



TONBRIDGE & MALLING BOROUGH COUNCIL

EXECUTIVE SERVICES

Chief Executive
Damian Roberts

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West Malling (01732) 844522

To: MEMBERS OF THE COUNCIL

NB Background reports to items referred from Cabinet and Committees have been omitted from printed agenda packs.

Dear Sir/Madam

I hereby summon you to attend a meeting of the Tonbridge and Malling Borough Council which will be held in the Council Chamber, Gibson Drive, Kings Hill on Tuesday, 18th February, 2025 at **7.30 pm or on the rising of the Special meeting of Council whichever is the later.**

Information on how to observe the meeting will be published on the Council's website.

The following business is proposed to be transacted:-

- | | | |
|----|-------------------------------------|-------|
| 1. | Guidance on the Conduct of Meetings | 5 - 8 |
|----|-------------------------------------|-------|

PART 1 - PUBLIC

- | | | |
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| 2. | Apologies for absence | 9 - 10 |
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| 3. | Declarations of interest | |
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To declare any interests in respect of recommended items

- | | | |
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| 4. | Minutes | 11 - 22 |
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To confirm as a correct record the Minutes of the meeting of Council held on 22 October 2024

- | | | |
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| 5. | Mayor's Announcements | 23 - 24 |
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6. Questions from the public pursuant to Council Procedure Rule No 5.6 25 - 32

A response to questions received from the public pursuant to Council Procedure Rule No. 5.6 will be provided by the relevant Member:

- 25/001PUB
- 25/002PUB
- 25/003PUB
- 25/004PUB

7. Questions from Members pursuant to Council Procedure Rule No 5.5 33 - 34

- 25/001 – Joint authority working group on Active Travel

8. Leader's Announcements 35 - 36

Matters for Decision

9. Setting the Budget 2025/26 37 - 136

Due to the timescales and print deadlines, the recommendations of the meeting of Cabinet held on 11 February 2025 will be circulated to Members in advance of the meeting of Council.

In accordance with CPR 8.5 of the Constitution there will be a recorded vote for this item.

10. Setting the Council Tax 2025/26 137 - 148

Due to the timescales and print deadlines, the recommendations of the meeting of Cabinet held on 11 February 2025 will be circulated to Members in advance of the meeting of Council.

In accordance with CPR 8.5 of the Constitution there will be a recorded vote for this item.

11. Local Council Tax Reduction Scheme 2025/26 149 - 284

Due to the timescales and print deadlines, the recommendations of the meeting of Cabinet held on 11 February 2025 will be circulated to Members in advance of the meeting of Council.

12. Changes to the Constitution 285 - 304

This report recommends that changes are made to Part 3 of the Council's constitution in respect of the terms of reference for Area Planning Committees and the General Purposes Committee.

13. Appointment of Independent Person 305 - 308

This report asks Members to appoint a second Independent Person under the Localism Act 2011

14. Appointment to Outside Body 309 - 312

The Secretary of the Berry Housing Trust has asked that a new Trustee be appointed.

Matters Recommended for Decision by other Committees

15. Localism Act - Pay Policy 313 - 326

Recommendations of the General Purposes Committee in respect of the Localism Act and updated Pay Policy Statement for 2025/26.

16. Establishment Report 327 - 328

Recommendations of the General Purposes Committee of 22 January 2025

The proposals contained exempt information, were considered in private by the Committee and have not been attached to this agenda.

17. Risk Management 329 - 354

Due to the timescales and print deadlines, the recommendations of the meeting of Cabinet held on 11 February 2025 will be circulated to Members in advance of the meeting of Council.

18. Treasury Management Update and Treasury Management and Annual Investment Strategy for 2025/26 355 - 410

Due to the timescales and print deadlines, the recommendations of the meeting of Cabinet held on 11 February 2025 will be circulated to Members in advance of the meeting of Council.

19. Annual Audit Report 2023/24 411 - 470

Due to the timescales and print deadlines, the recommendations of the meeting of Cabinet held on 11 February 2025 will be circulated to Members in advance of the meeting of Council.

Motions submitted under Council Procedure Rule 5.27

20. 25/002 - English Devolution White Paper 471 - 472

To consider a Notice of Motion proposed by Councillor D King, seconded by Cllr A Mehmet on behalf of the Conservative Group.

21. 25/003 - Establishment of a Town Council for Tonbridge 473 - 474
To consider a Notice of Motion proposed by Councillor G Bridge, seconded by Cllr M Hood on behalf of the Liberal Democrat and Green Groups.
22. 25/004 - Village Green status for River Lawn, Tonbridge 475 - 476
To consider a Notice of Motion proposed by Councillor M Hood, seconded by Cllr S Pilgrim on behalf of the Green Group.
23. 25/005 - Waiver of loss of earnings fee for Tonbridge Pride 477 - 480
To consider a Notice of Motion proposed by Councillor A Cope, seconded by Cllr S Pilgrim on behalf of the Green Group.

Matters for Information

24. Minutes of Cabinet and Committees 481 - 482
To receive and note the Minutes of meetings of Cabinet and Committees as set out in the Minute Book (attached as a supplement).
25. Sealing of Documents
To authorise the Common Seal of the Council to be affixed to any Contract, Minute, Notice or other document requiring the same.

DAMIAN ROBERTS
Chief Executive
Monday, 10 February 2025

GUIDANCE ON HOW MEETINGS WILL BE CONDUCTED

- (1) Most of the Borough Council meetings are livestreamed, unless there is exempt or confidential business being discussed, giving residents the opportunity to see decision making in action. These can be watched via our YouTube channel. When it is not possible to livestream meetings they are recorded and uploaded as soon as possible:

<https://www.youtube.com/channel/UCPp-IJISNgoF-ugSzxiAPfw/featured>

- (2) There are no fire drills planned during the time a meeting is being held. For the benefit of those in the meeting room, the fire alarm is a long continuous bell and the exits are via the doors used to enter the room. An officer on site will lead any evacuation.
- (3) Should you need this agenda or any of the reports in a different format, or have any other queries concerning the meeting, please contact Democratic Services on committee.services@tmhc.gov.uk in the first instance.

Attendance:

- Members of the Committee are required to attend in person and be present in the meeting room. Only these Members are able to move/ second or amend motions, and vote.
- Other Members of the Council can join via MS Teams and can take part in any discussion and ask questions, when invited to do so by the Chair, but cannot move/ second or amend motions or vote on any matters. Members participating remotely are reminded that this does not count towards their formal committee attendance.
- Occasionally, Members of the Committee are unable to attend in person and may join via MS Teams in the same way as other Members. However, they are unable to move/ second or amend motions or vote on any matters if they are not present in the meeting room. As with other Members joining via MS Teams, this does not count towards their formal committee attendance.
- Officers can participate in person or online.

- Members of the public addressing an Area Planning Committee should attend in person. However, arrangements to participate online can be considered in certain circumstances. Please contact committee.services@tmhc.gov.uk for further information.

Before formal proceedings start there will be a sound check of Members/Officers in the room. This is done as a roll call and confirms attendance of voting Members.

Ground Rules:

The meeting will operate under the following ground rules:

- Members in the Chamber should indicate to speak in the usual way and use the fixed microphones in front of them. These need to be switched on when speaking or comments will not be heard by those participating online. Please switch off microphones when not speaking.
- If there any technical issues the meeting will be adjourned to try and rectify them. If this is not possible there are a number of options that can be taken to enable the meeting to continue. These will be explained if it becomes necessary.

For those Members participating online:

- please request to speak using the 'chat or hand raised function';
- please turn off cameras and microphones when not speaking;
- please do not use the 'chat function' for other matters as comments can be seen by all;
- Members may wish to blur the background on their camera using the facility on Microsoft teams.
- Please avoid distractions and general chat if not addressing the meeting
- Please remember to turn off or silence mobile phones

Voting:

Voting may be undertaken by way of a roll call and each Member should verbally respond For, Against, Abstain. The vote will be noted and announced by the Democratic Services Officer.

Alternatively, votes may be taken by general affirmation if it seems that there is agreement amongst Members. The Chairman will announce the outcome of the vote for those participating and viewing online.

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Apologies for absence

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TONBRIDGE AND MALLING BOROUGH COUNCIL

COUNCIL MEETING

MINUTES

Tuesday, 22nd October, 2024

At the meeting of the Tonbridge and Malling Borough Council held in the Civic Suite, Gibson Building, Kings Hill, West Malling on Tuesday, 22nd October, 2024

Present: His Worship the Mayor (Councillor S M Hammond), the Deputy Mayor (Councillor C Brown), Cllr L Athwal, Cllr B Banks, Cllr K Barton, Cllr Mrs S Bell, Cllr A G Bennison, Cllr R P Betts, Cllr T Bishop, Cllr M D Boughton, Cllr P Boxall, Cllr G C Bridge, Cllr R I B Cannon, Cllr J Clokey, Cllr M A Coffin, Cllr A Cope, Cllr S Crisp, Cllr R W Dalton, Cllr D A S Davis, Cllr Mrs T Dean, Cllr D Harman, Cllr P M Hickmott, Cllr M A J Hood, Cllr F A Hoskins, Cllr S A Hudson, Cllr D Keers, Cllr J R S Lark, Cllr A McDermott, Cllr A Mehmet, Cllr D W King, Cllr Mrs A S Oakley, Cllr R W G Oliver, Cllr W E Palmer, Cllr Stacey Pilgrim, Cllr B A Parry, Cllr M R Rhodes, Cllr R V Roud, Cllr K B Tanner, Cllr Mrs M Tatton, Cllr M Taylor, Cllr D Thornevell, Cllr K S Tunstall and Cllr C J Williams.

An apology for absence was received from Councillor W J Mallard

PART 1 - PUBLIC

C 24/73 DECLARATIONS OF INTEREST

There were no declarations of interest made in accordance with the Code of Conduct.

However, for reasons of transparency:

- Cllr Rhodes indicated that in relation to agenda item 8 (Notice of Motion) he was a recipient of the Winter Fuel Payment; and
- Cllr Clokey reminded Members that in relation to agenda item 15 (Treasury Management Update and Annual Report for 2023/24) he was employed by one of the companies who managed a multi asset fund which the Borough Council had invested in and was referenced in the report.

As these did not represent either a Disclosable Pecuniary or Other Significant Interest there was no reason for Cllrs Rhodes and Clokey to withdraw from the meeting.

C 24/74 MINUTES

RESOLVED: That the Minutes of the proceedings of the meeting of the Council held on 9 July 2024 be approved as a correct record and signed by the Mayor.

C 24/75 MAYOR'S ANNOUNCEMENTS

The Mayor advised of a number of engagements attended since the last meeting of Council and made particular reference to the following civic and charity events:

- Tonbridge Lions Charity Car Tour
- London Overseas Musicians League Piano Festival at Tonbridge School
- 105th Birthday Celebration Event at the RBLI
- Kings Hill Parish Council's End of Summer Community Party
- Tonbridge in Bloom
- Wrotham Festival of Light

Finally, the Mayor thanked the Deputy Mayor for attending a number of events on their behalf.

C 24/76 QUESTIONS FROM THE PUBLIC PURSUANT TO COUNCIL PROCEDURE RULE NO 5.6

No questions were received from members of the public pursuant to Council Procedure Rule No 5.6.

C 24/77 QUESTIONS FROM MEMBERS PURSUANT TO COUNCIL PROCEDURE RULE NO 5.5

In accordance with Council Procedure Rule No 5.5 a question had been submitted by Cllr Hood in respect of Key Performance Indicators and proposed changes to the reporting of performance management. A detailed response had been provided by the Leader of the Borough Council and the question and answer, attached as an Annex to the Minutes, were noted.

C 24/78 NOTICE OF MOTION SUBMITTED PURSUANT TO COUNCIL PROCEDURE RULE NO. 5.27 (24/005)

Consideration was given to a Notice of Motion (24/005) pursuant to Council Procedure Rule No. 5.7 submitted by Cllr Clokey in relation to winter fuel payments (as set out on page 27).

As set out in the Notice, Cllr Clokey proposed, seconded by Cllr Hoskins that:

- (1) the Chief Executive be instructed to write to the Chancellor of the Exchequer calling for the policy on linking Winter Fuel Payments to Pension Credit receipt to be immediately paused and introduce a new threshold to determine eligibility for Winter Fuel Payments;
- (2) the Chief Executive be requested to write to all MPs covering Tonbridge and Malling asking them to give their formal support to halting the changes to the Winter Fuel Payment eligibility;
- (3) all group leaders within Tonbridge and Malling Borough Council sign a joint letter to the Chancellor of the Exchequer calling for the new Winter Fuel Payment policy to be suspended and reviewed; and
- (4) the scope of our awareness campaign to maximise uptake of pension credits be urgently extended. This to include use of council noticeboards, social media, promotion through local press, targeted communications with local voluntary sector partners and investigation of the feasibility of sending targeted letters to those that could be identified as likely to be eligible.

Whilst recognising that the Winter Fuel Payment was a national policy and the Borough Council had limited influence to affect changes, Cllr Boughton proposed, seconded by Cllr Coffin, an amendment to the motion as set out below:

- (1) Given that 22, 217 residents across Tonbridge are affected by the policy, Council instructs the Leader of the Council to write to the Chancellor of the Exchequer condemning the policy on linking Winter Fuel Payments to Pension Credit. Council further requests the Leader of the Council write to all MPs covering Tonbridge and Malling asking them to condemn the changes to the Winter Fuel Payment eligibility;
- (2) Request all group leaders within Tonbridge and Malling Borough Council sign a joint letter to the Chancellor of the Exchequer condemning the new Winter Fuel Payment policy, and
- (3) Urgently extend the scope of our awareness campaign to maximise uptake of pension credits. This will include use of council noticeboards, social media, promotion through local press, targeted communications with local voluntary sector partners and investigation of the feasibility of sending targeted letters to those that we can identify as likely to be eligible.

Following a formal vote on the amendment to the motion proposed by Cllr Boughton and seconded by Cllr Coffin there was a majority in favour and this motion was carried and became the substantive motion.

In accordance with Council Procedure Rule 6.14 there was a proposal from Cllr Hood to sever the substantive motion to enable each of the matters to be considered separately. This was seconded by Cllr Cope.

Following a vote the proposal to sever the motion was lost.

In accordance with Council Procedure Rule 8.4 Cllr Hood requested that a recorded vote be undertaken. This was seconded by Cllr Barton.

The voting on the substantive motion was recorded as follows:

Members voting in favour of the motion:

Cllrs Banks, Bell, Bennison, Betts, Boughton, Boxall, Bridge, Brown, Cannon, Clokey, Coffin, Crisp, Dalton, Davis, Dean, Hammond, Harman, Hickmott, Hoskins, Hudson, Keers, King, Lark, McDermott, Mehmet, Oakley, Palmer, Rhodes, Roud, Tanner, Tatton, Taylor, Thornewell, Tunstall and Williams.

Total: 35

Members voting against the motion:

Cllr Oliver

Total: 1

Members who abstained from voting:

Cllrs Athwal, Barton, Bishop, Cope, Hood, Parry, Pilgrim

Total: 7

(Total Members eligible to vote = 43)

RESOLVED: That the actions requested by the Notice of Motion (24/005) as amended be agreed.

MATTERS FOR DECISION AS PLANNING COMMITTEE

In order to facilitate the proper consideration of the two applications, the Council agreed to suspend its own procedure rules and resolved itself into a committee to which rules relating to a planning committee were applied.

C 24/79 PLANNING APPLICATION TM/24/0127/OA - GIBSON BUILDING, GIBSON DRIVE

Consideration was given to the report of the Director of Planning, Housing and Environmental Health in relation to the proposed refurbishment of Gibson East office building as set out in planning application TM/24/01270/PA. The application sought planning permission for the removal of a corridor link to the grade II listed Gibson West building, remedial works to the listed façade and other associated works as summarised in 1.1 of the report.

In reaching its decision, the Council had regard to the principle of development, the visual impact, design and layout, residential amenity, highway safety and parking, trees and ancient woodland, drainage and flooding and ecology and in-depth discussion on biodiversity. The views of consultees were also taking into consideration.

Overall, the proposal was considered an appropriate rationalisation of the site that accorded with all relevant planning policies and guidance, would not have a detrimental impact on the surroundings or listed building and provided for appropriate off-site BNG provision. It was, therefore, recommended that the application be approved subject to the applicant entering into an agreement to secure a Conservation Covenant for the provision of off-site Biodiversity Net Gain.

RESOLVED: That planning permission be granted in accordance with the submitted details, conditions, reasons and informatives set out in the report of the Director of Planning, Housing and Environmental Health, subject to:

- (1) the applicant entering into a Conservation Covenant for the provision of off-site Biodiversity Net Gain.

[Speaker: Mr C Burrows of HMY Architects on behalf of applicant]

In accordance with Council Procedure Rule 8.6 Cllr Hood requested that his vote against the recommendation be recorded in the Minutes.

C 24/80 LISTED BUILDING APPLICATION TM/24/01268/PA - GIBSON BUILDING, GIBSON DRIVE

Consideration was given to the report of the Director of Planning, Housing and Environmental Health in relation to a listed building application (TM/24/01268/PA) for the proposed demolition of a modern corridor link between Gibson East office building and the Grade II Gibson West building with restoration works to reinstate the original appearance of the east façade of the listed building.

Due regard was given to the determining issues and conditions as set out in the report of the Director of Planning, Housing and Environmental

Health, with particular attention being given to the impact upon the special architectural or historic interest of the Grade II listed building.

In reaching its decision, the Council had regard to the views of the Conservation Officer who felt that the removal of the corridor link would restore the appearance and setting of Gibson West to that of the original individual building, would not cause harm to the significance of the listed building and would improve the overall character and appearance of the building. It was recommended that listed building consent be granted, subject to a condition to provide additional details of the reinstatement works.

RESOLVED: That listed building consent be granted in accordance with the submitted details, conditions, reasons and informatives set out in the report of the Director of Planning, Housing and Environmental Health, subject to:

- (1) additional condition to provide details of the reinstatement works.

C 24/81 LEADER'S ANNOUNCEMENTS

The Leader reflected on the importance of cross-party collaborative working, the significant challenges in delivering the Local Plan arising from a revised National Planning Policy Framework (NPPF), increased housing targets for the Borough, recommencing, re-assessing and collating new evidence once the revised NPPF had been published and the increased pressure on Planning Committees as the presumption in favour of development would become greater.

Reference was made to the good progress being made on the Borough Councils Climate Change Strategy with a £1.6m investment at Larkfield Leisure Centre to deliver carbon cutting and climate change initiatives. These included new changing rooms, solar panels and air source heat pumps. Similar initiatives would also be delivered at Tonbridge Swimming Pool.

The Borough Council had also invested in thermal imaging cameras and these were free to rent by residents and community groups to identify areas where heat was lost in homes and buildings which could help reduce energy bills.

Finally, the Borough Council were working with community groups and had provided in the region of £130,000 to support local projects.

Full Leaders announcements were available on the Borough Council's [YouTube channel](#).

MATTERS FOR DECISION**C 24/82 CHANGES TO COMMITTEE APPOINTMENTS 2024/25**

The Leader of the Borough Council proposed a number of changes to the Conservative Group appointments to Committees and Scrutiny Select Committees for the remainder of the municipal year.

The proposals were intended to ensure that meetings were effective and took advantage of Councillors experience and interests.

RESOLVED: That the changes to appointments to Committees, Scrutiny Select Committees and consequential changes to the list of substitutes, as set out in Annex 1 and 2, be approved.

C 24/83 APPOINTMENTS TO OUTSIDE BODIES - TONBRIDGE TOWN LANDS AND RICHARD MYLLS CHARITY

Following a request from the Clerk to the Town Wardens, consideration was given to the reappointment of Mr Owen Baldock as the Borough Council's representative to serve on Tonbridge Town Lands and Richard Mylls Charity for a further four-year term.

The terms of the Charity required the income to be applied for the benefit of the inhabitants of the former Urban District of Tonbridge and persons appointed as Town Wardens to be residents or to have extensive knowledge of the area. They may be, but need not be, a member of the Council. The Charity had emphasised the value of having a person with good knowledge of the local area and felt that Mr Baldock possessed an extensive knowledge of the work of the organisation and a good understanding of the district. Mr Baldock had indicated his willingness to accept the nomination.

RESOLVED: That Mr Owen Baldock be re-appointed as the Borough Council representative to serve on Tonbridge Town Lands and Richard Mylls Charity for a further four-year period up to to October 2028.

C 24/84 LOCAL CODE OF CORPORATE GOVERNANCE

Consideration was given to the recommendations of the Audit Committee of 22 July 2024 in respect of the outcome of the annual review of the Local Code of Corporate Governance.

RESOLVED: That the amendments to the Local Code of Corporate Governance, as set out in Annex 1 to the report, be approved for adoption.

C 24/85 TREASURY MANAGEMENT UPDATE AND ANNUAL REPORT FOR 2023/24

Consideration was given to the recommendations of the Audit Committee of 22 July 2024 in respect of treasury management activity undertaken during April to May of the current financial year. The treasury management outturn position for 2023/24 was also set out.

RESOLVED: That

- (1) the action taken in respect of treasury management activity for April to May 2024 be endorsed; and
- (2) the 2023/24 outturn position be noted.

C 24/86 CAPITAL WORKS - CAR PARKS

Consideration was given to the recommendations of Cabinet of 3 September 2024 in respect of a number of fast-track capital plan schemes to improve the Bailey Bridge East car park in Aylesford, support the introduction of automatic number plate recognition (ANPR) and make parking amendments in car parks and on-street parking.

RESOLVED: That

- (1) the three fast track capital schemes, shown in Annexes 1,2 and 3, be transferred to List A of the capital planning this financial year to enable the introduction of new parking charges; subject to
 - i. an amendment in respect of the Automatic Number Plate Recognition (ANPR) scheme to reflect that arrangements would be made to enable residents with a blue badge to register to park free of charge at the car parks where ANPR enforcement would be implemented;
- (2) capital funding of £530,000 for the capital works be met from the revenue reserve from capital schemes;
- (3) authority be granted to the Director of Central Services & Deputy Chief Executive to submit a planning application for the scheme in the Bailey Bridge East car park, Aylesford; and
- (4) revenue funding of £15,000 be included in the revised revenue estimates to appoint external consultants to assist in the design of the schemes.

In accordance with Council Procedure Rule 8.6 Councillors Banks, Bennison, Bishop, Boxall, Dean, Hickmott, Oakley, Tatton and Thornewell requested that their vote against the recommendation be recorded in the Minutes.

C 24/87 LOCAL AUTHORITY HOUSING FUND

Consideration was given to the recommendation of Cabinet of 3 September 2024 to update the Capital Plan in respect of Round 3 of the Local Authority Housing Fund (LAHF). Following a change in criteria and match funding arrangements, this was now considered a suitable funding opportunity for the Borough Council.

As a consequence of the deadlines required for Year 1 of the LAHF round 3, it would be necessary for the Borough Council to purchase property quickly. To enable the acquisition of a suitable property once identified, the Cabinet recommended that the Capital Plan be updated to include an allowance of up to £400,000 as the Borough Council's contribution to the Year 1 property acquisition. This was supported by the Council.

RESOLVED: That the Capital Plan be updated to include an allowance of up to £400,000 (funded from the Temporary Accommodation Reserve and/or s106 contributions) as the Borough Council's contribution to the Year 1 property acquisition.

C 24/88 REGULATION OF INVESTIGATORY POWERS ACT (RIPA) - REVISIONS TO SURVEILLANCE GUIDANCE

Consideration was given to the recommendations of the General Purposes Committee of 9 October 2024 in respect of revisions to the Regulation of Investigatory Powers Act (RIPA) surveillance guidance.

RESOLVED: That the revised surveillance guidance be approved, subject to the replacement of Twitter with X.

C 24/89 CIVIL ENFORCEMENT SERVICE

Consideration was given to the recommendations of the General Purposes Committee of 9 October 2024 in respect of the civil enforcement service.

RESOLVED: That the permanent establishment of four full time Civil Enforcement Officer posts at scale 4 and one full time Civil Enforcement Supervisor at scale 5 be approved with effect from 23 October 2024.

In accordance with Council Procedure Rule 8.6 Cllr Banks requested that his vote against the recommendation be recorded in the Minutes.

MATTERS FOR INFORMATION**C 24/90 MINUTES OF CABINET AND COMMITTEES**

The Minutes of meetings of the Cabinet and Committees for the period July to October 2024 set out in the Minute Book (Volume 4) attached as a supplement, were received and noted.

Any recommendations to the Council from Cabinet or Committees were resolved elsewhere on the agenda.

C 24/91 SEALING OF DOCUMENTS

RESOLVED: That authority be given for the Common Seal of the Council to be affixed to any instrument to give effect to a decision of the Council incorporated into these Minutes and proceedings.

C 24/92 URGENT ITEM

By reason of special circumstances, the Mayor agreed an item to be considered as a matter of urgency. As this was in respect of information relating to an individual the matter would be discussed in private.

C 24/93 EXCLUSION OF PRESS AND PUBLIC

The Mayor moved, it was seconded and

RESOLVED: That as public discussion would disclose exempt information, the following matters be considered in private.

PART 2 PRIVATE - MATTER FOR DECISION**C 24/94 COUNCILLOR ATTENDANCE AT MEETINGS**

(Reasons: LGA 1972 – Sch 12A Paragraph 1 – Information relating to an individual)

Members were invited to approve the continued absence of a Member from meetings for a further six months.

RESOLVED: That

- (1) a waiver of the 6-month attendance rule as set out in s85 of the Local Government Act 1972 be approved for Councillor Wayne Mallard for the special circumstances as detailed in the report (contains exempt information); and
- (2) an extension of the permitted non-attendance time period for Councillor Wayne Mallard for a further 6-month period up to 22 April 2025 be approved.

The meeting ended at 9.45 pm

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Mayor's Announcements

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COUNCIL

MEETING OF 18 FEBRUARY 2025

**AGENDA ITEM 6 - QUESTIONS FROM THE PUBLIC PURSUANT TO COUNCIL
PROCEDURE RULE NO 5.6**

The following question has been asked pursuant to Council Procedure Rule No 5.6 by Sharon Page:

- **Question Subject: Costs of Appeal**

At the last Area 2 Planning Committee, Chief Planning Officer James Bailey's reasoning for not accepting the 8;2 majority vote against the application, was on the ground of the cost implication to the council, should the developer appeal any of the grounds for refusal.

It is my understanding that 'costs' must not be a factor in planning decisions. In addition, Mike Taylor council member, stated the significantly substantial cost , running into hundreds of thousands of pounds. The Housing & Planning Scrutiny Select Committee doc of March 2024, highlights the Planning appeal cost to be significantly less than stated.

Therefore, the question is, why is this being used as an excuse for refusal ?

A response will be provided at the meeting by the relevant Member and set out in full in the Minutes.

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COUNCIL

MEETING OF 18 FEBRUARY 2025

**AGENDA ITEM 6 - QUESTIONS FROM THE PUBLIC PURSUANT TO COUNCIL
PROCEDURE RULE NO 5.6**

The following question has been asked pursuant to Council Procedure Rule No 5.6 by Marc Page

- **Question Subject: Sustainability and Safety**

The TMBC's 2020-2030 Climate Change Strategy states that it "has a key role in ensuring that new developments are as sustainable as possible", specifically referencing "reducing travel needs", "maximising opportunities for sustainable travel" and "including walking and cycling routes". The KCC's 2021-2026 'Vision Zero – Road Safety Strategy states a target to "increase levels of safety for walking and cycling" and "to make walking and cycling an attractive and realistic choice for short journeys" and 'improved safety for all road users'.

East Malling currently has NO Cycle paths, NO local amenities, NO regular bus services, inaccessible train platforms (for disabled/infirm/those with small children) and dangerous and often impassable very narrow footpaths.

As such, any new local housing residents (be they in affordable houses or not), like existing residents, would be almost entirely car dependant.

Therefore, how can the Ivy Farm Development, which is estimated to house c. 210 residents, be considered to be even remotely logical or compliant and not exacerbate the existing issues?

A response will be provided at the meeting by the relevant Member and set out in full in the Minutes.

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COUNCIL

MEETING OF 18 FEBRUARY 2025

**AGENDA ITEM 6 - QUESTIONS FROM THE PUBLIC PURSUANT TO COUNCIL
PROCEDURE RULE NO 5.6**

The following question has been asked pursuant to Council Procedure Rule No 5.6 by Frances Saunders:

Local Authorities have a statutory duty under the 1990 Planning Conservation Area Act to publish proposals for the enhancement and preservation of their conservation areas. In total, TMBC has 61 designated conservation areas within the borough's boundaries, all of which are greatly valued by the public as special, much-loved and irreplaceable places.

Please could this Council explain why they are not complying with UK legislation, with Conservation Area Appraisals being woefully out of date (25 years in many cases), no management proposals ever published as required under UK law and many of these important heritage assets under extreme pressures from inappropriate developments and unsustainable traffic levels.

A response will be provided at the meeting by the relevant Member and set out in full in the Minutes.

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COUNCIL

MEETING OF 18 FEBRUARY 2025

**AGENDA ITEM 6 - QUESTIONS FROM THE PUBLIC PURSUANT TO COUNCIL
PROCEDURE RULE NO 5.6**

The following question has been asked pursuant to Council Procedure Rule No 5.6 by Tasha Allen:

Please can you kindly confirm the following - members are using a need for Section 106 funds and affordable housing as reasons for approving planning applications?

However, we are seeing developers, once granted planning permission submitting applications to vary the terms of their 106 Agreements and being approved by the Planning Department. See Esquire Bluebells on Hermitage Lane site. Affordable housing reduced by 25% after permission granted.

Can you confirm how many affordable housing units have been lost in the TMBC areas over the past 3 years by what appears to be a legal loophole that developers are making use of and explain how these are overriding material planning considerations when they are not even guaranteed to stay the same

A response will be provided at the meeting by the relevant Member and set out in full in the Minutes.

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COUNCIL

MEETING OF 18 FEBRUARY 2025

AGENDA ITEM 7 – QUESTION ASKED PURSUANT TO COUNCIL PROCEDURE RULE NO 5.5

The following question (25/001) has been asked pursuant to Council Procedure Rule No 5.5 by Councillor Mark Hood:

‘Will the council work with colleagues at Kent County Council to establish a cross-council Member/Officer Active Travel Working Group?’

Responsibility for Active Travel falls to both of our councils and in preparation for Local Government Reorganisation it is important that plans for improving infrastructure for walking, wheeling and cycling are prepared in unison so that the Tonbridge and Malling Local Cycling and Walking Infrastructure Plan complements the Kent Cycling and Walking Infrastructure Plan and that we bring forward the most coherent plans to take full advantage of external funding. This process is best achieved working together and it is essential that members are able to contribute and represent the views of residents so we have an end result which will work best for our communities.’

**Response of the Cabinet Member for Transformation and Infrastructure
(Councillor Martin Coffin):**

To follow and will be published as a supplement as soon as possible

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Leader's Announcements

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Agenda Item 9

Due to the timescales and print deadlines, the recommendations of the meeting of Cabinet held on 11 February 2025 will be circulated to Members in advance of the meeting of Council.

In accordance with CPR 8.5 of the Constitution there will be a recorded vote for this item.

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Cabinet

11 February 2025

Part 1 - Public

Recommendation to Council



Cabinet Member	Matt Boughton – Leader of the Council Kim Tanner – Cabinet Member for Finance and Housing
Responsible Officer	Damian Roberts – Chief Executive Sharon Shelton – Director of Finance and Transformation
Report Author	Sharon Shelton – Director of Finance and Transformation Paul Worden – Chief Financial Services Officer

Setting the Budget 2025/26

1 Summary and Purpose of Report

- 1.1 Further to the meeting of the Overview and Scrutiny Committee earlier in the cycle, this report updates Cabinet on issues relating to the Medium Term Financial Strategy. It also takes Members through the necessary procedures in order to set the Budget for 2025/26.
- 1.2 Members are asked to note that at the time of writing this report, ***the final settlement has not been received***. All figures contained in the report are based on the provisional settlement.
- 1.3 The headlines issues from this report are as follows:
 - Provisional local government finance settlement 2025/26 better than expected, but was an overall DECREASE on 2024/25 funding of is £514,000 (8.5%).
 - A new grant 'Polluter Pays' has been awarded from 2025/26. In 2025/26 the value of the grant is £983,600
 - Due to ongoing increased NNDR receipts and better than expected settlement TMBC has a balanced budget for 2025/26 and has been able to set aside funds in earmarked reserves for key priorities.
 - In addition, an initial assessment of reserves has facilitated a recommendation to release additional funds for key priorities.

- The Government has announced changes to Local Government Funding affecting Grants and Business Rates in order to simplify the award process and target funding based on deprivation, resources and needs. Consultation has commenced and it is expected that any reform will be introduced for the Local Government Settlement for 2026/27 onwards. As previously advised, it is anticipated that this will reduce grant funding to TMBC and that assumption has been built into the MTFS.
- Referendum principles mean that council tax can only rise by greater of 3% or £5. CPI for December 2.5%. Recommended 3% increase in TMBC element of council tax bill giving a council tax at Band D for 2025/26 of £245.30; a cash increase of £7.14 per annum.
- Funding Gap, representing new savings that need to be identified and delivered, now projected at £2.8m over the medium term. In addition, commitment of saving £200,000 (release of office accommodation) and £625,000 (cost and client numbers within temporary accommodation).
- Seven capital schemes to be added to Capital Plan in 2025/26.
- In order to support the recent decision to replace the Angel Centre, as referenced below, officers in conjunction with Cabinet have identified and earmarked funds to assist with the overall financing of the scheme.

2 Corporate Strategy Priority Area

- 2.1 Efficient services for all our residents, maintaining an effective council.
- 2.2 Setting of the budget is required under statute

3 Recommendations

- 3.1 Recommendations are made, where appropriate, within each section of the report and **highlighted in blue**. For completeness, they are summarised below in the order they appear within the report:
- 3.2 *Section 6 (Local Government Finance Settlement)*: It is **RECOMMENDED** that the details of the final grant settlement, including the anticipated National Insurance grant, are verbally reported to Cabinet at the meeting and any adjustments needed are made to the final Budget.
- 3.3 *Section 8 (Usable Reserves)*: In view of the objective within the Capital Strategy to identify funding for the replacement of the leisure centre in Tonbridge, it is **RECOMMENDED** that the following sums totalling £3.45m are transferred to the Tonbridge Town Centre reserve, and specifically set aside for the funding of the redevelopment of the Angel Leisure Centre:
 - the sum of £1.25m held as a general fund (working) balance

- A sum of £2.2m from the Budget Stabilisation Reserve
- 3.4 *Section 9 (Revenue Estimates 2025/26)*: It is **RECOMMENDED** that as part of the 2025/26 Estimates, sums are contributed to the following earmarked reserves:
- £3.25m to the Regeneration of Tonbridge reserve (specifically for the replacement of Angel Centre);
 - £150,000 to the Homelessness reserve to assist with the provision of Council operated temporary accommodation for homelessness.
- 3.5 *Section 11 (Capital Plan)*: It is **RECOMMENDED** that:
- 1) Cabinet endorse the existing Capital Plan (List A) position at Annex 1 (O&S agenda) and summarised at **[Annex 3]**.
 - 2) Cabinet approves that the schemes listed in **[Annex 4]** are added to List C or deleted from List C as detailed.
 - 3) Cabinet approves the selection of those schemes listed in **[Annex 5]** for evaluation over the coming year. On this occasion, four schemes have been recommended for Fast-Track evaluation.
 - 4) Cabinet approves the transfer of schemes detailed in **[Annex 6]** to List A.
 - 5) Cabinet approves the updated Capital Plan (List A) as summarised in **[Annex 7]**.
 - 6) Cabinet endorse the Capital Strategy as presented to the Overview and Scrutiny Committee on 23 January.
- 3.6 *Section 12 (Treasury Management and Annual Investment Strategy)*: It is **RECOMMENDED** that
- for the financial year 2025/26 the prudential indicators listed in paragraph 12.7 including the liability benchmark indicator and 12.11 be recommended to Council for adoption
 - Members **NOTE** that for the financial year 2025/26 our annual minimum revenue provision is nil subject to the comment at paragraph 12.8.
- 3.7 *Section 13 (Medium Financial Strategy)*: Members are requested to **NOTE** and endorse the updated MTFS **[Annex 10a]**.
- 3.8 *Section 14 (Savings and Transformation Strategy)*: Cabinet is **RECOMMENDED** to note and endorse the updated STS **[Annex 10b]** to be uploaded as a supplement, including the proposed scale and timing of each of the required savings and transformation contributions set out at paragraph 14.4.

- 3.9 *Section 16 (Special Expenses)*: Cabinet is requested to **ENDORSE** the special expenses calculated in accordance with the Special Expenses Scheme and set out at **[Annex 13b]**.
- 3.10 *Section 17 (Robustness of Estimates and Adequacy of Reserves)*: Members are **RECOMMENDED** to note and endorse the Statement **[Annex 16a]** provided by the Director of Finance and Transformation.
- 3.11 *Section 18 (Calculation of Borough Council's Tax Requirement)*: **Note** the Calculation of the Borough Council's council tax requirement **at [Annex 17]**.

4 Introduction and Background

- 4.1 At the Full Council meeting on 18 February, Members will determine both the Budget and the level of council tax for 2025/26. The detailed Estimates for 2025/26 prepared by officers in liaison with the Cabinet have been carefully considered by the Overview and Scrutiny Committee earlier in the cycle. Details are set out at paragraph 9 below.
- 4.2 Whilst the primary purpose of this report is for Cabinet to recommend the Budget and resultant level of council tax for 2025/26; as ever, **this one year cannot be viewed in isolation**. This budget sits within the context of our Medium Term Financial Strategy (MTFS) covering a ten-year period. Financial decisions made in respect of the year 2025/26 will have an impact across the MTFS and upon the required savings and transformation contributions the Council will need to achieve in order to 'balance its books' and we must not lose sight of the scale of this particular challenge. **Ultimately, Members working with senior officers have a duty to ensure the Council's long term financial position is sustainable, and that 'short term' decisions do not jeopardise that longer term sustainability.**
- 4.3 This time last year the projected funding gap was put at £1,705,000 with an initial tranche of savings in the sum of £305,000 to be delivered by April 2025. During the course of the current year, as will be noted from paragraph 14.3 later in this report, that target was exceeded.
- 4.4 The potential impact of the Local Authority Funding Reform and the recommissioning of the Council's Waste, Recycling and Street Cleansing contract has added to the uncertainty in the scale of the funding gap over the past twelve months, with the latest projected funding gap being £2,800,000. Members should also note that it is necessary to add to this figure the value of any initiatives already built into the MTFS, **but not yet delivered**. In this respect, the scaling back of office accommodation in the sum of £200,000 and a total reduction of £625,000 in respect of homelessness (*made up of £400,000 reduction in Temporary Accommodation costs and £225,000 reduction due to assumed reversion to 100 clients within Temporary Accommodation*) needs to be added in, giving a figure of **£3,625,000** to be found and delivered over the medium term.

The MTFS including the latest project funding gap is discussed in more detail later in this report.

- 4.5 The Localism Act requires a local authority to seek the approval of their electorate via a local referendum if it proposes to raise council tax above the threshold set by the Secretary of State. For the year 2025/26 a referendum will be triggered where council tax is increased by **more than 3% or £5, whichever is higher**.
- 4.6 This time last year the MTFS assumed a council tax increase of 3%. For the purposes of preparing the budget papers and updating the MTFS an **increase of 3% in 2025/26** has been assumed followed by the greater of £5 or 2% each year thereafter.
- 4.7 Attached at **[Annex 1]** for Members' information is a copy of the Referendums Principles setting out the level of council tax increase for 2025/26 above which the local authority would be required to seek approval of their electorate via a local referendum.
- 4.8 This report necessarily touches on a number of related areas (some of which are complex) that the Director of Finance and Transformation is required to draw to Members' attention in order to provide assurance and advice to aid decision making. The report is, therefore, broken down into sections dealing with the following areas:
- Section 5: Corporate Strategy
 - Section 6: Local Government Finance Settlement
 - Section 7: Business Rates
 - Section 8: Usable Reserves
 - Section 9: Revenue Estimates 2025/26
 - Section 10: Fees and Charges
 - Section 11: Capital Plan
 - Section 12: Treasury Management and Annual Investment Strategy
 - Section 13: Medium Term Financial Strategy Update
 - Section 14: Savings and Transformation Strategy
 - Section 15: Collection Fund Adjustments
 - Section 16: Special Expenses and Parish Council Precepts
 - Section 17: Section 25 Statement - Robustness of the Estimates / Adequacy of the Reserves
 - Section 18: Calculation of Borough Council's Tax Requirement

5 Corporate Strategy

- 5.1 The Council adopted a new Corporate Strategy in 2023 setting out the values key to achieving the strategy of **innovation, transformation, and delivery**.
- 5.2 The Strategy sets out the four key priorities for the borough:
- 1) Efficient services for all our residents, maintaining an effective council;
 - 2) Sustaining a borough which cares for the environment;
 - 3) Improving housing options for local people whilst protecting our outdoor areas of importance;
 - 4) Investing in our local economy.
- 5.3 In preparation of these Estimates, regard has been taken to the above priorities and in particular the Cabinet highlighted the need to address the following key issues which contribute to the above:
- Provision of cost-effective Temporary Accommodation;
 - Regeneration of Tonbridge, including replacement of the Angel Centre;
 - Climate Change, including carbon neutral leisure centres;
 - Transformation to improve efficiency and effectiveness; and
 - Delivery of the Local Plan.

6 Local Government Finance Settlement

- 6.1 On 18 December 2024, the Minister of State for Local Government and English Devolution in the United Kingdom, Jim McMahon MP, made a statement to Parliament on the provisional local government finance settlement for 2025/26. The provisional figures are expected to be confirmed in January / February 2025, subject to the outcome of consultation.
- 6.2 Following the announcement of wider Local Authority Funding Reform due to start in Spring 2025, the Settlement Funding Assessment (SFA) is for one year only. As mentioned in previous reports, any review leading to reform is expected to focus on local deprivation factors as well as need and resources. Officers do not expect TMBC to fair well under the longer term review, but once announced, there will be greater certainty for the longer term on the Council's financial support.
- 6.3 Our provisional SFA for the year 2025/26 as shown in the table below is £2,708,428, an uplift of 2.0% compared to the sum received in 2025/26. However, as mentioned above this will be for one year only.

New Homes Bonus

- 6.4 No further legacy payments are due under the New Homes Bonus (NHB) scheme giving an allocation for the year 2025/26 only which in our case is £517,013, the increase from 2025/26 accounts for the reduction in unoccupied homes combined with an increase in new homes being completed by developers.
- 6.5 It should be noted that whilst the amount has increased from 2025/26 it is below the estimated level within the last version of the MTFS (£600,000 per annum).
- 6.6 The Government has announced that as part of the consultation 'Local authority funding reform: objectives and principles' (see [Local authority funding reform: objectives and principles - GOV.UK](#)) New Homes Bonus in its current guise will cease. The draft response to this consultation is reported elsewhere on this agenda for response by 12 February 2025.

Under-indexing of the Business Rates Multiplier

- 6.7 As a result of business rate multipliers not being maintained at the agreed rate of CPI, the settlement includes a grant for the under-indexing of £482,712. It is yet unknown if the grant will be continued following the review of Business Rate Retention during 2025/26.

Funding Guarantee / Funding Floor

- 6.8 As in 2024/25 the Government has issued an additional grant to balance the core spending needs of the Council.
- 6.9 This grant, now known as the Funding Floor (previously Funding Guarantee), has been included into the settlement in 2025/26 to keep the core spending power, *including Council Tax receipts*, at the same level as 2025/26.
- 6.10 Allowing for these changes the provisional allocation for 2025/26 is £1,785,452.

Total Grant Funding

- 6.11 Total grant funding for the year 2025/26 as shown in the table below is £5,530,915, a cash decrease of £513,814 or -8.5% when compared to that received in 2025/26. That being said in both the February and November 2024 MTFS models it had been assumed that the Funding Floor Grant would not be received, meaning for the 2025/26 financial year the Council has additional funds available for strategic projects.

	2024/25 £	2025/26 £	Cash Increase/ (Decrease)	
			£	%
Local Share of Business Rates (baseline)	2,509,032	2,541,100	32,068	1.3
Revenue Support Grant	146,419	167,329	20,910	14.3
Settlement Funding Assessment	2,655,451	2,708,428	52,977	2.0
New Homes Bonus	343,373	517,013	173,640	50.6
Under-indexing of the Business Rates Multiplier	464,291	482,712	18,421	4.0
Other Grants	71,354	37,310	(34,044)	-47.7
Funding Guarantee / Funding Floor	2,510,260	1,785,452	(724,808)	-28.9
Total Grant Funding	6,044,729	5,530,915	(513,814)	-8.5

- 6.12 The provisional local government finance settlement 2025/26 is subject to consultation. The return date for responses to the consultation was 15 January 2025, with the response being agreed by the Cabinet Member for Finance and Housing prior to submission. The consultation paper can be found at the following link: [Consultation: provisional local government finance settlement 2025 to 2026 - GOV.UK](#)
- 6.13 The final settlement was expected to be confirmed in late January / early February 2025, subject to the outcome of the consultation but at the time of writing has not been received. Cabinet will be updated at the meeting on 11 February with details of the final settlement, including the National Insurance grant for local authorities which is yet to be announced. Members are advised that the funding made available to the sector for this grant will not cover the entire cost of the additional employers' national insurance contributions.
- 6.14 It is **RECOMMENDED** that the details of the final grant settlement, including the anticipated National Insurance grant, are verbally reported to Cabinet at the meeting and any adjustments needed are made to the final Budget.

7 National Non Domestic Rates (NNDR)

- 7.1 In the statement on 18th December 2024 it was announced that the Government will be considering changes to the current Business Rates model operated in local government. It is expected that this will be through the resetting of baseline requirement, and forms part of the wider funding reforms consultation.
- 7.2 The Government sets a baseline need for the Council of £2.541m as set out in the table at 6.11 above. Under the current rules, the Council is allowed to keep a proportion of any amount received above this baseline. The proportion depends on whether the Council is a member of a Business Rates Pool - (*which it is*) - and the membership of the authorities within this pool.

- 7.3 The development of Panattoni Park in the north of the Borough continues with final major development on site likely to be occupied during the early to mid-stages of 2025/26.
- 7.4 Using information from the Valuation Office, officers have provided a prudent estimate of the valuation for this new building on Panattoni Park and other potential changes in the borough.
- 7.5 Taking this into account and after allowing for the financing arrangements within the Kent Business Rate pool, officers have estimated that the business rates receipts to TMBC will be circa £3.888m - some £1.347m above the baseline.
- 7.6 These amounts are lower than the 2024/25 original estimate as there was a significant release of an appeals provision in the current financial year that cannot be repeated in 2025/26 (see report to Cabinet 13 February 2024).

8 Council's Usable Reserves

- 8.1 The Council holds a number of 'usable' reserves on its balance sheet which could be **repurposed** to support both day to day services or assist in one off larger schemes either of a revenue or capital nature.
- 8.2 Although not yet incorporated into Capital Plan 'List A', Members approved, in principle, the replacement of the Angel Centre in Tonbridge in the context of the Town Centre Regeneration Programme. Cabinet January 2024 CB24/17 refers:

"In principle, the Angel Centre be demolished and replacement leisure and community facilities be provided in Tonbridge and, in principle, all options be kept on the table for the future location and nature of such replacement leisure and community facilities within Tonbridge"
- 8.3 Once formally approved, this is likely to be the largest capital project undertaken by the Council in over 25 years. The Council's Capital Strategy includes an objective to identify opportunities for funding the replacement of the leisure centre in Tonbridge.
- 8.4 Due to this and the Council's debt free status, officers are currently exploring ways of financing the replacement centre with minimal resort to external borrowing. With this in mind, the Director of Finance and Transformation and her team have conducted an **initial** review of the Council's reserve balances in line with objective 13.8 of the Annual Service Delivery Plan (see elsewhere on this agenda).
- 8.5 Two particular reserves have been identified for 'early release' subject to Member approval.
- 8.6 The first is the **Budget Stabilisation Reserve** which is currently expected to hold the sum of £2.7m as at 31 March 2025 with future commitments of £500,000. This reserve was established during Covid to assist with the return to 'normal'

economic levels. Members will be aware that approvals have been given to the use of some of this reserve, but the majority of these costs are now built into the MTFS as ongoing growth. Having undertaken an assessment, £2.2m could be released from this reserve for the specific use of the replacement of the Angel Centre.

- 8.7 Members will note from Annex 15 that the Council holds a general fund balance (formally known as the working balance) as well as a general revenue reserve. This balance, £1.25m, has been held for many years as a 'last resort' for financial viability, but given the current and predicted levels of the Council's General Revenue Reserve over the medium term, it is felt that the working balance can be released to support the delivery of the replacement leisure centre.
- 8.8 Further reviews of the Council's remaining reserve balances will be undertaken in the coming months as set out in the Annual Service Delivery Plan and reported to Members accordingly.
- 8.9 In view of the objective within the Capital Strategy to identify funding for the replacement of the leisure centre in Tonbridge, it is **RECOMMENDED** that the following sums totalling £3.45m are transferred to the Tonbridge Town Centre reserve, and specifically set aside for the funding of the redevelopment of the Angel Leisure Centre:
- The sum of £1.25m held as a general fund (working) balance
 - A sum of £2.2m from the Budget Stabilisation Reserve.

9 Revenue Estimates 2025/26

- 9.1 As mentioned in the Introduction, the draft Revenue Estimates for 2025/26 were presented to the Overview and Scrutiny Committee on 23 January. The role of the Committee is to assist both the Cabinet and the Council in the development of its budget within the context of the Medium Term Financial Strategy and the Council's priorities. Whilst a number of questions were posed by Members at the meeting, the Revenue Estimates as presented were endorsed. These estimates included the proposed fees and charges as approved by the Scrutiny Select Committees and the Licensing and Appeals Committee over recent months.
- 9.2 The estimates presented to O&S have been updated to take account of changes to staffing estimates following the General Purposes Committee on the 22 January, and minor changes to the Collection Fund Deficit estimates for 2024/25 and changes in reserve movements as set out in paragraph 8.9.
- 9.3 The proposed Council Tax for 2025/26 is considered elsewhere on this agenda and if approved will generate a Council Tax yield of £13,209,360.
- 9.4 This means that the Council has £3,400,000 available to transfer to reserves for strategic objectives.

9.5 Following discussions with Cabinet Members, officers have been requested to make the following reserve movements as part of this Budget:

- 1) Transfer of £3.25m to the Regeneration of Tonbridge reserve (specifically for the replacement of Angel Centre);
- 2) Transfer of £150,000 to assist with the provision of Council operated temporary accommodation for homelessness.

9.6 It is **RECOMMENDED** that the sums of £3.25m and £150,000 are transferred to the reserves as explained in paragraph 9.5 above.

9.7 These changes have been summarised on the table below:

	Revised Estimate 2024/25 £	Original Estimate 2025/26 £
Summary Total reported to Overview and Scrutiny Committee on 23 January 2025 prior to contributions to or from General Revenue Reserve	11,606,435	9,848,611
Staffing Establishment Changes following General Purposes Committee 22 January 2025	5,400	157,550
Transfer of reserve to General Fund (as per paragraph 8)		(3,450,000)
Transfer to Tonbridge Town Centre Reserve (as per paragraph 8 and paragraph 9.4 above)		6,700,000
Transfer to the Homelessness Reserves (as per paragraph 9.5 above)		150,000
Changes to Reserve Funding following GP Committee	(5,400)	(45,800)
Collection Fund Deficit adjustments		(171,793)
Current Summary Total	11,606,435	13,188,568

9.8 With these changes the net contribution to / from the General Revenue Reserve in 2025/26 becomes £20,792 as set out on the Revenue Estimates Summary in **[ANNEX 11]**.

10 Fees and Charges

10.1 Proposals in respect of fees and charges for the year 2025/26 considered and approved by the Scrutiny Select Committees and the Licensing and Appeals Committee over recent months have been reflected in the Budget.

11 Capital Plan

11.1 The outcome of the Capital Plan Review process was considered by the Overview and Scrutiny Committee on 23 January.

- 11.2 Members are aware of the difficult financial landscape in previous years and therefore the ability of the Council to invest in capital schemes. It is, however, acknowledged that some capital projects can have a beneficial impact on the revenue position by either generating additional or new income, or alternatively producing cost savings in due course.
- 11.3 Members are reminded of the criteria established to guide the inclusion of new schemes to List C (holding list of schemes not yet fully worked up) and ultimately the inclusion of schemes on List A (schemes assigned budget provision). The broad criteria are:
- to meet legislative requirements including health and safety and climate change obligations;
 - funded from external resources; and
 - reduce revenue expenditure and or generate income.
- 11.4 The subsequent recommendations where appropriate have regard to these criteria.
- 11.5 Capital expenditure is currently funded from the revenue reserve for capital schemes, grants from government and other bodies, developer contributions and from capital receipts derived from the sale of assets. In addition, other earmarked reserves can be used to fund in full or in part appropriate capital plan schemes.
- 11.6 There is also an annual contribution to the revenue reserve for capital schemes to match the funding required for the replacement of existing assets (vehicles, plant and equipment) and recurring capital expenditure. The contribution in 2025/26 is £1,149,000.
- 11.7 There remains an annual capital allowance for all other capital expenditure. Any 'bids' for capital schemes or discretionary capital grants are to be assessed in the context of the annual allowance. The annual capital allowance is currently set at £250,000, as detailed in the MTFS.
- 11.8 It should be noted, **based on current projections and approvals, that from 2029/30 the Council may need to borrow to fund such expenditure.** This does not however, preclude a decision to borrow in order to fund in full or in part a capital investment opportunity that meets the Council's strategic priorities and objectives, achieves value for money and delivers a financial return. Each such opportunity to be considered on a case by case basis as appropriate.
- 11.9 The Overview and Scrutiny Committee endorsed the recommendations as detailed in the papers. The recommendations were:
- 1) Cabinet be asked to endorse the Capital Plan (List A) position at Annex 1 (O&S agenda) and summarised at **[Annex 3]**.

- 2) The schemes listed in **[Annex 4]** are added to List C or deleted from List C as detailed.
- 3) The schemes listed in **[Annex 5]** are selected for evaluation over the coming year. On this occasion, seven schemes have been recommended both for Fast-Track evaluation.
- 4) The evaluated List C schemes are progressed in accordance with the recommendation shown in **[Annex 6]**.
- 5) Cabinet be asked to endorse the Capital Strategy at **[Annex 5]** (O&S agenda) for adoption by Council and publication on the Council's website.

11.10 Details of the evaluated schemes are summarised below.

Capital / revenue consequences of evaluated schemes		
	Capital Cost £'000	Annex 4 (O&S Agenda) Page
Planning, Housing and Environmental Health		
Acquisition of Temporary Accommodation and Resettlement (excludes £400k already approved on list A). fast-track	3,800	CP 50
Street Scene, Leisure and Technical Services		
Haysden Country Park Site Improvement Works. fast-track	50	CP 53
Tonbridge Racecourse Sportsground Tennis Court Improvements. fast-track	65	CP 55
Swanmead Sportsground Land Drainage. fast-track	25	CP 57
Tonbridge Cemetery Vaults. fast-track	43	CP 59
Digital CCTV Systems at the Council's Leisure Facilities. fast-track	85	CP 62
Corporate Services		
PWGC Boiler Replacement. fast-track	250	CP 65
Total	4,318	

11.11 An updated summary of the **Capital** Plan incorporating the schemes listed in paragraph 11.10 is attached at **[Annex 7]**.

11.12 A funding statement based on **[Annex 7]** is attached at **[Annex 8]**. The main source of funding is the Revenue Reserve for Capital Schemes supplemented by

external Grants, S106 Agreements and the use of some internal Reserves. The impact on the Revenue Reserve for Capital Schemes is illustrated in **[Annex 9]**.

11.13 Accordingly, it is **RECOMMENDED** that:

- 1) Cabinet endorse the existing Capital Plan (List A) position at Annex 1 (O&S agenda) and summarised at **[Annex 3]**.
- 2) Cabinet approves that the schemes listed in **[Annex 4]** are added to List C or deleted from List C as detailed.
- 3) Cabinet approves the selection of those schemes listed in **[Annex 5]** for evaluation over the coming year. On this occasion, four schemes have been recommended for Fast-Track evaluation.
- 4) Cabinet approves the transfer of schemes detailed in **[Annex 6]** to List A.
- 5) Cabinet approves the updated Capital Plan (List A) as summarised in **[Annex 7]**.
- 6) Cabinet endorse the Capital Strategy as presented to the Overview and Scrutiny Committee on 23 January.

12 Treasury Management and Annual Investment Strategy

- 12.1 The Local Government Act 2003 and its subsidiary regulations set out the framework for the system of capital controls which applied from 1 April 2004 whereby local authorities must set their own borrowing limits with regard to affordability, prudence and sustainability. Underpinning this is a requirement to follow the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code).
- 12.2 The Prudential Code requires that the CIPFA Treasury Management Code of Practice is adopted and that a number of prudential indicators are set.
- 12.3 Updates to both the Prudential Code and Treasury Management Code were published by the Chartered Institute of Public Finance and Accountancy (CIPFA) in December 2021 and uphold a key principle that borrowing primarily for return on investment is not permissible.
- 12.4 The requirements of both the Prudential Code and Treasury Management Code published by CIPFA have been taken into account and reflected as appropriate in the annual review and update of the Capital Strategy and the Treasury Management and Annual Investment Strategy 2025/26.
- 12.5 The approval of the Treasury Management and Annual Investment Strategy and determination of the prudential indicators has to be made by Full Council, as do amendments to either the Strategy or indicators during the year.

12.6 The Prudential Code under the auspices of the Local Government Act 2003 and subsidiary regulations requires that a number of treasury management prudential indicators are set.

- 1) The capital financing requirement - the extent to which the authority needs to undertake external borrowing to support its capital programme.
- 2) The operational boundary for external debt.
- 3) The authorised limit for external debt.
- 4) The actual external debt.
- 5) The upper limit for fixed interest rate exposure.
- 6) The upper limit for variable rate exposure.
- 7) The upper limit for total principal sums invested for over 365 days.
- 8) The maturity structure for new fixed rate borrowing during 2025/26.

12.7 A summary of the indicators appears in the table below.

TREASURY MANAGEMENT INDICATORS	2023/24	2024/25	2025/26	2026/27	2027/28
	Actual £'000	Estimate £'000	Estimate £'000	Estimate £'000	Estimate £'000
Authorised Limit for external debt :					
borrowing	nil	7,000	7,000	7,000	7,000
other long term liabilities	nil	nil	nil	nil	nil
TOTAL	nil	7,000	7,000	7,000	7,000
Operational Boundary for external debt:-					
borrowing	nil	4,000	4,000	4,000	4,000
other long term liabilities	nil	nil	nil	nil	nil
TOTAL	nil	4,000	4,000	4,000	4,000
Actual external debt	nil	nil	nil	nil	nil
Upper limit for fixed interest rate exposure < 1 year at year end	35,365 (64.8%)	It is anticipated that exposure will range between 0% to 60%			
Upper limit for variable rate exposure < 1 year at year end	10,916 (20.0%)	It is anticipated that exposure will range between 40% to 100%			
Upper limit for total principal sums invested for over 365 days at year end	8,288 (15.2%)	60% of funds			

Maturity structure of fixed rate borrowing during 2025/26 – 2027/28	upper limit	lower limit
under 12 months	100 %	0 %
Over 12 months	0 %	0 %

Consideration has been given to the Liability Benchmark Indicator, however, as this Council is debt free there is no debt maturity profile to report. The forecast net investment requirement for the next three years (excluding the liquidity allowance) is: 2025/26 £39.9m, 2026/27 £31.8m and 2027/28 £27.4m.

- 12.8 The capital financing requirement (CFR) measures the amount of external borrowing that the Council expects to have to undertake in support of its capital programme. The Council is debt free and has no borrowing requirement to support the current approved capital programme. However, once the replacement to the Angel Centre has been formally evaluated and a capital scheme presented to Members, if approved, **it is expected that external borrowing will be required to support the progression of the scheme. This will prompt a change in CFR which, when required, will be reported to Members through an update to the Treasury Strategy.**
- 12.9 The operational boundary is designed to cover all day to day borrowing requirements. As this Council is debt free, borrowing is only undertaken on a short-term basis to cover cash flow management.
- 12.10 The authorised limit is intended to provide a degree of headroom above the operational boundary to cover unexpected and unusual borrowing requirements.
- 12.11 The other prudential indicators we are required to set are shown in the table below.

Prudential Indicators

1.	Ratio of actual and estimated financing costs to the net revenue stream	(Interest payable with respect to borrowing less interest and investment income) ÷ (government grants plus call on local taxpayers) x 100%.						
	2023/24 actual -22.43%	2024/25 estimated -15.81%	2025/26 estimated 13.72%	2026/27 estimated -11.39%	2027/28 estimated -8.52%	2028/29 estimated -7.74%	2029/30 estimated -7.00%	2030/31 estimated -7.00%
2.	Actual and estimated capital expenditure	This indicator is based on the updated capital plan position. The figures are based on those shown in [Annex 8] .						
	2023/24 actual £'000 2,480	2024/25 estimated £'000 8,780	2025/26 estimated £'000 11,992	2026/27 estimated £'000 2,463	2027/28 estimated £'000 2,199	2028/29 estimated £'000 2,233	2029/30 estimated £'000 2,606	2030/31 estimated £'000 2,057

- 12.12 We, therefore, **RECOMMEND** that for the financial year 2025/26 the prudential indicators listed in paragraph 12.7 including the liability benchmark indicator and 12.11 be recommended to Council for adoption.
- 12.13 A local authority has a statutory duty to “*determine for the current financial year an amount of minimum revenue provision that it considers to be prudent*” in relation to its capital expenditure. It would be impractical to charge the entirety of such expenditure to revenue in the year in which it was incurred and so such expenditure is spread over several years to try and match the years over which such assets benefit the local community through their useful life.
- 12.14 The spreading of these costs is through what is termed an *annual minimum revenue provision*. As the Council is debt free and, at least in the short term, does not expect to borrow to support its capital programme the minimum revenue provision is nil. Guidance issued by the Government also recommends that a Minimum Revenue Provision Policy Statement be prepared. **We propose to prepare such a Statement at a time when our capital expenditure plans cannot be met without recourse to borrowing.**
- 12.15 Members are asked to **NOTE** that for the financial year 2025/26 our *annual minimum revenue provision* is nil subject to the comment at paragraph 12.8.

13 Medium Term Financial Strategy Update

- 13.1 To recap, the Council’s Medium Term Financial Strategy (MTFS) covers both revenue and capital budgets over a rolling ten-year period, and it is this Strategy that underpins the budget setting process for the forthcoming year and over the strategy period. The aim of the MTFS is to give us a realistic and sustainable plan that reflects the Council’s priorities.
- 13.2 The Strategy also sets out, based on current financial information, not only the projected budgets for the period, but also the levels of council tax that are projected to be required to meet the Council’s spending plans. Underneath the Strategy for the budget setting year sits detailed estimates formulated in conjunction with Services taking into account past outturn, current spending plans and likely future demand levels / pressures.
- 13.3 The MTFS sets out the high level objectives the Council wishes to fulfil over the agreed time span. These are:
- To achieve a **balanced revenue budget** that delivers the Council’s priorities by the end of the strategy period.
 - To retain a **minimum of £3.0m** in the General Revenue Reserve by the end of the strategy period and **not to fall below £2.0m** at any time during the 10-year period.

- Seek to set future increases in council tax having regard to the **guidelines** issued by the Secretary of State.
 - Continue to identify efficiency savings and opportunities for new or additional income sources and to seek appropriate reductions in service costs in delivery of the Savings and Transformation Strategy approved by Members.
 - Subject to there being sufficient resources within the capital reserve, set a **maximum 'annual capital allowance'** each year as part of the budget setting process for all new capital schemes (currently set at £250,000 from the Council's own resources) and give priority to those schemes that generate income or reduce costs.
- 13.4 Members working with senior officers have a duty to ensure the Council's long term financial position is sustainable, and that 'short term' decisions do not jeopardise that longer term sustainability. The announcement of the devolution/reorganisation white paper naturally has diverted Members' attention to the shorter term. However, as noted at the O&S Committee this is presently only a white paper and it is important that, for now, we continue with "business as usual" and ensure the long term stability of the Council.
- 13.5 The budget for 2025/26 is, naturally, the starting point for updating the MTFS. The Summary Total for the 2025/26 Estimates prior to the settlement funding is £17,228,450 (see **Annex 11**) and is used as the basis for the budget projections in the Medium Term Financial Strategy at **[Annex 10a]**.
- 13.6 When updating the MTFS we need to take into account the following (not exclusive) factors:
- Government Grant Funding (Settlement Funding Assessment + NHB + Other Grants)*
- 13.7 Funding in future years will be dependent on the outcome of the local authority funding reform incorporating the Business Rates Reset. This review has commenced with initial consultation responses required by 12 February 2025. Therefore, officers have continued with the assumptions made in prior years allowing for the narrowing of the funding gap to be delivered in tranches in order to plan ahead.
- 13.8 In the latest iteration of the MTFS it is assumed government grant funding and increased business rates income to be retained will reduce from circa £7.16m in 2025/26 to £3.48m in 2028/29 before seeing a modest increase year on year thereafter. The overall change between 2025/26 and 2028/29 represents a cash decrease of £3.68m or 51.4%.
- 13.9 A hypothetical example of how the assumed overall government grant funding and increased business rates income of £3.48m in 2028/29 might be made up is business rates retention scheme (£2.88m) NHB/ replacement (£600,000).

Business Rates Retention Scheme

- 13.10 As mentioned above, changes to the Business Rates Retention Scheme / Business Rates, decided as the Business Rates Reset, are now expected to take place in 2026/27 as part of the local authority funding reform. Officers believe that this will involve retaining a base level of Business Rates but increasing the threshold where business rates over this level can be retained.
- 13.11 For budgeting purposes, as a result of the continued development at Panattoni Park and other areas in the borough, business rates income is expected to exceed the business rates baseline in 2025/26. As a member of the Kent Business Rates Pool for business rates retention scheme purposes, we are estimating that the increased business rates income to be retained for 2025/26 will be circa £3.888m - some £1.347m above the baseline.

