on 18 December 2023. It also incorporates proposals for investment in services, service efficiencies and income generation and sets aside funding to meet anticipated pay awards over the MTFS period.

- 1.9. Table 1 (on the next page) summarises the changes from the indicative budgets within the current MTFS set in January 2023. Explanations of the changes are set out in the main body of the report and in the detailed appendices.

## 2. Revenue

- 2.1. The table below sets out the changes between the MTFS agreed in January 2023 and the proposed MTFS at Appendix 1. Explanations of the changes are set out in the paragraphs below.

**Table 1 MTFS Changes**

MTFS Changes Summary	2024/25	2025/26	2026/27
	£m	£m	£m
Gap in MTFS at 1 April (approved in January 2023)	0.081	0.510	0.510
<b>Changes to Net Expenditure:</b>			
Growth, Savings & Efficiencies	4.894	2.072	0.871
Changes to Use of Earmarked Reserves	(4.996)	(2.772)	(1.066)
Net changes	(0.103)	(0.700)	(0.194)
<b>Revised gap</b>	<b>(0.022)</b>	<b>(0.190)</b>	<b>0.316</b>
<b>Funding Changes:</b>			
Council tax	0.341	0.104	(0.401)
Business Rates	0.000	0.000	0.000
Collection Fund	0.099	0.000	0.000
Additional Government Funding	(0.703)	0.086	0.086
Total Funding Changes	(0.263)	0.190	(0.315)
Contribution to General Fund	0.285	0.000	0.000
<b>Final gap</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>

- 2.2. The detailed MTFS is provided at Appendix 1. The proposed Net Expenditure budget for the council in 2024/25 is **£14.626m**.
- 2.3. The proposed MTFS is fully balanced, with forecast funding equal to net expenditure after planned use of earmarked reserves. However, as set out below, this is dependent on delivering savings across the MTFS, including some savings which are yet to be identified.

### **Growth, Savings and Efficiencies**

- 2.4. The Year End Financial Monitoring Report 2022/23 and Financial Monitoring Report 2023/24 Quarter 1 identified that there were significant financial pressures facing the council that would continue to impact across the MTFS. These pressures were primarily driven by external factors, including inflationary pressures on pay and contracts and demand for services, including temporary accommodation. These pressures increased the budget gap in the MTFS from £0.081m to £2.000m in 2024/25, rising further to £3.000m by 2026/27 from the original gap of

£0.510m. As a result, an immediate savings target of £2.000m was set for 2024/25 with an expectation that further savings would be required over the MTFs.

- 2.5. A set of budget principles was agreed by Portfolio Holders to help guide the identification of savings to meet this target and was included in the Budget Planning Framework Report to Finance Scrutiny Committee in September 2023.
- 2.6. The budget principles set out that in managing the budget the council will:
- Prioritise our Council Plan commitments when we make financial and budget decisions;
  - Make sure we're doing all we can to cut our costs, reduce expenditure and generate income;
  - Balance the needs of our residents as council taxpayers, with providing the services our communities value most;
  - Ensure charged-for services keep pace with the cost of providing them and that Watford residents always come first when we review charges;
  - Make sure all our contracts are delivering good-value, quality services;
  - Explore different ways of delivering our services that would save money;
  - Minimise the impact of any changes in our services as far as possible;
  - Keep residents informed about our finances and seek views on which services they value, including through our People's Panel, before we make budget decisions;
  - Be open and clear when making budget and service decisions;
  - Keep up to date with any national changes that might impact our finances and be ready to respond if we need to review our budget;
  - Continue to be bold and ambitious for Watford.
- 2.7. The draft budget includes efficiency savings and savings from service changes of £2.238m in 2024/25, rising to £3.080m in 2026/27. Of these, £0.616m is expected to come from Service Redesigns in 2024/25 with the total saving increasing to £1.346m in 2026/27. Service Redesign savings are yet to be fully identified, although a significant portion of the savings for 2024/25 is expected to be achieved through voluntary redundancy. Staff were invited to apply for voluntary redundancy in December and arrangements will be confirmed in early 2024. Services impacted by voluntary redundancy and removal of vacant posts from the establishment will be prioritised in phase 1 of service redesign with remaining services following on.
- 2.8. The growth items included within the revenue budget address the ongoing impact of in year budget pressures in 2023/24.
- 2.9. The Directorate Budget Book at **Attachment 3** sets out the detail of the growth items, savings and efficiencies by service area.
- 2.10. Within the growth items is additional budget of £1.960m across the MTFs to pump prime and maintain the operation of the refurbished Colosseum, which is expected to be completed in Autumn 2024 subject to confirmation of the refurbishment timeline. The total budget required for the initial part year and over the following five full financial years of the contract is £2.499m, after which period the operation is expected to become self-financing, with the potential of delivering income to the council through a profit share mechanism between the council and the appointed operator. The following table sets out the budget profile to 2029/30 which is in line with the operator's business plan for the period:

**Table 2 Colosseum Funding**

2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	Total
£m	£m	£m	£m	£m	£m	£m
0.816	0.694	0.450	0.197	0.172	0.170	2.499

2.11. The refurbished Colosseum will provide cultural infrastructure and it is, therefore, intended to use Strategic Community Infrastructure Levy (CIL) funding to support the pump priming and ongoing maintenance during the early years of its operation. Of this, £1.184m was already agreed to be funded from CIL by Cabinet on 13 March 2023. Cabinet is recommended to agree a further allocation of £1.500m from Strategic CIL to enable the signing of the contract with the operator. This will provide sufficient funding to meet the budget requirement up to 2029/30 and provide a contingency of £0.185m for additional costs.

#### Use of Earmarked Reserves

2.12. The budget includes the use of reserves to manage the timings of cashflows in relation to commercial income and income from the council's joint ventures. Further detail is provided section 4 below and **Appendix 9**.

#### Contribution to General Fund

2.13. The MTFS includes a contribution of £0.285m in 2024/25 to restore the General Fund to the risk assessed level of £2.000m. Further detail is provided in section 4 below and **Appendix 9**.

#### Impact of funding changes and Future Assumptions

2.14. The council receives its income from various sources to fund revenue expenditure on the services it provides. These are subject to fluctuation. The table below shows the adjustments to the budgets for the funding streams over the MTFS. These adjustments amount to a total increase in resources of (£0.389m) over the MTFS.

**Table 3 Changes in Funding Against Budget**

Funding Changes	2024/25 £m	2025/26 £m	2025/26 £m	Over MTFS £m
Business rates	0.000	0.000	0.000	0.000
Council tax	0.341	0.104	(0.401)	0.044
Collection Fund (Surplus) / Deficit	0.099	0.000	0.000	0.099
New Homes Bonus	(0.788)	0.000	0.000	(0.788)
Revenue Support Grant	(0.007)	(0.007)	(0.007)	(0.020)
Services Grant	0.092	0.092	0.092	0.277
<b>Total</b>	<b>(0.263)</b>	<b>0.190</b>	<b>(0.315)</b>	<b>(0.389)</b>

2.15. On 5 December 2023, the Department for Levelling Up, Housing and Communities (DLUHC) issued the 'Local government finance policy statement 2024/25'. This statement built on the policy statement issued in 2023/24 which covered both 2023/24 and 2024/25.

2.16. The policy statement confirmed that the increased flexibility for Council Tax outlined in the Chancellor's Autumn Statement on 17 November 2022, which increased the referenda limit by 1% to 3% or more than £5 (whichever is the greater) for 2023/24, was extended for 2024/25.

- 2.17. It was also confirmed that there would be a new round of New Homes Bonus (NHB) payments in 2024/25 but that this is a one-off allocation and will not attract legacy payments for future years.
- 2.18. The Provisional Local Government Finance Settlement 2024/24 was published on 18 December 2023. This confirmed the approach outlined in the policy statement and provided detailed grant allocations for 2024/25:
- Revenue Support Grant     £0.107m
  - Services Grant               £0.018m
- 2.19. The Provisional Settlement also includes an allocation for New Homes Bonus. However, this figure is subject to change as it based on Council Tax Base figures that have subsequently been revised. The estimated grant, calculated on the revised data, is £1.238m. The budget has been prepared based on this revised calculation.
- 2.20. The Provisional Settlement is subject to consultation, which closes on 15 January 2024 with the final settlement expected in February 2023. Any changes to the grant awarded to the council will be reported through the Year End Monitoring Report which will be presented to Council in July 2024.
- 2.21. The number of properties (known as the Council Tax Base) is calculated by adjusting for banding (so that a total number of Band D properties are known) and the effects of the Local Council Tax Reduction Scheme. The analysis of dwellings in **Appendix 2** for the 2024/25 Council Tax Base results in a figure of **35,532.1** after allowing for the Council Tax Reduction Scheme and a collection rate of 97%. Growth during 2023/24 has been lower than forecast and growth of 3.0% is still required to reach the tax base set for 2023/24. Therefore, there is no change proposed to the Tax Base for 2024/25 from 2023/24. It is currently assumed that the tax base will grow in both 2025/26 and 2026/27 by 2.5%.
- 2.22. The average Band D Council Tax charge for 2024/25 is proposed to be **£299.55**, a 2.99% increase from 2023/24. The MTFS includes an assumption that Council Tax will increase by 1.99% in 2025/26 and 2026/27, although this is indicative and subject to review through the budget setting process for 2025/26.
- 2.23. This Council's Council Tax Requirement for 2024/25 is **£10.644m**.
- 2.24. Further detail on the assumptions within the MTFS is set out the Financial Strategy for 2024/25 at **Appendix 3**.

### **3. Capital Investment Programme**

- 3.1. The Capital Investment Strategy is set out in **Attachment 2**. The purpose of the capital strategy is to set out how the council determines its priorities for capital investment, decides how much it can afford to borrow and sets its risk appetite. The Capital Investment Programme details the schemes that will be delivered to deliver against the capital investment priorities.
- 3.2. The Capital Investment Programme includes three different types of scheme – business as usual (regular improvements and replacement of key council assets such as buildings, vehicles and ICT), major projects, and loans to subsidiaries and joint ventures. Much of the capital



expenditure which relates to major projects and loans will be returned to the council in future years as capital receipts.

- 3.3. The table below reconciles the Capital Investment Programme agreed by Council in January 2023 to the latest proposed capital programme. The proposed capital programme is set out in **Attachment 3 – Directorate Budget Book** at scheme level.

**Table 4 MTFS - Capital Investment Programme**

MTFS - Capital	Forecast	Draft Budget	Draft Budget	Draft Budget	MTFS
	2023/24	2024/25	2025/26	2026/27	Total
	£m	£m	£m	£m	£m
Original Capital Programme as Approved at Council (January 2023)	46.369	14.990	7.662	0.000	69.021
Approved rephasing and budget changes	0.465	4.942	7.292	0.227	12.926
<b>Latest Budget</b>	<b>46.834</b>	<b>19.932</b>	<b>14.954</b>	<b>0.227</b>	<b>81.947</b>
Virements and reprofiling	(10.618)	8.002	0.396	2.221	(0.000)
Savings and delays beyond MTFS period	(3.311)	(5.492)	(5.385)	0.000	(14.188)
<b>Forecast</b>	<b>32.905</b>	<b>22.442</b>	<b>9.965</b>	<b>2.448</b>	<b>67.760</b>
<b>Growth Items</b>					
Corporate, Housing & Wellbeing Place	0.980	1.143	0.030	0.610	2.763
Strategic Finance	0.000	0.000	0.000	0.677	0.677
<b>Total Growth</b>	<b>0.980</b>	<b>10.474</b>	<b>0.545</b>	<b>2.081</b>	<b>14.079</b>
<b>Total Proposed Capital Programme</b>	<b>33.885</b>	<b>32.916</b>	<b>10.510</b>	<b>4.528</b>	<b>81.839</b>

**Funding the Capital Investment Programme**

- 3.4. The council funds its capital programme from its reserves, capital receipts, and capital grants and contributions. Subject to prudential and affordable limits, the council may also borrow to support capital investment. This is subject to the affordability and prudential limits set out at a high level by the Government and in detail by the council in its Capital Strategy (Attachment 3). This borrowing requirement may be raised from external providers, or temporarily met internally from cash the council holds day to day.

**Table 5 Funding the Capital Programme**

Funding Type	2023/24	2024/25	2025/26	2026/27
	Year End Forecast	Proposed Budget	Proposed Budget	Proposed Budget
	£m	£m	£m	£m
Grants & Contributions	1.919	8.613	0.055	0.057
Reserves	0.113	0.194	0.054	-
Capital Receipts	7.602	1.085	-	-
Section 106 & CIL Contributions	2.762	0.600	0.466	0.500
Land Transfer	3.830	5.626	6.900	0.227
Borrowing (Internal and External)	17.659	16.799	3.035	3.744
<b>Total Funding Applied</b>	<b>33.885</b>	<b>32.916</b>	<b>10.510</b>	<b>4.528</b>

- 3.5. The cost of borrowing associated with the delivery of the capital investment programme is included within the revenue budget and is dependent on interest rates and the period over which the borrowing is repaid.

- 3.6. The council’s proposed Prudential Indicators for Capital Finance are set out in **Attachment 2**. The Prudential Indicators provide a framework to ensure that the council’s capital investment plans are prudent and affordable.
- 3.7. When the current capital programme was agreed in January 2023, the Bank of England (BoE) base rate was forecast to peak at 4.5% in May 2023 and then fall to 2.5% by September 2025. As inflation proved more stubborn during the first six months of 2023, the BoE raised base rate higher than forecast to 5.25% in August 2023 and have subsequently maintained that rate. The governor of the BoE has indicated that interest rates will stay higher for longer. The latest forecast from the council’s Treasury Management Advisors expects base rate to fall gradually to 3.0% over the next 24 months to December 2025. The forecast for Public Works Loans Board (PWLB) borrowing is that rates for loans of between five and 10 years will reduce to 3.8% over the same period.
- 3.8. As interest rates have peaked higher and will remain higher for longer than previously forecast, the cost of undertaking capital projects funded by borrowing has increased over the MTFS. Delivery of the Capital Investment Programme as agreed by Council in January 2023 would create significant revenue pressures which would result in needing to identify further revenue savings across the MTFS.
- 3.9. A detailed review of the Capital Programme has been undertaken to ensure that the projections for capital spend are robust, realistic and affordable. This has included looking for opportunities to delay schemes, in some cases beyond the current MTFS period, that are funded by borrowing to a point when interest rates are expected to be lower, resulting in lower costs charged to the revenue budget and reducing the overall project costs. The changes to the capital programme are set out by scheme in **Appendices 4 to 7**.
- 3.10. This approach has protected the revenue budget whilst continuing to deliver significant capital investment over the next three years.

#### **Levelling Up Funding**

- 3.11. On 20 November 2023, the council received notification that it has been provisionally awarded £16.022m of grant funding from Levelling Up Round 3 (LUF3). The announcement set out that, for each project, DLUHC will support local authorities to complete a validation and onboarding process and that until that process is completed all funding announced will remain provisional.
- 3.12. The Council expects the validation and onboarding process to be completed before 31 March 2024, but not before the budget for 2024/25 is set by Council on 30 January 2024.
- 3.13. The council’s bid is formed of two projects: refurbishment of the Colosseum, and creation of an Innovation Hub and accompanying Small Business Grants scheme. For both projects, the council’s bid had a commitment to provide match funding:

**Table 6 LUF Bid Summary**

<b>Project</b>	<b>LUF3 Grant £m</b>	<b>Match Funding £m</b>	<b>Total Project Cost £m</b>
Colosseum	7.787	4.380	12.167
Innovation Hub and Small Business Grants	8.235	4.465	13.100
<b>Total</b>	<b>16.022</b>	<b>8.845</b>	<b>24.867</b>

3.14. The full budget for delivery of Colosseum is already included within the council’s Capital Investment Programme as part of the Town Hall Quarter Programme. It is funded by £2.4m of CIL (agreed in January 2023) and borrowing. However, there is currently no budget for the Innovation Hub and Small Business Grants. Funding for the innovation hub will require a business case, and the council will seek to work with DLUHC to reduce the level of match funding required given the council’s financial position. At present for the MTFS it is proposed that the receipt of £7.787m of grant funding towards the Colosseum will release an equivalent amount of borrowing which will be redeployed to provide the match funding for the Innovation Hub and Small Business Grants and provide an additional contingency across the wider Town Hall Quarter Programme.

3.15. **Appendix 8** sets out the additional budgets required to deliver the projects based on the initial bid. The budgets cannot be incorporated into the Capital Investment Programme until the funding is confirmed. Therefore, Council will be asked to agree a delegation to the Chief Finance Officer in consultation with the Elected Mayor to incorporate the necessary budget changes, as per **Appendix 8**, amended for any changes agreed through the validation and onboarding process, upon confirmation of funding enabling momentum to be maintained on the schemes.

#### 4. General Balances and Earmarked Reserves

4.1. The Council has set aside specific amounts as reserves for future policy purposes and to provide contingency to manage financial risks. The General Balances and Earmarked Reserves Policy Statement 2024/25 is at **Appendix 9** and includes the forecast for the use of reserves over the MTFS.

4.2. The council has two reserves to manage general financial risks. These are the General Fund and the Economic Impact Reserve. It is forecast that the Economic Impact Reserve will be utilised in full in 2023/24 and the General Fund will fall below the risk assessed level of £2.000m. The MTFS includes allocation of £0.285m to return balances to the risk assessed level in 2024/25. This will be achieved by an additional drawdown from the Commercial Risk Reserve in 2024/25.

4.3. The following table sets out the expected movement over the MTFS:

**Table 7 General Fund and Economic Impact Reserve Forecast**

	2023/24	2024/25	2025/26	2026/27
	£m	£m	£m	£m
General Fund Opening Balance	(2.000)	(1.715)	(2.000)	(2.000)
Planned Contributions (to) / from reserves	0.285	(0.285)		
<b>General Fund</b>	<b>(1.715)</b>	<b>(2.000)</b>	<b>(2.000)</b>	<b>(2.000)</b>
Economic Impact Reserve Opening Balance	-0.990	0.000	0.000	0.000
Planned Contributions (to) / from reserves	0.990			
<b>Economic Impact Reserve Closing Balance</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>
<b>Closing Balances</b>	<b>(1.715)</b>	<b>(2.000)</b>	<b>(2.000)</b>	<b>(2.000)</b>

4.4. The council also holds Earmarked Reserves, which are designated to manage specific risks, future one off expenditure or timing differences between grant funding and expenditure. The table below provides a summary of Earmarked Reserve movements over the MTFS.

**Table 8 Earmarked Reserves Summary**

	2023/24	2024/25	2025/26	2026/27
	£m	£m	£m	£m
Opening Balances	(35.065)	(28.792)	(22.791)	(19.961)
Planned Contributions (to) / from reserves	6.273	6.039	2.830	1.254
<b>Closing Balances</b>	<b>(28.792)</b>	<b>(22.752)</b>	<b>(19.923)</b>	<b>(18.669)</b>

- 4.5. It is proposed to create a £1.000m redundancy reserve from the Pension Funding Reserve in 2023/24 to support Service Redesign across the MTFs. The reserve will be used to meet the cost of redundancy, including pension strain costs, which are payable when employees are 55 years of age and over at the point of redundancy.
- 4.6. The Riverwell Project Reserve will be renamed the Commercial Risk Reserve to reflect the purpose of the reserve which is to smooth the impact on the general fund from fluctuations in income from commercial activities and joint ventures. The reserve was originally created from profit distributions from the Riverwell joint venture (Watford Health Campus Partnership LLP).

## 5. Key Risk Areas

- 5.1. The council's budget is exposed to risks that can potentially impact on service level provision and financial stability. Officers have identified some key risks pertinent to the information and forecasts in this paper.

### 5.2. Macroeconomic risks:

- **Inflation**

While inflation fell during the end of 2023 to 3.9% as at November 2023, the impact of two year's sustained high inflation continues to present a risk. A slowing in inflation will reduce future price rises but will not return prices to previous levels meaning that higher prices are baked into expenditure in future years.

- **Interest rates**

The Bank of England (BoE) base rate was raised to 5.25% in August 2023 and has been maintained at that rate. It is expected to decrease over the next 24 months to 3.0% with a corresponding fall in PWLB rates to around 3.8% for durations of five to 10 years. If interest rates do not fall as forecast this will create additional pressure on the council's capital financing revenue budget making new capital investment funded by borrowing unaffordable.

- **Cost of Living and risk of recession**

Economic growth has continued to be slow during 2023. Gross domestic product (GDP), used to measure the health of the economy, contracted by 0.1% between July and September 2023 and was 0% in the previous quarter between April and June 2023. There is a risk that the economy will have entered a technical recession if the economy is found to have contracted between October and December 2023 when data is released in February 2024.

The poor growth during 2023 has contributed to the UK having the sixth weakest growth rate in the G7 when comparing growth from the quarter October to December 2019 to the quarter July to September 2023. UK GDP has growth by 1.4% compared to growth in the US of 7.4%. UK economic growth is expected to remain subdued throughout 2024.

### 5.3. Local Risks:

- **Croxley Park**

The report to council on the purchase of Croxley Business Park outlined the risks the council was taking on as part of the lease arrangement. There is a substantial cash pot that the council has received to mitigate risks around rental shortfalls and planned programmed maintenance. The retention of this pot against these risks was taken into account in the council decision. The council holds two reserves in relation to Croxley Park. The first is the revenue earmarked reserve to manage fluctuations in rental income as a result of voids, which is forecast to be £11.357m at 31 March 2024. The second is the capital reserve to support ongoing capital improvements to the park. This is forecast to be £64.251m at 31 March 2024.

- **Commercial Income**

With all rental properties, there is risk of the property becoming empty and a void period occurring, either when a lease event occurs (such as a break clause or end of lease) or if a tenant defaults or enters administration. The commercial income budget includes additional income from commercial lettings at Inspire at Watford Business Park. A delay to achieving new lettings or unexpected lease events will create a budget pressure.

- **Development risk (changes in the market)**

If the market changes, then some of the development projects planned may not materialise and offer the benefits envisaged and would also impact adversely on some of the council's joint venture partnerships. The council holds the Commercial Risk reserve to mitigate against the risk of reduced income to the council's revenue budget.

- **Housing**

The housing service is demand led. It is likely to see high demand as residents seek support from the council as the cost of living crisis persists into 2024/25. Homelessness Prevention Grant allocations have been confirmed for 2024/25 (£0.656m). The grant allocation methodology includes enhanced transition arrangements to ensure that no authority has a reduction from their core allocation in 2022/23. DLUHC remains committed to a further review of the allocation methodology and there is a risk that funding will reduce from 2025/26 when current transition arrangements end. In addition, the council is dependent on the delivery of social housing through housing developments to enable residents to move on from temporary accommodation. A delay in delivery of new housing stock will create further demand pressures.

- **Service Redesign**

- **s and savings delivery**

The budget includes a savings target to be achieved through service redesign. These savings will have an impact on workforce capacity. This target is £1.346m at the end of the MTFS. Although some of this target will be achieved through voluntary redundancy, there will remain a significant balance that is still to be identified and there is a risk that this saving cannot be achieved or that there is a significant impact on services as a result of delivering the saving.

5.4. The detailed risk matrix is at **Appendix 11**. The council has a risk management framework and strong governance arrangements in place, including the Property Investment Board, Shareholder Board, Audit Committee and Finance Scrutiny Committee which monitor these risks.

## 6. Chief Finance Officer's Statutory Report

- 6.1. Under Section 25 of the Local Government Act 2003, the council's Chief Finance Officer (designated officer under section 151 of the Local Government Act 1972) must report to council on the following matters:
- a. the robustness of the estimates made for the purposes of the calculations, and
  - b. the adequacy of the proposed financial reserves
- 6.2. The Chief Finance Officer's Statutory Report is at **Appendix 10**.


**REPORT PREPARED BY:** Pritesh Shah - Finance Business Partner  
Hannah Doney – Chief Finance Officer and Section 151 Officer

**BACKGROUND PAPERS:**  
2023/24 Financial Monitoring Reports  
2023-26 Financial Planning Report

**APPENDICES:**

Appendix 1	Medium Term Financial Strategy 2024/25 to 2026/27
Appendix 2	Council Tax base and calculation 2024/25
Appendix 3	Financial Strategy 2024/25
Appendix 4	New Capital Schemes
Appendix 5	Capital Virements and Reprofile
Appendix 6	Capital Programme Reductions
Appendix 7	Capital Programme Schemes delayed beyond MTFS Period
Appendix 8	LUF Capital Budgets
Appendix 9	General Balances and Earmarked Reserves Policy Statement 2024/25
Appendix 10	Chief Finance Officer's Statutory Report
Appendix 11	Risk Matrix

## Medium Term Financial Strategy (MTFS) 2024/25 to 2026/2027

 <b>WATFORD BOROUGH COUNCIL</b> BE BOLD	Medium Term Financial Strategy		
	2024/25	2025/26	2026/27
	Draft £m	Draft £m	Draft £m
<b>Current MTFS</b>			
Corporate, Housing & Wellbeing Place	6.030 (0.322)	5.985 (0.514)	
Corporate Strategy & Comms	1.363	1.344	
Democracy & Governance	2.078	2.089	
Human Resources	0.596	0.597	
Strategic Finance	4.984	5.903	
<b>Net cost of services</b>	<b>14.728</b>	<b>15.404</b>	<b>0.000</b>
<b>Financial Planning</b>			
Additional Year			15.404
Salary Changes	0.338	0.301	0.343
Pressures, Growth and Other Variances	2.442	1.814	1.745
Timing of income from Joint Ventures and Croxley Park	4.392	2.755	1.779
Changes to use of Earmarked Reserves	(4.996)	(2.772)	(1.066)
Efficiency Savings and Service Changes	(2.238)	(2.691)	(3.080)
Fees & Charges	(0.294)	(0.358)	(0.358)
Contingency for Pay and Other Inflation	0.253	0.251	0.442
<b>Sub-Total</b>	<b>(0.103)</b>	<b>(0.700)</b>	<b>15.209</b>
<b>Total Net Cost of Services</b>	<b>14.626</b>	<b>14.704</b>	<b>15.209</b>
<b>Proposed MTFS</b>			
Corporate, Housing & Wellbeing Place	7.147 0.235	6.747 (0.214)	6.802 0.112
Corporate Strategy & Comms	1.458	1.425	1.449
Democracy & Governance	2.168	2.162	2.167
Human Resources	0.591	0.556	0.557
Strategic Finance	3.027	4.029	4.122
<b>Net cost of services</b>	<b>14.626</b>	<b>14.704</b>	<b>15.209</b>
<b>Use of Corporate Reserves</b>			
Contribution to General Fund	0.285		
<b>Sub-Total</b>	<b>0.285</b>	<b>0.000</b>	<b>0.000</b>
<b>Funding</b>			
Council Tax	(10.644)	(11.127)	(11.632)
Collection Fund (surplus) / deficit	0.099	0.000	0.000
Business Rates	(3.002)	(3.002)	(3.002)
New Homes Bonus	(1.238)	(0.450)	(0.450)
Additional Government Funding	(0.125)	(0.125)	(0.125)
<b>Sub-Total</b>	<b>(14.911)</b>	<b>(14.704)</b>	<b>(15.209)</b>
<b>Total Funding &amp; Use of Reserves</b>	<b>(14.626)</b>	<b>(14.704)</b>	<b>(15.209)</b>
<b>Council Tax Rate Calculation</b>			
<i>Council tax base</i>	35,532.1	36,420.4	37,330.9
<i>Council tax charge for band D</i>	£ 299.55	£ 305.51	£ 311.59
<i>Council Tax Requirement</i>	10,643,641	11,126,797	11,631,926