Council Tax Referendum Principles

- 13.12 The MTFS sets out, not only the projected budgets for the period, but also the levels of council tax that are projected to be required to meet the Council's spending plans.
- 13.13 For the year 2025/26, a referendum will be triggered where council tax is increased by **more than 3% or £5, whichever is higher**. This time last year the MTFS assumed a council tax increase of £5 representing a 2.2% increase in council tax.
- 13.14 For the purposes of preparing the budget papers and updating the MTFS an **increase of 3% 2025/26** has been assumed followed by the greater of £5 or 2% each year thereafter.

Pension Fund Deficit

- 13.15 The pension fund deficit is forecast to be recovered within the 10-year period of this MTFS and in all significant respects is **why the projected funding gap is in the region of £2.8m and not in excess of £4.5m**. It should be noted that this does not mean a pension fund deficit will not reappear - as it could. This will be dependent on the future performance of the pension fund and in order to lessen the risk of that occurring we are looking to establish a 'buffer'. What this would mean in practice is working towards a position where the pension fund is overfunded so that there is an element of headroom to manage the risk.

Waste Services Contract

- 13.16 The Waste Services Contract has a 'break-point' in 2027 and it has been assumed for financial planning purposes that one or both parties would not wish to extend the contract beyond the break-point. Recent work undertaken on this contract has now given a potential significant increase in the cost of the contract when recommissioned in April 2027. This increase has been reflected in the

updated MTFS (as presented to Cabinet in November 2024) but there is also an expectation that the specification is reviewed in order to allow for potential reductions in cost.

Climate Change Agenda

- 13.17 Detailed Climate Change agenda related costs are not reflected in the MTFS. However, there is an earmarked reserve to fund until expended, both a revenue budget and specific projects / initiatives in support of the Climate Change Strategy.

Funding Gap

- 13.18 As we know, the funding gap is not static and constantly changes in response to both internal and external factors.
- 13.19 Taking into account the potential changes to local government finance support and the issues raised above the Council's medium term budget projections remain under severe pressure. The latest update of the MTFS gives a potential funding gap of £2.8m, and this includes initiatives covering office accommodation, £200,000, and reductions in the cost and client numbers within Temporary Accommodation, £625,000, giving a total of £3.625m to be delivered over the medium term.
- 13.20 **[Annex 10a]** sets out the picture for the MTFS.
- 13.21 Cabinet is **RECOMMENDED** to note and endorse the updated MTFS **[Annex 10a]**.

14 Savings and Transformation Strategy

- 14.1 Alongside the MTFS sits a Savings and Transformation Strategy (STS). The purpose of the Strategy is to provide structure, focus and direction in addressing the financial challenge faced by the Council. In so doing, it recognises that there is no one simple solution and as a result we will need to adopt a number of ways to deliver the required savings and transformation contributions within an agreed timescale.
- 14.2 A number of key themes have been identified, together with outline targets and timescales which will need to be revisited and aligned with the latest projected funding gap.

Savings and Transformation Contributions

- 14.3 The Council set a savings target of £305,000 to be delivered by April 2025 this target was exceeded, as reported to Members through Budgetary Control Reporting, and estimates for 2025/26 have been adjusted to reflect this.

- 14.4 As in previous iterations of the MTFS the latest projected funding gap of £2.8m can be broken down into tranches. The proposed number, scale and timing of requisite future savings and transformation contributions is given below.
- 1) Tranche 1 - £600,000, as mentioned above, to be achieved by April 2026.
 - 2) Tranche 2 - £750,000 to be achieved by April 2028.
 - 3) Tranche 3 - £750,000 to be achieved by April 2029.
 - 4) Tranche 4 - £700,000 to be achieved by April 2030.
- 14.5 Breaking down the tranches in this way should, hopefully, allow time for the Fair Funding Review to be concluded and what is to happen to New Homes Bonus and other grant income to be decided in advance of Tranche 2 and, in turn, giving the opportunity to revisit the scale and timing of future tranches. **The focus of attention over the next 12 months must be to deliver the Tranche 1 savings target.**
- 14.6 The STS is currently being reviewed by the Council's Management Team to include revised outline targets and timescales for each of the themes totalling £2,800,000. An overall outline of the STS, including a summary of past savings achieved, can be found at **[Annex 10b]** but an updated copy will be added to this report as a supplement prior to the meeting.
- 14.7 Cabinet is **RECOMMENDED** to note and endorse the updated STS [Annex 10b] to be uploaded as a supplement, including the proposed scale and timing of each of the required savings and transformation contributions set out at paragraph 14.4.

15 Collection Fund Adjustments

- 15.1 As the billing authority for the area, this Council has responsibility for maintaining the 'collection fund' accounts into which council tax and business rates are paid.
- 15.2 Before we can finalise our calculations in respect of the tax requirements, we have to estimate the surplus / deficit on the collection fund for 2024/25 in respect of council tax and business rates and then share this between the major precepting authorities (including ourselves) in line with the respective legislative proportions.
- 15.3 These are known as collection fund adjustments, The collection fund for 2024/25 as shown in the table below along with the council's share.

	Total (Surplus) / Deficit £	TMBC's Share £	Details in Annex
Council Tax	407,980	55,677	[Annex 12a]
Business Rates	703,900	281,560	[Annex 12b]

16 Special Expenses and Parish Council Precepts

- 16.1 A Special Expenses Scheme **[Annex 13a]** was introduced on the 1 April 2017 and following consultation public conveniences added to the Scheme with effect from 1 April 2022.
- 16.2 The largest part (around 80%) of special expenses are covered by the Council's Grounds Maintenance Contract. The contract was retendered during 2024/25 with a 'go live' date of 1 January 2025.
- 16.3 As part of the re-tendering exercise, the areas covered by the Contract were re-measured by the leisure team as it was acknowledged that the previous measurements were considerably out of date. In addition to this some areas have now been included into the contract that had not been recognised in the previous measurements, examples are Taddington Woods in Walderslade (affecting the Aylesford area) and Basted Mill (affecting Borough Green, Ightham, Platt and Plaxtol). These two particular areas had been managed as variation orders to the previous contract but these variation orders were not incorporated into prior years' annual special expenses charges.
- 16.4 Now that we have a 'clean' set of data following the work that has been carried out in the lead up to the grounds maintenance re-tender, the allocation of special expenses in relation to this specific function have moved to more accurately reflect the current spread of work and cost. This has resulted in some financial variations and whilst in some areas the percentage variations appear to be large, the absolute financial changes are relatively small.
- 16.5 Details of the Special Expenses for 2025/26 are set out at **[Annex 13b]**. The basic amount of council tax of £222.32 plus the special expenses Band D charge, where applicable, gives the total Borough Council Band D charge for that area.
- 16.6 When publishing the Borough Council's level of council tax at Band D for "official" purposes in accordance with the prescribed methodology from the Department for Levelling Up, Housing and Communities (DLUHC), we are required to aggregate all expenditure (as if special expenses did not exist) and calculate a **notional** Band D figure. (This is so that the DLUHC can see that the referendum principles have been adhered to).
- 16.7 The resultant published (notional) council tax at Band D **for 2025/26 is £245.30**, being 3.0% higher than the published Band D council tax for 2024/25. As

Members will note, no resident will actually pay this exact amount as the Borough Council's Band D – unless it is by coincidence.

16.8 Cabinet is requested to **ENDORSE** the special expenses calculated in accordance with the Special Expenses Scheme and set out at **[Annex 13b]**.

16.9 Details of Parish Council precepts notified to the Borough Council are given at **[Annex 14]** for information.

17 The Robustness of the Estimates and the Adequacy of the Reserves (Section 25 Statement)

17.1 The Council is required to have regard to the level of its balances and reserves before determining its council tax requirement. **[Annex 15]** sets out the projected general fund working balance and general revenue reserve balances based on an increase of 3% to the notional council tax level.

17.2 Section 25 of the Local Government Act 2003 requires the Chief Financial Officer (in our case the Director of Finance and Transformation) when making the statutory calculations required to determine its council tax to report to an authority, on the robustness of the estimates included in the budget and the adequacy of the reserves for which the budget provides.

17.3 What is required is the professional advice of the Director of Finance and Transformation on these two questions. This responsibility is discharged by way of a certified Statement.

17.4 The Director of Finance and Transformation advises that she is satisfied as to the robustness of the estimates and the adequacy of reserves on the understanding that the **required savings and transformation contributions based on latest projections in the sum of £2,800,000, together with the initiatives already built into the MTFS (i.e. the scaling back of office accommodation in the sum of £200,000 and reductions in the use of and client numbers in Temporary Accommodation of £625,000) are delivered in the timeframe assumed in the Medium Term Financial Strategy.**

17.5 The Statement referred to above is appended at **[Annex 16a]** which Members are recommended to read thoroughly in order to understand the assumptions and risks that are set out. Members will note that, overall, the Director of Finance and Transformation signifies that, in her professional opinion, **the estimates are robust and the level of reserves adequate**. Members are, however reminded, of the fact that the delivery of the Savings and Transformation Strategy is still categorised as RED on the Strategic Risk Register and it is essential that addressing the projected funding gap and associated savings targets are progressed as a priority.

- 17.6 A schedule of the reserves held by the Council at 1 April 2024 and proposed utilisation of those reserves to 31 March 2026 is provided at **[Annex 16b]**. In addition, a profile of the projected reserve balances is provided at **[Annex 16b(ii)]**.
- 17.7 As this Council's Chief Finance Officer, the Director of Finance and Transformation has undertaken a review of the earmarked reserves held and is satisfied as to the position depicted and will revisit the position as part of the closedown process for 2024/25.
- 17.8 Members are **RECOMMENDED** to note and endorse the Statement **[Annex 16a]** provided by the Director of Finance and Transformation.

18 Calculation of Borough Council's Tax Requirement

- 18.1 The Council is required to calculate:
- Its aggregate expenditure which, for this purpose, includes our share of any Collection Fund deficit and the Parish Council precepts.
 - Its aggregate income which, for this purpose, includes our share of any Collection Fund surplus and the Local Government Finance Settlement (see paragraph 1.3).
 - The amount by which the aggregate expenditure exceeds the aggregate income is to be its council tax requirement for the year.
- 18.2 Assuming Cabinet's concurrence with the recommendations concerning the Medium Term Financial Strategy and Savings and Transformation Strategy set out in paragraphs 13 and 14, the calculation is set out at **[Annex 17]**. It should be noted that, for this purpose, the Borough Council's council tax requirement includes the Parish Council precepts.
- 18.3 Cabinet is therefore **RECOMMENDED** to note the Calculation of the Borough Council's council tax requirement at **[Annex 17]**.

19 Financial and Value for Money Considerations

- 19.1 The uncertainty surrounding local government finances – the awaited outcome of the Local Authority Funding Reform, makes financial planning that much more difficult.
- 19.2 Alongside this come the projected market increase cost in respect of the Waste contract due to be recommissioned in 2027. The timetable for the recommissioning is due to be shared with Members in the forthcoming months, but financial uncertainty will remain until the contract is awarded.
- 19.3 The 2025/26 provisional local government finance settlement represents a holding position until the consultation on the local authority funding reform is concluded. We anticipate this could be for the 2026/27 settlement.

- 19.4 Once both of these factors are known this should allow for greater certainty on the ongoing funding gap for the authority in the medium term.
- 19.5 In addition, the impact of current economic conditions on Council finances / financial assumptions in respect of inflation, interest rates, etc. and the scale of the impact over the medium term is uncertain and difficult to determine.

20 Risk Assessment

- 20.1 The Local Government Act 2003 requires the Chief Financial Officer, when calculating the Council Tax Requirement, to report on the robustness of the estimates included in the budget and the adequacy of the reserves for which the budget provides. Consideration will and is given to the risks associated with any budget setting process where various financial and other assumptions have to be made. To mitigate the risks detailed estimates are formulated in conjunction with Services taking into account past outturn, current spending plans and likely future demand levels / pressures and external advice on assumptions obtained where appropriate.
- 20.2 The Medium Term Financial Strategy sets out the high level financial objectives the Council wishes to fulfil and underpins the budget setting process for the forthcoming year and over the Strategy period. As the Council's high level financial planning tool, the Strategy needs to be reviewed and updated at least annually and in the current climate regularly reviewed by Management Team. In addition, not identifying and implementing the requisite savings and transformation contributions will put at risk the integrity of the MTFS.
- 20.3 The current uncertainty surrounding local government finances does not aid financial planning with the increased risk of significant variations compared to projections; and the consequent implications on the level of reserves held.
- 20.4 The Waste Services Contract is unlikely to be extended beyond the initial 8 year contract period and could see increased costs over current levels. As mentioned at paragraph 13.16, however, it is important to note that forward planning already assumes a 'scaled-back' specification but will not meet the full cost increase.
- 20.5 It is expected that the pension fund deficit will be recovered within the 10-year period of this MTFS. However, depending upon the performance of the fund, a deficit could 'reappear' at any time. To mitigate the risk of this and the impact it would have on the MTFS, we are working towards a position where the pension fund is overfunded so that there is an element of headroom.
- 20.6 Members are reminded that there are factors not reflected in the MTFS, e.g. the cost of borrowing for new capital plan schemes when and if required.
- 20.7 Any increase in council tax above the relevant threshold, even by a fraction of a percentage point, would require a referendum to be held.

- 20.8 Whilst, at the present time, the Council does not need to borrow in order to finance the current approved capital programme, it is likely that the replacement to the Angel Centre will facilitate this need in the near future, officers will provide details of the scheme in the forthcoming months along with the revenue implications of financing for this project.

21 Legal Implications

- 21.1 There are a number of legislative requirements to consider in setting the Budget which will be addressed as we move through the budget cycle.
- 21.2 The Localism Act gives local communities the power to veto excessive council tax increases. The Secretary of State will determine a limit for council tax increases which has to be approved by the House of Commons. If an authority proposes to raise council tax above this limit they will have to hold a referendum to get approval for this from local voters who will be asked to approve or veto the rise.
- 21.3 The Local Government Finance Act 2012 and regulations that followed introduced the current Business Rates Retention Scheme.
- 21.4 December 2024 saw the publication of an English Devolution White Paper which has set out the Government's clear intent to drive devolution through the establishment of Mayoral Strategic Authorities and an associated programme of local government reorganisation in two-tier areas. If Kent is included as part of any priority programme it could see the Council ceasing to exist within the term of these plans and strategies. It also may well be that the Council's ability to take decisions, acquire or dispose of assets, to let contracts or to deliver projects or services may be constrained by the terms of the Structural Change Order or any Direction issued under Section 24 of the Local Government and Public Involvement in Health Act 2007 or by the lack of capacity associated with the work involved in delivering any structural changes.
- 21.5 Whilst no councils can foresee the effect that devolution may bring, the Council must proceed on its current course at the moment to ensure that there is no interruption to services.

22 Consultation and Communications

- 22.1 As part of the budget process the council are required to consult representatives of the Council's Non-Domestic Ratepayers. The consultees who include a group of the larger ratepayers in the Borough receive on request information and copies of the draft budgets and are invited to make written representations if they deem it appropriate. The deadline given for responses was 29 January 2025. ***Cabinet is advised that no adverse comments have been received.***

23 Cross Cutting Issues

23.1 Equalities and Diversity

23.1.1 Where there is a perceived impact on end users an equality impact assessment has been carried out and as further savings and transformation options emerge, further equality impact assessments will need to be carried out as appropriate.

Background Papers	None
Annexes	Annex 1 – Referendum Principals for Council Tax Annex 2 – Provisional Settlement Grant Allocations Annex 3 – Capital Plan List A (O&S 23 Jan 2025) Annex 4 – Capital Plan List C Additions and Deletions Annex 5 - Capital Plan List C selected for evaluations Annex 6 – Capital Plan Summary of Evaluated Schemes Annex 7 – Capital Plan List A updated to include recommended schemes. Annex 8 – Capital Plan Funding Annex 9 – Revenue Reserve for Capital Schemes Annex 10a – Medium Term Financial Strategy Annex 10b – Savings and Transformation Strategy Annex 11 – Revenue Estimates Summary Annex 12a – Collection Fund Surplus / Deficit Council Tax Annex 12b - Collection Fund Surplus / Deficit Business Rates Annex 13a – Special Expenses Policy Annex 13b – Special Expenses 2025/26 Annex 14 – Parish Council Precepts Annex 15 – General Fund and General Revenue Reserve Balances Annex 16a – Robustness of Estimates and Adequacy of Reserves Statement Annex 16b – Reserves Estimate Annex 16bii – Reserves Profile Annex 17 - TMBC Draft Council Tax Resolution

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The Referendums Relating to Council Tax Increases (Principles) (England) Report 2025/26: draft

Legislative background

General

1. Under section 52ZB of the Local Government Finance Act 1992^(a) (“the 1992 Act”) each billing authority and precepting authority must determine whether its relevant basic amount of council tax^(b) for a financial year (“the year under consideration”) is excessive. In essence, the relevant basic amount of council tax for an authority is that authority’s average band D council tax but, in the case of a billing authority, excluding local precepts^(c). If an authority’s relevant basic amount of council tax is excessive a referendum must be held in relation to that amount.
2. Under section 52ZC^(d) of the 1992 Act the question of whether an authority’s relevant basic amount of council tax is excessive must be decided in accordance with a set of principles determined by the Secretary of State. A set of principles —
 - may contain one principle or two or more principles, and
 - must constitute or include a comparison between the authority’s relevant basic amount of council tax for the year under consideration and its relevant basic amount of council tax for the financial year immediately preceding the year under consideration^(e).
3. In setting principles for the year under consideration the Secretary of State may determine categories of authority. If the Secretary of State does so the same principles must be determined for all authorities falling within the same category and if an authority does not fall within any of the categories its relevant basic amount of council tax is not capable of being excessive for the year under consideration^(f).

^(a) 1992 c.14. Section 52ZB was inserted into the 1992 Act by Schedule 5 to the Localism Act 2011 (c.20).

^(b) The term “relevant basic amount of council tax” is defined in section 52ZX of the 1992 Act (inserted as above and amended by section 41(1) and (9) to (13) of the Local Audit and Accountability Act 2014 (c.2) and modified by S.I. 2017/611).

^(c) A local precept may be issued to a billing authority by a local precepting authority (as defined in section 39(2) of the 1992 Act) or anticipated by a billing authority pursuant to the Billing Authorities (Anticipation of Precepts) Regulations 1992 S.I. 1992/3239, as amended by S.I. 1995/235 S.I. 2006/3395 and S.I. 2014/35.

^(d) Section 52ZC was inserted into the 1992 Act by Schedule 5 to the Localism Act 2011 and is modified by S.I. 2017/611.

^(e) Section 52ZC(2) and (3) of the 1992 Act.

^(f) Section 52ZC(4) of the 1992 Act.

4. If the Secretary of State does not determine categories of authority for the year under consideration, any principles determined for the year must be such that the same set is determined for all authorities(a).
5. The principles for a financial year must be set out in a report which must be laid before and approved by the House of Commons. If the report for a financial year is not approved on or before the date on which the local government finance report for the same year is approved by the House of Commons, no principles have effect for that year and accordingly no authority's relevant basic amount of council tax is capable of being excessive for that year(b).

The Greater London Authority

6. The Greater London Authority ("the GLA") calculates two different basic amounts of council tax for a financial year —
 - (a) an amount which applies to the City of London and which does not include any amount in respect of the Mayor's Office for Policing and Crime, and
 - (b) an amount which applies to all parts of Greater London other than the City of London and which includes an amount in respect of the Mayor's Office for Policing and Crime(c).
7. The GLA's relevant basic amount of council tax is defined by reference to these two amounts. In particular —
 - the relevant basic amount derived from the amount mentioned in paragraph 6(a) above is referred to in the 1992 Act as the GLA's unadjusted relevant basic amount of council tax, and
 - the relevant basic amount derived from the amount mentioned in paragraph 6(b) above is referred to in the 1992 Act as the GLA's adjusted relevant basic amount of council tax(d).
8. A principle that applies to the GLA, and that constitutes or includes a comparison between the GLA's relevant basic amount of council tax for the year under consideration and the financial year immediately preceding that year, may only provide for —
 - a comparison between unadjusted relevant basic amounts of council tax,
 - a comparison between adjusted relevant basic amounts of council tax, or

(a) Section 52ZC(5) of the 1992 Act.

(b) See generally section 52ZD of the 1992 Act, inserted as above.

(c) Sections 88(2) and 89(3) of the Greater London Authority Act 1999. Section 88(2) was substituted by section 77(1) and (3) of the Localism Act 2011 and section 89(4) (which is mentioned in section 89(3)) was substituted by section 77(1) and (7) of that Act. The Mayor's Office for Policing and Crime was established by section 3 of the Police Reform and Social Responsibility Act 2011.

(d) Section 52ZX(4) of the 1992 Act.

- both(a).

The Report

9. This Report is made by the Secretary of State for Housing, Communities and Local Government and laid before the House of Commons under section 52ZD(1) of the 1992 Act.
10. The Report applies to all billing authorities, major precepting authorities falling within section 39(1)(a), (aa) and (b) to (db) of the 1992 Act, the Greater Manchester Combined Authority(b), the York and North Yorkshire Combined Authority(c) and the West Yorkshire Combined Authority(d). No principles are specified for local precepting authorities or other mayoral combined authorities.

Principles for the financial year beginning on 1st April 2025

11. The principles which apply for 2025-26 are set out in Annex A to this Report. If this Report is approved by resolution of the House of Commons the principles will have effect for that financial year.

Signed by authority of the Secretary of State for Housing, Communities and Local Government

Name

Minister of State

[Date] 2025

Ministry of Housing, Communities and Local Government

(a) Section 52ZC(6) of the 1992 Act.

(b) The Greater Manchester Combined Authority was created by the Greater Manchester Combined Authority Order 2011, S.I. 2011/908.

(c) The York and North Yorkshire Combined Authority was created by the York and North Yorkshire Combined Authority Order 2023, S.I. 2023/1432.

(d) The West Yorkshire Combined Authority was created by the West Yorkshire Combined Authority Order 2014, S.I. 2014/864, which was amended by S.I. 2021/112.

Annex A

Principles for the financial year beginning on 1st April 2025

The set of principles determined by the Secretary of State under section 52ZC(1) of the Local Government Finance Act 1992 for the financial year beginning on 1st April 2025 is as follows:

Interpretation

1.—(1) In this set of principles—

“2024-25” means the financial year beginning on 1st April 2024;

“2025-26” means the financial year beginning on 1st April 2025;

“the 1992 Act” means the Local Government Finance Act 1992(**a**);

“a fire and rescue authority” means an authority within the meaning of section 39(1)(d), (da) or (db) of the 1992 Act(**b**);

“the GLA” means the Greater London Authority;

“a relevant local authority” means—

(a) an authority falling within section 1(4) of the Care Act 2014(**c**); and

(b) the Council of the Isles of Scilly;

“a shire district council” means a district council for an area for which there is a county council;

(2) In this set of principles any reference to an authority is a reference to a billing authority, a major precepting authority falling within section 39(1)(a), (aa) and (b) to (db) of the 1992 Act, the Greater Manchester Combined Authority, the York and North Yorkshire Combined Authority and the West Yorkshire Combined Authority.

(3) Terms used in this set of principles which are also used in the 1992 Act have the same meanings as in that Act.

(a) 1992 c.14.

(b) Section 39(1) was amended by the Local Government (Wales) Act 1994 (c. 19), section 36(6); the Greater London Authority Act 1999 (c. 29), sections 82 and 423 and Part 1 of Schedule 34; the Local Government Act 2003 (c. 26), section 83(1); the Fire and Rescue Services Act 2004 (c. 21), section 53(1) and paragraph 81 of Schedule 1; the Civil Contingencies Act 2004 (c. 36), section 32(1) and paragraph 10(1) and (2) of Schedule 2; the Police Reform and Social Responsibility Act 2011 (c. 13), section 26(1) and (2); the Cities and Local Government Devolution Act 2016 (c. 1), section 5(1); the Policing and Crime Act 2017 (c. 3), section 6 and paragraph 71(1) and (2) of Schedule 1.

(c) 2014 c.23. The definition in section 1(4) of the Act covers (a) county councils in England; (b) district councils for an area in England for which there is no county council; (c) London borough councils, and (d) the Common Council of the City of London.

Categories of authority for 2025-26

2. For 2025-26, the Secretary of State determines that the following are categories of authority for the purposes of section 52ZC of the 1992 Act—

- (a) any relevant local authority^(a),
- (b) any police and crime commissioner,
- (c) the Greater Manchester Combined Authority, the York and North Yorkshire Combined Authority and the West Yorkshire Combined Authority^(b),
- (d) any shire district council,
- (e) the GLA, and
- (f) any fire and rescue authority.

Principles for 2025-26 for authorities belonging to the category mentioned in paragraph 2(a)

3. For 2025-26, the relevant basic amount of council tax of an authority which belongs to the category mentioned in paragraph 2(a) is excessive if the authority's relevant basic amount of council tax for 2025-26 is 5% (comprising 2% for expenditure on adult social care, and 3% for other expenditure), or more than 5%, greater than its relevant basic amount of council tax for 2024-25.

Principles for 2025-26 for authorities belonging to the category mentioned in paragraph 2(b)

4. For 2025-26, the relevant basic amount of council tax of an authority which belongs to the category mentioned in paragraph 2(b) is excessive if the authority's relevant basic amount of council tax for 2025-26 is more than £14 greater than its relevant basic amount of council tax for 2024-25.

Principles for 2025-26 for authorities belonging to the category mentioned in paragraph 2(c)

5. For 2025-26, the PCC component relevant basic amount of council tax of the Greater Manchester Combined Authority, of the York and North Yorkshire Combined Authority or of the West Yorkshire Combined Authority is excessive if the authority's PCC component relevant basic amount of council tax for 2025-26 is more than £14 greater than its PCC component relevant basic amount of council tax for 2024-25.

- (a) The bodies that are within this category are set out, for information, in Annex B to this Report.
- (b) Where the mayor of a combined authority exercises PCC functions Chapter 4ZA of Part 1 of the Local Government Finance Act 1992 is modified by paragraphs 7 to 10 of the Schedule to the Combined Authorities (Finance) Order 2017, S.I. 2017/611. For the definition of "PCC functions" see section 107F(3) of the Local Democracy, Economic Development and Construction Act 2009 (c. 20).

Principles for 2025-26 for authorities belonging to the category mentioned in paragraph 2(d)

6. For 2025-26, the relevant basic amount of council tax of an authority which belongs to the category mentioned in paragraph 2(d) is excessive if the authority's relevant basic amount of council tax for 2025-26 is—

- (a) 3%, or more than 3%, greater than its relevant basic amount of council tax for 2024-25, and
- (b) more than £5 greater than its relevant basic amount of council tax for 2024-25.

Principles for 2025-26 for the GLA

7. For 2025-26, the GLA's relevant basic amount of council tax is excessive if—

- (a) the GLA's unadjusted relevant basic amount of council tax for 2025-26 is more than £4.98 greater than its unadjusted relevant basic amount of council tax for 2024-25, or
- (b) the GLA's adjusted relevant basic amount of council tax for 2025-26 is more than £18.98 greater than its adjusted relevant basic amount of council tax for 2024-25.

Principles for 2025-26 for authorities belonging to the category mentioned in paragraph 2(f)

8. For 2025-26, the relevant basic amount of council tax of an authority which belongs to the category mentioned in paragraph 2(f) is excessive if the authority's relevant basic amount of council tax for 2025-26 is more than £5 greater than its relevant basic amount of council tax for 2024-25.

Annex B

Local authorities for the following areas fall within the definition of “relevant local authority” in the *Principles for the financial year beginning on 1st April 2025*

(INNER LONDON)

City of London
Camden
Greenwich
Hackney
Hammersmith & Fulham

Islington
Kensington & Chelsea
Lambeth
Lewisham
Southwark

Tower Hamlets
Wandsworth
Westminster

(OUTER LONDON)

Barking & Dagenham
Barnet
Bexley
Brent
Bromley

Croydon
Ealing
Enfield
Haringey
Harrow

Havering
Hillingdon
Hounslow
Kingston-upon-Thames
Merton

Newham
Redbridge
Richmond-upon-Thames
Sutton
Waltham Forest

(GREATER MANCHESTER)

Bolton
Bury
Manchester
Oldham
Rochdale

Salford
Stockport
Tameside
Trafford
Wigan

(MERSEYSIDE)

Knowsley
Liverpool
St Helens
Sefton
Wirral

(SOUTH YORKSHIRE)

Barnsley
Doncaster
Rotherham
Sheffield

(TYNE AND WEAR)

Gateshead
Newcastle-upon-Tyne
North Tyneside
South Tyneside
Sunderland

(WEST MIDLANDS)

Birmingham
Coventry
Dudley
Sandwell
Solihull

Walsall
Wolverhampton

(WEST YORKSHIRE)

Bradford
Calderdale
Kirklees
Leeds
Wakefield

(COUNTY COUNCILS)

Cambridgeshire

Derbyshire

Devon

East Sussex

Essex

Gloucestershire

Hampshire

Hertfordshire

Kent

Lancashire

Leicestershire

Lincolnshire

Norfolk

Nottinghamshire

Oxfordshire

Staffordshire

Suffolk

Surrey

Warwickshire

West Sussex

Worcestershire

(UNITARY AUTHORITIES)

Bath & North East Somerset

Bedford

Blackburn with Darwen

Blackpool

Bournemouth, Christchurch and Poole

Bracknell Forest

Brighton & Hove

Bristol

Buckinghamshire

Central Bedfordshire

Cheshire East

Cheshire West and Chester

Cornwall

Cumberland

Darlington

Derby

Dorset
Durham
East Riding of Yorkshire
Halton
Hartlepool

Herefordshire
Isle of Wight
Isles of Scilly
Kingston-upon-Hull

Leicester

Luton
Medway
Middlesbrough
Milton Keynes
North East Lincolnshire

North Northamptonshire
North Lincolnshire
North Somerset
Northumberland
North Yorkshire
Nottingham

Peterborough
Plymouth
Portsmouth
Reading
Redcar & Cleveland

Rutland
Shropshire
Slough
Somerset
South Gloucestershire
Southampton
Southend-on-Sea

Stockton-on-Tees
Stoke-on-Trent
Swindon
Telford & Wrekin
Thurrock

Torbay
Warrington
West Berkshire

West Northamptonshire
Westmorland and Furness
Wiltshire
Windsor & Maidenhead

Wokingham
York

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Local Government Finance Settlement 2025/26 (Settlement Funding Assessment)

	2025/26				
	Revenue Support Grant £	Business Rates Baseline £	Settlement Funding Assessment £	Estimated Population mid-2021	Per Head £
Ashford	329,460	3,145,503	3,474,963	133,178	26.09
Canterbury	247,478	5,136,848	5,384,326	156,554	34.39
Dartford	181,404	3,018,166	3,199,570	116,777	27.40
Dover	293,550	4,081,282	4,374,832	116,595	37.52
Folkestone and Hythe	263,379	4,063,132	4,326,511	110,056	39.31
Gravesham	156,570	3,249,616	3,406,186	106,838	31.88
Maidstone	275,636	3,571,717	3,847,353	176,712	21.77
Sevenoaks	219,871	2,508,518	2,728,389	120,841	22.58
Swale	362,717	4,719,894	5,082,611	152,223	33.39
Thanet	421,749	5,509,240	5,930,989	140,678	42.16
Tonbridge and Malling	167,329	2,541,100	2,708,429	132,386	20.46
Tunbridge Wells	216,477	2,604,997	2,821,474	115,681	24.39

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Capital Plan: List A
Service Summary as per O&S 23 January 2025

Annex 3

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	Expenditure To 31/03/24	2024/25 Estimate inc Prior Year Slippage	2025/26 Estimate	2026/27 Estimate	2027/28 Estimate	2028/29 Estimate	2029/30 Estimate	2030/31 Estimate	Scheme Total
Capital Plan Schemes	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Planning, Housing & Environmental Health	1	429	30	30	30	30	30	30	610
Street Scene, Leisure & Technical Services	683	2,386	275	159	159	174	159	159	4,154
Corporate	203	700	3,137	250	0	0	0	0	4,290
Sub-total	887	3,515	3,442	439	189	204	189	189	9,054
Capital Renewals									
Planning, Housing & Environmental Health	n/a	0	16	0	0	21	22	34	93
Street Scene, Leisure & Technical Services	n/a	997	1,868	574	554	446	991	501	5,931
Corporate	n/a	595	420	120	126	232	324	253	2,070
Sub-total	n/a	1,592	2,304	694	680	699	1,337	788	8,094
Total	887	5,107	5,746	1,133	869	903	1,526	977	17,148

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Capital Plan Review 2024/25

Recommendations in respect of List C

	Annex 3 Page
Schemes to be added to List C	
Street Scene, Leisure and Technical Services	
Tonbridge Racecourse to Lower Castle Fields Car Park Bridge Works	CP 42
Haysden Country Park Shallow Bridge Works	CP 43
Angel Centre Replacement	CP 44
Tonbridge Farm Sportsground Improvements	CP 45
Car Parks LED Lights	CP 46
Tonbridge Cemetery Vaults	CP 47
Installation of Digital CCTV Systems at Council's Leisure Facilities	CP 48
LLCP Resurfacing Access Roads & Paths	CP 49
Schemes to be deleted from List C	
Street Scene, Leisure and Technical Services	
Upper Castle Field Car Park Extension	
Tonbridge School Athletics Facility	

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Capital Plan Review 2024/25

Schemes selected for evaluation from List C

	Annex 3 Page
Planning, Housing and Environmental Health	
River Medway – Riverside Environmental Improvements	CP 33
Acquisition of Temporary Accommodation and Resettlement (fast-track)	CP 34
Street Scene, Leisure and Technical Services	
Haysden Country Park Site Improvement works (fast-track)	CP 36
Tonbridge Racecourse Sportsground Improvement Works Phase 3 (fast-track)	CP 39
Swanmead Sportsground Flood Alleviation Works (fast-track)	CP 40
Tonbridge Racecourse to Lower Castle Fields Car Park Bridge Works	CP 42
Haysden Country Park Shallow Bridge Works	CP 43
Angel Centre Replacement	CP 44
Tonbridge Farm Sportsground Improvements	CP 45
Car Parks LED Lights	CP 46
Tonbridge Cemetery Vaults (fast-track)	CP 47
Installation of Digital CCTV Systems at the Council's Leisure Facilities (fast-track)	CP 48
Leybourne Lakes Country Park Resurfacing Access Roads and Paths	CP 49
Corporate Services	
De-carbonising Council's Estate, PWGC Boiler Replacement (fast-track)	CP 41

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Capital Plan Review 2024/25

Recommendations in respect of evaluated schemes from List B

	Capital Cost	Estimated Annual Revenue/ Renewals Cost		Annex 4 Page
	£'000	£'000		
Planning, Housing and Environmental Health				
Acquisition of Temporary Accommodation and Resettlement (excludes £400k already approved on list A). fast-track	3,800		Transfer from List B to List A	CP 50
Street Scene, Leisure and Technical Services				
Haysden Country Park Site Improvement Works. fast-track	50		Transfer from List B to List A	CP 53
Tonbridge Racecourse Sportsground Tennis Court Improvements. fast-track	65		Transfer from List B to List A	CP 55
Swanmead Sportsground Land Drainage. fast-track	25		Transfer from List B to List A	CP 57
Tonbridge Cemetery Vaults. fast-track	43		Transfer from List B to List A	CP 59
Digital CCTV Systems at the Council's Leisure Facilities. fast-track	85		Transfer from List B to List A	CP 62
Corporate Services				
PWGC Boiler Replacement. fast-track	250		Transfer from List B to List A	CP 65
Total	4,318			

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Annex 7

Capital Plan: List A Service Summary (incorporating O&S recommendations)										
	Expenditure To 31/03/24	2024/25 Estimate inc Prior Year Slippage	2025/26 Estimate	2026/27 Estimate	2027/28 Estimate	2028/29 Estimate	2029/30 Estimate	2030/31 Estimate	Scheme Total	
Capital Plan Schemes	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
	1	429	3,830	30	30	30	30	30	4,410	
	683	2,236	693	159	159	174	159	159	4,422	
	203	690	3,387	250	0	0	0	0	4,530	
	Sub-total	887	3,355	7,910	439	189	204	189	189	13,362
	Capital Renewals									
	Planning, Housing & Environmental Health	n/a	0	16	0	0	21	22	34	93
	Street Scene, Leisure & Technical Services	n/a	997	1,868	574	554	446	991	501	5,931
	Corporate	n/a	595	420	120	126	232	324	253	2,070
	Sub-total	n/a	1,592	2,304	694	680	699	1,337	788	8,094
Total	887	4,947	10,214	1,133	869	903	1,526	977	21,456	

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Annex 8							
Capital Plan Review 2024/25: Funding the Draft Capital Plan							
	2024/25 Estimate £'000	2025/26 Estimate £'000	2026/27 Estimate £'000	2027/28 Estimate £'000	2028/29 Estimate £'000	2029/30 Estimate £'000	2030/31 Estimate £'000
Capital Plan Schemes							
Capital Renewals	1,592	2,304	694	680	699	1,337	788
Other Recurring Expenditure (net of grants)	197	189	189	189	189	189	189
One-Off Schemes (net of grants & contributions)	3,158	7,721	250		15		
Capital Plan Totals	4,947	10,214	1,133	869	903	1,526	977
Add back grants / contributions	3,833	1,778	1,330	1,330	1,330	1,080	1,080
Total to be funded	8,780	11,992	2,463	2,199	2,233	2,606	2,057
Funded from:							
Grants							
BCF (Disabled Facilities Grant)	1,539	1,290	1,290	1,290	1,290	1,040	1,040
Environment Agency TRSG Revetment	9						
Electric Vehicle Charging Points	80						
DEFRA Anti-idling Project	11						
UK Shared Prosperity Fund	360	60					
Rural England Prosperity Fund	371						
Home Upgrade Grant Scheme	168						
Sport England - Swimming Pool Capital Fund (Bid)	1,217	428					
DEFRA Food Waste Containers	30						
Developer Contributions Attributed to							
Tonbridge Racecourse SG Rugby Pitch Drainage	8						
Tonbridge Racecourse, Tennis Courts S106		65					
Haysden Country Park Site Improvements S106		50					
Homeslessness S106		250					
Capital and Other Receipts							
DFG Grant Repayments	10	10	10	10	10	10	10
Housing Assistance Grant Repayments	30	30	30	30	30	30	30
Homelessness Reserve		1,450					
LAHF Round 3 funding for Temporary Accommodation		1,684					
Capital Receipts							
Balance 1 April 2024	Nil						
Gibson West					658	1,365	977
Balance met from Revenue Reserve for Capital Schemes	4,947	6,675	1,133	869	245	161	0
Total funding	8,780	11,992	2,463	2,199	2,233	2,606	2,057

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Annex 9							
Capital Plan Review 2024/25: Revenue Reserve for Capital Schemes							
	2024/25 Estimate £'000	2025/26 Estimate £'000	2026/27 Estimate £'000	2027/28 Estimate £'000	2028/29 Estimate £'000	2029/30 Estimate £'000	2030/31 Estimate £'000
Balance at 1st April	9,436	6,069	793	745	860	1,615	2,471
Contribution from Revenue to meet Capital Renewals and other Annually Recurring Expenditure	974	974	1,085	984	1,000	1,016	1,033
Revenue contribution for new Capital Plan Schemes	250	250	250	250	250		
Less assumed spend			(250)	(250)	(250)		
Other Revenue & Earmarked Reserve Contributions							
Transformation Reserve - Integra Centros	81						
Climate Change Reserve - Carbon Descent Initiatives x 3	275	175					
Available for application	11,016	7,468	1,878	1,729	1,860	2,632	3,504
Amount applied to fund capital	(4,947)	(6,675)	(1,133)	(869)	(245)	(161)	0
Balance at 31st March	6,069	793	745	860	1,615	2,471	3,504

| Amount applied to fund capital

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Medium Term Financial Strategy

	Estimate	Projection								
	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
EXPENDITURE										
Employees	15,965	16,201	16,331	16,461	15,034	15,318	15,609	15,908	16,232	16,562
Transfer Payments	22,715	23,169	18,103	18,465	18,834	19,210	19,595	19,987	20,387	20,794
Other Expenditure	18,271	16,325	20,228	20,801	21,451	22,124	22,820	23,543	24,291	25,067
Capital Charges	3,021	3,081	3,143	3,206	3,270	3,335	3,402	3,470	3,539	3,610
Total Expenditure	59,972	58,776	57,805	58,933	58,589	59,987	61,426	62,908	64,449	66,033
INCOME										
Fees & Charges	(11,958)	(12,279)	(11,934)	(12,236)	(12,544)	(12,857)	(13,176)	(13,498)	(13,828)	(14,163)
Other Specific Grants & Miscellaneous	(25,379)	(25,864)	(20,647)	(21,037)	(21,435)	(21,840)	(22,254)	(22,675)	(23,105)	(23,545)
Investment Income	(2,401)	(1,901)	(1,428)	(1,304)	(1,213)	(1,210)	(1,180)	(1,202)	(1,204)	(1,231)
Total Income	(39,738)	(40,044)	(34,009)	(34,577)	(35,192)	(35,907)	(36,610)	(37,375)	(38,137)	(38,939)
Appropriations										
Capital Renewals	1,149	984	1,000	1,016	1,033	1,050	1,067	1,085	1,103	1,103
Provision for new Capital Schemes	250	250	250	250	0	0	0	0	0	0
Other Appropriations	(1,620)	(3,213)	(2,948)	(3,011)	(3,075)	(3,140)	(3,207)	(3,275)	(3,344)	(3,415)
SAVINGS & TRANSFORMATION TARGET	0	(600)	(612)	(624)	(637)	(649)	(662)	(676)	(689)	(703)
SAVINGS & TRANSFORMATION TARGET	0	0	0	(750)	(765)	(780)	(796)	(812)	(828)	(845)
SAVINGS & TRANSFORMATION TARGET	0	0	0	0	(750)	(765)	(780)	(796)	(812)	(828)
SAVINGS & TRANSFORMATION TARGET	0	0	0	0	0	(700)	(714)	(728)	(743)	(758)
NET BUDGETED SPEND	20,013	16,153	21,486	21,237	19,203	19,096	19,724	20,331	20,999	21,648
FUNDING										
Revenue Reserves	(20)	(1,660)	3,559	3,151	551	(137)	(106)	(113)	(76)	(75)
Government Grant	7,161	4,184	3,821	3,478	3,526	3,574	3,624	3,675	3,726	3,779
Council Tax	13,209	13,629	14,105	14,608	15,126	15,659	16,206	16,769	17,349	17,944
Collection Fund Adjustment	(337)	0	0	0	0	0	0	0	0	0
Total Funding	20,013	16,153	21,486	21,237	19,203	19,096	19,724	20,331	20,999	21,648
Council Tax Level at Band D	£245.30	£250.30	£255.30	£260.40	£265.60	£270.91	£276.32	£281.84	£287.47	£293.21
Increase on Previous Year	3%	£5.00	£5.00	2%	2%	2%	2%	2%	2%	2%
RESERVES BALANCE CARRIED FORWARD	11,065	12,725	9,166	6,015	5,463	5,600	5,706	5,819	5,895	5,970

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Savings & Transformation Strategy 2024/25 – 2033/34

INTRODUCTION

By way of context, since 2010/11 the Council has seen its Settlement Funding Assessment (core funding) decrease by some 59% or £3.9m (from £6.6m in 2010/11 to £2.7m in 2025/26). The fall in core funding has been, in part, negated by the grant award under the New Homes Bonus (NHB) scheme and other grant income.

In 2025/26, the Council will continue to receive Funding Floor Grant which means there is an in-year balanced budget without reliance on reserves. However, announcements on changes to core financial support to local authorities covering grants and Business Rates are due to take place during 2025/26, with an expected implementation for the 2026/27 Financial Year. This along with other external factors concerning the Council Refuse, Recycling and Street Cleansing contract are the two biggest estimated challenges for the financial outlook for the authority.

We are fortunate that we do not have to make all the required savings and transformation contributions in one year and can spread the challenge into ‘tranches’ as set out within the Council’s Medium Term Financial Strategy (MTFS).

Nevertheless, the Council have acknowledged that we need to balance customer expectations with the need to make these savings and transformation contributions and achieve as much as possible in the earlier years to provide the best long-term financial sustainability.

In the latest iteration of the MTFS it is assumed government grant funding and increased business rates income to be retained will reduce from circa £7.16m in 2025/26 to £3.48m in 2028/29 before seeing a modest increase year on year thereafter; where the latest projected funding gap between expenditure and income is **circa £2,800,000**. **Plus** the initiative already built into the MTFS, the scaling back of office accommodation in the sum of £200,000 and reductions in the costs and client numbers of Temporary Accommodation of £625,000.

OBJECTIVES

In developing this Strategy, the Council has set the following objectives:

1. To deliver sufficient savings and transformation contributions in order to bridge the funding gap identified in the MTFS, and to deliver as much as possible in the earlier years in order to minimise risk to the Council’s finances.
2. To direct resources in line with the principles of the Council’s Corporate Strategy.
3. To maintain the Council’s reputation of good front line service provision.

4. To adopt a 'mixed' approach to addressing the funding gap through a series of 'themes'.
5. To be open to accept 'cultural' change/transformation in the ways we work and offer services to the public in order to release efficiencies and savings.
6. To engage, as appropriate, with stakeholders when determining how savings and transformation contributions will be achieved.

THE STRATEGY

It is recognised that there is no one simple solution to addressing the financial challenge faced. The Council will need to embrace transformation in a multitude of ways in order to deliver the savings and transformation contributions within an agreed timescale.

This Strategy sets out a measured structure and framework for delivering the necessary savings and transformation contributions through a series of 'themes'. Each theme has a deliverable target within a timeframe.

Whilst the framework includes some major areas where savings can be made without direct effect on services, by adopting this Strategy the Council has recognised that it may need to decide that some service areas should change/transform to accommodate saving requirements. That might mean doing things differently, with even greater efficiency – for example, with the help of new technology – and with increased income opportunities where circumstances allow this. It will in all likelihood also mean that services will simply need to be run with fewer resources, downsized or cease. All these approaches will require a shift in culture for the organisation so that we can be focused and flexible in the way in which we deliver services to our communities.

The Themes, Targets, and Timeframes for the Strategy are set out in the table below, and will be the subject of review at least annually.

Progress on identifying and implementing savings and transformational opportunities across the various themes will be regularly reported to and reviewed by Management Team and in-year update reports presented to Members as appropriate. The Council is committed to engagement with relevant stakeholders as proposals are brought forward.

Damian Roberts
Chief Executive

Sharon Shelton
Director of Finance and Transformation

Matt Boughton
Leader of the Council

Kim Tanner
Cabinet Member for Finance and Housing

Savings & Transformation Strategy 2025/26 - 2034/35

Savings and Transformation Contributions in Previous Years of STS £ 000's	Savings and Transformation Contributions Identified during 2024/25 £ 000's	Total Saving Achieved to Date £ 000's	Theme	Indicative Years	Target £ 000's
912	863	1775	Income Generation & Cost Recovery	2024 - 2030	TBA
648		648	In-Service Efficiencies	2024 - 2030	TBA
466	310	776	Service Change & Reduction	2024 - 2030	TBA
866		866	Contracts	2024 - 2030	TBA
270		270	Organisation Structure Change	2024 - 2030	TBA
433	10	443	Partnership Funding	2024 - 2030	TBA
313		313	Asset Management	2024 - 2030	TBA
3,908	1,183	5,091	TOTAL		2,800

Note: This Strategy will be updated on at least an annual basis to reflect challenges set out in the Medium Term Financial Strategy.

The funding gap identified will be aligned with the both the Corporate Strategy and the Annual Service Plan during 2025/26.

Savings & Transformation Strategy updated January 2025 and a further update to be provided at meeting on 11 February.

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Cabinet 11 February 2025
General Fund Revenue Estimates 2025/26
SUMMARY

	2024/25 ESTIMATE		2025/26
	ORIGINAL £	REVISED £	ESTIMATE £
Corporate Services	4,093,000	4,075,750	4,573,050
Chief Executive	1,106,400	1,127,150	990,050
Director of Central Services	1,006,300	1,937,350	1,096,300
Director of Finance & Transformation	(265,700)	(684,000)	(58,000)
Director of Planning, Housing & Environmental Health	5,064,150	6,771,350	6,312,400
Director of Street Scene, Leisure & Technical Services	9,042,750	8,495,750	7,320,400
Sub Total	20,046,900	21,723,350	20,234,200
Capital Accounting Reversals			
Non-Current Asset Depreciation	(2,874,800)	(2,874,800)	(2,874,800)
Contributions to / (from) Reserves			
Building Repairs Reserve			
Withdrawals to fund expenditure	(1,354,400)	(1,438,090)	(1,388,650)
Contribution to Reserve	750,000	750,000	750,000
Earmarked Reserves (see page S 2)			
Contributions from Reserves	(2,028,950)	(4,243,550)	(6,167,350)
Contributions to Reserves	7,559,750	8,059,850	8,207,200
Revenue Reserve for Capital Schemes			
Withdrawals to fund expenditure			
Non-Current Assets	(7,125,000)	(4,789,000)	(6,529,000)
Revenue Expenditure Funded from Capital	(158,000)	(158,000)	(146,000)
Other contributions to / (from) Reserve (net)	1,315,000	1,579,500	1,399,000
Capital Expenditure Charged to General Fund	7,125,000	4,789,000	6,529,000
Government Grants			
New Homes Bonus	(343,400)	(343,400)	(517,000)
Under-indexing Business Rates Multiplier	(464,300)	(464,300)	(482,700)
Services Grant	(16,050)	(16,050)	0
Funding Guarantee/Funding Floor	(2,510,300)	(2,510,300)	(1,785,450)
Contributions from KCC	-	(200,000)	-
Sub Total	19,921,450	19,864,210	17,228,450
Revenue Support Grant	(146,400)	(146,400)	(167,350)
National Non-Domestic Rates			
Share of National Non-Domestic Rates	(31,040,522)	(31,040,522)	(29,851,032)
Tariff	27,167,177	27,167,177	27,544,937
Levy	15,713	54,720	0
Business Rates Pool	914,964	823,789	428,688
Small Business Rate Relief Grant	(953,226)	(997,817)	(998,220)
Supporting Small Business Rate Relief Grant	-	(176,247)	(190,323)
Business Rates Relief Measures	(2,281,233)	(2,016,719)	(1,137,067)
Public Toilets Relief Grant	(7,239)	(6,552)	(6,752)
Collection Fund Adjustments			
Council Tax (Surplus) / Deficit	(81,118)	(81,118)	55,677
National Non-Domestic Rates (Surplus) / Deficit	(1,838,086)	(1,838,086)	281,560
Sub Total	11,671,480	11,606,435	13,188,568
Contribution to / (from) General Revenue Reserve	1,064,824	1,129,869	20,792
Balance to be met from Council Tax Payers	12,736,304	12,736,304	13,209,360

Cabinet 11 February 2025
General Fund Revenue Estimates 2025/26
EARMARKED RESERVES

	2024/25 ESTIMATE		2025/26
	ORIGINAL £	REVISED £	ESTIMATE £
Contributions from Earmarked Reserves			
Budget Stabilisation Reserve	(647,150)	(1,028,950)	(2,456,150)
General Fund Working Balance	-	-	(1,250,000)
Business Rates Retention Scheme Reserve	(160,350)	(148,350)	(124,700)
Climate Change Reserve	(82,400)	(384,600)	(241,000)
Democratic Representation Reserve	-	(1,650)	-
Domestic Abuse Act Reserve	(92,850)	(98,250)	(49,200)
Election Reserve	-	-	-
Homelessness Reserve	(570,000)	(1,092,700)	(834,200)
Housing Assistance Reserve	-	(54,600)	(44,350)
Housing & Welfare Reform Reserve	-	-	-
Invest to Save Reserve	-	(142,300)	-
Peer Review Reserve	(21,300)	(31,550)	(21,800)
Planning Services Reserve	(339,400)	(777,100)	(853,550)
Regeneration of Tonbridge	-	(185,600)	(78,300)
Tonbridge & Malling Leisure Trust Reserve	(83,000)	(83,000)	(86,200)
Transformation Reserve	(32,500)	(209,500)	(127,900)
Public Health Reserve	-	(5,400)	-
	(2,028,950)	(4,243,550)	(6,167,350)
Contributions to Earmarked Reserves			
Budget Stabilisation Reserve	1,300,000	1,300,000	0
Business Rates Retention Scheme Reserve	686,200	617,850	321,500
Regeneration of Tonbridge	1,850,000	2,050,000	6,700,000
Climate Change Reserve	500,000	500,000	0
Domestic Abuse Act Reserve	72,650	72,650	0
Election Expenses Reserve	35,000	35,000	35,000
Homelessness Reserve	2,015,050	2,198,200	984,200
Planning Services Reserve	425,000	530,000	166,500
Transformation Reserve	675,850	756,150	0
	7,559,750	8,059,850	8,207,200

<u>Tonbridge and Malling Borough Council</u> <u>Estimate of Collection Fund Surplus / (Deficit) 2024/25 - Council Tax</u>			
	Estimate		
	£		£
<u>Income</u>			
Surplus / (Deficit) Brought Forward			74,409
Income from Council Tax Payers (Net of Discounts, CTR and Exemptions)			121,910,427
Total Income for the Year			121,984,836
<u>Expenditure</u>			
Precepts and Demands for 2024/25			
Kent County Council	86,143,319		
Police & Crime Commissioner for Kent	13,698,372		
Kent & Medway Fire & Rescue Authority	4,808,201		
Parishes	3,802,623		
Tonbridge & Malling Borough Council	12,736,304		121,188,819
Provision for Council Tax Non-Collection			622,000
Payment of Estimated Surplus for 2023/24			
Kent County Council	412,048		
Police & Crime Commissioner for Kent	65,290		
Kent & Medway Fire & Rescue Authority	23,451		
Tonbridge & Malling Borough Council	81,118		581,907
Total Expenditure for the Year			122,392,726
Estimated Surplus / (Deficit) for 2024/25			(407,890)
<u>Allocation of Estimated Surplus / (Deficit) for 2024/25</u>			
	Precepts 2024/25		Surplus / (Deficit) 2024/25
	£	%	£
Kent County Council	86,143,319	71.08	(289,928)
Police & Crime Commissioner for Kent	13,698,372	11.30	(46,092)
Kent & Medway Fire & Rescue Authority	4,808,201	3.97	(16,193)
Tonbridge & Malling Borough Council	16,538,927	13.65	(55,677)
Total	121,188,819	100.00	(407,890)

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<u>Tonbridge and Malling Borough Council</u> <u>Estimate of Collection Fund Surplus / (Deficit) 2024/25 - Business Rates</u>		
	Estimate	
	£	£
<u>Income</u>		
Surplus / (Deficit) Brought Forward		4,017,437
Income from Business Rate Payers		71,656,008
Transitional Protection		1,074,663
Total Income for the Year		76,748,108
<u>Expenditure</u>		
Demands for 2023/24 based upon NNDR 1 2024/25		
Kent County Council	6,984,118	
Kent & Medway Fire & Rescue Authority	776,013	
Tonbridge & Malling Borough Council	31,040,522	
Central Government	38,800,653	77,601,306
Payment of Estimated Surplus for 2023/24		
Kent County Council	413,569	
Kent & Medway Fire & Rescue Authority	45,952	
Tonbridge & Malling Borough Council	1,838,086	
Central Government	2,297,609	4,595,216
Allowance for Losses - Bad Debts		700,000
Allowance for Losses - Appeals		(5,606,024)
Cost of Collection Allowance		161,510
Total Expenditure for the Year		77,452,008
Estimated Surplus / (Deficit) for 2024/25		(703,900)
<u>Allocation of Estimated Surplus / (Deficit) for 2024/25</u>		
	Allocation	Surplus / (Deficit) 2024/25
	%	£
Kent County Council	9	(63,351)
Kent & Medway Fire & Rescue Authority	1	(7,039)
Tonbridge & Malling Borough Council	40	(281,560)
Central Government	50	(351,950)
Total	100	(703,900)

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TONBRIDGE & MALLING BOROUGH COUNCIL
SPECIAL EXPENSES ('LOCAL CHARGE') SCHEME

1. Introduction

- 1.1 The Provisions relating to “special expenses” are contained in the Local Government Finance Act 1992 at sections 34 and 35. These sections allow different amounts of council tax to be calculated for different parts of the district, depending on what if any “special items” relate to those parts. The legal background is set out in the Appendix.
- 1.2 In resolving to implement a Special Expenses Scheme, the Council revokes the Financial Arrangements with Parish Councils Scheme which was effective from 1 April 1992 made under s136 Local Government Act 1972 with effect from the same date (1 April 2017).

2. Objectives of the Scheme

- 2.1 The borough consists of 27 parished areas, and one unparished area. Parish councils exercise certain functions in their respective areas, which the Borough Council must exercise directly in the unparished area. These are known as concurrent functions.
- 2.2 The Council has historically awarded grants under s136 Local Government Act 1972 to parish councils in order to contribute towards the cost of concurrent functions. Due to significant financial pressures, the Council finds that it is unable to continue providing this level of financial support and must make savings.
- 2.3 The Council has resolved to adopt a Scheme of Special Expenses in order to provide a fairer system in terms of financial equity for taxpayers across the borough.

3. Function to be included in Scheme

- 3.1 Cabinet, at its meeting on 28 July 2016, recommended that the following concurrent functions are included in the Scheme:
- Closed churchyards
 - Open spaces, parks and play areas maintained by TMBC in parished areas; excluding Leybourne Lakes Country Park (strategic site)
 - Open spaces, play areas, parks and sportsgrounds in Tonbridge; excluding Castle Grounds and Haysden Country Park (strategic sites)
 - Support given to ‘Local’ Events
 - Allotments

3.2 In addition, at its meeting on 12 October 2021, Cabinet recommended that the following concurrent function is included in the Scheme:

- Public conveniences in Tonbridge in non-strategic sites (i.e. those located on Castle Street, Priory Road and those sited within Racecourse Sportsground)

3.3 Full Council endorsed the update to the Scheme at its meeting on 26 October 2021.

4. Calculation of Special Expenses

4.1 TMBC will calculate an average council tax across the whole of its area under section 31B of the Local Government Finance Act 1992. Included in that will be the amounts payable to parish councils under their precepts, plus the amounts TMBC will spend on performing functions which are performed in parts of its area by parish councils.

4.2 Under section 34 of the Local Government Finance Act 1992, TMBC must then deduct the total of any special items. For each part of its area, TMBC must then add back amounts for any relevant special items for that part of its area. The amount added back is calculated by dividing the special item (i.e. the authority's estimated cost of performing the function in that part of its area) by the tax base for the part of the area in which the authority performs the function.

4.3 Treating expenses as special expenses does not affect the overall amount that TMBC needs to raise through council tax, and does not, therefore, affect the average amount of council tax across the whole of the borough. It simply means that, compared with what would happen if the expenses were not treated by TMBC as special expenses, the council tax is:

- relatively lower for areas where the parish council performs the concurrent function, as it includes the parish's costs but not TMBC's costs of performing the function elsewhere; and
- relatively higher for areas where TMBC performs the concurrent function, as all TMBC's costs of performing the concurrent function must be met by taxpayers in the area where TMBC performs it.

5. Implementation

5.1 This (original) Scheme became effective from 1 April 2017, following resolution of Full Council on 1 November 2016. The update to the Scheme, adding the function at paragraph 3.2, as approved by Full Council on 26 October 2021 became effective on 1 April 2022.

5.2 The list of concurrent functions included within the Scheme will be reviewed from time to time and the Scheme updated as necessary.

February 2025 (no
changes from last
version)

TONBRIDGE & MALLING BOROUGH COUNCIL
SPECIAL EXPENSES ('LOCAL CHARGE') SCHEME
LEGAL BACKGROUND

Section 34 of the Local Government Finance Act 1992, as amended by the Localism Act 2011, requires that certain items, which are referred to as 'special items', and which relate to a part only of a billing authority's area, be removed from the calculation of the overall basic amount of tax and added to that for the area concerned.

Section 35(1) defines these items as:

- Any precept issued to or anticipated by the authority which is, or is believed to be, applicable to a part of its area and was taken into account by it in making the calculation (or last calculation) in relation to the year under Section 31A(2) above (i.e. the parish precepts, as included in the calculation of the budget requirement).
- Any expenses which are its (the Council's) special expenses and were taken into account by it in making that calculation.

Section 35(2)(d) defines further 'Special Expenses' as:

“any expenses incurred by a billing authority in performing in a part of its area a function performed elsewhere in its area by the sub-treasurer of the Inner Temple, the under-treasurer of the Middle Temple, a parish or community council or the chairman of a parish meeting are the authority's special expenses unless a resolution of the authority to the contrary effect is in force”

In order for expenses incurred in performing any function of a district council to be special expenses the function must be carried out by the district in only part of its area, and the same function must be carried out in another part of the district by one or more parish councils. The detailed identification of concurrent functions is therefore essential for using this special expenses provision.

One of the reasons behind the special expenses regime is to allow a more equitable division of council expenses for council taxpayer funded services so that those receiving the benefit of certain services in a particular area are those who pay for them through their precept and do not pay twice for similar services carried out in any areas where there is not a parish or town council so as to avoid “double taxation” for the relevant services.

The power to charge special expenses is discretionary and in order for it to apply there must be a resolution of the billing authority in force. As the resolution has to refer to the matters which will be special expenses for these purposes the resolution will need to identify which function related activities will be included within the calculation.

Special Expenses must be applied consistently throughout a billing authority's area. There is no discretion to make selective application to some parts of the borough only.

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Special Expenses 2025/26

Special Expenses for 2024/25 £	Local Area	Public Conveniences £	Closed Church-yards £	Open Spaces, Parks & Play Areas £	Sports Grounds £	Local Events £	Allotments £	Special Expenses for 2025/26 £	Tax Base	Amount Per Band D Property £	Per Band D Variation %
1,068,610	Tonbridge	103,300	18,050	205,974	646,100	107,952	7,200	1,088,576	14,018.22	77.65	1.1
2,331	Addington			1,122				1,122	440.53	2.55	(52.5)
10,969	Aylesford			30,420				30,420	4,593.21	6.62	174.7
1,333	Birling			0				0	201.77	0.00	(100.0)
1,989	Borough Green			19,119				19,119	1,736.49	11.01	857.4
0	Burham			0				0	477.01	0.00	0.0
717	Ditton			950				950	1,824.19	0.52	30.0
30,385	E. Malling & Larkfield			28,204				28,204	5,250.09	5.37	(7.1)
816	East Peckham			665				665	1,349.45	0.49	(19.7)
0	Hadlow			0				0	1,587.91	0.00	0.0
0	Hildenborough			0				0	2,344.16	0.00	0.0
0	Ightham			0				0	1,154.46	0.00	0.0
0	Kings Hill			0				0	4,751.81	0.00	0.0
37,504	Leybourne			31,422				31,422	1,919.03	16.37	(15.5)
40	Mereworth			1,631				1,631	465.49	3.50	3,788.9
0	Offham			0				0	412.45	0.00	0.0
1,661	Platt			1,283				1,283	917.17	1.40	(23.5)
0	Plaxtol			0				0	613.30	0.00	0.0
0	Ryarsh			0				0	375.74	0.00	0.0
0	Shipbourne			0				0	297.57	0.00	0.0
25,977	Snodland			18,020				18,020	3,944.90	4.57	(30.3)
0	Stansted			0				0	296.64	0.00	0.0
0	Trottiscliffe			0				0	284.81	0.00	0.0
2,589	Watringbury			1,065				1,065	961.34	1.11	(58.7)
4,696	West Malling			1,968		4,884		6,852	1,302.42	5.26	43.7
0	West Peckham			0				0	183.15	0.00	0.0
5,910	Wouldham			7,966				7,966	1,301.65	6.12	27.2
1,223	Wrotham			0				0	844.86	0.00	(100.0)
1,196,750	Total	103,300	18,050	349,809	646,100	112,836	7,200	1,237,295	53,849.82		

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Parish Council Precepts 2025/26

Precept for 2024/25 £	Parish Council	Precept for 2025/26 £	Tax Base	Amount Per Band D Property £	Per Band D Variation %
25,000.00	Addington	35,000.00	440.53	79.45	37.9
305,983.48	Aylesford	318,394.89	4,593.21	69.32	3.0
11,625.00	Birling	13,270.00	201.77	65.77	13.5
247,476.00	Borough Green	259,850.00	1,736.49	149.64	4.3
29,313.36	Burham	30,779.02	477.01	64.52	3.4
287,441.00	Ditton	296,465.00	1,824.19	162.52	2.5
487,614.00	E. Malling & Larkfield	511,625.00	5,250.09	97.45	5.0
162,000.00	East Peckham	174,154.00	1,349.45	129.06	7.4
135,731.00	Hadlow	181,415.00	1,587.91	114.25	33.0
136,265.00	Hildenborough	138,990.00	2,344.16	59.29	0.7
130,221.00	Ightham	132,151.00	1,154.46	114.47	(0.0)
525,205.00	Kings Hill	500,000.00	4,751.81	105.22	(7.4)
183,147.00	Leybourne	163,342.00	1,919.03	85.12	(10.0)
40,950.00	Mereworth	46,070.00	465.49	98.97	9.6
27,137.00	Offham	27,729.00	412.45	67.23	0.0
82,000.00	Platt	82,000.00	917.17	89.41	(1.3)
57,227.00	Plaxtol	60,088.00	613.30	97.97	2.2
29,343.00	Ryarsh	29,232.00	375.74	77.80	0.0
15,357.66	Shipbourne	17,515.00	297.57	58.86	5.0
344,811.00	Snodland	349,077.00	3,944.90	88.49	1.6
17,780.00	Stansted	17,780.00	296.64	59.94	(2.7)
30,000.00	Trottiscliffe	35,000.00	284.81	122.89	16.3
126,466.14	Wateringbury	150,000.00	961.34	156.03	18.7
149,353.81	West Malling	159,578.82	1,302.42	122.52	5.3
6,983.00	West Peckham	7,330.00	183.15	40.02	4.4
69,855.70	Wouldham	70,433.82	1,301.65	54.11	(4.9)
138,337.00	Wrotham	138,337.00	844.86	163.74	16.8
3,802,623.15	Total	3,945,606.55	39,831.60		

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GENERAL FUND WORKING BALANCE

	£
Balance at 1.4.2024	1,250,000
less transfer due 2025/26	(1,250,000)
Balance at 31.3.2026	0

GENERAL REVENUE RESERVE

	£	£
Balance 1.4.2024		9,915,461
Budgeted to be transferred to the Reserve	1,064,824	
Decrease on Original Estimate	(65,045)	
		1,129,869
Estimated Balance at 1.4.2025		11,045,330
Contribution to the Reserve 2025/26		20,792
Estimated Balance at 31.3.2026		11,066,122

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'SECTION 25' STATEMENT
ON THE ROBUSTNESS OF THE ESTIMATES
AND THE ADEQUACY OF THE RESERVES

Introduction

This statement is given in respect of the 2025/26 Budget Setting Process for Tonbridge and Malling Borough Council. I acknowledge my responsibility for ensuring the robustness of the estimates and the adequacy of the reserves as part of this process. The budget has been prepared within the context of a Medium Term Financial Strategy (MTFS) spanning a ten-year period.

The draft Budget for 2025/26 shows a balanced position with a contribution to General Revenue Reserve being made. Details of how this has been achieved are set out in the detailed Budget report. However, beyond 2025/26 the position is projected to be very different as a result of both increasing costs and reduced external funding.

The MTFS sets out the high level financial objectives the Council wishes to fulfil over the agreed time span. This includes achieving a balanced revenue budget by the end of the strategy period and to retain a minimum of £3.0m in the General Revenue Reserve by the end of the strategy period and not to fall below £2.0m at any time during the 10-year period. The MTFS also sets out, based on current financial information, not only the projected budgets for the period, but also the levels of council tax that are projected to be required to meet the Council's spending plans.

The fall in core funding is, in part, negated by the grant award under the New Homes Bonus (NHB) scheme and other grant income. Within the initial consultation paper for 'local authority funding reform', the government had indicated that NHB will not continue in its present form beyond 2025/26. It has indicated that it will consult on detailed proposals for arrangements beyond 2025/26 by summer 2025. This and the overall levels of Government Funding, including the Business Rates Reset which are also now subject to consultation, are likely to affect the Council's budget from 2026/27 onwards.

Government funding levels therefore remain a risk within the latest iteration of the MTFS. The MTFS assumes government grant funding and increased business rates income to be retained will reduce from circa £7.16m in 2025/26 to £3.48m in 2028/29 before seeing a modest increase year on year thereafter.

The latest projected funding gap between expenditure and income is **circa £2,800,000**. In addition to this, the MTFS already assumes the scaling back of office accommodation in the sum of £200,000 as well as anticipated reductions in the costs/client numbers in respect of Temporary Accommodation in the sum of £625,000.

The difficult and challenging financial outlook demands a **pressing and concerted** focus of attention.

Alongside the MTFS sits a Savings and Transformation Strategy (STS). The purpose of the Strategy is to provide structure, focus and direction in addressing the financial challenge faced by the Council. In so doing, it recognises that there is no one simple solution and as a result we will need to adopt a number of ways to deliver the required savings and transformation contributions within an agreed timescale. The detailed itemised plan for delivery of the savings and transformation contributions is still 'work in progress' and therefore the delivery of the STS has been recorded as RED on the Strategic Risk Register in order to ensure that this is visible and highlighted as a priority for the Council.

Robustness of Estimates

The aim of the Medium Term Financial Strategy is to give us a realistic and sustainable plan that reflects the Council's priorities and takes us into the future. It is a Strategy that is adopted by Members of the Council alongside the Budget to provide a forward looking context for the consideration of the budget year ahead. It also provides the Council's Corporate Management Team with a tool for strategic financial planning and decision making.

Underneath the Strategy sits detailed estimates formulated in conjunction with Service Managers who carry responsibility of delivering their area of service within budget provision. The estimates take into account past outturn, current spending plans and likely future demand levels / pressures.

Factors taken into account for the 2025/26 Budget Setting Process and in developing the Strategy are:

Corporate Strategy	The Council's financial plans should be in support of its strategic priorities and objectives set out in overview in the Corporate Strategy. Additional earmarked reserve contributions totalling £3.4m to support the Council's key priorities within the Corporate Strategy has been made via the 2025/26 Budget.
Consultation with Non-Domestic Ratepayers	The Council consults representatives of its non-domestic ratepayers about its expenditure proposals who may make written representations if they deem it appropriate. No such representations have been received.
The level of funding from Central Government towards the costs of local services	Our Settlement Funding Assessment (SFA) for 2025/26 is £2,708,428. The Council also received a payment for the under-indexing of the business rates multiplier of £482,712, and a funding floor in the sum of £1,785,452 and other Grants of £37,310. It has been assumed in our financial planning that the funding floor will not be repeated beyond 2025/26.
New Homes Bonus	Our New Homes Bonus (NHB) for 2025/26 is £517,013. The government has indicated that 2025/26 will be the final year of NHB in its current form and will be consulting regarding future arrangements. Our working

	assumption is that a future arrangement will see a sum awarded at a reduced level.
Business Rates	For medium term financial planning purposes, it is assumed retained business rates income will be above the baseline funding level under the current Business Rates Retention Scheme arrangements. If our actual income is less than the baseline set the authority will have to meet a share of that shortfall. The Council is a member of the Kent Business Rates Pool.
Overall Grant Funding	For medium term financial planning purposes, it is assumed government grant funding whether that be baseline funding level, some element of growth performance, the NHB 'replacement' or other grant income will reduce to £3.48m in 2028/29 before seeing a modest increase year on year thereafter. This will need to be revisited following the outcome of the local authority funding reform.
Council Tax Base	The Council Tax Base for 2025/26 is 53,849.82 band D equivalents with an expectation that this will increase by an additional 7,350 over the strategy period, or around 820 on average per year (over the remaining 9 years), due to the increased housing targets from Central Government.
Local Referendums to Veto Excessive Council Tax Increases	The Secretary of State will determine a limit for council tax increases which for 2025/26 has been set at 3% or £5, whichever is higher. If an authority proposes to raise council tax above this limit, they will have to hold a referendum to get approval for this from local voters who will be asked to approve or veto the rise. Due regard has been taken of the guidelines issued by the Secretary of State. The MTFS reflects an increase in council tax of 3% in 2025/26 followed by the greater of £5 or 2% each year thereafter.
The Prudential Code and its impact on Capital Planning	Tonbridge and Malling is a debt-free authority and projections based on the current capital plan suggest that recourse to borrowing to fund the currently approved capital expenditure is unlikely before 2029/30. This does not however, preclude a decision to borrow in order to fund in full or in part a capital investment opportunity that meets the Council's strategic priorities and objectives, achieves value for money and delivers a financial return. Each such opportunity to be considered on a case by case basis as appropriate. A key objective of the Prudential Code is to ensure, within a clear framework, the capital investment plans of local authorities are affordable, prudent and sustainable.
The Council's Capital Strategy and Capital Plan	Other than funding for the replacement of our assets which deliver services as well as recurring capital expenditure, there is now an annual capital allowance for all other capital expenditure. The annual capital

	allowance is currently set at £250,000 until 2028/29. Whilst the replacement to the Angel Centre in Tonbridge have been agreed in principle, officers are yet to finalise the feasibility study for final project approval and inclusion on the capital plan. Therefore, the Capital Strategy includes intentions to earmark funds in order to support the cost of development.
Treasury Management	A Treasury Management and Annual Investment Strategy is adopted by the Council each year as required by the Local Government Act 2003 as part of the budget setting process. The Strategy sets out the Council's policies for managing its investments and for giving priority to the security and liquidity of those investments. Updates to both the Prudential Code and Treasury Management Code were published by the Chartered Institute of Public Finance and Accountancy (CIPFA) in December 2021 and uphold a key principle that borrowing primarily for return on investment is not permissible. The requirements of the updated Codes of Practice have been taken into account and reflected as appropriate in the annual review and update of the Capital Strategy and in preparing the Treasury Management and Annual Investment Strategy for 2025/26.
Interest Rates	Interest returns on the Council's 'core funds' have been set at 3.81% in 2025/26 and fluctuating between 3.25% and 3.0% thereafter. In setting these rates due regard has been taken of the interest rate forecasts of the Council's independent Treasury Adviser, Link Asset Services. To put this into context, based upon the 23/24 closing balance a 0.25 of a percentage point variation to this assumed level would have an £80,000 effect on the Council's investment income. The Council has chosen to retain a minimum of £3m in its General Revenue Reserve in order to deal with, amongst other things, interest rate volatility.
Property Investment Funds and Multi Asset Diversified Income Funds	The Council took the decision some years ago to invest in one or more property investment funds and multi asset diversified income funds. In order to guard against downward fluctuations in asset values a Property Investment / Multi Asset Diversified Income Fund Reserve was established.
Adequacy of Reserves	At the beginning of 2025/26, we anticipate that the General Revenue Reserve balance will be £11.045m. The Adequacy of Reserves is discussed in more detail below.
Pay and Price Inflation	The estimates provide allowance for general pay inflation amounting to circa 3.0% in 2025/26 followed by 2% each

	year thereafter and general price inflation of 3% in 2025/26 followed by 2% each year thereafter. This is line with the Bank of England inflation target. Exceptions include energy and the waste services contract where different indices have been applied.
Fees and Charges	As has been the practice for a number of years now the objective has been to maximise income, subject to market conditions, opportunities and comparable charges elsewhere.
Emerging Growth Pressures and Priorities	The projections within the MTFS include all known and quantified priorities and growth pressures that we are aware of at the time of preparing this statement. New priorities and growth pressures will undoubtedly emerge over the period and in consequence, the Strategy will be updated at least annually.
Financial Management	The Council's financial information and reporting arrangements are sound and its end of year procedures in relation to budget under / overspends clear. Collection rates for council tax and NNDR remain good in comparison to other councils. Our external auditor (Grant Thornton UK LLP) following the 2024 audit concluded the Authority has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. One weakness in arrangements covering Procurement remains and improvement plans are now in place and are being monitored.
Insurance Arrangements and Business Continuity	Risks identified via the preparation of Service / Section Risk Registers have, wherever possible, been reduced to an acceptable level. Any remaining risk has been transferred to an external insurance provider. In addition, specific arrangements are in place to ensure the continuity of business in the event of both major and minor disruptions to services. As insurance premiums are reactive to the external perception of the risks faced by local authorities and to market pressures, both risks and excess levels are kept under constant review. The Council recognises that not all risks are financial; and takes into account all risks when making decisions.
Corporate Governance and Risk Management	The Council has adopted a Local Code of Corporate Governance based upon the requirements of the CIPFA/SOLACE Corporate Governance framework. This incorporates risk management and the Council is committed to a Risk Management Strategy involving the preparation of Risk Registers at both strategic and operational levels.
Equality Impact Assessments	Where there are deemed to be equality issues as a result of adjustments to revenue budgets a separate equality impact assessment has or will be undertaken at the appropriate time. In addition, an equality impact

	assessment is undertaken and reported to Members prior to commencement of a new capital plan scheme.
Partnership Working	The Council is working in partnership with other councils with the aim of not only delivering savings through joint working, but also to improve resilience and performance.
Government Led Issues including reforms to National Planning Policy Framework (NPPF)	The outcome of the local authority funding reform; welfare reform and cessation of the administration of housing benefits for working age claimants are to unfold. In addition, the incoming government's consultation on the NPPF, leading to the Council's decision not to progress the publication of Regulation 18b and associated consultation, is likely to increase costs for delivery of the Local Plan which is funded from an earmarked reserve. In preparing the draft 2025/26 Estimates and MTFS the annual contribution to the earmarked reserve was increased from £80k to £160k, but work continues by the Planning Policy team as to whether this is sufficient. Therefore, the increased volatility and uncertainty attached to a number of these issues is such that financial planning is becoming increasingly difficult with the increased risk of significant variances compared to projections. As a result, we will need to closely monitor the impact of these issues on the Council's finances.
Savings and Transformation Contributions	Latest projections point to a 'funding gap' between expenditure and income of circa £2,800,000. Plus, the initiative already built into the MTFS, the scaling back of office accommodation in the sum of £200,000 and reductions in the costs and number of clients in Temporary Accommodation of £625,000. Beyond 2025/26, the difficult and challenging financial outlook demands a pressing and concerted focus of attention. Dependent on the outcome of the local authority funding reform and the outcome of the refuse, recycling and street cleansing contract recommissioning, there is a risk the funding gap could be more than is presently reflected in the MTFS. In the coming months, options to deliver a further tranche(s) of the required savings and transformation contributions will need to be considered, agreed and actioned under the framework set out in the STS. In addition, the Management Team will continue to seek efficiency savings in the delivery of existing services.
Devolution/ Reorganisation	As at the time of writing this statement the proposals for devolution and reorganisation are contained within a white paper. The assumption taken within the budget preparations and projections has been one of 'business as usual'. Once further announcements are made and a future Bill is ratified into legislation, further reviews will take place and updates will be shared with Members.

These assumptions and changing circumstances will require the Strategy to be reviewed and updated at least annually.

Particular reference has been made to the current adverse cost and client numbers within temporary accommodation for homelessness purposes. In terms of homelessness, the MTFS assumes that the recent significant increases in costs will be brought under control over the medium term through a mixture of reducing client numbers and provision of council controlled accommodation, the achievement of which could require some reserve funding depending on the time taken to achieve these goals.

A scheme included within the current approved capital plan is the development / refurbishment of the Gibson East Building. The Capital Plan financing in future years is underpinned by a capital receipt from the sale of Gibson West Building following the completion of the Gibson East works. It has been assumed in the MTFS that savings will be derived from the disposal of the Gibson West Building.

Adequacy of Reserves

The minimum prudent level of reserves that the Council should maintain is a matter of judgement. It is the Council's safety net for unseen or other circumstances. The minimum level cannot be judged merely against the current risks facing the Council as these can and will change over time. The objective is to retain a minimum of £3.0m in the General Revenue Reserve by the end of the strategy period and not to fall below £2.0m at any time during the 10-year period; and given below are areas of operational and financial risk (not exhaustive) considered in determining the appropriate minimum level:-

- Interest Rate volatility
- Income volatility
- Change to Government Grant including New Homes Bonus
- Identified savings not being delivered in the required timescales
- Localisation of council tax support
- Business rates retention scheme and associated volatility of income
- Local Plan / Planning Inquiries particularly as a result of the latest NPPF
- Partnership Working
- Climate Change
- Emergencies
- Economic and world recession
- Poor performance on Superannuation Fund
- Bankruptcy / liquidation of a major service partner

- Closure of a major trading area, e.g. leisure centre for uninsured works
- Cyber/data loss
- Problems with computer systems causing shortfall or halt in collection performance
- Government Legislation
- Ability to take advantage of opportunities
- Uninsured risks
- Recruitment and retention of staff and associated capacity issues

Clearly, the minimum General Revenue Reserve balance needs to, and will, be kept under regular review. The General Revenue Reserve balance at 31 March 2035, the end of the 10-year MTFS, is estimated to be £5.696m based on an increase in council tax of 3% for 2025/26 with the Council working to a balanced budget.

The Budget Stabilisation Reserve was introduced in February 2020 to assist in the management of risk, assist in meeting future savings and transformation contributions and/or fund in full or in part an appropriate commercial investment opportunity. During the pandemic and the subsequent economic crisis this reserve has assisted in dealing with financial volatility. That being said, it is now felt that these risks have abated to a large degree and the release of the majority of this reserve balance is now recommended to assist with future proposed capital projects as outlined in the Capital Strategy.

In addition, a number of Earmarked Reserves exist to cover items that will require short-term expenditure in the near future or have been set aside to deliver Key Priorities. As part of the Annual Service Delivery Plan for 2025/26 (reference 13.8) a review of the current and future levels of reserves will be undertaken to free up funding to assist with the delivery of priority capital projects and mitigate the need to borrow.

The Revenue Reserve for Capital Schemes is established to finance future capital expenditure. A funding statement illustrates that recourse to borrowing to fund capital expenditure is unlikely before 2029/30 other than by exception on a case by case basis. The Revenue Reserve for Capital Schemes balance at 31 March 2029 is estimated to be £1.614m.

A schedule of the reserves held as at 1 April 2024 and proposed utilisation of those reserves to 31 March 2026 is provided in Annex 16b.

Balances held generate interest receipts which support, underpin and contribute towards meeting the objectives of the Strategy.

The Chartered Institute of Public Finance and Accountancy Financial Management Code and Financial Resilience Index

In October 2019 the Chartered Institute of Public Finance and Accountancy (CIPFA) published a Financial Management Code (FM Code) to support good practice in financial management and to assist local authorities in demonstrating their financial sustainability. The FM code is based on a series of principles supported by specific standards and statements of practice considered necessary to provide the strong foundation to:

- financially manage the short, medium and long-term finances
- manage financial resilience to meet unforeseen demands on services
- financially manage unexpected shocks in their financial circumstances.

The Code requires that a local authority demonstrate that its processes satisfy the principles of good financial management for an authority of its size, responsibilities and circumstances and sought to rely on the local exercise of professional judgement backed by appropriate reporting.

Compliance will typically, but not always, be demonstrated by documenting compliance by way of a self-assessment. The outcome of such an assessment using a RAG rating was reported to the 26 July 2021 Audit Committee where a green rating was assigned to all but two, rated amber, of the seventeen Financial Management Standards.

In addition, the CIPFA Financial Resilience Index aims to provide a tool with a group of indicators able to illustrate the trajectory of an authority's financial position and resilience within the context of each authority's own comparator tier and nearest neighbour group. CIPFA has designed the index to provide reassurance and prompt challenge where it may be needed. These are published annually, but at the time of publication of this report the index had only just been published, officers will review this information and provide details of any areas of concern.

Opinion

I am of the opinion that the approach taken in developing the 2025/26 budget meets the requirements contained in the Local Government Act 2003 to ensure the robustness of the estimates and the adequacy of the reserves.

Signed: _____



Date: 30 January 2025

Director of Finance and Transformation, BSc (Hons) FCPFA

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RESERVES ESTIMATE 2025/26

Description	Balance as at 1 April 2024 £	Estimated Contribution		Estimated Balance as at 31 March 2025 £	Estimated Contribution		Estimated Balance as at 31 March 2026 £
		From £	To £		From £	To £	
General Revenue Reserve	9,915,461		1,129,869	11,045,330		20,792	11,066,122
General Fund	1,250,000			1,250,000	(1,250,000)		0
Revenue Reserve for Capital Schemes	9,435,928	(4,947,000)	1,579,500	6,068,428	(6,675,000)	1,399,000	792,428
Building Repairs Reserve	1,121,839	(1,438,090)	750,000	433,749	(1,388,650)	750,000	(204,901)
Property & Multi Asset Fund Reserve	3,250,000			3,250,000			3,250,000
Earmarked Reserves							
Democratic Representation	8,200	(1,650)		6,550			6,550
Special Projects	215,871	(129,800)	72,650	158,721	(71,000)	0	87,721
Planning Services	1,075,182	(777,100)	530,000	828,082	(853,550)	166,500	141,032
Homelessness Reduction	508,949	(1,092,700)	2,198,200	1,614,449	(834,200)	984,200	1,764,449
Election	111,316		35,000	146,316		35,000	181,316
Asset Review	32,081			32,081			32,081
Training	122,270			122,270			122,270
Invest to Save	141,391	(142,300)		(909)			(909)
Housing & Welfare Reform	109,109			109,109			109,109
Tonbridge and Malling Leisure Trust	369,200	(83,000)		286,200	(86,200)		200,000
Housing Assistance	358,350	(54,600)		303,750	(44,350)		259,400
Business Rates Retention Scheme	915,387	(148,350)	617,850	1,384,887	(124,700)	321,500	1,581,687
Public Health	22,683	(5,400)		17,283			17,283
Regeneration of Tonbridge (incl Angel)	650,000	(185,600)	2,050,000	2,514,400	(78,300)	6,700,000	9,136,100
Transformation (Revs & Bens, Finance)	432,157	(209,500)	756,150	978,807	(127,900)		850,907
Climate Change	878,334	(384,600)	500,000	993,734	(241,000)		752,734
Budget Stabilisation	2,497,126	(1,028,950)	1,300,000	2,768,176	(2,456,150)		312,026
	8,447,606	(4,243,550)	8,059,850	12,263,906	(4,917,350)	8,207,200	15,553,756
Total	33,420,834	(10,628,640)	11,519,219	34,311,413	(14,231,000)	10,376,992	30,457,405

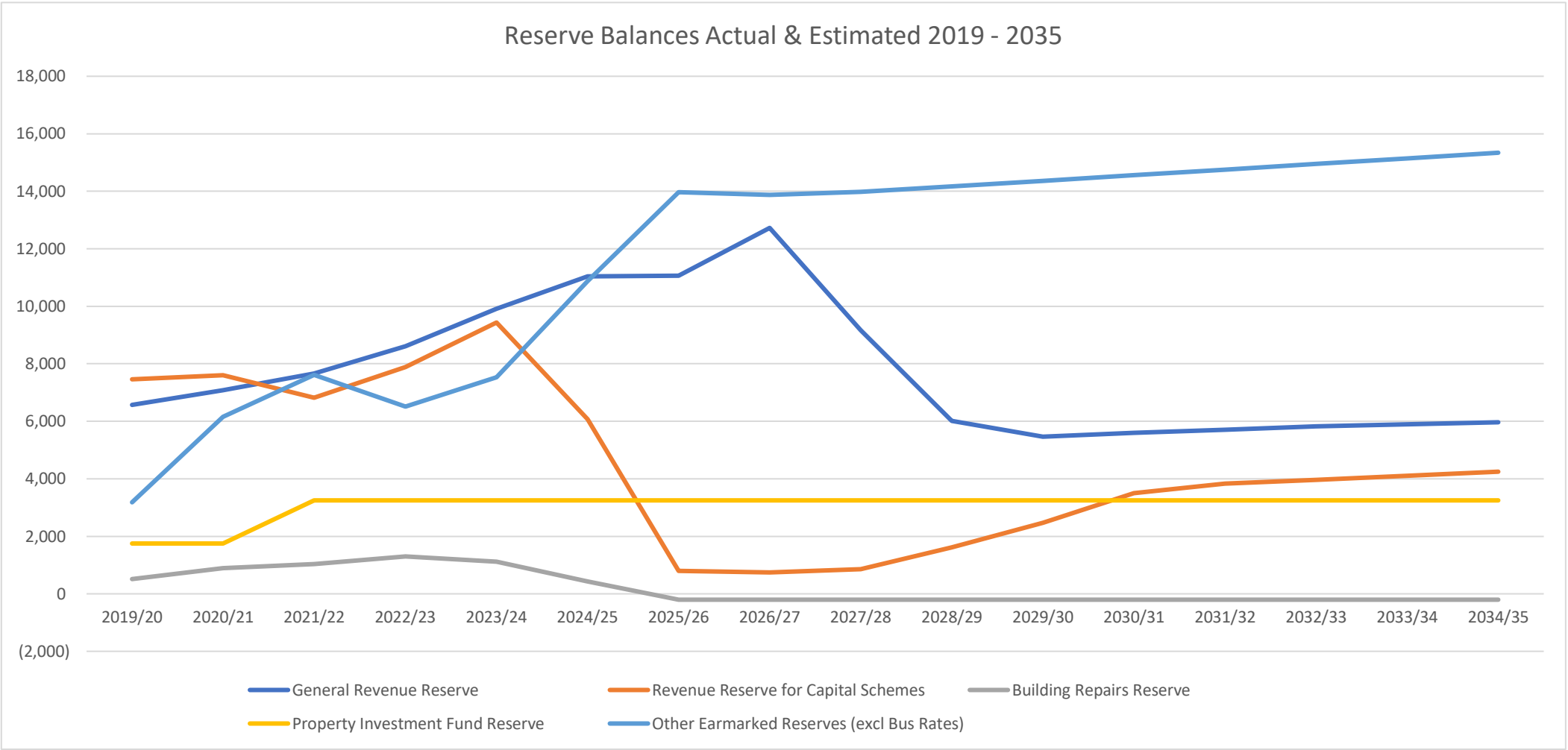
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Reserve Balances Actual & Estimated 2019 - 2035

The figures below, agree to the current iteration of the MTFs and Capital Plan. Slippage of capital schemes and changes to revenues savings and expenditure will alter these estimates.

In accordance with the Annual Service Delivery Plan 2025/26 Section 13.8 a review of the Council Earmarked reserves will take place dueing 2025/26 and be reported to members once complete.

	2019/20 £ 000's	2020/21 £ 000's	2021/22 £ 000's	2022/23 £ 000's	2023/24 £ 000's	2024/25 £ 000's	2025/26 £ 000's	2026/27 £ 000's	2027/28 £ 000's	2028/29 £ 000's	2029/30 £ 000's	2030/31 £ 000's	2031/32 £ 000's	2032/33 £ 000's	2033/34 £ 000's	2034/35 £ 000's
	<-----	-----Actual-----				<-----	-----	-----	-----Estimated-----							>-----
General Revenue Reserve	6,576	7,085	7,661	8,611	9,915	11,045	11,066	12,726	9,167	6,016	5,465	5,602	5,708	5,821	5,897	5,972
Earmarked reserves																
Revenue Reserve for Capital Schemes	7,456	7,599	6,825	7,882	9,436	6,068	792	744	859	1,614	2,469	3,502	3,836	3,963	4,108	4,253
Building Repairs Reserve	516	894	1,031	1,300	1,122	434	(205)	(205)	(205)	(205)	(205)	(205)	(205)	(205)	(205)	(205)
Property Investment Fund Reserve	1,750	1,750	3,250	3,250	3,250	3,250	3,250	3,250	3,250	3,250	3,250	3,250	3,250	3,250	3,250	3,250
Other Earmarked Reserves (excl Bus Rates)	3,183	6,161	7,620	6,513	7,532	10,879	13,972	13,870	13,976	14,170	14,366	14,561	14,756	14,951	15,146	15,341
	19,481	23,489	26,387	27,556	31,255	31,676	28,875	30,385	27,047	24,845	25,345	26,710	27,345	27,780	28,196	28,611
Other reserves include																
Local Plan				835	1,075	828	141	126	246	406	566	726	886	1,046	1,206	1,366
Regeneration of Tonbridge Town Centre				0	650	2,514	9,136	9,058	9,008	9,008	9,008	9,008	9,008	9,008	9,008	9,008
Climate Change				601	878	994	754	754	754	754	754	754	754	754	754	754
Homelessness Accomodation				0	0	1,300	1,450	1,450	1,450	1,450	1,450	1,450	1,450	1,450	1,450	1,450
Transformation				434	432	979	851	851	851	851	851	851	851	851	851	851
				1,870	3,035	6,615	12,332	12,239	12,309	12,469	12,629	12,789	12,949	13,109	13,269	13,429



Tonbridge & Malling Borough Council**Calculation of Council Tax Requirement for the year 2025/26 including sums required to meet Special Expenses and Parish Council Precepts**

That the following amounts be now calculated by the Council for the year 2025/26 in accordance with Section 31A of the Local Government Finance Act 1992:-

£

(a)	Aggregate of the amounts which the Council estimates for the items set out in Section 31A (2) N.B. Includes Special Expenses and Parish Council Precepts	107,777,461
(b)	Aggregate of the amounts which the Council estimates for the items set out in Section 31A (3) N.B. Includes Local Government Finance Settlement	90,622,494
(c)	Calculation under Section 31A (4), being the amount by which the aggregate at (a) above exceeds the aggregate at (b) above	----- 17,154,967 -----

Memorandum:-

	£
Borough Council	11,972,065
Special Expenses	1,237,295
Parish Council Precepts	3,945,607

Total	17,154,967

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Cabinet

11 February 2025

Part 1 - Public

Recommendation to Council



Cabinet Member	Matt Boughton – Leader of the Council Kim Tanner – Cabinet Member for Finance and Housing
Responsible Officer	Damian Roberts – Chief Executive Sharon Shelton – Director of Finance and Transformation
Report Author	Sharon Shelton – Director of Finance and Transformation Paul Worden – Chief Financial Services Officer

Setting the Budget 2025/26

1 Summary and Purpose of Report

- 1.1 The substantive report was published prior to receipt of the final local government finance settlement. This supplementary report advises Members of the funding for TMBC through the final settlement and recommends how the balance should be allocated.

2 Corporate Strategy Priority Area

- 2.1 Efficient services for all our residents, maintaining an effective council.
- 2.2 Setting of the budget is required under statute

3 Recommendations

- 3.1 Cabinet is **RECOMMENDED** to:
- 1) Note the additional funding of £157,550 allocated through the Final Local Government Finance Settlement; and
 - 2) Endorse the transfer of this additional funding to the earmarked Transformation Reserve.

4 Introduction and Background

- 4.1 The final local government finance settlement was released on 3 February 2025, after the publication of the substantive report 'Setting the Budget 2025/26'.

- 4.2 In most years in the past the final settlement has differed only marginally (or not differed at all) from the provisional settlement. On this occasion the difference is more significant due to the inclusion of a new compensation grant relating to additional employers' national insurance costs which had not been announced at the provisional settlement stage.

5 Final Settlement 2024/25

- 5.1 Total grant funding for the year 2025/26 as shown in the table below is now £5,688,465 compared to £5,553,915 in the provisional settlement (see paragraph 6.11 of the substantive report). **This represents an increase of £157,550 (rounded) compared to the provisional settlement.**

	2025/26 Provisional £	2025/26 Final £
Local Share of Business Rates (baseline)	2,541,100	2,541,100
Revenue Support Grant	167,329	167,329
Settlement Funding Assessment	2,708,428	2,708,428
New Homes Bonus	517,013	517,013
Under-indexing of the Business Rates Multiplier	482,712	482,712
National Insurance Compensation Grant		157,550
Other Grants	37,310	37,310
Funding Guarantee / Funding Floor	1,785,452	1,785,452
Total Grant Funding	5,530,915	5,688,465

- 5.2 As suggested with last year's changes between the Provisional and Final Settlement, it is suggested that these additional funds be allocate to the Transformation Reserve for use on other Council projects.
- 5.3 Assuming this is supported, the 'General Fund Revenue Estimates 2025/26 Summary' listed as Annex 11 on the substantive report will be replaced by that set out at **[Annex A]**.

6 Financial and Value for Money Considerations

- 6.1.1 Additional funding of £157,550 will be transferred to the Transformation Reserve if Members support the recommendation.

7 Risk Assessment

- 7.1 As set out in the substantive report.

8 Legal Implications

8.1 As set out in the substantive report.

9 Consultation and Communications

9.1 As set out in the substantive report.

10 Cross Cutting Issues

10.1 Equalities and Diversity

10.1.1 As set out in the substantive report.

Background Papers	None
Annexes	Annex A – Revenue Estimates Summary 2025/26

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Agenda Item 10

Due to the timescales and print deadlines, the recommendations of the meeting of Cabinet held on 11 February 2025 will be circulated to Members in advance of the meeting of Council.

In accordance with CPR 8.5 of the Constitution there will be a recorded vote for this item.

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Cabinet

11 February 2025

Part 1 - Public

Recommendation to Council



Cabinet Member	Matt Boughton – Leader of the Council Kim Tanner – Cabinet Member for Housing and Finance
Responsible Officer	Damian Roberts – Chief Executive Sharon Shelton – Director of Finance and Transformation
Report Author	Paul Worden – Chief Financial Services Officer

Setting the Council Tax 2025/26

1 Summary and Purpose of Report

- 1.1 This report takes Cabinet through the process of setting the level of Council Tax for the financial year 2025/26 and seeks Cabinet's recommendations.

2 Corporate Strategy Priority Area

- 2.1 Efficient services for all our residents, maintaining an effective council.
- 2.2 Council Tax provides the major proportion of the Borough Council's Revenue Funding.

3 Recommendations

- 3.1 Cabinet is asked to:
- 3.1.1 **NOTE** the draft resolution which will be completed and presented to Full Council at its meeting on 18 February 2025; and
- 3.1.2 **RECOMMEND** that Full Council approve a 3% or £7.14 per annum increase in the Borough Council's element of the council tax for 2025/26, representing a notional 'average' charge at Band D of £245.30.

4 Introduction and Background

- 4.1 The legislative framework for the setting of Council Tax is Chapter III of the Local Government Finance Act 1992. Section 30 requires that for each financial year and for each category of dwelling in its area, a billing authority shall set an amount of Council Tax.

- 4.2 The amount set will be the aggregate of the amount set by the billing authority under Sections 31A and 36 of the Act and the amounts set by major precepting authorities under Sections 42A, 42B and 45 to 47 of the Act.

5 Council Tax Base for 2025/26

- 5.1 The Council is required to set its tax base for the forthcoming financial year, and notify it to the major precepting authorities, during the period 1 December to 31 January.
- 5.2 Attached at **[Annex 1]** is the council tax base for the financial year 2025/26 which has been determined by the Director of Finance and Transformation in accordance with her delegated authority (published under decision notice DFT 240032OFF, 06/12/2024). This shows that there are 53,849.82 Band D equivalent properties within the Borough compared to 53,477.93 in the year 2024/25 (an increase of 0.7%).
- 5.3 All precepting authorities have been notified of the tax base for 2025/26.

6 Amounts of Council Tax to be set by the Billing Authority

- 6.1 The process is that, having determined the billing authority's tax requirement, this sum is initially divided by the tax base to determine the overall level of tax, inclusive of special expenses and parish precepts.
- 6.2 The resultant figure represents an average charge within the Borough for both Borough and Parish Council requirements. As part of the statutory process, this average is recorded on the Council's council tax resolution, which we refer to later. As Cabinet is aware, however, the average charge does not apply to any of the areas within the Borough other than by coincidence. In order to calculate the levels of tax for each of the areas within the Borough, it is necessary to determine the basic level of Council Tax that will apply to the whole of the Borough, and then calculate the additional charges relating to particular areas. This process determines the tax for Band D properties in each of those areas.
- 6.3 The tax for the full range of Band A to H properties is then established by using the ratios for each of the Bands as they relate to Band D. The relevant statutory ratios are as follows:

Table 1 - Band Ratio Relative to Band D

Band	Ratio to Band D
A	6/9
B	7/9
C	8/9
D	9/9
E	11/9
F	13/9
G	15/9
H	18/9

- 6.4 Cabinet is advised that, subject to the Draft Budget being recommended as per the earlier agenda item, TMBC's published share of the 2025/26 council tax at Band D will be **£245.30**. This represents a cash increase of £7.14 per annum compared to 2024/25, or 3%.
- 6.5 The level of tax set by the major precepting authorities, Kent County Council, The Police & Crime Commissioner for Kent and the Kent & Medway Fire & Rescue Authority, is then added to establish the overall tax for each band in each part of the area.
- 7 Kent County Council / The Police & Crime Commissioner for Kent / Kent & Medway Fire & Rescue Authority Precepts**
- 7.1 Kent County Council's Cabinet met on 30 January, at which a recommendation concerning its precept was made. The County Council's full Council meeting to confirm the precept is to be held on 13 February.
- 7.2 The Police & Crime Commissioner for Kent's precept and level of Council Tax is due to be considered at a meeting on 5 February and we await confirmation of the outcome.
- 7.3 The Kent & Medway Fire & Rescue Authority's precept and level of Council Tax is due to be agreed on the morning of 18 February.
- 8 Draft Resolution**
- 8.1 Attached at **[Annex 2]** is a draft resolution which seeks to identify for Cabinet the processes which have to be undertaken to arrive at the levels of Council Tax applicable to each part of the Borough. The parts in bold type seek to explain each calculation.
- 8.2 The resolution itself, incorporating the Borough Council's budget and Parish Council precept information and council tax levels for all major precepting authorities, **will be presented to the meeting of the Council on 18 February 2025.**

9 Financial and Value for Money Considerations

9.1 As set out above.

10 Risk Assessment

10.1 The Local Government Act 2003 requires the Chief Financial Officer, when calculating the Council Tax Requirement, to report on the robustness of the estimates included in the budget and the adequacy of the reserves for which the budget provides. Consideration will and is given to the risks associated with any budget setting process where various financial and other assumptions have to be made. To mitigate the risks detailed estimates are formulated in conjunction with Services taking into account past outturn, current spending plans and likely future demand levels / pressures and external guidance on assumptions obtained where appropriate.

10.2 Under the provisions of the Localism Act, any increase in the relevant basic amount of council tax above the principles, however small, will require a referendum to be held which is a risk in itself.

11 Legal Implications

11.1 There are a number of legislative requirements to consider in setting the Budget which will be addressed as we move through the budget cycle.

11.2 The Localism Act introduced a requirement for council tax referendums to be held if an authority increases its relevant basic amount of council tax in excess of principles determined by the Secretary of State and approved by the House of Commons.

12 Equalities and Diversity

12.1 The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. There is no perceived impact on end users.

Background Papers	None
Annexes	Annex 1 – Council Tax Base 2025/26 Annex 2 – Draft Council Tax Resolution 2025/26

COUNCIL TAX - TAX BASE FOR 2025/26

Parish	Tax Base
	Band D Equivalents
ADDINGTON	440.53
AYLESFORD	4,593.21
BIRLING	201.77
BOROUGH GREEN	1,736.49
BURHAM	477.01
DITTON	1,824.19
EAST MALLING & LARKFIELD	5,250.09
EAST PECKHAM	1,349.45
HADLOW	1,587.91
HILDENBOROUGH	2,344.16
IGHTHAM	1,154.46
KINGS HILL	4,751.81
LEYBOURNE	1,919.03
MEREWORTH	465.49
OFFHAM	412.45
PLATT	917.17
PLAXTOL	613.30
RYARSH	375.74
SHIPBOURNE	297.57
SNODLAND	3,944.90
STANSTED	296.64
TROTTISCLIFFE	284.81
WATERINGBURY	961.34
WEST MALLING	1,302.42
WEST PECKHAM	183.15
WOULDHAM	1,301.65
WROTHAM	844.86
TONBRIDGE	14,018.22
TOTAL	53,849.82

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COUNCIL TAX**DRAFT RESOLUTION**

Blank version of the Council Tax Resolution (except for Band D equivalents). Explanatory text is provided in Bold Italics.

1. It be noted that on 18th February 2025 the Council calculated
 - (a) the Council Tax Base 2025/26 for the whole Council area as 53,849.82 [Item T in the formula in Section 31B of the Local Government Finance Act 1992, as amended (the "Act")] and,
 - (b) for dwellings in those parts of its area to which one or more special items (Special expenses and or a Parish precept) relates as follows:

Tonbridge	14,018.22
Addington	440.53
Aylesford	4,593.21
Birling	201.77
Borough Green	1,736.49
Burham	477.01
Ditton	1,824.19
East Malling & Larkfield	5,250.09
East Peckham	1,349.45
Hadlow	1,587.91
Hildenborough	2,344.16
Ightham	1,154.46
Kings Hill	4,751.81
Leybourne	1,919.03
Mereworth	465.49
Offham	412.45
Platt	917.17
Plaxtol	613.30
Ryarsh	375.74
Shipbourne	297.57
Snodland	3,944.90
Stansted	296.64
Trottiscliffe	284.81
Wateringbury	961.34
West Malling	1,302.42
West Peckham	183.15
Wouldham	1,301.65
Wrotham	844.86

2. £ X,XXX,XXX being the Council Tax requirement for the Council's own purposes for 2025/26 (excluding Parish precepts).

Explanatory Notes

1(a) This figure represents the council tax base expressed in Band D equivalents for the whole Tonbridge and Malling area.

1(b) These figures represent the tax base expressed in Band D equivalents for Tonbridge and each Parish.

The tax base for the whole borough, Tonbridge and for each area (Parish) as determined by the Council's Chief Financial Officer.

2 This figure represents the amount of council tax required to support the Council's revenue budget for the year.

3. That the following amounts be calculated for the year 2025/26 in accordance with Sections 31 to 36 of the Act:

- (a) £ XX,XXX,XXX being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(2) of the Act taking into account all precepts issued to it by Parish Councils.
- (b) £ XX,XXX,XXX being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of the Act.
- (c) £ XX,XXX,XXX being the amount by which the aggregate at 3(a) above exceeds the aggregate at 3(b) above, calculated by the Council in accordance with Section 31A(4) of the Act as its Council Tax requirement for the year. (Item R in the formula in Section 31B of the Act).
- (d) £ XXX.XX being the amount at 3(c) above (Item R), all divided by Item T (1(a) above), calculated by the Council, in accordance with Section 31B of the Act, as the basic amount of its Council Tax for the year including Parish precepts.
- (e) £ X,XXX,XXX being the aggregate amount of all special items (Special expenses and Parish precepts) referred to in Section 34(1) of the Act.
- (f) £ XXX.XX being the amount at 3(d) above less the result given by dividing the amount at 3(e) above by Item T (1(a) above), calculated by the Council, in accordance with Section 34(2) of the Act, as the basic amount of its Council Tax for the year for dwellings in those parts of its area to which no special items relate (this is the Council Tax for General Expenses to which Special expenses and Parish precepts are added as applicable).

(g) <u>Part of the Council's area</u>	Band D £
Tonbridge	XXX.XX
Addington	XXX.XX
Aylesford	XXX.XX
Birling	XXX.XX
Borough Green	XXX.XX
Burham	XXX.XX
Ditton	XXX.XX
East Malling & Larkfield	XXX.XX
East Peckham	XXX.XX
Hadlow	XXX.XX
Hildenborough	XXX.XX
Ightham	XXX.XX
Kings Hill	XXX.XX
Leybourne	XXX.XX
Mereworth	XXX.XX
Offham	XXX.XX
Platt	XXX.XX
Plaxtol	XXX.XX
Ryarsh	XXX.XX
Shipbourne	XXX.XX
Snodland	XXX.XX
Stansted	XXX.XX
Trottiscliffe	XXX.XX
Wateringbury	XXX.XX
West Malling	XXX.XX
West Peckham	XXX.XX
Wouldham	XXX.XX
Wrotham	XXX.XX

being the amounts given by adding to the amount at 3(f) above the amounts of the special item or items relating to dwellings in those parts of the Council's area mentioned above divided in each case by the amount at 1(b) above, calculated by the Council, in accordance with Section 34(3) of the Act, as the basic amounts of its council tax for the year for dwellings in those parts of its area to which one or more special items (Special expenses and Parish precepts) relate.

Explanatory Notes

- 3(a) The Council's gross expenditure including special expenses, parish precepts and any deficit on the Collection Funds brought forward.**
- 3(b) The Council's gross income including the amount of NNDR and Revenue Support Grant the Council will receive, plus any surplus on the Collection Funds brought forward.**
- 3(c) The council tax requirement including special expenses and parish precepts.**
- 3(d) The council tax requirement including special expenses and parish precepts divided by the tax base from 1(a) to give the basic amount of Council Tax. (N.B. This is an average inclusive of special expenses and parish precepts for each part of the borough).**
- 3(e) The total amount of all parish precepts and special expenses.**
- 3(f) The amount of Council Tax excluding parish precepts and special expenses that applies to each part of the borough.**
- 3(g) The amounts of Council Tax which are set for each part of the borough to meet both borough and parish requirements including special expenses.**

(h)

Valuation Bands

<u>Part of the Council's area</u>	A £	B £	C £	D £	E £	F £	G £	H £
Tonbridge	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX
Addington	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX
Aylesford	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX
Birling	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX
Borough Green	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX
Burham	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX
Ditton	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX
East Malling & Larkfield	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX
East Peckham	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX
Hadlow	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX
Hildenborough	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX
Ightham	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX
Kings Hill	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX
Leybourne	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX
Mereworth	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX
Offham	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX
Platt	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX
Plaxtol	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX
Ryarsh	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX
Shipbourne	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX
Snodland	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX
Stansted	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX
Trottiscliffe	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX
Wateringbury	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX
West Malling	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX
West Peckham	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX
Wouldham	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX
Wrotham	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX

being the amounts given by multiplying the amounts at 3(g) above by the number which, in the proportion set out in Section 5(1) of the Act, is applicable to dwellings listed in a particular valuation band divided by the number which in that proportion is applicable to dwellings listed in valuation band D, calculated by the Council, in accordance with Section 36(1) of the Act, as the amounts to be taken into account for the year in respect of categories of dwellings listed in different valuation bands.

Explanatory Notes

3(h) The amounts of Council Tax set for each part of the borough, to meet both borough and parish requirements including special expenses.

4. That it be noted that for the year 2025/26 The Police & Crime Commissioner for Kent, the Kent & Medway Fire & Rescue Authority and the Kent County Council have stated the following amounts in precepts issued to the Council, in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of dwellings shown below:

<u>Precepting Authority</u>	<u>Valuation Bands</u>							
	A £	B £	C £	D £	E £	F £	G £	H £
The Police & Crime Commissioner for Kent	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX
Kent & Medway Fire & Rescue Authority	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX
Kent County Council	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX

5. That, having calculated the aggregate in each case of the amounts at 3(h) and 4. above, the Council, in accordance with Sections 30 and 36 of the Local Government Finance Act 1992, hereby sets the following amounts as the amounts of council tax for the year 2025/26, for each of the categories of dwellings shown below:

<u>Part of the Council's area</u>	<u>Valuation Bands</u>							
	A £	B £	C £	D £	E £	F £	G £	H £
Tonbridge	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX
Addington	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX
Aylesford	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX
Birling	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX
Borough Green	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX
Burham	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX
Ditton	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX
East Malling & Larkfield	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX
East Peckham	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX
Hadlow	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX
Hildenborough	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX
Ightham	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX
Kings Hill	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX
Leybourne	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX
Mereworth	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX
Offham	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX
Platt	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX
Plaxtol	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX
Ryarsh	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX
Shipbourne	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX
Snodland	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX
Stansted	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX
Trottscliffe	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX
Wateringbury	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX
West Malling	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX
West Peckham	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX
Wouldham	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX
Wrotham	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX

Explanatory Notes

4 *The Council Tax set by The Police & Crime Commissioner for Kent, Fire Authority and KCC for each band.*

5 *The total Council Tax the Borough Council sets for each band in each part of the borough, inclusive of the KCC, KMFRA, The Police & Crime Commissioner for Kent, borough and parish requirement.*

Agenda Item 11

Due to the timescales and print deadlines, the recommendations of the meeting of Cabinet held on 11 February 2025 will be circulated to Members in advance of the meeting of Council.

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Cabinet

11 February 2025

Part 1 - Public

Recommendation to Council



Cabinet Member	Cllr. Kim Tanner, Cabinet Member for Finance and Housing
Responsible Officer	Sharon Shelton, Director of Finance and Transformation
Report Author	William Waight, Benefits and Welfare Manager

Local Council Tax Reduction Scheme 2025/26

1 Summary and Purpose of Report

- 1.1 A report providing the proposed Tonbridge & Malling Working-Age Local Council Tax Reduction Scheme for 2025/26, requesting Cabinet Members to approve and recommend the updated Scheme to Full Council.

2 Corporate Strategy Priority Area

- 2.1 Efficient services for all our residents, maintaining an effective council.
- 2.2 The Council's Local Council Tax Reduction scheme provides essential support to residents who are on a low income and, where applicable, provides a reduction based on the personal circumstances of each applicant.

3 Recommendations

- 3.1 Cabinet is requested to **RECOMMEND** the draft Local Council Tax Reduction Scheme for 2025/26 to Full Council.

4 Introduction and Background

- 4.1 Each year, Members should approve a Local Council Tax Reduction Scheme at Full Council prior to the beginning of the financial year for which the Scheme is to be effective. Schemes are in two parts: for working-age and pension-age households.
- 4.2 Government sets a prescribed Scheme for pension-age households, which, by default, becomes the annual scheme. Government prescribes a maximum level of support for pension-age households up to 100% of the Council Tax liability.

5 Proposal

- 5.1 For the 2025/26 working-age scheme, changes have been made to bring it in line with statutory prescribed requirements from Government national benefit rates. The scheme has also been uplifted in line with new rates of National Living Wage (NLW) where NLW is used as a factor in calculating income discount bands. The draft scheme is attached at **Annex 1** and the income band table can be found at p104 of the Scheme.
- 5.2 From April 2025, the National Living Wage will increase from £11.44 per hour to £12.21. This increase – around 6.7% – was based on a recommendation of the Low Pay Commission to Government. Were the Council to increase the Local Council Tax Reduction income bands by a lower amount or not at all, it would effectively penalise those households earning NLW rates of pay. It would be a counter-intuitive approach, when Government has introduced measures aimed at easing the impact of rising costs and living for households with low incomes.

6 Financial and Value for Money Considerations

- 6.1 Financial effectiveness and cost of the Scheme will be monitored during the coming year.

7 Risk Assessment

- 7.1 The draft 2025/26 Scheme sets out how the Council will operate its discretionary powers to reduce the risk of legal challenge and provide greater equality in the application of the scheme.

8 Legal Implications

- 8.1 A scheme must be considered and agreed by 11th March prior to the financial year of operation.

9 Consultation and Communications

- 9.1 A formal public consultation is not required in order to adopt this scheme as there are no underlying changes to its operation. It has simply been updated to reflect the increase in NLW and other national benefit rates.
- 9.2 Once adopted the Scheme will be publicised on the Council's website, where it will be available for residents to view.

10 Cross Cutting Issues

10.1 Equalities and Diversity

- 10.1.1 The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. There is no perceived impact on end users.

Background Papers	None
Annexes	Annex 1 – Local CTR Scheme for 25/26

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Tonbridge & Malling Borough Council
Council Tax Reduction Scheme for Working Age Applicants
S13A and Schedule 1a of the Local Government Finance Act 1992

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1.0 Introduction to the Council Tax Reduction Scheme

- 1.1 The following has been adopted by the Council and details the Council Tax Reduction scheme for the period from 1st April 2025.
- 1.2 This document details how the scheme will operate for **working age applicants** and in accordance with Section 13A of the Local Government Finance Act 1992 specifies the classes of person who are to be entitled to a reduction under the scheme and is effective from 1st April 2025 for a period of one financial year.
- 1.3 The scheme in respect of pension age applicants is defined by Central Government within the following:
- Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012;
 - Council Tax Reduction Schemes (Prescribed Requirements and Default Scheme) (England) (Amendment) Regulations 2012;
 - Council Tax Reduction Schemes (Transitional Provision) (England) Regulations 2013;
 - Council Tax Reduction Schemes (Detection of Fraud and Enforcement) (England) Regulations 2013;
 - Council Tax Reduction Schemes (Prescribed Requirements) (England) (Amendment) Regulations 2013;
 - The Council Tax Reduction Schemes (Prescribed Requirements) (England) (Amendment) (No. 2) Regulations 2014
 - The Council Tax Reduction Schemes (Prescribed Requirements) (England) (Amendment) Regulations 2015;
 - The Council Tax Reduction Schemes (Prescribed Requirements) (England) (Amendment) Regulations 2016;
 - The Council Tax Reduction Schemes (Amendment) (England) Regulations 2017;
 - The Council Tax Reduction Schemes (Amendment) (England) Regulations 2018;
 - The Council Tax Reduction Schemes (Amendment) (England) 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 2023;
 - The Council Tax Reduction Schemes (Prescribed Requirements) (England) (Amendment) Regulations 2023;
 - The Council Tax Reduction Schemes (Prescribed Requirements) (England) (Amendment) Regulations 2024;
 - The Council Tax Reduction Schemes (Prescribed Requirements) (England) (Amendment) Regulations 2025: and
 - Local Government Finance Act 1992 (as amended by the Local Government Finance Act 2012).

The scheme for pension age applicants is defined by Central Government's scheme as defined under the Council Tax Reduction Scheme (Prescribed Requirements) (England) Regulations 2012 as amended.

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

(1) In this scheme—

(a) a person is a “pensioner” if—

(i) he has attained the qualifying age for state pension credit; and

(ii), he is not and, if he has a partner, his partner is not—

- (aa) a person on income support, on an income-based jobseeker's allowance or on an income-related employment and support allowance, or
- (bb) a person with an award of universal credit; and
- (b) a person is a "person who is not a pensioner" 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—
 - (aa) a person on income support, on an income-based jobseeker's allowance or on an income-related employment and support allowance, or
 - (bb) a person with an award of universal credit.
- (2) For the purposes of sub-paragraphs (a)(ii)(bb) and (b)(ii)(bb) in paragraph (1) an award of universal credit is to be disregarded during:
 - (a) during the relevant period; or
 - (b) where regulation 60A of the Universal Credit (Transitional Provisions) Regulations 2014 applies in respect of the award the relevant period.
- (3) In this scheme—
 - "assessment period" has the same meaning as in the Universal Credit Regulations 2013;
 - "relevant period" means the period beginning with the day on which P and each partner of P has attained the qualifying age for state pension credit and ending with the day on which the last assessment period for universal credit ends

The three prescribed classes are as follows;

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

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

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

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

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

- a. who is for that day liable to pay council tax in respect of a dwelling of which he is a resident;
- b. who, subject to paragraph 5 of Schedule 1 of the Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012, is not absent from the dwelling throughout the day; in respect of whom a maximum Council Tax Reduction amount can be calculated;
- c. who does not fall within a class of person prescribed for the purposes of paragraph 2(9) of Schedule 1A to the Local Government Finance Act 1992 and excluded from the authority's scheme;
- d. whose income for the relevant week is greater than his applicable amount calculated in accordance with paragraph 9 and Schedule 2 to the Local Government Finance Act 1992;
- e. in respect of whom amount A exceeds amount B where;
 - (i) amount A is the maximum Council Tax Reduction in respect of the day in the applicant's case; and
 - (ii) amount B is 2 6/7 per cent of the difference between his income for the relevant week and his applicable amount;

- g. not have capital savings above £16,000; and
- h. who has made an application for a reduction under the authority's scheme.

Class C: alternative maximum Council Tax Reduction

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

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

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

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

- a. is not a person who, in accordance with Schedule 1 to the 1992 Act, falls to be disregarded for the purposes of discount;
- b. is not a person who is liable for council tax solely in consequence of the provisions of section 9 of the 1992 Act (spouse's or civil partner's joint and several liability for tax);
- c. is not a person who is residing with a couple or with the members of a polygamous marriage where the applicant is a member of that couple or of that marriage and—
 - (i) in the case of a couple, neither member of that couple is a person who, in accordance with Schedule 1 to the 1992 Act, falls to be disregarded for the purposes of discount; or
 - (ii) in the case of a polygamous marriage, two or more members of that marriage are not persons who, in accordance with Schedule 1 to the 1992 Act, fall to be disregarded for the purposes of discount;
- d. is not a person who, jointly with the applicant, falls within the same paragraph of section 6(2)(a) to (e) of the 1992 Act (persons liable to pay council tax) as applies in the case of the applicant; or
- e. is not a person who is residing with two or more persons both or all of whom fall within the same paragraph of section 6(2)(a) to (e) of the 1992 Act where two or more of those persons are not persons who, in accordance with Schedule 1 to the 1992 Act, fall to be disregarded for the purposes of discount.

Disregard of certain incomes

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

- any of the pensions or payments mentioned in sub-paragraphs (a) to (d) above;
- g. pension paid to victims of National Socialist persecution under any special provision made by the law of the Federal Republic of Germany, or any part of it, or of the Republic of Austria.

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

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

- 1.6 The adopted scheme for working age applicants is an income banded / grid scheme means test, which compares income against a range of discounts available. Full details of the working age scheme of the authority are contained within this document from section 2 onwards. The authority is required to specify a scheme for working age and therefore this scheme only applies to a person who;
- a. has not attained the qualifying age for state pension credit; or
 - b. has attained the qualifying age for state pension credit if he, and his partner, is a person on income support, on an income-based Jobseeker's Allowance, on an income-related Employment and Support allowance or on Universal Credit.
- 1.7 The Council has resolved that there will be **one** class of persons who will receive a reduction in line with adopted scheme. The scheme has qualifying criteria. In all cases individuals must not be of a prescribed class exempted from reduction as specified within section 7 of this scheme.

Class D

To obtain reduction the individual (or partner) must:

- a. have not attained the qualifying age for state pension credit; or
- b. he has attained the qualifying age for state pension credit and he, or if he has a partner, his partner, is a person on income support, on income-based jobseeker's allowance or an income-related employment and support allowance; or a person with an award of universal credit.
- c. be liable to pay council tax in respect of a dwelling in which he is solely or mainly resident;
- d. is not deemed to be absent from the dwelling;
- e. not fall within a class of person prescribed for the purposes of paragraph 2(9) of Schedule 1A to the Local Government Finance Act 1992 and excluded from the authority's scheme;
- f. be somebody in respect of whom a maximum Council Tax Reduction amount can be calculated;
- g. not have capital savings above £16,000;
- h. not have income above the levels specified within the scheme;
- i. be a person in respect of whom a day in which s/he is liable to pay council tax 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

This scheme relates to the financial year beginning with 1 April 2025 and should be cited as Tonbridge & Malling Borough Council – Council Tax Reduction Scheme.

Sections 2- 8
Definitions and interpretation

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

2.1 In this scheme–

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

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

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

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

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

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

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

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

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

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

‘appropriate DWP office’ means an office of the Department for Work and Pensions dealing with state pension credit or office which is normally open to the public for the receipt of claims for income support, a jobseeker’s allowance or an employment and support allowance;

‘assessment period’ means such period as is prescribed in sections 19 to 21 over which income falls to be calculated;

‘attendance allowance’ means–

(a) an attendance allowance under Part 3 of the Act;

(b) an increase of disablement pension under section 104 or 105 of the Act;

(c) a payment under regulations made in exercise of the power conferred by paragraph 7(2)(b) of Part 2 of Schedule 8 to the Act;

(d) an increase of an allowance which is payable in respect of constant attendance under paragraph 4 of Part 1 of Schedule 8 to the Act;

(e) a payment by virtue of article 14, 15, 16, 43 or 44 of the Personal Injuries (Civilians) Scheme 1983 or any analogous payment; or

(f) any payment based on need for attendance which is paid as part of a war disablement pension;

‘the authority’ means a billing authority in relation to whose area this scheme has effect by virtue of paragraph 4(6) of Schedule 1A to the 1992 Act;

‘Back to Work scheme(s)’ means any scheme defined within the Jobseekers (Back to Work Schemes) Act 2013 or Jobseeker’s Allowance (Schemes for Assisting Persons to Obtain Employment) Regulations 2013;

‘basic rate’, where it relates to the rate of tax, has the same meaning as in the Income Tax Act 2007 (see section 989 of that Act).

‘the benefit Acts’ means the Act (SSBA) and the Jobseekers Act 1995 and the Welfare Reform Act 2007;

‘board and lodging accommodation’ means accommodation provided to a family, for a charge which is inclusive of the provision of that accommodation and at least some cooked or prepared meals which both are cooked or prepared (by a person other than the person to whom the accommodation is provided or a member of his family) and are consumed in that accommodation or associated premises;

‘care home’ has the meaning given by section 3 of the Care Standards Act 2000 and in Scotland means a care home service within the meaning given by section 2(3) of the Regulation of Care (Scotland) Act 2001 and in Northern Ireland means a nursing home within the meaning of Article 11 of the Health and Personal Social Services (Quality, Improvement and Regulation) (Northern Ireland) Order 2003 or a residential care home within the meaning of Article 10 of that Order;

‘the Caxton Foundation’ means the charitable trust of that name established on 28th March 2011 out of funds provided by the Secretary of State for the benefit of certain persons suffering

from hepatitis C and other persons eligible for payment in accordance with its provisions;

‘child’ means a person under the age of 16;

‘child benefit’ has the meaning given by section 141 of the SSCBA as amended by The Child Benefit (General), Child Tax Credit (Amendment) Regulations 2014 and The Child Benefit (General) (Amendment) Regulations 2015;

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

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

‘claim’ means a claim for Council Tax Reduction;

‘close relative’ means a parent, parent-in-law, son, son-in-law, daughter, daughter-in-law, step-parent, step-son, step-daughter, brother, sister, or if any of the preceding persons is one member of a couple, the other member of that couple;

‘concessionary payment’ means a payment made under arrangements made by the Secretary of State with the consent of the Treasury which is charged either to the National Insurance Fund or to a Departmental Expenditure Vote to which payments of benefit or tax credits under the benefit Acts or the Tax Credits Act are charged;

‘the Consequential Provisions Regulations’ means the Housing Benefit (Consequential Provisions) Regulations 2006;

‘contributory employment and support allowance’ means an allowance under Part 1 of the Welfare Reform Act 2007 as amended by the provisions of Schedule 3, and Part 1 of Schedule 14, to the Welfare Reform Act 2012 that remove references to an income-related allowance and a contributory allowance under Part 1 of the Welfare Reform Act 2007 as that Part has effect apart from those provisions;

‘council tax benefit’ means council tax benefit under Part 7 of the SSCBA;

‘council tax reduction scheme’ has the same meaning as **‘Council Tax Reduction or reduction’**

‘Council Tax Reduction’ means council tax reduction as defined by S13a Local Government Finance Act 1992 (as amended);

‘couple’ means;

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

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

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

‘designated authority’ means any of the following;

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

‘designated office’ means the office designated by the authority for the receipt of claims for Council Tax Reduction;

- (a) by notice upon or with a form approved by it for the purpose of claiming Council Tax Reduction; or
- (b) by reference upon or with such a form to some other document available from it and sent by electronic means or otherwise on application; or
- (c) by any combination of the provisions set out in sub-paragraphs (a) and (b) above;

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

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

‘earnings’ has the meaning prescribed in section 22 or, as the case may be, 24;

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

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

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

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

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

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

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

‘extended reduction’ means a payment of Council Tax Reduction payable pursuant to section 59;

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

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

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

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

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

‘Immigration and Asylum Act’ means the Immigration and Asylum Act 1999;

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

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

‘Income Support Regulations’ means the Income Support (General) Regulations 1987(a);

‘independent hospital’–

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

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

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

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

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

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

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

‘limited capability for work-related activity’ has the meaning given in section 2(5) of the

Welfare Reform Act 2007;

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

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

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

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

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

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

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

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

‘member of a couple’ means a member of a married or unmarried couple;

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

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

‘net earnings’ means such earnings as are calculated in accordance with section 23;

‘net profit’ means such profit as is calculated in accordance with section 25;

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

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

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

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

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

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

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

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

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

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

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

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

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

'ordinary clothing or footwear' means clothing or footwear for normal daily use, but does not include school uniforms, or clothing or footwear used solely for sporting activities;

'partner' in relation to a person, means

(a) where that person is a member of a couple, the other member of that couple;

(b) subject to paragraph (c), where that person is polygamously married to two or more members of his household, any such member to whom he is married; or

(c) where that person is polygamously married and has an award of universal credit with the other party to the earliest marriage that still subsists, that other party to the earliest marriage;

'paternity leave' means a period of absence from work on leave by virtue of section 80A or 80B of the Employment Rights Act 1996;

'payment' includes part of a payment;

'pensionable age' has the meaning given by the rules in paragraph 1 of Schedule 4 to the Pensions Act 1995 as amended by the Public Services Pension Act 2013 and Pensions Act 2014;

'pension fund holder' means with respect to a personal pension scheme or an occupational pension scheme, the trustees, managers or scheme administrators, as the case may be, of the scheme concerned;

'pensioner' a person who has attained the age at which pension credit can be claimed;

'person affected' shall be construed as a person to whom the authority decides is affected by any decision made by the council;

"person from abroad" means, subject to the following provisions of this regulation, a person who is not habitually resident in the United Kingdom, the Channel Islands, the Isle of Man or the Republic of Ireland

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

'personal independence payment' has the meaning given by Part 4 of the Welfare Reform Act 2012 and the Social Security (Personal Independence Payments) 2013;

'person treated as not being in Great Britain' has the meaning given by section 7;

'personal pension scheme' means—

(a) a personal pension scheme as defined by section 1 of the Pension Schemes Act 1993 as amended by the Public Service Pension Act 2013;

(b) an annuity contractor trust scheme approved under section 620 or 621 of the Income and Corporation Taxes Act 1988 or a substituted contract within the meaning of section 622(3) or that Act which is treated as having become a registered pension scheme by virtue of paragraph 1(1)(f) of Schedule 36 of the Finance Act 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 a law which permits polygamy; and

(b) either party to the marriage has for the time being any spouse additional to the other party.

'public authority' includes any person certain of whose functions are functions of a public nature;

'qualifying age for state pension credit' means (in accordance with section 1(2)(b) and (6) of

the State Pension Credit Act 2002)–

(a) in the case of a woman, pensionable age; or

(b) in the case of a man, the age which is pensionable age in the case of a woman born on the same day as the man;

‘qualifying contributory benefit’ means;

(a) severe disablement allowance;

(b) incapacity benefit;

(c) contributory employment and support allowance;

‘qualifying course’ means a qualifying course as defined for the purposes of Parts 2 and 4 of the Job Seeker’s Allowance Regulations 1996

‘qualifying income-related benefit’ means

(a) income support;

(b) income-based jobseeker’s allowance;

(c) income-related employment and support allowance;

‘qualifying person’ means a person in respect of whom payment has been made from the Fund, the Eileen Trust, MFET Limited, the Skipton Fund, the Caxton Foundation or the London Bombings Relief Charitable Fund;

‘reduction week’ means a period of seven consecutive days beginning with a Monday and ending with a Sunday;

‘relative’ means a close relative, grandparent, grandchild, uncle, aunt, nephew or niece;

‘relevant authority’ means an authority administering Council Tax Reduction;

‘relevant week’ In relation to any particular day, means the week within which the day in question falls;

‘remunerative work’ has the meaning prescribed in section 6;

‘rent’ means ‘eligible rent’ to which regulation 12 of the Housing Benefit Regulations refers less any deductions in respect of non-dependants which fall to be made under regulation 74 (non-dependant deductions) of those Regulations;

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

‘Scottish basic rate’ means the rate of income tax of that name calculated in accordance with section 6A of the Income Tax Act 2007;

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

‘second authority’ means the authority to which a mover is liable to make payments for the new dwelling;

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

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

(a) an employment zone programme;

(b) a programme provided or other arrangements made pursuant to section 2 of the 1973 Act (functions of the Secretary of State) or section 2 of the Enterprise and New Towns (Scotland) Act 1990 (functions in relation to training for employment, etc.);

(c) the Employment, Skills and Enterprise Scheme;

(d) a scheme prescribed in regulation 3 of the Jobseeker’s Allowance (Schemes for Assisting Persons to Obtain Employment) Regulations 2013;

(e) Back to Work scheme.