Council Tax Base and Calculation 2024/25

WATFORD 2024/25	Properties by Band									
	Band A Disabled	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H	Total
1. Dwellings	0.0	721.0	5,510.0	16,162.0	13,514.0	3,814.0	2,337.0	1,921.0	86.0	44,065.0
2. Demolished	0.0	0.0	0.0	0.0	0.0	1.0	0.0	0.0	0.0	1.0
3. Exemptions	0.0	40.0	133.0	235.0	161.0	56.0	28.0	18.0	1.0	672.0
4. Long Term Empty Premium	0.0	2.0	11.0	27.0	12.0	5.0	0.0	0.0	0.0	57.0
5. Disabled Relief	3.0	20.0	28.0	-17.0	-13.0	1.0	-16.0	-6.0	0.0	0.0
<b>6. Chargeable Dwellings (H)</b>	<b>3.0</b>	<b>702.0</b>	<b>5,410.5</b>	<b>15,923.5</b>	<b>13,346.0</b>	<b>3,760.5</b>	<b>2,293.0</b>	<b>1,897.0</b>	<b>85.0</b>	<b>43,420.5</b>
7. Discounts x 25% SPD	0.0	281.0	2,452.0	5,270.0	3,281.0	719.0	359.0	235.0	5.0	12,602.0
8. Discounts x 25%	0.0	3.0	41.0	166.0	106.0	23.0	17.0	10.0	0.0	366.0
9. Discounts x 50%	0.0	0.0	0.0	3.0	12.0	5.0	4.0	9.0	7.0	40.0
<b>10. Discount Deduction (Q)</b>	<b>0.0</b>	<b>71.0</b>	<b>623.3</b>	<b>1,360.5</b>	<b>852.8</b>	<b>188.0</b>	<b>96.0</b>	<b>65.8</b>	<b>4.8</b>	<b>3,262.0</b>
11. Additions/ Reductions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>12. Total Adjustments (J)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>13. Sub-Total (H-Q+J)</b>	<b>3.0</b>	<b>631.0</b>	<b>4,787.3</b>	<b>14,563.0</b>	<b>12,493.3</b>	<b>3,572.5</b>	<b>2,197.0</b>	<b>1,831.3</b>	<b>80.3</b>	<b>40,158.5</b>
<b>14. Reduction Scheme (Z)</b>	<b>0.0</b>	<b>72.3</b>	<b>911.2</b>	<b>1,750.9</b>	<b>1,069.6</b>	<b>186.7</b>	<b>47.0</b>	<b>15.9</b>	<b>0.0</b>	<b>4,053.5</b>
<b>15. Net Dwellings ((H-Q+J)-Z)</b>	<b>3.0</b>	<b>558.7</b>	<b>3,876.1</b>	<b>12,812.1</b>	<b>11,423.6</b>	<b>3,385.8</b>	<b>2,150.0</b>	<b>1,815.4</b>	<b>80.3</b>	<b>36,105.0</b>
<b>16. Band Proportion (F)</b>	<b>5.0</b>	<b>6.0</b>	<b>7.0</b>	<b>8.0</b>	<b>9.0</b>	<b>11.0</b>	<b>13.0</b>	<b>15.0</b>	<b>18.0</b>	
<b>17. Band D Proportion (G)</b>	<b>9.0</b>	<b>9.0</b>	<b>9.0</b>	<b>9.0</b>	<b>9.0</b>	<b>9.0</b>	<b>9.0</b>	<b>9.0</b>	<b>9.0</b>	
<b>18. Band D Equivalents</b>	<b>1.7</b>	<b>372.5</b>	<b>3,014.7</b>	<b>11,388.6</b>	<b>11,423.6</b>	<b>4,138.2</b>	<b>3,105.6</b>	<b>3,025.6</b>	<b>160.5</b>	<b>36,631.0</b>

Page 184

TAX BASE CALCULATION	
Total Band D Equivalents	36,631.0
Collection Rate	97.00%
Adjusted Band D	<b>35,532.1</b>



## Financial Strategy 2024/25

### Introduction

1. The Financial Strategy sets out the information and assumptions used in preparing the budget for 2024/25 and indicative budgets for 2025/26 and 2026/27:
  - Inflation
  - Tax base growth
  - Council Tax increases
  - Business rate growth
  - Government funding
  - Financial resilience

### Inflation

2. High inflation during 2022 and 2023 has created significant budget pressures in 2023/24 and across the MTFs, primarily visible through pay inflation and contract inflation on the Veolia contract.
3. The latest Bank of England (BoE) [Monetary Policy Committee \(MPC\) Report](#), published on 2 November 2023, reiterated that interest rates would remain high for long enough to get inflation back to the BoE target of 2.0% as measured by 12 month Consumer Price Index (CPI).
4. The BoE forecast indicated that they expect CPI to fall gradually across the MTFs period to below the 2.0% target. The forecast for inflation at the end of quarter 4 for 2023 (December 2023) was 4.6%. CPI for November 2023 was already below this at 3.9%.
5. The Veolia contract is the most significant contract for the Council in terms of budget. The contract includes a provision for annual indexation based on a basket of indices, including the pay award and RPI. The indexation factor is heavily weighted to the pay award which is linked to the National Joint Council (NJC) pay award also paid to Council's staff. The pay award is therefore the biggest driver of inflationary increases across the Council's budgets.
6. Local Government pay is set independently of central government and councils do not receive additional funding from government to meet the cost of a pay award so increases must be found from within existing resources. The majority of councils are part of the NJC for Local Government Services which sets pay nationally. The NJC is comprised of employer and trade union representatives. In setting the pay award, the NJC will take account of the impact of inflation on the real term value of wages.
7. The table below sets out the BoE forecast and the estimates used to prepare the MTFs for pay inflation and contract inflation. It is assumed that pay inflation will fall over the MTFs period in line with the BoE forecast for CPI.

	2024/25	2025/26	2026/27
Bank of England Forecast for Q4	3.4%	2.2%	1.9%
MTFS Pay inflation	4.0%	3.0%	2.0%
MTFS Contract inflation	4.0%	3.0%	2.0%

## Tax base growth

8. The Local Government Finance Act 1992 Section 31B (1) - (the Act), requires a billing authority to calculate a base which it, and the major precepting authorities (Police and County council), can use in the formula for setting their respective council tax charges.
9. Dwellings are banded for the purposes of Council tax with a proportion assigned to each banding relative to the value for band D. The council tax base must be set at the number of band D equivalents. The calculation to arrive at this figure is prescribed within The Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012, Statutory Instrument No 2914/2012.
10. The number of dwellings is also discounted for the expected collection rate. The collection rate was set at 97% for 2023/24. During 2023/24, the collection rate is slightly behind this target at 96.3%. However, additional resource is being put into collection over the remainder of the financial year and is expected to bring this back to target. It is therefore assumed that the collection rate will remain at 97% across the MTFs.
11. The MTFs agreed by Council in January 2023 set a tax base for 2023/24 of 35,532.1. This assumed growth of 4.2% from the 2022/23 tax base. The increase was based on the number of developments under construction or shortly to be in development and were expected to complete by 31 March 2024 which would deliver a 9.1% increase. Further growth of 3.8% was therefore forecast for 2024/25.
12. During 2023/24, completions of new dwellings has been slower than expected. As of September 2023, the actual tax base, adjusted for the collection rate, was 34,490.6. This is 3.0% behind the tax base set for 2023/24. The tax base for 2024/25 will be set at the same level as 2023/24 (35,532.1), recognising that underlying growth of 3.0% is required from September 2023 to achieve this.
13. Growth assumptions for 2025/26 and 2026/27 will be set at 2.5%, effectively reprofiling growth originally forecast for 2024/25 into future years as developments still come forward but at a slower pace as a result of the challenging economic environment and housing market.
14. The lower tax base growth during 2023/24 has also resulted in a forecast deficit on the Council Tax Collection Fund for 2023/24 of which £0.099m is attributable to the Council and will be recovered in 2024/25. Taking a prudent approach to the tax base for 2024/25 will reduce the risk of a further deficit needing to be recovered in 2025/26.
15. The resulting council tax base, after taking accounting of the collection rate is set out in the following table:

	2024/25	2025/26	2026/27
Increase (%)	0.0%	2.5%	2.5%
Increase (number)	0	888.3	910.5
Council Tax Base – Band D equivalents (number)	35,532.1	36,402.4	37,330.9

## Council Tax Increases

16. The [‘Local Government Finance Policy Statement 2024/25’](#), issued by the Department of Levelling Up, Housing and Communities (DLUHC), confirmed that that the increased flexibility for Council Tax outlined in the Chancellor’s Autumn Statement on 17 November 2022, which increased the referenda limit by 1% to 3% or more than £5 (whichever is the greater) for 2023/24, was extended for 2024/25. However, no indication has been given to additional flexibility in future years.
17. It has been assumed that the referenda limit will return to the previous limit of 2% of £5, whichever is the greater, for the remainder of the MTFs period. This is on the basis that inflation is also forecast to reduce and the referenda limit is in place to ‘protect local taxpayers from excessive increases in council tax.’
18. The increase and resulting band D council tax charge is as follows:

	2024/25	2025/26	2026/27
Increase (%)	2.99%	1.99%	1.99%
Increase (£)	£8.70	£5.96	£6.08
Band D Council Tax (£)	£299.55	£305.51	£311.59

## Business rate growth

19. The Autumn Statement on 22 November 2023 confirmed that the small business rating multiplier will be frozen at 49.9p and the standard business rate multiplier will be increased by 6.7% to 54.6p in line with inflation as measured by 12 month CPI in September 2023. Local authorities receive grant income to compensate for the freeze in small business multiplier equivalent to 6.7%.
20. There are no changes to the projected business rate income in the MTFs which already included growth from 2023/24 of £0.278m. If additional business rate income is achieved it is transferred to the business rate collection fund earmarked reserve to manage shortfalls and timing differences in future years.

## Government funding

21. The government has a longstanding commitment to reform local government funding. The Local Government Finance Policy Statement 2024/25 confirmed that the government remains committed to improving the local government finance landscape in the next Parliament. However, the statement also confirmed that the approach to the 2024/25 local government finance settlement would not be fundamentally different to previous years:

*“At the 2023 to 2024 Settlement, we heard calls from the sector for stability. Now is not the time for fundamental reform, for instance implementing the Review of Relative Needs and Resources or a reset of accumulated business rates growth. This continues to be the government’s position.”*

22. The 2023/24 Local Government Finance Settlement introduced the principle that all councils would achieve a minimum increase in Core Spending Power of 3.0% before local decisions about levels of council tax increases. This principle was carried forward into the 2024/25 Provisional Settlement. The calculation assesses the value of the estimated growth in the council tax base (using a

compounded average of the growth over the previous four years) and the value of changes in government grant. Where this is less than a 3% increase on the previous year's core spending power a Funding Guarantee Grant is allocated to bridge the gap.

23. The Council has not been allocated any Funding Guarantee Grant as the Council has already achieved a 3.0% increase in core funding as a result of the draft New Homes Bonus allocation and estimated growth in tax base.
24. The Local Government Finance Policy Statement 2024/25 confirmed that there would be a further round of New Homes Bonus for 2024/25. The calculation methodology has remained the same as in previous years. Councils are rewarded for growth in the tax base, after allowing for the change in the number of properties empty for over six months, and the number of new affordable houses. The estimate for 2024/25 is £1.238m.
25. An estimate of £0.450m is included for future years. There is a risk that New Homes Bonus will not continue to in future years as government has previously consulted on removing the funding stream. However, it is expected that if this grant was removed, it would be replaced by alternative funding or transition arrangements that would protect councils from reductions in Core Spending Power.
26. Revenue Support Grant allocations for 2024/25 are based on 2023/24 allocations uplifted by 6.7%, being the CPI rate in September 2023. The Council's allocation has increased by £0.007m from £0.100m to £0.107m. It is assumed that the Revenue Support Grant will remain at the same level across the MTFS.
27. The total Services grant is derived from the resources available to DLUHC after decisions on all other grants. The overall grant has reduced from £783m in 2023/24 to £77m for 2034/25. As a result, the Council's allocation has significantly reduced from £0.110m to £0.018m. It is assumed that the Services Grant will remain at the same level across the MTFS.
28. During 2023/24 it was confirmed that a new funding stream relating to Extended Producer Responsibility for packaging (pEPR) will not be introduced until October 2025. At this stage it is not clear what the value of this funding will be, although Majesty's Treasury (HMT) and Department for Environment, Food and Rural Affairs (DEFRA) had previously committed to assessing the impact of the income of the relative needs and resources of local authorities in the coming year to factor into the local government finance settlement. The funding will replace recycling credits currently received by lower tier authorities from upper tier authorities which are accounted for within the Environment service. With limited information, it has been assumed that this will be neutral to the Council's overall funding position from 2025/26 onwards.

## Financial Resilience

29. The Chartered Institute of Public Finance and Accountancy (CIPFA) briefing on the importance of financial resilience defines financial resilience as follows:

*In simple terms, this is the ability, from a financial perspective, to respond to changes in delivery or demand without placing the organisation at risk of financial failure. This means having the agility and flexibility to forecast and manage both expenditure and income to meet requirements as they change while delivering a balanced budget.*

30. The briefing identifies the following pillars to support the development of strong financial resilience:
- Strong Governance
  - A robust medium term financial plan
  - Integrated and aligned strategies and plans
  - Effective performance monitoring and reporting
  - Effective ownership and accountability
31. Accompanying the briefing, CIPFA launched the Financial Resilience Index in December 2019. It is a comparative tool intended for use by Chief Financial Officers to support good financial management by showing a Council's position on a range of measures associated with financial risk.
32. The index is updated annually and is compiled using publicly available data, primarily drawn from the 'Revenue Outturn' statutory return submitted annually to the Department for Levelling Up, Housing and Communities (DLUHC) following the end of the financial year. The latest version of the index, due to be released in January 2023, is based on data from the 2022/23 financial year.
33. The index has two headline indicators for financial stress that are relevant to lower tier authorities:
- Reserves
  - Debt and interest payable
34. The index can provide a helpful context for an authority's financial position relative to statistical nearest neighbours and the wider sector. However, local context is extremely important when interpreting the data.
35. The draft index shows that at 31 March 2023, the Council had unallocated reserves equivalent to 13.57% of net revenue expenditure for 2022/23 and earmarked reserves equivalent to 104.57%. The change in earmarked reserves was a reduction of 37.32%. As this is deemed to be higher risk when compared to statistical nearest neighbours. However, 2022/23 included significant adjustments in relation to business rate income through the Business Rate Collection Fund Reserve as a result of COVID-19.
36. The reserve sustainability measure provides a measure of how long in years it will take for a council to run out of their reserves if they continue to use them as they have and is represented as a year figure. The figure for Watford is 5.69 years. This is based on past activity and not on future projections.
37. Gross external debt was £303.069m. This includes external debt in relation to the Croxley Park Finance Lease. The ratio of interest payable to net revenue expenditure was 5.46%.

## New Capital Projects and extensions to Annual Programmes

Project Proposal	Capital Growth			
	Proposed Budget 2023/24 £m	Proposed Budget 2024/25 £m	Proposed Budget 2025/26 £m	Proposed Budget 2026/27 £m
<b>Place</b>				
<b>Environment</b>				
<b>Waste Collection Service Redesign</b>				
One off capital investment is required to achieve ongoing annual revenue savings of £0.115m from the redesign of the waste collection service managed by Veolia.		0.250		
<b>Veolia Vehicle Replacement Programme</b>				
Update to forecast vehicle replacement costs and profile		0.047		0.194
<b>Watford Market</b>				
Creation of annual budget for minor capital works		0.015	0.015	0.015
<b>Litter Bin Replacements</b>				
Creation of annual budget for litter bin replacements		0.005	0.015	0.015
<b>Shrub Replacements</b>				
Additional year added to annual programme				0.005
<b>Property and Asset Management</b>				
<b>Croxley Park Asset</b>				
Capital works required at Croxley Business Park funded from the capital contribution received on acquisition of the asset through a finance lease.		7.399		
<b>Core Investment Portfolio</b>				
To provide capital expenditure for the council's core portfolio of investment properties including refurbishment of vacant premises and upgrade to ensure compliance with Minimum Energy Efficiency regulations.		1.300	0.160	0.200

Project Proposal	Capital Growth			
	Proposed Budget	Proposed Budget	Proposed Budget	Proposed Budget
	2023/24	2024/25	2025/26	2026/27
	£m	£m	£m	£m
<b>Planning, Infrastructure and Economy</b>				
<b>CCTV Equipment</b>		0.015	0.025	0.025
Budget for replacement equipment				
<b>EV Charging Points</b>				0.040
Additional year added to annual programme				
<b>Neighbourhood CIL</b>		0.300	0.300	0.300
Small community grants				
<b>Total Growth Place</b>	-	<b>9.330</b>	<b>0.515</b>	<b>0.794</b>
<b>Corporate, Housing and Wellbeing</b>				
<b>Housing and Wellbeing</b>				
<b>Local Authority Housing Fund</b>	0.980	1.029		
Grant funding to deliver homes for refugees				
<b>Temporary Accommodation</b>		0.085		
Renovations to existing property to increase capacity				
<b>Environmental Health</b>		-		0.100
Decent Homes Assistance - Additional year added				
Private Sector Housing Renewal - Additional year added				0.100
<b>Housing</b>				0.050
Retained Housing Stock - Additional year added				
<b>ICT Annual Programmes</b>				0.330
Additional year added to annual programme				

Project Proposal	Capital Growth			
	Proposed Budget	Proposed Budget	Proposed Budget	Proposed Budget
	2023/24	2024/25	2025/26	2026/27
	£m	£m	£m	£m
<b>Corporate and Customer</b>				
<b>Building Investment Programme</b>				
To provide capital expenditure for the council's core portfolio of properties		0.030	0.030	0.030
<b>Total Growth Corporate, Housing and Wellbeing</b>	<b>0.980</b>	<b>1.143</b>	<b>0.030</b>	<b>0.610</b>
<b>Strategic Finance</b>				
<b>Capitalised Support Services</b>				
Additional year added to annual programme				0.677
<b>Total Strategic Finance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.677</b>
<b>Total Growth</b>	<b>0.980</b>	<b>10.474</b>	<b>0.545</b>	<b>2.081</b>



## Capital Virements and Reprofileing

Directorate	Service Area	Budget	Virement / Reprofileing	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	Total £m	Virement / Reprofileing Description
Corporate Strategy and Comms		Town Boundary Signage	Reprofileing	(0.065)	0.000		0.065	0.000	Delay to scheme implementation
Corporate, Housing and Wellbeing	ICT and Shared Services	ICT-Hardware Replacement Programme	Reprofileing		(0.200)		0.200	0.000	Reprofileing of budget into final year of MTFS
	Customer Experience	Town Hall Refurbishment	Reprofileing	(4.801)	4.801			0.000	Reprofileing based on current delivery programme
		Colosseum Refurbishment	Reprofileing	(2.112)	2.112			0.000	Reprofileing based on current delivery programme
		Annexe Refurbishment		0.039	0.000			0.039	Budget realignment
		Town Hall / Colosseum Fabric Works	Virement	(0.039)	0.000			(0.039)	
	Housing and Wellbeing	Retained Housing Stock	Reprofileing	0.012	(0.012)			0.000	Reprofileing based on current delivery programme

Directorate	Service Area	Budget	Virement / Reprofile	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	Total £m	Virement / Reprofile Description
Place	Planning, Infrastructure and Economy	Wayfinding & Public Art Strategy	Virement	(0.169)			0.269	0.100	Delay to scheme implementation and merger of budgets
		Heritage Trail			(0.100)			(0.100)	
		EV Rapid Charging Points Programme	Reprofil		(0.020)	(0.020)	0.040	0.000	Reprofil based on current delivery programme
		High St Phase 2 (St Mary's)	Reprofil	(0.457)			0.457	0.000	Delay to scheme implementation
		Parades Improvements	Reprofil		(0.100)		0.100	0.000	Reprofil based on current delivery programme
		Parades Improvements		(0.054)				(0.054)	Budget realignment
		Public Realm (Bridle Path Improvements)	Virement	0.054				0.054	
		Lower High Street	Reprofil	(0.100)			0.100	0.000	Delay to scheme implementation
		Green Spaces Strategy			(0.200)			(0.200)	Budget realignment
		St Albans Rd Imp Works (Ph 2)	Virement		0.100	0.100		0.200	
		Public Realm (Clarendon Rd Phase III)	Reprofil	(0.070)	0.070			0.000	Reprofil based on current delivery programme
		Cycle & Road Infrastructure Improvements	Reprofil	(0.416)	(0.200)	0.416	0.200	0.000	Reprofil based on current delivery programme
TTIW Delivery Programme	Reprofil		(0.100)		0.100	0.000	Reprofil based on current delivery programme		

Directorate	Service Area	Budget	Virement / Reprofiling	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	Total £m	Virement / Reprofiling Description	
Property and Asset Management	Community Asset Review		Reprofiling		(0.100)		0.100	0.000	Reprofiling based on current delivery programme	
		Watford Riverwell	Reprofiling	2.457	(1.857)	(0.600)		0.000	Reprofiling based on latest draft Business Plan	
		Surplus Site - Land Acquisition (Site A)		0.140				0.140	Budget realignment	
	Surplus Sites Infill Sites (LEP funded)	Virement			0.300	0.100		0.400		
				(0.540)				(0.540)		
	Environment	Flats - Extension Of Recycling Provision			(0.021)				(0.021)	Budget realignment
			Virement		0.010	0.011		0.021		
		Veolia Capital Improvements								
		Allotment Provision	Reprofiling	(0.050)	0.050			0.000	Reprofiling based on current delivery programme	
		Vicarage Rd - WFC Memorial Area North Watford Cemetery Improvements		(0.060)				(0.060)	Budget realignment	
			Virement			0.060		0.060		
		Watford Market Tree Planting Programme		0.015				0.015	Budget realignment (balance from Capital contingency below)	
				0.000				0.000		
		Cassiobury Park Wetlands		0.019				0.019		
Cassiobury Park Ad Hoc Works		Virement	(0.008)				(0.008)			
Parks - Building Investment		(0.004)				(0.004)				
Tree Planting Programme	Reprofiling	0.022	(0.022)			0.000	Reprofiling based on current delivery programme			
Shrub Replacement (Open Space)	Reprofiling	(0.020)				0.020	0.000	Reprofiling based on current delivery programme		

Directorate	Service Area	Budget	Virement / Reprofilng	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m	Total £m	Virement / Reprofilng Description
Place cont.	Environment cont.	Water Fountains in Green Flag Parks	Reprofilng		(0.020)		0.020	0.000	Reprofilng based on current delivery programme
		Woodside Sports Village	Reprofilng	(0.950)		0.400	0.550	0.000	Reprofilng based on current delivery programme
Strategic Finance		Capital Contingency	Reprofilng	(0.300)	0.300			0.000	Reprofilng based on in year forecast
		Capital Contingency	Virement	(0.022)				(0.022)	Budget realignment
		Land Transfer - Croxley View Phase 3	Reprofilng	(3.130)	3.130			0.000	Reprofilng based on latest draft Business Plan
<b>Total Virements and Reprofilng</b>				<b>(10.618)</b>	<b>8.002</b>	<b>0.396</b>	<b>2.221</b>	<b>0.000</b>	

## Capital Programme Reductions

Budget	2023/24 £m	2024/25 £m	2025/26 £m	Explanation
Watford Riverwell			(4.299)	As per Watford Health Campus Partnership LLP Business Plan
Veolia Contract Fleet Requirements			(0.011)	As per current fleet replacement programme
Flats - Extension Of Recycling Provision	(0.045)			In year saving on capital budget with additional implementation costs met from the revenue budget
Infill Sites (LEP funded)	(0.301)			Rationalisation of budget with Surplus sites
St Albans Rd Imp Works (Ph 2)	(0.011)			In year saving
Paddock Road Depot Enhancements	(0.066)			In year saving
Oxhey Grange-Bowling Gr'N Imps	(0.049)			In year saving
Cassiobury Park Tennis Courts	(0.040)			In year saving
Watford Tennis Partnership	(0.025)			Scheme removed from programme pending full business case
Lea Farm Recreation Improvements	(0.012)			In year saving
Oxhey Park North	(0.041)			In year saving
Footpaths - Cassiobury Park Nature Reserve	(0.096)		(0.100)	Capital budget removed - maintenance funded through revenue
Footpaths - Cassiobury Park	(0.044)		(0.100)	Capital budget removed - maintenance funded through revenue
Water Fountains in Green Flag Parks	(0.025)	(0.005)	(0.025)	Programme reduced from two drinking fountains per year to one drinking fountain per year
Orchard Park Ballproof Fence & Astro turf Wicket		(0.060)		Planned scheme is not viable
Orchard Park & Callowland Cricket Improvements	(0.014)			In year saving
Land Transfer - Rear Of High St	(0.760)			As per Hart Homes Development LLP Business Plan
Land Transfer - Scheme A	(0.605)			As per Hart Homes Development LLP Business Plan
Land Transfer - Scheme B	(0.530)			As per Hart Homes Development LLP Business Plan
	<b>(2.663)</b>	<b>(0.065)</b>	<b>(4.535)</b>	

## Capital Programme Schemes delayed beyond MTFS Period

Budget	2023/24 £m	2024/25 £m	2025/26 £m	Explanation
ICT-Hardware Replacement Programme	(0.100)			Right sizing of budget across MTFS period
Play Area Improvements	(0.085)	(0.055)	(0.075)	Right sizing of budget across MTFS period
Tree Planting Programme		(0.003)	(0.025)	Right sizing of budget across MTFS period
Community Asset Review	(0.055)	(0.050)	(0.400)	Right sizing of budget across MTFS period
Cycle & Road Infrastructure Improvements			(0.250)	Programme will be delivered over an extended period beyond the current MTFS
TTIW Delivery Programme	(0.286)	(0.050)		Right sizing of budget across MTFS period
Parades Improvements	(0.225)		(0.100)	Programme reduced from two parades per year to one parade per year
Woodside Sports Village		(5.269)		Work on the Pavilion delayed to 2026/27 and 2027/28 resulting in some budget moving outside the current MTFS period
	<b>(0.751)</b>	<b>(5.427)</b>	<b>(0.850)</b>	

### Levelling Up Funding – Capital Programme Changes

Budget	2024/25 £m	2025/26 £m	2026/27 £m	Explanation
Innovation Hub	7.735	4.365		Creation of £12.1m budget for delivery of Innovation Hub
Small Business Grants	0.500	0.500		Creation of £1.0m budget for capital grants to small businesses
Additional THQ Programme Contingency	2.922			Programme wide contingency to manage construction price inflation
<b>Total</b>	<b>11.157</b>	<b>4.865</b>	<b>0.000</b>	

## General Balances and Earmarked Reserves Policy Statement 2024/25

### Summary

1. As set out in Part 4 Section 7 of the council's Constitution (paragraph B.15), it is the responsibility of the Chief Finance Officer to advise the Executive and/or the council on the prudent levels of reserves for the council. This policy sets out the council's approach to determining and maintaining the appropriate level of general balances and earmarked reserves held on the Council's balance sheet, as recommended by the Chief Finance Officer.
2. In making these recommendations the Chief Finance Officer is cognisant of their obligations under Section 25 of the Local Government Act 2003 to report to Council on the adequacy of proposed financial reserves when setting the budget.
3. The policy is prepared with reference to the CIPFA Financial Resilience Index and associated guidance 'The importance of financial resilience'.
4. The governance arrangements for the use of earmarked reserves are set out within the Budget and Policy Procedure Rules which form Part 4 Section 4 of the council's Constitution.

### Statutory Position

5. The provisions of the Local Government Finance Act 1992, Section 31, have the effect of obliging a local authority to set a balanced budget, by providing that its forecast expenditure must align with its forecast income. The forecast income may include transfers from the authority's reserves, but this must be specified in the calculations. Similarly, reserves can be used to carry money forward into future years.

### Level of General Balances

6. General Balances are held by the council to mitigate budgetary risk. There is no statutory guidance on the level of balances that should be held by an authority. However, it is considered prudent to maintain a level of balances that is commensurate with financial risk.
7. An annual risk assessment is undertaken by the Chief Finance Officer to establish the appropriate minimum level. For 2024/25 this is recommended to remain at £2.000m. This equates to 13.7% of the council's Net Expenditure budget for 2024/25 and is deemed to be sufficient to manage unexpected financial pressures in 2024/25.
8. In addition, and as set out below, the council holds reserves for specific financial risks which would be drawn upon before General Balances are utilised. The adequacy of these reserves is also considered when the risk assessment is undertaken.
9. Based on the latest financial monitoring position to the end of November 2023, the level of General Balances at 31 March 2024 are forecast to be below the risk assessed level. As the risk assessment provides a minimum level for balances, it is prudent to return balances to this level as quickly as possible in order to ensure that the council remains financially resilient. Therefore, the MTFS includes allocation of £0.285m to return balances to the risk assessed level in 2024/25. This will be achieved by an additional drawdown from the Commercial Risk Reserve in 2024/25.



## Earmarked Reserves

10. The Department for Levelling Up Housing and Communities (DLUHC) prescribe the following five options for the categorisation of earmarked reserves:

- Budget Stabilisation
- Planned future revenue and capital spending
- Specific risks
- Contractual Commitments
- Other

11. The following paragraphs set out the categorisation of the Earmarked Reserves established by the council and their purpose. The net reduction in Earmarked Reserves across the MTFS is £9.838m. A breakdown of the forecast movement on Earmarked Reserves is set out at the end of this Policy Statement.

### 12. Budget Stabilisation

- **Economic Impact Reserve**

The economic impact reserve was created to manage the impact of economic downturn. It is forecast to be zero at the end of 2023/24, with the balance utilised in full to manage the impact of inflationary pressures in year. There are no planned contributions to the reserve over the MTFS period.

- **Collection Fund**

This reserve is held to manage fluctuations in Business Rate income that the council receives and the timing of the receipt of government grant which is sometimes paid a year in advance.

### 13. Planned future revenue and capital spending

- **Grants and Contribution Reserve**

This reserve is used to carry forward ring fenced government grant funding for use in future years. Ring fenced grants should be used for a specified purpose as set out in the grant conditions. Unringfenced grants form part of general balances.

- **Car Parking Zones**

Under Section 55 of the Road Traffic Regulation Act 1984, local authorities are required to keep a separate account of their income from on-street charges and on and off street parking enforcement. If there is a deficit in year this must be met from the general fund, however, surpluses can be carried forward through a reserve. The Car Parking Zones reserve must be used in accordance with the provisions in the Act. Permitted expenditure includes the provisions and maintenance of off street parking, the provision / operation of public passenger transport services, highways or road improvement projects.

- **Sustainability Reserve**

This reserve is being utilised over the MTFS to support within the approved Watford's Environmental Strategy: Addressing the Climate and Ecological Emergency to create a better and more sustainable environment.

- **Renewal Recovery Fund**

The Renewal Recovery Fund was created during 2020/21 to help manage the impact of the COVID-19 pandemic. As agreed in the budget for 2023/24, the balance of this reserve is being used across the MTFS to offset the reduction in income from the leisure management contract.

- **Crematorium**  
This reserve is held to fund repairs and maintenance for the crematorium or to manage the impact of reductions to the annual dividend payable by the Joint Committee. The council budgets for a £0.050m annual dividend.
- **Leisure Structured Maintenance**  
This reserve is held to manage unforeseen maintenance that is not covered by the leisure management contract.
- **Local Development Framework**  
This reserve was created to support the development and inspection of the council's Local Plan.
- **Multi-Storey Car Park Repair**  
This reserve is set aside to fund major structural repairs in relation to multi storey car parks.
- **Housing Planning Delivery Grant**  
This reserve is used to hold funding provided to improve planning outcomes and the delivery of housing.
- **Rent Deposit Guarantee Scheme**  
This reserve is set aside to assist in providing homelessness accommodation. The reserve is forecast to be fully utilised in 2023/24.
- **Pension Funding**  
This reserve is used to support the payment of the pension fund deficit. An annual drawdown of £0.200m is budgeted to part fund the past service cost lump sum payment to the pension fund. It is proposed to create a new Redundancy Reserve to support Service Redesign by transferring £1.000m from this reserve in 2023/24.

#### 14. Specific risks

- **Commercial Risk Reserve (formerly Riverwell Project)**  
This reserve is used to smooth the impact on the general fund of fluctuations in income from commercial activities and joint ventures.
- **Croxley Park Reserve (Revenue)**  
On acquisition of the Croxley Business Park, through a finance lease arrangement, the council received a sinking fund of £24.000m to manage the timing of the recognition of rental receipts and smooth the impact on the council's General Fund. The forecast balance at 31 March 2024 is £11.357m. In addition, the council holds a capital contribution of £64.251m (forecast balance at 31 March 2024) to meet the costs of Planned Preventive Maintenance (PPM) and capital improvements which will be utilised over the life of the lease. The adequacy of these reserves is kept under review and reported to the council's Property Investment Board.
- **Housing Benefit Subsidy**  
This reserve is held in the event that the Department for Work and Pensions claw back funds following the annual reconciliation process.
- **Redundancy Reserve (New Reserve)**  
It is proposed to create a £1.000m redundancy reserve from the Pension Funding Reserve in 2023/24 to support Service Redesign across the MTFs. The reserve will be used to meet the cost of redundancy including pension strain costs, which are payable when employees are 55 years of age and over at the point of redundancy. Redundancy costs must be recognised in the financial period when the decision is made and not when an individual leaves the organisation. This means that redundancy costs are incurred before savings are achieved.

## Revenue Earmarked Reserves and Corporate Reserves Forecast

Description	2023/24			2024/25		2025/26		2026/27		
	Balance at 1 April £m	Agreed Use of Reserves £m	Forecast Variations £m	Balance at 31 March £m	Planned Use of Reserves £m	Balance at 31 March £m	Planned Use of Reserves £m	Balance at 31 March £m	Planned Use of Reserves £m	Balance at 31 March £m
<b>Earmarked Reserves</b>										
Car Parking Zones	(0.331)	0.119		(0.212)	0.121	(0.091)	0.091	(0.000)	(0.009)	(0.009)
Collection Fund	(6.317)			(6.317)		(6.317)		(6.317)		(6.317)
Crematorium	(0.150)			(0.150)		(0.150)		(0.150)		(0.150)
Housing Benefit Subsidy	(1.606)			(1.606)		(1.606)		(1.606)		(1.606)
Housing Planning Delivery Grant	(0.266)			(0.266)		(0.266)		(0.266)		(0.266)
Leisure Structured Maintenance	(0.057)			(0.057)		(0.057)		(0.057)		(0.057)
Local Development Framework	(0.178)			(0.178)		(0.178)		(0.178)		(0.178)
Multi-Storey Car Park Repair	(0.181)			(0.181)		(0.181)		(0.181)		(0.181)
Pension Funding	(2.248)	0.600	1.000	(0.648)	0.200	(0.448)	0.200	(0.248)	0.200	(0.048)
Grants and Contribution Reserve	(1.177)	0.478		(0.699)		(0.699)		(0.699)		(0.699)
Rent Deposit Guarantee Scheme	(0.100)	0.100		0.000		0.000		0.000		0.000
Riverwell Project	(6.522)	0.228	0.598	(5.696)	0.355	(5.341)	0.236	(5.105)	1.170	(3.935)
Sustainability Reserve	(0.500)	0.143		(0.357)	0.038	(0.319)		(0.319)		(0.319)
Croxley Park General Reserve	(14.864)	0.000	3.507	(11.357)	5.257	(6.100)	2.303	(3.797)	(0.107)	(3.904)
Renewal Recovery Fund	(0.568)	0.500		(0.068)	0.068	0.000		0.000		0.000
Redundancy Reserve	0.000		(1.000)	(1.000)	0.000	(1.000)		(1.000)		(1.000)
<b>Total Earmarked Reserves</b>	<b>(35.065)</b>	<b>2.168</b>	<b>4.105</b>	<b>(28.792)</b>	<b>6.039</b>	<b>(22.752)</b>	<b>2.830</b>	<b>(19.923)</b>	<b>1.254</b>	<b>(18.669)</b>
<b>Corporate Reserves</b>										
Economic Impact Reserve	(0.990)		0.990	0.000		0.000		0.000		0.000
General Fund Working Balance	(2.000)	0.069	0.216	(1.715)	(0.285)	(2.000)		(2.000)		(2.000)
<b>Total Corporate Reserves</b>	<b>(2.990)</b>	<b>0.069</b>	<b>1.206</b>	<b>(1.715)</b>	<b>(0.285)</b>	<b>(2.000)</b>	<b>0.000</b>	<b>(2.000)</b>	<b>0.000</b>	<b>(2.000)</b>
<b>Total Revenue Reserves</b>	<b>(38.055)</b>	<b>2.237</b>	<b>5.311</b>	<b>(30.507)</b>	<b>5.754</b>	<b>(24.752)</b>	<b>2.830</b>	<b>(21.923)</b>	<b>1.254</b>	<b>(20.669)</b>



**WATFORD  
BOROUGH  
COUNCIL**

# **FINANCE SCRUTINY COMMITTEE**

**10 January 2024**

**7.00 pm**

**Annexe, Town Hall, Watford**

**Contact**

Ian Smith

[democraticservices@watford.gov.uk](mailto:democraticservices@watford.gov.uk)

01923 278323

For information about attending meetings please visit the [council's website](#).

**Publication date: 2 January 2024**

# Committee Membership

Councillor A Khan (Chair)

Councillor P Kloss (Vice-Chair)

Councillors K Clarke-Taylor, S Johnson, R Martins, L Nembhard, D Walford, D Watling and R Wenham

## Agenda

### Part A - Open to the Public

**5. Financial Planning 2024/25 to 2026/27 (Pages 3 - 6)**

Report of the Chief Finance Officer

# Finance and Budgetary Risk Register

Ref	Risk Categories	Risk description	Cause	Consequence	Response	ORIGINAL RISK ASSESSMENT			Action agreed to respond / mitigate / control	Status	Date raised	Raised by	Risk Owner	CURRENT RISK ASSESSMENT			Action Taken
						Likelihood 1-4	Severity 1-4	Risk Score						Likelihood 1-4	Severity 1-4	Risk Score	
Corp 7		Council budget is not sufficient to undertake all services and projects desired / required	Inflation, inaccurate calculation of fees and changes, ambition for projects outstrips budget, business cases fail to adequately capture financial risks, reduced funding	Council general balances fall below the risk assessed level and the Council is unable to deliver commitments set out in the Corporate Delivery Plan.	Treat	3	4	12	Action taken to mitigate overspend in the current year and a robust budget planning process that captures pressures, savings and prioritisation of resources including within the capital programme.	Open	05/07/21	Hannah Doney, Chief Finance Officer	Hannah Doney, Chief Finance Officer	3	4	12	The budget and MTFS proposed to Council on 30 January sets a balanced budget for 2024/25 and a clear strategy for bringing the budget into balance across the MTFS.
7		Revenue balances insufficient to meet estimate pay award increases	Negotiated pay award is higher than budgeted	In year and MTFS budget pressure	Treat	3	4	12	The medium term planning period takes into account the pay increases for the period - The Council's 3 year Medium term Financial Strategy includes forecast pay awards for the next	Open	05-Jul-21	Chief Finance Officer	Hannah Doney	3	3	9	The Council's 3 year Medium Term Financial Strategy (MTFS) includes forecast pay awards for the next three years linked to inflation forecasts. The final award for 23/24 has now been confirmed and the pressure has been managed in year through use of reserves.
9		Revenue balances insufficient to meet other inflationary increases	Other than contractual agreements, budgets have been cash limited where possible.	In year and MTFS budget pressure	Treat	3	4	12	Other than contractual agreements, budgets have been cash limited where possible.	Open		Chief Finance Officer	Hannah Doney	3	3	9	The budget planning process for 2024/25 onwards will address the ongoing impact of high inflation on contract costs during 2022/23 and 2023/24.
10		Interest rates resulting in significant variations in estimated interest income and interest payable.	The volatility of the global economy	In year and MTFS budget pressure	Treat	3	3	9	The Council's Treasury Management Strategy Statement enables officers to take prudent investment and borrowing decisions that reduce the cost of carry and minimise	Open	05-Jul-21	Chief Finance Officer	Hannah Doney	3	2	6	The Council has divested from investment in Strategic Pooled Funds (accumulating asset class) in order to maximise the cash available for internal borrowing. In the short term this will also increase investment returns as the cash will generate interest income from short term investments.
11		Inaccurate estimate of fees and charges income	Additional or reduction in demand	Increasing income or reduction in income causing an in year budget pressure	Treat	3	3	9	Key income streams monitored and reported in the Financial Monitoring Reports	Open	05-Jul-21	Chief Finance Officer	Hannah Doney	3	3	9	Economic environment continues to create pressure on income from discretionary services such as planning and building control. This is reported in the financial monitoring report and being addressed through the budget planning process.
Page 206		Revenue balances insufficient to meet loss of partial exemption for VAT	If the council's expenditure on functions for which it receives income that is exempt for VAT purposes exceeds 5% of its total taxable expenditure, then the Council may lose its ability to recover VAT on all of its exempt inputs.	In year and MTFS budget pressure	Treat	3	2	6	The partial exemption calculation is completed annually. The council review its PE when projects involve exempt tax and may need to opt to tax to avoid unnecessary budget implications. The Council has a contract with specialist IA	Open	05-Jul-21	Chief Finance Officer	Hannah Doney	1	4	4	The Council continues to monitor the partial exemption calculation and opts to tax where necessary, particularly on significant land transactions.
13		Major emergency	Major emergency requires funds beyond Bellwin scheme and causes serious drain on balances	In year budget pressure	Treat	1	4	4	Reserves could be utilised to manage one off costs.	Open	05-Jul-21	Chief Finance Officer	Hannah Doney	1	2	2	
14		The estimated cost reductions and additional income gains are not achieved	Delay in project, demand changes and increase in resources	In year and MTFS budget pressure	Treat	3	2	6	Reserves could be utilised to manage impact on the budget on a short term basis whilst alternative cost reductions are delivered.	Open	05-Jul-21	Chief Finance Officer	Hannah Doney	2	2	4	The delivery of savings and income generation is monitored and report to Corporate Management Board and to members through the Financial Monitoring Report.
15		The income received from commercial rents decreases	Property becomes void or is disposed of	In year and MTFS budget pressure	Treat	4	4	16	The rental income received from the Council's property portfolio is a significant proportion of the total income the Council receives. This is regularly monitored. The Council holds the Riverwell Reserve to manage the risk around commercial income.	Open	05-Jul-21	Chief Finance Officer	Hannah Doney	4	3	12	The wider economic environment and changes to working practices post COVID 19 mean that commercial income remains a key risk area, as evidenced by tenants recently entering administration. The Council's management of the commercial investment portfolio is supported by LSH and closely monitored by the Property Investment Board (PIB).
16		The Council is faced with potential litigation and other employment related risks	Various	increase costs	Treat	3	2	6	Increase use of reserves	Open		Chief Finance Officer	Hannah Doney	3	1	3	This is an inherent risk.
18		The amount of government grant is adversely affected	Lower allocation within Local Government Finance Settlement	MTFS budget pressure	Treat	4	3	12	The MTFS includes a prudent forecast for grant funding.	Open	05-Jul-21	Chief Finance Officer	Hannah Doney	2	3	6	A prudent forecast is made for future years in the absence of a multi year local government finance settlement.

Ref	Risk Categories	Risk description	Cause	Consequence	Response	ORIGINAL RISK ASSESSMENT			Action agreed to respond / mitigate / control	Status	Date raised	Raised by	Risk Owner	CURRENT RISK ASSESSMENT			Action Taken
						Likelihood 1-4	Severity 1-4	Risk Score						Likelihood 1-4	Severity 1-4	Risk Score	
19		Fluctuations in Business Rates Retention	Changes to legislation	Increasing income or reduction in income causing an in year budget pressure	Treat	2	2	4	The Council is legally obliged to cover the first 7.5% loss on its predetermined baseline level. From April 2020 the system was due to be subject to reset and increase to 75% retention.	Open	05-Jul-21	Chief Finance Officer	Hannah Doney	2	2	4	Reset is now postponed until at least 2025/26.
21		Loss of Key Personnel	Staff leave for promotion/retire	As the Council becomes more complex in its financial arrangements, key skills become more important.	Treat	3	4	12	Improve depth of skills and knowledge. Bring in temporary additional resources as necessary.	open	05-Jul-21	Chief Finance Officer	Hannah Doney	1	3	3	Following a revision of job descriptions, minor amendments to the structure, and a successful recruitment campaign during 2022/23, the Finance team is currently fully staffed. All staff have an annual Personal Development Review which contains smart objectives including objectives related to career development and identification of training needs.

# Watford Borough Council

## Capital Strategy

2024/25





## 1. Introduction

- 1.1 The purpose of the capital strategy (the Strategy) is to set out a clear and concise view of how the council determines its priorities for capital investment, decides how much it can afford to borrow and sets its risk appetite. It is intended to give a high level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services along with an overview of how associated risk is managed and the implications for future financial sustainability.
- 1.2 The framework the government uses to control how much councils can afford to spend on capital investment is known as the Prudential Framework. The objectives of the Prudential Code, which sets out how this framework is to be applied, are to ensure that local authorities' capital investment plans are:
- affordable, prudent and sustainable;
  - that treasury management decisions are taken in accordance with good professional practice; and
  - that local strategic planning, asset management planning and proper option appraisal are supported.
- 1.3 This capital strategy sets out how Watford Borough Council will achieve the objectives set out above. It is supported by the following policies which are included as appendices to the strategy:

Appendix 1: Treasury Management Strategy Statement

Appendix 2: Property Investment Strategy

Appendix 3: Minimum Revenue Provision Policy

## 2. Capital Investment Programme

### Capital Investment Programme - Expenditure

- 2.1 Capital Investment is the term used to cover all expenditure by the council that can be classified as capital under legislation and proper accounting practice. This includes expenditure on:
- property, plant and equipment,
  - intangible assets,
  - heritage assets,
  - investment properties, and
  - loans to subsidiaries and joint ventures.
- 2.2 Property plant and equipment includes assets that have physical substance and are held for use in the production or supply of goods and services, for rental to others, or for administrative purposes. They are expected to be used during more than one financial year. Expenditure on the acquisition, creation or enhancement of these assets is capitalised on an accruals basis, provided that the Council is likely to benefit from the future economic benefits or service potential and the cost of the item can be measured reliably. Expenditure on repairs and maintenance is charged to the revenue account when it is incurred.

- 2.3 Intangible assets are assets that are not physical in nature but still deliver value to the organisation over a period of time such as ICT software.
- 2.4 Heritage Assets are held with the objective of increasing knowledge, understanding and the appreciation of the Council's history and local area.
- 2.5 Investment properties are those that are used solely to earn rentals and/or for increases in value. The definition is not met if the property is used in any way for the delivery of services or production of goods or is held for sale.
- 2.6 The Council does not capitalise borrowing costs for assets under construction with the exception of development undertaken by joint ventures. The council has a number of joint ventures for development where borrowing costs in relation to assets under construction are routinely capitalised and repaid from the proceeds of sale.
- 2.7 Detailed accounting policies in relation to assets and capital expenditure may be found in the annual statement of accounts.
- 2.8 A summary of the proposed capital programme is set in the table below. New major schemes will be subject to individual business cases, including identification of resources and an assessment of affordability. A detailed breakdown of the Capital Programme is set out in Attachment 3 Directorate Budget Book 2024/25 to 2026/27. The monitoring of the capital investment programme is reported to the Budget Report and reported on a quarterly basis to Finance Scrutiny Committee and Cabinet.

Capital Investment Programme	Actual Investment 2022/23	Forecast Year End 2023/24	Proposed Budget 2024/25	Proposed Budget 2025/26	Proposed Budget 2026/27
	£m	£m	£m	£m	£m
Corporate, Housing & Wellbeing Place	10.615	10.762	12.041	1.202	0.810
Corporate Strategy & Comms	12.610	21.936	17.068	8.631	2.977
Strategic Finance	-	-	-	-	0.065
<b>Total Capital Investment</b>	<b>10.132</b>	<b>1.188</b>	<b>3.807</b>	<b>0.677</b>	<b>0.677</b>
	<b>33.356</b>	<b>33.885</b>	<b>32.916</b>	<b>10.510</b>	<b>4.528</b>

#### Capital Investment Programme - Funding

- 2.9 The Capital Investment Programme can be funded from the following sources:
- 2.10 Government Grants & Other Contributions: These are grants for specific purposes which may be available from the Government, e.g. Disabled Facility Grants. The Council can also attract partnership funding from other local authorities and agencies e.g. Local Enterprise

Partnership (LEP). The Council has also benefited in the past from other funding such as lottery grants.

- 2.11 Section 106 Contributions and Community Infrastructure Levy: These are contributions from developers secured through the planning process to the public services, amenities and infrastructure required for the development.
- 2.12 Capital Receipts: Capital receipts are derived when selling assets such as land.
- 2.13 Revenue Contributions: Revenue balances from the General Fund may be used to directly fund capital expenditure.
- 2.14 Capital Expenditure Reserves: The Council has reserves which it has put aside for capital expenditure.
- 2.15 Borrowing: The Council is allowed to borrow to support its capital expenditure as long as this is prudent, sustainable, and affordable.
- 2.16 The capital programme includes an assessment of likely available resources to finance capital expenditure. The funding for the latest capital programme is set out in the table below:

<b>Funding Type</b>	<b>2022/23 Actual Funding £m</b>	<b>2023/24 Year End Forecast £m</b>	<b>2024/25 Proposed Budget £m</b>	<b>2025/26 Proposed Budget £m</b>	<b>2026/27 Proposed Budget £m</b>
Grants & Contributions	8.305	1.919	8.613	0.055	0.057
Reserves	0.008	0.113	0.194	0.054	-
Capital Receipts	2.487	7.602	1.085	-	-
Section 106 & CIL Contributions	0.464	2.762	0.600	0.466	0.500
Land Transfer	-	3.830	5.626	6.900	0.227
Borrowing (Internal and External)	22.094	17.659	16.799	3.035	3.744
<b>Total Funding Applied</b>	<b>33.356</b>	<b>33.885</b>	<b>32.916</b>	<b>10.510</b>	<b>4.528</b>

### **Property investment**

- 2.17 Lambert Smith Hampton (LSH) were commissioned by the Council in 2014 to undertake a strategic property review. The outcome of this process was reported to the March 2015 Cabinet which resulted in a number of decisions on the general aims of the Council, including establishing a Property Investment Board.
- 2.18 The overarching Property Investment Strategy is included at Appendix 2. The strategy objectives have been updated to reflect the latest PWLB lending terms and conditions (revised November 2020) and PWLB Guidance (issued August 2021). The primary aim of the revision to the terms and conditions was to prevent the use of PWLB borrowing to finance investments made on a debt for yield basis; specifically the purchase of investment assets. Access to the PWLB will be restricted for authorities planning to acquire investment assets in the current or following three years, including active portfolio management where the acquisition of a new asset is funded by the sale of an existing asset. However, the Prudential

Code for Capital Finance confirms that authorities with commercial property may continue to invest in the repair, renewal and updating of their existing commercial properties. Authorities can also continue to invest in regeneration projects within their local area.

- 2.19 The Portfolio Holder for Property Resources and Customer Service has delegated powers to agree to acquisitions and disposals up to £10,000,000 and the Executive Director of Place and Associate Director for Property and Asset Management and Property Team Manager (investment assets) have delegated powers to agree to acquisitions and disposals up to £3,000,000. Both of these subject to a full written business case being prepared and signed off by Finance and Legal and the acquisition/disposal being in line with the Property Investment Board Investment Strategy.

### **Other investments**

- 2.20 Watford Borough Council has established a commercial trading company, Watford Commercial Services Ltd, of which it has 100% ownership. At present the only activity carried out through the company is Watford's investment in Hart Homes Development LLP, of which it has a 50% share. This is a joint venture with Watford Community Housing, set up to deliver housing development within the area. In addition, Watford Borough Council has a direct 50% share in Hart Homes (Watford) Ltd which was set up for the ongoing management of rental properties developed by Hart Homes Development LLP.
- 2.21 Watford Borough Council has set up a Local Asset Backed Vehicle (LABV) (the Watford Health Campus Partnership LLP) with Kier to develop Watford Health Campus, known as Watford Riverwell. Under the LABV model, the public sector transfers land and funding when required into the partnership and the private sector matches the value of the public sector assets to deliver the joint venture's objectives, empowering the joint venture (by way of land and money) to deliver the regeneration and transformation activities agreed between the parties.
- 2.22 In July 2019, the Council acquired Croxley Park (a local business park) through a finance lease. Under proper accounting practice for finance lease arrangements, both the asset and lease liability are recognised on the Council's balance sheet. The finance lease is a debt instrument and forms part of the Council's total external debt. The external debt in relation to the finance lease is disclosed separately within the Council's authorised limit and operational boundary for borrowing to distinguish this from external borrowing in the form of loans.
- 2.23 All investment activity in relation to other investments is managed through the capital programme and revenue budget process. The activity of the joint ventures, investments in partnerships and companies is included within the Group Accounts which are prepared as part of the Annual Statement of Accounts.

### **Future Investment**

- 2.24 Future Investment Schemes will be assessed on the basis of a full business case which will include full resourcing for the project and an assessment of affordability. Priority areas for future capital investment are:
- Schemes through the joint ventures that generate a surplus and increase the supply of housing locally.

- Schemes that generate revenue budget savings or income.
- Schemes that allow the council to benefit from future economic regeneration potential within the local area.

2.25 The Council will continue to seek opportunities to work in partnership with others to promote economic development and the provision of housing within Watford's wider economic area. This will include continuing to work with current partners including Kier for the Riverwell project and Watford Community Housing as the main local registered social provider.

2.26 Where appropriate, the Council will utilise Watford Commercial Services Ltd to allow it to work more closely with providers and exploit future commercial opportunities.

### 3. Treasury Management

3.1 The Council is required to operate a balanced budget over the medium term which, after allowing for contributions to and from reserves, broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low risk counterparties or instruments commensurate with the Council's low risk appetite, providing the requisite liquidity before considering investment return.

3.2 The Treasury Management Strategy Statement (Appendix 1), details the policies, practices, objectives and approaches to risk management of its treasury management activities, which is to be monitored by the Audit Committee. The Council's investment strategy's primary objectives are safeguarding the repayment of the principal and interest of its investments on time, and then ensuring adequate liquidity, with the investment return being the final objective. The strategy allows the Chief Finance Officer, in consultation with the Portfolio Holder for Property, Resources and Customer Service, the delegated authority to approve any variation to the Treasury Management Strategy during the year with the objective of maximising the Council's returns without significantly increasing risk. This could include use of other investment instruments such as Government bonds or Gilts.

3.3 The Council's Treasury Management advisors, Link Group have provided the following interest rate forecast for the medium term:

Link Group Interest Rate View 07.11.23													
	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26
<b>BANK RATE</b>	5.25	5.25	5.25	5.00	4.50	4.00	3.50	3.25	3.00	3.00	3.00	3.00	3.00
3 month ave earnings	5.30	5.30	5.30	5.00	4.50	4.00	3.50	3.30	3.00	3.00	3.00	3.00	3.00
6 month ave earnings	5.60	5.50	5.40	5.10	4.60	4.10	3.60	3.40	3.10	3.10	3.10	3.10	3.10
12 month ave earnings	5.80	5.70	5.50	5.20	4.70	4.20	3.70	3.50	3.30	3.30	3.30	3.30	3.30
5 yr PWLB	5.00	4.90	4.80	4.70	4.40	4.20	4.00	3.80	3.70	3.60	3.50	3.50	3.50
10 yr PWLB	5.10	5.00	4.80	4.70	4.40	4.20	4.00	3.80	3.70	3.70	3.60	3.60	3.50
25 yr PWLB	5.50	5.30	5.10	4.90	4.70	4.50	4.30	4.20	4.10	4.10	4.00	4.00	4.00
50 yr PWLB	5.30	5.10	4.90	4.70	4.50	4.30	4.10	4.00	3.90	3.90	3.80	3.80	3.80

#### 4. Prudential Indicators

- 4.1 All local authorities are required to set prudential indicators for the forthcoming year and following years before the beginning of the forthcoming year. The indicators must be set by full Council.
- 4.2 The prudential indicators fall into two main categories of 'Prudence' and 'Affordability'. The indicators for Prudence are further separated between those relating to the Council's capital expenditure plans and those relating to levels of external debt.

##### Prudence – Capital Expenditure

- 4.3 The table below sets out the Council's estimates of capital expenditure over the medium term financial planning period and the estimated impact on the Council's Capital Financing Requirement (CFR). The table also includes the actual capital expenditure for 2022/23 and the actual CFR as at 31 March 2023.

	2022/23	2023/24	2024/25	2025/26	2026/27
	Actual	Forecast	Estimate	Estimate	Estimate
	£m	£m	£m	£m	£m
<b>CFR relating to Capital programme</b>					
Opening CFR		85.033	97.145	111.197	109.376
Proposed Capital Expenditure		33.885	32.916	10.510	4.528
Capital Financing:					
Grants		(1.919)	(8.613)	(0.055)	(0.057)
Reserves		(0.113)	(0.194)	(0.054)	0.000
Capital Receipts		(7.602)	(1.085)	0.000	0.000
Section 106 and CIL		(2.762)	(0.600)	(0.466)	(0.500)
Land Transfer		(3.830)	(5.626)	(6.900)	(0.227)
Total Financing		(16.226)	(16.117)	(7.475)	(0.784)
MRP		(2.068)	(2.666)	(3.472)	(3.662)
Repayment of loans from JVs		(3.478)	(0.081)	(1.384)	(1.088)
<b>Closing CFR relating to Capital programme*</b>	<b>85.033</b>	<b>97.145</b>	<b>111.197</b>	<b>109.376</b>	<b>108.370</b>
<b>CFR relating to Croxley Park Finance Lease</b>					
Opening CFR		225.046	221.098	217.150	213.202
MRP on Finance Lease		(3.948)	(3.948)	(3.948)	(3.948)
<b>Closing CFR relating to Finance Lease</b>	<b>225.046</b>	<b>221.098</b>	<b>217.150</b>	<b>213.202</b>	<b>209.254</b>
<b>Total Opening CFR</b>		<b>310.079</b>	<b>318.243</b>	<b>328.347</b>	<b>322.578</b>
<b>Total Closing CFR</b>	<b>310.079</b>	<b>318.243</b>	<b>328.347</b>	<b>322.578</b>	<b>317.624</b>
Movement in the CFR		8.164	10.104	(5.769)	(4.954)

\*Note the CFR is subject to restatement following the conclusion of the external audits 2020/21 to 2022/23

- 4.4 The CFR is the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council's underlying borrowing need. Any capital expenditure, which has not immediately been paid

for, will increase the CFR. An increase in the CFR does not necessarily mean that the council will borrow externally to fund the increase. The Council manages its cash balances as a whole and may choose to use internal cash (generated by holding reserves and through timing differences between income and expenditure).