‘Service User’ references in this scheme to an applicant participating as a service user are to

(a) a person who is being consulted by or on behalf of–

(i) the Secretary of State in relation to any of the Secretary of State’s functions in the field of social security or child support or under section 2 of the Employment and Training Act 1973; or

(ii) a body which conducts research or undertakes monitoring for the purpose of planning or improving such functions in their capacity as a person affected or potentially affected by the exercise of those functions or the carer of such a person; or

(b) the carer of a person consulted as described in sub-paragraph (a) where the carer is not being consulted as described in that sub-paragraph.”.

‘service user group’ means a group of individuals that is consulted by or on behalf of;

(a) a Health Board, Special Health Board or the Agency in consequence of a function under

- section 2B of the National Health Service (Scotland) Act 1978,
- (b) a landlord authority in consequence of a function under section 105 of the Housing Act 1985,
 - (c) a public authority in Northern Ireland in consequence of a function under section 49A of the Disability Discrimination Act 1995,
 - (d) a public authority in consequence of a function relating to disability under section 149 of the Equality Act 2010;
 - (e) a best value authority in consequence of a function under section 3 of the Local Government Act 1999,
 - (f) a local authority landlord or registered social landlord in consequence of a function under section 53 of the Housing (Scotland) Act 2001,
 - (g) a relevant English body or a relevant Welsh body in consequence of a function under section 242 of the National Health Service Act 2006,
 - (h) a Local Health Board in consequence of a function under section 183 of the National Health Service (Wales) Act 2006,
 - (i) the Care Quality Commission in consequence of a function under section 4 or 5 of the Health and Social Care Act 2008,
 - (j) the regulator or a private registered provider of social housing in consequence of a function under section 98, 193 or 196 of the Housing and Regeneration Act 2008, or
 - (k) a public or local authority in Great Britain in consequence of a function conferred under any other enactment,

for the purposes of monitoring and advising on a policy of that body or authority which affects or may affect persons in the group, or of monitoring or advising on services provided by that body or authority which are used (or may potentially be used) by those persons;

Severely disabled person is a person which meets the condition in s70(2) Social Security Contributions & Benefits Act 1992'

'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 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;

'the Tax Credits Act' means the Tax Credits Act 2002;

'tax year' means a period beginning with 6th April in one year and ending with 5th April in the next;

'training allowance' means an allowance (whether by way of periodical grants or otherwise) payable—

- (a) out of public funds by a Government department or by or on behalf of the Secretary of State, Skills Development Scotland, Scottish Enterprise or Highlands and Islands Enterprise, the Young People's Learning Agency for England, the Chief Executive of Skills Funding or Welsh Ministers;
- (b) to a person for his maintenance or in respect of a member of his family; and
- (c) for the period, or part of the period, during which he is following a course of training or instruction provided by, or in pursuance of arrangements made with, the department or approved by the department in relation to him or so provided or approved by or on behalf of the Secretary of State, Skills Development Scotland Scottish Enterprise or Highlands and Islands Enterprise or the Welsh Ministers.

It does not include an allowance paid by any Government department to or in respect of a person by reason of the fact that he is following a course of full-time education, other than under arrangements made under section 2 of the 1973 Act or is training as a teacher;

‘the Trusts’ means the Macfarlane Trust, the Macfarlane (Special Payments) Trust and the Macfarlane (Special Payments) (No. 2) Trust;

‘Universal Credit’ means any payment of Universal Credit payable under the Welfare Reform Act 2012, the Universal Credit Regulations 2013, The Universal Credit (Consequential, Supplementary, Incidental and Miscellaneous Provisions) Regulations 2013, Universal Credit (Miscellaneous Amendments) Regulations 2013 and the Universal Credit (Transitional Provisions) Regulations 2014;

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

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

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

‘war pension’ means a war disablement pension, a war widow’s pension or a war widower’s pension;

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

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

‘water charges’ means;

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

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

‘week’ means a period of seven days beginning with a Monday;

‘Working Tax Credit Regulations’ means the Working Tax Credit (Entitlement and Maximum Rate) Regulations 2002 as amended¹; and

‘young person’ has the meaning prescribed in section 9(1) and in section 142 of the SSCBA.

- 2.2 In this scheme, references to an applicant occupying a dwelling or premises as his home shall be construed in accordance with regulation 7 of the Housing Benefit Regulations 2006.
- 2.3 In this scheme, where an amount is to be rounded to the nearest penny, a fraction of a penny shall be disregarded if it is less than half a penny and shall otherwise be treated as a whole penny.
- 2.4 For the purpose of this scheme, a person is on an income-based jobseeker’s allowance on any day in respect of which an income-based jobseeker’s allowance is payable to him and on any day;
- (a) in respect of which he satisfies the conditions for entitlement to an income-based jobseeker’s allowance but where the allowance is not paid in accordance with regulation 27A of the Jobseeker’s Allowance Regulations or section 19 or 20A or regulations made under section 17A of the Jobseekers Act (circumstances in which a jobseeker’s allowance is not payable); or
- (b) which is a waiting day for the purposes of paragraph 4 of Schedule 1 to that Act and which falls immediately before a day in respect of which an income-based jobseeker’s allowance is payable to him or would be payable to him but for regulation 27A of the

¹ The Working Tax Credit (Entitlement and Maximum Rate) (Amendment) Regulations 2013; The Working Tax Credit (Entitlement and Maximum Rate) (Amendment) Regulations 2015

- Jobseeker's Allowance Regulations or section 19 or 20A or regulations made under section 17A of that Act;
- (c) in respect of which he is a member of a joint-claim couple for the purposes of the Jobseekers Act and no joint-claim jobseeker's allowance is payable in respect of that couple as a consequence of either member of that couple being subject to sanctions for the purposes of section 20A of that Act;
 - (d) in respect of which an income-based jobseeker's allowance or a joint-claim jobseeker's allowance would be payable but for a restriction imposed pursuant to section 6B, 7, 8 or 9 of the Social Security Fraud Act 2001 (loss of benefit provisions).
- 2.5 For the purposes of this scheme, a person is on an income-related employment and support allowance on any day in respect of which an income-related employment and support allowance is payable to him and on any day;
- (a) in respect of which he satisfies the conditions for entitlement to an income-related employment and support allowance but where the allowance is not paid in accordance with section 18 of the Welfare Reform Act disqualification; or
 - (b) which is a waiting day for the purposes of paragraph 2 of Schedule 2 to that Act and which falls immediately before a day in respect of which an income-related employment and support allowance is payable to him or would be payable to him but for section 18 of that Act.
- 2.6 For the purposes of this scheme, two persons shall be taken to be estranged only if their estrangement constitutes a breakdown of the relationship between them.
- 2.7 In this scheme, references to any person in receipt of state pension credit includes a person who would be in receipt of state pension credit but for regulation 13 of the State Pension Credit Regulations 2002 (small amounts of state pension credit).
- 3.0 Definition of non-dependant**
- 3.1 In this scheme, 'non-dependant' means any person, except someone to whom paragraph 3.2 applies, who normally resides with an applicant or with whom an applicant normally resides.
- 3.2 This paragraph applies to;
- (a) any member of the applicant's family;
 - (b) if the applicant is polygamously married, any partner of his and any child or young person who is a member of his household and for whom he or one of his partners is responsible;
 - (c) a child or young person who is living with the applicant but who is not a member of his household by virtue of section 11(membership of the same household);
 - (d) subject to paragraph 3.3, any person who, with the applicant, is jointly and severally liable to pay council tax in respect of a dwelling for any day under sections 6, 7 or 75 of the 1992 Act (persons liable to pay council tax);
 - (e) subject to paragraph 3.3, any person who is liable to make payments on a commercial basis to the applicant or the applicant's partner in respect of the occupation of the dwelling;
 - (f) a person who lives with the applicant in order to care for him or a partner of his and who is engaged by a charitable or voluntary organisation which makes a charge to the applicant or his partner for the services provided by that person.
- 3.3 Excepting persons to whom paragraph 3.2 a) to c) and f) refer, a person to whom any of the following sub-paragraphs applies shall be a non-dependant—
- (a) a person who resides with the person to whom he is liable to make payments in respect of the dwelling and either;
 - i. that person is a close relative of his or her partner; or
 - ii. the tenancy or other agreement between them is other than on a commercial basis;
 - (b) a person whose liability to make payments in respect of the dwelling appears to the

authority to have been created to take advantage of the Council Tax Reduction scheme except someone who was, for any period within the eight weeks prior to the creation of the agreement giving rise to the liability to make such payments, otherwise liable to make payments of rent in respect of the same dwelling;

- (c) a person who becomes jointly and severally liable with the applicant for council tax in respect of a dwelling and who was, at any time during the period of eight weeks prior to his becoming so liable, a non-dependant of one or more of the other residents in that dwelling who are so liable for the tax, unless the authority is satisfied that the change giving rise to the new liability was not made to take advantage of the support scheme.

4.0 Requirement to provide a National Insurance Number²

4.1 No person shall be entitled to support unless the criteria below in 4.2 is satisfied in relation both to the person making the claim and to any other person in respect of whom he is claiming support.

4.2 This subsection is satisfied in relation to a person if–

- (a) the claim for support is accompanied by;
 - i. a statement of the person’s national insurance number and information or evidence establishing that that number has been allocated to the person; or
 - ii. information or evidence enabling the national insurance number that has been allocated to the person to be ascertained; or
- (b) the person makes an application for a national insurance number to be allocated to him which is accompanied by information or evidence enabling such a number to be so allocated and the application for reduction is accompanied by evidence of the application and information to enable it to be allocated.

4.3 Paragraph 4.2 shall not apply–

- (a) in the case of a child or young person in respect of whom Council Tax Reduction is claimed;
- (b) to a person who;
 - i. is a person in respect of whom a claim for Council Tax Reduction is made;
 - ii. is subject to immigration control within the meaning of section 115(9)(a) of the Immigration and Asylum Act; and
 - iii. has not previously been allocated a national insurance number.

5.0 Persons who have attained the qualifying age for state pension credit

5.1 This scheme applies to a person if:

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

5.2 For the purpose of this scheme an award of universal credit shall be disregarded where regulation 60A of the Universal Credit (Transitional Provisions) Regulations 2014 applies in respect of the award

6.0 Remunerative work

6.1 Subject to the following provisions of this section, a person shall be treated for the purposes of this scheme as engaged in remunerative work if he is engaged, or, where his hours of work fluctuate, he is engaged on average, for not less than 16 hours a week, in work for which

² Inserted by Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012

payment is made or which is done in expectation of payment.

- 6.2 Subject to paragraph 6.3, in determining the number of hours for which a person is engaged in work where his hours of work fluctuate, regard shall be had to the average of hours worked over;
- (a) if there is a recognisable cycle of work, the period of one complete cycle (including, where the cycle involves periods in which the person does no work, those periods but disregarding any other absences);
 - (b) in any other case, the period of 5 weeks immediately prior to that date of claim, or such other length of time as may, in the particular case, enable the person's weekly average hours of work to be determined more accurately,
- 6.3 Where, for the purposes of paragraph 6.2 a), a person's recognisable cycle of work at a school, other educational establishment or other place of employment is one year and includes periods of school holidays or similar vacations during which he does not work, those periods and any other periods not forming part of such holidays or vacations during which he is not required to work shall be disregarded in establishing the average hours for which he is engaged in work.
- 6.4 Where no recognisable cycle has been established in respect of a person's work, regard shall be had to the number of hours or, where those hours will fluctuate, the average of the hours, which he is expected to work in a week.
- 6.5 A person shall be treated as engaged in remunerative work during any period for which he is absent from work referred to in paragraph 6.1 if the absence is either without good cause or by reason of a recognised customary or other holiday.
- 6.6 A person on Income Support, an income-based Jobseeker's Allowance or an income-related Employment and Support Allowance for more than 3 days shall be treated as not being in remunerative work in that week.
- 6.7 A person shall not be treated as engaged in remunerative work on any day on which the person is on maternity leave, paternity leave or adoption leave, or is absent from work because he is ill.
- 6.8 A person shall not be treated as engaged in remunerative work on any day on which he is engaged in an activity in respect of which;
- (a) a sports award has been made, or is to be made, to him; and
 - (b) no other payment is made or is expected to be made to him.

7.0 Persons treated as not being in Great Britain and Persons Subject to Immigration Control

Persons treated as not being in Great Britain

- 7.1 Persons treated as not being in Great Britain are a class of person prescribed for the purposes of paragraph 2(9)(b) of Schedule 1A to the 1992 Act and which must not be included in an authority's scheme.
- 7.2 Except where a person falls within paragraph (5) or (6), a person is to be treated as not being in Great Britain if the person is not habitually resident in the United Kingdom, the Channel Islands, the Isle of Man or the Republic of Ireland.
- 7.3 A person must not be treated as habitually resident in the United Kingdom, the Channel Islands, the Isle of Man or the Republic of Ireland unless the person has a right to reside in one of those places.
- 7.4 For the purposes of paragraph (3), a right to reside does not include a right, which exists by virtue of, or in accordance with—

- (a) regulation 13 of the EEA Regulations;
- (aa) regulation 14 of the EEA Regulations, but only in a case where the right exists under that regulation because the person is—
 - (i) a jobseeker for the purpose of the definition of “qualified person” in regulation 6(1) of those Regulations, or
 - (ii) a family member (within the meaning of regulation 7 of those Regulations) of such a jobseeker;
- (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).

7.4A 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.

7.5 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;
- (zd) a person who was residing in Israel, the West Bank, the Gaza Strip, East Jerusalem, the Golan Heights or Lebanon immediately before 7th October 2023, left Israel, the West Bank, the Gaza Strip, East Jerusalem, the Golan Heights or Lebanon in connection with the Hamas terrorist attack in Israel on 7th October 2023 or the violence which rapidly escalated in the region following the attack and—
 - (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;
- (ze) a person who was residing in Sudan before 15th April 2023, left Sudan in connection with the violence which rapidly escalated on 15th April 2023 in Khartoum and across Sudan and—

- (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);

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

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

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

Persons subject to immigration control

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

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

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

7A.0 Transitional provision

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

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

7A.2 The events are—

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

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

8.0 Temporary Absence (period of absence)

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

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

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

- (a) a period of absence within Great Britain not exceeding 13 weeks, beginning with the first whole day on which a person resides in residential accommodation in Great Britain 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 within Great Britain not exceeding 52 weeks, beginning with the first whole day of absence, where and for so long as

- i. the person intends to return to the dwelling;
 - ii. the part of the dwelling in which he usually resided is not let or sub-let;
 - iii. the person is a person to whom paragraph 8.4 applies; and
 - iv. the period of absence is unlikely to exceed 52 weeks or, in exceptional circumstances, is unlikely substantially to exceed that period.

- 8.3A A person who is temporarily absent from a dwelling he occupies as his home and is absent outside Great Britain shall be treated as occupying that dwelling as his home whilst he is temporarily absent, for a period not exceeding 4 weeks beginning with the first day of that absence from Great Britain, provided that—
- (a) the person intends to return to occupy the dwelling as his home;
 - (b) the part of the dwelling normally occupied by the person has not been let or, as the case may be, sub-let; and
 - (c) the period of absence is unlikely to exceed 4 weeks.
- 8.3B A person who is temporarily absent from a dwelling he occupies as his home and is absent outside of Great Britain as a member of the armed forces away on operations, a mariner or a continental shelf worker shall be treated as occupying that dwelling as his home whilst he is temporarily absent, for a period not exceeding 26 weeks beginning with the first day of that absence from Great Britain, provided that—
- (a) the person intends to return to occupy the dwelling as his home;
 - (b) the part of the dwelling normally occupied by the person has not been let or, as the case may be, sub-let; and
 - (c) the period of absence is unlikely to exceed 26 weeks.
- 8.3C This paragraph applies where—
- (a) a person is temporarily absent from Great Britain;
 - (b) the temporary absence from Great Britain is in connection with the death of the—
 - (i) person's partner or a child or young person for whom he or his partner is responsible;
 - (ii) person's close relative;
 - (iii) close relative of the person's partner; or
 - (iv) close relative of a child or young person for whom the person or their partner is responsible;
 - (c) the person intends to return to occupy the dwelling as his home; and
 - (d) the part of the dwelling normally occupied by the person has not been let or, as the case may be, sub-let.
- 8.3D person to whom paragraph (8.3C) applies shall be treated as occupying a dwelling he is absent from as his home whilst he is temporarily absent for a period not exceeding 4 weeks beginning with the first day of that absence from Great Britain.
- 8.3E The period of absence in paragraph (8.3D) may be extended by up to 4 further weeks if the relevant authority considers it unreasonable to expect the person to return to Great Britain within the first 4 weeks
- 8.4 This paragraph applies to a person who is;
- (a) detained in custody on remand pending trial or required, as a condition of bail, to reside;
 - i. in a dwelling, other than the dwelling referred to in paragraph 8.1, or
 - ii. in premises approved under section 13 of the Offender Management Act 2007, 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 Great Britain or elsewhere, medical treatment, or medically approved convalescence, in accommodation other than residential accommodation;
 - (d) following, in Great Britain or elsewhere, a training course;

- (e) undertaking medically approved care of a person residing in Great Britain 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 Great Britain, receiving medically approved care provided in accommodation other than residential accommodation;
- (h) a student;
- (i) receiving care provided in residential accommodation other than a person to whom paragraph 8.3a) applies; or
- (j) has left the dwelling he resides in through fear of violence, in that dwelling, or by a person who was formerly a member of the family of the person first mentioned.

8.5 This paragraph applies to a person who is:

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

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

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

8.7 In this section;

- ‘medically approved’ means certified by a medical practitioner;
- ‘continental shelf worker’ means a person who is employed, whether under a contract of service or not, in a designated area or a prescribed area in connection with any activity mentioned in section 11(2) of the Petroleum Act 1998
- ‘designated area’ means any area which may from time to time be designated by Order in Council under the Continental Shelf Act 1964 as an area within which the rights of the United Kingdom with respect to the seabed and subsoil and their natural resources may be exercised;

“mariner” means a person who is employed under a contract of service either as a master or member of the crew of any ship or vessel, or in any other capacity on board any ship or vessel, where:

- a) the employment in that capacity is for the purposes of that ship or vessel or its crew or any passengers or cargo or mails carried by the ship or vessel; and
- b) the contract is entered into in the United Kingdom with a view to its performance (in whole or in part) while the ship or vessel is on its voyage
- ‘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;

- prescribed area” means any area over which Norway or any member State (other than the United Kingdom) exercises sovereign rights for the purpose of exploring the seabed and subsoil and exploiting their natural resources, being an area outside the territorial seas of Norway or such member State or any other area which is from time to time specified under section 10(8) of the Petroleum Act 1998
- ‘training course’ means a course of training or instruction provided wholly or partly by or on behalf of or in pursuance of arrangements made with, or approved by or on behalf of, Skills Development Scotland, Scottish Enterprise, Highlands and Islands Enterprise, a government department or the Secretary of State.

Sections 9 - 11
The family for Council Tax Reduction purposes

9.0 Membership of a family

9.1 Within the support scheme adopted by the Council 'family' means;

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

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

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

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

9.2 Paragraph 9.1 the definition of child or young person shall not apply to a person who is;

- (a) on income support;
- (b) an income-based Jobseeker's Allowance or an income-related Employment and Support allowance; or has an award of Universal Credit; or
- (c) a person to whom section 6 of the Children (Leaving Care) Act 2000 (exclusion from benefits) applies.

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

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

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

10.2 Where a child or young person spends equal amounts of time in different households, or where there is a question as to which household he is living in, the child or young person shall be treated for the purposes of paragraph 9.1 as normally living with;

- (a) the person who is receiving child benefit in respect of him; or
- (b) if there is no such person;
 - i. where only one claim for child benefit has been made in respect of him, the person who made that claim; or

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

10.3 For the purposes of this scheme a child or young person shall be the responsibility of only one person 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.

10.4 In accordance with Schedule 1 of this scheme, the number of dependants determined to be within the household shall be limited to two.

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

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

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

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

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

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

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

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

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

Sections 12 – 30 & Schedules 2 & 3
Definition and the treatment of income for Council Tax Reduction purposes

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

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

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

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

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

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

- 13.1 In determining the income of an applicant
- (a) who has, or
 - (b) who (jointly with his partner) has,
- an award of universal credit the authority may subject to the following provisions of this paragraph use the calculation or estimate of the income of the applicant, or the applicant and his partner jointly (as the case may be), made by the Secretary of State for the purpose of determining the award of universal credit.
- 13.2 The authority may adjust the amount referred to in sub-paragraph (1) to take account of
- (a) income consisting of the award of universal credit, determined in accordance with subparagraph (3) and a sum determined as an amount for housing costs;
 - (b) any sum to be disregarded under paragraphs of Schedule 2 to this scheme (sums to be disregarded in the calculation of earnings);
 - (c) any sum to be disregarded under Schedule 3 to this scheme (sums to be disregarded in the calculation of income other than earnings);
 - (d) such further reduction (if any) as the authority thinks fit under section 13A(1)(c) of the 1992 Act (power of billing authority to reduce amount of council tax payable)
- 13.3 The amount for the award of universal credit is to be determined by multiplying the amount of the award by 12 and dividing the product by 52.
- 13.4 Sections 14 (income and capital of non-dependant to be treated as applicant's) apply (so far as relevant) for the purpose of determining any adjustments, which fall to be made to the figure for income under sub-paragraph (2)
- 13.5 In determining the capital of an applicant;
- (a) who has, or
 - (b) who (jointly with his partner) has,
- an award of universal credit, the authority must use the calculation or estimate of the capital of the applicant, or the applicant and his partner jointly (as the case may be), made by the Secretary of State for the purpose of determining that award

14.0 Circumstances in which capital and income of non-dependant is to be treated as applicant's

14.1 Where it appears to the authority that a non-dependant and the applicant have entered into arrangements in order to take advantage of the Council Tax Reduction scheme and the non-dependant has more capital and income than the applicant, that authority shall, except where the applicant is on income support, an income- based jobseeker's allowance or an income-related employment and support allowance, treat the applicant as possessing capital and income belonging to that non-dependant, and, in such a case, shall disregard any capital and income which the applicant does possess.'

14.2 Where an applicant is treated as possessing capital and income belonging to a non-dependant under paragraph 14.1 the capital and income of that non-dependant shall be calculated in accordance with the following provisions in like manner as for the applicant and any reference to the 'applicant' shall, except where the context otherwise requires, be construed for the purposes of this scheme as if it were a reference to that non-dependant.

15.0 Calculation of income on a weekly basis

15.1 For the purposes of this scheme and in line with regulation 34 of the Housing Benefit Regulations 2006 (disregard to changes in tax, contributions etc.), the income of an applicant shall be calculated on a weekly basis by estimating the amount which is likely to be his average weekly income in accordance with this Section and in line with Sections 2, 3, 4 and 5 of Part 6 of the Housing Benefit Regulations 2006.

15.2 The conditions of this paragraph are that;

- a. the applicant's earnings which form part of his average weekly income are less than the lower of either his relevant childcare charges or whichever of the deductions specified in paragraph (3) otherwise applies in his case;
- b. that applicant or, if he is a member of a couple either the applicant or his partner, is in receipt of either working tax credit or child tax credit; and
- c. by then deducting any relevant child care charges to which section 18 (treatment of child care charges) applies from any earnings which form part of the average weekly income or, in a case where the conditions in paragraph 18.2 are met, from those earnings plus whichever credit specified in sub- paragraph (b) of that paragraph is appropriate, up to a maximum deduction in respect of the applicant's family of whichever of the sums specified in paragraph (3) applies in his case.

15.3 The maximum deduction to which paragraph 15.1 c) above refers shall be;

- a. where the applicant's family includes only one child in respect of whom relevant child care charges are paid, £175.00 per week.
- b. where the applicant's family includes more than one child in respect of whom relevant child care charges are paid, £300.00 per week.

The amounts stated in this paragraph shall be amended in accordance with the Housing Benefit Regulations 2006 (as amended).

16.0 Average weekly earnings of employed earners

16.1 Where an applicant's income consists of earnings from employment as an employed earner his average weekly earnings shall be estimated by reference to his earnings from that employment—

- (a) over a period immediately preceding the reduction week in which the claim is made or treated as made and being a period of
 - i. 5 weeks, if he is paid weekly; or
 - ii. 2 months, if he is paid monthly; or
- (b) whether or not sub-paragraph 16.1a i) or ii) applies, where an applicant's earnings fluctuate, over such other period preceding the reduction week in which the claim is made or treated

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

16.2 Where the applicant has been in his employment for less than the period specified in paragraph 16.1 a)(i) or (ii)

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

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

16.4 For the purposes of this section the applicant's earnings shall be calculated in accordance with sections 22 and 23

17.0 Average weekly earnings of self-employed earners

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

17A.0 Average weekly income other than earnings

17A.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 but the length of the period shall not in any case exceed 52 weeks.

18.0 Treatment of child care charges

18.1 This section applies where an applicant is incurring relevant child-care charges and;

- a. is a lone parent and is engaged in remunerative work;
- b. is a member of a couple both of whom are engaged in remunerative work; or
- c. is a member of a couple where one member is engaged in remunerative work and the other;
 - i. is incapacitated;
 - ii. is an in-patient in hospital; or
 - iii. is in prison (whether serving a custodial sentence or remanded in custody awaiting trial or sentence).

18.2 For the purposes of paragraph 18.1 and subject to paragraph 18.4, a person to whom paragraph 18.3 applies shall be treated as engaged in remunerative work for a period not exceeding 28 weeks during which he—

- a. is paid statutory sick pay;
- b. is paid short-term incapacity benefit at the lower rate under sections 30A to 30E of the Act;
- c. is paid an employment and support allowance;
- d. is paid income support on the grounds of incapacity for work under regulation 4ZA of, and paragraph 7 or 14 of Schedule 1B to, the Income Support Regulations 1987; or
- e. is credited with earnings on the grounds of incapacity for work or limited capability for work under regulation 8B of the Social Security (Credits) Regulations 1975.

- 18.3 This paragraph applies to a person who was engaged in remunerative work immediately before
- a. the first day of the period in respect of which he was first paid statutory sick pay, short-term incapacity benefit, an employment and support allowance or income support on the grounds of incapacity for work; or
 - b. the first day of the period in respect of which earnings are credited, as the case may be.
- 18.4 In a case to which paragraph 18.2 d) or e) applies, the period of 28 weeks begins on the day on which the person is first paid income support or on the first day of the period in respect of which earnings are credited, as the case may be.
- 18.5 Relevant child care charges are those charges for care to which paragraphs 18.6 and 18.7 apply, and shall be calculated on a weekly basis in accordance with paragraph 18.10.
- 18.6 The charges are paid by the applicant for care, which is provided
- a. in the case of any child of the applicant's family who is not disabled, in respect of the period beginning on that child's date of birth and ending on the day preceding the first Monday in September following that child's fifteenth birthday; or
 - b. in the case of any child of the applicant's family who is disabled, in respect of the period beginning on that person's date of birth and ending on the day preceding the first Monday in September following that person's sixteenth birthday.
- 18.7 The charges are paid for care, which is provided by one, or more of the care providers listed in paragraph 18.8 and are not paid—
- a. in respect of the child's compulsory education;
 - b. by an applicant to a partner or by a partner to an applicant in respect of any child for whom either or any of them is responsible in accordance with section 10 (circumstances in which a person is treated as responsible or not responsible for another); or
 - c. in respect of care provided by a relative of the child wholly or mainly in the child's home.
- 18.8 The care to which paragraph 18.7 refers may be provided;
- a. out of school hours, by a school on school premises or by a local authority;
 - i. for children who are not disabled in respect of the period beginning on their eight birthday and ending on the day preceding the first Monday in September following their fifteenth birthday; or
 - ii. for children who are disabled in respect of the period beginning on their eight birthday and ending on the day preceding the first Monday in September following their sixteenth birthday; or
 - b. by a child care provider approved in accordance with by the Tax Credit (New Category of Child Care Provider) Regulations 1999;
 - c. by persons registered under Part 2 of the Children and Families (Wales) Measure 2010; or
 - d. by a person who is excepted from registration under Part 2 of the Children and Families (Wales) Measure 2010 because the child care that person provides is in a school or establishment referred to in article 11, 12 or 14 of the Child Minding and Day Care Exceptions (Wales) order 2010; or
 - e. by;
 - i. persons registered under section 59(1) of the Public Services Reform Scotland Act 2010; or
 - ii. local authorities registered under section 8(1) of that Act, where the care provided is child minding or daycare within the meaning of that Act; or
 - f. by a person prescribed in regulations made pursuant to section 12(4) of the Tax Credits Act 2002 or
 - g. by a person who is registered under Chapter 2 or 3 of Part 3 of the Childcare Act 2006; or
 - h. by any of the schools mentioned in section 34(2) of the Childcare Act 2006 in

- circumstances where the requirement to register under Chapter 2 of Part 3 of that Act does not apply by virtue of section 34(2) of that Act; or
- i. by any of the schools mentioned in section 53(2) of the Childcare Act 2006 in circumstances where the requirement to register under Chapter 3 of Part 3 of that Act does not apply by virtue of section 53(2) of that Act; or
- j. by any of the establishments mentioned in section 18(5) of the Childcare Act 2006 in circumstances where the care is not included in the meaning of 'childcare' for the purposes of Part 1 and Part 3 of that Act by virtue of that subsection; or
- k. by a foster parent or kinship carer under the Fostering Services Regulations 2002, the Fostering Services (Wales) Regulations 2003 or the Looked After Children (Scotland) Regulations 2009 in relation to a child other than one whom the foster parent is fostering or kinship carer is looking after; or
- l. by a domiciliary care worker under the Domiciliary Care Agencies Regulations 2002 or the Domiciliary Care Agencies (Wales) Regulations 2004; or
- m. by a person who is not a relative of the child wholly or mainly in the child's home.

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

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

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

- a. the applicant's applicable amount includes a disability premium on account of the other member's incapacity or the support component or the work-related activity component on account of his having limited capability for work
- b. the applicant's applicable amount would include a disability premium on account of the other member's incapacity but for that other member being treated as capable of work by virtue of a determination made in accordance with regulation made under section 171E of the Act;
- c. the applicant's applicable amount would include the support component or the work-related activity component on account of the other member having limited capability for work but for that other member being treated as not having limited capability for work by virtue of a determination made in accordance with the Employment and Support Allowance Regulations 2008 or Employment and Support Regulations 2013;
- d. the applicant (within the meaning of this scheme) is, or is treated as, incapable of work and has been so incapable, or has been so treated as incapable, of work in accordance with the provisions of, and regulations made under, Part 12A of the Act (incapacity for work) for a continuous period of not less than 196 days; and for this purpose any two or more separate periods separated by a break of not more than 56 days shall be treated as one continuous period;
- e. the applicant (within the meaning of this scheme) has, or is treated as having, limited capability for work and has had, or been treated as having, limited capability for work in accordance with the Employment and Support Allowance Regulations 2008 or Employment and Support Regulations 2013 for a continuous period of not less than 196 days and for this purpose any two or more separate periods separated by a break of not more than 84 days must be treated as one continuous period;
- f. there is payable in respect of him one or more of the following pensions or allowances—
 - i. long-term incapacity benefit or short-term incapacity benefit at the higher rate under Schedule 4 to the Act;
 - ii. attendance allowance under section 64 of the Act;
 - iii. severe disablement allowance under section 68 of the Act;
 - iv. disability living allowance under section 71 of the Act;

- v. personal independence payment under the Welfare Reform Act 2012;
- vi. an AFIP;
- vii. increase of disablement pension under section 104 of the Act;
- viii. a pension increase paid as part of a war disablement pension or under an industrial injuries scheme which is analogous to an allowance or increase of disablement pension under head (ii), (iv) or (vii) above;
- ix. main phase employment and support allowance;
- g. a pension or allowance to which head (ii), (iv), (vi) or (viii) of sub-paragraph (f) above refers was payable on account of his incapacity but has ceased to be payable in consequence of his becoming a patient, which in this section shall mean a person (other than a person who is serving a sentence of imprisonment or detention in a youth custody institution) who is regarded as receiving free in-patient treatment within the meaning of social security (Hospital In-Patients) Regulations 2005.
- h. an AFIP would be payable to that person but for any suspension of payment in accordance with any terms of the armed and reserve forces compensation scheme which allow for a suspension because a person is undergoing medical treatment in a hospital or similar institution;
- i. paragraphs (f) or (g) would apply to him if the legislative provisions referred to in those sub-paragraphs were provisions under any corresponding enactment having effect in Northern Ireland; or
- j. he has an invalid carriage or other vehicle provided to him by the Secretary of State under section 5(2)(a) of and Schedule 2 to the National Health Service Act 1977 or under section 46 of the National Health Service (Scotland) Act 1978 or provided by the Department of Health, Social Services and Public Safety in Northern Ireland under Article 30(1) of the Health and Personal Social Services (Northern Ireland) Order 1972.

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

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

18.13 For the purposes of paragraphs 18.6 and 18.8 a), a person is disabled if he is a person—

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

18.14 For the purposes of paragraph 18.1 a person on maternity leave, paternity leave or adoption leave shall be treated as if she is engaged in remunerative work for the period specified in paragraph 18.15 ('the relevant period') provided that—

- a. in the week before the period of maternity leave, paternity leave, shared parental leave or adoption leave began the person was in remunerative work or adoption leave began they were in remunerative work;
- b. the applicant is incurring relevant child care charges within the meaning of paragraph 18.5; and

- c. They are entitled to either statutory maternity pay under section 164 of the Act, statutory paternity pay by virtue of section 171ZA or 171ZB of the Act statutory adoption pay by of section 171ZL of the Act, maternity allowance under section 35 of the Act or qualifying support.

18.15 For the purposes of paragraph 18.14 the relevant period shall begin on the day on which the person's maternity, paternity leave or adoption leave commences and shall end on—

- a. the date that leave ends;
- b. if no child care element of working tax credit is in payment on the date that entitlement to maternity allowance, qualifying support, statutory maternity pay, statutory paternity pay or statutory adoption pay ends, the date that entitlement ends; or
- c. if a child care element of working tax credit is in payment on the date that entitlement to maternity allowance or qualifying support, statutory maternity pay or statutory adoption pay ends, the date that entitlement to that award of the child care element of the working tax credits ends.

whichever shall occur first.

18.16 In paragraphs 18.14 and 18.15

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

18.17 In this section 'applicant' does not include an applicant;

- a. who has, or
- b. who (jointly with his partner) has, an award of universal credit

19.0 Calculation of average weekly income from tax credits

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

19.2 Where this section applies, the period over which a tax credit is to be taken into account shall be the period set out in paragraph 19.3

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

- (a) a daily instalment, the period is 1 day, being the day in respect of which the instalment is paid;
- (b) a weekly instalment, the period is 7 days, ending on the day on which the instalment is due to be paid;
- (c) a two-weekly instalment, the period is 14 days, commencing 6 days before the day on which the instalment is due to be paid;
- (d) a four-weekly instalment, the period is 28 days, ending on the day on which the instalment is due to be paid.

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

20.0 Calculation of weekly income

20.1 For the purposes of the average weekly earnings of employed earners and average weekly income other than earnings and calculation of average weekly income from tax credits, where the period in respect of which a payment is made;

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

the number of days in the period to which it relates and multiplying the product by 7.

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

21.0 Disregard of changes in tax, contributions etc.

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

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

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

22.0 Earnings of employed earners

- 22.1 Subject to paragraph 22.2, 'earnings' means in the case of employment as an employed earner, any remuneration or profit derived from that employment and includes—

- (a) any bonus or commission;
- (b) any payment in lieu of remuneration except any periodic sum paid to an applicant on account of the termination of his employment by reason of redundancy;
- (c) any payment in lieu of notice or any lump sum payment intended as compensation for the loss of employment but only in so far as it represents loss of income;
- (d) any holiday pay except any payable more than 4 weeks after termination or interruption of the employment;
- (e) any payment by way of a retainer;
- (f) any payment made by the applicant's employer in respect of expenses not wholly, exclusively and necessarily incurred in the performance of the duties of the employment, including any payment made by the applicant's employer in respect of—
 - (i) travelling expenses incurred by the applicant between his home and his place of employment;
 - (ii) expenses incurred by the applicant under arrangements made for the care of a member of his family owing to the applicant's absence from home;
- (g) any award of compensation made under section 112(4) or 117(3)(a) of the Employment Rights Act 1996 (remedies and compensation for unfair dismissal);
- (h) any payment or remuneration made under section 28, 34, 64, 68 or 70 of the Employment Rights Act 1996 (right to guarantee payments, remuneration on suspension on medical or maternity grounds, complaints to employment tribunals);
- (i) any such sum as is referred to in section 112 of the Act (certain sums to be earnings for social security purposes);
- (j) any statutory sick pay, statutory maternity pay, statutory paternity pay, shared parental pay or statutory adoption pay, or a corresponding payment under any enactment having effect in Northern Ireland;
- (k) any remuneration paid by or on behalf of an employer to the applicant who for the time

- being is on maternity leave, paternity leave, shared parental pay or adoption leave or is absent from work because he is ill;
- (l) the amount of any payment by way of a non-cash voucher which has been taken into account in the computation of a person's earnings in accordance with Part 5 of Schedule 3 to the Social Security (Contributions) Regulations 2001 as amended³.

22.2 Earnings shall not include—

- (a) subject to paragraph 22.3, any payment in kind;
- (b) any payment in respect of expenses wholly, exclusively and necessarily incurred in the performance of the duties of employment;
- (c) any occupational pension
- (d) any payment in respect of expenses arising out of the applicant's participation in a service user group or an applicant participating as a service user

22.3 Paragraph 22.2 (a) shall not apply in respect of any non-cash voucher referred to in paragraph 22.1 (l)

23.0 Calculation of net earnings of employed earners

23.1 For the purposes of section 16 (average weekly earnings of employed earners), the earnings of an applicant derived or likely to be derived from employment as an employed earner to be taken into account shall, subject to paragraph 23.2, be his net earnings.

23.2 There shall be disregarded from an applicant's net earnings, any sum, where applicable, specified in Schedule 2.

23.3 For the purposes of paragraph 23.1 net earnings shall, except where paragraph 23.6 applies, be calculated by taking into account the gross earnings of the applicant from that employment over the assessment period, less;

- (a) any amount deducted from those earnings by way of
 - i) income tax;
 - ii) primary Class 1 contributions under the Act;
- (b) any sum paid by the applicant by way of a contribution towards an occupational pension scheme;
- (c) the amount calculated in accordance with paragraph 23.5 in respect of any qualifying contribution payable by the applicant; and
- (d) where those earnings include a payment which is payable under any enactment having effect in Northern Ireland and which corresponds to statutory sick pay, statutory maternity pay, statutory paternity pay or statutory adoption pay, any amount deducted for those earnings by way of any contributions which are payable under any enactment having effect in Northern Ireland and which correspond to primary Class 1 contributions under the Act.

23.4 In this section 'qualifying contribution' means any sum which is payable periodically as a contribution towards a personal pension scheme.

23.5 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.

³ Social Security (Contributions)(Amendment) Regulations 2013, Social Security (Contributions)(Amendment No.2) Regulations 2013 and Social Security (Contributions)(Amendment No.2) Regulations 2013

23.6 Where the earnings of an applicant are estimated under sub-paragraph (b) of paragraph 2) of the section 16 (average weekly earnings of employment earners), his net earnings shall be calculated by taking into account those earnings over the assessment period, less–

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

24.0 Earnings of self-employed earners

24.1 Subject to paragraph 24.2, 'earnings', in the case of employment as a self- employed earner, means the gross income of the employment plus any allowance paid under section 2 of the 1973 Act or section 2 of the Enterprise and New Towns (Scotland) Act 1990 to the applicant for the purpose of assisting him in carrying on his business unless at the date of claim the allowance has been terminated.

24.2 'Earnings' shall not include any payment to which Schedule 3 refers (payments in respect of a person accommodated with the applicant under arrangements made by a local authority or voluntary organisation and payments made to the applicant by a health authority, local authority or voluntary organisation in respect of persons temporarily in the applicant's care) nor shall it include any sports award.

24.3 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.

24.4 Where the applicant's earnings consist of any items to which paragraph 24.3 applies, those earnings shall be taken into account over a period equal to such number of weeks as is equal to the number obtained (and any fraction is to be treated as a corresponding fraction of a week) by dividing the earnings by

- (a) the amount of the reduction under this scheme which would be payable had the payment not been made, plus
- (b) an amount equal to the total of the sums which would fall to be disregarded from the payment under Schedule 2 (sums to be disregarded in the calculation of earnings) as appropriate in the applicant's case.

25.0 Calculation of net profit of self-employed earners

25.1 For the purposes of section 17 (average weekly earnings of self- employed earners) the earnings of an applicant to be taken into account shall be

- (a) in the case of a self-employed earner who is engaged in employment on his own account,

- the net profit derived from that employment;
 - (b) in the case of a self-employed earner whose employment is carried on in partnership or is that of a share fisherman within the meaning of the Social Security (Mariners' Benefits) Regulations 1975, his share of the net profit derived from that employment, less—
 - i. an amount in respect of income tax and of national insurance contributions payable under the Act calculated in accordance with section 26 (deduction of tax and contributions for self-employed earners); and
 - ii. the amount calculated in accordance with paragraph (11) in respect of any qualifying premium.
- 25.2 There shall be disregarded from an applicant's net profit, any sum, where applicable, specified in Schedule 2.
- 25.3 For the purposes of paragraph 25.1 a) the net profit of the employment must, except where paragraph 25.9 applies, be calculated by taking into account the earnings for the employment over the assessment period less
- (a) subject to paragraphs 25.5 to 25.7, any expenses wholly and exclusively incurred in that period for the purposes of that employment;
 - (b) an amount in respect of;
 - (i) income tax, and
 - (ii) national insurance contributions payable under the Act, calculated in accordance with section 26 (deduction of tax and contributions for self-employed earners); and
 - (c) the amount calculated in accordance with paragraph (25.11) in respect of any qualifying premium.
- 25.4 For the purposes of paragraph 25.1b) the net profit of the employment shall be calculated by taking into account the earnings of the employment over the assessment period less, subject to paragraphs 25.5 to 25.8, any expenses wholly and exclusively incurred in that period for the purposes of the employment.
- 25.5 Subject to paragraph 25.6 no deduction shall be made under paragraph 25.3 a) or 25.4, 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.
- 25.6 A deduction shall be made under paragraph 25.3 a) or 25.4 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.
- 25.7 The authority shall refuse to make deductions in respect of any expenses under paragraph 25.3 a. or 25.4 where it is not satisfied given the nature and the amount of the expense that it has been reasonably incurred.
- 25.8 For the avoidance of doubt—
- (a) deductions shall not be made under paragraph 25.4 in respect of any sum unless it has been expended for the purposes of the business;
 - (b) a deduction shall be made thereunder in respect of—
 - i. the excess of any value added tax paid over value added tax received in the

- assessment period;
- ii. any income expended in the repair of an existing business asset except to the extent that any sum is payable under an insurance policy for its repair;
- iii. any payment of interest on a loan taken out for the purposes of the employment

25.9 Where an applicant is engaged in employment, as a child minder the net profit of the employment shall be one-third of the earnings of that employment, less an amount in respect of

- (a) income tax; and
- (b) national insurance contributions payable under the Act, calculated in accordance with section 26 (deduction of tax and contributions for self-employed earners); and
- (c) the amount calculated in accordance with paragraph 25.1 in respect of any qualifying contribution.

25.10 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.

25.11 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.

25.12 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.

26.0 Deduction of tax and contributions of self-employed earners

26.1 The amount to be deducted in respect of income tax under section 25.1b) i), 25.3 b) i) or 25.9 a) i) (calculation of net profit of self-employed earners) shall be calculated on the basis of the amount of chargeable income and as if that income were assessable to income tax at the basic rate or in the case of a Scottish taxpayer, the Scottish basic rate of tax applicable to the assessment period less only the personal relief to which the applicant is entitled under section 257(1) of the Income and Corporation Taxes Act 1988(personal allowances) as is appropriate to his circumstances; but, if the assessment period is less than a year, the earnings to which the basic rate or in the case of a Scottish taxpayer, the Scottish basic rate of tax is to be applied and the amount of the personal reliefs deductible under this paragraph shall be calculated on a pro rata basis.

26.2 The amount to be deducted in respect of national insurance contributions shall be the total of—

- (a) the amount of Class 2 contributions payable under section 11(1) or, as the case may be, 11(3) of the Act at the rate applicable to the assessment period except where the applicant's chargeable income is less than the amount specified in section 11(4) of the Act (small profits threshold) for the tax year applicable to the assessment period; but if the assessment period is less than a year, the amount specified for that tax year shall be reduced pro rata; and
- (b) the amount of Class 4 contributions (if any) which would be payable under section 15 of the Act (Class 4 contributions recoverable under the Income Tax Acts) at the percentage rate applicable to the assessment period on so much of the chargeable income as exceeds the lower limit but does not exceed the upper limit of profits and gains applicable for the tax year applicable to the assessment period; but if the assessment period is less than a year, those limits shall be reduced pro rata.

- 26.3 In this section 'chargeable income' means—
- (a) except where sub-paragraph (b) applies, the earnings derived from the employment less any expenses deducted under paragraph 25.3(a) or, as the case may be, 25.4 of section 25;
 - (b) in the case of employment as a child minder, one-third of the earnings of that employment.

27.0 Minimum Income Floor

- 27.1 Where no start up period (as defined within 27.2) applies to the applicant or partner, the income used by the Council in the calculation of their award will be the gross amount declared by the applicant or a substituted amount whichever is the higher. This substituted amount shall not be less than 35 hours multiplied by the national living wage (or national minimum wage as appropriate) From that, the Council will deduct only an estimate for tax, national insurance and any amount of a pension contribution (where a pension contribution is being made).
- 27.2 The Council shall determine an appropriate start up period for the employment activity being conducted by the applicant or partner. This will normally be one year from the date of commencement of the employment activity. During this period, no Minimum Income Floor shall be applied. The start-up period ends where the person is no longer in gainful self-employment.
- 27.3 Where an applicant or partner holds a position in a company that is analogous to that of a sole owner or partner in the business of that company, he shall be treated as if he were such sole owner or partner and in such a case be subject to the substituted amount where appropriate.
- 27.4 No start-up period may be applied in relation to an applicant where a start-up period has previously been applied, whether in relation to a current or previous award of a Council Tax Reduction.
- 27.5 In order to establish whether to award a start up period, the applicant must satisfy the Council that the employment is
- Genuine and effective. The Council must be satisfied that the employment activity is being conducted; and
 - Being conducted with the intention of increasing the income received to the level that would be conducive with that form of employment.
- 27.6 For the purposes of determining whether an applicant is in gainful self-employment or meets the conditions for a start up-period, the Council will require the applicant to provide such evidence or information that it reasonably requires to make that decision, the Council may also require the self employed person to attend an interview for the purpose of establishing whether the employment is gainful or whether the conditions for a start up period are met.

28.0 Calculation of income other than earnings

- 28.1 For the purposes of calculating the average weekly income other than earnings, 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.
- 28.2 There is to be disregarded from the calculation of an applicant's gross income under paragraph 28.1, any sum, where applicable, specified in Schedule 3.
- 28.3 Where the payment of any benefit under the benefit Acts is subject to any deduction by way

of recovery the amount to be taken into account under paragraph 28.1 shall be the gross amount payable.

28.4 Where the applicant or, where he is a member of a couple, his partner is receiving a contributory employment and support allowance and that benefit has been reduced under regulation 63 of the Employment and Support Allowance Regulations 2008 or 2013 as appropriate, the amount of that benefit to be taken into account is the amount as if it had not been reduced.

28.5 Where an award of any working tax credit or child tax credit under the Tax Credits Act 2002 is subject to a deduction by way of recovery of an overpayment of working tax credit or child tax credit which arose in a previous tax year the amount to be taken into account under paragraph 19.1 shall be the amount of working tax credit or child tax credit awarded less the amount of that deduction.

28.6 In paragraph 28.5 'tax year' means a period beginning with 6th April in one year and ending with 5th April in the next.

28.7 Paragraph 28.8 and 28.9 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.

28.8 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 28.1 in respect of a person to whom paragraph 28.7 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.

28.9 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 28.1 in respect of a person to whom paragraph (30.8) applies, shall be calculated by applying the formula in paragraph 28.8 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.

28.10 In this section— 'academic year' and 'student loan' shall have the same meanings as for the purposes of sections 41 to 43, 'assessment period' means—

(a) in a case where a relevant payment is made quarterly, the period beginning with the reduction week which includes the day on which the person abandoned, or was dismissed from, his course and ending with the reduction week which includes the last day of the last quarter for which an instalment of the relevant payment was payable to that person;

(b) in a case where the relevant payment is made by two or more instalments in a quarter, the period beginning with the reduction week which includes the day on which the person abandoned, or was dismissed from, his course and ending with the reduction week which includes—

- i. the day immediately before the day on which the next instalment of the relevant payment would have been due had the payments continued; or
- ii. the last day of the last quarter for which an instalment of the relevant payment was payable to that person.

whichever of these dates is earlier

‘quarter’ in relation to an assessment period means a period in that year beginning on;

- (a) 1st January and ending on 31st March;
- (b) 1st April and ending on 30th June;
- (c) 1st July and ending on 31st August; or
- (d) 1st September and ending on 31st December;

‘relevant payment’ means either a student loan or an amount intended for the maintenance of dependants referred to in paragraph 44.7 or both.

28.11 For the avoidance of doubt there shall be included as income to be taken into account under paragraph 28.1

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

29.0 Capital treated as income

29.1 Any capital payable by instalments which are outstanding at the date on which the claim is made or treated as made, or, at the date of any subsequent revision or supersession, shall, if the aggregate of the instalments outstanding and the amount of the applicant’s capital otherwise calculated in accordance with sections 31 to 40 of this scheme exceeds £16,000, be treated as income.

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

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

29.4 Any Career Development Loan paid pursuant to section 2 of the Employment and Training Act 1973 Act shall be treated as income

29.5 Where an agreement or court order provides that payments shall be made to the applicant in consequence of any personal injury to the applicant and that such payments are to be made, wholly or partly, by way of periodic payments, any such periodic payments received by the applicant (but not a payment which is treated as capital), shall be treated as income.

30.0 Notional income

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

30.2 Except in the case of—

- (a) a discretionary trust;
- (b) a trust derived from a payment made in consequence of a personal injury;
- (c) a personal pension scheme, occupational pension scheme or a payment made by the Board of the Pension Protection Fund where the applicant has not attained the qualifying age for state pension credit;
- (d) any sum to which paragraph 47(2)(a) of Schedule 4 (capital to be disregarded) applies which is administered in the way referred to in paragraph 47(1)(a);
- (e) any sum to which paragraph 48(a) of Schedule 4 refers;

- (f) rehabilitation allowance made under section 2 of the 1973 Act;
- (g) child tax credit; or
- (h) working tax credit,
- (i) 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.

30.3 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.

30.4 Paragraph 30.3 shall not apply in respect of a payment of income made—

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

30.5 Where an applicant is in receipt of any benefit (other than Council Tax Reduction) under the benefit Acts and the rate of that benefit is altered with effect from a date on or after 1st April

in any year but not more than 14 days thereafter, the authority shall treat the applicant as possessing such benefit at the altered rate from either 1st April or the first Monday in April in that year, whichever date the authority shall select to apply in its area, to the date on which the altered rate is to take effect.

30.6 Subject to paragraph 30.7, 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.

30.7 Paragraph 30.6 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.

30.8 In paragraph 30.7 (c) 'work placement' means practical work experience which is not undertaken in expectation of payment.

30.9 Where an applicant is treated as possessing any income, 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.

30.10 Where an applicant is treated as possessing any earnings, the foregoing provisions of this scheme shall apply for the purposes of calculating the amount of those earnings as if a payment had actually been made and as if they were actual earnings which he does possess and his net earnings shall be calculated by taking into account those earnings which he is treated as possessing, less;

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

30.11 the foregoing paragraphs shall not apply in respect of any amount of income other than earnings, or earnings of an employed earner, arising out of the applicant's participation in a

service user group or an applicant participating as a service user

Sections 31 – 40 & Schedule 4
Definition and the treatment of capital for Council Tax Reduction purposes

31.0 Capital limit

- 31.1 For the purposes of this scheme, the prescribed amount is £16,000 and no reduction shall be granted when the applicant has an amount greater than this level.

32.0 Calculation of capital

- 32.1 For the purposes of this scheme, the capital of an applicant to be taken into account shall, subject to paragraph (32.2), be the whole of his capital calculated in accordance with this scheme and any income treated as capital under section 34 (income treated as capital).
- 32.2 There shall be disregarded from the calculation of an applicant's capital under paragraph (32.1), any capital, where applicable, specified in Schedule 4.

33.0 Disregard of capital of child and young person

- 33.1 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.

34.0 Income treated as capital

- 34.1 Any bounty derived from employment and paid at intervals of at least one year shall be treated as capital.
- 34.2 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.
- 34.3 Any holiday pay which is not earnings shall be treated as capital.
- 34.4 Except any income derived from capital disregarded under paragraphs 1, 2, 4, 8, 14 or 25 to 28, 47 or 48 of Schedule 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.
- 34.5 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.
- 34.6 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.
- 34.7 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.
- 34.8 Any arrears of subsistence allowance which are paid to an applicant as a lump sum shall be treated as capital.
- 34.9 Any arrears of working tax credit or child tax credit shall be treated as capital.

35.0 Calculation of capital in the United Kingdom

- 35.1 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;

36.0 Calculation of capital outside the United Kingdom

36.1 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.

37.0 Notional capital

37.1 An applicant shall be treated as possessing capital of which he has deprived himself for the purpose of securing entitlement to Council Tax Reduction or increasing the amount of that support except to the extent that that capital is reduced in accordance with section 38 (diminishing notional capital rule).

37.2 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 4; or
 - (d) a personal pension scheme, occupational pension scheme or a payment made by the Board of the Pension Protection Fund; or
 - (e) any sum to which paragraph 47(2)(a) of Schedule 4 (capital to be disregarded) applies which is administered in the way referred to in paragraph 47(1)(a); or
 - (f) any sum to which paragraph 48(a) of Schedule 4 refers; or
 - (g) child tax credit; or
 - (h) working tax credit,
- any capital which would become available to the applicant upon application being made, but which has not been acquired by him, shall be treated as possessed by him but only from the date on which it could be expected to be acquired were an application made.

37.3 Any payment of capital, other than a payment of capital specified in paragraph (37.4), 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.

37.4 Paragraph 37.3 shall not apply in respect of a payment of capital made

- (a) under or by any of the Trusts, the Fund, the Eileen Trust, MFET Limited, the Independent Living Fund (2006), the Skipton Fund, the Caxton Foundation or the London Bombings Relief Charitable Fund;
- (b) pursuant to section 2 of the 1973 Act in respect of a person's participation

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

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

- (a) the value of his holding in that company shall, notwithstanding section 32 (calculation of capital) be disregarded; and
- (b) he shall, subject to paragraph 37.6, be treated as possessing an amount of capital equal to the value or, as the case may be, his share of the value of the capital of that company and the foregoing provisions of this Section shall apply for the purposes of calculating that amount as if it were actual capital which he does possess.

37.6 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 37.5 shall be disregarded.

37.7 Where an applicant is treated as possessing capital under any of paragraphs 37.1 to 37.2 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.

38.0 Diminishing notional capital rule

38.1 Where an applicant is treated as possessing capital under section 37.1 (notional capital), the amount which he is treated as possessing;

- (a) in the case of a week that is subsequent to
 - (i) the relevant week in respect of which the conditions set out in paragraph 38.2 are satisfied; or
 - (ii) a week which follows that relevant week and which satisfies those conditions, shall be reduced by an amount determined under paragraph 38.3;
- (b) in the case of a week in respect of which paragraph 38.1(a) does not apply but where
 - (i) that week is a week subsequent to the relevant week; and
 - (ii) that relevant week is a week in which the condition in paragraph 38.4 is satisfied, shall be reduced by the amount determined under paragraph 38.4.

38.2 This paragraph applies to a reduction week or part-week where the applicant satisfies the conditions that

- (a) he is in receipt of Council Tax Reduction; and
- (b) but for paragraph 37.1, he would have received an additional amount of Council Tax Reduction in that week.

38.3 In a case to which paragraph 38.2 applies, the amount of the reduction for the purposes of paragraph 38.1(a) shall be equal to the aggregate of

- (a) the additional amount to which sub-paragraph 38.2 (b) refers;
- (b) where the applicant has also claimed housing benefit, the amount of any housing benefit or any additional amount of that benefit to which he would have been entitled in respect of the whole or part of the reduction week to which paragraph 38.2 refers but for the application of regulation 49(1) of the Housing Benefit Regulations 2006 (notional capital);
- (c) where the applicant has also claimed income support, the amount of income support to which he would have been entitled in respect of the whole or part of the reduction week to which paragraph 38.2 refers but for the application of regulation 51(1) of the Income Support Regulations (notional capital);
- (d) where the applicant has also claimed a jobseeker's allowance, the amount of an income-based jobseeker's allowance to which he would have been entitled in respect of the whole or part of the reduction week to which paragraph 40.2 refers but for the application of regulation 113 of the Jobseeker's Allowance Regulations 1996 (notional capital) and
- (e) where the applicant has also claimed an employment and support allowance, the amount of an income-related employment and support allowance to which he would have been entitled in respect of the whole or part of reduction week to which paragraph 38.2 refers but for the application of regulation 115 of the Employment and Support Allowance Regulations 2008 (notional capital).

38.4 Subject to paragraph 38.5, for the purposes of paragraph 38.1(b) the condition is that the applicant would have been entitled to Council Tax Reduction in the relevant week but for paragraph 37.1, and in such a case the amount of the reduction shall be equal to the aggregate of

- (a) the amount of Council Tax Reduction to which the applicant would have been entitled in the relevant week but for paragraph 37.1; and for the purposes of this sub-paragraph is the amount is in respect of a part-week, that amount shall be determined by dividing the amount of Council Tax Reduction to which he would have been so entitled by the number equal to the number of days in the part-week and multiplying the quotient so obtained by 7;
- (b) if the applicant would, but for regulation 49(1) of the Housing Benefit Regulations, have been entitled to housing benefit or to an additional amount of housing benefit in respect of the reduction week which includes the last day of the relevant week, the amount which is equal to—
 - (i) in a case where no housing benefit is payable, the amount to which he would have been entitled; or
 - (ii) in any other case, the amount equal to the additional amount of housing benefit to which he would have been entitled,
 and, for the purposes of this sub-paragraph, if the amount is in respect of a part-week, that amount shall be determined by dividing the amount of housing benefit to which he would have been so entitled by the number equal to that number of days in the part-week and multiplying the quotient so obtained by 7;
- (c) if the applicant would, but for regulation 51(1) of the Income Support Regulations, have been entitled to income support in respect of the reduction week, within the meaning of regulation 2(1) of those Regulations, which includes the last day of the relevant week, the amount to which he would have been entitled and, for the purposes of this sub- paragraph, if the amount is in respect of a part-week, that amount shall be determined by dividing the amount of the income support to which he would have been so entitled by the number equal to the number of days in the part- week and multiplying the quotient so obtained by 7
- (d) if the applicant would, but for regulation 113 of the Jobseeker's Allowance Regulations 1996, have been entitled to an income-based jobseeker's allowance in respect of the reduction week, within the meaning of this scheme, which includes the last day of the relevant week, the amount to which he would have been entitled and, for the purposes of this sub-paragraph,

if the amount is in respect of a part-week, that amount shall be determined by dividing the amount of the income-based jobseeker's allowance to which he would have been so entitled by the number equal to the number of days in the part-week and multiplying the quotient so obtained by 7; and

- (e) if the applicant would, but for regulation 115 of the Employment and Support Allowance Regulations 2008, have been entitled to an income-related employment and support allowance in respect of the reduction week, within the meaning of regulation 2(1) of those Regulations (interpretation), which includes the last day of the relevant week, the amount to which he would have been entitled and, for the purposes of this sub-paragraph, if the amount is in respect of a part-week, that amount must be determined by dividing the amount of the income-related employment and support allowance to which he would have been so entitled by the number equal to the number of days in that part-week and multiplying the quotient so obtained by 7.

38.5 The amount determined under paragraph 38.4 shall be re-determined under that paragraph if the applicant makes a further claim for Council Tax Reduction and the conditions in paragraph 38.6 are satisfied, and in such a case—

- a. sub-paragraphs (a) to (d) of paragraph 38.4 shall apply as if for the words 'relevant week' there were substituted the words 'relevant subsequent week'; and
- b. subject to paragraph 38.7, the amount as re-determined shall have effect from the first week following the relevant subsequent week in question.

38.6 The conditions are that

- (a) a further claim is made 26 or more weeks after
 - (i) the date on which the applicant made a claim for Council Tax Reduction in respect of which he was first treated as possessing the capital in question under paragraph 39.1;
 - (ii) in a case where there has been at least one re-determination in accordance with paragraph 38.5, the date on which he last made a claim for Council Tax Reduction which resulted in the weekly amount being re-determined, or
 - (iii) the date on which he last ceased to be entitled to Council Tax Reduction, whichever last occurred; and
- (b) the applicant would have been entitled to Council Tax Reduction but for paragraph 37.1.

38.7 The amount as re-determined pursuant to paragraph 38.5 shall not have effect if it is less than the amount which applied in that case immediately before the re-determination and in such a case the higher amount shall continue to have effect.

38.8 For the purposes of this section

- (a) 'part-week'
 - (i) in paragraph 38.4(a) means a period of less than a week for which Council Tax Reduction is allowed;
 - (ii) in paragraph 38.4(b) means a period of less than a week for which housing benefit is payable;
 - (iii) in paragraph 38.4 (c) (d) and (e) means—
 - aa. a period of less than a week which is the whole period for which income support an income-related employment and support allowance or, as the case may be, an income-based jobseeker's allowance is payable; and
 - bb. any other period of less than a week for which it is payable;
- (b) 'relevant week' means the reduction week or part-week in which the capital in question of which the applicant has deprived himself within the meaning of section 37.1
 - (i) was first taken into account for the purpose of determining his entitlement to Council Tax Reduction; or
 - (ii) was taken into account on a subsequent occasion for the purpose of determining or re-determining his entitlement to Council Tax Reduction on that subsequent occasion and that determination or re-determination resulted in his beginning to receive, or ceasing to receive, Council Tax Reduction;and where more than one reduction week is identified by reference to heads (i) and (ii)

of this sub-paragraph the later or latest such reduction week or, as the case may be, the later or latest such part-week;

- (c) 'relevant subsequent week' means the reduction week or part-week which includes the day on which the further claim or, if more than one further claim has been made, the last such claim was made.

39.0 Capital jointly held

- 39.1 Except where an applicant possesses capital which is disregarded under paragraph 37(5) (notional capital) where an applicant and one or more persons are beneficially entitled in possession to any capital asset they shall be treated, in the absence of evidence to the contrary, as if each of them were entitled in possession to the whole beneficial interest therein in an equal share.

40.0 Tariff Income from Capital

- 40.1 Where the applicant's capital calculated in accordance with this scheme exceeds £6,000 it shall be treated as equivalent to a weekly income of £1 for each complete £250 of in excess of £6,000 but not exceeding £16,000
- 40.2 Notwithstanding paragraph 40.1 where any part of the excess is not a complete £250 that part shall be treated as equivalent to a weekly tariff income of £1.
- 40.3 For the purposes of paragraph 40.1, capital includes any income treated as capital.

Sections 41 - 56
Definition and the treatment of students for Council Tax Reduction purposes

41.0 Student related definitions

41.1 In this scheme the following definitions apply;

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

‘access funds’ means;

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

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

‘contribution’ means;

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

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

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

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

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

- (a) is not funded in whole or in part by the Secretary of State under section 14 of the Education Act 2002, the Chief Executive of Skills Funding or by the Welsh Ministers or a full-time course of study which is not funded in whole or in part by the Scottish Ministers at a college of further education or a full-time course of study which is a course of higher education and is funded in whole or in part by the Scottish Ministers;;

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

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

'grant' (except in the definition of 'access funds') means any kind of educational grant or award and includes any scholarship, studentship, exhibition allowance or bursary but does not include a payment from access funds or any payment to which Schedule 3 or Schedule 4 applies;

'grant income' means

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

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

'last day of the course' means;

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

'period of study' means—

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

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

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

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

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

‘standard maintenance grant’ means–

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

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

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

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

- 41.2 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.
- 41.3 For the purposes of sub-paragraph (a) of paragraph 41.2, 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.

42.0 Treatment of students

42.1 The following sections relate to students who claim Council Tax Reduction

43.0 Students who are excluded from entitlement to Council Tax Reduction

43.1 Students (except those specified in paragraph 43.3) are not able to claim Council Tax Reduction under Classes D of the Council's reduction scheme.

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

43.3 Paragraph 43.2 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) **but for the implementation of this scheme**, whose applicable amount would, but for this section, include the disability premium or severe disability premium;

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

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

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

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

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

(i) who is;

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

ii) aged 21 and attained that age during a course of study which is not a course of higher education – this condition needs adding

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

(j) in respect of whom

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

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

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

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

(v) a supplementary requirement has been determined under paragraph 9 of Schedule 6 to the Students Awards Regulations (Northern Ireland) 1999 or a payment has been made under Article 50(3) of the Education and Libraries (Northern Ireland) Order 1986,

on account of his disability by reason of deafness.

Paragraph 43.3(i)(ii) only applies to a claimant until the end of the course during which the claimant attained the age of 21

43.4 For the purposes of paragraph 43.3, once paragraph 43.3(e) applies to a full-time student, if he then ceases, for a period of 56 days or less, to be incapable, or to be treated as incapable, of work, that paragraph shall, on his again becoming so incapable, or so treated as incapable, of work at the end of that period, immediately thereafter apply to him for so long as he remains incapable or is treated as remaining incapable, of work.