#### **Prudence – External Debt**

- 4.5 There are two limits on external debt: the ‘Operational Boundary’ and the ‘Authorised Limit’. Both are consistent with existing plans and the proposals in the budget report for capital expenditure and financing, and with approved treasury management policy statement and practices.
- 4.6 These prudential indicators ensure that over the medium term, net borrowing (borrowings less investments) will only be for a capital purpose. Gross external borrowing should not, except in the short term, exceed the total of CFR in the preceding year plus the estimates of any additional CFR for 2023/24 and next two financial years. This allows some flexibility for limited early borrowing for future years, but ensures that borrowing is not undertaken for revenue purposes.
- 4.7 The Operational Boundary is the limit beyond which external borrowing is not normally expected to exceed. In most cases this would link directly to the authority’s plans for capital expenditure, its estimates for CFR and its estimate of cashflow requirements for the year for all purposes. The Council may need to borrow, this limit represents a contingency should the need arise.

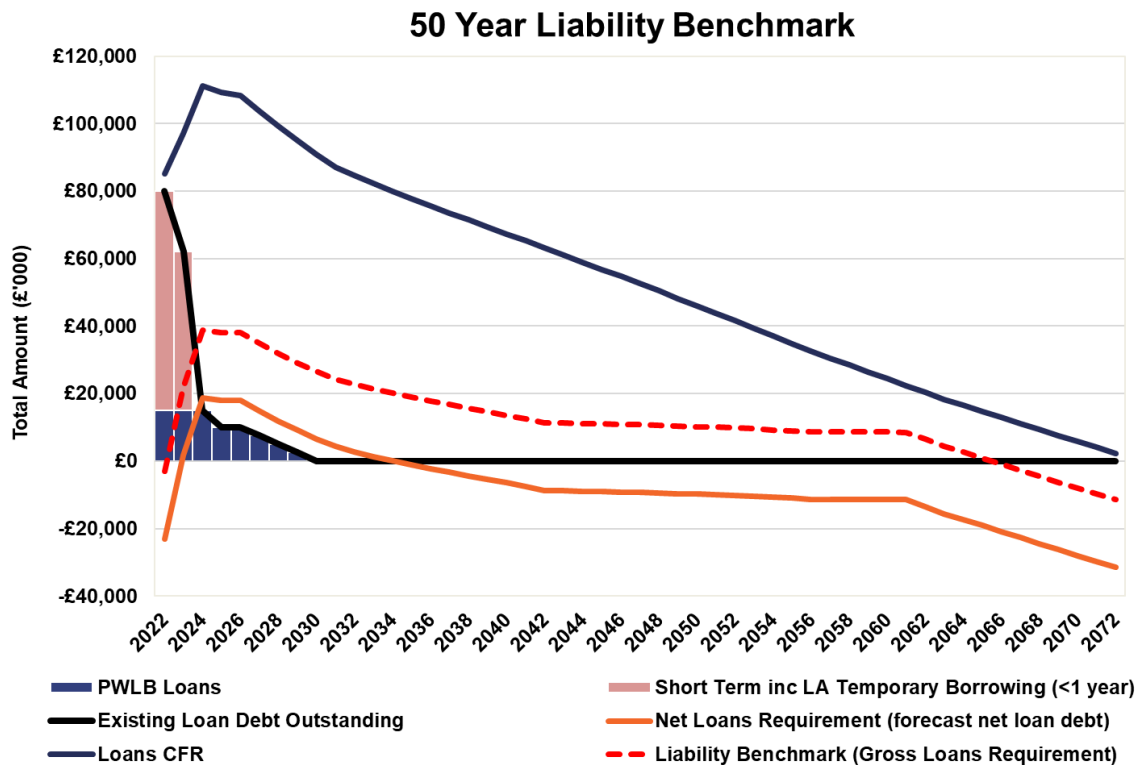
<b>Operational Boundary</b>	<b>2023/24 £m</b>	<b>2024/25 £m</b>	<b>2025/26 £m</b>	<b>2026/27 £m</b>
Borrowing - Capital Programme	50.000	30.000	40.000	40.000
Finance Lease – Croxley Park	222.000	218.000	214.000	210.000
<b>Total</b>	<b>272.000</b>	<b>248.000</b>	<b>254.000</b>	<b>250.000</b>

- 4.8 The Authorised Limit for External Borrowing controls the overall level of borrowing and represents the limit beyond which external long and short term borrowing is prohibited, and this limit needs to be set or revised by the Council. It reflects the level of borrowing which, while not desired, could be afforded in the short term, but is not sustainable in the longer term. It is the expected maximum borrowing need with some headroom for unexpected movements. This is the statutory limit determined under section 3 (2) of the Local Government Act 2003.

<b>Authorised Limit</b>	<b>2023/24 £m</b>	<b>2024/25 £m</b>	<b>2025/26 £m</b>	<b>2026/27 £m</b>
Borrowing	64.500	105.000	115.000	115.000
Finance Lease – Croxley Park	227.000	223.000	218.000	213.000
<b>Total</b>	<b>291.500</b>	<b>328.000</b>	<b>333.000</b>	<b>328.000</b>

#### **Treasury Management Indicator – The Liability Benchmark**

4.9 The Treasury Management Code of Practice requires local authorities to calculate their Liability Benchmark. The benchmark includes a projection of external debt required over the long term to fund the organisation’s approved budgets and plans compared to the Forecast of total borrowing outstanding. The benchmark should be used to evaluate the amount, timing and maturities needed for new borrowing in relation to the organisation’s planned borrowing needs in order to avoid borrowing too much, too little, too long or too short.



### Affordability

4.10 The fundamental objective in the consideration of the affordability of the authority’s capital plans is to ensure that the level of investment in capital assets proposed means that the total capital investment of the authority remains within sustainable limits.

4.11 In considering the affordability of its capital plans, the authority is required to consider its forecast financial position, including all of the resources currently available to it and estimated for the future, together with the totality of its capital, borrowing and investment plans, income and expenditure forecasts and risks.

4.12 The following indicators provide an indication of the impact of the capital investment plans on the Council’s overall finances.

### Financing costs to net revenue stream

4.13 This indicator identifies the trend in the cost of capital, (borrowing and other long-term obligation costs net of investment income), against the net revenue stream. The net revenue stream is the Council’s core funding of Council Tax, Business rates, and unringfenced central government grants. Investment income includes interest from Treasury Management activities and interest from loans to joint ventures and subsidiaries. The calculation for cost of capital excludes the financing costs in relation to Croxley Business



Park Finance Lease which are reflected in the net income from the Business Park in paragraph 4.15.

	2022/23 Actual £m	2023/24 Forecast £m	2024/25 Estimate £m	2025/26 Estimate £m	2026/27 Estimate £m
Cost of Capital	(0.026)	1.731	2.810	3.490	3.707
Net Revenue Stream	13.685	14.260	14.911	14.704	15.209
<b>Ratio %</b>	<b>-0.19%</b>	<b>12.14%</b>	<b>18.84%</b>	<b>23.74%</b>	<b>24.37%</b>

#### **Net income from commercial investment to net revenue stream**

4.14 This indicator is intended to show the financial exposure of the authority to the loss of income.

4.15 Net income from commercial investments comprises net income from financial investments (other than treasury management investments), together with net income from other assets held primarily for financial return, such as commercial property.

	2022/23 Actual £m	2023/24 Forecast £m	2024/25 Estimate £m	2025/26 Estimate £m	2026/27 Estimate £m
Commercial Investment	10.057	11.220	12.877	12.736	11.447
Net Revenue Stream	13.685	14.260	14.911	14.704	15.209
<b>Ratio %</b>	<b>73.49%</b>	<b>78.68%</b>	<b>86.36%</b>	<b>86.62%</b>	<b>75.26%</b>

### **5. Minimum Revenue Provision (MRP) Strategy and Policy Statement**

5.1 The Minimum Revenue Provision (MRP) is designed to pay off an element of the capital spend which has not already been financed from existing revenue or capital resources. The Council is required to make prudent provision, by way of a charge to the revenue account, which means that the repayment of debt is enabled over a period that is reasonably commensurate with that over which the capital expenditure provides benefits.

5.2 The Council is also able to increase the rate it reduces its CFR by undertaking additional voluntary payments (voluntary revenue provision - VRP) in addition to any MRP; this is not currently the Council's policy.

5.3 Government Regulations require the Council to approve a MRP Statement in advance of each year. The MRP policy statement for 2024/25 is at Appendix 3.

5.4 Where the Council decides to borrow to fund capital expenditure the annual cost of borrowing is included within the revenue budget. All business cases for capital investment must set out the level of MRP proposed to ensure that the repayment of any debt can be made in a period commensurate with the period the expenditure provides benefit or makes returns. The business case must also set out the forecast cost of interest payments so that the full cost of delivering and financing the scheme is considered when assessing the value for money of the scheme.

## 6. Skills, Knowledge and Professional Advice

- 6.1 The Council has a shared service with Three Rivers District Council for the provision of the finance function allowing access to a greater range of professional skills than would otherwise be available if each council had a separate team.
- 6.2 Watford Borough Council uses Lambert Smith Hampton Investment Management (LSHIM) to provide advice on and management of its investment property portfolio. LSHIM also provide ad-hoc advice where required on other projects. The council procures external advisers on all major projects.
- 6.3 The Council contracts with Link Asset Services for the provision of Treasury Management advice. Link Asset Services provide non-regulated advice on the management of the council's cash flows, investments and borrowings and a markets information service. The Councils VAT advisers are PSTax.

## 7. Risk

- 7.1 Financial risks are closely monitored as a separately identifiable part of the corporate risk management framework.
- 7.2 The Council's risk appetite continues to evolve to respond to the wider economic and regulatory environment. Delivery of an ambitious capital programme and management of a commercial investment portfolio have inherent risks linked to external factors such as interest rates, inflation and the economy. These risks are understood and managed.
- 7.3 The Council takes advice from its professional advisers to both identify and mitigate the key risks it faces and ensures that all decisions are made with an understanding of the risks involved. The ongoing management of risk is a key function of the Council's Property Investment Board which routinely takes advice from LSHIM.
- 7.4 Whilst recognising the importance of generating income to support services, the Council will ensure that its external income is actively managed to safeguard the future financial sustainability of the council. In this respect it will continue to seek to balance income from its commercial investment activities against its overall level of risk and the amount of reserves available to mitigate this risk. The Council holds two reserves specifically to manage the risk on commercial and investment income. These are the Croxley Business Park Reserve and the Commercial Risk Reserve (formally Riverwell Reserve). These reserves can be used to protect the general fund from fluctuations in income.
- 7.5 In assessing the risk of its commercial investments, the Council will consider the level of risk inherent in the income stream, the security held, its ability to realise assets or other security should the need arise, and the level of income received from commercial investments compared to the total income of the council.

# Treasury Management Strategy Statement 2023/24



## **1. Overview**

- 1.1. This document sets out the Council's Treasury Management Strategy Statement. The Strategy has been developed with reference to and is compliant with the Code of Practice for Treasury Management in the public services (2021 edition) published by The Chartered Institute of Public Finance and Accountancy (CIPFA).
- 1.2. This Council defines treasury management as: "the management of the local authority's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks".
- 1.3. The Treasury Management Strategy Statement supports the delivery of the Council's Capital Strategy and provides additional detail on how the Council manages its Treasury Management Activity.
- 1.4. The Treasury Management Strategy Statement details the policies, practices, objectives and approaches to risk management of its treasury management activities, which is to be monitored by the Audit Committee. The primary objectives of the Treasury Management Strategy Statement are:
  - Security - Safeguard the repayment of the principal and interest of its investments on time
  - Liquidity - Ensure adequate liquidity to meet obligations as they fall due
  - Yield - Investment return is the final objective and is considered after the security and liquidity requirements have been satisfied.
- 1.5. This statement is reviewed and approved annually by Council alongside the Council's budget, Medium Term Financial Strategy (MTFS) and Capital Strategy.
- 1.6. This organisation regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation and any financial instruments entered into to manage these risks.
- 1.7. This organisation acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable, comprehensive performance measurement techniques within the context of effective risk management.
- 1.8. The Chief Finance Officer in consultation with the Portfolio Holder for Property, Resources and Customer Service has delegated authority to approve any variation to the Treasury Management Strategy Statement during the year with the objective of maximising the Council's returns without significantly increasing risk.

## 2. Risks

2.1 The key Treasury Management risks are set out in the CIPFA Treasury Management Code of Practice (the "TM Code"). The following paragraphs set out these risks and how they are managed:

**Credit and Counterparty Risk** - The risk of failure by a counterparty to meet its contractual obligations to the organisation under an investment, borrowing, derivative instrument, or capital, project or partnership financing, particularly as a result of the counterparty's diminished creditworthiness, and the resulting detrimental effect on the organisation's capital or current (revenue) resources.

This risk is managed through the maintenance of a list of authorised counterparties, with separate limits to ensure that the exposure to this risk is limited.

**Liquidity Risk** - The risk that cash will not be available when it is needed, that ineffective management of liquidity creates additional unbudgeted costs, compromising the organisation's business/service objectives.

This risk is managed through forecasting and the retention by the Council of an adequate working capital balance. In addition, through the Public Works Loan Board and other organisations, the Council is able to access short term borrowing, usually within 24 hours.

**Interest Rate Risk** - The risk that fluctuations in the levels of interest rates create an unexpected or unbudgeted burden on the organisation's finances against which the organisation has failed to adequately protect itself.

This risk is managed through the placing of different types and maturities of investments, within limits set for the amount of borrowing which may mature in a given time-period, the forecasting and monitoring of the interest budget (with assistance from the Council's retained advisors).

**Exchange Rate Risk** - The risk that fluctuations in foreign exchange rates create an unexpected or unbudgeted burden on the organisation's finances against which the organisation has failed to adequately protect itself.

The Council does not engage in any significant non-sterling transactions.

**Inflation** – also called purchasing power risk, is the chance that the cash flows from treasury instruments (such as investments) won't be worth as much in the future because of changes in purchasing power due to inflation.

The Council prioritises security and liquidity over yield but where possible investment returns will aim to match inflation to preserve the capital value.

**Refinancing Risk** - The risk that maturing borrowings, capital, project or partnership financings cannot be refinanced on terms that reflect the provisions made by the organisation for those refinancings, both capital and current (revenue), and/or that the terms are inconsistent with prevailing market conditions at the time.

The timing of loan maturities is monitored along with interest rate forecasts. Officers ensure that due dates are monitored and seek advice from the Council's advisors about when to raise any finance needed.

**Legal and Regulatory Risk** - The risk that the organisation itself, or an organisation with which it is dealing in its treasury management activities, fails to act in accordance with its legal powers or regulatory requirements and that the organisation suffers losses accordingly.

This risk is managed through the Council’s training and development of Officers involved in Treasury Management, the independent oversight of Internal and External Audit, and the advice (for example on the contents of this strategy) taken from the Council’s Treasury advisors.

**Operational Risk, including Fraud, Error and Corruption** - The risk of direct or indirect loss resulting from inadequate or failed internal processes, people and systems or from external events. This includes the risk of fraud, error, corruption or other eventualities in treasury management dealings.

This is managed through the controls in the Council’s financial procedures. For example, the segregation of duties between those making investment decisions and those transferring funds.

**Price / Market Risk** - The risk that through adverse market fluctuations in the value of the principal sums an organisation borrows and invests, its stated treasury management policies and objectives are compromised, against which effects it has failed to adequately protect itself.

The majority of the Council’s investments are not traded, but where they are (e.g. Property investment portfolio) the main investments’ value comes from the income they generate which is generally long term and secure.

### 3. Treasury Indicators: Limits to Borrowing Activity

3.1 There are two limits on external debt: the ‘Operational Boundary’ and the ‘Authorised Limit’. Both are consistent with existing plans and the proposals in the budget report for capital expenditure and financing, and with approved treasury management policy statement and practices. These indicators are set out in the Capital Strategy.

3.2 The key difference is that the Authorised Limit cannot be breached without prior approval of the Council. The Operational Boundary is a more realistic indicator of the likely position. The difference between the authorised limit and operational boundary for borrowing is that the authorised limit includes a head room for borrowing for future known capital needs now. The Authorised Limit represents the limit beyond which borrowing is prohibited, and needs to be revised if necessary by members.

3.3 In addition to the limits controlling the total amount of borrowing, further limits are in place to control the Council’s exposure to interest rate risk on refinancing. These limits are set out in the following table:

<b>Maturity Structure of Borrowing</b>		
	<b>Lower</b>	<b>Upper</b>
Under 12 months	0%	100%
12 months to 2 years	0%	100%
2 years to 5 years	0%	100%
5 years to 10 years	0%	50%
10 years to 20 years	0%	50%
20 years to 30 years	0%	50%
30 years to 40 years	0%	50%
40 years to 50 years	0%	50%

- 3.4 These limits range between 0% and 100% for loans out to 5 years where there is some degree of accuracy with the forecasts for interest rates. Then for the longer term, loans are limited to 50% of the overall borrowing portfolio maturing in each of the given timeframes. The 50% maximum limit protects the Council from being exposed to high levels of refinancing when interest rates may be substantially higher than they are now.

#### **4. Borrowing Strategy**

- 4.1 The Council's treasury team maintains a cashflow forecast and works its liquidity requirements within this forecast; it may, on rare occasions, be necessary to borrow short-term for cashflow purposes. This will be in the form of short term debt or overdraft facilities and is normally for small amounts for minimum durations. As this is based on need and has a defined repayment period it is not normally included within the limits set above.
- 4.2 The Council will not borrow more than or in advance of its needs purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within forward approved Capital Financing Requirement estimates, and will be considered carefully to ensure that value for money can be demonstrated (i.e. the cost of holding does not outweigh the benefits of early borrowing) and that the Council can ensure the security of such funds. Any associated risks will be approved and reported through the standard reporting method.
- 4.3 The Council's level of external borrowing is expected to fall in the first year of the MTFs and then increase across the remaining period of the MTFs. The Council will divest from investment in three pooled investment funds. This cash will be utilised as internal borrowing to remove the need to refinance maturing short term debt or take additional external borrowing for the Capital Investment Programme in 2024/25. This will reduce the Council's exposure to high interest rates in the short term.
- 4.4 In the longer-term it will be necessary to refinance internal borrowing with external debt as the Council utilises its revenue and capital earmarked reserves for their intended purposes.
- 4.5 Officers will monitor interest rate forecasts, and in conjunction with Treasury Management advisors determine the optimum timing and amount of future borrowing.

#### **5. Annual Investment Strategy**

- 5.1 The Council's investment strategy has regard to the Statutory Guidance on Local Government Investments and the TM Code. The Council's investment priorities are security first, liquidity second, then yield.
- 5.2 Investment instruments identified for use in the financial year and counter-party limits are listed in Annex A under the 'Specified' and 'Non-Specified' Investments categories.
- 5.3 As part of its diversification of investments, the Council has invested some of its core funds (i.e. funds not immediately required for cashflow reasons) in longer-term investment property instruments. These are in the form of individual assets directly owned by the

council. All property investments are controlled through the Property Investment Board (PIB).

- 5.4 As the Council has an ongoing Capital Financing Requirement, consideration will be given to the sale of investment property as an alternative to external borrowing. The Council will take advice from the Council's appointed property advisors, Lambert Smith Hampton Investment Management (LSHIM). Decisions to divest will take into account property portfolio management best practices and the long term benefits and risks of holding the assets.
- 5.5 Although the Council has no current investments or plans to invest in pooled property funds, these are permitted under the policy and are an option that could be considered in the future if the Council had a long term cash surplus or an alternative to direct property holdings.
- 5.6 The Council will divest from the Royal London Asset Management Pooled Funds by 31 March 2025 to reduce the Council's exposure to Price risk, Refinancing Risk and high interest rates on external borrowing by utilising the cash for internal borrowing.
- 5.7 The 31 March 2025 target coincides with the end of the statutory override which protects authorities from having to recognise change in the fair value of investments (movements in market price) in the Council's budget. From 1 April 2025, gains and losses will need to be recognised in the Council's general fund. Although in the long term funds are expected to grow in value, the volatile nature of the bond and equity markets mean that there can be significant movements in value from year to year.

## **6. Creditworthiness policy**

- 6.1 The Council will ensure:
- It maintains a policy covering both the categories of investment types it will invest in and the criteria for choosing investment counterparties with adequate security, and monitoring their security. This is set out in the Specified and Non-Specified investment schedule at Annex A.
  - It has sufficient liquidity in its investments. For this purpose it will set out procedures for determining the maximum periods for which funds may prudently be committed. These procedures also apply to the Council's prudential indicators covering the maximum principal sums invested.
- 6.2 The Chief Finance Officer will maintain a counterparty list in compliance with the following criteria in section 7. The criteria will be reviewed regularly and proposed changes will be submitted to Council for approval as necessary in order to provide an overall pool of counterparties considered high quality.
- 6.3 Credit rating information is supplied by our treasury consultants on all active counterparties that comply with the Council's criteria. Any counterparty failing to meet the criteria would be omitted from the counterparty (dealing) list. Any rating changes, rating watches (notification of a likely change), rating outlooks (notification of a possible longer term change) are provided to officers almost immediately after they occur and this information is considered before dealing.



## **7. Counterparty Categories**

7.1 The Council uses the following criteria in choosing the categories of institutions in which to invest:

- **Banks 1 - Good Credit Quality**

The Council will only use UK banks or foreign banks trading in the UK in sterling denomination and which meet the Rating criteria.

- **Banks 2 – The Council’s Own Banker**

For transactional purposes, if the bank falls below the above criteria, it will be included, although in this case balances will be minimised as far as possible in both monetary size and time within operational constraints.

- **Bank Subsidiary and Treasury Operations**

The Council will use these where the parent bank has the necessary ratings outlined above and the parent has provided an indemnity guarantee.

- **Building Societies**

The Council will use all Societies which meet the ratings for banks outlined above.

- **Specific Public Bodies**

The Council may lend to Public Bodies other than Local Authorities. The criterion for lending to these bodies is that the loan has been approved by Council.

- **Money Market Funds AAA Rated**

The Council may lend to Money Market Funds in order to spread its investment risk.

- **Local Authorities**

A limit of £5m per authority will be applied.

- **Debt Management Deposit Account Facility**

A Government body which accepts local authority deposits.

- **Council Subsidiaries (non-specified)**

The Council will lend to its subsidiaries subject to approval of a business case by the Chief Finance Officer in consultation with the Portfolio Holder for Property, Resources and Customer Services. Business cases must be accompanied by an independent assessment of viability, and be subjected to regular monitoring by the Chief Finance Officer.

7.2 The Council will also consider investment in property in accordance with its Property Investment Strategy. All property investments will be dependent on a standalone business case being proven. Further details of counterparty categories and limits are set out Annex A Schedule of Specified and Non-Specified Investments.

## **8. The Monitoring of Investment Counterparties**

8.1 The credit rating of counterparties is monitored regularly. The main rating agencies (Fitch, Moody’s and Standard & Poor’s) provide credit ratings for financial institutions. The Council receives credit rating information (changes, rating watches and rating outlooks) from Link Asset Services as and when ratings change, and counterparties are checked promptly. The Council considers minimum short term ratings as key criteria in the choice of creditworthy investment counterparties; F1+, P-1 and A-1+ are the highest short term credit ratings of Fitch, Moody's and Standard & Poor's respectively. Minimum Short Term

Ratings, where given, must be met for all categories. On occasion ratings may be downgraded when an investment has already been made. The criteria used are such that a minor downgrading should not affect the full receipt of the principal and interest. Any counterparty failing to meet the criteria will be removed from the list immediately by the Chief Finance Officer, and if required new counterparties which meet the criteria will be added to the list.

- 8.2 For non-specified investments the progress of the entity against the approved, independently verified business case will be monitored by the Chief Finance Officer.

## **9. Use of Additional Information Other Than Credit Ratings**

- 9.1 Additional requirements under the TM Code require the Council to supplement credit rating information. Whilst the above criteria rely primarily on the application of credit ratings to provide a pool of appropriate counterparties for officers to use, additional operational market information will be applied before making any specific investment decision from the agreed pool of counterparties. This additional market information (for example Credit Default Swaps, negative rating watches/outlooks) will be applied to compare the relative security of differing investment counterparties.

## **10. Time and Monetary Limits Applying to Investments**

- 10.1 The time and monetary limits for institutions on the Council's Counterparty List summarised in the table below at paragraph 11.2, are driven by the criteria set out in sections 7 and 8. These limits will cover both Specified and Non-Specified Investments.

## **11. Exceptional Circumstances**

- 11.1 The criteria for choosing counterparties set out above provide a sound approach to investment in "normal" market circumstances. Whilst Members are asked to approve this base criteria above, under the exceptional current market conditions Chief Finance Officer may temporarily restrict further investment activity to those counterparties considered of higher credit quality than the minimum criteria set out for approval. These restrictions will remain in place until the banking system returns to "normal" conditions. Similarly, the time periods for investments will be restricted.
- 11.2 Examples of these restrictions would be the greater use of the Debt Management Office Account Deposit Facility (DMADF) – a government body which accepts local authority deposits - money Market Funds, and strongly rated institutions. The credit criteria have been amended to reflect these facilities.

## **12. Investment Strategy**

- 12.1 In-House Funds - investments will be made with reference to the core balance and cashflow requirements and the outlook for short-term interest rates (i.e. rates for investments up to 12 months).
- 12.2 Investment Treasury Indicator and Limit - total principal funds invested for greater than one year. These limits are set with regard to the Council's liquidity requirements and to reduce the need for early sale of an investment, and are based on the availability of funds after each year-end. The table below provides details of these limits.

Treasury Indicator & Limit	2023/24	2024/25	2025/26	2026/27
Maximum amount invested for periods over one year (Property investment and loans to Council subsidiaries).	£5m	£20m	£20m	£20m

### 13. Investment Risk & Security Benchmarking

13.1 The Council sets benchmarks for security, liquidity and yield. These benchmarks are simple guides to maximum risk and so may be breached from time to time, depending on movements in interest rates and counterparty criteria. The purpose of the benchmarks is that officers will monitor the current and trend position and amend the operational strategy to manage risk as conditions change. Any breach of the benchmarks will be reported, with supporting reasons in the Mid-Year or Annual Report. The benchmarks are as follows:

#### **Security:**

Security of the investments is measured by credit ratings, which is supplied by the three main credit rating agencies (Fitch, Moodys and Standard & Poors). Where investments are made to Council subsidiaries (non-listed), the security is measured through a business case with independent viability assessment.

#### **Liquidity:**

The Council sets the following liquidity facilities/benchmarks to maintain:

- Authorised bank overdraft - nil.
- Liquid short term deposits of at least £1.0m available with a week's notice.

The Council has the benefit of instant access to its funds on the general account with Lloyds.

#### **Yield:**

The Council benchmarks the yield on its operational cash against SONIA (the Sterling Overnight Index Average). This is a measure of market rates for actual returns on overnight cash deposits. Performance against this indicator is monitored throughout the year.

### 14. Policy on Environment, Social and Governance (ESG) considerations

14.1 This Council is supportive of the Principles for Responsible Investment ([www.unpri.org](http://www.unpri.org)) and will seek to bring ESG (environmental, social and governance) factors into the decision-making process for investments. Within this, the Council is also appreciative of the Statement on ESG in Credit Risk and Ratings which commits signatories to incorporating ESG into credit ratings and analysis in a systemic and transparent way. The Council uses ratings from Fitch, Moody's and Standard & Poor's to support its assessment of suitable counterparties. Each of these rating agencies is a signatory to the ESG in credit risk and ratings statement, which is as follows:

*“We, the undersigned, recognise that environmental, social and governance (ESG) factors can affect borrowers’ cash flows and the likelihood that they will default on their debt obligations. ESG factors are therefore important elements in assessing the creditworthiness of borrowers. For corporates, concerns such as stranded assets linked to climate change, labour relations challenges or lack of transparency around accounting practices can cause unexpected losses, expenditure, inefficiencies, litigation, regulatory pressure and reputational impacts.*

*At a sovereign level, risks related to, inter alia, natural resource management, public health standards and corruption can all affect tax revenues, trade balance and foreign investment. The same is true for local governments and special purpose vehicles issuing project bonds. Such events can result in bond price volatility and increase the risk of defaults.*

*In order to more fully address major market and idiosyncratic risk in debt capital markets, underwriters, credit rating agencies and investors should consider the potential financial materiality of ESG factors in a strategic and systematic way. Transparency on which ESG factors are considered, how these are integrated, and the extent to which they are deemed material in credit assessments will enable better alignment of key stakeholders.*

*In doing this the stakeholders should recognise that credit ratings reflect exclusively an assessment of an issuer’s creditworthiness. Credit rating agencies must be allowed to maintain full independence in determining which criteria may be material to their ratings. While issuer ESG analysis may be considered an important part of a credit rating, the two assessments should not be confused or seen as interchangeable.*

*With this in mind, we share a common vision to enhance systematic and transparent consideration of ESG factors in the assessment of creditworthiness.”*

14.2 The assessment of creditworthiness undertaken by Fitch, Moody’s and Standard & Poor’s includes analysis of the following ESG factors when assigning ratings:

- **Environmental:** Emissions and air quality, energy and waste management, waste and hazardous material, exposure to environmental impact.
- **Social:** Human rights, community relations, customer welfare, labour relations, employee wellbeing, exposure to social impacts.
- **Governance:** Management structure, governance structure, group structure, financial transparency.

14.3 The Council will continue to evaluate additional ESG-related metrics and assessment processes that it could incorporate into its investment process and will update accordingly.

14.4 The Council does not invest directly in company bonds or equity. However, the Council is exposed to these investment instruments through the use of externally managed pooled investment funds.

- 14.5 This Council will not invest in pooled funds that invest in companies whose core activities pose a risk of serious harm to individuals or groups, or whose activities are inconsistent with the Council's mission and values e.g.:
- a. Human rights abuse (e.g., slave or child labour, political oppression)
  - b. Activities that damage the environment by extraction of fossil fuels, destruction of habitat, or creation of pollutants
  - c. Socially harmful activities (e.g., tobacco, gambling)
  - d. Manufacture of weapons

## **15. Reporting Requirements**

- 15.1 The Audit Committee has the responsibility for the scrutiny of Treasury Management policies and practices and receives the Treasury Management Strategy Statement for review prior to approval by Council.
- 15.2 An annual report on the performance of the Treasury Management function, including the effects of the decisions taken and the transactions executed in the past year, and on any circumstances of non-compliance with the organisation's treasury management Strategy Statement is considered by Council following the end of the financial year.
- 15.3 Council also receives a Mid-Year Treasury Management Report setting out activity to 30 September.

## **16. Policy on the Use of External Service Providers**

- 16.1 The contract for external treasury management advisors is carried out by Link Asset Services. The Council recognises that responsibility for treasury management decisions remains with the Council at all times and will ensure that undue reliance is not placed upon our external service providers. It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review.
- 16.2 The Council will also, from time to time, procure specialist advice for ad-hoc pieces of work; this will be procured in accordance with the Council's normal contract procedure rules.

## **17. Member and Officer Training**

- 17.1 In order to ensure that Members and Officers are sufficiently trained and qualified to monitor and manage the Council's Treasury Management activity, the following measures are in place:
- Ensuring that officers attend suitable courses and seminars to keep their technical knowledge up to date.
  - Keeping up to date with CIPFA publications on Treasury Management.
  - Regular briefings both by email and face to face with the Council's Treasury advisors.
  - Reports and briefing sessions to Members on major changes to Treasury policies and strategies.

## Schedule of Specified and Non-Specified Investments

### Specified Investments

These investments are sterling investments of not more than one-year maturity, or those which could be for a longer period but where the Council has the right to be repaid within 12 months if it wishes. These are considered low risk assets where the possibility of loss of principal or investment income is small. These would include sterling investments with:

- The UK Government (such as the Debt Management Account deposit facility, UK Treasury Bills or a Gilt with less than one year to maturity).
- A local authority, parish council or community council.
- A body that is considered of a high credit quality (such as a bank or building society) with a minimum short term rating of F-1 (or the equivalent) as rated by Standard and Poor's, Moody's or Fitch rating agencies or a Building Society with assets over £1,000m. Non rated Building Societies are non-specified investments.
- Money Market Funds (triple AAA rated only).

Within these bodies, and in accordance with the TM Code, the Council has set additional criteria to set the time and amount of monies which will be invested in these bodies. These criteria are defined in the Treasury Management Strategy.

The ratings criteria and exposure limits are detailed at Schedule 1.

### Non-Specified Investments

Non-specified investments are any other type of investment (i.e. not defined as Specified above). The identification and rationale supporting the selection of these other investments and the maximum limits to be applied are set out on the following page.

<b>Non Specified Investment Category</b>	<b>Limit (£ or %)</b>
<p><b>Any bank or building society</b> that has a minimum long term credit rating of A (or equivalent), for deposits with a maturity of greater than one year (including forward deals in excess of one year from inception to repayment).</p>	£5m
<p><b>The Council's own banker</b> if it fails to meet the basic credit criteria.</p>	In this instance balances will be minimised as much as possible
<p><b>Building Societies not meeting the basic security requirements</b> under the specified investments.</p> <p>The operation of some building societies does not require a credit rating, although in every other respect the security of the society would match similarly sized societies with ratings. The Council may use such building societies which were originally considered Eligible Institutions and have a minimum asset size of £5,000m, but will restrict these types of investments to £2m for up to six months.</p>	£2m
<p><b>Specific Public Bodies</b></p> <p>The Council can seek Member approval to make loans to other public bodies for periods of more than one year.</p>	£10m
<p><b>Loans to Council Subsidiaries</b></p> <p>The Council will lend to its subsidiaries subject to approval of a business case by the Chief Finance Officer in consultation with the Portfolio Holder (Property, Resources and Customer Services). Business cases must be accompanied by an independent assessment of viability, and be subjected to regular monitoring by the Chief Finance Officer.</p>	£10m limit for any single loan
<p><b>Money Market Funds</b></p> <p>Appointed through competitive process for the investment of the Croxley Park Reserve</p>	£100m
<p><b>Other unspecified investments</b></p> <p>The strategy allows the Chief Finance Officer, in consultation with the Portfolio Holder (Property, Resources and Customer Services), the delegated authority to approve any variation to the Treasury Management Strategy during the year which may be brought about by investigating the opportunity to invest for greater than one year and also to invest in other investment instruments i.e Government bonds, Gilts and investment property with a view of to maximising the Council's returns without significantly increasing risk. This allows the addition of further unspecified investments, subject to conditions which will be generally similar to (e).</p>	£10m

Institution	Minimum Short Term Ratings			<b>Schedule 1 (A) – UK BANKS</b>			
	Fitch	Moody's	S&P				
The Council's own Bankers	F1m	P-1	A-1	If Council's own bankers fall below the minimum long term criteria for UK banks, cash balances will be managed within operational liquidity constraints and balances will be minimised as much as possible.			
Wholly Owned Subsidiaries of UK Clearing Banks Parent Ratings	F1	P-1	A-1	Long Term Credit Rating: AA(F), Aa2(M), AA(S&P)	Long Term Credit Rating: Single A (All agencies)	Long Term Crediting Rating: Lower than A (All Agencies)	Long Term Crediting Rating: Lower than A
Partially Owned Subsidiaries of UK Clearing Banks Parent Ratings	F1	P-1	A-1	Long Term credit Rating: AA(F), Aa2(M), AA(S&P)	Long Term Crediting Rating: Single A (All agencies)	Long Term Credit Rating: Lower than A (All Agencies)	Long Term Credit Rating: Lower than A
	<b>Max Amount / Length:</b>			<b>£10m 364 Days</b>	<b>£10m 6 Months</b>	<b>£10m 3 Months</b>	<b>£10m 1 Month</b>



				<b>Schedule 1 (B) – Building Societies</b>			
				Minimum Short Term Ratings			
Institution	Fitch	Moody's	S&P				
Building Societies – By Credit Rating	F1	P-1	A-1	Long Term Credit Rating: AA(F), Aa2(M), AA(S&P)	Long Term Credit Rating: Single A (all agencies)	Long Term CreditRating: Lower than A (All Agencies)	Long Term Crediting Rating: Lower than A
Building Societies – by Total Assets				Assets over £15bn	Assets over £5bn	Assets of £2.5bn	Assets of £1bn
				<b>£10m</b> <b>364 Days</b>	<b>£10m</b> <b>6 Months</b>	<b>£10m</b> <b>3 Months</b>	<b>£10m</b> <b>1 Month</b>
				<b>Max Amount / Length:</b>			

## Schedule 1 (C) – Other Entities

1. Specific Public Bodies	As approved by Members – up to £10m for up to 10 years
2. Debt Management Deposit Facility (UK Government)	Unlimited – this is the Council’s Safe-Haven Deposit facility with the UK Government
3. Money Market Funds (Fixed NAV) (AAA Rated)	£5m per fund
4. Municipal Bond Agency	As approved by Members
5. UK Local Authorities	<p>A Maximum of £5m Applies per Authority.</p> <p>The Council can invest in all UK Local Authorities whether rated or not.</p> <p>The Council will not lend to an authority which is subject to a s.114 notice <i>without member approval</i>.</p>

Notes:-

1. F1+, P-1 and A-1+ are the highest short term credit ratings of Fitch, Moody's and Standard and Poor's respectively.
2. Minimum Short Term Ratings - Where given, these must be met, for all categories (except RBS Group).
3. Building Societies - A Building Society has to meet either the ratings criteria or the assets criterion to be included in the category, not both.
4. Maximum amount is the maximum, in total, over all investments, with any one institution (with the exception of RBS Group).

### PROPERTY INVESTMENT STRATEGY

#### Property Investment Policy

The council's Commercial Property Portfolio was established prior to the changes to the PWLB lending terms (November 2020) and revisions to the Prudential Code of Practice (November 2021) which restrict the ability of local authorities to invest in assets purely for yield. This strategy has been updated to reflect the move from an acquisition strategy to a strategy for maintaining the existing portfolio and income levels.

#### Objectives

- Maintain income levels within the core portfolio, enhancing where possible without impacting on future income potential.
- Preserve, and where possible increase, the capital value of the portfolio but not at the expense of losing income
- Maintain, and where possible improve the net rental position for Croxley Park as detailed in line with the original purchase objectives
- Rebalance the portfolio by reducing the historic weighting towards Retail and Indirect investments
- Implement a capital expenditure programme and work with tenants to ensure that all assets meet the new Minimum Energy Efficiency Standards (MEES) regulations.
- Target and identify opportunities that meet the Councils sustainability and regeneration objectives
- Consider investment in the residential / PRS sectors through existing land holdings using an appropriate vehicle

#### How much is invested?

Approximately £145m is currently held in the property portfolio as at the latest valuation date of 31 March 2023.

#### What type of property?

There are different types of property investment as follows:

- Retail
- Office
- Industrial
- Residential
- Alternatives including Leisure

For risk management purposes it is recommended that no single asset should comprise more than 10% of the whole portfolio and locations should be diverse as should property

types. The mix helps to protect the fund against movements that might adversely affect one specific sector which would otherwise have a disproportionate impact.

The current target mix\* for the portfolio is as follows:

- |   |          |
|---|----------|
| • Retail  | 15 - 25% |
| • Office  | 15 - 25% |
| • Industrial  | 35 - 45% |
| • Alternatives including hotels, car parks, leisure | 10 - 20% |

\*These allocations are expressed as a % of capital value

### **What level of financial return?**

In general, property can be categorised as prime, secondary or tertiary in terms of its desirability. Yield derives from both capital and rent. Lower yields can indicate that the investment attracts a lower degree of risk due to the ratio of rent to capital and other factors such as location, security and regularity of income.

Property investment returns will differ depending upon the market and the nature of the asset.

### **Risks:**

- There are management costs, risk of rent default and failure to honour maintenance agreements.
- Poor asset management strategy or poor execution of an asset management strategy leads to a fall in asset values (generally property tends to appreciate in value over time, although this will vary by length of lease, covenant status, type and area; however, in most cases, without active asset management the values will go down).
- Property can become functionally obsolete necessitating major refurbishment.
- Without regular repair and maintenance the condition will deteriorate and the responsibility for repairs/maintenance may not always rest with the tenant leading to additional revenue and capital expenditure.
- Certain types of property may become less desirable as time goes by; this can make re-letting difficult or attract a lower calibre of tenant.
- Regulatory risks eg. impact of Minimum Energy Efficiency Standards (MEES) imposing additional cost burden on landlords.

### Minimum revenue provision (MRP) policy statement for 2024/25

The Council is required to pay off an element of the accumulated General Fund capital spend each year (the CFR) through a revenue charge (the minimum revenue provision - MRP), although it is also allowed to undertake additional voluntary payments if required (voluntary revenue provision - VRP).

DLUHC regulations have been issued which require the full Council to approve an **MRP Statement** in advance of each year. A variety of options are provided to councils, so long as there is a prudent provision. The Council is recommended to approve the following MRP statement:

From 1 April 2008 for all unsupported borrowing (including PFI and finance leases) the MRP policy will be:

- **Asset life method** – MRP will be based on the estimated life of the assets, in accordance with the regulations (this option must be applied for any expenditure capitalised under a Capitalisation Direction) (option 3);

This option provides for a reduction in the borrowing need over approximately the asset's life.

No MRP provision is made in respect of investments or payments into the Council's wholly owned subsidiary, Watford Commercial Services Ltd, or the Council's joint ventures as these investments are intended to be time-limited and arrangements allow for the repayment of debt at the end of the investment period.

For finance leases the council will charge MRP to its General Fund each year dependant on the life of the underlying asset.

# Directorate Budget Book 2024/25 to 2026/27



# Contents Page

Council Summary.....	4
Revenue 2024/25 .....	4
Revenue 2025/26 .....	5
Revenue 2026/27 .....	6
Capital Investment Programme.....	7
Corporate, Housing and Wellbeing.....	8
Revenue 2024/25 .....	8
Revenue 2025/26 .....	9
Revenue 2026/27 .....	10
Service Efficiencies and Savings.....	11
Variances – Growth, Pressures, and contributions to and (from) Earmarked Reserves .....	12
Detailed Capital Programme.....	13
Place.....	15
Revenue 2024/25 .....	15
Revenue 2025/26 .....	17
Revenue 2026/27 .....	19
Service Efficiencies and Savings.....	21
Variances – Growth, Pressures, and contributions to and (from) Earmarked Reserves .....	23
Detailed Capital Programme.....	25
Corporate Strategy and Comms.....	28
Revenue 2024/25 .....	28
Revenue 2025/26 .....	28
Revenue 2026/27 .....	29
Service Efficiencies and Savings.....	30
Variances – Growth, Pressures, and contributions to and (from) Earmarked Reserves .....	30
Detailed Capital Programme.....	31
Democracy and Governance .....	32
Revenue 2024/25 .....	32
Revenue 2025/26 .....	32
Revenue 2026/27 .....	33
Service Efficiencies and Savings.....	34
Variances – Growth, Pressures, and contributions to and (from) Earmarked Reserves .....	34

# Contents Page

<b>Human Resources</b> .....	35
<b>Revenue 2024/25</b> .....	35
<b>Revenue 2025/26</b> .....	35
<b>Revenue 2026/27</b> .....	36
<b>Service Efficiencies and Savings</b> .....	37
<b>Variances – Growth, Pressures, and contributions to and (from) Earmarked Reserves</b> .....	37
<b>Strategic Finance</b> .....	38
<b>Revenue 2024/25</b> .....	38
<b>Revenue 2025/26</b> .....	40
<b>Revenue 2026/27</b> .....	42
<b>Service Efficiencies and Savings</b> .....	44
<b>Total Strategic Finance Service Efficiencies and Savings</b> .....	44
<b>Variances – Growth, Pressures, and contributions to and (from) Earmarked Reserves</b> .....	45
<b>Detailed Capital Programme</b> .....	46



# Council Summary

Revenue 2024/25

Directorate	Starting Budget £m	Salary Build £m	2024/25 Budget Changes			Revised Budget £m
			Savings £m	Fees and Charges £m	Variations £m	
<b>Corporate, Housing &amp; Wellbeing</b>						
Customer & Corporate Services	1.727	0.092	(0.140)	0.000	0.614	2.293
Housing & Wellbeing	2.938	0.248	(0.340)	0.000	0.813	3.659
ICT Services	1.046	0.110	0.000	0.000	0.000	1.156
<b>Net Expenditure Budget</b>	<b>5.711</b>	<b>0.450</b>	<b>(0.479)</b>	<b>0.000</b>	<b>1.427</b>	<b>7.108</b>
<b>Place</b>						
Environment	7.198	0.256	(0.395)	(0.295)	1.884	8.648
Planning, Infrastructure & Economy	1.529	0.146	(0.337)	0.001	0.086	1.424
Property & Asset Management	(9.275)	0.058	(0.021)	0.000	(0.599)	(9.837)
<b>Net Expenditure Budget</b>	<b>(0.548)</b>	<b>0.459</b>	<b>(0.754)</b>	<b>(0.294)</b>	<b>1.372</b>	<b>0.235</b>
<b>Corporate Strategy &amp; Comms</b>						
Corporate Management	0.413	0.144	0.000	0.000	0.000	0.557
Partnerships & Performance	0.897	0.038	(0.034)	0.000	0.000	0.901
<b>Net Expenditure Budget</b>	<b>1.310</b>	<b>0.182</b>	<b>(0.034)</b>	<b>0.000</b>	<b>0.000</b>	<b>1.458</b>
<b>Democracy &amp; Governance</b>						
	0.000					
<b>Net Expenditure Budget</b>	<b>2.042</b>	<b>0.132</b>	<b>(0.035)</b>	<b>0.000</b>	<b>0.029</b>	<b>2.168</b>
<b>Human Resources</b>						
HR Shared Service	0.500	0.067	(0.030)	0.000	0.000	0.536
Human Resources Client	0.054	0.000	0.000	0.000	0.000	0.054
<b>Net Expenditure Budget</b>	<b>0.554</b>	<b>0.067</b>	<b>(0.030)</b>	<b>0.000</b>	<b>0.000</b>	<b>0.591</b>
<b>Strategic Finance</b>						
Corporate Costs	3.275	(0.990)	(0.646)	0.000	(0.858)	0.780
Finance & Resources	0.223	0.000	0.000	0.000	0.000	0.223
Finance and Audit Services Client	1.024	0.000	(0.079)	0.000	0.160	1.105
Revenues And Benefits Client	1.078	0.000	(0.180)	0.000	0.000	0.898
Service Transformation	0.059	0.000	0.000	0.000	0.000	0.059
<b>Net Expenditure Budget</b>	<b>5.659</b>	<b>(0.990)</b>	<b>(0.905)</b>	<b>0.000</b>	<b>(0.698)</b>	<b>3.065</b>
<b>Net Cost of Services</b>	<b>14.728</b>	<b>0.300</b>	<b>(2.238)</b>	<b>(0.294)</b>	<b>2.129</b>	<b>14.626</b>

# Council Summary

Revenue 2025/26

Directorate	Starting Budget £m	Salary Build £m	2025/26 Budget Changes			Revised Budget £m
			Savings £m	Fees and Charges £m	Variances £m	
<b>Corporate, Housing &amp; Wellbeing</b>						
Customer & Corporate Services	1.732	0.122	(0.165)	0.000	0.609	2.298
Housing & Wellbeing	2.888	0.250	(0.340)	0.000	0.513	3.312
ICT Services	1.047	0.090	0.000	0.000	0.000	1.137
<b>Net Expenditure Budget</b>	<b>5.667</b>	<b>0.463</b>	<b>(0.504)</b>	<b>0.000</b>	<b>1.122</b>	<b>6.747</b>
<b>Place</b>						
Environment	7.150	0.238	(0.467)	(0.334)	1.959	8.546
Planning, Infrastructure & Economy	1.535	0.157	(0.320)	(0.024)	(0.007)	1.341
Property & Asset Management	(9.425)	0.067	0.000	0.000	(0.744)	(10.102)
<b>Net Expenditure Budget</b>	<b>(0.740)</b>	<b>0.462</b>	<b>(0.786)</b>	<b>(0.358)</b>	<b>1.208</b>	<b>(0.214)</b>
<b>Corporate Strategy &amp; Comms</b>						
Corporate Management	0.413	0.147	0.000	0.000	0.000	0.560
Partnerships & Performance	0.878	0.041	(0.055)	0.000	0.000	0.864
<b>Net Expenditure Budget</b>	<b>1.291</b>	<b>0.188</b>	<b>(0.055)</b>	<b>0.000</b>	<b>0.000</b>	<b>1.425</b>
<b>Democracy &amp; Governance</b>						
<b>Net Expenditure Budget</b>	<b>2.053</b>	<b>0.142</b>	<b>(0.035)</b>	<b>0.000</b>	<b>0.003</b>	<b>2.162</b>
<b>Human Resources</b>						
HR Shared Service	0.500	0.041	(0.040)	0.000	0.000	0.502
Human Resources Client	0.054	0.000	0.000	0.000	0.000	0.054
<b>Net Expenditure Budget</b>	<b>0.554</b>	<b>0.041</b>	<b>(0.040)</b>	<b>0.000</b>	<b>0.000</b>	<b>0.556</b>
<b>Strategic Finance</b>						
Corporate Costs	4.195	(0.995)	(0.993)	0.000	(0.445)	1.763
Finance & Resources	0.223	0.000	0.000	0.000	0.000	0.223
Finance and Audit Services Client	1.024	0.000	(0.098)	0.000	0.160	1.086
Revenues And Benefits Client	1.078	0.000	(0.180)	0.000	0.000	0.898
Service Transformation	0.059	0.000	0.000	0.000	0.000	0.059
<b>Net Expenditure Budget</b>	<b>6.579</b>	<b>(0.995)</b>	<b>(1.271)</b>	<b>0.000</b>	<b>(0.285)</b>	<b>4.029</b>
<b>Net Cost of Services</b>	<b>15.404</b>	<b>0.301</b>	<b>(2.691)</b>	<b>(0.358)</b>	<b>2.048</b>	<b>14.704</b>

# Council Summary

Revenue 2026/27

Directorate	Starting Budget £m	Salary Build £m	2026/27 Budget Changes			Revised Budget £m
			Savings £m	Fees and Charges £m	Variations £m	
<b>Corporate, Housing &amp; Wellbeing</b>						
Customer & Corporate Services	1.732	0.129	(0.165)	0.000	0.609	2.305
Housing & Wellbeing	2.888	0.256	(0.300)	0.000	0.513	3.357
ICT Services	1.047	0.093	0.000	0.000	0.000	1.140
<b>Net Expenditure Budget</b>	<b>5.667</b>	<b>0.478</b>	<b>(0.464)</b>	<b>0.000</b>	<b>1.122</b>	<b>6.802</b>
<b>Place</b>						
Environment	7.150	0.243	(0.539)	(0.334)	1.912	8.432
Planning, Infrastructure & Economy	1.535	0.168	(0.300)	(0.024)	0.000	1.378
Property & Asset Management	(9.425)	0.070	0.000	0.000	(0.344)	(9.698)
<b>Net Expenditure Budget</b>	<b>(0.740)</b>	<b>0.481</b>	<b>(0.838)</b>	<b>(0.358)</b>	<b>1.568</b>	<b>0.112</b>
<b>Corporate Strategy &amp; Comms</b>						
Corporate Management	0.413	0.150	0.000	0.000	0.000	0.564
Partnerships & Performance	0.878	0.042	(0.034)	0.000	0.000	0.886
<b>Net Expenditure Budget</b>	<b>1.291</b>	<b>0.192</b>	<b>(0.034)</b>	<b>0.000</b>	<b>0.000</b>	<b>1.449</b>
<b>Democracy &amp; Governance</b>						
<b>Net Expenditure Budget</b>	<b>2.053</b>	<b>0.147</b>	<b>(0.035)</b>	<b>0.000</b>	<b>0.003</b>	<b>2.167</b>
<b>Human Resources</b>						
HR Shared Service	0.500	0.042	(0.040)	0.000	0.000	0.503
Human Resources Client	0.054	0.000	0.000	0.000	0.000	0.054
<b>Net Expenditure Budget</b>	<b>0.554</b>	<b>0.042</b>	<b>(0.040)</b>	<b>0.000</b>	<b>0.000</b>	<b>0.557</b>
<b>Strategic Finance</b>						
Corporate Costs	4.195	(0.996)	(1.376)	0.000	0.047	1.870
Finance & Resources	0.223	0.000	0.000	0.000	0.000	0.223
Finance and Audit Services Client	1.024	0.000	(0.112)	0.000	0.160	1.072
Revenues And Benefits Client	1.078	0.000	(0.180)	0.000	0.000	0.898
Service Transformation	0.059	0.000	0.000	0.000	0.000	0.059
<b>Net Expenditure Budget</b>	<b>6.579</b>	<b>(0.996)</b>	<b>(1.667)</b>	<b>0.000</b>	<b>0.207</b>	<b>4.122</b>
<b>Net Cost of Services</b>	<b>15.404</b>	<b>0.343</b>	<b>(3.080)</b>	<b>(0.358)</b>	<b>2.900</b>	<b>15.209</b>

# Council Summary

## Capital Investment Programme

Capital Investment Programme		Forecast Year End 2023/24 £m	Proposed Budget 2024/25 £m	Proposed Budget 2025/26 £m	Proposed Budget 2026/27 £m
Corporate, Housing and Wellbeing	ICT	0.535	0.722	0.922	0.530
	Customer Experience	9.848	11.081	0.030	0.030
	Housing	0.379	0.238	0.250	0.250
		0.762	12.041	1.202	0.810
Place	Planning, Infrastructure and Economy	0.748	1.145	0.705	1.230
	Property and Asset Management	18.031	13.008	7.260	0.627
	Environment	3.157	2.915	0.666	1.119
		21.936	17.068	8.631	2.977
Corporate Strategy and Comms		-	-	-	0.065
Strategic Finance		1.188	3.807	0.677	0.677
<b>Total</b>		<b>33.885</b>	<b>32.916</b>	<b>10.510</b>	<b>4.528</b>

# Corporate, Housing and Wellbeing

Revenue 2024/25

Customer & Corporate Services		2024/25					Revised Budget
		Budget Changes					
Service	Income/ Expenditure	Starting Budget £m	Salary Build £m	Savings £m	Fees and Charges £m	Variations £m	£m
Customer Experience	Expenditure	1.209	0.079	(0.110)	0.000	0.614	1.792
Customer Experience	Income	(0.020)	0.000	0.000	0.000	0.000	(0.020)
EPMO	Expenditure	0.292	0.220	0.000	0.000	0.000	0.512
EPMO	Income	(0.055)	(0.214)	0.000	0.000	0.000	(0.269)
Mail Room	Expenditure	0.302	0.007	(0.030)	0.000	0.000	0.279
Mail Room	Income	(0.001)	0.000	0.000	0.000	0.000	(0.001)
<b>Net Expenditure</b>		<b>1.727</b>	<b>0.092</b>	<b>(0.140)</b>	<b>0.000</b>	<b>0.614</b>	<b>2.293</b>

Housing & Wellbeing		2024/25					Revised Budget
		Budget Changes					
Service	Income/ Expenditure	Starting Budget £m	Salary Build £m	Savings £m	Fees and Charges £m	Growth and Pressures £m	£m
Community Safety	Expenditure	0.012	0.000	0.000	0.000	0.000	0.012
Support Team	Expenditure	1.959	0.000	0.000	0.000	0.000	1.959
Support Team	Income	(0.003)	0.000	0.000	0.000	0.000	(0.003)
Housing Supply	Expenditure	0.841	0.000	0.000	0.000	0.000	0.841
Housing Supply	Income	(0.327)	0.000	0.000	0.000	0.000	(0.327)
Environmental Health Section	Expenditure	0.156	0.219	(0.179)	0.000	0.000	0.196
Environmental Health Section	Income	(0.456)	(0.049)	0.000	0.000	0.000	(0.505)
Housing Demand	Expenditure	0.937	0.564	(0.086)	0.000	0.800	2.215
Housing Demand	Income	0.000	(0.496)	(0.075)	0.000	0.000	(0.571)
Licensing Section	Expenditure	0.014	0.000	0.000	0.000	0.000	0.014
Licensing Section	Income	(0.249)	0.000	0.000	0.000	0.013	(0.236)
Sustainability	Expenditure	0.052	0.048	0.000	0.000	0.000	0.101
Sustainability	Earmarked Reserves	0.000	(0.038)	0.000	0.000	0.000	(0.038)
<b>Net Expenditure</b>		<b>2.938</b>	<b>0.248</b>	<b>(0.340)</b>	<b>0.000</b>	<b>0.813</b>	<b>3.659</b>