43.5 In paragraph 43.3(h) the reference to a course of higher education is a reference to a course of any description mentioned in Schedule 6 to the Education Reform Act 1988.

43.6 A full-time student to whom sub-paragraph (i) of paragraph 43.3 applies, shall be treated as satisfying that sub-paragraph from the date on which he made a request for the supplementary requirement, allowance, bursary or payment as the case may be.

43.7 Paragraph 43.2 shall not apply to a full-time student for the period specified in paragraph 43.8 if;

- (a) at any time during an academic year, with the consent of the relevant educational establishment, he ceases to attend or undertake a course because he is;
 - (i) engaged in caring for another person; or
 - (ii) ill;
- (b) he has subsequently ceased to be engaged in engaging in caring for that person or, as the case may be, he has subsequently recovered from that illness; and
- (c) he is not eligible for a grant or a student loan in respect of the period specified in paragraph 43.8.

43.8 The period specified for the purposes of paragraph 43.7 is the period, not exceeding one year, beginning on the day on which he ceased to be engaged in caring for that person or, as the case may be, the day on which he recovered from that illness and ending on the day before;

- (a) the day on which he resumes attending or undertaking the course; or
 - (b) the day from which the relevant educational establishment has agreed that he may resume attending or undertaking the course,
- which shall first occur.

44.0 Calculation of grant income

44.1 The amount of a student's grant income to be taken into account shall, subject to paragraphs 44.2 and 44.3, be the whole of his grant income.

44.2 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 , **but for the implementation of this scheme**, 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.

44.3 Where a student does not have a student loan and is not treated as possessing such a loan, there shall be excluded from the student's grant income;

(a) the sum of £303 per academic year in respect of travel costs; and

(b) the sum of £390 per academic year towards the costs of books and equipment, whether or not any such costs are incurred.

The above figures will be increased annually in line with the Housing Benefit Regulations 2006 (as amended).

44.4 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.

44.5 Subject to paragraphs 44.6 and 44.7, a student's grant income shall be apportioned;

(a) subject to paragraph 44.8, 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.

44.6 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.

44.7 In a case where a student is in receipt of a student loan or where he could have acquired a student loan by taking reasonable steps but had not done so, any amount intended for the maintenance of dependants to which neither paragraph 44.6 nor section 48 (other amounts to be disregarded) apply, shall be apportioned over the same period as the student's loan is apportioned or, as the case may be, would have been apportioned.

44.8 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.

45.0 Calculation of covenant income where a contribution is assessed

45.1 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 45.3, the amount of the contribution.

45.2 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 45.1 by 52 or 53, whichever is reasonable in the circumstances; and
- (b) by disregarding from the resulting amount, £5.

45.3 For the purposes of paragraph 45.1, the contribution shall be treated as increased by the amount (if any) by which the amount excluded under paragraph 44.2(g) (calculation of grant income) falls short of the amount specified in paragraph 7(2) of Schedule 2 to the Education (Mandatory Awards) Regulations 2003 (travel expenditure).

46.0 Covenant income where no grant income or no contribution is assessed

46.1 Where a student is not in receipt of income by way of a grant the amount of his covenant income shall be calculated as follows;

- (a) any sums intended for any expenditure specified in paragraph 44.2 (a) to (e) (calculation of grant income) necessary as a result of his attendance on the course shall be disregarded;
- (b) any covenant income, up to the amount of the standard maintenance grant, which is not so disregarded, shall be apportioned equally between the weeks of the period of study;
- (c) there shall be disregarded from the amount so apportioned the amount which would have been disregarded under paragraph 44.2(f) and 44.3 (calculation of grant income) had the student been in receipt of the standard maintenance grant; and
- (d) the balance, if any, shall be divided by 52 or 53 whichever is reasonable in the circumstances and treated as weekly income of which £5 shall be disregarded.

46.2 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 46.1, except that;

- (a) the value of the standard maintenance grant shall be abated by the amount of such grant income less an amount equal to the amount of any sums disregarded under paragraph 44.2 (a) to (e); and
- (b) the amount to be disregarded under paragraph 46.1(c) shall be abated by an amount equal to the amount of any sums disregarded under paragraph 44.2(f) and (g) and 44.3.

47.0 Student Covenant Income and Grant income – non disregard

47.1 No part of a student's covenant income or grant income shall be disregarded Schedule 3 to this scheme

48.0 Other amounts to be disregarded

48.1 For the purposes of ascertaining income other than grant income, covenant income and loans treated as income in accordance with section 49, any amounts intended for any expenditure specified in paragraph 44.2 (calculation of grant income), necessary as a result of his attendance on the course shall be disregarded but only if, and to the extent that, the necessary expenditure exceeds or is likely to exceed the amount of the sums disregarded under paragraphs 44.2 or 44.3, 45.3, 46.1(a) or (c) or calculation of grant income, covenant income and treatment of student loans on like expenditure.

49.0 Treatment of student loans

49.1 A student loan shall be treated as income.

50.0 Calculating loan Income weekly

50.1 In calculating the weekly amount of the loan to be taken into account as income

- (a) in respect of a course that is of a single academic year's duration or less, a loan which is payable in respect of that period shall be apportioned equally between the weeks in the period beginning with;
 - (i) except in a case where (ii) applies, the reduction week, the first day of which coincides with, or immediately follows, the first day of the single academic year;
 - (ii) where the student is required to start attending the course in August or where the course is less than an academic year's duration, the reduction week, the first day of which coincides with, or immediately follows, the first day of the course, and ending with the reduction week, the last day of which coincides with, or immediately precedes with last day of the course,
- (b) in respect of an academic year of a course which starts other than on 1st September, a loan which is payable in respect of that academic year shall be apportioned equally between the weeks in the period beginning with the reduction week, the first day of which coincides with or immediately follows, the first day of that academic year and ending with the reduction week, the last day of which coincides with or immediately precedes, the last day of that academic year but excluding any reduction weeks falling entirely within the quarter during which, in the opinion of the Secretary of State, the longest of any vacation is taken and for the purposes of this sub-paragraph, 'quarter' shall have the same meaning as for the purposes of the Education (Student Support) Regulations 2005;
- (c) in respect of the final academic year of a course (not being a course of a single year's duration), a loan which is payable in respect of that final academic year shall be apportioned equally between the weeks in the period beginning with;
 - (i) except in a case where (ii) applies, the reduction week, the first day of which coincides with or immediately follows, the first day of that academic year;
 - (ii) where the final academic year starts on 1st September, the reduction week, the first day of which coincide with, or immediately follows, the earlier of 1st September or the first day of the autumn term, and ending with the reduction week, the last day of which coincides with, or immediately precedes, the last day of the course;
- (d) in any other case, the loan shall be apportioned equally between the weeks in the period beginning with the earlier of;
 - (i) the first day of the first reduction week in September; or
 - (ii) the reduction week, the first day of which coincides with, or immediately follows the first day of the autumn term, and ending with the reduction week, the last day of which coincides with, or immediately precedes, the last day of June,

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

50.2 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.

50.3 Where a student is treated as possessing a student loan, the amount of the student loan to be taken into account as income shall be, subject to paragraph 50.4

- (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.

50.4 There shall be deducted from the amount of income taken into account

- (a) the sum of £303 per academic year in respect of travel costs; and
- (b) the sum of £390 per academic year towards the cost of books and equipment, whether or not any such costs are incurred.

The above figures will be increased annually in line with the Housing Benefit Regulations 2006 (as amended).

51.0 Treatment of fee loans

51.1 loan for fees, known as a fee loan or a fee contribution loan, made pursuant to regulations made under Article 3 of the Education (Student Support) (Northern Ireland) Order 1998, section 22 of the Teaching and Higher Education Act 1998 or section 73(f) of the Education (Scotland) Act 1980, shall be disregarded as income.

52.0 Treatment of payments from access funds

52.1 This paragraph applies to payments from access funds that are not payments to which paragraph 55.2 or 55.3 (income treated as capital) applies.

52.2 A payment from access funds, other than a payment to which paragraph 52.3 applies, shall be disregarded as income.

52.3 Subject to paragraph 52.4 of this section and paragraph 35 of Schedule 4,

- a) any payments from access funds which are intended and used for an item of food, ordinary clothing or footwear, household fuel, or rent of a single applicant or, as the case may be, of the applicant or any other member of his family and
- b) any payments from access funds which are used for any council tax or water charges for which that applicant or member is liable, shall be disregarded as income to the extent of £20 per week.

52.4 Where a payment from access funds is made—

- (a) on or after 1st September or the first day of the course, whichever first occurs, but before receipt of any student loan in respect of that year and that payment is intended for the purpose of bridging the period until receipt of the student loan; or
- (b) before the first day of the course to a person in anticipation of that person becoming a student,

that payment shall be disregarded as income.

53.0 Disregard of contribution

53.1 Where the applicant or his partner is a student and for the purposes of assessing a contribution to the student's grant or student loan, the other partner's income has been taken into account, an amount equal to that contribution shall be disregarded for the purposes of assessing that other partner's income.

54.0 Further disregard of student's income

- 54.1 Where any part of a student's income has already been taken into account for the purpose of assessing his entitlement to a grant or student loan, the amount taken into account shall be disregarded in assessing that student's income.

55.0 Income treated as capital

- 55.1 Any amount by way of a refund of tax deducted from a student's covenant income shall be treated as capital.
- 55.2 Any amount paid from access funds as a single lump sum shall be treated as capital.
- 55.3 An amount paid from access fund as a single lump sum which is intended and used for an item other than food, ordinary clothing or footwear, household fuel or rent, or which is used for an item other than any council tax or water charges for which that applicant or member is liable, shall be disregarded as capital but only for a period of 52 weeks from the date of the payment.

56.0 Disregard of changes occurring during summer vacation

- 56.1 In calculating a student's income the authority shall disregard any change in the standard maintenance grant, occurring in the recognised summer vacation appropriate to the student's course, if that vacation does not form part of his period of study from the date on which the change occurred to the end of that vacation.

Sections 57 – 59
The calculation and amount of Council Tax Reduction

57.0 Maximum Council Tax Reduction

57.1 Subject to paragraphs 57.2 to 57.4, the amount of a person's maximum Council Tax Reduction in respect of a day for which he is liable to pay council tax, shall be 100 per cent, of the amount A divided by B where;

- (a) A is the amount set by the appropriate authority as the council tax for the relevant financial year in respect of the dwelling in which he is a resident and for which he is liable, subject to any discount which may be appropriate to that dwelling under the 1992 Act;
- (b) B is the number of days in that financial year,

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

57.2 In calculating a person's maximum Council Tax Reduction any reduction in the amount that person is liable to pay in respect of council tax, which is made in consequence of any enactment in, or made under, the 1992 Act, shall be taken into account.

57.3 Subject to paragraph 57.4, where an applicant is jointly and severally liable for council tax in respect of a dwelling in which he is resident with one or more other persons but excepting any person so residing with the applicant who is a student to whom paragraph 43.2 (students who are excluded from entitlement to Council Tax Reduction) applies, in determining the maximum Council Tax Reduction in his case in accordance with paragraph 57.1, the amount A shall be divided by the number of persons who are jointly and severally liable for that tax.

57.4 Where an applicant is jointly and severally liable for council tax in respect of a dwelling with only his partner, paragraph 57.3 shall not apply in his case.

58.0 Non-dependant deductions

58.1 A standard deduction of £10 x 1/7 shall be applied for non dependant for each day that the non dependant resides in the premises.

58.2 Where the non dependant is a member of a couple, only one deduction shall be made.

58.3 Where in respect of a day—

- a. a person is a resident in a dwelling but is not himself liable for council tax in respect of that dwelling and that day;
- b. other residents in that dwelling (the liable persons) have joint and several liability for council tax in respect of that dwelling and that day otherwise than by virtue of section 9 or 77 or 77A of the 1992 Act (liability of spouses and civil partners); and
- c. the person to whom sub-paragraph (a) refers is a non-dependant of two or more of the liable persons, the deduction in respect of that non-dependant shall be apportioned equally between those liable persons.

58.4 No deduction shall be made in respect of any non-dependants occupying an applicant's dwelling if the applicant or his partner is—

- a. blind or treated as blind by virtue of paragraph 9 of Schedule 1 (additional condition for the disability premium); or
- b. receiving in respect of himself:
 - attendance allowance, or would be receiving that allowance but for:
 - i. a suspension of benefit in accordance with regulations under section 113(2) of The Act; or
 - ii. an abatement as a result of hospitalisation; or
 - the care component of the disability living allowance, or would be receiving that component but for:
 - i. a suspension of benefit in accordance with regulations under section 113(2) of The Act; or

- ii. an abatement as a result of hospitalisation; or
- c. the daily living component of personal independence payment, or would be receiving that allowance but for a suspension of benefit in accordance with regulations under section 86 of the Welfare Reform Act 2012 (hospital in-patients);
- d. an AFIP, or would be receiving that payment but for a suspension of it in accordance with any terms of the armed and reserve forces compensation scheme which allows for a suspension because a person is undergoing medical treatment in a hospital or similar institution;

58.5 No deduction shall be made in respect of a non-dependant if:

- a. although he resides with the applicant, it appears to the authority that his normal home is elsewhere; or
- b. he is in receipt of a training allowance paid in connection with a youth training established under section 2 of the 1973 Act or section 2 of the Enterprise and New Towns (Scotland) Act 1990; or
- c. he is a full time student within the meaning of section 41.0 (Students); or
- d. he is not residing with the applicant because he has been a patient for a period of excess of 52 weeks, and for these purposes;
- e. 'patient' has the meaning given within this scheme, and
- f. where a person has been a patient for two or more distinct periods separated by one or more intervals each not exceeding 28 days, he shall be treated as having been a patient continuously for a period equal in duration to the total of those distinct periods;
- g. he is not residing with the claimant because he is a member of the armed forces away on operations

58.6 No deduction shall be made in respect of a non-dependant;

- (a) who is on income support, state pension credit, an income-based jobseeker's allowance or an income-related employment and support allowance;
- (b) to whom Schedule 1 of the 1992 Act applies (persons disregarded for purposes of discount) but this sub-paragraph shall not apply to a non-dependant who is a student to whom paragraph 4 of that Schedule refers;
- (c) who is entitled to an award of universal credit where the award is calculated on the basis that the person does not have any earned income.";
- a. For the purposes of sub-paragraph (c), "earned income" has the meaning given in regulation 52 of the Universal Credit Regulations 2013.

59.0 Extended reductions: movers into the authority's area

59.1 Where;

- (a) an application is made to the authority for a reduction under its scheme, and
- (b) the applicant or the partner of the applicant, is in receipt of an extended reduction from;
 - (i) another billing authority in England; or
 - (ii) a billing authority in Wales,
 the current authority must reduce any reduction to which the applicant is entitled under its Council Tax Reduction scheme by the amount of that extended reduction.

60.0 Extended reductions

60.1 An applicant who is entitled to council tax reduction (by virtue of the general conditions of entitlement) shall be entitled to an extended reduction where;

- (a) the applicant or the applicant's partner was entitled to a qualifying income- related benefit;
- (b) entitlement to a qualifying income-related benefit ceased because the applicant or the applicant's partner—
 - (i) commenced employment as an employed or self-employed earner;
 - (ii) increased their earnings from such employment; or

- (iii) increased the number of hours worked in such employment, and that employment is or, as the case may be, increased earnings or increased number of hours are expected to last five weeks or more; and
- (c) the applicant or the applicant's partner had been entitled to and in receipt of a qualifying income-related benefit, jobseeker's allowance or a combination of those benefits for a continuous period of at least 26 weeks before the day on which the entitlement to a qualifying income-related benefit ceased.

60.2 For the purpose of paragraph 60.1(c), an applicant or an applicant's partner is to be treated as having been entitled to and in receipt of a qualifying income-related benefit or jobseeker's allowance during any period of less than five weeks in respect of which the applicant or the applicant's partner was not entitled to any of those benefits because the applicant or the applicant's partner was engaged in remunerative work as a consequence of their participation in an employment zone programme.

60.3 For the purpose of this section, where an applicant or an applicant's partner is entitled to and in receipt of joint-claim jobseeker's allowance they shall be treated as being entitled to and in receipt of jobseeker's allowance.

60.4 An applicant must be treated as entitled to council tax reduction by virtue of the general conditions of entitlement where—

- (a) the applicant ceased to be entitled to council tax reduction because the applicant vacated the dwelling in which the applicant was resident;
- (b) the day on which the applicant vacated the dwelling was either in the week in which entitlement to a qualifying income-related benefit ceased, or in the preceding week; and
- (c) entitlement to the qualifying income-related benefit ceased in any of the circumstances listed in paragraph 60.1(b).

60.5 This section shall not apply where, on the day before an applicant's entitlement to income support ceased, regulation 6(5) of the Income Support Regulations (remunerative work: housing costs) applied to that applicant.

60A.0 Duration of extended reduction period

60A.1 Where an applicant is entitled to an extended reduction, the extended reduction period starts on the first day of the reduction week immediately following the reduction week in which the applicant, or the applicant's partner, ceased to be entitled to a qualifying income-related benefit.

60A.2 For the purpose of paragraph (60A.1), an applicant or an applicant's partner ceases to be entitled to a qualifying income-related benefit on the day immediately following the last day of entitlement to that benefit.

60A.3 The extended reduction period ends;

- (a) at the end of a period of four weeks; or
- (b) on the date on which the applicant to whom the extended reduction is payable has no liability for council tax, if that occurs first.

60B.0 Amount of extended reduction

60B.1 For any week during the extended reduction period the amount of the extended reduction payable to an applicant shall be the higher of—

- (a) the amount of council tax reduction to which the applicant was entitled under the general conditions of entitlement in the last reduction week before the applicant or the applicant's partner ceased to be entitled to a qualifying income-related benefit;

- (b) the amount of council tax reduction to which the applicant would be entitled under the general conditions of entitlement for any reduction week during the extended reduction period, if section 60 (extended reductions) did not apply to the applicant; or
- (c) the amount of council tax reduction to which the applicant's partner would be entitled under the general conditions of entitlement, if section 60 did not apply to the applicant.

60B.2 Paragraph 60B1 does not apply in the case of a mover.

60B.3 Where an applicant is in receipt of an extended reduction under this section and the applicant's partner makes a claim for council tax reduction, no amount of council tax reduction shall be payable by the appropriate authority during the extended reduction period.

60C Extended reductions – movers

60C.1 This section applies;

- (a) to a mover; and
- (b) from the Monday following the day of the move.

60C.2 The amount of the extended reduction payable from the Monday from which this section applies until the end of the extended reduction period shall be the amount of council tax reduction which was payable to the mover for the last reduction week before the mover, or the mover's partner, ceased to be entitled to a qualifying income-related benefit.

60C.3 Where a mover's liability to pay council tax in respect of the new dwelling is to the second authority, the extended reduction may take the form of a payment from the appropriate authority to;

- (a) the second authority; or
- (b) the mover directly.

60C.4 Where—

- (a) a mover, or the mover's partner, makes a claim for council tax reduction to the second authority after the mover, or the mover's partner, ceased to be entitled to a qualifying income-related benefit; and
- (b) the mover, or the mover's partner, is in receipt of an extended reduction from the appropriate authority, the second authority shall reduce the weekly amount of council tax reduction that the mover, or the mover's partner, is entitled to by a sum equal to the amount of the extended reduction until the end of the extended reduction period.

60D.0 Relationship between extended reduction and entitlement to council tax reduction under the general conditions of entitlement

60D.1 Where an applicant's council tax reduction award would have ended when the applicant ceased to be entitled to a qualifying income-related benefit in the circumstances listed in paragraph 60.1(b), that award will not cease until the end of the extended reduction period.

60D.2 Changes of circumstances and increases for exceptional circumstances shall not apply to any extended reduction payable in accordance with paragraph 60B.1(a) or 60C.2 (amount of extended reduction – movers).

61.0 Extended reductions (qualifying contributory benefits)

61.1 An applicant who is entitled to council tax reduction (by virtue of the general conditions of entitlement) shall be entitled to an extended reduction (qualifying contributory benefits) where;

- (a) the applicant or the applicant's partner was entitled to a qualifying contributory benefit;
- (b) entitlement to a qualifying contributory benefit ceased because the applicant or the applicant's partner;
 - (i) commenced employment as an employed or self-employed earner;

- (ii) increased their earnings from such employment; or
- (iii) increased the number of hours worked in such employment, and that employment is or, as the case may be, increased earnings or increased number of hours are expected to last five weeks or more;
- (c) the applicant or the applicant's partner had been entitled to and in receipt of a qualifying contributory benefit or a combination of qualifying contributory benefits for a continuous period of at least 26 weeks before the day on which the entitlement to a qualifying contributory benefit ceased; and
- (d) the applicant or the applicant's partner was not entitled to and not in receipt of a qualifying income-related benefit in the last reduction week in which the applicant, or the applicant's partner, was entitled to a qualifying contributory benefit.

61.2 An applicant must be treated as entitled to council tax reduction by virtue of the general conditions of entitlement where;

- (a) the applicant ceased to be entitled to council tax reduction because the applicant vacated the dwelling in which the applicant was resident;
- (b) the day on which the applicant vacated the dwelling was either in the week in which entitlement to a qualifying contributory benefit ceased, or in the preceding week; and
- (c) entitlement to the qualifying contributory benefit ceased in any of the circumstances listed in paragraph 61.1(b).

61A.0 Duration of extended reduction period (qualifying contributory benefits)

61A.1 Where an applicant is entitled to an extended reduction (qualifying contributory benefits), the extended reduction period starts on the first day of the reduction week immediately following the reduction week in which the applicant, or the applicant's partner, ceased to be entitled to a qualifying contributory benefit.

61A.2 For the purpose of paragraph 61A.1, an applicant or an applicant's partner ceases to be entitled to a qualifying contributory benefit on the day immediately following the last day of entitlement to that benefit.

61A.3 The extended reduction period ends;

- (a) at the end of a period of four weeks; or
- (b) on the date on which the applicant to whom the extended reduction (qualifying contributory benefits) is payable has no liability for council tax, if that occurs first.

61B.0 Amount of extended reduction (qualifying contributory benefits)

61B.1 For any week during the extended reduction period the amount of the extended reduction (qualifying contributory benefits) payable to an applicant shall be the higher of;

- (a) the amount of council tax reduction to which the applicant was entitled under the general conditions of entitlement in the last reduction week before the applicant or the applicant's partner ceased to be entitled to a qualifying contributory benefit;
- (b) the amount of council tax reduction to which the applicant would be entitled under the general conditions of entitlement for any reduction week during the extended reduction period, if section 61 (extended reductions (qualifying contributory benefits)) did not apply to the applicant; or
- (c) the amount of council tax reduction to which the applicant's partner would be entitled under the general conditions of entitlement, if section 61 did not apply to the applicant.

61B .2 Paragraph 61B.1 does not apply in the case of a mover.

61B.3 Where an applicant is in receipt of an extended reduction (qualifying contributory benefits) under this section and the applicant's partner makes a claim for council tax reduction, no amount of council tax reduction shall be payable by the appropriate authority during the extended reduction period.

61C.0 Extended reductions (qualifying contributory benefits) – movers

61C.1 This section applies;

- (a) to a mover; and
- (b) from the Monday following the day of the move.

61C.2 The amount of the extended reduction (qualifying contributory benefit) payable from the Monday from which this section applies until the end of the extended reduction period shall be the amount of council tax reduction which was payable to the mover for the last reduction week before the mover, or the mover's partner, ceased to be entitled to a qualifying contributory benefit.

61C.3 Where a mover's liability to pay council tax in respect of the new dwelling is to the second authority, the extended reduction (qualifying contributory benefits) may take the form of a payment from the appropriate authority to–

- (a) the second authority; or
- (b) the mover directly.

61C.4 Where

- (a) a mover, or the mover's partner, makes a claim for council tax reduction to the second authority after the mover, or the mover's partner, ceased to be entitled to a qualifying contributory benefit; and
- (b) the mover, or the mover's partner, is in receipt of an extended reduction (qualifying contributory benefits) from the appropriate authority, the second authority shall reduce the weekly amount of council tax reduction that the mover, or the mover's partner, is entitled to by a sum equal to the amount of the extended reduction (qualifying contributory benefits) until the end of the extended reduction period.

61D.0 Relationship between extended reduction (qualifying contributory benefits) and entitlement to council tax reduction under the general conditions of entitlement

61D.1 Where an applicant's council tax reduction award would have ended when the applicant ceased to be entitled to a qualifying contributory benefit in the circumstances listed in paragraph 61.1 (b), that award will not cease until the end of the extended reduction period.

61D.2 Changes of circumstances and increases for exceptional circumstances shall not apply to any extended reduction (qualifying contributory benefits) payable in accordance with paragraph 61B.1(a) or 61C.2 (amount of extended reduction– movers).

Sections 62 – 63
Dates on which entitlement and changes of circumstances are to take effect

62.0 Date on which entitlement is to begin

62.1 Subject to paragraph 62.2, any person to whom or in respect of whom a claim for Council Tax Reduction is made and who is otherwise entitled to that support shall be so entitled from the day the application is made or deemed to have been made.

62.2 Where a person is otherwise entitled to Council Tax Reduction and becomes liable for the first time for the authority's council tax in respect of a dwelling of which he is a resident in the reduction week in which his claim is made or is treated as made, he shall be so entitled from that day.

63.0 Date on which change of circumstances is to take effect

63.1 A change of circumstances which affects entitlement to, or the amount of, a reduction under the authority's scheme ("change of circumstances"), takes effect from the day on which the change actually occurs, and where that change is cessation of entitlement to any benefit under the benefit Acts, the date on which the change actually occurs shall be the day immediately following the last day of entitlement to that benefit.

63.2 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.

63.3 Where the change of circumstances is a change in the amount a person is liable to pay in respect of council tax in consequence of regulations under section 13 of the 1992 Act (reduced amounts of council tax) or changes in the discount to which a dwelling may be subject under sections 11 or 12 of that Act, it shall take effect from the day on which the change in amount has effect.

63.4 Where the change of circumstances is the applicant's acquisition of a partner, the change takes effect on the day on which the acquisition takes place.

63.5 Where the change of circumstances is the death of an applicant's partner or their separation, it takes effect on the day the death or separation occurs.

63.6 If two or more changes of circumstances occurring in the same reduction week would, but for this paragraph, take effect in different reduction weeks in accordance with paragraphs (1) to (5) they take effect from the day to which the appropriate paragraph from (2) to (5) above refers, or, where more than one day is concerned, from the earlier day.

63.7 Where the change of circumstances is that income, or an increase in the amount of income, other than a benefit or an increase in the amount of a benefit under the Act, is paid in respect of a past period and there was no entitlement to income of that amount during that period, the change of circumstances shall take effect from the first day on which such income, had it been paid in that period at intervals appropriate to that income, would have fallen to be taken into account for the purposes of this scheme.

63.8 Without prejudice to paragraph (7), where the change of circumstances is the payment of income, or arrears of income, in respect of a past period, the change of circumstances takes effect from the first day on which such income, had it been timeously paid in that period at intervals appropriate to that income, would have fallen to be taken into account for the purposes of this scheme.

Sections 64– 72
Claiming and the treatment of claims for Council Tax Reduction purposes

64.0 Making an application⁴

- 64.1 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.
- 64.2 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.
- 64.3 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.
- 64.4 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).
- 64.5 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).
- 64.6 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.
- 64.7 The authority must;
- (a) inform any person making an application of the duty imposed by paragraph 9(1)(a) of the Council Tax Reduction Scheme (Prescribed Requirements) Regulations 2012;
 - (b) explain the possible consequences (including prosecution) of failing to comply with that duty; and
 - (c) set out the circumstances a change in which might affect entitlement to the reduction or its amount.

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

65.0 Procedure by which a person may apply for a reduction under the authority's scheme⁵

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

65.2. An application may be made;

- (a) in writing,
- (b) by means of an electronic communication in accordance with sections 88 -96 of this scheme, or
- (c) where the authority has published a telephone number for the purpose of receiving such applications, by telephone or
- (d) By means of an electronic notification to the Local Authority from the Department for Work and Pensions, generated when a claim to Universal Credit is made.

65.3 (1) An application which is made in writing must be made to the designated office on a properly completed form.
(2) The form must be provided free of charge by the authority for the purpose.

65.4 (1) Where an application made in writing is defective because—
(a) it was made on the form supplied for the purpose but that form is not accepted by the authority as being properly completed; or
(b) it was made in writing but not on the form approved for the purpose and the authority does not accept the application as being in a written form which is sufficient in the circumstances of the case having regard to the sufficiency of the written information and evidence,
the authority may, in a case to which sub-paragraph (a) applies, request the applicant to complete the defective application or, in the case to which sub-paragraph (b) applies, supply the applicant with the approved form or request further information and evidence.

(2) An application made on a form provided by the authority is properly completed if it is completed in accordance with the instructions on the form, including any instructions to provide information and evidence in connection with the application.

65.5. (1) If an application made by electronic communication is defective the authority must provide the person making the application with an opportunity to correct the defect.
(2) An application made by electronic communication is defective if the applicant does not provide all the information the authority requires.

65.6. In a particular case the authority may determine that an application made by telephone is only valid if the person making the application approves a written statement of his circumstances provided by the authority.

65.7 (1) If an application made by telephone is defective the authority must provide the person making the application with an opportunity to correct the defect.
(2) An application made by telephone is defective if the applicant does not provide all the information the authority requests during the telephone call.

65.8 Notwithstanding other paragraphs within this section, the authority will determine the method by which claims are to be made as well as where claims should be sent or delivered.

⁵ Inserted by Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012

66.0 Backdating

66.1 Where an applicant requests a reduction for a period prior to the effective date of claim, the authority may, consider the claim to be made from an earlier period subject to an overall limit of 1 month. The applicant must prove that there was continuous good cause for failing to make an application

66.2 Where good cause is proven, the date of the application shall be the latest of;

- (a) the first day from which the applicant had continuous good cause;
- (b) the day 1 months before the date the application was made;
- (c) the day 1 months before the date when the applicant requested that the application should include a past period

67.0 Date on which an application is made

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

(a) in a case where;

- (i) an award of income support, an income-based jobseeker's allowance or an income-related employment and support allowance or an award of universal credit has been made to the applicant or his partner, and
- (ii) the application is made within one calendar 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;

(b) 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 calendar month of the date of the change,

the date on which the change takes place;

(c) 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 calendar month of the date of the death or the separation,
- the date of the death or separation;

(d) except where paragraph (a), (b) or (e) is satisfied, in a case where a properly completed application is received within one calendar 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;

(e) in any other case, the date on which an application is received at the designated office.

67.2 For the purposes only of sub-paragraph (1)(a) 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.

- 67.3 Where there is a defect in an application by telephone;
- (a) is corrected within one calendar month (or such longer period as the authority considers reasonable) of the date the authority last drew attention to it, the authority must treat the application as if it had been duly made in the first instance;
 - (b) is not corrected within one calendar 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.
- 67.4 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.
- 67.5 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 calendar 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 calendar 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 calendar 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 calendar month of the request or within such longer period as the authority considers reasonable.
- 67.6 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.
- 67.7 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.

68.0 Submission of evidence electronically

68.1 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

69.0 Use of telephone provided evidence

69.1 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

70.0 Information and evidence⁶

70.1 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.

70.2 This sub-paragraph is satisfied in relation to a person if—
(a) the application is accompanied by;
 (i) a statement of the person's national insurance number and information or evidence establishing that that number has been allocated to the person; or
 (ii) information or evidence enabling the authority to ascertain the national insurance number that has been allocated to the person; or
(b) the person has made an application for a national insurance number to be allocated to him and the application for the reduction is accompanied by;
 (i) evidence of the application for a national insurance number to be so allocated; and
 (ii) the information or evidence enabling it to be so allocated.

70.3 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.

70.4 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 calendar month of the authority requiring him to do so or such longer period as the authority may consider reasonable.

70.5 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.

70.6 Where the authority makes a request under sub-paragraph (4), it must;
(a) inform the applicant or the person to whom a reduction under its scheme has been awarded of his duty under paragraph 9 of Schedule 8 the Council Tax Reduction Scheme (Prescribed Requirements) Regulations 2012 (duty to notify change of circumstances) to

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

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.

70.7 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, the London Emergencies Trust, the We Love Manchester Emergency Fund, or the London Bombings Relief Charitable Fund;
(b) a payment which is disregarded under Schedule 4, other than a payment under the Independent Living Fund (2006).

70.8 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.

71.0 Amendment and withdrawal of application⁷

71.1 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.

71.2 Where the application was made by telephone the amendment may also be made by telephone.

71.3 Any application amended is to be treated as if it had been amended in the first instance.

71.4 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.

71.5 Where the application was made by telephone, the withdrawal may also be made by telephone.

71.6 Any notice of withdrawal given in accordance with sub-paragraph (4) or (5) has effect when it is received.

71.7 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.

72.0 Duty to notify changes of circumstances⁸

72.1 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.

72.2 The applicant (or any person acting on his behalf) must notify any change of circumstances

⁷ Inserted by Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012

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

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.

- 72.3 The duty imposed on a person by sub-paragraph (1) does not extend to notifying
- (a) changes in the amount of council tax payable to the authority;
 - (b) changes in the age of the applicant or that of any member of his family;
 - (c) in the case of an applicant in receipt of a relevant benefit, changes in circumstances which affect the amount of the benefit but not the amount of the reduction under the authority's scheme to which he is entitled, other than the cessation of that entitlement to the benefit.
- 72.4 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.
- 72.5 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.

Sections 73- 80
Decisions, decision notices and awards of Council Tax Reduction

73.0 Decisions by the authority⁹

73.1 An authority must make a decision on an application under its scheme within 14 days of paragraphs 4 and 7 and Part 1 of Schedule 7 of the Council Tax Reduction Scheme (Prescribed Requirements) Regulations 2012 being satisfied, or as soon as reasonably practicable thereafter.

74.0 Notification of decision¹⁰

74.1 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.

74.2 Where the decision is to award a reduction, the notification under sub-paragraph (1) must include a statement;

(a) informing the person affected of the duty imposed by paragraph 9 of Schedule 8 the Council Tax Reduction Scheme (Prescribed Requirements) Regulations 2012 (duty to notify change of circumstances) to notify the authority of any change of circumstances;

(b) explaining the possible consequences (including prosecution) of failing to comply with that duty; and

(c) setting out the circumstances a change in which might affect entitlement to the reduction or its amount.

74.3 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.

74.4 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.

74.5 A person affected to whom the authority sends or delivers a notification of decision may, within one calendar 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.

74.6 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.

74.7 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).

74.8 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

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

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

(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.

75.0 Time and manner of granting Council Tax Reduction¹¹

75.1 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.

75.2 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).

75.3 In a case to which paragraph (1)(b) refers;

- (a) if the amount of the council tax for which he remains liable in respect of the chargeable year, after any reduction to which sub-paragraph (1)(a) refers has been made, is insufficient to enable his entitlement to a reduction under the authority's scheme in respect thereof to be discharged, upon the final instalment of that tax becoming due any outstanding reduction;
 - (i) must be paid to that person if he so requires; or
 - (ii) in any other case must (as the authority determines) either be repaid or credited against any subsequent liability of the person to make a payment in respect of the authority's council tax as it has effect for any subsequent year;
- (b) if that person has ceased to be liable for the authority's council tax and has discharged the liability for that tax, the outstanding balance (if any) of the reduction under the authority's scheme in respect thereof must be paid within 14 days or, if that is not reasonably practicable, as soon as practicable thereafter
- (c) in any other case, the reduction under the authority's scheme must be paid within 14 days of the receipt of the application at the offices of the authority or, if that is not reasonably practicable, as soon as practicable thereafter.

75.4 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).

76.0 Persons to whom reduction is to be paid ¹²

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

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

¹² Inserted by Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012

76.2 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.

77.0 Shortfall in reduction¹³

77.1 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.

78.0 Payment on the death of the person entitled¹⁴

78.1 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.

79.0 Offsetting

79.1 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.

80.0 Payment where there is joint and several liability¹⁵

80.1 Where;

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

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

80.3 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

¹³ Inserted by Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012

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

¹⁵ Inserted by Schedule 8 of the Council Tax Reductions Scheme (Prescribed Requirements) (England) Regulations 2012

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

Sections 81 – 84
Collection, holding and forwarding of information for Council Tax Reduction purposes

81.0 Use of information from and to the Department of Work and Pensions (DWP) and His Majesty's Revenues and Customs (HMRC)

- 81.1 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
- 81.2 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 requirements¹⁶.

82.0 Collection of information

- 82.1 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
- 82.2 The authority may verify relevant information supplied to, or obtained.

83.0 Recording and holding information

- 83.1 The authority may
- (a) may make a record of such information; and
 - (b) may hold that information, whether as supplied or obtained or recorded, for the purpose of forwarding it to the person or authority for the time being administering Council Tax Reduction.

84.0 Forwarding of information

- 84.1 The authority may forward it to the person or authority for the time being administering claims to or awards of Council Tax Reduction to which the relevant information relates, being
- (i) a local authority;
 - (ii) a person providing services to a local authority; or
 - (iii) a person authorised to exercise any function of a local authority relating to Council Tax Reduction.

¹⁶ Data Retention and Investigatory Powers Act 2014, Data Retention Regulations 2014 and The Regulation of Investigatory Powers (Acquisition and Disclosure of Communications Data: Code of Practice) Order 2015

Sections 85 – 87
Revisions, Written Statements, Termination of Council Tax Reduction

85.0 Persons affected by Decisions

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

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

86.0 Revisions of Decisions

86.1 Subject to the provisions in this scheme, a relevant decision ('the original decision') may be revised or further revised by the authority, which made the decision where the person affected makes an application for a revision within;

- (i) one calendar month of the date of notification of the original decision; or
- (ii) such extended time as the authority may allow.

86.2 The authority may revise or further revise that original decision at any time. Where further information is required from the person affected, the authority shall request such information and evidence as it feels is reasonable. Such information must be supplied within;

- i) one calendar month of the date of notification of the additional information; or
- (ii) such extended time as the authority may allow

87.0 Terminations

87.1 The authority may terminate support in whole or in part the Council Tax Reduction where it appears to the authority that an issue arises whether;

- (a) the conditions for entitlement to Council Tax Reduction are or were fulfilled; or
- (b) a decision as to an award of such a support should be revised or superseded.

87.2 The authority may terminate, in whole or in part the Council Tax Reduction where it appears to the authority that an issue arises whether;

- (a) the conditions for entitlement to Council Tax Reduction are or were fulfilled; or
- (b) a decision as to an award of such a support should be revised or superseded.

Where the person fails to provide information to the authority as requested in relation to any matter relating to their liability for Council Tax

Section 88
Appeals against the authority's decisions

88.0 Procedure by which a person may make an appeal against certain decisions of the authority¹⁷

- 88.1 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.
- 88.2 The authority must
- (a) consider the matter to which the notice relates;
 - (b) notify the aggrieved person in writing;
 - (i) that the grievance 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.
- 88.3 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 Act¹⁸.

¹⁷ Inserted by Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012

¹⁸ As amended by the Tribunal Procedure (Amendment No 3) Rules 2014, The First-tier Tribunal and Upper Tribunal (Chambers) (Amendment) Order 2015 and The Tribunal Procedure (Amendment) Rules 2015

Section 89
Procedure for applying for a discretionary reduction

89.0 Procedure for an application to the authority for a reduction under section 13A(1)(c) of the 1992 Act¹⁹ and Discretionary Relief Scheme.

- 89.1 Where an application to the authority is made under the Discretionary Relief Scheme, it shall be determined in accordance with the policy of the authority for that year and 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.
- 89.2 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).
- 89.3 An application to the authority for a reduction under section 13A(1)(c) of the 1992 Act may be made;
- (a) in writing,
 - (b) by means of an electronic communication in accordance with this scheme or
 - (c) where the authority has published a telephone number for the purpose of receiving such applications, by telephone.
- 89.4 Where the authority has determined any additional entitlement under the Discretionary Relief Scheme it shall be treated as an amount under section 13A(1)(a) of the 1992 Act.

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

Section 90 – 98²⁰
Electronic Communication

²⁰ Inserted by Council Tax Reductions Schemes (Prescribed Requirements) (England) Regulations 2012

90.0 Interpretation

- 90.1 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.

91.0 Conditions for the use of electronic communication

- 91.1 The authority may use an electronic communication in connection with applications for, and awards of, reductions under its scheme including any or all information received via DWP or HMRC.
- 91.2 A person other than the authority may use an electronic communication in connection with the matters referred to in paragraph (1) if the conditions specified in paragraphs (3) to (6) are satisfied.
- 91.3 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.
- 91.4 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.
- 91.5 The third condition is that any information sent by means of an electronic communication is in a form approved for the purposes.
- 91.6 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.
- 91.7 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.

92.0 Approval

- 92.1 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.

93.0 Use of intermediaries

- 93.1 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.

94.0 Effect of delivering information by means of electronic communication

- 94.1 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.

94.2 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).

94.3 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.

95.0 Proof of identity of sender or recipient of information

95.1 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.

96.0 Proof of delivery of information

96.1 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.

96.2 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.

96.3 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.

97.0 Proof of content of information

97.1 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.

98.0 Data Protection and consent

98.1 Any application for reduction and associated evidence shall be subject to existing Data Protection rules and requirements.

Section 99
Counter Fraud and Compliance

99.0 Counter Fraud and compliance

- 99.1 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
- 99.2 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.
- 99.3 The authority shall put into place such administrative policies, procedures and processes as are necessary to ensure that the actions outlined within paragraph 97.1 and 97.2 can be carried out successfully. In particular the authority shall undertake actions provided by the Council Tax Reduction Schemes (Detection of Fraud and Enforcement) (England) Regulations 2013.

Schedule 1
Calculation of the amount of Council Tax Reduction in accordance with the Discount Scheme

- 1 The authority's Council Tax Reduction scheme from 2025/26 shall be calculated on the basis of the following Banded Discount Scheme:

Discount Levels

Band		1	2	3	4	5
		80%	65%	50%	35%	20%
	Weekly Income levels					
Single	lower	0.00	122.11	183.16	244.21	305.26
	upper	122.10	183.15	244.20	305.25	366.30
Couple	lower	0.00	162.11	223.16	284.21	345.26
	upper	162.10	223.15	284.20	345.25	406.30
Lone Parent with 1 Child	lower	0.00	177.11	238.16	299.21	360.26
	upper	177.10	238.15	299.20	360.25	421.30
Couple with 1 Child	lower	0.00	217.11	278.16	339.21	400.26
	upper	217.10	278.15	339.20	400.25	461.30
Lone Parent with 2 or more Children	lower	0.00	232.11	293.16	354.21	415.26
	upper	232.10	293.15	354.20	415.25	476.30
Couple with 2 or more Children	lower	0.00	272.11	333.16	394.21	455.26
	upper	272.10	333.15	394.20	455.25	516.30

- 2 The amount of discount to be granted is to be based on the following factors:
- The maximum Council Tax Reduction as defined within this scheme;
 - The Council Tax family as defined within this scheme
 - The income of the applicant as defined within this scheme;
 - The capital of the applicant as defined within this scheme.
- 3 For the sake of clarity all incomes shown within the table above are weekly in accordance with the scheme requirements and definitions.
- 4 Discount bands vary depending on both weekly income and the household (family as defined within this scheme). For the sake of clarity, it should be noted that in any application for reduction is limited to a maximum of two dependant children or young persons.
- 5 Any applicant whose capital is greater than £16,000 shall not be entitled to any Council Tax Reductions whatsoever.
- 6 The authority **may** increase the level of incomes within the grid specified in paragraph 1 on an annual basis by the appropriate level of inflation measured by the Consumer Price Index (CPI) at September preceding the effective financial year **or** by a percentage representing the increase in personal allowance within the applicable amounts for Housing Benefit for the relevant financial year, **whichever is the lowest**. Where the levels of income are amended,

they shall be rounded up to the nearest whole pound (£).

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

Schedule 2
Sums to be disregarded in the calculation of earnings

1. There shall be £25 per week disregarded from an applicant's net earnings as follows:
2. Only one disregard shall be applied to each claim.

Schedule 3
Sums to be disregarded in the calculation of income other than earnings

1. Any amount paid by way of tax on income, which is to be taken into account under section 28 (calculation of income other than earnings).
2. Any payment made to the applicant 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.
4. 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 30.0 (notional income).
5. Any payment in respect of expenses arising out of the applicant's participation in a service user group or where the applicant is participating as a service user.
6. 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.
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 income.
8. 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.
9. Where the applicant, or the person who was the partner of the applicant on 31st March 2003, was entitled on that date to income support or an income-based jobseeker's allowance but ceased to be so entitled on or before 5th April 2003 by virtue only of regulation 13 of the Housing Benefit (General) Amendment (No. 3) Regulations 1999 as in force at that date, the whole of his income.
10. Any disability living allowance, personal independence payment or AFIP.
11. Carers Allowance
12. Any Windrush compensation payment
13. Any concessionary payment made to compensate for the non-payment of;
 - (a) any payment specified in paragraph 7 or 10;
 - (b) income support;
 - (c) an income-based jobseeker's allowance.
 - (d) an income-related employment and support allowance.
14. 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.
15. Any attendance allowance.
16. Any payment to the applicant as holder of the Victoria Cross or of the George Cross or any

analogous payment.

- 17.** (1) Any payment—
- (a) by way of an education maintenance allowance made pursuant to;
 - (i) regulations made under section 518 of the Education Act 1996 (payment of school expenses; grant of scholarships etc);
 - (ii) regulations made under section 49 or 73(f) of the Education (Scotland) Act 1980 (power to assist persons to take advantage of educational facilities);
 - (iii) directions made under section 73ZA of the Education (Scotland) Act 1980 and paid under section 12(2)(c) of the Further and Higher Education (Scotland) Act 1992
 - (b) corresponding to such an education maintenance allowance, made pursuant to;
 - (i) section 14 or section 181 of the Education Act 2002 (power of Secretary of State and National Assembly for Wales to give financial assistance for purposes related to education or childcare, and allowances in respect of education or training); or
 - (ii) regulations made under section 181 of that Act; or
 - (iii) in England, by way of financial assistance made pursuant to section 14 of the Education Act 2002.
- (2) Any payment, other than a payment to which sub-paragraph (1) applies, made pursuant to;
- (a) regulations made under section 518 of the Education Act 1996;
 - (b) regulations made under section 49 of the Education (Scotland) Act 1980; or
 - (c) directions made under section 73ZA of the Education (Scotland) Act 1980 and paid under section 12(2)(c) of the Further and Higher Education (Scotland) Act 1992,
- in respect of a course of study attended by a child or a young person or a person who is in receipt of an education maintenance allowance or other payment made pursuant to any provision specified in sub-paragraph (1).
- 18.** 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.
- 19** (1) Any payment made pursuant to section 2 of the 1973 Act or section 2 of the Enterprise and New Towns (Scotland) Act 1990 except a payment;
- (a) made as a substitute for income support, a jobseeker's allowance, incapacity benefit, severe disablement allowance or an employment and support allowance;
 - (b) of an allowance referred to in section 2(3) of the 1973 Act or section 2(5) of the Enterprise and New Towns (Scotland) Act 1990; or
 - (c) intended to meet the cost of living expenses which relate to any one or more of the items specified in sub-paragraph (2) whilst an applicant is participating in an education, training or other scheme to help him enhance his employment prospects unless the payment is a Career Development Loan paid pursuant to section 2 of the 1973 Act and the period of education or training or the scheme, which is supported by that loan, has been completed.
- (2) The items specified in this sub-paragraph for the purposes of sub-paragraph (1)(c) are food, ordinary clothing or footwear, household fuel or rent of the applicant or, where the applicant is a member of a family, any other member of his family, or any council tax or water charges for which that applicant or member is liable.
- 20** (1) Subject to sub-paragraph (2), any of the following payments;
- (a) a charitable payment;
 - (b) a voluntary payment;
 - (c) a payment (not falling within sub-paragraph (a) or (b) above) from a trust whose funds are derived from a payment made in consequence of any personal injury to the applicant;
 - (d) a payment under an annuity purchased;
 - (i) pursuant to any agreement or court order to make payments to the

- applicant; or
 - (ii) from funds derived from a payment made, in consequence of any personal injury to the applicant; or
 - (e) a payment (not falling within sub-paragraphs (a) to (d) received by virtue of any agreement or court order to make payments to the applicant in consequence of any personal injury to the applicant.
 - (2) Sub-paragraph (1) shall not apply to a payment, which is made or due to be made by–
 - (a) a former partner of the applicant, or a former partner of any member of the applicant’s family; or
 - (b) the parent of a child or young person where that child or young person is a member of the applicant’s family.
- 21.** 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.
- 22.** Subject to paragraph 35, £15 of any;
- (a) widowed mother’s allowance paid pursuant to section 37 of the Act;
 - (b) widowed parent’s allowance paid pursuant to section 39A of the Act.
- 23.** (1) Any income derived from capital to which the applicant is or is treated under section 39 (capital jointly held) as beneficially entitled but, subject to sub- paragraph (2), not income derived from capital disregarded under Schedule 4.
- (2) Income derived from capital disregarded under Schedule 4 but only to the extent of–
- (a) any mortgage repayments made in respect of the dwelling or premises in the period during which that income accrued; or
 - (b) any council tax or water charges which the applicant is liable to pay in respect of the dwelling or premises and which are paid in the period during which that income accrued.
- (3) The definition of ‘water charges’ in paragraph 2(1) shall apply to sub-paragraph (2) of this paragraph with the omission of the words ‘in so far as such charges are in respect of the dwelling which a person occupies as his home’.
- 24.** 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.
- 25.** (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, an amount specified in sub-paragraph (2) in respect of each week during the student's term.
- (2) For the purposes of sub-paragraph (1), the amount shall be equal to–
- (a) the weekly amount of the payments; or
 - (b) the amount by way of a personal allowance for a single applicant under 25 less the weekly amount of any award, bursary, scholarship, allowance or payment referred to in sub-paragraph (1)(b),
- whichever is less.
- 26.** Any payment made to the applicant by a child or young person or a non- dependant.
- 27.** 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.
- 28.** (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.
- 29.** (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.
- 30.** 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.

- 31.** (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) 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);
(b) 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);
(c) 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.
- 32.** Any payment made to the applicant with whom a person is accommodated by virtue of arrangements made
(a) by a local authority under—
(i) section 23(2)(a) of the Children Act 1989 (provision of accommodation and maintenance for a child whom they are looking after),
(ii) section 26 of the Children (Scotland) Act 1995 (manner of provision of accommodation to child looked after by local authority), or
(iii) regulations 33 or 51 of the Looked After Children (Scotland) Regulations 2009 (fostering and kinship care allowances and fostering allowances); or
(b) by a voluntary organisation under section 59(1)(a) of the Children Act 1989 (provision of accommodation by voluntary organisations).
- 33.** Any payment made to the applicant or his partner for a person ('the person concerned'), who is not normally a member of the applicant's household but is temporarily in his care, by—
(a) a health authority;
(b) a local authority but excluding payments of housing benefit made in respect of the person concerned;
(c) a voluntary organisation;
(d) the person concerned pursuant to section 26(3A) of the National Assistance Act 1948;
(e) a primary care trust established under section 16A of the National Health Service Act 1977 or established by an order made under section 18(2)(c) of the National Health Service Act 2006; or
(f) a Local Health Board established under section 16BA of the National Health Service Act 1977 or established by an order made under section 11 of the National Health Service (Wales) Act 2006
- 34.** 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).
- 35.** (1) Subject to sub-paragraph (2), any payment (or part of a payment) made by a local authority in accordance with section 23C of the Children Act 1989(e) or section 29 of the Children (Scotland) Act 1995 (local authorities' duty to promote welfare of children and powers to grant

financial assistance to persons in, or formerly in, their care) to a person ('A') which A passes on to the applicant.

- (2) Sub-paragraph (1) applies only where A;
- (a) was formerly in the applicant's care, and
 - (b) is aged 18 or over, and
 - (c) continues to live with the applicant.

- 36.** (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).
- 37.** Any payment of income which, by virtue of section 34 (income treated as capital) is to be treated as capital.
- 38.** Any social fund payment made pursuant to Part 8 of the Act (the Social Fund) or any local welfare fund provision
- 39.** 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.
- 40.** The total of an applicant's income or, if he is a member of a family, the family's income and the income of any person which he is treated as possessing under paragraph 15.2 (calculation of income and capital of members of applicant's family and of a polygamous marriage) to be disregarded under paragraph 45.2(b) and paragraph 46.1(d) (calculation of covenant income where a contribution assessed, covenant income where no grant income or no contribution is assessed), paragraph 49(2) (treatment of student loans), paragraph 49(3) (treatment of payments from access funds) and paragraphs 17 shall in no case exceed £20 per week.
- 41.** (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.

- 42. Any housing benefit or council tax benefit.
- 43. Any payment made by the Secretary of State to compensate for the loss (in whole or in part) of entitlement to housing benefit.
- 44. 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.
- 45. 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).

46. (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).
47. 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).
48. 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.
49. (1) Where, **but for the implementation of this scheme**, an applicant's applicable amount includes an amount by way of a family premium, £15 of any payment of maintenance, other than child maintenance, whether under a court order or not, which is made or due to be made by the applicant's former partner, or the applicant's partner's former partner.
(2) For the purpose of sub-paragraph (1) where more than one maintenance payment falls to be taken into account in any week, all such payments such be aggregated and treated as if they were a single payment.
(3) A payment made by the Secretary of State in lieu of maintenance shall, for the purpose of sub-paragraph (1), be treated as a payment of maintenance made by a person specified in sub-paragraph (1).
50. (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.
51. 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.
52. Any guardian's allowance.

- 53.** (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.
- 54.** 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.
- 55.** 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.
- 56** (1) Any payment which is
- (a) made under any of the Dispensing Instruments to a widow, widower or
 - (b) surviving civil partner of a person;
 - (i) whose death was attributable to service in a capacity analogous to service as a member of the armed forces of the Crown; and
 - (ii) whose service in such capacity terminated before 31st March 1973; and equal to the amount specified in article 23(2) of the Naval, Military and Air Forces Etc. (Disablement and Death) Service Pensions Order 2006.
- (2) In this paragraph 'the Dispensing Instruments' means the Order in Council of 19th December 1881, the Royal Warrant of 27th October 1884 and the Order by His Majesty of 14th January 1922 (exceptional grants of pay, non-effective pay and allowances).
- 57.** Any Council Tax Reduction or council tax benefit to which the applicant is entitled.
- 58.** 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).
- 59.** (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
- 60.** (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.

61. 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.
62. 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.
63. 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.
64. (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.
65. Any bereavement support payment in respect of the rate set out in regulation 3(2) or (5) of the Bereavement Support Payment Regulations 2017
66. Any payments to a claimant made under section 49 of the Children and Families Act 2014 (personal budgets and direct payments)
67. Any payments made by the London Emergencies Trust" means the company of that name (number 09928465) incorporated on 23rd December 2015 and the registered charity of that name (number 1172307) established on 28th March 2017 or the We Love Manchester Emergency Fund" means the registered charity of that name (number 1173260) established on 30th May 2017
68. Any payment of child benefit.
69. Any payments disregarded for Housing Benefits under the Social Security (*Emergency Funds*) Amendment) Regulations 2017
70. where the applicant (or any partner or dependant) is in receipt of carer's allowance, personal independence payment, or disability living allowance, an amount of £40 per week
71. Any amount of Carer's Allowance.
72. 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
73. **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 4
Capital to be disregarded

1. The dwelling together with any garage, garden and outbuildings, normally occupied by the applicant as his home including any premises not so occupied which it is impracticable or unreasonable to sell separately, in particular, 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 premises acquired for occupation by the applicant, which he intends to occupy as his home within 26 weeks of the date of acquisition or such longer period as is reasonable in the circumstances to enable the applicant to obtain possession and commence occupation of the premises.
3. Any sum directly attributable to the proceeds of sale of any premises formerly occupied by the applicant as his home which is to be used for the purchase of other premises intended for such occupation within 26 weeks of the date of sale or such longer period as is reasonable in the circumstances to enable the applicant to complete the purchase.
4. Any premises occupied in whole or in part—
 - (a) by a partner or relative of a single applicant or any member of the family as his home where that person has attained the qualifying age for state pension credit or is incapacitated;
 - (b) by the former partner of the applicant as his home; but this provision shall not apply where the former partner is a person from whom the applicant is estranged or divorced or with whom he had formed a civil partnership that has been dissolved.
5. Where an applicant is on income support, an income-based jobseeker's allowance or an income-related employment and support allowance, the whole of his capital.
6. Where the applicant is a member of a joint-claim couple for the purposes of the Jobseekers Act 1995 and his partner is on income-based jobseeker's allowance, the whole of the applicant's capital.
7. Any future interest in property of any kind, other than land or premises in respect of which the applicant has granted a subsisting lease or tenancy, including sub-leases or sub-tenancies.
8. (1) The assets of any business owned in whole or in part by the applicant and for the purposes of which he is engaged as a self-employed earner, or if he has ceased to be so engaged, for such period as may be reasonable in the circumstances to allow for disposal of any such asset.
 (2) The assets of any business owned in whole or in part by the applicant where—
 - (a) he is not engaged as a self-employed earner in that business by reason of some disease or bodily or mental disablement; but
 - (b) he intends to become engaged or, as the case may be, re-engaged as a self-employed earner in that business as soon as he recovers or is able to become engaged or re-engaged in that business;

for a period of 26 weeks from the date on which the claim for Council Tax Reduction is made, or is treated as made, or, if it is unreasonable to expect him to become engaged or re-engaged in that business within that period, for such longer period as is reasonable in the circumstances to enable him to become so engaged or re-engaged.
- (3) In the case of a person who is receiving assistance under the self-employment route, the assets acquired by that person for the purpose of establishing or carrying on the commercial activity in respect of which such assistance is being received.
- (4) In the case of a person who has ceased carrying on the commercial activity in respect of which assistance was received as specified in sub-paragraph (3), the assets relating to that activity for such period as may be reasonable in the circumstances to allow for disposal of any such asset.

9. (1) Subject to sub-paragraph (2), any arrears of, or any concessionary payment made to compensate for arrears due to the non-payment of;
- (a) any payment specified in Schedule 4;
 - (b) an income-related benefit under Part 7 of the Act;
 - (c) an income-based jobseeker's allowance;
 - (d) any discretionary housing payment paid pursuant to regulation 2(1) of the Discretionary Financial Assistance Regulations 2001;
 - (e) working tax credit and child tax credit
 - (f) an income-related employment and support allowance

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

(2) In a case where the total of any arrears and, if appropriate, any concessionary payment referred to in sub-paragraph (1) relating to one of the specified payments, benefits or allowances amounts to £5,000 or more (referred to in this sub-paragraph and in sub-paragraph (3) as 'the relevant sum') and is

- (a) paid in order to rectify or to compensate for, an official error as defined in regulation 1(2) of the Decisions and Appeals Regulations; and
- (b) received by the applicant in full on or after 14th October 2001,

sub-paragraph (1) shall have effect in relation to such arrears or concessionary payment either for a period of 52 weeks from the date of receipt, or, if the relevant sum is received in its entirety during the award of Council Tax Reduction, for the remainder of that award if that is a longer period.

(3) For the purposes of sub-paragraph (2), 'the award of Council Tax Reduction' means—

- (a) the award in which the relevant sum is first received (or the first part thereof where it is paid in more than one instalment); and
- (b) where that award is followed by one or more further awards which, or each of which, begins immediately after the end of the previous award, such further award provided that for that further award the applicant;
 - (i) is the person who received the relevant sum; or
 - (ii) is the partner of the person who received the relevant sum or was that person's partner at the date of his death.

10. Any sum

- (a) paid to the applicant in consequence of damage to, or loss of the home or any personal possession and intended for its repair or replacement; or
- (b) acquired by the applicant (whether as a loan or otherwise) on the express condition that it is to be used for effecting essential repairs or improvement to the home, which is to be used for the intended purpose, for a period of 26 weeks from the date on which it was so paid or acquired or such longer period as is reasonable in the circumstances to effect the repairs, replacement or improvement.

11. Any sum—

- (a) deposited with a housing association as defined in section 1(1) of the Housing Associations Act 1985 or section 338(1) of the Housing (Scotland) Act 1987 as a condition of occupying the home;
- (b) which was so deposited and which is to be used for the purchase of another home, for the period of 26 weeks or such longer period as may be reasonable in the circumstances to enable the applicant to complete the purchase.

12. Any personal possessions except those which have been acquired by the applicant with the intention of reducing his capital in order to secure entitlement to Council Tax Reduction or to increase the amount of that support.

- 13.** The value of the right to receive any income under an annuity or the surrender value (if any) of such an annuity.
- 14.** Where the funds of a trust are derived from a payment made in consequence of any personal injury to the applicant or applicant's partner, the value of the trust fund and the value of the right to receive any payment under that trust.
- 14A.** (1) Any payment made to the applicant or the applicant's partner in consequence of any personal injury to the applicant or, as the case may be, the applicant's partner.

(2) But sub-paragraph (1)
 - (a) applies only for the period of 52 weeks beginning with the day on which the applicant first receives any payment in consequence of that personal injury;
 - (b) does not apply to any subsequent payment made to him in consequence of that injury (whether it is made by the same person or another);
 - (c) ceases to apply to the payment or any part of the payment from the day on which the applicant no longer possesses it;
 - (d) does not apply to any payment from a trust where the funds of the trust are derived from a payment made in consequence of any personal injury to the applicant.
(3) For the purposes of sub-paragraph (2)(c), the circumstances in which an applicant no longer possesses a payment or a part of it include where the applicant has used a payment or part of it to purchase an asset.

(4) References in sub-paragraphs (2) and (3) to the applicant are to be construed as including references to his partner (where applicable).
- 15.** The value of the right to receive any income under a life interest or from a life rent.
- 16.** The value of the right to receive any income, which is disregarded under Schedule 4.
- 17.** The surrender value of any policy of life insurance.
- 18.** Where any payment of capital falls to be made by instalments, the value of the right to receive any outstanding instalments.
- 19.** Any payment made by a local authority in accordance with section 17, 23B, 23C or 24A of the Children Act 1989 or, as the case may be, section 12 of the Social Work (Scotland) Act 1968 or sections 22, 29 or 30 of the Children (Scotland) Act 1995 (provision of services for children and their families and advice and assistance to certain children).
- 19A.** (1) Subject to sub-paragraph (2), any payment (or part of a payment) made by a local authority in accordance with section 23C of the Children Act 1989 or section 29 of the Children (Scotland) Act 1995 (local authorities' duty to promote welfare of children and powers to grant financial assistance to persons in, or formerly in, their care) to a person ('A') which A passes on to the applicant.

(2) Sub-paragraph (1) applies only where A;
 - (a) was formerly in the applicant's care, and
 - (b) is aged 18 or over, and
 - (c) continues to live with the applicant.
- 20.** Any social fund payment made pursuant to Part 8 of the Act.
- 21.** Any refund of tax which falls to be deducted under section 369 of the Income and Corporation Taxes Act 1988 (deduction of tax from certain loan interest) on a payment of relevant loan interest for the purpose of acquiring an interest in the home or carrying out repairs or improvements to the home.

22. Any capital which, by virtue of sections 34 or 49 (capital treated as income, treatment of student loans) is to be treated as income.
23. Where any payment of capital is made in a currency other than sterling, any banking charge or commission payable in converting that payment into sterling.
24. (1) Any payment made under or by the Trusts, the Fund, the Eileen Trust, MFET Limited, the Independent Living Fund (2006), the Skipton Fund, the Caxton Foundation or the Charitable Fund.
- (2) Any payment by or on behalf of a person who is suffering or who suffered from haemophilia or who is or was a qualifying person, which derives from a payment made under or by any of the Trusts to which sub-paragraph (1) refers and which is made to or for the benefit of–
- (a) that person's partner or former partner from whom he is not, or where that person has died was not, estranged or divorced or with whom he has formed a civil partnership that has not been dissolved or, where that person has died, had not been dissolved at the time of that person's death;
 - (b) any child who is a member of that person's family or who was such a member and who is a member of the applicant's family; or
 - (c) any young person who is a member of that person's family or who was such a member and who is a member of the applicant's family.
- (3) Any payment by or on behalf of the partner or former partner of a person who is suffering or who suffered from haemophilia or who is or was a qualifying person provided that the partner or former partner and that person are not, or if either of them has died were not, estranged or divorced or, where the partner or former partner and that person have formed a civil partnership, the civil partnership has not been dissolved or, if either of them has died, had not been dissolved at the time of the death, which derives from a payment made under or by any of the Trusts to which sub-paragraph (1) refers and which is made to or for the benefit of–
- (a) the person who is suffering from haemophilia or who is a qualifying person;
 - (b) any child who is a member of that person's family or who was such a member and who is a member of the applicant's family; or
 - (c) any young person who is a member of that person's family or who was such a member and who is a member of the applicant's family.
- (4) Any payment by a person who is suffering from haemophilia or who is a qualifying person, which derives from a payment under or by any of the Trusts to which sub-paragraph (1) refers, where–
- (a) that person has no partner or former partner from whom he is not estranged or divorced or with whom he has formed a civil partnership that has not been dissolved, nor any child or young person who is or had been a member of that person's family; and
 - (b) the payment is made either;
 - (i) to that person's parent or step-parent; or
 - (ii) where that person at the date of the payment is a child, a young person or a student who has not completed his full-time education and has no parent or step-parent, to his guardian, but only for a period from the date of the payment until the end of two years from that person's death.
- (5) Any payment out of the estate of a person who suffered from haemophilia or who was a qualifying person, which derives from a payment under or any of the Trusts to which sub-paragraph (1) refers, where
- (a) that person at the date of his death (the relevant date) had no partner or former partner from whom he was not estranged or divorced or with whom he had formed a civil partnership that had not been dissolved, nor any child or young person who was

or had been a member of his family; and
(b) the payment is made either;
(i) to that person's parent or step-parent; or
(ii) where that person at the relevant date was a child, a young person or a student who had not completed his full-time education and had no parent or step-parent, to his guardian,
but only for a period of two years from the relevant date.

(6) In the case of a person to whom or for whose support payment referred to in this paragraph is made, any capital resource which derives from any payment of income or capital made under or deriving from any of the Trusts.

(7) For the purposes of sub-paragraphs (2) to (6), any reference to the Trusts shall be construed as including a reference to the Fund, the Eileen Trust, MFET Limited the Skipton Fund , the Caxton Foundation, and the London Bombings Relief Charitable Fund.

25. (1) Where an applicant has ceased to occupy what was formerly the dwelling occupied as the home following his estrangement or divorce from, or dissolution of his civil partnership with, his former partner, that dwelling for a period of 26 weeks from the date on which he ceased to occupy that dwelling or, where the dwelling is occupied as the home by the former partner who is a lone parent, for so long as it is so occupied.

(2) In this paragraph 'dwelling' includes any garage, garden and outbuildings, which were formerly occupied by the applicant as his home and any premises not so occupied which it is impracticable or unreasonable to sell separately, in particular, in Scotland, any croft land on which the dwelling is situated.

26. Any premises where the applicant is taking reasonable steps to dispose of those premises, for a period of 26 weeks from the date on which he first took such steps, or such longer period as is reasonable in the circumstances to enable him to dispose of those premises.

27. Any premises which the applicant intends to occupy as his home, and in respect of which he is taking steps to obtain possession and has sought legal advice, or has commenced legal proceedings, with a view to obtaining possession, for a period of 26 weeks from the date on which he first sought such advice or first commenced such proceedings whichever is the earlier, or such longer period as is reasonable in the circumstances to enable him to obtain possession and commence occupation of those premises.

28. Any premises which the applicant intends to occupy as his home to which essential repairs or alterations are required in order to render them fit for such occupation, for a period of 26 weeks from the date on which the applicant first takes steps to effect those repairs or alterations, or such longer period as is necessary to enable those repairs or alterations to be carried out.

29. Any payment made by the Secretary of State to compensate for the loss (in whole or in part) of entitlement to housing benefit.

30. Any Windrush Compensation Payment

31. The value of the right to receive an occupational or personal pension.

32. The value of any funds held under a personal pension scheme

33. The value of the right to receive any rent except where the applicant has a reversionary interest in the property in respect of which rent is due.

34. Any payment in kind made by a charity or under or by the Trusts, the Fund, MFET Limited, the Skipton Fund, the Caxton Foundation or the Independent Living Fund (2006).

35. Any payment made pursuant to section 2 of the 1973 Act or section 2 of the Enterprise and New Towns (Scotland) Act 1990, but only for the period of 52 weeks beginning on the date of receipt of the payment.
36. 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.
37. Any payment in consequence of a reduction of council tax under section 13 or, as the case may be, section 80 of the Local Government Finance Act 1992 (reduction of liability for council tax), but only for a period of 52 weeks from the date of the receipt of the payment.
38. Any grant made in accordance with a scheme made under section 129 of the Housing Act 1988 or section 66 of the Housing (Scotland) Act 1988 (schemes for payments to assist local housing authority and local authority tenants to obtain other accommodation) which is to be used—
 - (a) to purchase premises intended for occupation as his home; or
 - (b) to carry out repairs or alterations which are required to render premises fit for occupation as his home,for a period of 26 weeks from the date on which he received such a grant or such longer period as is reasonable in the circumstances to enable the purchase, repairs or alterations to be completed and the applicant to commence occupation of those premises as his home.
39. Any arrears of supplementary pension which is disregarded under Schedule 3 (sums to be disregarded in the calculation of income other than earnings) or of any amount which is disregarded under paragraph 54 or 55 of that Schedule, but only for a period of 52 weeks from the date of receipt of the arrears.
40. (1) Any payment or repayment made—
 - (a) as respects England, under regulation 5, 6 or 12 of the National Health Service (Travel Expenses and Remission of Charges) Regulations 2003 (travelling expenses and health service supplies);
 - (b) as respects Wales, under regulation 5, 6 or 11 of the National Health Service (Travelling Expenses and Remission of Charges) (Wales) Regulations 2007 (travelling expenses and health service supplies);
 - (c) as respects Scotland, under regulation 3, 5 or 11 of the National Health Service (Travelling Expenses and Remission of Charges) (Scotland) (No. 2) Regulations 2003 (travelling expenses and health service supplies),but only for a period of 52 weeks from the date of receipt of the payment or repayment.
(2) Any payment or repayment made by the Secretary of State for Health, the Scottish Ministers or the Welsh Ministers, which is analogous to a payment, or repayment mentioned in subparagraph (1), but only for a period of 52 weeks from the date of the receipt of the payment or repayment.
41. Any payment made to such persons entitled to receive benefits as may be determined by or under a scheme made pursuant to section 13 of the Social Security Act 1988 in lieu of vouchers or similar arrangements in connection with the provision of those benefits (including payments made in place of healthy start vouchers, milk tokens or the supply of vitamins), but only for a period of 52 weeks from the date of receipt of the payment.
42. Any payment made under Part 8A of the Act (entitlement to health in pregnancy grant).
43. 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.

44. 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.
45. Any payment made by a local authority under section 3 of the Disabled Persons (Employment) Act 1958 to homeworkers assisted under the Blind Homeworkers' Scheme.
46. (1) Subject to sub-paragraph (2), where an applicant satisfies the conditions in section 131(3) and (6) of the Act (entitlement to alternative maximum Council Tax Reduction), the whole of his capital.
(2) Where in addition to satisfying the conditions in section 131(3) and (6) of the Act the applicant also satisfies the conditions in section 131(4) and (5) of the Act (entitlement to the maximum Council Tax Reduction), sub-paragraph (1) shall not have effect.
47. (1) Any sum of capital to which sub-paragraph (2) applies and
 - (a) which is administered on behalf of a person by the High Court or the County Court under Rule 21.11(1) of the Civil Procedure Rules 1998 (as amended by the Civil Procedure (Amendment No. 7) Rule 2013) or by the Court of Protection;
 - (b) which can only be disposed of by order or direction of any such court; or
 - (c) where the person concerned is under the age of 18, which can only be disposed of by order or direction prior to that person attaining age 18.(2) This sub-paragraph applies to a sum of capital which is derived from;
 - (a) an award of damages for a personal injury to that person; or
 - (b) compensation for the death of one or both parents where the person concerned is under the age of 18.
48. Any sum of capital administered on behalf of a person in accordance with an order made under section 13 of the Children (Scotland) Act 1995, or under Rule 36.14 of the Ordinary Cause Rules 1993 or under Rule 128 of those Rules, where such sum derives from
 - (a) award of damages for a personal injury to that person; or
 - (b) compensation for the death of one or both parents where the person concerned is under the age of 18.
49. Any payment to the applicant as holder of the Victoria Cross or George Cross.
50. 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.
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.

- 58 (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.
59. 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).
60. Any payment made to the applicant pursuant to regulations under section 2(6)(b), 3 or 4 of the Adoption and Children Act 2002.
61. Any payment made to the applicant in accordance with regulations made pursuant to section 14F of the Children Act 1989 (special guardianship support services).
62. Any payments to a claimant made under section 49 of the Children and Families Act 2014 (personal budgets and direct payments)
63. Any payments made by the London Emergencies Trust" means the company of that name (number 09928465) incorporated on 23rd December 2015 and the registered charity of that name (number 1172307) established on 28th March 2017 or the We Love Manchester Emergency Fund" means the registered charity of that name (number 1173260) established on 30th May 2017
64. Any bereavement support payment in respect of the rate set out in regulation 3(2) or (5) of the Bereavement Support Payment Regulations 2017.
65. 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
66. **Provision for all applicants: Homes for Ukraine scheme**
 (1) Any payment made in connection with the Homes for Ukraine scheme is to be disregarded in determining—
 (c) an applicant's entitlement to a reduction under the scheme; or
 (d) the amount of any reduction to which the applicant is entitled.
 (2) In this regulation—
 "the Homes for Ukraine scheme" means the Homes for Ukraine sponsorship scheme which was announced in Parliament by the Secretary of State for Levelling Up, Housing and Communities on 14th March 2022

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Council

18 February 2025

Part 1 - Public

Matters for Decision



Cabinet Member Matt Boughton, Leader of the Council

Responsible Officer Adrian Stanfield, Monitoring Officer

Report Author Adrian Stanfield, Monitoring Officer

Changes to constitution

1 Summary and Purpose of Report

- 1.1 This report recommends that changes are made to Part 3 of the Council's constitution in respect of the terms of reference for Area Planning Committees and the General Purposes Committee.

2 Corporate Strategy Priority Area

- 2.1 Efficient services for all our residents, maintaining an effective council.
- 2.2 The proposals in this paper will contribute to the above priority area by ensuring that the Council's constitution remains up to date and that decisions are taken by the appropriate body of members.

3 Recommendations

- 3.1 Members are requested to agree to the changes to Part 3 of the constitution set out at Annex 1.

4 Introduction and Background

- Terms of reference for the Area Planning Committee
- 4.1 On 24 October 2023 Council agreed to amend rule 15.25 of the Committee Procedure Rules at Part 4 of the Constitution in 2 respects, to deal with the situation where an Area Planning Committee is minded to determine a planning application in a way or on grounds which the Director of Planning, Housing and Environmental Health does not consider can be substantiated.
- 4.2 One of the proposed amendments related to the costs report prepared by the Director of Central Services & Deputy Chief Executive and recommended that

15.25 be amended to provide that if the Director of Central Services and Monitoring Officer's report indicates that there is likely to be a risk of significant costs being awarded against the Council at any appeal, or a potential liability to pay compensation, the committee may not determine the application in a manner contrary to the advice set out in the report, and a resolution by the committee to make such a determination will be a recommendation only and the application shall stand adjourned to Council for determination.

- 4.3 I have noted that the current Terms of Reference for the Area Planning Committees are inconsistent with rule 15.25 of the Committee Procedure Rules as they still reflect the position prior to the changes agreed by Council on 24 October 2023 i.e. they refer to a '*significant risk of costs*' rather than a '*risk of significant costs*'. To ensure that all parts of the constitution are aligned with the decision taken by Members in October 2023 it is therefore proposed to amend the Terms of Reference as set out at Annex 1. The proposed wording is identical to that in rule 15.25.

- Terms of Reference for the General Purposes Committee

- 4.4 The current terms of reference for the General Purposes Committee provide that the functions of the Committee shall include the discharge of all matters relating to the Council's responsibility as an employer, including all functions relating to local government pensions etc, which are not the responsibility of the Executive. This includes agreeing the annual pay award to staff.
- 4.5 Allowances payable to Members, including those for Mayor and Deputy Mayor are uprated in line with any increases in the remuneration of staff. This link between Member allowances and the staff pay award was agreed by Council on 11 July 2023.
- 4.6 Given the significant financial implications that flow from the staff pay award, and its specific link to any increase in the rate of Member allowances, it is therefore proposed that the annual determination of this award should be a matter for all Members via full Council, following initial consideration by General Purposes Committee.
- 4.7 The proposed amendments to Part 3 of the constitution are set out in Annex 1.

5 Other Options

- 5.1 The other option considered was to make no changes to the existing terms of reference. For the reasons set out in this report that option is not recommended.

6 Financial and Value for Money Considerations

- 6.1 None arising from the proposals in this paper.

7 Risk Assessment

- 7.1 The proposed amendments to the terms of reference for Area Planning Committee will minimise risk associated with the operation of the Constitution as they seek to ensure that the provisions remain consistent throughout. The proposed amendment to the terms of reference for the General Purposes Committee will ensure that full Council retains ultimate responsibility for financial decisions on pay awards to staff and allowances payable to Members.

8 Legal Implications

- 8.1 Article 10 of the Constitution sets out the procedure for review and revision of the Constitution. Except in specified circumstances, changes to the Constitution may only be approved by full Council after consideration of a report on the proposal from the Council's Monitoring Officer.

9 Consultation and Communications

- 9.1 If agreed, the amended constitution will be published on the Council's website.

10 Implementation

- 10.1 If agreed, the changes will take effect immediately.

11 Cross Cutting Issues

11.1 Climate Change and Biodiversity

- 11.1.1 Limited or low impact on emissions and environment.

- 11.1.2 Climate change advice has not been sought in the preparation of the options and recommendations in this report.

11.2 Equalities and Diversity

- 11.2.1 The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. There is no perceived impact on end users.

Background Papers	None
Annexes	Annex 1 – Amendments to Part 3 of the Constitution

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RESPONSIBILITY FOR COUNCIL FUNCTIONS

Committees – Membership and Terms of Reference

The Council may make arrangements under Section 101 of the Local Government Act 1972 for the discharge of any of its functions by:	
(a)	A committee;
(b)	A sub-committee;
(c)	A joint committee;
(d)	Another local authority;
(e)	An officer
The following functions will be the responsibility of the Council itself, but will be delegated to committees or sub-committees, as specified. A number of the functions set out here are further delegated to officers of the Council.	

1.	Area Planning Committees
Size and Membership:	
Area 1 Planning Committee	To consist of the members elected for the following wards: Cage Green & Angel; Higham; Hildenborough; Judd; Trench; and Vauxhall (Total – 14 members)
Area 2 Planning Committee	To consist of the members elected for the following wards: Birling, Leybourne & Ryarsh; Borough Green & Platt; Bourne; East Peckham, West Peckham, Mereworth and Wateringbury; Kings Hill;; East Malling, West Malling & Offham; Pilgrims with Ightham (Total – 16 members)

Area 3 Planning Committee	To consist of the members elected for the following wards: Aylesford North & North Downs; Aylesford South & Ditton; Larkfield; Snodland East & Ham Hill; Snodland West & Holborough Lakes; and Walderslade (Total – 14 members)
For the avoidance of doubt, a member of the Executive may serve on an area planning committee if eligible to do so as a councillor (Quorum: 4 Members of the individual Planning Committee)	
Terms of Reference:	
Each Area Planning Committee has been appointed to make decisions on planning applications and related matters and exercise all functions of the Council as the Local Planning Authority relating to their respective wards as specified in Schedule 1 to the Local Authorities (Functions and Responsibilities) (England) Regulations 2000 except where recommended for approval in fundamental conflict with the plans and strategies which together comprise the Development Plan. Where a Committee rejects a recommendation to approve, or is minded to refuse, an application which is recommended for approval by the Director of Planning, Housing and Environmental Health on grounds which the Director does not consider can be substantiated at appeal, the matter shall be deferred to the next meeting of the Committee to enable the Director of Central Services & Deputy Chief Executive to submit an independent report to the Committee on the possibility of costs being awarded against the Council. If the Director of Central Services & Deputy Chief Executive's report indicates that there is likely to be a risk of significant costs being awarded against the Borough Council at any appeal, or a potential liability to pay compensation, the committee may not determine the application in a manner contrary to advice set out in the report, and a resolution by the Committee to make such a determination will be a recommendation only and the matter shall stand adjourned to Council for determination. These functions shall include (but are not restricted to):	
1.	Applications for planning permission under the Town and Country Planning Act 1990 ("the 1990 Act")
2.	Applications for consent to the cutting down, topping, lopping or destruction of trees.
3.	Applications for determination under Sections 191 and 192 of the 1990 Act.

4.	Applications for listed building and conservation area consent under the Planning (Listed Buildings and Conservation Areas) Act 1990.	
5.	Applications for consent under regulations Sections 220 and 221 of the 1990 Act to display advertisements.	
6.	Applications for consent under regulations under Sections 220 and 221 of the 1990 Act to display advertisements.	
7.	Applications for approvals required by a development order or by conditions imposed on the grant of planning permission and applications for determination as to whether prior approvals are required.	
8.	To authorise the issue of Building Preservation Notices pursuant to Section 3 of the Planning (Listed Buildings and Conservation Areas) Act 1990.	Except in cases where the Director of Planning, Housing and Environmental Health and Director of Central Services & Deputy Chief Executive consider there may be a liability for payment of compensation
9.	To exercise powers in relation to the service of enforcement notices under Parts VII and VIII of the Town and Country Planning Act 1990 and to take all further steps up to and including prosecution.	
10.	To exercise powers in relation to the service of Planning Contravention Notices under section 171C of the Town and Country Planning Act 1990 and to take all further steps up to and including prosecution.	
11.	To exercise powers in relation to the service of Breach of Condition Notices under section 187A of the Town and Country Planning Act 1990 and to take all further steps up to and including prosecution.	

12.	To exercise powers in relation to the service of Stop Notices under Parts VII and VIII of the Town and Country Planning Act 1990	Except in cases where the Director of Planning, Housing and Environmental Health and Director of Central Services & Deputy Chief Executive consider there may be a liability for payment of compensation
13.	To exercise powers in relation to the service of Listed Building Enforcement Notices under the provisions of the Planning (Listed Buildings and Conservation Areas) Act 1990 and to take all further steps up to and including prosecution.	
14.	Orders for modification or revocation of planning permissions.	Where served with the agreement of the owner
15.	To authorise the issue of Completion Notices under Section 94 Town and Country Planning Act 1990.	
16.	To resolve to serve Article 4 Directions under the Town and Country Planning (General Permitted Development) Order 1995.	
17.	To confirm Directions made under Article 4(2) of the Town and Country Planning (General Permitted Development) Order 1995	Where objections are received
18.	To deal with objections to tree preservation orders and to determine whether orders shall be confirmed.	
19.	The approval or disapproval of plans for the laying-out of new streets and erection of buildings under the Building Act 1984 and the Building Regulations 1991.	
20.	To exercise the Council's powers under Section 36 of the Building Act 1984 (power to require the removal or alteration of work not in conformity with the building regulations or executed notwithstanding the rejection of plans)	
21.	To make recommendations on Local Plans and Development Briefs and to approve	

	Development Briefs where they are produced pursuant to the requirements of a planning permission.	
22.	To submit views on behalf of the District Planning Authority in relation to the consultations under the Pastoral Measure 1968.	
23.	To consider and approve for consultation purposes Draft Conservation Areas	Formal designation of Conservation Areas reserved to Council
24.	Under the Hedgerows Regulations 1997:	
(a)	to deal with notifications under Section 75 of the Environment Act 1995 and the Regulations and to authorise the service of Hedgerow Retention Notices; and	
(b)	to exercise powers in relation to the service of notices requiring the replanting of important hedgerows under Section 75 of the Environment Act 1995 and the Regulations.	
Highways Use and Regulation		
25.	Each Area Planning Committee shall also exercise the functions of the Council relating to the regulation of the use of highways, as set out in Schedule 1 to the Functions Regulations	

2.	Audit Committee
Size and Membership:	
To consist of seven members and it shall be politically balanced, none of whom may be a member of the Executive. (Quorum: 3 Members of the Committee)	
Terms of Reference:	
The Committee shall provide to those charged with governance independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting and annual governance processes. By overseeing internal and external audit it makes an important contribution to ensuring that effective assurance arrangements are in place. It shall also provide independent assurance on the effectiveness of the control environment, including arrangements for value for money and countering fraud. The functions of the committee shall include:	
1.	To consider the Chief Audit Executive annual report and opinion, and a summary of internal audit activity (actual and proposed) and the level of assurance it can give over the council's corporate governance arrangements.
2.	To consider summaries of specific internal audit reports as requested.
3.	To consider reports dealing with the management and performance of the providers of internal audit services.
4.	To consider a report from internal audit on agreed recommendations not implemented within a reasonable timescale.
5.	To consider the external auditor's annual letter, relevant reports, and the report to those charged with governance.
6.	To consider initially general and specific audit reports from the successors to the Audit Commission, the External Auditor and the Director of Finance and Transformation, to make recommendations to Council for future action and to monitor the Council's implementation of those recommendations.
7.	To consider specific reports as agreed with the external auditor
8.	To comment on the scope and depth of external audit work and to ensure it gives value for money
9.	To oversee the appointment of the Council's external auditor.

10.	To commission work from internal and external audit.
11.	To monitor the effective development and operation of risk management and corporate governance in the Council.
12.	To monitor council policies on 'Raising Concerns at Work' and the Anti-Fraud and Anti-Corruption Strategy and the Council's complaints procedure.
13.	To oversee the production of the authority's statement on internal control and to recommend its adoption.
14.	To consider the Council's arrangements for corporate governance and agreeing necessary actions to ensure compliance with best practice.
15.	Effectiveness of the control environment including arrangements for value for money and countering fraud.
Corporate Governance Framework	
16.	To maintain an overview of the Council's Constitution in respect of Contract Procedure Rules, Financial Procedure Rules and Codes of Conduct and behaviour.
17.	To review any issue referred to it by the Chief Executive or a Chief Officer or any Council body.
18.	To consider the Council's compliance with its own and other published standards and controls.
Accounts	
19.	To review and approve the annual statement of accounts. Specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the Council.
20.	To consider the external auditor's report to those charged with governance on issue arising from the audit of the accounts.
Treasury Management	
21.	To consider reports on Treasury Management Activity and the formulation of the Treasury Management and Annual Investment Strategy

3.	General Purposes Committee
Size and Membership:	
To consist of 11 members and it shall be politically balanced (Quorum: 4 Members of the Committee)	
Terms of Reference:	
- Byelaws - Elections - Employment - Health and Safety - Local or Personal Bills - Miscellaneous Functions - Name and Status of areas and individuals - Pensions - Standards	
The functions of the committee shall include:	
1.	To deal with all matters relating to European, Parliamentary and Local Elections and Parish Council Elections (in consultation with the Parish Council), electoral registration and representation including all matters in respect of Constituency, Borough, ward and parish boundaries.
2.	To deal with all matters relating to byelaws, including the power to make, amend and revoke such byelaws (where those matters are not dealt with by any other committee).
3.	To advise the Council upon the exercise of its powers to promote or oppose local or personal Bills.
4.	To consider any request to change the name of a town or parish within the Borough and to make recommendations to Council.
5.	To discharge all matters relating to the Council's responsibilities as an employer (save for determination of the annual staff pay award which shall be reserved to full Council), including functions relating to local government pensions, etc., which are not the responsibility of the Executive.
6.	To discharge all other functions which are the responsibility of the Council (other than those required by statute to be taken by the Council itself) as set out in the Local Authorities (Functions and Responsibilities) (England) Regulations 2000 where those functions do not fall within the purview of another committee. (Miscellaneous Function).
7.	To exercise the Council's functions relating to health and safety under any relevant statutory provision within the meaning of Part I of the Health and Safety at Work etc Act 1974 to the extent that those functions are discharged otherwise than in the Council's capacity as employer.

8.	To exercise the Council's function relating to smoke-free workplaces, etc., under the Health Act 2006, Smoke-free (Premises and Enforcement) Regulations 2006 and any other related regulations to the extent that those functions are discharged otherwise than in the Council's capacity as employer.
9.	To advise the Borough Council on the adoption of or revisions to its Code of Conduct.
10.	To monitor and assess the operation and effectiveness of the Code of Conduct.
11.	To advise on ethical governance protocols and procedures.
12.	To grant dispensations pursuant to section 33(2) of the Localism Act 2011 and paragraph 8 of the adopted Code of Conduct where:
(a)	Without the dispensation, the representation of different political groups on the body transacting the business would be so upset as to alter the outcome of any vote on that matter;
(b)	That the Committee considers that the dispensation is in the interests of persons living in its area; or
(c)	Where the Committee considers that it is otherwise appropriate to grant a dispensation.

4.	Joint Standards Committee
The Council has established a Joint Standards Committee with all of the Parish Councils within the Borough.	
Size and Membership: (Quorum 4 Members of the Committee)	
To consist of eleven members of the Council, six parish representatives (to be drawn on a pool basis from amongst the members appointed to represent the town and parish councils).	
Terms of Reference:	
The Joint Standards Committee will have the following roles and functions:	
1.	To promote and maintain high standards of conduct by Members and Co-opted Members of the Borough Council and to make recommendations to Council on improving standards.
2.	To advise and assist Parish/Town Councils and Parish/Town Councillors to maintain high standards of conduct and to make recommendations to Parish/Town Councils on improving standards.
3.	To advise, train or arrange to train Borough Members, Co-opted Members and Parish/Town Councillors on matters relating to the Code of Conduct.
4.	To assist the Borough Councillors, Co-opted Members and Parish/Town Councillors to observe their respective Codes of Conduct
5.	To review and manage the arrangements for dealing with Code of Conduct complaints.
6.	To maintain oversight of the Borough Council's arrangements for dealing with Code of Conduct complaints
7.	To act as an advisory body in respect of any ethical governance matter.
8.	To monitor and review the procedures for the Register of Members' Interests and declaring gifts and hospitality.
9.	To receive quarterly reports (or less frequently if there are no complaints to report) from the Monitoring Officer on the number and nature of complaints received and action taken as a result in consultation with the Independent Person.
10.	To receive an annual report on the Borough Council's ethical governance arrangements.
11.	To appointment a sub-committee to deal with Code of Conduct complaints, following investigation.
5.	Licensing and Appeals Committee

Size and Membership:	
To consist of 13 members and it shall be politically balanced. (Quorum: 4 Members of the Committee)	
Where any application or complaint falls to be determined by the Committee sitting as a sub-committee (Panel), there shall be constituted a panel of not less than three nor more than five Members drawn from amongst the Members of the Committee by the Chief Executive in consultation with the Chairman of the Committee, and the Panel may exercise the functions of the Committee in relation to the application or complaint in question. Where a sub-committee is exercising the functions of the Committee under the Licensing Act 2003, it shall comprise 3 Members drawn from the Members of the Committee.	
Terms of Reference:	
Licensing and registration	
(a)	Except as provided in the Licensing Act 2003 and Gambling Act 2005 and any regulations made thereunder; the discharge of all functions of the Borough Council as licensing authority set out in those Acts.
(b)	The discharge of all functions of the Borough Council relating to hackney carriage and private hire licensing, including the licensing of vehicles, drivers and operators; and
(c)	The discharge of all other functions relating to licensing and registration in so far as they are the responsibility of the Borough Council
Determination of Appeals	
To determine appeals made:	
(d)	against any decision made by or on behalf of the authority except where there is a statutory appeals procedure
(e)	under either grievance or disciplinary procedures (including grading) for all categories of employees
The functions of the Committee shall include (but not be limited to):	
1.	To deal with all matters relating to licences, registrations and permits within the purview of the Council

2.	- To designate streets in accordance with paragraph 2 of Schedule 4 to the Local Government (Miscellaneous Provisions) Act 1982 in respect of street trading provisions. - Licences for houses in multiple occupation under the Housing Act 2004 (where objections made). - Scrap metal dealing under the Scrap Metal Dealers Act 2013 To exercise all of the Council's powers relating to charitable collections.
3.	To exercise all of the Council's powers under Part V of the Disability Discrimination Act 1995.
4.	To determine staff grading appeals and disciplinary appeals not within officer responsibilities under the Council's disciplinary procedures
5.	Determination and implementation of the Council's policy in respect of the licensing of caravan sites and moveable dwellings, including the adoption and enforcement of standards.
6.	To deal with such other appeals as need Member determination.

5.1	Panels of the Licensing and Appeals Committee dealing with Alcohol and Entertainments and Gambling Licensing <i>(Constituted in accordance with the provisions of the Licensing Act 2003)</i>	
To determine the following applications under the Licensing Act 2003		
1.	Application for personal licence	If a police objection
2.	Application for personal licence with unspent convictions	All cases
3.	Application for premises licence/club premises certificate	If a relevant representation made
4.	Application for provisional statement	If a relevant representation made
5.	Application to vary premises licence/club premises certificate	If a relevant representation made
6.	Application to vary designated premises supervisor	If a police objection
7.	Application for transfer of premises licence	If a police objection
8.	Applications for interim authorities	If a police objection
9.	Application to review premises licence/club premises certificate	All cases
10.	Decision to object when Council is a consultee and not the relevant authority considering the application	All cases
11.	Determination of a police objection to a temporary event notice	All cases
12.	To make orders under section 6 of the Gaming Act 1968 and grant of permits under section 16 of the Lotteries and Amusements Act 1976 be exercised by the Committee's panels	All cases
To determine the following applications under the Gambling Act 2005		
13.	Application for premises licence	If a relevant representation made

6.	Overview and Scrutiny Committee
Size and Membership: (Quorum: 4 Members of the Committee)	
To consist of 17 members and shall be politically balanced, none of whom may be a member of the Executive.	
The Overview and Scrutiny Committee will have the power to co-opt any person(s) it thinks appropriate (except for members of the Executive and officers of the Council) onto the committee, on whatever basis it thinks appropriate. Co-opted members may speak in debates but not vote. The Borough Council has approved a Scheme of Co-option as set out in Part 4, Overview and Scrutiny Procedure Rule 3.1	
The Overview and Scrutiny Committee will conduct its proceedings in accordance with the Overview and Scrutiny Procedure Rules set out in Part 4 of this Constitution.	
Terms of Reference:	
The Overview and Scrutiny Committee shall discharge the following general functions	
1.	review or scrutinise decisions made, or other action taken, in connection with the discharge of any functions which are the responsibility of the Executive;
2.	make reports or recommendations to the authority or the Cabinet with respect to the discharge of any functions which are the responsibility of the Executive;
3.	review or scrutinise decisions (other than individual regulatory decisions) made, or other action taken, in connection with the discharge of any functions which are not the responsibility of the Executive;
4.	make reports or recommendations to the authority or the Cabinet with respect to the discharge of any functions which are not the responsibility of the Executive;
5.	make reports or recommendations to the authority or the Executive on matters which affect the authority's area or the inhabitants of that area; and
6.	exercise the right to call-in, for reconsideration, decisions made but not yet implemented by the Executive
The power of the Overview and Scrutiny Committee under 1 above to review or scrutinise a decision made but not implemented includes power:	
7.	to recommend that the decision be reconsidered by the person who made it; or

8.	to arrange for its function under subsection 1, so far as it relates to the decision, to be exercised by the authority.
Specific Functions:	
Policy Development and Review	
The Overview & Scrutiny Committee may	
9.	assist the Council and the executive in the development of its budget and policy framework by in-depth analysis of policy issues;
10.	conduct research, community and other consultation in the analysis of policy issues and possible options;
11.	consider and implement mechanisms to encourage and enhance community participation in the development of policy options;
12.	question members of the executive and/or committees and chief officers about their views on issues and proposals affecting the area;
13.	liaise with other external organisations operating in the area, whether national, regional or local, to ensure that the interests of local people are enhanced by collaborative working;
Scrutiny	
The Overview & Scrutiny Committee may	
14.	review and scrutinise the decisions made by and performance of the executive and/or committees and council officers both in relation to individual decisions and over time;
15.	review and scrutinise the performance of the Council in relation to its policy objectives, performance targets and/or particular service areas;
16.	question members of the executive and/or committees and chief officers about their decisions and performance, whether generally in comparison with plans and targets over a period of time, or in relation to particular decisions, initiatives or projects;
17.	make recommendations to the executive and/or appropriate committee and/or Council arising from the outcome of the scrutiny process;
18.	review and scrutinise the performance of other public bodies in the area and invite reports from them by requesting them to address the committee and local people about their activities and performance;
19.	question and gather evidence from any person (with their consent).

Finance	
20.	The Overview and Scrutiny Committee may exercise overall responsibility for the finances made available to it
Annual Report	
21.	The Overview and Scrutiny Committee must report annually to the full Council on its workings and make recommendations for future work programmes and amended working methods if appropriate.
Officers	
22.	The Overview & Scrutiny Committee may exercise overall responsibility for the work programme of the officers employed to support its work.
The Overview and Scrutiny Committee or a sub-committee of such a committee:	
(a)	may require members of the Executive, and officers of the authority, to attend before it to answer questions;
(b)	may require any other member of the Borough Council to attend before it to answer questions relating to any function which is exercisable by the member by virtue of section 236 of the Local Government and Public Involvement in Health Act 2007 (exercise of functions by local councillors in England); and
(c)	may invite other persons to attend meetings of the committee.
It is the duty of any member or officer mentioned in paragraphs (a) or (b) above to comply with any requirement mentioned in that paragraph. However, a person is not obliged to answer any question which the person would be entitled to refuse to answer in or for the purposes of proceedings in a court in England and Wales.	
The Borough Council has designated the Policy, Scrutiny and Communities Manager as the Scrutiny Officer for the purposes of the Local Government Act 2000.	

Council

18 February 2025

Part 1 - Public

Matters for Decision



Cabinet Member	n/a
Responsible Officer	Adrian Stanfield, Monitoring Officer
Report Author	Adrian Stanfield, Monitoring Officer

Appointment of Independent Person

1 Summary and Purpose of Report

- 1.1 This report asks Members to appoint a second Independent Person under the Localism Act 2011.

2 Corporate Strategy Priority Area

- 2.1 Efficient services for all our residents, maintaining an effective council.
- 2.2 Upholding high standards of conduct is an essential element of ensuring that the Council is able to deliver its services in the most efficient way.

3 Recommendations

- 3.1 That Mr Paul Cummins is appointed as an Independent Person under s28 of the Localism Act 2011, for a 5-year term expiring on 17 February 2030.

4 Introduction and Background

- 4.1 The Localism Act 2011 requires that the Council adopt 'arrangements' for dealing with complaints of breach of the Code of Conduct both by Borough Council members and by Parish/ Town Council members.
- 4.2 The 'arrangements' adopted by the Council must include provision for the appointment by the Council of at least one Independent Person.
- 4.3 The Independent Person must be appointed through a process of public advertisement, application, and appointment by a positive vote of a majority of members of the Borough Council.
- 4.3.1 The functions of the Independent Person(s) are –

- (i) They *must* be consulted by the authority (and their views taken into account) before it makes a finding as to whether a member has failed to comply with the Code of Conduct or decides on action to be taken in respect of that member (this means on a decision to take no action where the investigation finds no evidence of breach or, where the investigation finds evidence that there has been a breach, on any local resolution of the complaint, or on any finding of breach and on any decision on action as a result of that finding);
 - (ii) They *may* be consulted by the authority in respect of a standards complaint at any other stage; and
 - (iii) They *may* be consulted by a member or co-opted member of the Borough Council or of a Parish Council against whom a complaint has been made.
- 4.4 The Independent Person also has a statutory role in any localised disciplinary process in relation to the Council's Head of Paid Service, the Chief Finance Officer and the Monitoring Officer statutory positions. In the case of any proposed disciplinary action against such a statutory officer, the Council is required to invite the Independent Person(s) who have been appointed for the purposes of section 28(7) of the Localism Act (i.e., for the functions set out in para 4.3.1 of this report) to be considered for appointment to the Panel set up to advise the Council on any disciplinary action to be taken against a statutory officer. If the Independent Person(s) accept the invitation, then the Council must appoint up to 2 Independent Persons to the Panel in a priority order set out in our Standing Orders.
- 4.5 On 31 January 2022, the General Purposes Committee resolved to advertise for the appointment of 2 Independent Persons, for a 5-year period commencing on 1 July 2022. The Committee further resolved that a panel comprising the Chair and Vice-Chair of the Joint Standards Committee, together with the Group Leaders ('the Panel') be set up to short-list and interview candidates, and to make a recommendation to Council for appointment. The Council received one application for the post, from Mr David Mercier (one of our then existing Independent Persons), who was subsequently appointed by Council on 10 May 2022. Mr Mercier's current term of office will expire on 30 June 2027.
- 4.6 In order to create resilience in the Independent Person role, we have recently advertised for a second person to undertake the responsibilities alongside Mr Mercier.
- 4.7 Applicants for the post were interviewed by the Panel on 9 January 2025. Details of the applicant to whom the Panel propose to offer the position are set out below.
- 4.8 Mr Cummins is a qualified Solicitor, currently employed by the General Pharmaceutical Council as Head of Professional Regulation. He has extensive experience of local government legal practice and ethical standards, having served as Monitoring Officer for 3 Councils between 2009 and 2020 (Milton

Keynes City Council, Horsham District Council and Tunbridge Wells Borough Council). He currently acts as Independent Person for 4 authorities – Mid-Sussex District Council, Eastbourne Borough Council, Lewes District Council & Sevenoaks District Council.

- 4.9 He is Chair of the Law Society Conduct Committee and sits as the Law Society representative on the Kings Counsel Complaints Committee, which looks at complaints arising out of the annual Kings Counsel selection process.

5 Proposal

- 5.1 That Mr Paul Cummins is appointed as an Independent Person under s28 of the Localism Act 2011, for a 5-year term expiring on 17 February 2030.

6 Other Options

- 6.1 The Panel could recommend that Council appoint an alternative applicant to the post or make no appointment. However, following the competitive interview process undertaken by the Panel their preferred way forward is to appoint Mr Cummins.

7 Financial and Value for Money Considerations

- 7.1 The Independent Person receives an annual allowance for performance of their role, currently £531 pa.

8 Risk Assessment

- 8.1 It is important that a robust system exists for promoting and maintaining high standards of conduct. The absence of such a framework will lower public confidence in the democratic process.
- 8.2 The role of 'Independent Person' is an important element of the standards regime and will provide independent advice to the Council and members in connection with complaints.

9 Legal Implications

- 9.1 The Council is under a statutory obligation to appoint at least one Independent Person. Failure to do so will mean that the Council will be unable to discharge the functions set out at paragraph 4.3.1 above. In particular, the Standards Hearing Panel will be unable to make a finding as to whether a member has failed to comply with the Code of Conduct.

10 Consultation and Communications

- 10.1 All Group Leaders together with the Chair and Vice-Chair of the Joint Standards Committee participated in the interview panel and are supportive of the recommendation in this report.

11 Implementation

- 11.1 If approved, Mr Cummins would be appointed for a 5-year term expiring on 17 February 2030.

12 Cross Cutting Issues

12.1 Climate Change and Biodiversity

- 12.1.1 Limited or low impact on emissions and environment.

- 12.1.2 Climate change advice has not been sought in the preparation of the options and recommendations in this report.

12.2 Equalities and Diversity

- 12.2.1 The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. There is no perceived impact on end users.

Background Papers	None
Annexes	None

Council

18 February 2025

Part 1 - Public

Matters for Decision



Cabinet Member

N/A

Responsible Officer

Adrian Stanfield, Director of Central Services

Report Author

Allison Parris, Principal Democratic Services Officer

Non-Annual Appointment to Outside Body - Berry Housing Trust, Stansted

1 Summary and Purpose of Report

- 1.1 The Secretary of the Berry Housing Trust has asked that a new Trustee be appointed.

2 Corporate Strategy Priority Area

- 2.1 Efficient services for all our residents, maintaining an effective council.
- 2.2 Representatives are appointed to outside bodies to express the views of the Borough Council to those bodies on the work they undertake. There is also the opportunity to receive feedback on any issues emerging from those bodies that relate to Council activities.

3 Recommendations

- 3.1 That Mr Mathew Crisp be appointed as a Trustee to the Berry Housing Trust for an indefinite period; and
- 3.2 That the Outside Bodies Schedule be updated to reflect the new appointment.

4 Introduction and Background

- 4.1 The Secretary of the organisation has asked the Borough Council to consider the appointment of Mr Mathew Crisp as a new trustee to the Berry Housing Trust. This request was made over the telephone with colleagues in Democratic Services.

5 Proposal

- 5.1 The Berry Housing Trust have asked that Mr Mathew Crisp be appointed as a Trustee.
- 5.2 Mr Crisp has been resident in Stansted for three years, has been involved in many parish activities and assisted with the Alms house refurbishment programme
- 5.3 The Berry Housing Trust feel that Mr Crisp would be a valuable asset to the Trustee Board due to his overall knowledge of the area and organisation.
- 5.4 As this is a non-annual appointment the term of office is for an indefinite period.
- 5.5 There is no requirement for an appointment to be a member of the Borough Council and the Trust has emphasised the value of having a person with experience of their aims and role and the local area.
- 5.6 The appointment of Mr Crisp would increase the number of Trustees to 4.

6 Other Options

- 6.1 There are no other options requested.

7 Financial and Value for Money Considerations

- 7.1 There are no financial and value for money considerations for the Borough Council arising from this proposal.

8 Risk Assessment

- 8.1 N/A

9 Legal Implications

- 9.1 The matters raised in this report are considered to be routine, uncontroversial or not legally complex and a legal opinion has not been sought on these proposals.

10 Consultation and Communications

11 Implementation

12 Cross Cutting Issues

- 12.1 Climate Change and Biodiversity
 - 12.1.1 Adaptation and resilience have not been considered.
 - 12.1.2 Climate change advice has not been sought in the preparation of the options and recommendations in this report.

12.2 As this is an administrative function related to the operation of an external organisation there no climate change and biodiversity issues for the Borough Council to consider.

12.3 Equalities and Diversity

12.3.1 The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. There is no perceived impact on end users.

12.4 Other If Relevant

- None

Background Papers	None
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LOCALISM ACT – PAY POLICY

Item GP 25/4 referred from General Purposes Committee of 22 January 2025

The report of the Director of Central Services and Deputy Chief Executive summarised the requirements of the Localism Act and presented an updated Pay Policy Statement for 2025/26 as set out in Annex 1 to the report.

Members noted that as there had not been many significant changes in the Borough Council's remuneration policy and that the substantive content of the updated Pay Policy Statement in Annex 1 was nearly identical to the Council's Pay Policy Statement for 2024/25. The key updates related to the actual pay received by staff, the pay multiple data and the number of officers in specific graded posts.

RECOMMENDED*: That the Pay Policy set out in Annex 1 be commended for adoption at the Council meeting on 18 February 2025.

***Recommended to Council**

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General Purposes Committee

22 January 2025

Part 1 - Public

Recommendation to Council



Cabinet Member	Not Applicable
Responsible Officer	Adrian Stanfield, Director Central Services and Deputy Chief Executive
Report Author	Mathew Brooks, Head of Human Resources & Development

Localism Act - Pay Policy

1 Summary and Purpose of Report

- 1.1 This report summarises the requirements of the Localism Act and presents an updated Pay Policy Statement for 2025/26.

2 Corporate Strategy Priority Area

- 2.1 Efficient services for all our residents, maintaining an effective council.
- 2.2 Having a robust Pay Policy Statement assists the Council in achieving its priority of "Efficient services for all our residents, maintaining an effective council".

3 Recommendations

- 3.1 It is recommended that this committee commends the pay policy in Annex 1 to this report for adoption at the Council meeting on 18 February 2025.

4 Introduction and Background

- 4.1 Section 38(1) of the Localism Act 2011 requires English and Welsh local authorities to review their pay policy statement for each financial year. This report summarises the requirements of the Act and presents an updated Pay Policy Statement for 2025/26.

5 Contents of the updated Pay Policy Statement

- 5.1 Members will note that there have not been many significant changes in the Council's remuneration policy. The substantive content of the updated Pay Policy Statement in Annex 1 is nearly identical to the Council's Pay Policy Statement for

2024/25. The key updates are related to the actual pay received by staff, the pay multiple data and the number of officers in specific graded posts.

- 5.2 The title “chief officer” includes both statutory and non-statutory chief officers and their deputies. Therefore, within the Pay Policy Statement set out in Annex 1, the information about the remuneration of chief officers pertains to the Establishment on 1 April 2024. The post of Chief Executive was filled on an interim basis on that date. Therefore, the statement includes the posts of the Interim Chief Executive and their Deputy, the Council’s two Directors as well as the senior officers that are directly accountable to these “chief officers”.
- 5.3 The Act’s definition of remuneration includes pay, charges, fees, allowances, benefits in kind, enhancement of pension entitlements and termination payments. All of these elements have been covered in the pay policy statement attached in Annex 1.
- 5.4 In order to provide a holistic and transparent context for the remuneration of chief officers and their deputies, the pay policy in Annex 1 provides an overview of the pay elements for all Council employees.

6 Financial and Value for Money Considerations

- 6.1 There are no additional financial resource implications as a result of the Pay Policy Statement as it is setting out what is already in place. The aim of Section 38 of the Localism Act is to ensure there is openness and transparency with regard to the allocation of public money to employee remuneration.

7 Risk Assessment

- 7.1 The Council is legally obliged to comply with the Localism Act’s requirement to have reviewed the Pay Policy Statement by 31 March 2025.

8 Legal Implications

- 8.1 The policy set out in Annex 1 contains all of the elements of a statutory pay policy as stipulated in section 38 (1) of the Localism Act 2011.
- 8.2 The attached pay policy is also compliant with Regulation 7 of the Local Government (Early Termination of Employment) (Discretionary Compensation) (England & Wales) Regulations 2006 and the Local Government Pension Scheme (Administration) Regulations 2008 & 2014.
- 8.3 The definition of the terms “chief officer” and “deputy chief officer” is in accordance with section 2 of the Local Government and Housing Act 1989.

9 Consultation and Communications

- 9.1 No formal consultation with staff or trade unions have been undertaken in the production of the new Pay Policy Statement due to the lack of any substantial changes.

10 Implementation

- 10.1 The updated Pay Policy Statement will take effect on 1 April 2025.

11 Cross Cutting Issues

11.1 Climate Change and Biodiversity

- 11.1.1 A moderate source of emissions is likely to be maintained at current levels or increased.

- 11.1.2 Climate change advice has not been sought in the preparation of the options and recommendations in this report.

11.2 Equalities and Diversity

- 11.2.1 Members are reminded of the requirement, under the Public Sector Equality Duty (section 149 of the Equality Act 2010) to have due regard to (i) eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Equality Act 2010, (ii) advance equality of opportunity between people from different groups, and (iii) foster good relations between people from different groups. The decisions recommended through this paper directly impact on end users. The impact has been analysed and varies between groups of people. The results of this analysis are set out immediately below.

- 11.2.2 The Equality Act 2010 places requirements upon all public sector bodies to ensure that its policies and procedures are promoting equality. The measures summarised within the Pay Policy Statement support this requirement.

11.3 Other If Relevant

- Human Resources

- 11.3.1 The Pay Policy Statement applies to all members of the Council's workforce.

Background Papers	None
Annexes	Annex 1 Pay Policy Statement 2025/26

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Annex 1

Pay Policy Statement 2025/26

Introduction

When determining remuneration levels, the Council is mindful of the requirement to balance the needs of managing scarce public resources with the need to secure and retain high-quality employees.

The Council aligns its reward strategy with organisational needs by an emphasis on cash rewards, and ensuring that pay is determined by job requirements.

The Council aims to operate a consistent and equitable organisation-wide reward system by placing the responsibility for remuneration decisions with a committee of elected councillors, the General Purposes Committee, and the responsibility for administering the pay policy within the Council's Human Resources team.

Section 38 (1) of the Localism Act 2011 requires the council to prepare an annual pay policy statement for 2025/26. The Act specifies that the following must be included in the pay policy statement:

- the level and elements of remuneration for each chief officer
- the policy on the remuneration of chief officers on recruitment
- increases and additions to their remuneration including performance related pay, bonuses, charges, fees, allowances, benefits in kind and termination payments
- a definition of the "lowest paid employees" and the policy on the remuneration of this group
- the policy on the relationship between the remuneration of its chief officers and other officers
- the policy on re-employing someone who has been made redundant.

This statement will be published on the Council's website.

Section 1 – Remuneration of statutory and non-statutory Chief Officers and Deputy Chief Officers

The term "chief officer" within The Localism Act includes both statutory and non-statutory chief officers, and their deputies. The actual remuneration for these roles is available on the Council's website <https://www.tmbc.gov.uk/council/council-works-constitution/2>

The salary scales for the statutory and non-statutory Chief Officers and Deputy Chief Officers in post on 1 April 2024 is set out below.

No of chief officers	Grade	% of M2 benchmark	Pay Point Range
14 (1 part time)	M7	51.0%	131-134
10 (1 part time)	M6	56.0%	141- 144
4	M5	61.0%	147 - 150
6	M4	70.0%	151- 154
2	M2a	97.5%	181- 184
1	M2	100%	186-189
1	M1	125.0%	191- 194

Fee for acting as the Returning Officer

Tonbridge & Malling Borough Council is required to appoint a Returning Officer by virtue of section 35 of the Representation of the People Act 1983.

In Tonbridge & Malling, the Chief Executive has been appointed as the Returning Officer. This is a personal appointment, separate from their other duties. In this capacity they are the Returning Officer for UK Parliamentary elections and elections to the Borough Council and to Parish Councils within this Borough.

The Returning Officer fee is payable for the substantial additional duties undertaken, and leadership required of the Returning Officer in planning, delivering and undertaking the elections, and recognises the personal nature and personal responsibility of the role of the Returning Officer.

For Borough and Parish Council elections, the Returning Officer fee is calculated in accordance with an agreed Kent Scale of Fees. For National, and Police & Crime Commissioner elections the fee rate is set by central government.

Section 2 – Remuneration of the lowest paid employees

In compliance with Section 38 of the Localism Act, for the purposes of this statement the “lowest paid employee” has been defined as those who are engaged by the Council as Cleaners.

On 1 April 2024 employees in these posts received a full-time annual salary equivalent of approximately £22,128.

Section 3 – Decision on pay

The pay of all council employees (including chief officers) is determined by the evaluated grade of the post. The pay band for most jobs within the council (including chief officers) is very narrow, typically based on 3 or 4 incremental points.

Progression through the pay band is based on length of service, subject to the achievement of expected performance standards, and thus recognises development in a role over time based on the accumulation of experience and knowledge.

It is anticipated that during 2025/26 the total number of permanent and fixed term contract staff on the Council's payroll will be approximately 265 in any one month.

The Council has not adopted the national local government job evaluation or grading schemes but has developed a locally negotiated framework that more closely reflects its own requirements.

Within this framework there are two remuneration "families". The first has been developed for the Council's professional and senior managerial cohorts, and includes chief officers. The second is for supervisory, technical and administrative staff.

All staff (including chief officers) are appointed to the organisation at the bottom of the grade, unless there are exceptional circumstances based on business need.

Annual Pay Award

The salary of all council employees (including chief officers) may increase annually by an annual pay award which is locally determined taking into consideration:

- "caps" on public sector pay rates set by the Government
- the council's ability to pay
- inflation levels
- the "going rate" of pay awards in neighbouring authorities and nationally
- recruitment and retention levels.

Section 4 – Pay structure and pay relationships.

The Code of Recommended Practice for Local Authorities on Data Transparency September 2011 requires that there is a process established to monitor the rate of growth of senior earnings compared to all other employees in the organisation.

On 1 April 2024 there was a multiple of 6.15 between the base level salary of the Interim Chief Executive and the lowest paid member of staff, reflecting the differences in skill sets, complexity and span of control from the lowest to the highest paid employees of the Council.

The salary (inclusive of allowances) for the post of Interim Chief Executive was £136,096 (as at 1 April 2024).

The median full time equivalent salary for all other employees in Tonbridge & Malling Borough Council is in the region of £33,297, the mean full time equivalent salary is in the region of £38,673. The pay multiple is therefore approximately 4.08 against the median and 3.52 against the mean.

The Council's bespoke grading structure for employees with professional and specialised high level skill sets is entitled the "M" grade framework. All those referred to as chief officers within this pay policy statement fall within the "M grade" framework.

A feature of the M grade framework is that the remuneration levels for all M grade posts (including those of chief officers), are fixed as a percentage of the benchmark grade M2. Therefore, the grading structure specifies the pay multiples attached to each grade as a percentage of the lowest incremental point of grade M2.

Posts are positioned within the M grade framework on the basis of the required specialist knowledge, professional skills, depth of professional and managerial judgement, and managerial span of control. Broadly speaking the range of capabilities required for junior M grade posts (M9 – M7 inclusive) equate to professional and/or managerial capability equivalent to qualification Level 6.

Those occupying senior managerial posts graded M6 to M4 are required to possess both professional and managerial skill sets equivalent to Level 7. All three director level chief officer posts are graded as M2a. The professional and managerial capabilities and span of control required at director level broadly equate to Level 8.

A Level 8 degree of professional and managerial expertise is also required for the post of the Chief Executive and the Deputy Chief Executive. This, alongside the extensive span of control intrinsic to the role of paid head of service for the entire Council workforce, merits the grade of M1 for the Chief Executive and M2 for their deputy.

Supervisory, technical and clerical grades

The council has developed a bespoke grading structure for its supervisory, technical and clerical staff that ranges from the grade of senior officer to clerical scale 1. Broadly speaking the managerial, professional and skill set required for posts graded Senior Officer equate to qualification Level 5, posts

graded scale 5-6 equate to Level 4, posts graded scale 3-4 to Level 3, posts graded scale 1-2 require a Level 1-2 skill set.

The Council considers that the relationship between the base salaries of its highest and lowest paid employees, as well as the relationship between the highest paid and the mean and medial salaries of the entire workforce, represents an appropriate, fair and equitable internal pay relationship.

Section 5 – Policies common to all employees

The following elements of remuneration are determined by corporate policies or arrangements which apply to all permanent employees of the Council (including its chief officers and deputy chief officers), regardless of their pay level, status or grading. Full details on any of the policies listed below can be provided on request.

The Council aims to have a streamlined and transparent pay structure and therefore it does not pay performance related or total contribution bonuses, location allowances, or subsidy towards child care costs.

Pension contributions for all employees opting to join the Local Government Pension Scheme are nationally determined.

Payments on termination of employment

According to the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006 the Council has the power to make discretionary payments on early termination of employment.

The Council has determined that it will calculate payments made to any eligible employee (including chief officers) who are made redundant or who depart on the grounds of the efficiency of the service by using the Government's statutory redundancy payment calculator formula and the employee's actual weekly pay.

For those who depart on the grounds of redundancy or efficiency of the service, the Council does not increase the employee's total pension scheme membership (other than those staff aged over 55, in line with the rules of the Local Government Scheme) or award additional pension. This response to the Local Government Pension Scheme (Administration) Regulations 2008 applies to all employees, including chief and deputy chief officers.

For those who chose to retire "early", the Council does not increase the employee's total pension scheme membership or award additional pension.

The Council's policy is that it does not re-employ anyone (including chief or deputy chief officers) who has left with a severance or redundancy payment,

nor does it re-engage them on a self-employed basis with a contract for services.

Market Supplement Payments

The Council introduced a Recruitment & Retention Market Supplement Policy in October 2023.

The Council may utilise a market supplement to ensure that competitive salaries will attract and retain key workers in skill shortage areas without distorting the pay structures for all other employees.

A market supplement for recruitment or retention purposes will only be used where there are clear business reasons that cannot be better addressed through the other means, such as job design, utilising existing skills within the department or service or use of temporary or agency staff for a time limited period.

It is recognised that pay is only one factor contributing to our attractiveness as an employer and other aspects of the employment offer, particularly those relating to development, should be applied in the first instance rather than using a market supplement.

Car allowances

For those posts where it is deemed that there is an essential requirement for the post holder to use a car to perform their job, and they are expected to travel in excess of 2,500 miles per annum in the course of their duties, the post holder receives a lump sum Essential Car User allowance to contribute towards the associated running costs of the car in accordance with the rates previously set by the National Joint Council.

The Council previously had a lease car scheme which has not been open to new staff to join since June 2020. The lease car scheme is now no longer in operation as of November 2022 when the last remaining lease car holder ceased their participation in the scheme.

The Council no longer pays an equivalent payment as an alternative to a lease car but certain specific posts have been identified to receive a Car Allowance.

Telephone allowances

Those employees who are deemed to be essential users of mobile telephones receive a mobile telephone allowance or a Council issued mobile phone.

Professional fees

Annual professional subscription fees to one relevant professional body are reimbursed to those employees where it is deemed an essential requirement for the post holder to belong to a professional institute.

Reimbursement of removal/relocation costs on appointment and mortgage subsidy scheme

The Council's relocation and mortgage subsidy schemes provide financial assistance (within pre-defined limits) to employees who re-locate from outside a reasonable travel area to the Borough to take up an appointment with the Council.

Subsistence Allowance

The Council reimburses expenditure on meals, accommodation, and any other expenses necessarily (within pre-defined limits) incurred by employees who have to be away from home on Council business.

Standby and call out allowances

Any employee who is required to undertake standby and call-out duties will be recompensed at the appropriate rate in accordance with the negotiated policy and payment rate for their role.

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ESTABLISHMENT REPORT

Item GP/25/8 referred from General Purposes Committee of 22 January 2025

(LGA 1972 – Sch 12A Paragraph 1 – Information relating to an individual).

The report set out for Members' approval a number of establishment changes recommended by Management Team. Members noted that, in accordance with adopted conventions, all of the savings/costs referred to in the report reflected the salary at the top of the scale/grade plus associated on costs.

***RECOMMENDED:** That

- (1) the fixed term post DC0107, Climate Change Officer, 37 hours, be permanently established with effect from 19 February 2025;
- (2) post DJ0318, Principal Planning Officer, be permanently increased from 24 to 32 hours per week;
- (3) post DJ0319, Senior Planning Officer, be permanently increased from 20 to 30 hours per week;
- (4) the vacant post DJ0315, Principal Planning Officer, 37 hours per week, M8, be deleted;
- (5) a new full time, permanent Planning Policy Team Leader post at grade M7, be created;
- (6) post DR0014, Contracts, Procurement and Property Lawyer, be deleted;
- (7) two new part time posts, a Contracts and Procurement Lawyer and a Property Lawyer at 21 hours per week each, be created; and
- (8) the additional costs arising from the report as set out in paragraph 7, be included in the budget for 2025/26.

***Recommended to Council**

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Due to the timescales and print deadlines, the recommendations of the meeting of Cabinet held on 11 February 2025 will be circulated to Members in advance of the meeting of Council.

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RISK MANAGEMENT

Item AU 25/4 referred from Audit Committee of 13 January 2025

The report of the Management Team provided an update on the risk management process and the Strategic Risk Register. An update was also provided in respect of the Zurich Risk Management Review which was initially presented to Members in January 2024.

An executive summary of the RED risks was provided at Annex 1 of the report and a full update on the current strategic risks and how they were being managed as at the time of writing were set out at Annex 1a. The risks that were categorised RED at the time of the September 2024 meeting were:

- Achievement of Savings and Transformation Strategy
- Failure to agree a Local Plan
- Implementation of the Agile software system
- Contract/Contractor Procurement

Management Team had undertaken a review of all the risks contained within the Strategic Risk Register with a view to achieving a more streamlined version, highlighting only the strategic risks to the Council over the next one-to-two-year horizon. Management Team had assessed that the Economic Stability, Homes for Ukraine and Waste/Recycling Income risks should be removed from the Strategic Register.

On the grounds that training had been successfully rolled out to officers and a new procurement strategy had been approved by Cabinet on 10 December 2024, the Contract/Contractor Procurement risk had been reduced to Amber. Therefore, the number of RED risks had reduced to three, as follows:

- Achievement of Savings and Transformation Strategy
- Failure to agree a Local Plan
- Implementation of the Agile software system

In response to questions raised by Members with regard to the risks associated with the Local Plan and the Agile project, the Committee were advised that mitigation measures would be set out in reports due to be presented to the Housing and Planning Scrutiny Select Committee of 12 February 2025 in respect of the Local Plan, and a further internal post-implementation audit report was being commissioned to review the implementation of the Agile system with an update to be provided to this Committee at its next meeting in April 2025.

A schedule of ongoing risks and risks identified by Service Management Teams and Management Team since the last report to the Committee were set out at Annex 2 of the report.

Following the appointment of Risk Champions at both Member and Officer levels, an officer Risk Management Group had been established with the objective of spreading the workload, and word, on the importance of risk management

throughout the Council. The Group would be undertaking a review of the Risk Management Strategy in the forthcoming months and anticipated to provide an updated strategy to the Committee to review in September 2025.

Furthermore, an update on progress in addressing the recommendations identified by Zurich Risk Management in a Risk Management Review report, which was presented to the Committee in January 2024, was provided at Annex 3 of the report.

In addition, particular reference was made by Members to the potential risk to arise from the 'Devolution White Paper' and Local Government Reorganisation. However, given current uncertainties around the 'devolution' programme and implications for the Borough Council, it was hoped that a clearer timescale would be available once the result of the bid from Kent County Council and Medway Council to be considered for the priority devolution programme was known by the end of January, when due regard could be given to assess the risk in more detail and report to Members at the next meeting of the Audit Committee in April 2025.

RECOMMENDED*: That

- (1) the updates to the Strategic Risk Register since the last iteration with particular emphasis on those risks categorised as RED, be noted;
- (2) the progress towards the delivery of recommendations from the Zurich Risk Management Review, be noted; and
- (3) the objective to present an updated Risk Management Strategy to the September 2025 meeting of the Audit Committee, be noted and approved.

***Recommended to Cabinet**

Audit Committee

13 January 2025

Part 1 - Public

Recommendation to Cabinet – Council Decision



Cabinet Members	Matt Boughton – Leader Kim Tanner – Cabinet Member for Finance and Housing
Responsible Officers	Management Team
Report Authors	Sharon Shelton – Director of Finance and Transformation Paul Worden – Chief Financial Services Officer

Risk Management

1 Summary and Purpose of Report

- 1.1 The report of the Management Team provides an update on the risk management process and the Strategic Risk Register. An update is also provided in respect of the Zurich Risk Management Review which was initially presented to Members in January 2024.

2 Corporate Strategy Priority Area

- 2.1 Efficient services for all our residents, maintaining an effective council.
- 2.2 The identification, evaluation, and cost-effective control of risks is essential in safeguarding the Council's assets, employees and customers and the delivery of services to the local community.
- 2.3 The Council endeavours to pursue a forward-looking and dynamic approach to delivering services to the local community and will not be averse to taking a degree of commercial risk. However, it will always exercise a prudent approach to risk taking and decisions will be made within the parameters of the Council's internal control arrangements.

3 Recommendations

- 3.1 Members are asked to:
- 1) **NOTE** the updates to the Strategic Risk Register since the last iteration with particular emphasis on those risks categorised as RED;

- 2) **NOTE** the progress towards the delivery of recommendations from the Zurich Risk Management Review; and
- 3) **NOTE** and **APPROVE** the objective to present an updated Risk Management Strategy to the September meeting of this Committee.

4 Introduction and Background

- 4.1 The Risk Management Strategy sets out the Council's risk management objectives and details the roles and responsibilities of officers, Members and the Council's partners in the identification, evaluation and cost-effective control of risks.
- 4.2 The Council's risk management arrangements are designed to ensure that risks are reduced to an acceptable level or, where reasonable, eliminated thereby safeguarding the Council's assets, employees and customers and the delivery of services to the local community. Examples of risk include budget deficit, cyber/data loss, environmental and reputational.
- 4.3 The Council endeavours to pursue a forward-looking and dynamic approach to delivering services to the local community and will not be averse to taking a degree of commercial risk. However, it will always exercise a prudent approach to risk taking and decisions will be made within the parameters of the Council's internal control arrangements, i.e. Constitution, Procedural Rules, etc. These arrangements will serve to ensure that the Council does not expose itself to risks above an acceptable level.
- 4.4 The current Risk Management Strategy was endorsed by this Committee in January and subsequently adopted by Full Council on 20 February 2024. The strategy would normally be subject to review at this meeting of the committee but will be delayed due to the reasons explained below.

5 Risk Management Escalation Process

- 5.1 Effectively risks are assessed/scored in terms of their likelihood/impact.
- 5.2 Any risk evaluated as 'High Risk' (score of 15 or above) will be deemed by the Council to be beyond 'risk tolerance' and to have exceeded its 'risk appetite' and will be escalated immediately. Such risks should be added to the service's risk register and discussed at the earliest opportunity within the Service Management Team (SMT) to inform a decision as to whether this should be escalated to Management Team by the respective Service Director. Management Team should then consider whether the risk is significant enough for inclusion in the Strategic Risk Register and action this if relevant. A record should be maintained of risks discussed at both SMTs and Management Team and the outcome of those discussions.

- 5.3 Similarly risks identified as “Medium Risk” may be escalated to the appropriate SMT for advice and to ensure they are kept fully aware of the current risks being faced. Risks determined as “Low Risk” should be managed within the service team. It is recommended that SMTs consider periodic review or moderation processes for Service Risk Registers to ensure they are happy with the scores risks have been given and confirm whether there are ‘Medium’ or ‘Low’ risks they wish to consider further.

6 Strategic Risk Register

- 6.1 The Strategic Risk Register (SRR) is considered to be a 'live' document and is updated, as often as is required, by the Management Team.
- 6.2 An executive summary of the **RED** risks has been provided at **[Annex 1]** and a full update of the current strategic risks and how they are being managed as at the time of writing is appended at **[Annex 1a]**.
- 6.3 For completeness the risks that were categorised as **RED** at the time of the September meeting of this Committee is given below:
- 1) Achievement of Savings and Transformation Strategy
 - 2) Failure to agree a Local Plan
 - 3) Implementation of the Agile software system
 - Contract/Contractor Procurement
- 6.4 As Members were previously advised, Management Team undertook a review of all the risks contained within the Strategic Risk Register with a view to achieving a more streamlined version, highlighting only the strategic risks to the Council over the one-to-two-year horizon. Management Team have assessed that three of the risks – Economic Stability, Homes for Ukraine and Waste/Recycling Income - should be removed from the Strategic Register.
- 6.5 Notes in red font on the Register identify current mitigations and updates to the strategic risks.
- 6.6 In terms of 'direction of travel', both performance management and procurement show a positive position. Members will recall these were the two significant weaknesses identified by Grant Thornton, our external auditors.
- 6.7 No risk has a negative direction of travel.
- 6.8 The number of **RED** risks at the time of publishing this report have reduced to three. Members are advised that the risk Contract/Contractor Procurement has been reduced to amber following the successful roll out of training to officers and

the preparation of a new procurement strategy which was approved by Cabinet on 10 December.

6.9 The remaining **RED** risks are:

- Achievement of Savings and Transformation Strategy
- Failure to agree a Local Plan
- Implementation of the Agile software system.

6.10 At the meeting in September, Members expressed an interest in hearing about the risks associated with failure to deliver a Local Plan. As this is still categorised as a **RED** risk, either the Director of Planning, Housing and Environmental Health or the Head of Planning will be present on-line to answer any questions.

7 Ongoing Service Risks

7.1 To give Members some reassurance as to the effectiveness of risk management outcomes from the risk management escalation process are reported to the meetings of this Committee unless that is there is something that needs to be brought to Members' attention in the interim.

7.2 A schedule of ongoing risks and risks identified by Service Management Teams and Management Team since the last report to this Committee in September is appended at **[Annex 2]**.

7.3 Senior officers undertook mandatory training with the Risk Consultant in October 2024. Risk management appears as an agenda item for all Service Management Teams and Corporate Management Team meetings.