ICT Services		2024/25					Revised Budget
		Budget Changes					
Service	Income/ Expenditure	Starting Budget £m	Salary Build £m	Savings £m	Fees and Charges £m	Variations £m	£m
ICT Services	Expenditure	1.090	0.166	0.000	0.000	0.000	1.256
ICT Services	Income	(0.043)	(0.056)	0.000	0.000	0.000	(0.100)
<b>Net Expenditure</b>		<b>1.046</b>	<b>0.110</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>1.156</b>

<b>Corporate Housing and Wellbeing Total Net Expenditure</b>		<b>5.711</b>	<b>0.450</b>	<b>(0.479)</b>	<b>0.000</b>	<b>1.427</b>	<b>7.108</b>
--	--	--------------	--------------	----------------	--------------	--------------	--------------

# Corporate, Housing and Wellbeing

Revenue 2025/26

Customer & Corporate Services		2025/26 Budget Changes					Revised Budget
		Starting Budget	Salary Build	Savings	Fees and Charges	Variances	
Service	Income/Expenditure	£m	£m	£m	£m	£m	£m
Customer Experience	Expenditure	1.212	0.084	(0.135)	0.000	0.609	1.771
Customer Experience	Income	(0.020)	0.000	0.000	0.000	0.000	(0.020)
EPMO	Expenditure	0.294	(0.008)	0.000	0.000	0.000	0.286
EPMO	Income	(0.055)	0.039	0.000	0.000	0.000	(0.016)
Mail Room	Expenditure	0.302	0.007	(0.030)	0.000	0.000	0.279
Mail Room	Income	(0.001)	0.000	0.000	0.000	0.000	(0.001)
<b>Net Expenditure</b>		<b>1.732</b>	<b>0.122</b>	<b>(0.165)</b>	<b>0.000</b>	<b>0.609</b>	<b>2.298</b>

Housing & Wellbeing		2025/26 Budget Changes					Revised Budget
		Starting Budget	Salary Build	Savings	Fees and Charges	Variances	
Service	Income/Expenditure	£m	£m	£m	£m	£m	£m
Community Safety	Expenditure	0.012	0.000	0.000	0.000	0.000	0.012
Support Team	Expenditure	1.958	0.000	0.000	0.000	0.000	1.958
Support Team	Income	(0.003)	0.000	0.000	0.000	0.000	(0.003)
Housing Supply	Expenditure	0.791	0.000	0.000	0.000	0.000	0.791
Housing Supply	Income	(0.327)	0.000	0.000	0.000	0.000	(0.327)
Environmental Health Section	Expenditure	0.156	0.221	(0.179)	0.000	0.000	0.198
Environmental Health Section	Income	(0.456)	(0.049)	0.000	0.000	0.000	(0.505)
Housing Demand	Expenditure	0.937	0.434	(0.086)	0.000	0.500	1.785
Housing Demand	Income	0.000	(0.366)	(0.075)	0.000	0.000	(0.441)
Licensing Section	Expenditure	0.014	0.000	0.000	0.000	0.000	0.014
Licensing Section	Income	(0.249)	0.000	0.000	0.000	0.013	(0.236)
Sustainability	Expenditure	0.053	0.010	0.000	0.000	0.000	0.063
<b>Net Expenditure</b>		<b>2.888</b>	<b>0.250</b>	<b>(0.340)</b>	<b>0.000</b>	<b>0.513</b>	<b>3.312</b>

ICT Services		2025/26 Budget Changes					Revised Budget
		Starting Budget	Salary Build	Savings	Fees and Charges	Variances	
Service	Income/Expenditure	£m	£m	£m	£m	£m	£m
ICT Services	Expenditure	1.090	0.148	0.000	0.000	0.000	1.239
ICT Services	Income	(0.043)	(0.058)	0.000	0.000	0.000	(0.101)
<b>Net Expenditure</b>		<b>1.047</b>	<b>0.090</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>1.137</b>

<b>Corporate Housing and Wellbeing Total Net Expenditure</b>		<b>5.667</b>	<b>0.463</b>	<b>(0.504)</b>	<b>0.000</b>	<b>1.122</b>	<b>6.747</b>
--	--	--------------	--------------	----------------	--------------	--------------	--------------

# Corporate, Housing and Wellbeing

Revenue 2026/27

Customer & Corporate Services		2026/27 Budget Changes					Revised Budget
		Starting Budget	Salary Build	Savings	Fees and Charges	Variations	
Service	Income/Expenditure	£m	£m	£m	£m	£m	£m
Customer Experience	Expenditure	1.212	0.084	(0.135)	0.000	0.609	1.770
Customer Experience	Income	(0.020)	0.000	0.000	0.000	0.000	(0.020)
EPMO	Expenditure	0.294	0.001	0.000	0.000	0.000	0.295
EPMO	Income	(0.055)	0.037	0.000	0.000	0.000	(0.017)
Mail Room	Expenditure	0.302	0.007	(0.030)	0.000	0.000	0.279
Mail Room	Income	(0.001)	0.000	0.000	0.000	0.000	(0.001)
<b>Net Expenditure</b>		<b>1.732</b>	<b>0.129</b>	<b>(0.165)</b>	<b>0.000</b>	<b>0.609</b>	<b>2.305</b>

Housing & Wellbeing		2026/27 Budget Changes					Revised Budget
		Starting Budget	Salary Build	Savings	Fees and Charges	Variations	
Service	Income/Expenditure	£m	£m	£m	£m	£m	£m
Community Safety	Expenditure	0.012	0.000	0.000	0.000	0.000	0.012
Support Team	Expenditure	1.958	0.000	0.000	0.000	0.000	1.958
Support Team	Income	(0.003)	0.000	0.000	0.000	0.000	(0.003)
Housing Supply	Expenditure	0.791	0.000	0.000	0.000	0.000	0.791
Housing Supply	Income	(0.327)	0.000	0.000	0.000	0.000	(0.327)
Environmental Health Section	Expenditure	0.156	0.225	(0.179)	0.000	0.000	0.203
Environmental Health Section	Income	(0.456)	(0.049)	0.000	0.000	0.000	(0.505)
Housing Demand	Expenditure	0.937	0.460	(0.071)	0.000	0.500	1.826
Housing Demand	Income	0.000	(0.392)	(0.050)	0.000	0.000	(0.442)
Licensing Section	Expenditure	0.014	0.000	0.000	0.000	0.000	0.014
Licensing Section	Income	(0.249)	0.000	0.000	0.000	0.013	(0.236)
Sustainability	Expenditure	0.053	0.011	0.000	0.000	0.000	0.065
<b>Net Expenditure</b>		<b>2.888</b>	<b>0.256</b>	<b>(0.300)</b>	<b>0.000</b>	<b>0.513</b>	<b>3.357</b>

ICT Services		2026/27 Budget Changes					Revised Budget
		Starting Budget	Salary Build	Savings	Fees and Charges	Variations	
Service	Income/Expenditure	£m	£m	£m	£m	£m	£m
ICT Services	Expenditure	1.090	0.152	0.000	0.000	0.000	1.243
ICT Services	Income	(0.043)	(0.059)	0.000	0.000	0.000	(0.103)
<b>Net Expenditure</b>		<b>1.047</b>	<b>0.093</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>1.140</b>

<b>Corporate Housing and Wellbeing Total Net Expenditure</b>		<b>5.667</b>	<b>0.478</b>	<b>(0.464)</b>	<b>0.000</b>	<b>1.122</b>	<b>6.802</b>
--	--	--------------	--------------	----------------	--------------	--------------	--------------

# Corporate, Housing and Wellbeing

## Service Efficiencies and Savings

Service	Description	2024/25 £m	2025/26 £m	2026/27 £m
Customer and Corporate Services	Removal from the establishment of one vacant Customer Service Advisor post	(0.027)	(0.027)	(0.027)
Customer and Corporate Services	Net impact of Facilities Manager post deletion following departure of postholder and transfer of team to Customer Experience	(0.050)	(0.050)	(0.050)
Customer and Corporate Services	Digital Mailroom - reduction in print materials	(0.030)	(0.030)	(0.030)
Customer and Corporate Services	Reduce customer service staffing by 1 FTE through turnover and via the introduction of new technology (e.g. co-browsing, webchat, AI)	(0.004)	(0.024)	(0.024)
Customer and Corporate Services	Customer Services staffing – further reduction to establishment of 1 FTE through turnover.	(0.028)	(0.034)	(0.034)
Housing and Wellbeing	Reduction in contribution to right sizing work of Watford Community Housing (WCH) with resource provided by WCH	(0.015)	(0.015)	0.000
Housing and Wellbeing	Utilisation of Homeless Prevention Grant	(0.025)	(0.025)	0.000
Housing and Wellbeing	Reduction in rent in advance payments to Housing Associations	(0.010)	(0.010)	(0.010)
Housing and Wellbeing	Realignment of budgets following property rationalisation.	(0.049)	(0.049)	(0.049)
Housing and Wellbeing	Additional income from council owned Temporary Accommodation due to reduction in voids	(0.030)	(0.030)	(0.030)
Housing and Wellbeing	Income from Asylum and Refugee grant funding to support staff costs	(0.020)	(0.020)	(0.020)
Housing and Wellbeing	Equipment and services rationalisation due to efficiency within Community Protection	(0.012)	(0.012)	(0.012)
Housing and Wellbeing	Redesign Pest Control Services following loss of TRDC contract	(0.018)	(0.018)	(0.018)
Housing and Wellbeing	Cease Environmental Health out of hours service	(0.010)	(0.010)	(0.010)
Housing and Wellbeing	Cease out of hours stray dog service	(0.015)	(0.015)	(0.015)
Housing and Wellbeing	Reduction in use of specialist, contractors and deletion of vacant posts	(0.136)	(0.136)	(0.136)
<b>Total Corporate, Housing and Wellbeing Service Efficiencies and Savings</b>		<b>(0.479)</b>	<b>(0.504)</b>	<b>(0.464)</b>



# Corporate, Housing and Wellbeing

Variances – Growth, Pressures, and contributions to and (from) Earmarked Reserves

Growth and Pressures		2024/25	2025/26	2026/27
Service	Description	£m	£m	£m
Customer and Corporate Services	Increase in contract costs for firmstep platform	0.015	0.008	0.008
Customer and Corporate Services	Transfer of Facilities Management budgets from Place	0.599	0.601	0.601
Housing and Wellbeing	Decrease in income for export certificates, business moved out of borough	0.013	0.013	0.013
Housing and Wellbeing	Temporary Accommodation - demand led pressure	0.800	0.500	0.500
<b>Total Corporate, Housing and Wellbeing Growth and Pressures</b>		<b>1.427</b>	<b>1.122</b>	<b>1.122</b>

Contributions to and (from) Earmarked Reserves		2024/25	2025/26	2026/27
Service	Description	£m	£m	£m
	None			
<b>Total Corporate, Housing and Wellbeing Contributions to and (from) Earmarked Reserves</b>		<b>0.000</b>	<b>0.000</b>	<b>0.000</b>

<b>Total Corporate, Housing and Wellbeing Variances</b>		<b>1.427</b>	<b>1.122</b>	<b>1.122</b>
---	--	--------------	--------------	--------------

# Corporate, Housing and Wellbeing

## Detailed Capital Programme

Capital Scheme	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m
<b>ICT</b>				
Migration To The Cloud	0.023	0.023	0.023	-
ICT Hardware Replacement Programme - Shared Service	0.045	0.045	0.045	0.045
ICT-Hardware Replacement Programme	0.101	0.201	0.401	0.200
ICT-Business Application Upgrade	0.207	0.294	0.294	0.165
ICT-Project Management Provision	0.160	0.160	0.160	0.120
<b>Total ICT</b>	<b>0.535</b>	<b>0.722</b>	<b>0.922</b>	<b>0.530</b>
<b>Customer Experience</b>				
Building Investment Programme	0.046	0.030	0.030	0.030
Town Hall Refurbishment (THQ Programme)	1.800	6.929	-	-
Colosseum Refurbishment (THQ Programme)	6.500	3.662	-	-
Annexe Refurbishment (THQ Programme)	0.039	-	-	-
Town Hall Quarter Programme Delivery (THQ Programme)	0.500	0.147	-	-
Decarbonisation Project Salix (THQ Programme)	0.646	-	-	-
Town Hall / Colosseum Fabric Works (THQ Programme)	0.316	0.314	-	-
<b>Total Customer Experience</b>	<b>9.848</b>	<b>11.081</b>	<b>0.030</b>	<b>0.030</b>

# Corporate, Housing and Wellbeing

Capital Scheme	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m
<b>Housing</b>				
Decent Homes Assistance	0.100	0.100	0.100	0.100
Private Sector Housing Renewal	0.200	0.100	0.100	0.100
Private Sector Stock Condition	0.017	-	-	-
Retained Housing Stock	0.062	0.038	0.050	0.050
<b>Total Housing</b>	<b>0.379</b>	<b>0.238</b>	<b>0.250</b>	<b>0.250</b>
<b>Total Proposed Corporate, Housing and Wellbeing</b>	<b>10.762</b>	<b>12.041</b>	<b>1.202</b>	<b>0.810</b>

# Place

## Revenue 2024/25

Environment		2024/25						Revised Budget
		Budget Changes						
Service	Income/ Expenditure	Starting Budget £m	Salary Build £m	Savings £m	Fees and Charges £m	Variances £m	£m	
Contract Monitoring	Expenditure	1.227	0.185	(0.247)	0.000	1.732	2.897	
Leisure	Expenditure	0.646	0.000	(0.008)	0.000	0.816	1.455	
Leisure	Income	(0.765)	0.000	0.000	(0.020)	(0.972)	(1.757)	
Grants	Expenditure	0.714	0.013	0.000	0.000	0.000	0.728	
Grants	Income	(0.009)	0.000	0.000	0.000	0.000	(0.009)	
Culture & Play	Expenditure	0.447	0.150	0.000	0.000	0.065	0.662	
Culture & Play	Income	(0.052)	(0.109)	0.000	0.000	0.040	(0.121)	
Street Cleansing	Expenditure	2.036	0.000	0.000	0.000	0.000	2.036	
Street Cleansing	Income	(0.003)	0.000	0.000	0.000	0.000	(0.003)	
Sustainable Transport	Expenditure	0.049	0.003	0.000	0.000	0.100	0.153	
Sustainable Transport	Earmarked Reserves	0.000	0.000	0.000	0.000	(0.100)	(0.100)	
Waste & Recycling	Expenditure	2.740	0.000	0.000	0.000	0.000	2.740	
Waste & Recycling	Income	(1.174)	0.000	0.000	(0.060)	0.000	(1.234)	
Parking Service	Expenditure	1.857	0.000	0.000	0.000	0.000	1.857	
Parking Service	Income	(2.002)	0.000	(0.140)	0.000	0.050	(2.092)	
Parking Service	Earmarked Reserves	(0.083)	0.000	0.000	0.000	0.090	0.007	
Parks & Open Spaces	Expenditure	2.371	0.013	0.000	0.000	0.113	2.497	
Parks & Open Spaces	Income	(0.802)	0.000	0.000	(0.216)	(0.050)	(1.068)	
<b>Net Expenditure</b>		<b>7.198</b>	<b>0.256</b>	<b>(0.395)</b>	<b>(0.295)</b>	<b>1.884</b>	<b>8.648</b>	

Planning, Infrastructure & Economy		2024/25						Revised Budget
		Budget Changes						
Service	Income/ Expenditure	Starting Budget £m	Salary Build £m	Savings £m	Fees and Charges £m	Variances £m	£m	
Economic Development	Expenditure	0.206	0.011	(0.047)	0.000	0.000	0.170	
Economic Development	Income	0.000	0.000	(0.026)	0.000	0.000	(0.026)	
Parking	Expenditure	(0.001)	0.036	0.000	0.000	0.000	0.035	
Parking	Income	(0.015)	0.000	0.000	(0.029)	0.000	(0.044)	
Transport & Infrastructure	Expenditure	0.651	0.009	(0.010)	0.000	0.014	0.664	
Transport & Infrastructure	Income	(0.098)	0.000	(0.038)	0.000	0.000	(0.137)	
Transport & Infrastructure	Earmarked Reserves	0.000	0.000	0.000	0.000	(0.028)	(0.028)	
Planning & Development	Expenditure	2.079	0.466	(0.216)	0.000	0.000	2.329	
Planning & Development	Income	(1.292)	(0.377)	0.000	0.030	0.100	(1.540)	
<b>Net Expenditure</b>		<b>1.529</b>	<b>0.146</b>	<b>(0.337)</b>	<b>0.001</b>	<b>0.086</b>	<b>1.424</b>	

# Place

Property & Asset Management		2024/25					Revised Budget
		Budget Changes					
Service	Income/ Expenditure	Starting Budget £m	Salary Build £m	Savings £m	Fees and Charges £m	Variances £m	£m
Property Management	Expenditure	0.691	0.058	(0.021)	0.000	0.000	0.727
Property Management	Income	(0.617)	0.000	0.000	0.000	0.000	(0.617)
Other	Expenditure	(0.045)	0.000	0.000	0.000	0.000	(0.045)
Other	Income	0.004	0.000	0.000	0.000	0.000	0.004
Corporate Asset Management	Expenditure	1.160	0.000	0.000	0.000	(0.599)	0.562
Corporate Asset Management	Income	(0.577)	0.000	0.000	0.000	0.000	(0.577)
Investment - Core Portfolio	Expenditure	0.079	0.000	0.000	0.000	14.228	14.308
Investment - Core Portfolio	Income	(8.470)	0.000	0.000	0.000	(8.261)	(16.731)
Investment - Core Portfolio	Earmarked Reserves	0.000	0.000	0.000	0.000	(5.892)	(5.892)
Investment Watford Business Park	Expenditure	0.039	0.000	0.000	0.000	0.000	0.039
Investment Watford Business Park	Income	(1.434)	0.000	0.000	0.000	(0.075)	(1.509)
Watford Health Campus	Income	(0.081)	0.000	0.000	0.000	0.000	(0.081)
Investment Garage/Parking Bays	Income	(0.001)	0.000	0.000	0.000	0.000	(0.001)
Operational Community Facility	Expenditure	0.004	0.000	0.000	0.000	0.000	0.004
Operational Community Facility	Income	(0.017)	0.000	0.000	0.000	0.000	(0.017)
Operational Housing Park, Playground, Recreation, Amenity Land	Income	(0.001)	0.000	0.000	0.000	0.000	(0.001)
	Income	(0.009)	0.000	0.000	0.000	0.000	(0.009)
<b>Net Expenditure</b>		<b>(9.275)</b>	<b>0.058</b>	<b>(0.021)</b>	<b>0.000</b>	<b>(0.599)</b>	<b>(9.837)</b>
<b>Place Total Net Expenditure</b>		<b>(0.548)</b>	<b>0.459</b>	<b>(0.754)</b>	<b>(0.294)</b>	<b>1.372</b>	<b>0.235</b>

# Place

Revenue 2025/26

Environment		2025/26						Revised Budget
		Starting Budget	Salary Build	Budget Changes			£m	
Service	Income/Expenditure	£m	£m	Savings £m	Fees and Charges £m	Variances £m	£m	
Contract Monitoring	Expenditure	1.228	0.190	(0.319)	0.000	1.978	3.077	
Leisure	Expenditure	0.646	0.000	(0.008)	0.000	0.694	1.333	
Leisure	Income	(0.765)	0.000	0.000	(0.020)	(0.946)	(1.731)	
Grants	Expenditure	0.664	0.013	0.000	0.000	0.000	0.678	
Grants	Income	(0.009)	0.000	0.000	0.000	0.000	(0.009)	
Culture & Play	Expenditure	0.447	0.017	0.000	0.000	0.000	0.464	
Culture & Play	Income	(0.052)	0.000	0.000	0.000	0.040	(0.012)	
Street Cleansing	Expenditure	2.036	0.000	0.000	0.000	0.000	2.036	
Street Cleansing	Income	(0.003)	0.000	0.000	0.000	0.000	(0.003)	
Sustainable Transport	Expenditure	0.049	0.003	0.000	0.000	0.100	0.153	
Sustainable Transport	Earmarked Reserves	0.000	0.000	0.000	0.000	(0.100)	(0.100)	
Waste & Recycling	Expenditure	2.740	0.000	0.000	0.000	0.000	2.740	
Waste & Recycling	Income	(1.174)	0.000	0.000	(0.099)	0.000	(1.273)	
Parking Service	Expenditure	1.866	0.000	0.000	0.000	0.000	1.866	
Parking Service	Income	(2.042)	0.000	(0.140)	0.000	0.050	(2.132)	
Parking Service	Earmarked Reserves	(0.053)	0.000	0.000	0.000	0.090	0.037	
Parks & Open Spaces	Expenditure	2.372	0.014	0.000	0.000	0.053	2.440	
Parks & Open Spaces	Income	(0.802)	0.000	0.000	(0.216)	0.000	(1.018)	
<b>Net Expenditure</b>		<b>7.150</b>	<b>0.238</b>	<b>(0.467)</b>	<b>(0.334)</b>	<b>1.959</b>	<b>8.546</b>	

Planning, Infrastructure & Economy		2025/26						Revised Budget
		Starting Budget	Salary Build	Budget Changes			£m	
Service	Income/Expenditure	£m	£m	Savings £m	Fees and Charges £m	Variances £m	£m	
Economic Development	Expenditure	0.207	0.011	(0.047)	0.000	0.000	0.172	
Economic Development	Income	0.000	0.000	0.000	0.000	0.000	0.000	
Parking	Expenditure	(0.001)	0.037	0.000	0.000	0.000	0.036	
Parking	Income	(0.015)	0.000	0.000	(0.029)	0.000	(0.044)	
Transport & Infrastructure	Expenditure	0.653	0.010	(0.010)	0.000	0.021	0.674	
Transport & Infrastructure	Income	(0.098)	0.000	(0.077)	0.000	0.000	(0.175)	
Transport & Infrastructure	Earmarked Reserves	0.000	0.000	0.000	0.000	(0.028)	(0.028)	
Planning & Development	Expenditure	2.081	0.484	(0.186)	0.000	0.000	2.380	
Planning & Development	Income	(1.292)	(0.385)	0.000	0.005	0.000	(1.673)	
<b>Net Expenditure</b>		<b>1.535</b>	<b>0.157</b>	<b>(0.320)</b>	<b>(0.024)</b>	<b>(0.007)</b>	<b>1.341</b>	

# Place

Property & Asset Management		2025/26					Revised Budget
		Budget Changes					
Service	Income/ Expenditure	Starting Budget £m	Salary Build £m	Savings £m	Fees and Charges £m	Variances £m	£m
Property Management	Expenditure	0.689	0.067	0.000	0.000	0.000	0.755
Property Management	Income	(0.767)	0.000	0.000	0.000	0.000	(0.767)
Other	Expenditure	(0.045)	0.000	0.000	0.000	0.000	(0.045)
Other	Income	0.004	0.000	0.000	0.000	0.000	0.004
Corporate Asset Management	Expenditure	1.162	0.000	0.000	0.000	(0.460)	0.702
Corporate Asset Management	Income	(0.577)	0.000	0.000	0.000	0.000	(0.577)
Investment - Core Portfolio	Expenditure	0.079	0.000	0.000	0.000	12.936	13.015
Investment - Core Portfolio	Income	(8.470)	0.000	0.000	0.000	(10.117)	(18.587)
Investment - Core Portfolio	Earmarked Reserves	0.000	0.000	0.000	0.000	(2.303)	(2.303)
Investment Watford Business Park	Expenditure	0.039	0.000	0.000	0.000	0.000	0.039
Investment Watford Business Park	Income	(1.434)	0.000	0.000	0.000	(0.800)	(2.234)
Watford Health Campus	Income	(0.081)	0.000	0.000	0.000	0.000	(0.081)
Investment Garage/Parking Bays	Income	(0.001)	0.000	0.000	0.000	0.000	(0.001)
Operational Community Facility	Expenditure	0.004	0.000	0.000	0.000	0.000	0.004
Operational Community Facility	Income	(0.017)	0.000	0.000	0.000	0.000	(0.017)
Operational Housing Park, Playground, Recreation, Amenity Land	Income	(0.001)	0.000	0.000	0.000	0.000	(0.001)
	Income	(0.009)	0.000	0.000	0.000	0.000	(0.009)
<b>Net Expenditure</b>		<b>(9.425)</b>	<b>0.067</b>	<b>0.000</b>	<b>0.000</b>	<b>(0.744)</b>	<b>(10.102)</b>
<b>Place Total Net Expenditure</b>		<b>(0.740)</b>	<b>0.462</b>	<b>(0.786)</b>	<b>(0.358)</b>	<b>1.208</b>	<b>(0.214)</b>

# Place

Revenue 2026/27

Environment		2026/27					Revised Budget
		Budget Changes					
Service	Income/ Expenditure	Starting Budget £m	Salary Build £m	Savings £m	Fees and Charges £m	Variances £m	£m
Contract Monitoring	Expenditure	1.228	0.193	(0.319)	0.000	2.160	3.263
Leisure	Expenditure	0.646	0.000	(0.080)	0.000	0.450	1.017
Leisure	Income	(0.765)	0.000	0.000	(0.020)	(0.924)	(1.709)
Grants	Expenditure	0.664	0.013	0.000	0.000	0.000	0.678
Grants	Income	(0.009)	0.000	0.000	0.000	0.000	(0.009)
Culture & Play	Expenditure	0.447	0.017	0.000	0.000	0.000	0.464
Culture & Play	Income	(0.052)	0.000	0.000	0.000	0.040	(0.012)
Street Cleansing	Expenditure	2.036	0.000	0.000	0.000	0.000	2.036
Street Cleansing	Income	(0.003)	0.000	0.000	0.000	0.000	(0.003)
Sustainable Transport	Expenditure	0.049	0.003	0.000	0.000	0.000	0.053
Sustainable Transport	Earmarked Reserves	0.000	0.000	0.000	0.000	0.000	0.000
Waste & Recycling	Expenditure	2.740	0.000	0.000	0.000	0.000	2.740
Waste & Recycling	Income	(1.174)	0.000	0.000	(0.099)	0.000	(1.273)
Parking Service	Expenditure	1.866	0.000	0.000	0.000	0.000	1.866
Parking Service	Income	(2.042)	0.000	(0.140)	0.000	0.050	(2.132)
Parking Service	Earmarked Reserves	(0.053)	0.000	0.000	0.000	0.090	0.037
Parks & Open Spaces	Expenditure	2.372	0.016	0.000	0.000	0.046	2.434
Parks & Open Spaces	Income	(0.802)	0.000	0.000	(0.216)	0.000	(1.018)
<b>Net Expenditure</b>		<b>7.150</b>	<b>0.243</b>	<b>(0.539)</b>	<b>(0.334)</b>	<b>1.912</b>	<b>8.432</b>

Planning, Infrastructure & Economy		2026/27					Revised Budget
		Budget Changes					
Service	Income/ Expenditure	Starting Budget £m	Salary Build £m	Savings £m	Fees and Charges £m	Variances £m	£m
Economic Development	Expenditure	0.207	0.011	(0.047)	0.000	0.000	0.172
Economic Development	Income	0.000	0.000	0.000	0.000	0.000	0.000
Parking	Expenditure	(0.001)	0.038	0.000	0.000	0.000	0.037
Parking	Income	(0.015)	0.000	0.000	(0.029)	0.000	(0.044)
Transport & Infrastructure	Expenditure	0.653	0.011	(0.010)	0.000	0.028	0.682
Transport & Infrastructure	Income	(0.098)	0.000	(0.077)	0.000	0.000	(0.175)
Transport & Infrastructure	Earmarked Reserves	0.000	0.000	0.000	0.000	(0.028)	(0.028)
Planning & Development	Expenditure	2.081	0.501	(0.166)	0.000	0.000	2.416
Planning & Development	Income	(1.292)	(0.394)	0.000	0.005	0.000	(1.681)
<b>Net Expenditure</b>		<b>1.535</b>	<b>0.168</b>	<b>(0.300)</b>	<b>(0.024)</b>	<b>0.000</b>	<b>1.378</b>