8 Risk Management Strategy

8.1 Normally at this time of the municipal year officers would review, update and present to Members the Risk Management Strategy for their review and approval.

8.2 Following the appointment of Risk Champions at both Member and officer levels, an officer Risk Management Group was established with the objective of spreading the workload, and word, on the importance of risk management throughout the authority.

8.3 The Group will be undertaking a review of the Strategy in the forthcoming months and will look to provide an updated strategy to the September meeting of this Committee.

9 Zurich Risk Management Review

- 9.1 Members might recall that earlier in the year Zurich Risk Management undertook a Risk Management Health Check. Details were reported to the January meeting of this Committee. The report identified 12 recommendations for improvement.
- 9.2 **[Annex 3]** to the report gives an update with progress on addressing these recommendations. New comments are tracked in red font.
- 9.3 The majority of the recommendations had a target implementation date of January 2025, however some of these targets will slip into September 2025.

10 Financial and Value for Money Considerations

- 10.1 Financial issues may arise in mitigating risk which will be managed within existing budget resources or reported to Members if this is not possible.
- 10.2 Effective risk management arrangements make a positive contribution to ensuring value for money is provided in the delivery of services.

11 Risk Assessment

- 11.1 Sound risk management arrangements aid the Council in effective strategic decision-making. The Council's approach to risk should be reviewed on a regular basis to ensure it is up to date and operating effectively.
- 11.2 A specific item for 'Risk Management' appears on all Management Team and Service Management Team agendas.

12 Legal Implications

- 12.1 There is a Health and Safety requirement for effective risk management to be in place and the Strategy supports this requirement.
- 12.2 There is also a requirement in the Accounts and Audit Regulations that accounting control systems must include measures to ensure that risk is appropriately managed.

13 Cross Cutting Issues

- 13.1 Equalities and Diversity
 - 13.1.1 The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. There is no perceived impact on end users.

Background Papers	None
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Annexes	Executive Summary – Strategic Risk Register Strategic Risk Register Service Risks Zurich Recommendation
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No	Risk Title	Risk Type	Consequences	Date identified	Likelihood Score (1-6)	Impact score (1-4)	Overall risk score	Current Mitigation	Desired Likelihood Score (1-6)	Desired Impact score (1-4)	Desired risk score	Actions required to ensure mitigation remains	Links to Corporate Objectives / Strategies	Lead on behalf of Management Team	Direction of Travel	Review Date
4	Achievement of Savings and Transformation Strategy	F, R, S	Failure to meet objectives and/or make savings. Impact on quality of service, budget overspends, salami slicing, etc. staff motivation impacted and increased risk of fraud or error.	01/04/2017	4	4	16	STS reviewed and updated in line with review of MTFS. Regular reports to update MT and Members. The 24/25 Budget is balanced with contribution to General Revenue Reserve and significant contributions to Earmarked Reserves for Corporate priorities. s25 statement reported to Members in Feb 24 MTFS updated, as interim measure, in November 2024 and reported to Members. Will be updated again once settlement received., Taking all opportunities to maximise income receipts where appropriate Savings, new income and transformation contributions of £820k accrued to date (report to FRPSSC Sept 24 refers) but negated by growth of £96. However, this means overachievement of savings against the in year target of £305k.	3	3	9	The priorities and focus of the incoming government could have an impact on the financial picture for the Council, either adversely or positively. At the time of updating we do not know the extent of how this will impact. Responses to any consultations will be important. Continued updating of MTFS model as new information emerges. Exercise to commence in Spring on identification and assessment of savings opportunities for initial review by Cabinet in Summer 2025	Priority in the Corporate Strategy of "Efficient services for all our residents, maintaining an effective council"	Chief Executive / Director of Finance and Transformation/ Management Team		Feb-25
5	Failure to agree Local Plan	F, R	Lack of sound legal footing for Plan through inadequacies in evidence base, legal advice or process, including duty to cooperate. Leading to widespread public concern, or risk of failure at Examination. External factors or widespread planning reforms leading to delays to timetable; Reputational risks around not being able to agree a Local Plan. Impacts around not meeting the timeframe for submission of the Local Plan. Impacts on development management processes through protracted period with no up-to-date plan, likely speculative development. Infrastructure not delivered. Potential for central Government intervention.	4/1/2017, reviewed and updated March 24	4	4	16	Members are updated via email updates and reports to the Housing & Planning Scrutiny Select Committee Local Plan risk register in place to manage full range of individual risks Ensure that all other policy tools, including 5 year housing land supply evidence, is up to date The Council has decided to continue progressing the Local Plan under the current legislative and National Planning Policy Framework. It will be critical that the new plan is prepared in compliance with the regulatory framework and relies on a robust evidence base that meets the requirements of the NPPF so that the plan can be found to be sound at the examination stage.	3	3	9	Regular review of Government policy announcements that may impact on delivery, including housing standard methodology and WMS relating to Planning. Regular review of project plan to ensure plan can be delivered within current Government timeframes. Ongoing engagement with Counsel Ongoing engagement with Members including implementation of new engagement strategy Regular analysis of budget position and programme. Maintain staff levels within Planning Policy team to ensure capacity to manage process Regular analysis of programme - within Policy team on a weekly basis, reporting to Head of Planning/DPHEH bi-weekly.	Improving housing options for local people, whilst protecting our outdoor areas - develop a Local Plan which will ensure the provision of new homes in appropriate locations, focusing on tackling the need to deliver a range of housing for the whole community.	Director of Planning, Housing and Environmental Health		Feb-25
12	Implementation of Agile system	F, S	Service impacts from level of staff time required to configure the Agile product for use as operating system. Significant level of concern from staff about implementation process results in a lack of confidence in implementation, which will adversely impact service delivery and record keeping Post implementation issues result in inefficient service delivery	01/11/2022	5	3	15	Programme of liaison meetings with Agile in place including Project Board and catch ups with various levels of counterparts Employment of Business Change PM to manage project on behalf of TMBC and coordinate all issues Regular informal briefings to Cabinet Internal meetings with staff, managed by Business Change Project Manager Risk and issue log Post-implementation review of APAS implementation being carried out by internal Audit Agreement to deliver enhancement project in 24/25 financial year At least 2 stand ups per week between Business Change PM and SRO (DPHEH)	2	2	4	Further escalation of issues to IEG 4 CEO (Agile parent company) Revised PLACIS implementation programme to be agreed Weekly review of project plan and considerations of service impacts required to meet go live programme - to be reported into MT and informal Cabinet on a regular basis APAS outstanding post go live issues programme to be agreed. Review of project governance and use of Project Board for escalation of issues, to include review of Project Board attendees Completion of all modules for go live	Digital Strategy	Director of Planning, Housing and Environmental Health		Feb-25

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No	Risk Title	Risk Type	Consequences	Date identified	Likelihood Score (1-6)	Impact score (1-4)	Overall risk score	Current Mitigation	Desired Likelihood Score (1-6)	Desired Impact score (1-4)	Desired risk score	Actions required to ensure mitigation remains	Links to Corporate Objectives / Strategies	Lead on behalf of Management Team	Direction of Travel	Review Date
1	Safeguarding and PREVENT	S, R	Significant impact should a child, young person or adults at risk come to harm, including radicalisation and child sex exploitation, and TMBC are unable to demonstrate appropriate processes are in place with adequate staff resource to ensure safeguarding procedures are consistently being followed.	01/04/2017	3	4	12	The overall responsibility for safeguarding lies with the Chief Executive, rather than individual services. The Council has undertaken the following actions to mitigate risk Carried out audit review of procedures to identify and address weaknesses Provided training to all licenced Dual, Hackney Carriage and Private Hire Drivers Provides a secure database for the recording and sharing of safeguarding concerns. Officer Study Group with safeguarding champions across services who are able to provide advise and support regarding safeguarding issues Management Team have approved the recruitment of a dedicated safeguarding officer. Training provided to staff	3	4	12	Continue to refer Safeguarding concerns to appropriate agencies where necessary and also raise with partners at the weekly CSU meetings. Undertake actions from the latest Safeguarding Audits/ Self Assessments. Recruitment of dedicated Safeguarding Officer	Safeguarding Policy	Chief Executive		Mar-25
2	Financial position/budget deficit	F, R	Financially unstable organisation. Failure to deliver a balanced budget, detrimental impact on quality of service, increased intervention and/or s114 notice. This includes Failure to maximise New Homes Bonus (for as long as it exists). Assessment of the current economic implications of higher inflation and interest rates Failure to deliver identified savings / Additional income	01/04/2017	3	4	12	The Council provides an annual statement (as a minimum) on the following areas; Treasury Management and Investment Strategy. Robustness of estimates and adequacy of reserves (s25 statement) Medium Term Financial Strategy (MTFS) Savings and Transformation Strategy (STS) Statement of Accounts containing Audit and Value for Money Opinion. 2023/24 accounts closed in accordance with statutory requirements, and a positive position noted. Growth in business rate income above baseline is assisting overall financial position in current year 24/25 . The Council also considers it has the following Effective Budgetary control and reporting procedures covering areas such as Leisure Trust Utility costs Effective monitoring covering Business Rates and Council Tax income including reporting to the Kent Pool. Regular reviews undertaken on the forecast of the Local Government Settlement. 2023/24 outturn was positive, mainly due to continued high interest rates. This has enabled some additional funds for reserves serving important priorities, but cannot provide a long term solution. Minimum level of General Revenue Reserve maintained at £3m. In addition, a Budget Stabilisation Reserve is held. Update of MTFS presented to Members in November. Current financial position within MTFS shows balanced budget for final year. This is after allowing for assumptions made on long term resourcing issues covering Fair Funding, Business Rates reset and allows for increased contract costs on major council contracts. Budget monitoring to date shows overall budget on track, although individual areas need careful review and attention	3	3	9	Continued budget monitoring during year and actions put in place to address overspending areas, e.g. homelessness. IN addition, through budget 2025/26, consider increased budget pressures and how they will be met. It has always been anticipated that once a Fair Funding Review has been undertaken, the position will dramatically switch and expenditure will outstrip external funding. Therefore savings needs to be made in order to ensure that by the end of MTFS we have a balanced budget again. Under new government, national priorities and actions need to be carefully tracked. Ensure that Business Rate income is maximised for benefit of TMBC prior to any Reset by any incoming Government (expected post 25/26) Interim update of MTFS presented to Members in November 2024 showing sensivity analysis and a likely increase in funding gap which will need to be addressed over the next 3 to 4 years. Final update of MTFS (once LG Finance Settlement received) in Feb 2025. Ensure robust scrutinisation and response to any consultations in respect of LG finances, including Fair Funding and Extended Producer Responsibility. Three key financial risks were highlighted to Members: namely Waste (including the proposed Extended Producer Responsibility scheme which has been delayed) , Homelessness and Local Plan. All three have significant financial implications for the Council in different ways and need to be continually assessed and managed. MT and Cabinet continuing to work to consider the best way of delivering transformation which could also to assist with identification and delivery of efficiencies Carefully review any knock on implications from upper tier spending and funding decisions and where appropriate consider action to address this. Continue to actively monitor in year budgets to enable swift action as needed	Priority in the Corporate Strategy of "Efficient services for all our residents, maintaining an effective council"	Director of Finance and Transformation		Feb-25

No	Risk Title	Risk Type	Consequences	Date identified	Likelihood Score (1-6)	Impact score (1-4)	Overall risk score	Current Mitigation	Desired Likelihood Score (1-6)	Desired Impact score (1-4)	Desired risk score	Actions required to ensure mitigation remains	Links to Corporate Objectives / Strategies	Lead on behalf of Management Team	Direction of Travel	Review Date
3	Performance Management	F,R,S	Without an effective performance management framework in place, the authority will not be able to monitor delivery, understand any required improvements or achieve value for money for our residents.	30/08/2023 (separated from Corporate Plan)	3	3	9	With the adoption of the new Corporate Strategy 2023-2027, the authority established new aligned KPIs to monitor progress, and provide detail on direction of travel, and targets. These have developed over the course of 18 months to include improved benchmarking and measures have also been undertaken to embed the culture of using performance management. An internal audit of performance management was undertaken in Nov 2023-Feb 2024, finding substantial assurance with very good prospects for improvement. KPIs are initially discussed at SMTs, before being presented to Management Team and Informal Cabinet and then shared with the Scrutiny Select Committees/O&S and Cabinet on a quarterly basis. Following a review of Performance Management, Cabinet approved new measures in October 2024 to streamline the reporting process, so that following consideration by Management Team, the KPIs are reported to O&S in their entirety and then on to Cabinet.	1	3	3	Following the internal audit and the report to Cabinet in October 2024 setting out proposals for embedding performance management within the organisation, the streamlined reporting process will be implemented in Q3 and the move to the Annual Service Delivery Plan will be approved in February 2025 for 2025/26.	One of the priorities in the new Corporate Strategy is "Efficient services for all our residents, maintaining an effective council"	CE/MT		Mar-25
4	Achievement of Savings and Transformation Strategy	F, R, S	Failure to meet objectives and/or make savings. Impact on quality of service, budget overspends, salami slicing, etc. staff motivation impacted and increased risk of fraud or error.	01/04/2017	4	4	16	STS reviewed and updated in line with review of MTFS. Regular reports to update MT and Members. The 24/25 Budget is balanced with contribution to General Revenue Reserve and significant contributions to Earmarked Reserves for Corporate priorities. s25 statement reported to Members in Feb 24 MTFS updated, as interim measure, in November 2024 and reported to Members. Will be updated again once settlement received., Taking all opportunities to maximise income receipts where appropriate Savings, new income and transformation contributions of £820k accrued to date (report to FRPSSC Sept 24 refers) but negated by growth of £96. However, this means overachievement of savings against the in year target of £305k.	3	3	9	The priorities and focus of the incoming government could have an impact on the financial picture for the Council, either adversely or positively. At the time of updating we do not know the extent of how this will impact. Responses to any consultations will be important. Continued updating of MTFS model as new information emerges. Exercise to commence in Spring on identification and assessment of savings opportunities for initial review by Cabinet in Summer 2025	Priority in the Corporate Strategy of "Efficient services for all our residents, maintaining an effective council"	Chief Executive / Director of Finance and Transformation/ Management Team		Feb-25
5	Failure to agree Local Plan	F, R	Lack of sound legal footing for Plan through inadequacies in evidence base, legal advice or process, including duty to cooperate. Leading to widespread public concern, or risk of failure at Examination. External factors or widespread planning reforms leading to delays to timetable; Reputational risks around not being able to agree a Local Plan. Impacts around not meeting the timeframe for submission of the Local Plan. Impacts on development management processes through protracted period with no up-to-date plan, likely speculative development. Infrastructure not delivered. Potential for central Government intervention.	4/1/2017, reviewed and updated March 24	4	4	16	Members are updated via email updates and reports to the Housing & Planning Scrutiny Select Committee Local Plan risk register in place to manage full range of individual risks Ensure that all other policy tools, including 5 year housing land supply evidence, is up to date The Council has decided to continue progressing the Local Plan under the current legislative and National Planning Policy Framework. It will be critical that the new plan is prepared in compliance with the regulatory framework and relies on a robust evidence base that meets the requirements of the NPPF so that the plan can be found to be sound at the examination stage.	3	3	9	Regular review of Government policy announcements that may impact on delivery, including housing standard methodology and WMS relating to Planning. Regular review of project plan to ensure plan can be delivered within current Government timeframes. Ongoing engagement with Counsel Ongoing engagement with Members including implementation of new engagement strategy Regular analysis of budget position and programme. Maintain staff levels within Planning Policy team to ensure capacity to manage process Regular analysis of programme - within Policy team on a weekly basis, reporting to Head of Planning/DPHEH bi-weekly.	Improving housing options for local people, whilst protecting our outdoor areas - develop a Local Plan which will ensure the provision of new homes in appropriate locations, focusing on tackling the need to deliver a range of housing for the whole community.	Director of Planning, Housing and Environmental Health		Feb-25

No	Risk Title	Risk Type	Consequences	Date identified	Likelihood Score (1-6)	Impact score (1-4)	Overall risk score	Current Mitigation	Desired Likelihood Score (1-6)	Desired Impact score (1-4)	Desired risk score	Actions required to ensure mitigation remains	Links to Corporate Objectives / Strategies	Lead on behalf of Management Team	Direction of Travel	Review Date
6	Organisational development inc. staff recruitment and retention/skills mix. Impact of loss of capacity caused by recruitment difficulties upon delivery of corporate objectives. Increase in rate of inflation and consequent pressure on level of pay award.	F, R, S	Lack of resources or the right skills to deliver required outcomes, loss of key professionals/senior officers due to pay constraints and pressures, reduced staff morale and quality of work, leading to financial loss, reputational damage and detrimental impact on staff wellbeing.	01/04/2017	3	4	12	Review of staff resources and skills via service reviews. Organisational structure reviews are part of S&TS to achieve efficiency, coordinated service delivery and reflect changing legislative and policy requirements and priorities. The Council implemented it's Market Supplement policy in October 2023. At present all 'qualified' Planning Officer roles receive a market supplement. Vacant Planning Officer roles are advertised with a 'Golden Hello' payment. Specific workstream on Building Control due to Building Safety Act requirements for all surveyors to be recertified - looking at different certification routes and HR processes for staff.	3	4	12	Succession planning and staff development to be prioritised and reflected in an updated appraisal process by 1 April 2025. Engagement of agency staff, external consultants and specialists where required. Reviewed by MT on a monthly basis to ensure Value for Money. Resilience and rationalisation of existing structures. Pay award for 2025/26 for all staff. GP Committee to consider proposals in January 2025. Structural reviews approved by Members on an ongoing basis. Workforce Strategy approved by General Purposes Committee in June 2022. Revised version to be considered by General Purposes Committee in final quarter 2024/2025.	HR Strategy Savings and Transformation Strategy	Director of Central Services and Deputy Chief Executive/ Chief Executive		Feb-25
7	Health and Safety	F, R, S	Significant reputational impact should a service user, officer, member or contractor come to harm and TMBC are unable to demonstrate appropriate processes were in place.	01/04/2017	3	4	12	Lone working policy and service based practices to be continuously monitored. Health and Safety considered by management at weekly SMT meetings. Staff involvement with Health & Safety Group Ongoing review undertaken to react to potential key risk areas. Organisational learning and response to national events. Incident and near miss reporting.	2	3	6	Embedding and dissemination of good practice through staff briefings. Corporate Health and Safety Group (chaired by DPHEH) identifying cross organisational issues with feedback to Management Team and Health and Safety Officer. All services have reviewed all their Health & Safety local Procedures in particular Lone working and service specific risk assessments. Staff survey on H&W completed spring 2021, results reviewed and a future survey will be incorporated into general staff survey approach Corporate Health & Safety Policies and procedures are up to date and reviewed regularly which all staff can access. Continuing focus on risk assessment process including reviews as a result of Coronavirus pandemic. Further staff wellbeing survey to focus on working at home and wellbeing.	Staff wellbeing and customer care underpin the Council's fundamental service and corporate objectives	Director of Planning, Housing and Environmental Health		Ongoing
8	Cyber Security	F, R	Loss of data and legislative breach, leading to financial penalties and reputational impact.	01/04/2017				The Council has; Information Security Policy deployed via Policy Management System. Implemented network security measures including access controls. Considered cyber insurance. Established an Information Governance Group. Appointed a Member Cyber Champion. Rolled out Cyber awareness training to all staff and Members via eLearning. Deployed 'Next generation' Palo Alto firewall technology for improved visibility and control. Deployed software solution to identify potential confidential data held on file servers. Implemented secure email in accordance with NCSC guidelines. Maintained dual level firewall security with the KPSN gateway being primary and the Council's own firewalls secondary. Implemented Solarwinds Security Event Manager. 1 member of IT team obtained Certified Information Systems Security Professional (CISSP) qualification October 2020.				The Council has; Prioritised the resources (both financial and staff) to ensure relevant updates and security mitigations are carried out in a timely manner. Scheduled annual IT Health Check (ITHC), quarterly PCI scans, and monthly vulnerability scans, feeding into remediation plans. Investigating and resolving detected security issues from previous ITHC. New ITHC completed August 2024, including the TMBC Microsoft 365 environment with remediation of security improvements underway. Regular email messages are sent out to all staff and Members on cyber security vigilance. Continuing to investigate emerging threats and cyber alerts, communicating with 3rd party suppliers to check compliance/obtain security updates and implementing mitigations as required to reduce likelihood of compromise. Training for IT staff on security aspects of Cloud environment is underway. Investigating further improvements to DR capability with specific regard to recovery from cyber incidents. Ensuring new staff have been invited to undertake training cyber security training. Further training and audits will follow to ensure the Council is as aware and prepared as possible to respond to potential	IT Strategy	Director of Finance and Transformation		Feb-25



No	Risk Title	Risk Type	Consequences	Date identified	Likelihood Score (1-6)	Impact score (1-4)	Overall risk score	Current Mitigation	Desired Likelihood Score (1-6)	Desired Impact score (1-4)	Desired risk score	Actions required to ensure mitigation remains	Links to Corporate Objectives / Strategies	Lead on behalf of Management Team	Direction of Travel	Review Date
	Cyber Security. Continued				3	4	12	Implemented cloud backup and DR facilities to improve resilience; and embedded cyber security into DR and BCP processes. Continued to monitor Cybersecurity alerts via LGA Cyber Security email; through membership of NLAWARP and CiSP; and attending information sharing events such as Kent Connects Information Security Group. Cloud based web and email filtering has been deployed to improve availability and resilience. Completed firewall ruleset review following migration to Cloud to ensure our configuration is in line with best practice guidelines. Done Annually at ITHC Carried out phishing simulation exercises for awareness training for staff and members, to highlight areas of risk and to identify training needs. Subsequent online training sent out to all staff and members. Developed and deployed wallpaper/ lock screen to all TMBC laptops and PCs, with cyber security reminder to further reduce risk by increasing awareness. Head of IT appointed Senior Information Risk Owner (SIRO) from October 22. This role has responsibility for information and data risk and protection. Obtained Cyber Essentials accreditation in May 2025, demonstrating that our technical controls are designed to defend against the most common cyber threats. NCSC approved cyber security training has been evaluated and made available via the Council's new LMS. Achieved 'Substantial' rating for Cyber Security at Internal Audit Report TM19-2023 & TM07-2023 - Cyber Security and ICT Infrastructure (Combined Report). An in-depth phishing training package, to highlight specific risks and increase staff awareness, was deployed to all staff and followed up by phishing simulations to check effectiveness of training. PCI DSS accreditation achieved to demonstrate that standards have been met by the Council with compliance of the PCI DSS standards to help protect sensitive payment card information and help reduce the risk of data breaches and fraud. Obtained Cyber Essentials Plus accreditation in October 2024, demonstrating that our technical controls are designed to defend against the most common cyber threats which were independently checked and verified.	3	3	9	cyber attacks. Procured NCSC approved cyber security training for staff and members, deployed during 2023, continued training throughout 2024. As at June 2024, All staff, with exception of new starters have completed Cyber Training, As of December 2024 28 Members have completed the training, a further 10 have started but have yet to complete leaving 6 members yet to start. Phishing simulations are carried out on an ad-hoc basis, without prior notification, to check effectiveness of training, and as regular assurance of staff and member awareness. Maintaining of industry standards, PCI DSS, Cyber Essential and Cyber Essential Plus annually to ensure that any changes in the IT environment still demonstrate that our technical controls are designed to defend against the most common cyber threats. Enrolment and management of devices in Intune is now live. It has replaced SCCM for deployment of all line of business apps to PCs and laptops, and Microsoft Defender for Endpoint is being used to leverage additional security features including network blocking when malware is detected and enforcement of encryption on laptops and removable media. Test restore to sandbox environment carried out to validate our ability to recover successfully from a cyber incident. Areas for improvement identified, documentation of process underway and training for all technical support staff planned for Q4 2024/25. Continued ongoing development training to ensure that knowledge is kept up to date. Investigating Microsoft Defender for Cloud to further enhance security of the Council's Azure IaaS infrastructure. Investigating preventative analysis, monitoring and remediation of suspected malicious network activity and NCSC approved cyber incident response retainer services to allow on hand cyber experts to assist with any Cyber Incident that may occur. Investigating and working towards the new government framework Cloud Assessment Framework (CAF) to ensure critical systems are documented and robust. Operation member of the IT team to be trained in the Certified Information Systems Security Professional (CISSP) qualification to ensure there is a higher knowledge of security within the team - Training due to take place Jan 2025				



No	Risk Title	Risk Type	Consequences	Date identified	Likelihood Score (1-6)	Impact score (1-4)	Overall risk score	Current Mitigation	Desired Likelihood Score (1-6)	Desired Impact score (1-4)	Desired risk score	Actions required to ensure mitigation remains	Links to Corporate Objectives / Strategies	Lead on behalf of Management Team	Direction of Travel	Review Date
9	Business Continuity and Emergency Planning (incl. Civil Contingencies)	F, R, S	Failure to provide statutory service or meet residents' needs resulting in additional costs, risk of harm and reputational impact. Impact/pressures on services and resources. Failure to ensure proper safeguards to prevent or to respond adequately to a significant disaster/event e.g. terrorist attack at a large scale public event , fire or flood	updated January	3	4	12	The Council has in place; Business Continuity Plan. Corporate Business Continuity Risk Register Emergency Plans Disaster Recovery Plans Inter-Authority Agreements Mutual Aid Agreement Partnership agreement with Kent Resilience Team. Emergency Planning Support Officer. Duty Emergency Coordinator System and Duty Officer System introduced to provide greater resilience. Covid Secure rest centre plan has been developed Flood Risk Assessments along with Support from Parishes with Flood Wardens EA support for expansion of Leigh Storage Area and works to Medway River Wall	3	4	12	Emergency planning documentation undergoing constant review and key aspects exercised . Increase % of staff trained in roles identified in the Emergency Plan Training organised by Kent Resilience Team . Business Continuity working group established to review and update existing Plan. Updated plan to be considered by Management Team and tested by a training exercise. Duty Officer rota in place to support Duty Emergency Coordinators out of hours. All staff fully trained before commencing duties. Out of Hours Manual reviewed and regularly updated. DSSLTS sits on Kent Resilience Forum Strategic Board. Actions taken in response to the Covid 19 pandemic will be reviewed and lessons learnt for the future. Any approved changes will be reflected in the Corporate Business Continuity Plan. Business Continuity Group including all members of Management Team meets twice weekly to oversee and coordinate response to pandemic. Annual Emergency planning review to be reported to Management Team. Exercising of plans must be undertaken regularly to ensure they are fit for purpose and to validate them. Recruitment into roles in the Emergency Plan is on-going. Enhanced staff training being developed to ensure rest centre staffing levels Funding allocated in Council's Capital Plan to support works to Leigh Flood storage area which will be completed by 2025. Possible partnership working with EA in improving flood resilience in Wouldham linked to the replacement of the river wall.	Business continuity underpins the delivery of the Council's essential services and is a core of the authorities risk management	Director of Street Scene, Leisure & Technical Services		Mar-25
10	Sustained or increasing levels of Housing need.	F, R, S	Increased demand on Housing and Revenues & Benefits services. Significant cost of providing temporary accommodation Inability to meet our legislative requirements - increased risk of decisions being challenged.	01/04/2017	4	3	12	TMBC run Welfare Reform Group with partner agencies invited. Knowledge sharing and issue identification. Council has joined the ReferKent network Working with owners to bring long term empty properties back into use. Ongoing work on Empty Homes is being supplemented by fixed term resource. Council in February 24 agreed empty homes premium and second homes premium. EQIA assessment of key decisions included in all Board reports. Signposting now to UC rather than HB for new working age claimants. Keeping track of welfare statistics CTR Scheme approved for 24/25 . Downsizing incentive policy agreed Homelessness services externally reviewed and Member approved action plan being implemented	3	3	9	Improved working with TA providers leading to more guarantees of available accommodation and developing a TA Procurement Strategy Improved working with main housing provider to identify trends/specific cases across borough to jointly agree approach to preventing homelessness using housing provider mechanisms, DHP payments and homeless prevention funding where needed. Development of council owned/leased temporary accommodation portfolio - including delivery of the Local Authority Housing Fund £1.6m funding received. Continue to facilitate Welfare Reform group and widen participation from external partners so as to ensure best support for those affected by welfare reforms in T&M. Work with Kent councils collaboratively to ensure grants and support targeted to those most in need Continued focus on homelessness prevention through staff training, team structure and delivery of homelessness action plan Distribute latest Household Support Fund	Improving housing options for local people, whilst protecting our outdoor areas of importance - use every power we can to support those who are most in need of housing support and at risk of becoming homeless	Director of Planning, Housing and Environmental Health/ Director of Finance & Transformation		Feb-25

Direction of Travel key



Downward or positive movement



No change in movement



Upward or negative movement

No	Risk Title	Risk Type	Consequences	Date identified	Likelihood Score (1-6)	Impact score (1-4)	Overall risk score	Current Mitigation	Desired Likelihood Score (1-6)	Desired Impact score (1-4)	Desired risk score	Actions required to ensure mitigation remains	Links to Corporate Objectives / Strategies	Lead on behalf of Management Team	Direction of Travel	Review Date
11	Political factors including stability of political leadership and decision making	F, R	Decisions required to achieve objectives including corporate strategy and savings and transformation may not be made and therefore required savings not achieved.	01/04/2017	3	4	12	Close liaison with Leader, Deputy Leader and Cabinet in developing the Savings & Transformation Strategy. Clear and comprehensive reports to support Members in making appropriate decisions to support the S&TS. Regular Group Leader meetings in place and stability of leadership following election. Regular pattern of informal MT/Cabinet meetings to provide stability and cohesiveness	3	3	9	Member briefings and training sessions.	Underpins delivery of overall strategy and Savings and Transformation.	Chief Executive		Feb-25
12	Implementation of Agile system	F, S	Service impacts from level of staff time required to configure the Agile product for use as operating system. Significant level of concern from staff about implementation process results in a lack of confidence in implementation, which will adversely impact service delivery and record keeping Post implementation issues result in inefficient service delivery	01/11/2022	5	3	15	Programme of liaison meetings with Agile in place including Project Board and catch ups with various levels of counterparts Employment of Business Change PM to manage project on behalf of TMBC and coordinate all issues Regular informal briefings to Cabinet Internal meetings with staff, managed by Business Change Project Manager Risk and issue log Post-implementation review of APAS implementation being carried out by internal Audit Agreement to deliver enhancement project in 24/25 financial year At least 2 stand ups per week between Business Change PM and SRO (DPHEH)	2	2	4	Further escalation of issues to IEG 4 CEO (Agile parent company) Revised PLACIS implementation programme to be agreed Weekly review of project plan and considerations of service impacts required to meet go live programme - to be reported into MT and informal Cabinet on a regular basis APAS outstanding post go live issues programme to be agreed. Review of project governance and use of Project Board for escalation of issues, to include review of Project Board attendees Completion of all modules for go live	Digital Strategy	Director of Planning, Housing and Environmental Health		Feb-25
13	Carbon Neutral 2030 Aspiration	F, R, S	Significant reputational risk, particularly if other similar councils have achieved similar goals or targets. Significant financial cost to purchasing offsets to meet carbon neutral. High cost of increased frequency and intensity of extreme events (floods, heat waves) that increase costs and disrupt service delivery.	01/09/2023	3	3	9	Development of climate evidence (e.g. for the Local Plan), partnerships (residents, community and other Councils) and pathway analysis to support move towards transformative and larger-scale emissions reductions Increased contributions to Climate Change Reserve to Support match funding as well as capital projects. Grant Award received for Energy Efficiency measures for Sports Facilities. Total grant award of £1.6m will support installation of LEDs, solar PV and a heat pump at Larkfield Leisure Centre, reducing vulnerability to energy price variations and tackling a significant source of carbon emissions.	3	2	6	New strategic planning, oversight and commitment by Members, senior management and services to ambitious actions beyond 'business as usual'. Improved understanding of financial returns from climate mitigation measures that can be reinvested. Innovative thinking and delivery of services and mitigation options. Gap analysis report endorsed at Overview and Scrutiny Committee January 24 Funding is dependant on successful applications and awards being achieved, otherwise Council Resources will be needed. Successful delivery of decarbonisation projects using grant funding. Ensure all delivery, project and monitoring milestones set by funders are met.	Climate Change Strategy 2020 - 2030, Corporate Strategy 2023 - 2025	Chief Executive		Feb-25

Direction of Travel key



Downward or positive movement



No change in movement



Upward or negative movement

No	Risk Title	Risk Type	Consequences	Date identified	Likelihood Score (1-6)	Impact score (1-4)	Overall risk score	Current Mitigation	Desired Likelihood Score (1-6)	Desired Impact score (1-4)	Desired risk score	Actions required to ensure mitigation remains	Links to Corporate Objectives / Strategies	Lead on behalf of Management Team	Direction of Travel	Review Date
14	Contract/Contractor Procurement	F, R	Failure to appoint suitably experienced and qualified contractors leading to poor quality of service, reputational damage and increased costs to the Council.	01/02/2024	2	3	6	Compliance with Council's adopted Procurement Rules and Strategy. Consultation undertaken with Property and Legal Services to ensure appropriate Lease/License/Contract arrangements are in place. Procedure adopted and monitored for the engagement of contractors setting out and seeking minimal requirements including Risk Assessment and Public Liability. Establishment of cross-departmental working groups for key contracts and projects. Contracts awarded on an evaluation of 'most economically advantageous' and 'best value' and not solely on financial benefit. Directorate representatives on the Council's Procurement OSG. Use of Mid-Kent Procurement Partnership Use of specialist advisors on major contracts. Contracts to include break clause and/or extension periods based on performance. Use of contract frameworks where appropriate. Risk assessment approach to appointment of contractors.	1	3	3	Corporate Procurement Strategy adopted Procurement documentation being reviewed. Cabinet 2 April for procurement resources through Mid Kent Partnership agreed Corporate Training progressing for staff and Members Annual report to audit committee on procurement performance	Procurement Strategy. Compliance with legislation. Health and Safety.	Director of Street Scene, Leisure & Technical Services		May-25

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Ongoing Risks and Risks Identified by Service Management Teams and Management Team

Risk Identified	Background	Removed or ongoing	Reason for removal / ongoing
Central and Exec	Homes For Ukraine Scheme	Ongoing.	Conflict in Ukraine continues and new arrivals into the borough are ongoing. HFU visas are for 3 years and there is now an option to apply for an 18 month Ukraine Permission Extension once the HFU visa expires. All new hosts/houses must be checked and welfare visits undertaken. Rematches via the HFU scheme are unsustainable in the longer term and work needs to be undertaken to support families into PRS or rent a room agreements. Need to keep under review to ensure that delivery on track so that future years funding is not compromised (based on annual funding award). UKSPF Year 1 (2022/23) and 2 (2023/24) progress was substantially on track with 100% of budget spent. As of 01 Dec, 50% of Year 3 budget spent (66% of the programme), but there remain a number of larger capital projects which are still to deliver and this remains the key risk. Report being considered by Cabinet Member for the re-allocation of some funds to ensure as close to 100% is spent by the end of the financial year. REPF (used to create the West Kent Rural Grants Scheme) - as of 01 Dec, 103% of the pot has been awarded to projects, 50% of the budget has been spent (i.e. projects completed and claimed funding in arrears). Need to keep under review to ensure that changes in office accommodation deliver value for money and deliver identified savings. Deal now agreed with KCC in respect of covenants, subject to completion of legal agreement. Risk of capital cost for works to Gibson East exceeding previously agreed budget.
	UK Shared Prosperity Fund Programme (inc. Rural England Prosperity Fund)	Ongoing.	Extent to permanent works required still unknown and therefore operational and financial risk remains
	Gibson Building - unable to deliver financial saving which has been assumed within MTFS	Updated	All Election Act changes up and running and being improved including new Postal vote portal, Postal vote renewals changing to every 3 years Proxy Vote changes. Overseas electors renewal every 3 years, the last one EU citizenship eligibility starts 7/5/24. Some training has been undertaken for this.
	Tonbridge Castle Gatehouse Roof - costs of resolving roof issue	Ongoing	Work completed and register changed 1/2/24, in readiness for a Parliamentary election.
	Elections	Ongoing	Parliamentary Election to take place on 04/07/24 together with by-election for vacant seat in Judd Ward. Concern over lack of PO's and Count supervisors, due to Polling and Count being on the same day.
	Elections	Ongoing	Scorecard results not yet published so level of media interest and final TMBC score unknown.
	Elections	Ongoing	Climate Emergency UK will carry out the annual process again for 2024/25 and while some further actions will result in a higher score (e.g. we have started climate literacy training) it is hard to assess progress relative to other authorities at this stage.
	Climate Change Action Scorecard	Ongoing	

Ongoing Risks and Risks Identified by Service Management Teams and Management Team

Finance and Transformation	Page 350	Risk Identified	Background	Removed or ongoing	Reason for removal / ongoing
		IT Security (formerly COCO Compliance)	Review of IT Infrastructure identified several areas of weakness for IT standards compliance	Ongoing	Number of risk removed, expected that remaining risks, once removed, will allow full compliance.
		Economic Stability	Economic issues surrounding Council Finances	Ongoing	Part of Strategic Risk Register.
		Staffing	Year end processes are a significant demand on staffing resources.	Ongoing	This has been exhibited but staff shortages at the present time. Workloads will be monitored closely to ensure service delivery maintained.
		Corporate Insurance	Increases and changes to premiums for 2023/24 insured year	Ongoing	The Councils Insurers have made changes to the charges included within the premiums. Therefore changes will be required to capital and revenue project evaluations to include insurance assessment.
		Payroll	Key information being supplied to Payroll in a timely manner, causing risk of staff and members not being paid.	Ongoing.	The Payroll Team pay over 250 Staff and Councillors on a monthly basis. Due to the date of payment, being the closest working day to the 15th of the month, information to be included in the pay run must be received no later than three working days into the month. In recent months some delays have occurred on the submission of data due to incomplete or incorrect information being supplied. This has jeopardised the payment to all staff requiring additional unsocial hours to be worked by the payroll team.
		IT Resources	Resource capacity for Development Staff	Ongoing	The current demands on IT Development Staff are placing increased pressures on the resource capacity on the staff given competing demands of corporate systems being reviewed and implemented.
		Street Naming and Numbering	Resourcing within Team	New	One of the team of two is currently on long term sickness, the impact is meaning that the work being undertaken is now rising in conjunction with the implementation of the Agile system. Management Team report will be prepared for consideration of maintaining resourcing levels.
		GDPR Compliance findings	Redacted information being stored with unredacted information	Ongoing	Access being restricted and will be removed once uniform is fully deactivated.
		Security and Access to Information	Access to information with shared access with DWP	Ongoing	Review of staff access to be carried out and further additional checks to be carried out.
		Back Scanning	Additional requirements identified, resource assessment and funding to be identified	Ongoing	Review of volumes being undertaken to assess resource need to enable Gibson East redevelopment.
		Supported Accommodation	The Supported Housing (Regulatory Oversight) Act 2023 came in to force August 2023. Assessment of the act has been ongoing and a consultation on how the act will be regulated in practice. The practice is likely to involve a Licensing duty for the responsibility of the Council. Further implications could effect Housing Benefit payments to Landlord where care levels are considered to be unsuitable for the tenant.	Ongoing	Further investigation work will need to be undertaken following the practice regulation are issued, this will involve potentially new service staffing and income to the council. Greater working relationship with Adult Social Care Services will need to be considered and protocols arranged.

Ongoing Risks and Risks Identified by Service Management Teams and Management Team

Risk Identified	Background	Removed or ongoing	Reason for removal / ongoing
Temporary Accommodation (TA)	TA consultancy review undertaken Dec 2021, actions implemented in 2022. Cost of living crisis and DA legislation implementation are impacting on maintaining TA levels within the agreed range.	Ongoing	TA costs remain high, as does level of need. Project underway to look at sustainable TA portfolio approach to help manage unit costs for TA. This is alongside ongoing work/training in service to support demand.
Temporary Accommodation (TA)	Personal injury claims	Ongoing	Updated inspection regime being developed by officers.
Food & Safety	Increased risk of food complaints/poisoning. Additional resources to manage backlog of inspections.	Ongoing	During the Covid-19 crisis the ceasing/reduction in the food hygiene inspection regime may result in food safety issues. There will also be a backlog of food safety inspections due to restrictions on visiting/businesses closed. Agreed catch up programme in place utilising COMF funding.
Increased number of planning appeals/inquiries	Application determination timescales not being met, more speculative development, creates reputational risks and increases likelihood of appeals.	Ongoing	Volume and complexity of applications coming forward in parallel with local plan progression and given current uncertainties in timescales for adoption. MT agreed agency planning funding for short term. Head of Planning conducting service review summer 2022
Staffing challenges in Planning services	Ongoing recruitment and retention difficulties in the sector and in T&M specifically. Several recruitment campaigns carried out.	Ongoing.	MT agreed that development of a Workforce Strategy will include recruitment and retention. Part 2 report to GP in July 2023 to look at immediate pressures. This will likely be followed by a new recruitment campaign and therefore this risk remains.
Windmill Lane Gypsy Site	KCC have requested return of management of this site (which is already owned by TMBC) to TMBC on 31 March 2024. This is part of a programme of returns to districts of their owned G&T sites. Initial discussions about management issues and costs have been undertaken.	Ongoing	The return requires Member approval, proposing that this happens via Cabinet in Jan 2024. There are a mixture of Property and Housing risks relating to this potential transfer. Officers are awaiting detailed information from KCC on maintenance costs, the detailed works schedule for grant funded improvements that are scheduled to complete before end of financial year and rent roll. TMBC will require a management arrangement for the site, which is being explored with neighbouring authorities as well as external providers. There will also be a requirement for the Council to have a G&T Allocation Scheme. Risk that the approach to management of this site is not fully in place before the proposed transfer, which could cause liability issues. Also need to consider specific equalities considerations for this group of residents.
Local Plan	Reg 18 carried out in Autumn 2022. Changes to NPPF and proposed changes to system via LURB published December 2022. Assessing options for delivery of a Local Plan.	Ongoing	Members to make a decision on a revised Local Development Scheme in Summer 2023. This is subject to a number of challenges including ongoing delays in Govt announcements on national planning policy. The Council has decided to continue progressing the Local Plan under the current legislative and National Planning Policy Framework. It will be critical that the new plan is prepared in compliance with the regulatory framework and relies on a robust evidence base that meets the requirement of the NPPF so that the plan can be found to be sound at the examination stage. Timing is of the essence as the Local Plan will need to be submitted to the Planning Inspectorate by 30th June 2025. The Council has recently engaged Trowers and Hamlins Law Firm to advise and support the Planning Policy Team up until adoption stage.

Ongoing Risks and Risks Identified by Service Management Teams and Management Team

Risk Identified	Background	Removed or ongoing	Reason for removal / ongoing
Bridge inspections	Bridges on Council owned land identified as service risk. Internal Officer Group established and bridge audit progressed. Identified as Service Pressure Aspiration. Revenue budget approved to inspect and repair bridges over 2 years and annual inspections to be progressed. Structural assessments being undertaken.	Ongoing	Second year programme of work currently being progressed. Further survey undertaken and report to be analysed. Remembrance Garden and Maintenance bridges reassessed to check if structurally stable. Remembrance Garden bridge confirmed safe for 5-7 years, Maintenance bridge confirmed safe for 3-5 years. Structural assessment being undertaken re Haysden Country Park bridge replacement.
Phone Signal	CEOs having difficulty enforcing parking in Tonbridge and customers having issues accessing Ringo due to deterioration in mobile phone signal.	Ongoing	Multi-network sim cards issues to CEO's and liaison taking place with service providers.
Garden Waste invoices	Delay in invoices being issued to subscribers wanting to renew due to IT issues.	Ongoing	Financial Services reviewing use of recurring payments.
Utilities costs	Significant energy price increases at leisure centres is resulting in financial cost to the Council under the risk sharing agreement in the Management Agreement with the Trust.	Ongoing	Trust providing regular updates via Strategic/Service Fee meetings - cost of swim charges increased to help contribute to additional cost, energy saving initiatives being investigated and implemented and central government being lobbied. Government recently announced support package within the Budget statement.
KRF Review	The KRF have undertaken a review and plan to make adjustments to how the forum operates.	Ongoing.	Risks associated with increased responsibility being undertaken by LA's . Many Kent Chief Executives are recruiting dedicated full-time resource to enable work to be developed and maintained. This appears to be requiring LA's to delivery work areas that were historically delivered through the KRF and KRT.
Business Continuity & Emergency Planning	The current structure of the LRF and legislation has been added to. The Kent Resilience Forum has undergone review with significant changes to how the Kent Resilience Team will provide support and guidance to Local Authorities. The UK Government has also recently published a new 'UK Government Resilience Framework'. Further guidance is expected but the theme is around increasing locally led resilience and planning at the LA level. Additional recommendations have now been published in relation to the Grenfell Tower Enquiry. These are likely to be included with the review of the CCA.	Ongoing	Need to track new guidance and review how we contribute and participate in the Kent Resilience Forum. We also need to be able to ensure that we maintain a fit-for-purpose organisation to enable suitable response.

ZM Risk Management Review Recommendation Matrix

Reference	Recommendation	Management Response	Update January 2025	Officer / Member Responsible	Date Proposed for Implementation
	Culture and Leadership				
1	Consider assigning a corporate risk champion who will drive risk management conversations, set the tone and be the example to follow for both fellow senior level managers and officers at all levels.	This role should be considered by Corporate Management Team on who would have sufficient seniority and resource.	Director of Finance and Transformation appointed as Corporate Risk Champion to be supported by Service Officers as individual Service Risk Champions.	Director of Finance and Transformation	November 2024
2	Clarify risk management roles and responsibilities, in particular to separate officers and members' roles. This should include not just what is expected, but also how responsibilities should be carried out.	This will be considered as part of the Risk Strategy Review	Risk Strategy to include terms of reference for Risk Champions, Officer and Members. To be discussed at first Risk Meeting. Risk Strategy will be subject to wider review by Officer Risk Group during 2025	Appointed Risk Champion, CMT and Chief Financial Services Officer	September 2025
3	Review the level of engagement that is possible from senior officers within current workloads to ensure that risk management responsibilities and objectives are realistic.	Wider review will need to be undertaken	Ongoing discussion at Officer Risk Group	CMT	September 2025
	Risk Appetite & Strategy				
4	Define risk appetite levels and statements across different risk categories. This will provide an organisational approach and align thinking across officer and members while providing officers practical guidance at key decision points.	Wider review will need to be undertaken	Will form part of review of Risk Strategy and Guidance notes issued to service managers and staff.	Appointed Risk Champion, CMT and Chief Financial Services Officer	September 2025
5	Revisit the risk management strategy and it's place among other frameworks. Determine if there are opportunities to include risk management as an integrated part of working rather than an add-on requiring specific resources.	The Council's Risk Strategy and Guidance will be reviewed following the clarification of risk appetite.	Workflow to be developed, giving links between areas such as Safeguarding, Budget and Savings, Procurement and Workforce Strategies. These strategies are under review by responsible officers and will be linked following approval	Chief Financial Services Officer	September 2025
	Governance				
6	Consider a process for increasing visibility of risks across services, this could be either at management level through a management board or more informally through risk champion officers from each service that take on responsibilities for both risk updates within services but also meet to share practices and discuss emerging risks.	Ensure that risks are adequately discussed at Team and Service Management Meetings.	Service Risk officer have been appointed and Risk is a weekly item on Service and Corporate Management Team agendas.	Appointed Risk Champion and CMT	November 2024
7	Ensure that members, and audit committee representatives in particular, receive risk management training that include clear descriptions of their remit and responsibilities.	Training to Members is being prepared and delivered on 15 th January 2024. The session will be recorded and placed into the members resources library.	Received January 2024	Chief Financial Services Officer	January 2024
	Methodology				
8	Initiate dedicated risk identification sessions at both service- and corporate level to increase proactive risk identification and expand the timeline available to manage risks by being proactive rather than reactive.	Ensure that risks are adequately discussed at Team and Service Management Meetings.	Officer Risk Group discussions are to include the both the Service Risks identified and Strategic Risk Registers in order to provide wider challenge and feedback to CMT and Members.	Appointed Risk Champion, CMT and SMTs	September 2025
9	Ensure controls are SMART and that risk owners complete follow-ups. Risk should have practical roadmaps to desired risk score.	Risk Registers need reviewing on an annual basis by Service Management Teams along with documented evidence showing review.	To be discussed at Risk Group but plan is that Risk 'route map' to be discussed with Service Risk Holder and they are to provide project plan to eliminate or reduce risk.	Risk Champions on SMTs	September 2025

	People & Training				
10	Mandate training sessions for elected members, senior leadership, service heads and possibly also third tier managers.	Members training will be delivered in January 2024, Officer training will be arranged following policy renewal in June 2024	Member Training delivered Jan 24 Officer Training Oct 24.	Chief Financial Services Officer	November 2024
11	Consider if there are officers within teams that could have capacity to receive extra training and be integrated risk champions in each service.	Review following Risk training	Consideration to be made following Officer Training in October.	CMT	November 2024
	Projects, Partnerships, Contracts & Supply Chain				
12	Review procurement and contract policies and ensure that a defined risk management approach is included. Ensure training is supplied to increase the skills and confidence of officers managing contracts and partner relationships.	Consideration to be made by Procurement OSG	Cabinet approved Procurement Strategy December 2024 integration into risk Strategy will take place during review.	Head of Procurement OSG, Appointed Risk Champion	September 2025

Due to the timescales and print deadlines, the recommendations of the meeting of Cabinet held on 11 February 2025 will be circulated to Members in advance of the meeting of Council.

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TREASURY MANAGEMENT UPDATE AND TREASURY MANAGEMENT AND ANNUAL INVESTMENT STRATEGY FOR 2025/26

Item AU 25/5 referred from Audit Committee of 13 January 2025

The report of the Director of Finance and Transformation provided details of the investments undertaken and return achieved in the first eight months of the current financial year and introduced the Treasury Management and Annual Investment Strategy 2025/26 (attached at Annex 5).

A full list of investments held on 30 November 2024 was attached at Annex 1 to the report and a copy of the lending list at Annex 2. In terms of cash flow and core cash investments, £2,024,350 was earned in interest to the end of November 2024, which was £442,600 above the original budget estimate for the same period. The positive variance was primarily attributed to the bank rate remaining higher for longer than initially anticipated. An extract from Link's latest benchmarking data was provided in the form of a scatter graph at Annex 3, which showed that as at 30 September 2024 the Borough Council's return was 5.12%, above the local benchmarking group average of 4.98%.

With regard to long term investment, during the period 1 April 2024 to 30 September 2024, the £4.04m investment in property funds generated dividends of £82,980 which represented an annualised return of 4.09% compared to 3.68% in 2023/24. Following the termination of the Lothbury Property Trust, five payments had been received to-date totalling £1.276m. The remaining assets were expected to be sold by February/March 2025, when further distributions would be made as and when asset sales had concluded and dividends paid from income generating assets.

Under medium term investment, during the period April 2024 to November 2024, the £4.25m investment in multi asset funds generated dividends of £127,690, which represented an annualised return of 4.51%.

An extract from the draft income and expenditure estimates attributed to the Treasury Management function were provided at Annex 4.

The parameters to limit the Borough Council's exposure to investment risks were summarised as part of the 2025/26 Annual Investment Strategy in Annex 5. Except where indicated by bold italic text, the 2025/26 Strategy adopted the same risk parameters as currently approved.

In addition, the report made reference to non-treasury management practices and the required procedures to ensure compliance with the Treasury Management and Prudential Codes of Practice and Statutory Guidance on Local Government Investments relating to non-treasury investments.

RECOMMENDED*: That

- (1) the treasury management position as at 30 November 2024, be noted; and

- (2) the Treasury Management and Annual Investment Strategy for 2025/26 (attached at Annex 5), be adopted.

***Recommended to Cabinet**

Audit Committee

13 January 2025

Part 1 - Public

Recommendation to Cabinet – Council Decision



Cabinet Member	Kim Tanner – Cabinet Member for Finance and Housing
Responsible Officer	Sharon Shelton – Director of Finance and Transformation
Report Author	Donna Riley – Principal Accountant

Treasury Management Update and Treasury Management and Annual Investment Strategy for 2025/26

1 Summary and Purpose of Report

- 1.1 The report provides details of investments undertaken and return achieved in the first eight months of the current financial year and an introduction to the 2025/26 Treasury Management and Annual Investment Strategy. Members are invited to recommend adoption of the Strategy to Cabinet.

2 Corporate Strategy Priority Area

- 2.1 Efficient services for all our residents, maintaining an effective council.
- 2.2 Prudent financial management of Council's investments will generate a yield to assist with the Council's overall budget objectives.

3 Recommendations

- 3.1 Members are invited to **RECOMMEND** that Cabinet:
- 3.2 Note the Treasury Management position as at 30 November 2024.
- 3.3 Adopts the Treasury Management and Annual Investment Strategy for 2025/26 set out at **[Annex 5]**.

4 Introduction and Background

- 4.1 The Local Government Act 2003 requires the Council to 'have regard to' the Prudential Code and to set Prudential Indicators for the next three years to ensure that the Council's capital investment plans are 'affordable, prudent and sustainable'.

- 4.2 The Act also requires the Council to set out its Treasury Management Strategy for borrowing and to prepare an Annual Investment Strategy. The latter sets out the Council's policies for managing its investments and for giving priority to the security and liquidity of those investments.

5 Interest Rate Forecast

- 5.1 The Bank Rate held at 5.25% for longer than anticipated, with the Bank of England initiating its easing cycle by lowering interest rates from 5.25% to 5.0% in August and holding them steady in September. The MPC voted in favour of a further reduction of 25bps in November bringing the current bank rate to 4.75%. Market expectation is for the New Year to see a managed reduction to the rates throughout 2025/26 settling at 3.5% over the next three years.
- 5.2 The net fiscal loosening of £36 billion (1.1% of GDP) in 2029/30, relative to previous plans unveiled by the Chancellor in the Budget, has led analysts to revise their GDP growth expectations, now forecasting GDP growth of 1.8% in 2025 and 1.7% in 2026, compared to the previous projections of 1.5% for both years. This looser fiscal policy suggests that monetary policy will likely need to be tighter than previously anticipated. As a result, analysts now expect core CPI inflation to remain elevated, with a projected reduction to 2% only by late 2026, rather than in late 2025 as previously forecast.
- 5.3 Although analysts now expect inflation to average 2.8% in 2025, up from the previous forecast of 2.6%, the freeze in fuel duty announced in the Budget means that analysts' overall CPI inflation forecast remains broadly unchanged. The fuel duty freeze will help mitigate upward pressure on inflation from rising fuel costs, balancing out other factors contributing to the inflation outlook. As a result, despite the slight upward revision in inflation expectations, the overall inflation forecast remains relatively stable due to this policy intervention.
- 5.4 Further easing in the UK labour market will be welcomed by the Bank of England as it signals that market conditions are continuing to cool. The 3-month year-on-year (3m y/y) growth rate of average earnings dropped from 4.6% in June to 4.0% in July. On a three-month annualised basis, average earnings growth slowed from 3.0% to 1.8%, marking its lowest rate since December 2023. Excluding bonuses, the 3m y/y rate fell from 5.4% to 5.1%.
- 5.5 Link's latest Bank Rate forecast, updated in November 2024, shows the rates moving steadily downward, is included in **[Annex 5]** and anticipates the Bank Rate will level out at 3.5% around December 2026.

6 Investment Performance

- 6.1 The Council's investments are derived from cash flow surpluses, core cash balances and other long term cash balances.

- 6.2 Cash flow surpluses are available on a temporary basis and the amount is mainly dependent on the timing of council tax and business rates collected and their payment to precept authorities and government. Less significant cash flows relate to receipt of grants, payments to housing benefit recipients, suppliers and staff. Cash flow surpluses build up during the course of a financial year and are spent by financial year end. Thus far in 2024/25 cash flow surpluses have averaged £28.2m.
- 6.3 The Authority also has £33m of core cash balances. These funds are for the most part available to invest for more than one year, albeit a proportion is usually transferred to cash flow towards the end of the financial year to top-up daily cash balances. Core cash includes the Council's capital and revenue reserves which are being consumed over time to meet capital expenditure and 'buy time' to enable the authority to deliver its revenue savings targets.
- 6.4 Cash flow and core cash balances also include sums to meet business rate appeals which are expected to be resolved in 2024/25 and future years.
- 6.5 Long term investment comprises of £4.04m in property fund investments.
- 6.6 Medium term investment comprises £4.25m in diversified income fund investments.
- 6.7 A full list of investments held on 30 November 2024 is provided at **[Annex 1]** and a copy of our lending list of 30 November 2024 is provided at **[Annex 2]**. The table below provides a summary of funds invested and income earned at the end of November.

	Funds invested on 30 November 2024	Average duration to maturity	Weighted average rate of return	SONIA benchmark November 2024	Interest / dividends earned	Gross annualised return
	£m	Days	1 April to 30 November 2024 %	%	1 April to 30 November 2024 £	%
Cash flow	28.26	4	4.78	4.72	908,610	4.41
Core cash	33.00	112	4.83	4.68	1,115,740	5.30
Long term	4.04				82,980	4.09
Medium term	4.25				127,690	4.51
Total	69.55				2,235,020	--

Table 1

Property funds pay dividends quarterly. The return quoted above is based on dividends received for the period April to September 2024.

- 6.8 **Cash flow and core cash investments.** The SONIA (Sterling Overnight Index Average) benchmark has indeed followed the trend of reducing in line with the cuts in the Bank of England's interest rate over the past few months. However, the recent inflation data has complicated expectations. Given the persistent inflation pressures, the Monetary Policy Committee (MPC) meeting in December is not anticipated to agree on further reductions in the bank's interest rate.
- 6.9 Looking ahead, market sentiment suggests that any future interest rate cuts will likely remain slow and gradual throughout 2025. As a result, this may present an opportunity to secure longer-duration investments (up to 12 months), allowing the Council to lock in favourable rates ahead of any future rate cuts.
- 6.10 Continuing this strategy could be advantageous if rates remain relatively stable or decline gradually in the coming months, enabling the Council to stay ahead of the curve for longer.
- 6.11 As of the end of November, investment interest earned was £2,024,350, which is £442,600 above the original budget estimate for the same period. The positive variance is primarily attributed to the bank rate remaining higher for longer than initially anticipated.
- 6.12 The revised budget has been updated to incorporate the sustained higher bank rate, ensuring that future investment interest income projections are aligned with the current market expectations.
- 6.13 The Council takes advantage of Link's benchmarking service which enables performance to be gauged against Link's other local authority clients. An extract from the latest benchmarking data is provided in the form of a scatter graph at **[Annex 3]**. The graph shows the return (vertical scale) vs. the credit / duration risk (horizontal scale) associated with an authority's investments. As at 30 September 2024 the Council's return was 5.12% (purple diamond) was above the local benchmarking group average of 4.98%. Link's predicted return is between the upper and lower boundary indicated by the diagonal lines. The Council's risk exposure was consistent with the local authority average.
- 6.14 Only cash flow and core cash returns form part of the benchmarking data. The additional return the Council makes from its property fund, and diversified income fund investments are not included. The data also excludes any short-term borrowing costs authorities may have incurred to meet payment obligations; however, no such costs have been incurred to date and none are anticipated during the remainder of 2024/25.
- 6.15 **Long term investment.** The availability of cash balances over the longer term (10 years) and the suitability of different types of long-term investment (equities, bonds and commercial property) was previously explored and reported to Audit Committee. Of the alternatives, investment in property funds was considered best

suited to meet the Council's more immediate funding need: a sustainable, stable income stream.

- 6.16 £5m was invested in property investment funds, spread across three funds to ensure, as far as is possible, stability of annual income and capital growth over time.

- 6.17 During the period 1 April 2024 to 30 September 2024, as property funds are reported quarterly, the £4.04m investment in property funds generated dividends of £82,980 which represents an annualised return of 4.09% (3.68% in 2023/24). The long-term investment figure set out in Table 2 has been reduced to take into account the repayment of capital investment from the sale of assets by Lothbury Property Trust, which terminated on 30 May. Income generated from property funds has been revised downward to reflect the changes in shares held, and the ability of these shares to generate future dividends. It is possible that dividends will continue to be paid on assets not yet sold within the Lothbury portfolio, but as this is not guaranteed, will not form part of the revised budget. The income from all property funds is expected to be in line with the revised budget for the financial year 2024/25.

- 6.18 Property funds issue and redeem primary units at a buy and sell price with the difference between the two prices reflecting the costs associated with buying and selling property (legal and other fees, stamp duty etc.). The price spread varies from fund to fund but is typically in the region of 8% (6% on entry to a fund and 2% on exit). Where units are traded on a secondary market the impact of the spread can be reduced and delays in the purchase / redemption of units avoided.

- 6.19 Although each property is unique, its value is informed by the sale of similar properties. During recession property transaction volumes diminish making valuation less certain. Each of our property fund managers attributed "uncertainty" to their monthly valuations during the summer. At the same time, and by regulation, when valuation is uncertain fund managers are required to suspend the purchase and redemption of units by investors. The suspension is intended to protect the interests of purchasers, sellers and continuing investors such as the Council.

6.20 Sale values at the end of November 2024 vs initial purchase prices are as follows:

Property fund (Primary = units in the fund purchased from the fund manager. Secondary = units purchased from another investor at a discount. Date = first month the investment attracted dividends)	Purchase price	Sale value at date of purchase	Sale value 30 November 2024	30 November sale value above (below) purchase price (c-a)
	a	b	c	
	£	£	£	£
LAPF (Primary, July 2017)	1,000,000	922,200	884,700	(115,300)
Hermes (Secondary, Oct 2017)	1,000,000	939,000	888,560	(111,440)
LAPF (Primary, June 2018)	1,000,000	922,200	848,250	(151,750)
Total change in principal	3,000,000	2,783,400	2,621,510	(378,490)
Total dividends received to September 2024				802,440
Net benefit since inception				423,950

Table 2

6.21 Since inception, the Council have received dividends from the above property fund investments totalling £802,440. Investment institutes continue to diversify their portfolios to ensure the best return taking into consideration the current market conditions. All property fund investments recorded capital depreciation in the period April 2024 to September 2024. The property funds continue to distribute dividends of which we have received £82,980 for the first six months of the year.

6.22 Following the withdrawal of several investors, Lothbury Property Trust were unable to secure a way forward, and the fund was terminated on 30 May 2024. As per Table 3 below, we have, to date, received four payments totalling £961,220 of our initial investment. The remaining assets are expected to be sold by December 2024, distributions will be made as and when asset sales have concluded, and dividends paid from income generating assets. Taking into account the dividends received from the inception of the fund, the breakeven point would be the recovery of £671,540 against the outstanding assets:

Property fund (Primary = units in the fund purchased from the fund manager. Secondary = units purchased from another investor at a discount. Date = first month the investment attracted dividends)	Purchase price	Sale value at date of purchase	Principal Investment Received	Principal Investment Balance Outstanding
	a	b	c	
	£	£	£	£
Lothbury Property Trust	2,000,000	1,900,700	961,220	(1,038,780)
Total dividends received to September 2024				367,240
Net balance to breakeven point				(671,540)

Table 3

- 6.23 At the end of June 2024 Hermes Property Trust, having received a redemption request for approximately 22% of the fund, announced they would be seeking investor approval on a proposal to gate the fund. The EGM vote was 71.3% in favour of the resolution which was short of the 75% needed to pass. The Fund appointed CBRE Capital Advisors to provide an independent report on options available, including a potential merger option. A revised timetable has been produced with an EGM set to be held on 30 January 2025.
- 6.24 Members are reminded that higher yielding investments (e.g. property, equities) have the potential to fluctuate in value, both up and down. It is this feature which makes them unsuitable for short term investment where certainty over value at maturity is a key criteria. The Council's property fund investments are not required to meet day to day spending commitments and will only be realised should a higher yielding opportunity be identified.
- 6.25 **Medium term investment.** In recent years multi asset (diversified income) funds have grown in popularity. The rationale for adopting such a fund was explored in the Audit Committee report of January 2018 and their use for medium-term investment reaffirmed in the January 2021 Audit Committee report which introduced the multi asset (diversified income) funds into the Annual Investment Strategy.
- 6.26 Like property funds, multi asset (diversified income) funds aim to generate returns over and above inflation and thus preserve spending power.
- 6.27 A total of £4.25m was invested in 2021/22 between three funds chosen from the rigorous selection process, Fidelity Multi Asset Income Fund, Ninety-One Diversified Income Fund and Aegon Diversified Monthly Income Fund. It is expected that each fund will deliver a return in excess of 3% per annum and preserve capital over the five-year duration of the investment. Additional multi asset fund investments could be made in the future as resources become available from asset disposals and other windfalls.
- 6.28 During the period April 2024 to November 2024 the £4.25m investment in multi asset funds generated dividends of £127,690 which represents an annualised return of 4.51%.
- 6.29 **Treasury management function.** An extract from the draft income and expenditure estimates (*due to be presented to the Overview and Scrutiny Committee on 23 January*) attributed to the Treasury Management function are provided at **[Annex 4]**. This shows the aggregate staff resource applied to treasury management is less than one full time equivalent and that income exceeds costs by a significant margin. Income in future years forms part of the Council's medium term financial strategy and is expected to decrease in the short term as Bank Rate pulls back. Expenditure is expected to rise in-line with inflation.