# Place

Property & Asset Management		2026/27					Revised Budget
		Budget Changes					
Service	Income/ Expenditure	Starting Budget £m	Salary Build £m	Savings £m	Fees and Charges £m	Variances £m	£m
Property Management	Expenditure	0.689	0.070	0.000	0.000	0.000	0.759
Property Management	Income	(0.767)	0.000	0.000	0.000	0.000	(0.767)
Other	Expenditure	(0.045)	0.000	0.000	0.000	0.000	(0.045)
Other	Income	0.004	0.000	0.000	0.000	0.000	0.004
Corporate Asset Management	Expenditure	1.162	0.000	0.000	0.000	(0.460)	0.702
Corporate Asset Management	Income	(0.577)	0.000	0.000	0.000	0.000	(0.577)
Investment - Core Portfolio	Expenditure	0.079	0.000	0.000	0.000	12.603	12.682
Investment - Core Portfolio	Income	(8.470)	0.000	0.000	0.000	(11.794)	(20.264)
Investment - Core Portfolio	Earmarked Reserves	0.000	0.000	0.000	0.000	0.107	0.107
Investment Watford Business Park	Expenditure	0.039	0.000	0.000	0.000	0.000	0.039
Investment Watford Business Park	Income	(1.434)	0.000	0.000	0.000	(0.800)	(2.234)
Watford Health Campus	Income	(0.081)	0.000	0.000	0.000	0.000	(0.081)
Investment Garage/Parking Bays	Income	(0.001)	0.000	0.000	0.000	0.000	(0.001)
Operational Community Facility	Expenditure	0.004	0.000	0.000	0.000	0.000	0.004
Operational Community Facility	Income	(0.017)	0.000	0.000	0.000	0.000	(0.017)
Operational Housing Park, Playground, Recreation, Amenity Land	Income	(0.001)	0.000	0.000	0.000	0.000	(0.001)
	Income	(0.009)	0.000	0.000	0.000	0.000	(0.009)
<b>Net Expenditure</b>		<b>(9.425)</b>	<b>0.070</b>	<b>0.000</b>	<b>0.000</b>	<b>(0.344)</b>	<b>(9.698)</b>
<b>Place Total Net Expenditure</b>		<b>(0.740)</b>	<b>0.481</b>	<b>(0.838)</b>	<b>(0.358)</b>	<b>1.568</b>	<b>0.112</b>

# Place

## Service Efficiencies and Savings

Service	Description	2024/25 £m	2025/26 £m	2026/27 £m
Planning, Infrastructure and Economy	Grant Funding - UKSPF administration funding	(0.026)	0.000	0.000
Planning, Infrastructure and Economy	Remove out of hours standby payments for Building Control	(0.009)	(0.009)	(0.009)
Planning, Infrastructure and Economy	Deletion of vacant Urban Design Officer post	(0.036)	(0.036)	(0.036)
Planning, Infrastructure and Economy	Redesign conservation and heritage support	(0.050)	(0.050)	(0.050)
Planning, Infrastructure and Economy	Redesign CCTV monitoring	(0.010)	(0.010)	(0.010)
Planning, Infrastructure and Economy	Deletion of Economic Development Officer post (0.8 FTE)	(0.047)	(0.047)	(0.047)
Planning, Infrastructure and Economy	Deletion of vacant post within Technical Support team	(0.045)	(0.045)	(0.045)
Planning, Infrastructure and Economy	Deletion of vacant Principal Building Control Surveyor post (Shared with SADC)	(0.025)	(0.025)	(0.025)
Planning, Infrastructure and Economy	Temporary reduction to planning policy budget	(0.050)	(0.020)	0.000
Planning, Infrastructure and Economy	Income from bus shelter advertisements	(0.038)	(0.077)	(0.077)
Property	Temporary vacancy saving created by backfill arrangements for maternity cover	(0.021)	0.000	0.000
Environment	Relocation of staff from the Depot	(0.040)	(0.040)	(0.040)
Environment	Additional Parking Income	(0.140)	(0.140)	(0.140)
Environment	Reduce volume of Market Lates per year to three per year	(0.008)	(0.008)	(0.008)
Environment	Veolia - Change in sub-contractors	(0.022)	(0.022)	(0.022)
Environment	Veolia - Oxhey Activity Park - review full time role position and undertake permanent recruitment to reduce agency costs	(0.015)	(0.015)	(0.015)
Environment	Veolia - One off saving	(0.050)	0.000	0.000
Environment	Veolia Recycling Service redesign	0.012	(0.110)	(0.110)
Environment	Veolia - Green Flag Award Maintenance	(0.028)	(0.028)	(0.028)
Environment	Veolia – New approach to Streetscene and NI195 monitoring	(0.007)	(0.007)	(0.007)

# Place

Environment	Veolia - Redesign education and outreach programme	(0.030)	)0.030)	(0.030)
Environment	Veolia - Reduce number of flower towers and hanging baskets	(0.009)	(0.009)	(0.009)
Environment	Veolia - Reduce seasonal bedding and implement different planting schemes using shrubs	(0.012)	(0.012)	(0.012)
Environment	Target saving from review of tree and verge maintenance contract with HCC'	(0.046)	(0.046)	(0.046)
Environment	Community space management.	0.000	0.000	(0.072)
<b>Total Place Service Efficiencies and Savings</b>		<b>(0.754)</b>	<b>(0.786)</b>	<b>(0.838)</b>

# Place

## Variances – Growth, Pressures, and contributions to and (from) Earmarked Reserves

<b>Growth and Pressures</b>					
<b>Service</b>	<b>Description</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>	
		<b>£m</b>	<b>£m</b>	<b>£m</b>	
Environment	Continued subsidy of Beryl bike through extension	0.100	0.100		
Environment	Utilities costs – Cassiobury Park	0.020	0.020	0.020	
Environment	Loss of bus gate income due to HCC taking over operation	0.050	0.050	0.050	
Environment	Loss of Arts grant funding / undelivered savings in prior years	0.040	0.040	0.040	
Environment	Paddling Pool Running Costs - contract indexation	0.043	0.033	0.026	
Environment	Leisure Management Fee - contract indexation	(0.156)	(0.252)	(0.474)	
Environment	Museum transformation budget	0.065	0.000	0.000	
Environment	Veolia brought forward pressure Including gate fees excluding additional fees and charges	1.406	1.406	1.406	
Environment	Veolia contract inflation	0.326	0.572	0.754	
Environment	Creation of additional burial spaces through tree clearance	0.050			
Environment	Additional income from additional burial spaces	(0.050)			
Planning, Infrastructure and Economy	Planning Fee Income - reduced demand for service due to economic outlook	0.100	0.000	0.000	
Planning, Infrastructure and Economy	CCTV Contract (as agreed by Council October 2023)	0.014	0.021	0.028	
Property and Asset Management	Reduction in commercial rental income due to deductible capital expenditure	0.200	0.100	0.000	
Property and Asset Management	Loss of rental income due to tenant entering administration	0.510	0.200	0.200	
Property and Asset Management	Commercial income growth including Aspire at Watford Business Park	(0.075)	(0.800)	(0.800)	
Property and Asset Management	Remove net saving from THQ operating model	0.000	0.141	0.141	
Property and Asset Management	Croxley Business Park	5.257	2.519	0.609	
Property and Asset Management	Transfer to Facilities Management Budget to Corporate, Housing and Wellbeing	(0.599)	(0.601)	(0.601)	
<b>Total Place Growth and Pressures</b>		<b>7.301</b>	<b>3.549</b>	<b>1.399</b>	

# Place

<b>Contributions to and (from) Earmarked Reserves</b>					
<b>Service</b>	<b>Description</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>	
		<b>£m</b>	<b>£m</b>	<b>£m</b>	
Property and Asset Management	Commercial Risk Reserve - drawdown to support commercial income	(0.635)	0.000	0.000	
Environment	Parking Reserve for Beryl Bikes	(0.100)	(0.100)	0.000	
Environment	Additional Contribution to Parking Reserve	0.140	0.140	0.140	
Planning, Infrastructure and Economy	Funding for 50% Planning Strategy and Infrastructure Lead from Parking Reserve	(0.028)	(0.028)	(0.028)	
Environment	Reduce budgeted contribution to parking reserve for bus gate income	(0.050)	(0.050)	(0.050)	
Property and Asset Management	Croxley Park Reserve	(5.257)	(2.303)	0.107	
<b>Total Place Contributions to and (from) Earmarked Reserves</b>		<b>(5.930)</b>	<b>(2.341)</b>	<b>0.169</b>	
<b>Total Place Variances</b>		<b>1.372</b>	<b>1.208</b>	<b>1.568</b>	

# Place

## Detailed Capital Programme

Capital Scheme	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m
<b>Planning, Infrastructure and Economy</b>				
Public Realm (Clarendon Rd Phase III)	0.011	0.070	-	-
CCTV Site Equipment	0.010	0.025	0.025	0.025
Public Realm - Market St South	0.012	-	-	-
Public Realm (Bridle Path Improvements)	0.054	-	-	-
TTIW Delivery Programme	-	0.100	0.100	0.100
St Albans Rd Imp Works (Ph 2)	-	0.350	0.100	-
Wayfinding & Public Art Strategy	0.062	-	-	0.269
EV Rapid Charging Points Programme	0.100	0.080	0.080	0.080
CCTV Control Room Strategy	0.417	-	-	-
High St Phase 2 (St Mary's)	0.029	-	-	0.457
Parades Improvements	0.025	0.100	0.100	0.100
CIL Grant Funded Projects	0.008	0.300	0.300	0.300
Supporting Local Business	0.020	0.120	-	-
<b>Total Planning, Infrastructure and Economy</b>	<b>0.748</b>	<b>1.145</b>	<b>0.705</b>	<b>1.330</b>
Community Asset Review	0.085	0.100	0.100	0.100
Watford Business Park Phase 2	10.933	0.300	-	-
Riverwell (Watford Health Campus Partnership)	4.286	2.496	6.900	0.227

# Place

Temp Housing Accommodation	-	0.085	-	-
Local Authority Housing Fund	0.980	1.029	-	-
Surplus Sites	0.400	0.300	0.100	-
Core Investment Portfolio		1.300	0.160	0.200
Croxley Park Asset	-	7.399	-	-
Lower High Street	0.307	-	-	0.100
Surplus Site - Land Acquisition (Site A)	1.040	-	-	-

<b>Total Property and Asset Management</b>	<b>18.031</b>	<b>13.008</b>	<b>7.260</b>	<b>0.627</b>
--	---------------	---------------	--------------	--------------

<b>Capital Scheme cont.</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>

## **Environment**

Replacement Recycling Bins	-	0.250	-	-
Veolia Contract Fleet Requirements	0.764	0.526	-	0.194
Flats - Extension of Recycling Provision	0.004	-	-	-
Veolia Capital Improvements	0.081	0.084	-	-
Green Spaces Strategy	0.160	0.050	-	-
Tree Planting Programme	0.050	0.025	0.025	-
River Colne Restoration	0.344	-	-	-
Litter Bin Replacements	0.018	0.015	0.015	0.015
Meriden Park Improvements	0.051	-	-	-
Cassiobury Park Wetlands	0.313	-	-	-
Cassiobury Park Ad Hoc Works	0.018	-	-	-
Footpaths - Cassiobury Park Nature Reserve	0.101	0.100	-	-

# Place

Footpaths - Cassiobury Park	0.070	0.100	-	-
Allotment Provision	-	0.050	-	-
Shrub Replacement (Open Space)	0.025	0.025	0.025	0.025
Parks - Building Investment	0.149	0.100	-	-
Water Fountains in Green Flag Parks	0.020	0.020	0.020	0.020
North Watford Cemetery Improvements	0.002	0.060	-	-
New Cemetery Provision	0.014	-	-	-
Oxhey Grange-Bowling Gr'N Imps	0.040	-	-	-
Leavesden Green Rec Ground Improvements	0.050	-	-	-
Woodside Sports Village	0.287	-	0.400	0.550
Play Area Improvements	0.090	0.090	-	-
Watford Market	0.015	0.015	0.015	0.015
Paddock Road Depot Enhancements	0.005	-	-	-
Cycle & Road Infrastructure Improvements	0.100	0.300	0.166	0.200
Regeneration Project	0.153	-	-	-
Museum & Heritage	0.200	1.106	-	-
Colosseum Retender	0.033	-	-	-
<b>Total Environment</b>	<b>3.157</b>	<b>2.915</b>	<b>0.666</b>	<b>1.019</b>
<b>Total Proposed Place</b>	<b>21.936</b>	<b>17.068</b>	<b>8.631</b>	<b>2.977</b>



# Corporate Strategy and Comms

## Revenue 2024/25

Corporate Management		2024/25 Budget Changes					Revised Budget
Service	Income/Expenditure	Starting Budget £m	Salary Build £m	Savings £m	Fees and Charges £m	Variances £m	£m
Corporate Strategy Team	Expenditure	0.413	0.144	0.000	0.000	0.000	0.557
<b>Net Expenditure</b>		<b>0.413</b>	<b>0.144</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.557</b>

Partnerships & Performance		2024/25 Budget Changes					Revised Budget
Service	Income/Expenditure	Starting Budget £m	Salary Build £m	Savings £m	Fees and Charges £m	Variances £m	£m
Performance And Engagement	Expenditure	0.308	0.007	0.000	0.000	0.000	0.315
Communications	Expenditure	0.304	0.027	(0.037)	0.000	0.000	0.294
Play & Events	Expenditure	0.312	0.004	0.003	0.000	0.000	0.319
Play & Events	Income	(0.026)	0.000	0.000	0.000	0.000	(0.026)
<b>Net Expenditure</b>		<b>0.897</b>	<b>0.038</b>	<b>(0.034)</b>	<b>0.000</b>	<b>0.000</b>	<b>0.901</b>

<b>Corporate Strategy &amp; Comms Total Net Expenditure</b>		<b>1.310</b>	<b>0.182</b>	<b>(0.034)</b>	<b>0.000</b>	<b>0.000</b>	<b>1.458</b>
---	--	--------------	--------------	----------------	--------------	--------------	--------------

## Revenue 2025/26

Corporate Management		2025/26 Budget Changes					Revised Budget
Service	Income/Expenditure	Starting Budget £m	Salary Build £m	Savings £m	Fees and Charges £m	Variances £m	£m
Corporate Strategy Team	Expenditure	0.413	0.147	0.000	0.000	0.000	0.560
<b>Net Expenditure</b>		<b>0.413</b>	<b>0.147</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.560</b>

Partnerships & Performance		2025/26 Budget Changes					Revised Budget
Service	Income/Expenditure	Starting Budget £m	Salary Build £m	Savings £m	Fees and Charges £m	Variances £m	£m
Performance And Engagement	Expenditure	0.308	0.007	0.000	0.000	0.000	0.315
Communications	Expenditure	0.304	0.030	(0.037)	0.000	0.000	0.297
Play & Events	Expenditure	0.292	0.004	(0.018)	0.000	0.000	0.279
Play & Events	Income	(0.026)	0.000	0.000	0.000	0.000	(0.026)
<b>Net Expenditure</b>		<b>0.878</b>	<b>0.041</b>	<b>(0.055)</b>	<b>0.000</b>	<b>0.000</b>	<b>0.864</b>

<b>Corporate Strategy &amp; Comms Total Net Expenditure</b>		<b>1.291</b>	<b>0.188</b>	<b>(0.055)</b>	<b>0.000</b>	<b>0.000</b>	<b>1.425</b>
---	--	--------------	--------------	----------------	--------------	--------------	--------------

# Corporate Strategy and Comms

## Revenue 2026/27

Corporate Management		2026/27 Budget Changes					Revised Budget
Service	Income/ Expenditure	Starting Budget £m	Salary Build £m	Savings £m	Fees and Charges £m	Variances £m	£m
Corporate Strategy Team	Expenditure	0.413	0.150	0.000	0.000	0.000	0.564
<b>Net Expenditure</b>		<b>0.413</b>	<b>0.150</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.564</b>

Partnerships & Performance		2026/27 Budget Changes					Revised Budget
Service	Income/ Expenditure	Starting Budget £m	Salary Build £m	Savings £m	Fees and Charges £m	Variances £m	£m
Performance And Engagement	Expenditure	0.308	0.007	0.000	0.000	0.000	0.315
Communications	Expenditure	0.304	0.031	(0.037)	0.000	0.000	0.298
Play & Events	Expenditure	0.292	0.004	0.003	0.000	0.000	0.299
Play & Events	Income	(0.026)	0.000	0.000	0.000	0.000	(0.026)
<b>Net Expenditure</b>		<b>0.878</b>	<b>0.042</b>	<b>(0.034)</b>	<b>0.000</b>	<b>0.000</b>	<b>0.886</b>

<b>Corporate Strategy &amp; Comms Total Net Expenditure</b>		<b>1.291</b>	<b>0.192</b>	<b>(0.034)</b>	<b>0.000</b>	<b>0.000</b>	<b>1.449</b>
---	--	--------------	--------------	----------------	--------------	--------------	--------------

# Corporate Strategy and Comms

## Service Efficiencies and Savings

Service	Description	2024/25 £m	2025/26 £m	2026/27 £m
Play & Events	Review funding model for Audentior Awards (awards held once every two years)	0.003	(0.018)	0.003
Communications	Revise Activity on Place Brand	(0.025)	(0.025)	(0.025)
Communications	Reduce Corporate contingency fund	(0.005)	(0.005)	(0.005)
Communications	Reduce Town Centre footfall counter costs	(0.007)	(0.007)	(0.007)
<b>Total Corporate Strategy and Comms Service Efficiencies and Savings</b>		<b>(0.034)</b>	<b>(0.055)</b>	<b>(0.034)</b>

## Variances – Growth, Pressures, and contributions to and (from) Earmarked Reserves

Growth and Pressures				
Service	Description	2024/25 £m	2025/26 £m	2026/27 £m
	None			
<b>Total Corporate Strategy and Comms Growth and Pressures</b>		<b>0.000</b>	<b>0.000</b>	<b>0.000</b>

Contributions to and (from) Earmarked Reserves				
Service	Description	2024/25 £m	2025/26 £m	2026/27 £m
	None			
<b>Total Corporate Strategy and Comms Contributions to and (from) Earmarked Reserves</b>		<b>0.000</b>	<b>0.000</b>	<b>0.000</b>

<b>Total Corporate Strategy and Comms Variances</b>		<b>0.000</b>	<b>0.000</b>	<b>0.000</b>
---	--	--------------	--------------	--------------

# Corporate Strategy and Comms

Detailed Capital Programme

Capital Scheme	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m
Town Boundary Signage	-	-	-	0.065
<b>Total Proposed Corporate Strategy and Comms</b>	-	-	-	<b>0.065</b>

# Democracy and Governance

## Revenue 2024/25

Legal And Democratic		2024/25					Revised Budget
		Budget Changes					
Service	Income/ Expenditure	Starting Budget £m	Salary Build £m	Savings £m	Fees and Charges £m	Variances £m	£m
Legal Shared Services	Expenditure	0.577	0.000	0.000	0.000	0.000	0.577
Legal Services Client	Expenditure	0.164	0.015	(0.019)	0.000	0.000	0.160
Data Protection	Expenditure	0.027	0.000	(0.009)	0.000	0.000	0.018
Democratic Services	Expenditure	1.018	0.113	(0.007)	0.000	0.003	1.127
Elections	Expenditure	0.218	0.000	0.000	0.000	0.026	0.244
Elections	Income	(0.004)	0.000	0.000	0.000	0.000	(0.004)
Support Team (Inc Procurement)	Expenditure	0.066	0.004	0.000	0.000	0.000	0.070
Support Team (Inc Procurement)	Income	(0.024)	0.000	0.000	0.000	0.000	(0.024)
<b>Democracy &amp; Governance Total Net Expenditure</b>		<b>2.042</b>	<b>0.132</b>	<b>(0.035)</b>	<b>0.000</b>	<b>0.029</b>	<b>2.168</b>

## Revenue 2025/26

Legal And Democratic		2025/26					Revised Budget
		Budget Changes					
Service	Income/ Expenditure	Starting Budget £m	Salary Build £m	Savings £m	Fees and Charges £m	Variances £m	£m
Legal Shared Services	Expenditure	0.587	0.000	0.000	0.000	0.000	0.587
Legal Services Client	Expenditure	0.164	0.020	(0.019)	0.000	0.000	0.164
Data Protection	Expenditure	0.027	0.000	(0.009)	0.000	0.000	0.018
Democratic Services	Expenditure	1.019	0.119	(0.007)	0.000	0.003	1.133
Elections	Expenditure	0.218	0.000	0.000	0.000	0.000	0.218
Elections	Income	(0.004)	0.000	0.000	0.000	0.000	(0.004)
Support Team (Inc Procurement)	Expenditure	0.066	0.004	0.000	0.000	0.000	0.070
Support Team (Inc Procurement)	Income	(0.024)	0.000	0.000	0.000	0.000	(0.024)
<b>Democracy &amp; Governance Total Net Expenditure</b>		<b>2.053</b>	<b>0.142</b>	<b>(0.035)</b>	<b>0.000</b>	<b>0.003</b>	<b>2.162</b>

# Democracy and Governance

Revenue 2026/27

Legal And Democratic		2026/27					Revised Budget
		Budget Changes					
Service	Income/Expenditure	Starting Budget £m	Salary Build £m	Savings £m	Fees and Charges £m	Variations £m	£m
Legal Shared Services	Expenditure	0.587	0.000	0.000	0.000	0.000	0.587
Legal Services Client	Expenditure	0.164	0.020	(0.019)	0.000	0.000	0.164
Data Protection	Expenditure	0.027	0.000	(0.009)	0.000	0.000	0.018
Democratic Services	Expenditure	1.019	0.123	(0.007)	0.000	0.003	1.138
Elections	Expenditure	0.218	0.000	0.000	0.000	0.000	0.218
Elections	Income	(0.004)	0.000	0.000	0.000	0.000	(0.004)
Support Team (Inc Procurement)	Expenditure	0.066	0.004	0.000	0.000	0.000	0.070
Support Team (Inc Procurement)	Income	(0.024)	0.000	0.000	0.000	0.000	(0.024)
<b>Democracy &amp; Governance Total Net Expenditure</b>		<b>2.053</b>	<b>0.147</b>	<b>(0.035)</b>	<b>0.000</b>	<b>0.003</b>	<b>2.167</b>

# Democracy and Governance

## Service Efficiencies and Savings

Service	Description	2024/25 £m	2025/26 £m	2026/27 £m
Legal Services Client	Deletion of the support services officer post from 1 July 2023 as postholder has retired and post is vacant.	(0.019)	(0.019)	(0.019)
Data Protection	Reduce budget for GDPR work undertaken by HCC	(0.009)	(0.009)	(0.009)
Democratic Services	Reduce miscellaneous Budgets. There are a number of small budgets where we have traditionally had an underspend.	(0.007)	(0.007)	(0.007)
<b>Total Democracy and Governance Service Efficiencies and Savings</b>		<b>(0.035)</b>	<b>(0.035)</b>	<b>(0.035)</b>

## Variances – Growth, Pressures, and contributions to and (from) Earmarked Reserves

Growth and Pressures				
Service	Description	2024/25 £m	2025/26 £m	2026/27 £m
Elections	Elections Pressure	0.026	0.000	0.000
Democratic Services	Independent Member of the Audit Committee	0.003	0.003	0.003
<b>Total Democracy and Governance Growth and Pressures</b>		<b>0.029</b>	<b>0.003</b>	<b>0.003</b>

Contributions to and (from) Earmarked Reserves				
Service	Description	2024/25 £m	2025/26 £m	2026/27 £m
None				
<b>Total Democracy and Governance Contributions to and (from) Earmarked Reserves</b>		<b>0.000</b>	<b>0.000</b>	<b>0.000</b>

<b>Total Democracy and Governance Variances</b>		<b>0.029</b>	<b>0.003</b>	<b>0.003</b>
---	--	--------------	--------------	--------------

# Human Resources

## Revenue 2024/25

HR Shared Service		2024/25 Budget Changes					Revised Budget
Service	Income/ Expenditure	Starting Budget £m	Salary Build £m	Savings £m	Fees and Charges £m	Variances £m	£m
HR Shared Service	Expenditure	0.510	0.067	(0.030)	0.000	0.000	0.546
HR Shared Service	Income	(0.010)	0.000	0.000	0.000	0.000	(0.010)
<b>Net Expenditure</b>		<b>0.500</b>	<b>0.067</b>	<b>(0.030)</b>	<b>0.000</b>	<b>0.000</b>	<b>0.536</b>

Human Resources Client		2024/25 Budget Changes					Revised Budget
Service	Income/ Expenditure	Starting Budget £m	Salary Build £m	Savings £m	Fees and Charges £m	Variances £m	£m
Human Resources Client	Expenditure	0.014	0.000	0.000	0.000	0.000	0.014
Human Resources Client	Income	(0.058)	0.000	0.000	0.000	0.000	(0.058)
Corporate Employee Expenses	Expenditure	0.105	0.000	0.000	0.000	0.000	0.105
Corporate Employee Expenses	Income	(0.007)	0.000	0.000	0.000	0.000	(0.007)
<b>Net Expenditure</b>		<b>0.054</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.054</b>

<b>Human Resources Total Net Expenditure</b>		<b>0.554</b>	<b>0.067</b>	<b>(0.030)</b>	<b>0.000</b>	<b>0.000</b>	<b>0.591</b>
--	--	--------------	--------------	----------------	--------------	--------------	--------------

## Revenue 2025/26

HR Shared Service		2025/26 Budget Changes					Revised Budget
Service	Income/ Expenditure	Starting Budget £m	Salary Build £m	Savings £m	Fees and Charges £m	Variances £m	£m
HR Shared Service	Expenditure	0.510	0.041	(0.040)	0.000	0.000	0.512
HR Shared Service	Income	(0.010)	0.000	0.000	0.000	0.000	(0.010)
<b>Net Expenditure</b>		<b>0.500</b>	<b>0.041</b>	<b>(0.040)</b>	<b>0.000</b>	<b>0.000</b>	<b>0.502</b>

Human Resources Client		2025/26 Budget Changes					Revised Budget
Service	Income/ Expenditure	Starting Budget £m	Salary Build £m	Savings £m	Fees and Charges £m	Variances £m	£m
Human Resources Client	Expenditure	0.014	0.000	0.000	0.000	0.000	0.014
Human Resources Client	Income	(0.058)	0.000	0.000	0.000	0.000	(0.058)
Corporate Employee Expenses	Expenditure	0.105	0.000	0.000	0.000	0.000	0.105
Corporate Employee Expenses	Income	(0.007)	0.000	0.000	0.000	0.000	(0.007)
<b>Net Expenditure</b>		<b>0.054</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.054</b>

<b>Human Resources Total Net Expenditure</b>		<b>0.554</b>	<b>0.041</b>	<b>(0.040)</b>	<b>0.000</b>	<b>0.000</b>	<b>0.556</b>
--	--	--------------	--------------	----------------	--------------	--------------	--------------



# Human Resources

Revenue 2026/27

HR Shared Service		2026/27 Budget Changes					Revised Budget
Service	Income/ Expenditure	Starting Budget £m	Salary Build £m	Savings £m	Fees and Charges £m	Variances £m	£m
HR Shared Service	Expenditure	0.510	0.042	(0.040)	0.000	0.000	0.513
HR Shared Service	Income	(0.010)	0.000	0.000	0.000	0.000	(0.010)
<b>Net Expenditure</b>		<b>0.500</b>	<b>0.042</b>	<b>(0.040)</b>	<b>0.000</b>	<b>0.000</b>	<b>0.503</b>

Human Resources Client		2026/27 Budget Changes					Revised Budget
Service	Income/ Expenditure	Starting Budget £m	Salary Build £m	Savings £m	Fees and Charges £m	Variances £m	£m
Human Resources Client	Expenditure	0.014	0.000	0.000	0.000	0.000	0.014
Human Resources Client	Income	(0.058)	0.000	0.000	0.000	0.000	(0.058)
Corporate Employee Expenses	Expenditure	0.105	0.000	0.000	0.000	0.000	0.105
Corporate Employee Expenses	Income	(0.007)	0.000	0.000	0.000	0.000	(0.007)
<b>Net Expenditure</b>		<b>0.054</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.054</b>

<b>Human Resources Total Net Expenditure</b>		<b>0.554</b>	<b>0.042</b>	<b>(0.040)</b>	<b>0.000</b>	<b>0.000</b>	<b>0.557</b>
--	--	--------------	--------------	----------------	--------------	--------------	--------------

# Human Resources

## Service Efficiencies and Savings

Service	Description	2024/25 £m	2025/26 £m	2026/27 £m
HR Shared Service	Saving to be delivered from the Shared Service expansion HR and OD project with three Local Authority partners	(0.030)	(0.040)	(0.040)
<b>Total Human Resources Service Efficiencies and Savings</b>		<b>(0.030)</b>	<b>(0.040)</b>	<b>(0.040)</b>

## Variations – Growth, Pressures, and contributions to and (from) Earmarked Reserves

Growth and Pressures				
Service	Description	2024/25 £m	2025/26 £m	2026/27 £m
	None			
<b>Total Human Resources Growth and Pressures</b>		<b>0.000</b>	<b>0.000</b>	<b>0.000</b>

Contributions to and (from) Earmarked Reserves				
Service	Description	2024/25 £m	2025/26 £m	2026/27 £m
	None			
<b>Total Human Resources Contributions to and (from) Earmarked Reserves</b>		<b>0.000</b>	<b>0.000</b>	<b>0.000</b>

<b>Total Human Resources Variations</b>		<b>0.000</b>	<b>0.000</b>	<b>0.000</b>
---	--	--------------	--------------	--------------

# Strategic Finance

## Revenue 2024/25

Corporate Costs		2024/25					Revised Budget
		Budget Changes					
Service	Income/ Expenditure	Starting Budget £m	Salary Build £m	Savings £m	Fees and Charges £m	Variances £m	£m
Interest Earned	Expenditure	0.000	0.000	0.000	0.000	0.000	0.000
Interest Earned	Income	(3.537)	0.000	0.000	0.000	(1.065)	(4.602)
Interest Earned	Earmarked Reserves	0.000	0.000	0.000	0.000	0.865	0.865
Interest Paid	Expenditure	2.219	0.000	0.000	0.000	(0.268)	1.951
Interest Paid	Earmarked Reserves	0.000	0.000	0.000	0.000	0.260	0.260
Budget Strategy Items	Expenditure	2.610	(0.728)	(0.646)	0.000	0.252	1.488
Budget Strategy Items	Income	0.000	0.000	0.000	0.000	0.000	0.000
Budget Strategy Items	Earmarked Reserves	(0.500)	0.000	0.000	0.000	(0.153)	(0.653)
Pension Deficit Payment	Expenditure	2.683	(0.263)	0.000	0.000	(0.749)	1.671
Pension Deficit Payment	Earmarked Reserves	(0.200)	0.000	0.000	0.000	0.000	(0.200)
<b>Net Expenditure</b>		<b>3.275</b>	<b>(0.990)</b>	<b>(0.646)</b>	<b>0.000</b>	<b>(0.858)</b>	<b>0.780</b>

Finance & Resources		2024/25					Revised Budget
		Budget Changes					
Service	Income/ Expenditure	Starting Budget £m	Salary Build £m	Savings £m	Fees and Charges £m	Variances £m	£m
Finance & Resources	Expenditure	0.223	0.000	0.000	0.000	0.000	0.223
<b>Net Expenditure</b>		<b>0.223</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.223</b>

Finance and Audit Services Client		2024/25					Revised Budget
		Budget Changes					
Service	Income/ Expenditure	Starting Budget £m	Salary Build £m	Savings £m	Fees and Charges £m	Variances £m	£m
Finance Services Client	Expenditure	0.920	0.000	(0.079)	0.000	0.160	1.002
Finance Services Client	Income	(0.099)	0.000	0.000	0.000	0.000	(0.099)
Audit and Fraud Client	Expenditure	0.203	0.000	0.000	0.000	0.000	0.203
<b>Net Expenditure</b>		<b>1.024</b>	<b>0.000</b>	<b>(0.079)</b>	<b>0.000</b>	<b>0.160</b>	<b>1.105</b>

# Strategic Finance

		2024/25					
Revenues And Benefits Client		Budget Changes					
Service	Income/ Expenditure	Starting Budget £m	Salary Build £m	Savings £m	Fees and Charges £m	Variances £m	Revised Budget £m
Income Administration Client	Expenditure	0.060	0.000	0.000	0.000	0.000	0.060
Income Administration Client	Income	(0.018)	0.000	0.000	0.000	0.000	(0.018)
Taxation Client	Expenditure	0.500	0.000	0.000	0.000	0.000	0.500
Taxation Client	Income	(0.352)	0.000	0.000	0.000	0.000	(0.352)
Housing Benefit Client	Expenditure	39.320	0.000	(0.180)	0.000	0.000	39.140
Housing Benefit Client	Income	(38.716)	0.000	0.000	0.000	0.000	(38.716)
Debt Recovery	Expenditure	0.273	0.000	0.000	0.000	0.000	0.273
Revs and Bens Shared Service	Expenditure	0.012	0.000	0.000	0.000	0.000	0.012
<b>Net Expenditure</b>		<b>1.078</b>	<b>0.000</b>	<b>(0.180)</b>	<b>0.000</b>	<b>0.000</b>	<b>0.898</b>

		2024/25					
Service Transformation		Budget Changes					
Service	Income/ Expenditure	Starting Budget £m	Salary Build £m	Savings £m	Fees and Charges £m	Variances £m	Revised Budget £m
Service Transformation	Expenditure	0.031	0.000	0.000	0.000	0.000	0.031
Emergency Planning	Expenditure	0.028	0.000	0.000	0.000	0.000	0.028
<b>Net Expenditure</b>		<b>0.059</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.059</b>

<b>Strategic Finance Total Net Expenditure</b>		<b>5.659</b>	<b>(0.990)</b>	<b>(0.905)</b>	<b>0.000</b>	<b>(0.698)</b>	<b>3.065</b>
--	--	--------------	----------------	----------------	--------------	----------------	--------------

# Strategic Finance

## Revenue 2025/26

Corporate Costs		2025/26 Budget Changes					Revised Budget
Service	Income/Expenditure	Starting Budget £m	Salary Build £m	Savings £m	Fees and Charges £m	Variations £m	£m
Interest Earned	Expenditure	0.000	0.000	0.000	0.000	0.000	0.000
Interest Earned	Income	(3.537)	0.000	0.000	0.000	0.236	(3.301)
Interest Earned	Earmarked Reserves	0.000	0.000	0.000	0.000	(0.236)	(0.236)
Interest Paid	Expenditure	2.148	0.000	0.000	0.000	0.194	2.342
Interest Paid	Earmarked Reserves	0.000	0.000	0.000	0.000	(0.195)	(0.195)
Budget Strategy Items	Expenditure	3.101	(0.732)	(0.993)	0.000	0.326	1.702
Budget Strategy Items	Income	0.000	0.000	0.000	0.000	(0.075)	(0.075)
Budget Strategy Items	Earmarked Reserves	0.000	0.000	0.000	0.000	0.000	0.000
Pension Deficit Payment	Expenditure	2.683	(0.263)	0.000	0.000	(0.695)	1.725
Pension Deficit Payment	Earmarked Reserves	(0.200)	0.000	0.000	0.000	0.000	(0.200)
<b>Net Expenditure</b>		<b>4.195</b>	<b>(0.995)</b>	<b>(0.993)</b>	<b>0.000</b>	<b>(0.445)</b>	<b>1.763</b>

Finance & Resources		2025/26 Budget Changes					Revised Budget
Service	Income/Expenditure	Starting Budget £m	Salary Build £m	Savings £m	Fees and Charges £m	Variations £m	£m
Finance & Resources	Expenditure	0.223	0.000	0.000	0.000	0.000	0.223
<b>Net Expenditure</b>		<b>0.223</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.223</b>

Finance and Audit Services Client		2025/26 Budget Changes					Revised Budget
Service	Income/Expenditure	Starting Budget £m	Salary Build £m	Savings £m	Fees and Charges £m	Variations £m	£m
Finance Services Client	Expenditure	0.920	0.000	(0.098)	0.000	0.160	0.983
Finance Services Client	Income	(0.099)	0.000	0.000	0.000	0.000	(0.099)
Audit and Fraud Client	Expenditure	0.203	0.000	0.000	0.000	0.000	0.203
<b>Net Expenditure</b>		<b>1.024</b>	<b>0.000</b>	<b>(0.098)</b>	<b>0.000</b>	<b>0.160</b>	<b>1.086</b>

# Strategic Finance

Revenues And Benefits Client		2025/26					Revised Budget
		Budget Changes					
Service	Income/ Expenditure	Starting Budget £m	Salary Build £m	Savings £m	Fees and Charges £m	Variances £m	£m
Income Administration Client	Expenditure	0.060	0.000	0.000	0.000	0.000	0.060
Income Administration Client	Income	(0.018)	0.000	0.000	0.000	0.000	(0.018)
Taxation Client	Expenditure	0.500	0.000	0.000	0.000	0.000	0.500
Taxation Client	Income	(0.352)	0.000	0.000	0.000	0.000	(0.352)
Housing Benefit Client	Expenditure	39.320	0.000	(0.180)	0.000	0.000	39.140
Housing Benefit Client	Income	(38.716)	0.000	0.000	0.000	0.000	(38.716)
Debt Recovery	Expenditure	0.273	0.000	0.000	0.000	0.000	0.273
Revs and Bens Shared Service	Expenditure	0.012	0.000	0.000	0.000	0.000	0.012
<b>Net Expenditure</b>		<b>1.078</b>	<b>0.000</b>	<b>(0.180)</b>	<b>0.000</b>	<b>0.000</b>	<b>0.898</b>

Service Transformation		2025/26					Revised Budget
		Budget Changes					
Service	Income/ Expenditure	Starting Budget £m	Salary Build £m	Savings £m	Fees and Charges £m	Variances £m	£m
Service Transformation	Expenditure	0.031	0.000	0.000	0.000	0.000	0.031
Emergency Planning	Expenditure	0.028	0.000	0.000	0.000	0.000	0.028
<b>Net Expenditure</b>		<b>0.059</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.059</b>

<b>Strategic Finance Total Net Expenditure</b>		<b>6.579</b>	<b>(0.995)</b>	<b>(1.271)</b>	<b>0.000</b>	<b>(0.285)</b>	<b>4.029</b>
--	--	--------------	----------------	----------------	--------------	----------------	--------------

# Strategic Finance

## Revenue 2026/27

Corporate Costs		2026/27 Budget Changes					Revised Budget
Service	Income/ Expenditure	Starting Budget £m	Salary Build £m	Savings £m	Fees and Charges £m	Variations £m	£m
Interest Earned	Expenditure	0.000	0.000	0.000	0.000	0.000	0.000
Interest Earned	Income	(3.537)	0.000	0.000	0.000	1.170	(2.367)
Interest Earned	Earmarked Reserves	0.000	0.000	0.000	0.000	(1.170)	(1.170)
Interest Paid	Expenditure	2.148	0.000	0.000	0.000	0.366	2.514
Interest Paid	Earmarked Reserves	0.000	0.000	0.000	0.000	(0.065)	(0.065)
Budget Strategy Items	Expenditure	3.101	(0.733)	(1.376)	0.000	0.566	1.557
Budget Strategy Items	Income	0.000	0.000	0.000	0.000	(0.125)	(0.125)
Budget Strategy Items	Earmarked Reserves	0.000	0.000	0.000	0.000	0.000	0.000
Pension Deficit Payment	Expenditure	2.683	(0.263)	0.000	0.000	(0.695)	1.725
Pension Deficit Payment	Earmarked Reserves	(0.200)	0.000	0.000	0.000	0.000	(0.200)
<b>Net Expenditure</b>		<b>4.195</b>	<b>(0.996)</b>	<b>(1.376)</b>	<b>0.000</b>	<b>0.047</b>	<b>1.870</b>

Finance & Resources		2026/27 Budget Changes					Revised Budget
Service	Income/ Expenditure	Starting Budget £m	Salary Build £m	Savings £m	Fees and Charges £m	Variations £m	£m
Finance & Resources	Expenditure	0.223	0.000	0.000	0.000	0.000	0.223
<b>Net Expenditure</b>		<b>0.223</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.223</b>

Finance and Audit Services Client		2026/27 Budget Changes					Revised Budget
Service	Income/ Expenditure	Starting Budget £m	Salary Build £m	Savings £m	Fees and Charges £m	Variations £m	£m
Finance Services Client	Expenditure	0.920	0.000	(0.112)	0.000	0.160	0.969
Finance Services Client	Income	(0.099)	0.000	0.000	0.000	0.000	(0.099)
Audit and Fraud Client	Expenditure	0.203	0.000	0.000	0.000	0.000	0.203
<b>Net Expenditure</b>		<b>1.024</b>	<b>0.000</b>	<b>(0.112)</b>	<b>0.000</b>	<b>0.160</b>	<b>1.072</b>

# Strategic Finance

Revenues And Benefits Client		2026/27					Revised Budget
		Budget Changes					
Service	Income/ Expenditure	Starting Budget £m	Salary Build £m	Savings £m	Fees and Charges £m	Variances £m	£m
Income Administration Client	Expenditure	0.060	0.000	0.000	0.000	0.000	0.060
Income Administration Client	Income	(0.018)	0.000	0.000	0.000	0.000	(0.018)
Taxation Client	Expenditure	0.500	0.000	0.000	0.000	0.000	0.500
Taxation Client	Income	(0.352)	0.000	0.000	0.000	0.000	(0.352)
Housing Benefit Client	Expenditure	39.320	0.000	(0.180)	0.000	0.000	39.140
Housing Benefit Client	Income	(38.716)	0.000	0.000	0.000	0.000	(38.716)
Debt Recovery	Expenditure	0.273	0.000	0.000	0.000	0.000	0.273
Revs and Bens Shared Service	Expenditure	0.012	0.000	0.000	0.000	0.000	0.012
<b>Net Expenditure</b>		<b>1.078</b>	<b>0.000</b>	<b>(0.180)</b>	<b>0.000</b>	<b>0.000</b>	<b>0.898</b>

Service Transformation		2026/27					Revised Budget
		Budget Changes					
Service	Income/ Expenditure	Starting Budget £m	Salary Build £m	Savings £m	Fees and Charges £m	Variances £m	£m
Service Transformation	Expenditure	0.031	0.000	0.000	0.000	0.000	0.031
Emergency Planning	Expenditure	0.028	0.000	0.000	0.000	0.000	0.028
<b>Net Expenditure</b>		<b>0.059</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.059</b>

<b>Strategic Finance Total Net Expenditure</b>		<b>6.579</b>	<b>(0.996)</b>	<b>(1.667)</b>	<b>0.000</b>	<b>0.207</b>	<b>4.122</b>
--	--	--------------	----------------	----------------	--------------	--------------	--------------



# Strategic Finance

## Service Efficiencies and Savings

Service	Description	2024/25 £m	2025/26 £m	2026/27 £m
Finance	Reduction in Finance Officer capacity following flexible retirements	(0.027)	(0.046)	(0.046)
Finance	Further reduction in Finance Officer Capacity in 2026/27 (0.5 FTE)	0.000	0.000	(0.014)
Finance	Redesign Shared Fraud Service	(0.032)	(0.032)	(0.032)
Finance	Reshape Director of Finance and Head of Finance roles	(0.020)	(0.020)	(0.020)
Revenues and Benefits	Reduction in agency budget following service changes as a result of the introduction of universal credit	(0.180)	(0.180)	(0.180)
Corporate Costs	Review of essential car users policy and allowances	(0.030)	(0.030)	(0.030)
Corporate Costs	Service Redesign Savings	(0.616)	(0.963)	(1.346)
<b>Total Strategic Finance Service Efficiencies and Savings</b>		<b>(0.943)</b>	<b>(0.905)</b>	<b>(1.271)</b>

# Strategic Finance

## Variances – Growth, Pressures, and contributions to and (from) Earmarked Reserves

<b>Growth and Pressures</b>					
<b>Service</b>	<b>Description</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>	
		<b>£m</b>	<b>£m</b>	<b>£m</b>	
Corporate Costs	External Audit Fees	0.160	0.160	0.160	
Corporate Costs	Inflationary increases to fees and charges income in future years	0.000	(0.075)	(0.125)	
Corporate Costs	Future Pay Inflation	0.480	0.840	1.080	
Corporate Costs	Contingency for Inflation (including contract inflation and pay)	(0.227)	(0.514)	(0.513)	
Corporate Costs	Capital Financing Charges	(0.268)	0.194	0.366	
Corporate Costs	Additional investment interest income	(0.200)	0.000	0.000	
Corporate Costs	Net reduction in pension deficit payment	(0.749)	(0.695)	(0.695)	
Corporate Costs	Timing of Joint Venture Income	(0.865)	0.236	1.170	
<b>Total Strategic Finance Growth and Pressures</b>		<b>(1.669)</b>	<b>0.146</b>	<b>1.443</b>	
<b>Contributions to and (from) Earmarked Reserves</b>					
<b>Service</b>	<b>Description</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>	
		<b>£m</b>	<b>£m</b>	<b>£m</b>	
Corporate Costs	Commercial Risk Reserve - timing of capital financing pressures	0.260	(0.195)	(0.065)	
Corporate Costs	Renewal Fund reserve draw down adjusted for drawdown in 2023/24	0.132	0.000	0.000	
Corporate Costs	Commercial Risk Reserve - timing of Joint Venture Income	0.000	(0.236)	(1.170)	
Corporate Costs	Commercial Risk Reserve - timing of Joint Venture Income	0.865	0.000	0.000	
Corporate Costs	Draw down from Commercial Risk Reserve to top up General Fund	(0.285)	0.000	0.000	
<b>Total Strategic Finance Contributions to and (from) Earmarked Reserves</b>		<b>0.972</b>	<b>(0.431)</b>	<b>(1.235)</b>	
<b>Total Strategic Finance Variances</b>		<b>(0.698)</b>	<b>(0.285)</b>	<b>0.207</b>	

# Strategic Finance

## Detailed Capital Programme

Capital Scheme	2023/24 £m	2024/25 £m	2025/26 £m	2026/27 £m
Support Services	0.552	0.552	0.552	0.552
Support Services - Major Projects	0.124	0.124	0.124	0.124
Land Transfer - Croxley View Phase 3	-	3.130	-	-
Capital Contingency	0.511	-	-	-
<b>Total Proposed Strategic Finance</b>	<b>1.188</b>	<b>3.807</b>	<b>0.677</b>	<b>0.677</b>

## **Report to Cabinet – 15 January 2024**

### **Report of Finance Scrutiny Committee – 10 January 2024**

Present: Councillor Khan (Chair)  
Councillor Kloss (Vice Chair)  
Councillors Clarke-Taylor, Johnson, Martins, Nembhard, Walford, Watling and Wenham

Also present: Councillor Watkin (Portfolio Holder) and Bell

Officers: Head of Finance  
Democratic Services Officer (IS)

#### **27. Financial Monitoring Report – Period 8**

The Chief Finance Officer (CFO) delivered her report to the committee.

The Chair thanked the Chief Finance Officer and invited questions from the committee. There were no questions.

RESOLVED –

1. that the Financial Monitoring Report 2023/24 – Period 8, the revenue and capital forecasts for 2023/24 be noted.
2. that the virement requests to Council as set out in Appendix 7 be noted.
3. that there are no recommendations to Cabinet or Council.

#### **28. Financial Planning 2024/25 to 2026/27**

The committee received the report of the Chief Finance Officer (CFO). Following this, the Chair reminded the committee of the various recommendations contained within the report.

The officer then responded to questions on the following issues from the committee members and other members in attendance:

The committee received the report of the Chief Finance Officer (CFO). Following this, the Chair reminded the committee of the various recommendations contained within the report.

The officer then responded to questions on the following issues from the committee members and other members in attendance:

- A question was asked whether the general fund balance and Economic Impact Reserve would be sufficient now that it was to drop below £2 million; it was noted that a £1 million redundancy fund was to be set up. The CFO explained

that (as set out in her report) the overspend for 2023-24, due to the Veolia contract, two years of high inflation, the staff pay award and increases in temporary housing, all meant that the remainder of the Economic Impact Reserve would need to be used. These inflationary pressures had been built into the future budget.

- The CFO stressed that plans were in place to top the general fund reserve back up to £2 million.
- There was a discussion around various savings that were planned, such as service redesign over the next three years. The CFO reassured the committee that there was a high level of confidence that for 2024-25, it was understood where the necessary savings were to come from and there was a Budget Delivery Group set up to ensure this.
- The CFO stressed that the current level of spending that was built into the Capital Programme was affordable within the current budget setting. However, if interest rates did not fall as expected, then there would need to be decisions made about the affordability of the Capital Programme.
- The Portfolio Holder stressed that there was a clear methodology to the approach of the service redesign. There was not expected to be any effect on frontline operations, although performance might be affected.
- Woodside Sports Village was mentioned as a significant cost and due to the need to protect the revenue budget, delivery of this project was proposed to be delayed.
- Concern was expressed about the cost of the Veolia contract and whether this was giving the council value for money.
- The CFO was asked about key budget risks, particularly the highest likelihood-commercial rents and what assumptions had been made. The CFO stated that it was hoped a balance had been achieved between over optimism and caution and advice had been sought from consultants Lambert, Smith, Hampton Investment Management on appropriate estimates for the impact of lease events including the duration of void periods and tenant incentives. Overall, income from property was expected to increase over the MTFS due to lettings at Watford Business Park.
- It was stressed that occupancy rates across the investment portfolio were generally high.
- In response to a question about the reprofiling of capital receipts, the CFO explained that the majority of these came from selling of sites. A prudent approach was taken as it could take longer than expected to dispose of a site.
- In reply to a question about the growth of the council tax base and the collection rate, the CFO stated that the calculation of tax base took account of growth and the collection rate. 97% was the figure used for collection rate and the underlying tax base must grow from current level in 2023/24 by around 3% to achieve the proposed tax base for 2024/25.
- A good deal of the overspend was linked to inflation and especially temporary housing. The CFO was asked what strategies were used to deal with these issues and she stressed that Watford was in a better place than many local authorities, with a lot of work going on to manage the budget pressures. She explained that there were three strategies: prevention (stopping people entering the service), improved procurement when people were in the service,

and helping people to move on as swiftly as possible into more permanent accommodation.

**ACTION:** Based on a suggestion from the CFO: a representative from Housing to present a more detailed report on temporary housing to the next meeting.

- In response to a question about the Riverwell reserve and the virement request, the CFO provided details of the reserve, and its purpose to help smooth the timing of income from joint ventures and other commercial activities. She explained that whilst some of the reserve could be repurposed to provide additional funds for affordable housing, this would not be the officer's recommendation, as these funds were being held to manage risk.
- In reply to a question as to whether the Croxley Park reserve, that was meant to last 35 years, would still exist in 5 years, the CFO explained that the 35 years related to the total contribution that had been received. This had been split into two parts, namely revenue and capital and there was a different profile for the use of these amounts.
- The CFO pointed out that the capital, which started at £68 million, was currently at £64 million. She went on to explain about the revenue portion and that whilst (as expected) there was initially more draw down on this fund, the modelling showed that by 2026-27, it should mean that funds could be contributed back to the reserve.
- In response to a question about the effect of the worst-case scenario the committee received reassurance about the measures that could be put in place to mitigate this.

There being no further questions the Chair provided a recap of the recommendations.

RESOLVED –

The Finance Scrutiny Committee has-

1. Considered the draft budget as set out in Attachment 1 – Budget Setting Report and Attachment 3 – Directorate Budget Book 2024/25 to 2026/27.
2. Considered the Capital Strategy for 2024/25, including the Treasury Management Strategy Statement, Prudential Indicators and Minimum Revenue Provision Policy as set out in Attachment 2 – Capital Investment Strategy.
3. Noted the advice provided by the Chief Finance Officer on the robustness of estimates and the adequacy of reserves as set out in Appendix 10 to Attachment 1 – Budget Setting Report.
4. Decided to make no recommendations to Cabinet.

## Report to Council – 30 January 2024

### Report of Cabinet – 15 January 2024

Present: Mayor Taylor (Chair)  
Councillor Pattinson (Portfolio Holder for Housing and Wellbeing)  
Councillor Saffery (Portfolio Holder for Planning) (for minute numbers 56 to 59)  
Councillor Stotesbury (Portfolio Holder for Transport and Sustainability)  
Councillor Watkin (Portfolio Holder for Property and Resources)

Officers: Chief Executive  
Chief Finance Officer  
Executive Director of Place  
Director of Partnerships  
Head of Legal Shared Services  
Associate Director of Planning, Infrastructure and Economy  
Mayor's Political Assistant  
Democratic Services Manager

The following included recommendations to Council.

#### 59. **Financial Planning 2024/25 to 2026/27**

Cabinet received a report of the Chief Finance Officer which set out the draft budget for 2024/25 and the Medium Term Financial Strategy to 2026/27. The report was for Cabinet's consideration and then forward recommendation to Council.

The Mayor invited Councillor Watkin to introduce the report.

Councillor Watkin explained the report provided a huge amount of detail, including breakdown of expenditure for each department. He would provide a snapshot, but it would be explained in much more detail at Council.

Councillor Watkin said it had been a tough year for local authorities, with a predicted four out of 10 councils potentially facing bankruptcy. He stressed this was not the situation for Watford. Referring to the revenue budget gap he advised that there had been an increase in the Medium Term Financial Strategy. In the short term the gap had been plugged by using the reserves. It was not an option to do nothing and therefore the council had mitigation measures in place. He provided some of the details. He noted that there were some growth items which had been set out in the report.

Councillor Watkin stated that the overall capital expenditure for 2024/25 would be £33 million. A further £6 million would be taken from the reserves. However, this would still leave adequate reserves of £25 million.

Councillor Watkin informed members that due to the pressures on the council's finances the maximum permitted Council Tax increase of 2.99% would be recommended to Council. He acknowledged that the council was facing great financial pressures and that there would be loyal members of staff leaving.

The Chief Finance Officer had no further comments to add at this stage.

The Mayor reiterated his earlier comment that he was disappointed that no opposition councillors were present for the discussion on the budget. He referred to the impact on the council from various directions, including high interest rates, the increased pressures on services, for example housing, inflation and the real terms cut in funding. He noted Grant Thornton's report that four out of 10 councils were likely to be bankrupt within the next five years. He asked the Chief Finance Officer if she was aware of the position of the other local authorities within Hertfordshire and if there were any concerns. The Chief Finance Officer advised that she had no specific information.

In response to a question about annual spending reviews and whether a more sustained funding agreement would be helpful, the Chief Finance Officer said that the Section 25 statement had partly covered this. It was recognised the current funding method was very out of date and did not reflect the different needs or resources of local authorities. It did not provide councils with the ability to fully plan for the future. However, it was likely that next year would also be a one-year settlement due to the timing of the general election.

Councillor Stotesbury commented that the country was seeing the worst cost of living crisis which was having an impact on local government. Local councils continued to deliver services whilst the government failed to respond to the scale of the problem. In his view the government should step in more rapidly. He was proud that the council had been able to step in and support the community with much needed services. He thanked the officer for her comments, but he felt the government was not doing enough to support local government.

The Mayor added that councils should be given more freedom to raise their own funds rather than keep having to go to central government for funding support.



Councillor Watkin stated he wished to thank the Chief Finance Officer and her team for the detailed report, which ensured members were well-informed.

The Chief Finance Officer thanked the councillor for his comments about the report. She said it was useful to get feedback as the report was there for members and the public. It needed to be useful with the right level of detail. It was a difficult balance to ensure the level of information was right.

In accordance with the Local Authorities (Standing Orders) (England) (Amendment) Regulations 2014 the votes were recorded as follows –

**Those in favour**

Mayor Taylor, Councillors Pattinson, G Saffery, Stotesbury and Watkin.

The recommendations, as set out in the report, were CARRIED by 5 votes to 0.

RESOLVED –

1. that Cabinet approves an allocation of £1.500m Strategic CIL to pump prime operation and maintenance costs of the Colosseum between 2024/25 and 2029/30.
2. that the Chief Finance Officer in consultation with the Portfolio Holder for Property, Resources and Customer Services be delegated the ability to amend the budget figures in accordance with decisions taken at the Cabinet meeting on 15 January 2024 and any minor variations that may occur before the Council meeting on 30 January 2024.

That Cabinet recommends to Council that:

3. Council resolves in accordance with the Local Authorities (Calculation of Tax Base) Regulations 1992, the amount calculated by Watford Borough Council as its Council Tax Base for the year 2024/25 is 35,532.1 as outlined in the report.
4. Council approves the budget (Attachment 1) as laid out in the report, including:
  - the revenue budget for 2024/25
  - the Capital Investment Programme 2023/24 to 2026/27

5. Council approves the Capital Strategy for 2024/25, and delegates to the Chief Finance Officer in consultation with the Portfolio Holder for Property, Resources and Customer Services responsibility for agreeing and maintaining the Treasury Management Strategy Statement. (Attachment 2)
6. Council agrees to increase the annual Council Tax for a Band D property 2024/25 by 2.99%. This will apply to all other bands.
7. Council agrees to the creation of a Redundancy Reserve and to rename the Riverwell Project Reserve to Commercial Risk Reserve.
8. Council notes the key risks identified and approves their proposed mitigations as set out in Appendix 11 to Attachment 1 – Budget Setting Report.
9. Council notes the advice provided by the Chief Finance Officer on the robustness of estimates and the adequacy of reserves as set out in Appendix 10 to Attachment 1 – Budget Setting Report.
10. Council notes the indicative budgets for 2025/26 and 2026/27 as set out in Attachment 1 and Attachment 3.