7 Annual Investment Strategy for 2025/26

- 7.1 The Council's treasury advisors anticipate the bank rate reduction will continue for the foreseeable future before settling at 3.5% by December 2026 and will remain there for the foreseeable future.
- 7.2 CPI inflation will likely rise in the coming months before it falls back to its target of 2.0% in mid-2025. The increasing uncertainties of the Middle East may also exert an upward pressure on inflation, with oil prices rising in the aftermath of Iran's missile attack on Israel on 1 October. China's recent outpouring of new fiscal support measures in the latter stages of September has also added to the upshift in broader commodity prices, which, in turn, may impact on global inflation levels and thus monetary policy decisions. Despite these recent developments, Link's forecast is still for rates to fall to 4.5% by the end of 2024 with further cuts likely throughout 2025. This is in line with market expectations; however, a December rate cut may be more problematic for the Bank if CPI inflation spikes towards 3%. In the second half of 2025 it is expected that a more marked easing in inflation will prompt the Bank to speed up, resulting in rates eventually reaching 3.0%, rather than the 3.25-3.50% currently priced in by financial markets.
- 7.3 The further easing in wage growth will be welcomed by the Bank of England as a sign that labour market conditions are continuing to cool. The 3m year on year growth rate of average earnings fell from 4.6% in June to 4.0% in July. On a three-month annualised basis, average earnings growth eased from 3.0% to 1.8%, its lowest rate since December 2023. Excluding bonuses, the 3myy rate fell from 5.4% to 5.1%. Labour market indicators also point to a further loosening in the labour market. The 59,000 in the alternative PAYE measure of the number of employees in August marked the fourth fall in the past five months. And the 77,000 decline in the three months to August was the biggest drop since November 2020. Moreover, the number of workforce jobs fell by 28,000 in Q2. The downward trend in job vacancies continued too. The number of job vacancies fell from 872,000 in the three months to July to 857,000 in the three months to August. That leaves it 34% below its peak in May 2022, and just 5% above its pre-pandemic level. Nonetheless, the Bank of England is still more concerned about the inflationary influence of the labour market rather than the risk of a major slowdown in labour market.

8 Risk Parameters

- 8.1 The Strategy sets out the parameters that limit the Council's exposure to investment risks by requiring overnight and term deposits to be placed with highly credit rated institutions and that those investments are diversified across a range of counterparties. Except where indicated by bold italic text, the 2025/26 Annual Investment Strategy **[Annex 5]** adopts the same risk parameters as currently approved. In summary these are:

- 100% of funds can be invested in the UK. Exposure to non-UK institutions is restricted to no more than 20% of funds per sovereign.
- Non-UK counterparties must be regulated by a sovereign rated AA- or higher as recognised by each of the three main rating agencies (Fitch, Moody's or Standard & Poor's).
- Investment in UK institutions is subject to the UK sovereign being rated A- or higher by each of the three main rating agencies. The UK currently receives a rating of AA- from Fitch and Moody's and AA from Standard and Poor's.
- Exposure to individual counterparties / groups of related counterparties must not exceed 20% of funds or **10% of funds if a housing association**.
- In selecting suitable counterparties for overnight deposits and deposits up to 2 years in duration (3 years with a local authority), the Council has adopted Link's credit worthiness methodology. The methodology combines the output from all three credit rating agencies including credit watches / outlooks and credit default swap data to assign a durational band to a financial institution (100 days, 6 months, 1 year, 5 years, etc.). At the time of placing an investment the financial institution must be assigned a durational band of at least 100 days (based on credit ratings alone). Other than for UK nationalised institutions this broadly equates to a minimum long term credit rating of Fitch A- (high) and a short-term credit rating of Fitch F1 (highest).
- Investment in UK nationalised banks is subject to the bank having a minimum long term credit rating of Fitch BBB (good) and a short-term credit rating of Fitch F2 (good). The Royal Bank of Scotland and National Westminster Bank are currently rated Fitch A+, F1.
- The duration of an investment in a foreign bank must not exceed Link's post CDS recommendation. For UK financial institutions Link's duration recommendation can be enhanced by up to 6 months subject to the combined duration (Link recommendation plus the enhancement) not exceeding 12 months. The Council's Treasury Management Practices have been modified to ensure that where duration is being enhanced by more than 3 months the bank's CDS must be below the average for all other banks at the time the investment is placed.
- Money Market funds will be AAA rated, and exposure limited to no more than 20% per fund. LVNAV (low volatility) or VNAV (variable net asset value) funds may be used as an alternative to CNAV (constant net asset value) funds.
- Enhanced cash and Government liquidity funds will be AAA rated, and **ultra-short duration bond funds rated AA or higher**. Exposure is limited to no more than 10% of investment balances per fund and 20% to all such funds.

- Exposure to non-credit rated property funds is limited to no more than 20% (£3m) of expected long term cash balances. No limit applies where invested funds are derived from or in anticipation of new resources e.g. proceeds from selling existing property.
- Exposure to non-credit rated diversified income (multi-asset) funds **and or short dated bond funds** is limited to no more than 20% (£3m) of expected long term cash balances per fund and across all such funds.
- The strategy also limits the type of instrument (e.g. fixed term deposits, certificates of deposit, commercial paper, floating rate notes, treasury bills, etc.) that can be used and establishes a maximum investment duration for Gilts of 5 years, 3 years for deposits with local authorities and 2 years for all other types of investment other than investment in property funds, diversified income funds and **short dated bond funds**.

- 8.2 The strategy includes prudential indicators for borrowing. Whilst there is no expectation, **based on the current capital plan**, that the Council will need to borrow to fund its capital expenditure proposals prior to 2029/30, borrowing on a temporary basis may be required to meet payment obligations. Borrowing limits are expressed as the operational limit (£4m) and authorised limit (£7m). Our largest monthly outflows relate to business rates (£5m) and precept payments (£8.8m). Whilst those payments tend to fall on different days of the month that is not always the case. The limits are a precautionary measure to allow borrowing on a short-term basis should the need arise. In recent years, the Council's cash flows have been managed in such a way that no overdraft fees or temporary borrowing costs have arisen.
- 8.3 The returns on our **property fund investments**, though representing only 5.81% in 2024/25 (6.80% in 2024/25) of the investment portfolio, they are likely to generate investment income of circa 3.6% next year. This is expected to adjust in future years and will represent a high percentage of future income. The property fund investments are long term (10 year) investments. As a consequence of the high entry / exit costs (circa 8%) and potential for significant volatility in capital values, our strategy limits exposure to property funds from existing resources to 20% of expected long term balances, circa £3m per fund.
- 8.4 The returns on our **diversified income fund investments**, though representing only 6.11% in 2024/25 (5.78% in 2023/24) of the investment portfolio, are likely to generate investment income of circa 3.7% next year. This is expected to adjust in future years and will represent a high percentage of future income. The diversified income fund investments are medium term (5 year) investments. As a consequence of the potential for significant volatility in capital values, our strategy limits exposure to diversified income funds from existing resources to 20% of expected long term balances, circa £3m per fund.

- 8.5 Diversified income fund investment typically implies a 5-year commitment to negate volatility in capital values over the life of the investment.

9 Non-Treasury Management Practices

- 9.1 The authority is currently debt free, and no borrowing is forecast to meet the ongoing Council's capital expenditure proposals (based on the current capital plan) prior to 2029/30. This does not however, preclude a decision to borrow in order to fund in full or in part an investment opportunity that meets the Council's strategic priorities and objectives, and achieves value for money. Each such opportunity to be considered on a case by case basis as appropriate.
- 9.2 At present the Council has no material non-treasury investments, e.g. expenditure on loans or the acquisition of non-financial assets (property) intended solely to generate a profit. **[Annex 6]** is reviewed and updated accordingly in order to ensure compliance with the Chartered Institute of Public Finance & Accountancy's Treasury Management and Prudential Codes, and Statutory Guidance on Local Government Investments relating to non-treasury investments.

10 Financial and Value for Money Considerations

- 10.1 The Bank Rate is currently 4.75%. Link's current forecast (November 2024) anticipates Bank Rate will fall back to 3.75% by March 2026. Longer term, the rates are expected to fall back to 3.50% and remain there for the foreseeable future.
- 10.2 Whilst the Council has benefited from the interest rates being held higher for longer, the Bank of England initiated the rate cut cycle in August 2024, taking the bank rate from 5.25% to 5.0%. The benefit of the former has produced interest earned over the past several months to the end of November 2024 from cash flow surpluses and core cash investments. This has exceeded the original budget for the same period by £442,600. Income from property funds at the end of September 2024 is £82,980 and has been revised downward to take Lothbury Property Trust's termination on 30 May 2024 into consideration. Investment income from multi-asset funds has generated £127,690 and is £5,360 in excess of the original budget. Investment income for the year as a whole is expected to exceed the original budget which is reflected in the revised estimates for 2024/25.
- 10.3 Performance is monitored against a benchmark return and against other local authorities in Kent and the broader local authority pool via Link's benchmarking service.
- 10.4 Whilst the annual income stream from a property fund exhibits stability (circa 4% per annum net of management fees) capital values rise and fall with the cyclical nature of economic activity. During a downturn in the economy capital values may fall significantly. The duration of a property fund investment may need to be extended to avoid crystalizing a loss and as a consequence the investment's duration cannot be determined with certainty.

- 10.5 Buying and selling property involves significant costs making property unsuitable for short term investment. Buying and selling costs are reflected in the entry fees (circa 6%) and exit fees (circa 2%) a property fund will charge unit holders. These fees are expected to be recouped overtime through capital appreciation.
- 10.6 The money being applied to property fund investment from existing resources is expected to be available in perpetuity. Nevertheless, the Council's cash balances will continue to be monitored, and due regard had to the potential for a fund to delay payment of redemption requests by up to 12 months. Funds will seek to minimise their own cash balances in favour of holding property and therefore manage redemption requests for the benefit of all fund participants. The Council is only likely to seek redemption to pursue a higher yielding income opportunity should one be identified.
- 10.7 Diversified income funds aim to limit risk by spreading investment across a broad range of asset classes (equities, bonds, property and cash). Nevertheless, the principal sum invested may fall as a consequence of adverse economic or market events.
- 10.8 Short term bond values are linked to interest rate expectations and long-term bond values are linked to inflation expectations. Funds aim to minimise the risk of issuer default by investing in a broad spread of issuers and across different sectors and geographic regions. Nevertheless, the principal sum invested may fall as a consequence of adverse economic or market events.

11 Risk Assessment

- 11.1 Link Asset Services are employed to provide advice on the content of the Treasury Management and Annual Investment Strategy and this, coupled with a regular audit of treasury activities ensures that the requirements of the Strategy and the Treasury Policy Statement adopted by this Council are complied with.
- 11.2 Credit ratings remain a key tool in assessing risk. It is recognised that their use should be supplemented with sovereign ratings and market intelligence. Appropriate sovereign, group and counterparty limits are established to ensure an appropriate level of diversification.
- 11.3 In the light of these safeguards and stringent Treasury Management Procedures it is considered that any risks to the authority implicit in the 2025/26 Strategy have been minimised.

12 Legal Implications

- 12.1 Under Section 151 of the Local Government Act 1972, the Section 151 Officer has statutory duties in relation to the financial administration and stewardship of the authority, including securing effective arrangements for treasury management.

- 12.2 This report fulfils the requirements of the Chartered Institute of Public Finance & Accountancy's Treasury Management and Prudential Codes of Practice 2017 and the 2018 Statutory Guidance on Local Government Investments. Please note, both Codes have been updated in December 2021 and have been taken into account in the 2025/26 Treasury Management and Annual Investment Strategy.

13 Cross Cutting Issues

13.1 Climate Change and Biodiversity

- 13.2 While the Treasury Management Code outlines the principle for investments as Security Liquidity and Yield is core, it recognises that ESG issues are increasingly significant for investors.

- 13.3 Consideration will be given to how we can formalising ESG as part of the Treasury Management Strategy Statement, while appreciating it is better developed in the equity and bond markets, than the short-term cash deposits, where the majority of the Council's portfolio is held.

13.4 Equalities and Diversity

- 13.4.1 The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. There is no perceived impact on end users.

Background Papers	Link Asset Services: Interest rate forecast (December 2024) Economic commentary Benchmarking data.
Annexes	(1) TMBC Investment Summary 30 November 2024 (2) TMBC Lending List November 2024 (3) TMBC Benchmarking September 2024 (4) TMBC Treasury Management Estimates 2024/25 and 2025/26 (5) TMBC Treasury Management and Annual Investment Strategy 2025/26 (6) TMBC Non-Treasury Management Practices

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Tonbridge and Malling Borough Council - Investment summary 30 November 2024

Counterparty / type of investment	Sovereign	Fitch long term	Fitch short term	Link suggested post CDS duration limit	Investment						Cash Flow surpluses £	Core Cash balances £	Medium term investment balances £	Long term investment balances £
					Start date	End date	Duration at start	Amount invested £	Return %	Proportion of total %				
Banks, Building Societies & Other Financials														
Barclays Bank : 95 day notice account	UK	A+	F1	6 months	23/07/2019	TBD	95 Days	3,000,000 3,000,000	4.80	4.31%		3,000,000		
Goldman Sachs : Fixed Term Deposit	UK	A+	F1	6 months	15/08/2024	15/05/2025	9 Months	6,000,000 3,000,000	4.82	8.63%		3,000,000		
Fixed Term Deposit					06/11/2025	06/08/2025	9 Months	3,000,000	4.72			3,000,000		
Handelbanken : Fixed term deposit	UK	AA	F1+	1 year	17/01/2024	17/01/2025	1 Year	3,000,000 3,000,000	4.70	4.31%		3,000,000		
HSBC Bank : 31 day notice account	UK	AA-	F1+	1 year	02/12/2019	TBD	31 Days	3,000,000 3,000,000	4.75	4.31%	3,000,000			
National Westminster Bank : Deposit account	UK	A+	F1	1 year	29/11/2024	02/12/2024	Overnight	6,050,000 50,000	3.00	8.70%	50,000			
Certificate of Deposit					20/06/2024	20/06/2025	1 Year	3,000,000	5.15			3,000,000		
Certificate of Deposit					06/08/2024	05/08/2025	1 Year	3,000,000	4.62			3,000,000		
Rabobank : Certificate of Deposit	Netherlands	A+	F1	1 year	23/07/2024	22/07/2025	12 months	6,000,000 3,000,000	5.13	8.63%		3,000,000		
Certificate of Deposit					06/11/2024	05/11/2025	12 months	3,000,000	4.69			3,000,000		
Standard Chartered : Sustainable Fixed Term Deposit	Netherlands	A+	F1	1 year	14/11/2024	13/11/2025	12 months	3,000,000 3,000,000	4.72	4.31%		3,000,000		
Toronto Dominion Bank : Certificate of Deposit	Canada	AA-	F1+	1 year	20/12/2023	19/12/2024	1 year	6,000,000 3,000,000	5.23	8.63%		3,000,000		
Certificate of Deposit					04/10/2024	03/10/2025	1 year	3,000,000	4.59			3,000,000		
Money Market Funds														
Blackrock MMF - shares/units held	N/A	AAA	mmf (Eq)	5 years	29/11/2024	02/12/2024	Overnight	3,541,000	4.77	5.09%	3,541,000			
BNP Paribas MMF - shares/units held	N/A	AAA	mmf (Eq)	5 years	29/11/2024	02/12/2024	Overnight	7,878,000	4.78	11.33%	7,878,000			
CCLA PSDF MMF - shares/units held	N/A	AAA	mmf	5 years	29/11/2024	02/12/2024	Overnight	3,036,000	4.78	4.37%	3,036,000			
DWS Deutsche MMF - shares/units held	N/A	AAA	mmf	5 years	29/11/2024	02/12/2024	Overnight	2,759,000	4.80	3.97%	2,759,000			
Federated MMF - shares/units held	N/A	AAA	mmf	5 years	29/11/2024	02/12/2024	Overnight	8,000,000	4.79	11.50%	8,000,000			
Morgan Stanley MMF - shares/units held	N/A	AAA	mmf	5 years	29/11/2024	02/12/2024	Overnight	0	4.75		-			
Property Funds														
Hermes Property Unit Trust : Property fund units	N/A	N/A	N/A	N/A	29/09/2017	N/A	N/A	1,000,000 1,000,000	3.53	1.44%				1,000,000
Local Authorities' Property Fund : Property fund units	N/A	N/A	N/A	N/A	29/06/2017	N/A	N/A	2,000,000 1,000,000	4.18	2.88%				1,000,000
Property fund units					30/05/2018	N/A	N/A	1,000,000	5.59					1,000,000
Lothbury Property Trust : Property fund units	N/A	N/A	N/A	N/A	06/07/2017	N/A	N/A	1,038,776 38,776	2.89	1.49%				38,776
Property fund units					02/07/2018	N/A	N/A	1,000,000	2.88					1,000,000
Multi Asset Funds														
Aegon Multi Asset fund units	N/A	N/A	N/A	N/A	29/07/2021	N/A	N/A	1,750,000 1,750,000		2.52%			1,750,000	
Fidelity Multi Asset fund units	N/A	N/A	N/A	N/A	12/08/2021	N/A	N/A	1,000,000 1,000,000		1.44%			1,000,000	
Ninety One Multi Asset fund units	N/A	N/A	N/A	N/A	12/08/2021	N/A	N/A	1,500,000 1,500,000		2.16%			1,500,000	
					Total invested		69,552,776			100.00%	28,264,000	33,000,000	4,250,000	4,038,776

Number of investments	27	Average investment value £				2,576,000
Number of counter parties	20	Average counter party investment £				3,478,000
Group exposures:		Core £	Cash £	Combined £	%	
Royal Bank of Scotland + National Westminster (UK Nationalised MAX 20%)		6,000,000	50,000	6,050,000	8.70	
Bank of Scotland + Lloyds (MAX 20%)		-	-	-	-	
Property Funds Total				£	%	
Multi Asset Funds Total				4,038,776	5.81	
				4,250,000	6.11	

Total non-specified investments should be less than 60% of Investment balances 11.92%

Notes:

Property fund returns are based on dividends distributed from the start of each investment. Capital appreciation / depreciation is recorded elsewhere. Last update September 2024.

End date for notice accounts to be determined (TBD)

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Tonbridge and Malling Borough Council Lending List

Checked against Link's "Suggested Credit List" dated 29/11/24 Minimum investment criteria is Link's green duration band (100 days). Entry point broadly equates to Fitch A-, F1 unless UK nationalised.								
Counterparty	Sovereign	Sovereign rating [1]	Fitch long term	Fitch short term	UK classification	Exposure limit	Link duration based on [2]	
							Credit ratings	Post CDS
UK Banks, Building Societies and other Financial Institutions :								
Bank of Scotland (Group limit BOS & Lloyds £7m)	UK	AA-	AA-	F1+	Ring-fenced	£7m	1 year	1 year
Barclays Bank (Group Limit Barclays and Barclays UK £7m)	UK	AA-	A+	F1	Non-RF	£7m	6 months	6 months
Barclays Bank UK (Group Limit Barclays and Barclays UK £7m)	UK	AA-	A+	F1	Ring-fenced	£7m	6 months	6 months
Close Brothers Ltd	UK	AA-	BBB+	F2	Exempt	£7m	N/A	N/A
Goldman Sachs International Bank	UK	AA-	A+	F1	Exempt	£7m	6 months	6 months
Handelsbanken Plc (Group Limit with Svenska Handelsbanken AB £7m)	UK	AA-	AA	F1+	Exempt	£7m	1 year	1 year
HSBC UK Bank	UK	AA-	AA-	F1+	Ring-fenced	£7m	1 year	1 year
Lloyds Bank (Group limit BOS & Lloyds £7m)	UK	AA-	AA-	F1+	Ring-fenced	£7m	1 year	1 year
National Westminster Bank (Group limit Nat West and RBS £7m).	UK	AA-	A+	F1	Ring-fenced	£7m	1 year	1 year
Santander UK	UK	AA-	A+	F1	Ring-fenced	£7m	6 months	6 months
Standard Chartered Bank	UK	AA-	A+	F1	Exempt	£7m	1 year	1 year
The Royal Bank of Scotland (Group limit Nat West and RBS £7m).	UK	AA-	A+	F1	Ring-fenced	£7m	1 year	1 year
Coventry Building Society	UK	AA-	A-	F1	Exempt	£7m	100 days	100 days
Nationwide Building Society	UK	AA-	A	F1	Exempt	£7m	6 months	6 months
Skipton Building Society	UK	AA-	A-	F1	Exempt	£7m	6 months	6 months
UK Debt Management Office including Treasury Bills	UK	AA-	n/a	n/a	n/a	No limit	5 years	5 years
UK Treasury Sovereign Bonds (Gilts)	UK	AA-	n/a	n/a	n/a	£16m/£8m	5 years	5 years
UK Local Authority (per authority)	UK	AA-	n/a	n/a	n/a	£7m	5 years	5 years
Non-UK Banks :								
Australia & New Zealand Banking Group	Australia	AAA	AA-	F1+	n/a	£7m	1 year	1 year
Bank of Montreal	Canada	AA+	AA-	F1+	n/a	£7m	1 year	1 year
Toronto Dominion Bank	Canada	AA+	AA-	F1+	n/a	£7m	1 year	1 year
Royal Bank of Canada	Canada	AA+	AA-	F1+	n/a	£7m	1 year	1 year
Nordea Bank Abp	Finland	AA+	AA-	F1+	n/a	£7m	1 year	1 year
Rabobank (Cooperatieve Rabobank U.A.)	Netherlands	AAA	A+	F1	n/a	£7m	1 year	1 year
ING Bank	Netherlands	AAA	AA-	F1+	n/a	£7m	1 year	1 year
Development Bank of Singapore	Singapore	AAA	AA-	F1+	n/a	£7m	1 year	1 year
Svenska Handelsbanken AB (Group Limit with Handelsbanken Plc £7m)	Sweden	AAA	AA	F1+	n/a	£7m	1 year	1 year
[1] Reflects the lowest of the three rating agencies views (Fitch, Moody's and Standard and Poor's). Strategy requires non-UK sovereigns to be rated at least AA- and the UK rated at least A-. Non-UK sovereign limit of 20% or £7m per sovereign.								
[2] All deposits overnight unless otherwise approved in advance by the Director of Finance and Transformation AND Chief Financial Services Officer. If other than overnight duration for non-UK entities must not exceed Link's post CDS duration suggestion. For UK entities duration may be extended by up to three months based on credit ratings alone or six months if CDS is below average, subject to a maximum combined duration of 12 months.								

Money Market Funds (Minimum investment criteria AAA) :					
Fund Name	Moody	Fitch	S&P	Exposure Limit	Link credit worthiness
Blackrock Institutional Cash Series - Sterling Liquidity	AAA	-	AAA	£8m	5 years
BNP Paribas InstiCash - GBP	-	-	AAA	£8m	5 years
CCLA Public Sector Deposit Fund	-	AAA	-	£8m	5 years
DWS Deutsche Global Liquidity - Deutsche Managed Sterling	AAA	AAA	AAA	£8m	5 years
Federated Cash Management - Short Term Sterling Prime	-	AAA	AAA	£8m	5 years
Insight - Sterling Liquidity (Group limit IL & ILP of £7m)	-	AAA	AAA	£8m	5 years
Morgan Stanley Liquidity - Sterling	AAA	AAA	AAA	£8m	5 years

Enhanced Cash Funds (Minimum investment criteria AAA) :					
Fund Name	Moody	Fitch	S&P	Exposure Limit	Link credit worthiness
Insight - Sterling Liquidity Plus (Group limit IL & ILP £7m)	-	AAA	AA+	£3.5m	5 years

Approved by Director of Finance and Transformation	No change
02 December 2024	

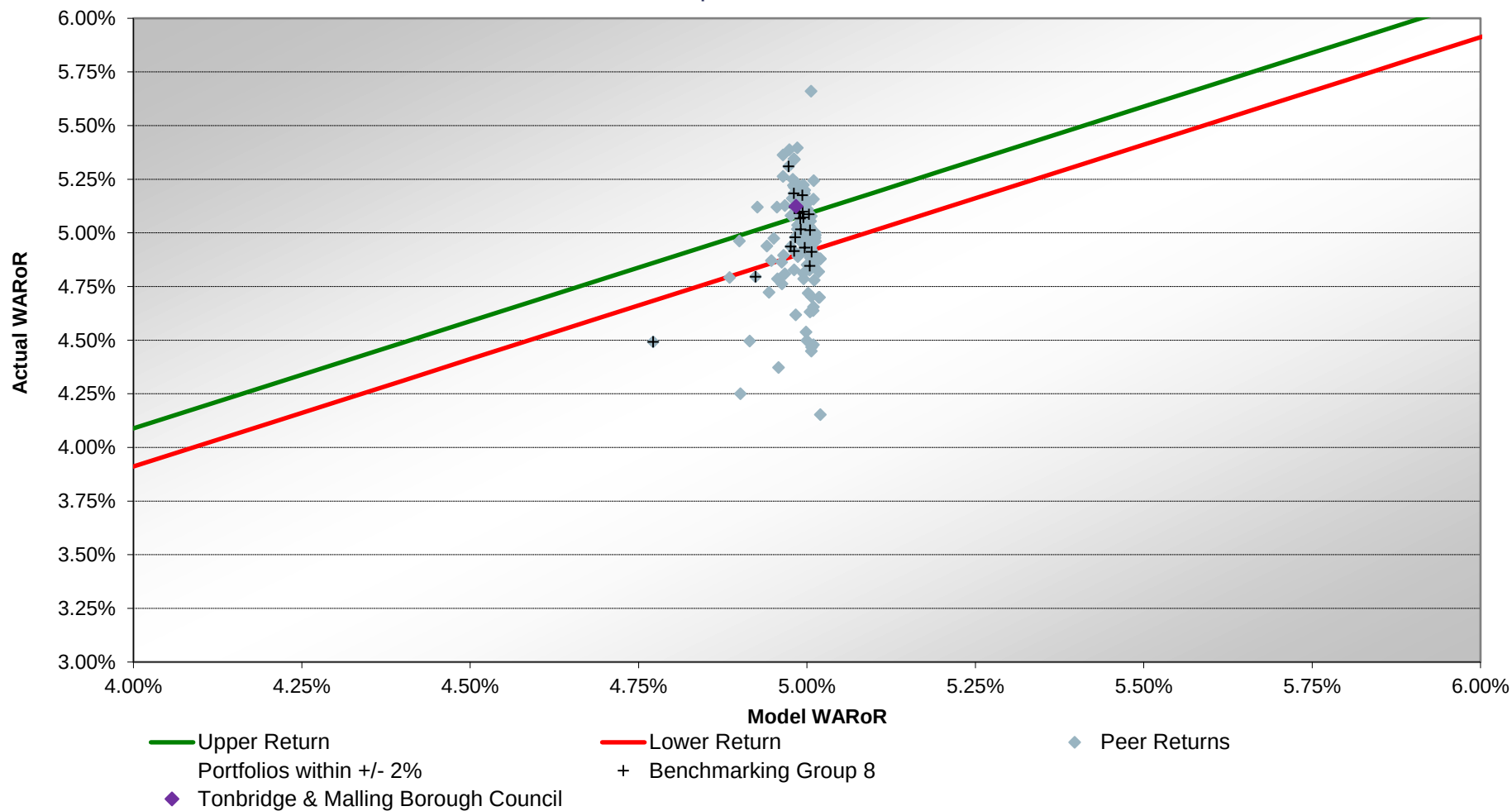
Note: Close Brothers removed from Link's Suggested Credit List 12/02/2024. Although removed, Link have stated that the Fitch long term rating change from A- to BBB+ would have no impact on the entry point suggested duration and would remain at 6 months.

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Tonbridge & Malling Borough Council

Population Returns against Model Returns

September 2024



Tonbridge & Malling Borough Council

Actual WARoR	Model WARoR	Difference	Lower Bound	Upper Bound	Performance
5.12%	4.98%	0.14%	4.90%	5.07%	Above

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Extract from O&S estimates presentation - January 2025. Costs attributed to banking arrangements and transfers in lieu of interest are excluded.

DIRECTOR OF FINANCE & TRANSFORMATION

	2024/25		2025/26
	ORIGINAL ESTIMATE £	REVISED ESTIMATE £	ESTIMATE £
4 <u>TREASURY MANAGEMENT</u>			
Employees			
Salaries	35,050	37,550	40,900
Supplies & Services			
Treasury Advisor & Dealing Fees	16,000	17,000	18,000
	51,050	54,550	58,900
Less Income			
Interest on:			
Cash Flow Investments	(1,433,000)	(965,000) a)	(686,000) a)
Core Cash Investments	(676,000)	(1,730,000) a)	(1,486,000) a)
Medium Term Investments	(183,500)	(148,750) b)	(157,250) b)
Long Term Investments	(185,000)	(105,000) c)	(72,000) c)
	(2,477,500)	(2,948,750)	(2,401,250)
<u>Sub-total</u>	(2,426,450)	(2,894,200)	(2,342,350)
Central, Departmental & Technical Support Services			
Central Salaries & Administration	12,650	13,400	14,250
Information Technology Expenses	1,100	1,350	1,250
Departmental Administrative Expenses	19,150	19,800	20,350
<u>TO SUMMARY</u>	(2,393,550)	(2,859,650)	(2,306,500)
Full Time Equivalent Number of Staff (Including Support Service Staff)	0.91	0.98	1.04

- a) Increased interest receipts due to the Bank base rate being held at 5.25% for longer than originally anticipated. Forward estimate reflects anticipated reduction in the Bank base rate.
- b) Reflects fluctuations in the performance of the Multi-Asset Diversified Income Funds.
- c) Lower level of investment income anticipated mainly due to the Lothbury Property Trust being terminated on 30th May 2024.

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Treasury Management and Annual Investment Strategy 2025/26

1 Introduction

1.1 Treasury management is defined as:

‘The management of the local authority’s borrowing, 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’.

1.2 The strategy covers:

- Statutory and regulatory requirements
- Balanced budget requirement
- Prudential and Treasury Indicators
- Borrowing requirement
- Current treasury position
- Prospects for interest rates
- Investment policy
- Creditworthiness policy
- Country, counterparty and group exposure limits
- Cash flow and core fund investment
- Medium and long term investment
- Year end investment report
- Policy on the use of external service providers
- Training

2 Statutory and regulatory requirements

2.1 The Local Government Act 2003 (the Act) and supporting regulations require the Council to ‘have regard to’ the Chartered Institute of Public Finance (CIPFA) Prudential Code and the CIPFA Treasury Management Code of Practice to set Prudential and Treasury Indicators for the next three years to ensure that the Council’s capital investment plans are affordable, prudent and sustainable.

- 2.2 The elements set out above in 1.2 cover the requirements of the Local Government Act 2003, Ministry of Housing, Communities and Local Government (referred to as MHCLG within the document) Investment Guidance, MHCLG MRP Guidance, the CIPFA Prudential Code and the CIPFA Treasury Management Code. In December 2021 CIPFA published revised updates to the Treasury Management Code which has been taken into account in the 2025/26 Strategy.
- 2.3 The Act requires the Council to set out its Treasury Management Strategy for borrowing and to prepare an Annual Investment Strategy which sets out the Council's policies for managing its investments and for giving priority to the **security** and **liquidity** of those investments.
- 2.4 Historically, the scope of the statutory guidance and CIPFA codes was limited to the investment of an authority's cash surpluses and the management of borrowing undertaken to support its capital expenditure plans. The updated statutory guidance and codes broaden that scope to include expenditure on loans and the acquisition of non-financial assets (property) intended to generate a profit. The Council has not engaged in any commercial investments and has no material non-treasury investments.
- 2.5 The Council formally adopted the revised CIPFA Treasury Management Code of Practice (2017 Edition) on 30 October 2018 and in December 2021 CIPFA published updates to the Treasury Management Code. The primary requirements of the Code are as follows:
- Creation and maintenance of a Treasury Management Policy Statement which sets out the policies and objectives of the Council's treasury management activities.
 - Creation and maintenance of Treasury Management Practices which set out the manner in which the Council will seek to achieve those policies and objectives.
 - Receipt by the full Council of an Annual Treasury Management Strategy, including the Annual Investment Strategy, for the year ahead; a mid-year Review Report; and an Annual Report (stewardship report) covering activities during the previous year.
 - Delegation by the Council of responsibilities for implementing and monitoring treasury management policies and practices and for the execution and administration of treasury management decisions.

- Delegation by the Council of the role of scrutiny of the Treasury Management Strategy and policies to a specific named body. For this Council, the delegated body is the Audit Committee.

2.6 The scheme of delegation and role of the Section 151 officer that gives effect to these requirements are set out **[Appendix 1]**.

3 Balanced budget requirements

3.1 It is a statutory requirement for the Council to produce a balanced revenue budget, broadly meaning 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.

3.2 Local authorities should calculate a budget requirement for each financial year to include the revenue costs that flow from capital financing decisions. This means that increases in capital expenditure must be limited to a level whereby increases in charges to revenue from:

- increases in interest charges caused by increased borrowing to finance additional capital expenditure, and
- any increases in running costs from new capital projects are limited to a level which is affordable within the projected income of the Council for the foreseeable future.

4 Prudential and treasury indicators

4.1 It is a statutory duty under Section 3 of the Act and supporting regulations, for the Council to determine and keep under review how much it can afford to borrow. The amount so determined is termed the 'Affordable Borrowing Limit'. In England and Wales, the Authorised Limit represents the legislative limit specified in the Act.

4.2 The Council must have regard to the Prudential Code when setting the 'Authorised Limit', which essentially requires it to ensure that total capital investment remains within sustainable limits and, in particular, that the impact upon its future council tax levels is 'acceptable'.

4.3 Whilst termed an 'Affordable Borrowing Limit', the capital plans to be considered for inclusion may incorporate financing by both external borrowing and other forms of liability, such as credit arrangements. The 'Authorised Limit' is to be set on a rolling basis, for the forthcoming financial year and two successive financial years.

- 4.4 Prudential and Treasury Indicators relevant to setting an integrated treasury management strategy are set out in **[Appendix 2]**.

5 Borrowing requirement

- 5.1 Other than for cash flow purposes and then within the limits set out at **[Appendix 2]** borrowing will not be necessary (based on the current capital plan). All capital expenditure prior to 2029/30 is expected to be funded from the Revenue Reserve for Capital Schemes, grants, developer contributions and capital receipts arising from the sale of assets. ***This does not however, preclude a decision to borrow in order to fund in full or in part a capital investment opportunity that meets the Council's strategic priorities and objectives and achieves value for money. Each such opportunity to be considered on a case-by-case basis as appropriate.***
- 5.2 The borrowing of monies purely to invest or on-lend and make a return is unlawful and this Council will not engage in such activity.

6 Current treasury position

- 6.1 The Council is debt free and as such the overall treasury position at 30 November 2024 comprised only investments. On that date the Council's cash flow and core fund investments totaled £61.26m and was invested in a mix of money market funds, bank notice accounts and time deposits with banks. The average duration to maturity for core investments was 112 days with a weighted average rate of return 4.83%. Returns in future years are expected to decrease as Bank Rate cuts are implemented. Income from investments forms part of the Council's ten-year medium term financial strategy (MTFS). An updated MTFS will be presented to Council in February 2025.
- 6.2 The Council held £4.038m in externally managed property fund investments at 30 November 2024, a reduction from £5.0m due to the Lothbury Property Trust fund closure announcement in May 2024. The remaining property funds are expected to generate a stable income of 3.6% in 2025/26 and this level should continue in future years. Over time, the rise in the value of each property funds' assets (capital appreciation) is expected to negate fund entry and exit costs.
- 6.3 The Council also held £4.25m in externally managed multi asset fund investments at 30 November 2024. The multi asset funds are expected to generate income of 3.7% in 2025/26 and this level should continue in future years. There are no exit costs associated with multi asset funds.

- 6.4 At present the Council has no material non-treasury investments (e.g. directly owned commercial property, shares in subsidiaries or loans to third parties). The procedures, practices and governance arrangements to enable the Council to meet the requirements of the Chartered Institute of Public Finance & Accountancy's Treasury Management and Prudential Codes of Practice, and the Statutory Guidance on Local Government Investments relating to non-treasury investments **[Appendix 6]** is reviewed annually and forms part of The Audit Committee report and endorsed by Council to approve appropriate Non-treasury Management Practices.

7 Prospects for interest rates

- 7.1 The Council has appointed Link Asset Services as treasury advisor to the Council and part of their service is to assist the Council to formulate a view on interest rates. Link's current interest rate forecast is provided at **[Appendix 3]**. Link's expectation for Bank Rate, for each financial year ending March, are:
- 2025/2026 3.75%
 - 2026/2027 3.50%
 - 2027/2028 3.50%
- 7.2 The forecast may be overly optimistic (downside risks) dependent on:
- **Labour and supply shortages** prove more enduring and disruptive and depress economic activity.
 - **UK / EU trade arrangements** - if there was a major impact on trade flows and financial services due to complications or lack of co-operation in sorting out significant issues.
 - **Geopolitical risks**, for example in Ukraine/Russia, the Middle East, China/Taiwan/US, Iran and North Korea, which could lead to increasing safe-haven flows.
- 7.3 The forecast may be overly pessimistic (upside risk) dependent on:
- **The Pound weakens** because of a lack of confidence in the UK Government's post-election fiscal policies, resulting in investors pricing in a risk premium for holding UK sovereign debt.
- 7.4 Link's more detailed view of the current economic background is included at **[Appendix 4]**.

8 Investment policy

- 8.1 The Council's investment policy has regard to the DLUHC's Guidance on Local Government Investments and the CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes. **The Council's investment priorities will be security first, liquidity second, and then yield.**
- 8.2 In accordance with the above guidance from the DLUHC and CIPFA, and in order to minimise the risk to investments, the Council applies minimum acceptable credit criteria in order to generate a list of highly creditworthy counterparties. The key ratings used to monitor counterparties are the Short Term and Long Term ratings.
- 8.3 Ratings are not the sole determinant of the quality of an institution; it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment also takes account of information that reflects the opinion of the markets. To this end the Council engages with its advisors to maintain a monitor on market pricing such as 'credit default swaps' and overlay that information on top of the credit ratings.
- 8.4 Other information sources used includes the financial press, share price and other information relating to the banking sector in order to establish a robust scrutiny process on the suitability of potential investment counterparties.
- 8.5 Investment instruments identified for use are listed in **[Appendix 5]** under 'specified' and 'non-specified' investment categories. Counterparty limits are detailed in section 10 below.

9 Creditworthiness policy

- 9.1 The creditworthiness service provided by Link has been progressively enhanced over the last few years and now employs a sophisticated modelling approach using credit ratings from each of the three main credit rating agencies - Fitch, Moody's and Standard and Poor's. The credit ratings are supplemented using the following overlays:
- Credit watches and credit outlooks from credit rating agencies;
 - Credit Default Swap (CDS) spreads to give early warning of likely changes in credit ratings; and
 - Sovereign ratings to select counterparties from only the most creditworthy countries.

- 9.2 This modelling approach combines credit ratings, and any assigned credit watches and credit outlooks in a weighted scoring system which is then combined with an overlay of CDS spreads. The end product is a series of colour code bands which indicate the relative creditworthiness of counterparties. These colour coded bands are also used by the Council to inform the duration of an investment and are therefore referred to as durational bands. The Council is satisfied that this service now gives a much improved level of security for its investments.
- 9.3 The selection of counterparties with a high level of creditworthiness is achieved by selecting institutions down to a minimum durational band within Link's weekly credit list of potential counterparties (worldwide). Subject to an appropriate sovereign and counterparty rating the Council uses counterparties within the following durational bands:
- | | |
|-------------|--------------------------------|
| Yellow/Pink | 5 years |
| Purple | 2 years |
| Blue | 1 year (UK nationalised Banks) |
| Orange | 1 year |
| Red | 6 months |
| Green | 100 Days |
- 9.4 The Council does not use the approach suggested by CIPFA of using the lowest rating from all three rating agencies to determine creditworthy counterparties. Moody's tends to be more aggressive in giving low ratings than the other two agencies and adopting the CIPFA approach may leave the Council with too few banks on its approved lending list. The Link creditworthiness service uses a wider array of information than just primary ratings and in combination with a risk weighted scoring system undue preponderance is not given to any one agency's ratings.
- 9.5 All credit ratings are reviewed weekly and monitored on a daily basis. The Council is alerted to changes to ratings of all three agencies through its use of the Link creditworthiness service.
- If a downgrade results in the counterparty no longer meeting the Council's minimum criteria its use for new investment is withdrawn immediately.
 - In addition to the use of credit ratings the Council is advised of movements in Credit Default Swap data against the iTraxx European Financials benchmark and other market data on a daily basis. Extreme market movements may result in a scaling back of

the duration assessment or removal from the Councils lending list altogether.

- 9.6 Sole reliance is not placed on the use of the Link service. In addition, the Council uses market information including information on any external support for banks to assist the decision making process.

10 Country, counterparty and group exposure limits

- 10.1 The Council has determined that it will only use approved counterparties from the UK. Counterparties from other countries will be subject to a minimum sovereign credit rating of AA-. The minimum will be the lowest rating determined by Fitch, Moody's and Standard and Poor's. The list of countries that qualify using this credit criteria as at the date of this report are shown in **[Appendix 6]**. The list will be amended in accordance with this policy should ratings change.
- 10.2 Avoidance of a concentration of investments in too few counterparties or countries is a key to effective diversification and in this regard the limits set out below are thought to achieve a prudent balance between risk and practicality.

Country, Counterparty and Group exposure	Maximum Proportion of Portfolio
UK regulated institutions subject to UK Sovereign rating of A- or higher and the institution limits detailed below.	100%
Non-UK regulated institutions as an amount per sovereign rated AA- or higher and subject to the institution limits detailed below.	20%
Group of related institutions.	20%
Each financial institution rated Fitch A-, F1 or higher (green excluding CDS using Link's credit methodology) or each local authority.	20%
Each UK nationalised bank rated Fitch BBB, F2 or higher (green excluding CDS using Link's credit methodology).	20%
Each AAA rated multilateral / supranational bank.	20%
Each AAA rated CNAV, LVNAV or VNAV money market fund.	20%
Each AA or higher rated enhanced cash fund / government liquidity fund / gilt fund / ultra-short dated bond fund subject to a maximum 20% exposure to all such funds.	10%
Each housing association rated Fitch A- or higher and 20% for all housing association investment.	10%

Non-specified investments over 1 year duration.	60%
Each non-rated property fund used for long term investment subject to a maximum £3m (20% of expected long term balances) per fund and across all such funds. No cash limit applies to new resources made available from, or in anticipation of, the sale of existing property assets or other windfalls.	N/A
Each non-rated diversified income (multi-asset) fund and or short dated bond fund used for medium term investment subject to a maximum £3m (20% of expected long term balances) per fund and across all such funds. No cash limit applies to new resources made available from, or in anticipation of, the sale of existing property assets or other windfalls.	N/A

- 10.4 Cash flow balances vary depending on the timing of receipts and payments during the month and from month to month. The investment limits identified in paragraph 10.2 will be based on an estimate of the expected average daily cash flow balance at the start of the financial year augmented by core cash and other balances. Counterparty investments will be managed to ensure compliance with the limits at the start and end of each financial year when balances available for investment will be at a low point.

11 Cash flow and core fund investment

- 11.1 Funds available for investment are split between cash flow and core cash. Cash flow funds are generated from the collection of council tax, business rates and other income streams. They are consumed during the financial year to meet payments to precept authorities and government (NNDR contributions) and to meet service delivery costs (benefit payments, staff salaries and suppliers in general). The consumption of cash flow funds during the course of a financial year places a natural limit on the maximum duration of investments (up to one year). Core funds comprise monies set aside in the Council's revenue and capital reserves and are generally available to invest for durations in excess of one year.
- 11.2 **Cash flow investments.** The average daily cash flow balance throughout 2025/26 is expected to be £13.1m with a proportion available for longer than three months. Cash flow investments will be made with reference to cash flow requirements (liquidity) and the outlook for short-term interest rates i.e. rates for investments up to 12 months. Liquidity will be maintained by using bank deposit accounts and money markets funds. Where duration can be tolerated, additional

yield will be generated by utilising term deposits with banks and building societies and enhanced cash and government liquidity funds. Investment in ultra-short dated bond funds will also be considered. Cash balances available for more than 3 months may be transferred to the core fund portfolio if a better overall return for the Council can be achieved by doing so.

- 11.3 In compiling the Council's estimates for 2025/26 a return on cash flow investments of 3.6% has been assumed.
- 11.4 **Core fund investments.** Historically the Council's core funds have been managed by an external fund manager. All core funds were returned to the Council for in-house management during 2014/15. The core fund balance is diminishing as a proportion is consumed each year to support the Council's revenue budget and capital expenditure plans. The average core fund balance during 2025/26 is expected to be £16.6m.
- 11.5 The Council will avoid locking into longer term deals while investment rates continue their current low levels unless attractive rates are available with counterparties of particularly high creditworthiness which make longer term deals worthwhile and are within the risk parameters set by the Council.
- 11.6 In compiling the Council's estimates for 2025/26 a return on core fund investments of 4.0% has been assumed. Subject to the credit quality and exposure limits outlined in paragraph 10.2, liquidity and yield will be achieved by a mix of investments using predominantly fixed term deposits and certificates of deposit. Notice accounts, enhanced cash and government liquidity funds and ultra-short dated bond funds will also be used if these offer favourable returns relative to term deposits. Investment with housing associations and other local authorities will also be considered.

12 Medium and long term investment

- 12.1 The strategy includes provision (paragraph 10.2 and detailed in Appendix 5) to undertake medium term investment in either short dated bond funds and or diversified income funds (a mix of cash, bonds, equity and property) through externally managed collective investment schemes. Investment in such schemes typically implies a three to five year commitment to recoup entry and exit fees and mitigate the potential for a fall in the value of assets under management.
- 12.2 A detailed evaluation of a fund's asset quality, market risk, redemption constraints, management and governance arrangements will be

undertaken in advance of any investment taking place. Support to identify and select the most appropriate fund(s) will be sought from the Council's treasury advisor. Any sums invested will be reported at regular intervals with income received and changes in capital value separately identified. The strategy places an upper limit on exposure to such funds of 20% of expected long term cash balances, circa £3m.

- 12.3 The strategy includes provision (paragraph 10.2 and detailed in Appendix 5) to undertake long term investment in property through an externally managed collective investment scheme (fund). Investment in such schemes typically implies a 10 year commitment to recoup entry and exit fees. To mitigate the risk that capital values may fall due to changes in economic activity, investment duration cannot be determined with certainty at the time the investment commences. As a consequence, any cash balances applied to such an investment must be available for the long term and there must be flexibility over the timing of redemption(s) in the future. Sums invested will be reported at regular intervals with income received and changes in capital value separately identified. The strategy places an upper limit on exposure to such funds from existing resources of 20% of expected long term cash balances, circa £3m. No limit applies to new resources made available from the sale of existing assets or other windfalls.

13 Year end investment report

- 13.1 At the end of the financial year, the Council will report on its investment activity as part of its Annual Treasury Report.

14 Policy on the use of external service providers

- 14.1 The Council uses Link Asset Services as its external treasury management advisors.
- 14.2 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.
- 14.3 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.

15 Training

- 15.1 The CIPFA Treasury Management Code requires the responsible officer to ensure that members with responsibility for treasury management receive adequate training in treasury management. This especially applies to members responsible for scrutiny.
- 15.2 The following training has been undertaken by members:
Understanding Local Authority Financial Reporting
Introduction to Treasury Management
Risk Management Training
Further training will be arranged as required.
- 15.3 The training needs of treasury management officers are periodically reviewed, and officers continue to attend treasury specific training, including strategic treasury management webinars, fraud and market updates from a number of providers.

**Financial Services
December 2024**

Appendices

1. Treasury management scheme of delegation
2. Prudential and treasury indicators
3. Interest rate forecasts
4. Economic background provided by Link Asset Services
5. Credit and counterparty risk management (TMP1)
6. Approved countries for investments

Appendix 1 Treasury management scheme of delegation

Full Council

- Budget approval.
- Approval of treasury management policy.
- Approval of the annual treasury management and investment strategy.
- Approval of amendments to the Council's adopted clauses, treasury management policy and annual treasury management and investment strategy.
- Approval of the treasury management outturn and mid-year reports.

Cabinet

- Budget consideration.
- Approval of the division of responsibilities.
- Approval of the selection of external service providers and agreeing terms of appointment.
- Acting on recommendations in connection with monitoring reports.

Audit Committee

- Reviewing the annual treasury management and investment strategy and making recommendations to Cabinet and Council.
- Receive reports on treasury activity at regular intervals during the year and making recommendations to Cabinet.
- Reviewing treasury management policy, practices and procedures and making recommendations to Cabinet and Council.

The S151 (responsible) officer

- Recommending clauses, treasury management policy/practices for approval, reviewing the same regularly, and monitoring compliance.
- Submitting regular treasury management policy reports.
- Submitting budgets and budget variations.
- Receiving and reviewing management information reports.
- Reviewing the performance of the treasury management function.
- Ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function.
- Prepare and maintain effective treasury management practices (TMPs).
- Ensuring the adequacy of internal audit and liaising with external audit.
- Recommending the appointment of external service providers.
- Preparation of a Capital Strategy and for ensuring the strategy is sustainable, affordable and prudent in the long term and that due diligence has been carried out to support each investment decision and those decisions are in accordance with the risk appetite of the authority.

Appendix 2 Prudential and treasury indicators

The prudential indicators relating to capital expenditure cannot be set until the capital programme is finally determined and will as a consequence be reported as part of the Setting the Budget for 2025/26 report that is to be submitted to Cabinet on 11 February 2025.

The treasury management indicators are as set out in the table below:

TREASURY MANAGEMENT INDICATORS	2023/24	2024/25	2025/26	2026/27	2027/28
	Actual	Estimate	Estimate	Estimate	Estimate
	£'000	£'000	£'000	£'000	£'000
Authorised Limit for external debt :					
borrowing	nil	7,000	7,000	7,000	7,000
other long term liabilities	nil	nil	nil	nil	nil
TOTAL	nil	7,000	7,000	7,000	7,000
Operational Boundary for external debt:-					
borrowing	nil	4,000	4,000	4,000	4,000
other long term liabilities	nil	nil	nil	nil	nil
TOTAL	nil	4,000	4,000	4,000	4,000
Actual external debt	nil	nil	nil	nil	nil
Upper limit for fixed interest rate exposure < 1 year at year end	35,365 (64.8%)	It is anticipated that exposure will range between 0% to 60%			
Upper limit for variable rate exposure < 1 year at year end	10,916 (20.0%)	It is anticipated that exposure will range between 40% to 100%			
Upper limit for total principal sums invested for over 365 days at year end	8,288 (15.2%)	60% of funds			

Maturity structure of fixed rate borrowing during 2024/25 – 2027/28	upper limit	lower limit
under 12 months	100 %	0 %
Over 12 months	0 %	0 %

A new Liability Benchmark indicator was introduced in 2023/24. Whilst consideration has been given to the Liability Benchmark, the Council is debt free and therefore there is no debt maturity profile to report. The forecast net investment requirement for the next three years (excluding the liquidity allowance) is: 2025/26 £39.9m, 2026/27 £31.8m and 2027/28 £27.4m.

Appendix 3 Interest rate forecasts – November 2024

Link Group Interest Rate View 11.11.24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27	Jun-27	Sep-27	Dec-27
BANK RATE	4.75	4.50	4.25	4.00	4.00	3.75	3.75	3.75	3.50	3.50	3.50	3.50	3.50
3 mth ave earnings	4.70	4.50	4.30	4.00	4.00	4.00	3.80	3.80	3.80	3.50	3.50	3.50	3.50
6 mth ave earnings	4.70	4.40	4.20	3.90	3.90	3.90	3.80	3.80	3.80	3.50	3.50	3.50	3.50
12 mth ave earnings	4.70	4.40	4.20	3.90	3.90	3.90	3.80	3.80	3.80	3.50	3.50	3.50	3.50
5yr PWLB	5.00	4.90	4.80	4.60	4.50	4.50	4.40	4.30	4.20	4.10	4.00	4.00	3.90
10yr PWLB	5.30	5.10	5.00	4.80	4.80	4.70	4.50	4.50	4.40	4.30	4.20	4.20	4.10
25yr PWLB	5.60	5.50	5.40	5.30	5.20	5.10	5.00	4.90	4.80	4.70	4.60	4.50	4.50
50yr PWLB	5.40	5.30	5.20	5.10	5.00	4.90	4.80	4.70	4.60	4.50	4.40	4.30	4.30
Bank Rate													
Link	4.75	4.50	4.25	4.00	4.00	3.75	3.75	3.75	3.50	3.50	3.50	3.50	3.50
Capital Economics	4.75	4.50	4.25	4.00	3.75	3.50	3.50	3.50	--	--	--	--	--
5yr PWLB Rate													
Link	5.00	4.90	4.80	4.60	4.50	4.50	4.40	4.30	4.20	4.10	4.00	4.00	3.90
Capital Economics	5.20	5.10	4.90	4.80	4.60	4.60	4.50	4.50	--	--	--	--	--
10yr PWLB Rate													
Link	5.30	5.10	5.00	4.80	4.80	4.70	4.50	4.50	4.40	4.30	4.20	4.20	4.10
Capital Economics	5.30	5.20	5.10	4.90	4.80	4.80	4.70	4.60	--	--	--	--	--
25yr PWLB Rate													
Link	5.60	5.50	5.40	5.30	5.20	5.10	5.00	4.90	4.80	4.70	4.60	4.50	4.50
Capital Economics	5.60	5.40	5.30	5.20	5.00	4.90	4.90	4.80	--	--	--	--	--
50yr PWLB Rate													
Link	5.40	5.30	5.20	5.10	5.00	4.90	4.80	4.70	4.60	4.50	4.40	4.30	4.30
Capital Economics	5.60	5.50	5.30	5.20	5.10	5.00	4.90	4.80	--	--	--	--	--

Appendix 4 Economic background based on text provided by Link Asset Services

- 1 **UK** – The third quarter of 2024 saw:
 - The Bank of England initiating its easing cycle by lowering interest rates from 5.25% to 5.0% in August and holding them steady in its September.
 - CPI inflation hitting its target in June before edging above it to 2.2% in July and August.
 - Core CPI inflation increasing from 3.3% in July 3.6% in August.
 - A further easing in wage growth as the headline 3myy rate (including bonuses) fell from 4.6% in June to 4.0% in July.
 - 10 year gilt yields falling to 4.0% in September.

- 2 The Government's announcement to raise public spending have caused concerns that large tax rises could weaken GDP growth in the medium-term. However, taxes raised in line with spending would mean the overall stance of fiscal policy would be similar to the previous government's plan to reduce the budget deficit. Additionally, rises in public spending tend to boost GDP by more than increases in taxes reduce it. Capital Economics suggest GDP growth will hit 1.2% in 2024 before reaching 1.5% for both 2025 and 2026.

- 3 The economy's stagnation in June and July points more to a mild slowdown in GDP growth than a sudden drop back into a recession. Moreover, the drop in September's composite activity Purchasing Managers Index, from 53.8 in August to 52.9, was still consistent with GDP growth of 0.3%-0.4% for the summer months. This is in line with the Bank of England's view, and it was encouraging that an improvement in manufacturing output growth could be detected, whilst the services PMI balance suggests non-retail services output grew by 0.5% q/q in Q3. Additionally, the services PMI future activity balance showed an uptick in September, although readings after the Chancellor's announcements at the Budget on 30th October will be more meaningful.

- 4 The 1.0% m/m jump in retail sales in August was stronger than the consensus forecast for a 0.4% m/m increase. The rise was reasonably broad based, with six of the seven main sub sectors recording monthly increases, though the biggest gains came from clothing stores and supermarkets, which the ONS reported was driven by the warmer-than-usual weather and end of season sales. As a result, some of that strength is probably temporary.

- 5 The further easing in wage growth will be welcomed by the Bank of England as a sign that labour market conditions are continuing to cool. The 3m year on year growth rate of average earnings fell from 4.6% in June to 4.0% in July. On a three-month annualised basis, average earnings growth eased from 3.0% to 1.8%, its lowest rate since December 2023. Excluding bonuses, the 3myy rate fell from 5.4% to 5.1%.

- 6 Other labour market indicators also point to a further loosening in the labour market. The 59,000 fall in the alternative PAYE measure of the number of employees in August marked the fourth fall in the past five months. And the

77,000 decline in the three months to August was the biggest drop since November 2020. Moreover, the number of workforce jobs fell by 28,000 in Q2. The downward trend in job vacancies continued too. The number of job vacancies fell from 872,000 in the three months to July to 857,000 in the three months to August. That leaves it 34% below its peak in May 2022, and just 5% above its pre-pandemic level. Nonetheless, the Bank of England is still more concerned about the inflationary influence of the labour market rather than the risk of a major slowdown in labour market.

- 7 CPI inflation stayed at 2.2% in August, but services inflation rose from a two-year low of 5.2% in July to 5.6%, significantly above its long-run average of 3.5%. Food and fuel price inflation exerted some downward pressure on CPI inflation, but these were offset by the upward effects from rising furniture/household equipment inflation, recreation/culture inflation and a surprisingly large rise in airfares inflation from -10.4% in July to +11.9% in August. As a result, core inflation crept back up from 3.3% to 3.6%. CPI inflation is also expected to rise in the coming months, potentially reaching 2.9% in November, before declining to around 2.0% by mid-2025.
- 8 The Bank initiated its loosening cycle in August with a 25bps rate cut, lowering rates from 5.25% to 5.0%. In its September meeting, the Bank, resembling the ECB more than the Fed, opted to hold rates steady at 5.0%, signalling a preference for a more gradual approach to rate cuts. Notably, one Monetary Policy Committee (MPC) member voted for a consecutive 25bps cut, while four members swung back to voting to leave rates unchanged. That meant the slim 5-4 vote in favour of a cut in August shifted to a solid 8-1 vote in favour of no. A vote at the November meeting saw the rate cut again bring the current bank rate from 5.0% to 4.75%.
- 9 Looking ahead, CPI inflation will likely rise in the coming months before it falls back to its target of 2.0% in mid-2025. The increasing uncertainties of the Middle East may also exert an upward pressure on inflation, with oil prices rising in the aftermath of Iran's missile attack on Israel on 1 October. China's recent outpouring of new fiscal support measures in the latter stages of September has also added to the upshift in broader commodity prices, which, in turn, may impact on global inflation levels and thus monetary policy decisions. Despite these recent developments, Link's forecast is still for rates to fall to 4.5% by the end of 2024 with further cuts likely throughout 2025. This is in line with market expectations; however, a December rate cut may be more problematic for the Bank if CPI inflation spikes towards 3%. In the second half of 2025 it is expected that a more marked easing in inflation will prompt the Bank to speed up, resulting in rates eventually reaching 3.0%, rather than the 3.25-3.50% currently priced in by financial markets.
- 10 **Central Bank Concerns.** Currently, the US started its rate cutting cycle with an anticipated 50bps reduction in mid-September, the Fed opted for a more modest 25bps cut at the conclusion of its two-day FOMC meeting taking the Fed Funds target range down to between 4.5% and 4.75%. Analysts are expecting the Fed to call time on this loosening cycle a little earlier than before and anticipate 25bps reductions at each meeting until May 2025. Eurozone

GDP growth picked up in Q3, but timelier data suggest that the economy is poised for a weak Q4. Analysts expect growth to remain slow next year regardless of whether President Trump raises tariffs on imports from Europe. Analysts also believe that inflation will be well below 2% in 2025. As a result, forecasts suggest the ECB will cut interest rates rapidly, and more quickly than investors anticipate, taking the deposit rate down to 1.5% by mid-2025.

Link Asset Services
November 2024

Appendix 5 Credit and counterparty risk management (TMP1)

All specified and non-specified Investments will be:

Subject to the sovereign, counterparty and group exposure limits identified in the Annual Investment Strategy (Section 10).

Subject to the duration limit **where applicable** suggested by Link (+6 months for UK institutions) at the time each investment is placed.

Subject to a maximum of 60% of funds being held in non-specified investments at any one time.

Sterling denominated.

Specified Investments (maturities up to 1 year):

Investment	Minimum Credit Criteria
UK Debt Management Agency Deposit Facility	UK Sovereign A-
Term deposits - UK local authorities	UK Sovereign A-
Term deposits - UK nationalised banks	UK Sovereign A- Counterparty BBB, F2 or Green excluding CDS
Term deposits – all other banks and building societies	UK Sovereign A- / Non-UK Sovereign AA- Counterparty A-, F1 or Green excluding CDS
Certificates of deposit - UK nationalised banks	UK Sovereign A- Counterparty BBB, F2 or Green excluding CDS
Certificates of deposit – all other banks and building societies	UK Sovereign A- / Non-UK Sovereign AA- Counterparty A-, F1, or Green excluding CDS
UK Treasury Bills	UK Sovereign A-
UK Government Gilts	UK Sovereign A-
Bonds issued by multi-lateral development banks	AAA
Sovereign bond issues (other than the UK Gov't)	AAA
Money market funds (CNAV, LVNAV or VNAV)	AAA
Enhanced cash / Government liquidity / Ultra-short dated bond funds	AA

Non-specified Investments (maturities in excess of 1 year and any maturity if not included above):

Investment	Minimum Credit Criteria	Max duration to maturity
Fixed term deposits with variable rate and variable maturities (structured deposits) - UK nationalised banks	UK Sovereign A- Counterparty BBB,F2 (Green)	2 years
Fixed term deposits with variable rate and variable maturities (structured deposits) - banks and building societies	UK sovereign A- / Non-UK Sovereign AA- Counterparty A-, F1 (Green)	2 years
Term deposits - local authorities	UK Sovereign A-	3 years
Term deposits - UK nationalised banks	UK Sovereign A- Counterparty BBB,F2 (Green)	2 years
Term deposits - banks, building societies	UK Sovereign A- / Non-UK Sovereign AA- Counterparty A-, F1 (Green)	2 years
Term deposits – housing associations	UK Sovereign A- Counterparty A-	2 years
Certificates of deposit - UK nationalised banks	UK Sovereign A- Counterparty BBB,F2 (Green)	2 years
Certificates of deposit - banks and building societies	UK Sovereign A- / Non-UK Sovereign AA- Counterparty A-, F1 (Green)	2 years
Commercial paper - UK nationalised banks	UK Sovereign A- Counterparty BBB,F2 (Green)	2 years
Commercial paper - banks and building societies	UK Sovereign A- / Non-UK Sovereign AA- Counterparty A-, F1 (Green)	2 years
Floating rate notes issued by multilateral development banks	AAA	2 years
Bonds issued by multilateral development banks	AAA	2 years
Sovereign bonds (other than the UK Government)	AAA	2 years
UK Government Gilts	UK Sovereign A-	5 years
Property funds	N/A	N/A
Diversified income <i>and or short dated bond</i> funds	N/A	N/A

Accounting treatment of investments. The accounting treatment may differ from the underlying cash transactions arising from investment decisions made. To ensure that the Council is protected from any adverse revenue impact, which may arise from these differences, we will review the accounting implications of new transactions before they are undertaken.

Appendix 6 Approved countries for investments

Each financial institution must meet the minimum credit criteria specified in the Annual Investment Strategy (Section 10). For non-UK regulated institutions the institutions sovereign must be rated AA- or higher by each of the three rating agencies - Fitch, Moody's and Standard and Poor's.

This list will be reviewed and amended if appropriate on a weekly basis by the Director of Finance and Transformation.

As of 29 November 2024 sovereigns meeting the above requirement which also have banks operating in sterling markets with credit ratings of green or above on the Link Asset Services' Credit Worthiness List were:

AAA	Australia
	Denmark
	Germany
	Netherlands
	Norway
	Singapore
	Sweden
	Switzerland
AA+	Canada
	Finland
	USA
AA	Abu Dhabi (UAE)
	Qatar
AA-	Belgium
	France
	UK

Non-treasury Management Practices

1 Introduction

- 1.1 The Council recognises that investment in other financial assets and property primarily for financial return, taken for non-treasury management purposes, requires careful investment management. Such activity includes loans supporting service outcomes, investments in subsidiaries, and investment property portfolios.
- 1.2 The Council will ensure that all its investments are covered in a capital strategy, investment strategy or equivalent, and will set out, where relevant, the Council's risk appetite and specific policies and arrangements for non-treasury investments. It is recognised that the risk appetite for these activities may differ from that for treasury management.
- 1.3 The Council will maintain a schedule setting out a summary of existing material investments, subsidiaries, joint ventures and liabilities including financial guarantees and the organisation's risk exposure.
- 1.4 The Council recognises that many of the principles underlying treasury management practices will apply to non-treasury investments as they do to treasury investments. However, some aspects are likely to differ significantly.
- 1.5 It is recognised that the Council may make investments for policy reasons outside of normal treasury activity, and these may include:
 - Service investments – these are held clearly and explicitly in the course of the provision, and for the purposes of, operational services, including regeneration
 - Commercial investments – these are undertaken for mainly financial reasons. They may include:
 - Investments as part of business structures, such as loans to and shares in subsidiaries.
 - Investments explicitly taken out with the aim of making a financial surplus for the council and include commercial properties
- 1.6 The investment practices for non-treasury investments detailed below will be complied with by all officers and agencies responsible for such investments. These practices will evolve over time and will be subject to annual review.

2 Risk management (NTMP 1)

- 2.1 Investment of the Council's cash surpluses and reserves is governed by the CIPFA Treasury Management Code of practice and DLUHC Statutory Guidance. These require authorities to prioritise security and liquidity over yield. Compliance aims to protect the value of sums invested and ensure funds are available to spend as spending commitments arise. Investment in equity, bonds or property are likely to fail the security and liquidity tests and are therefore considered inappropriate for short term cash surplus and reserve fund management purposes.
- 2.2 Commercial property covers a broad range of property uses and types including, retail outlets, office accommodation, warehouses, industrial units, and residential accommodation.
- 2.3 Risks associated with commercial property ownership include:
- Close correlation between value and changes in **GDP**. Values fall significantly in a downturn. Values rise when the economy is growing.
 - Property is **illiquid** both in terms of transaction times and price transparency.
 - **Tenant covenant strength** will impact on ability to meet rental payments, lease renewal, exercise break clauses and CVA.
 - **Valuations** are not a guarantee of sale price and may be subject to investor confidence / sentiment.
 - **Stock, sector, and geographic** risk will all impact on the value of a particular property.
 - Subject to **environmental risk** such as flooding and land contamination.
 - **Interest rate** changes not only affect the cost of borrowing but also bond / equity prices which may impact on the relative attractiveness of property.
 - Changes in **legislation and regulation** e.g. energy efficiency may involve additional cost to the investor.
 - Changes in **taxation** (stamp duty / SDLT) may affect value.
- 2.4 Risks will be explored in the property acquisition business case and through regular monitoring of the property market post acquisition. Nevertheless, risk will persist.
- 2.5 A risk assessment is provided at **[Appendix 1]**.

3 Decision making, governance and organisation (NTMP 2)

- 3.1 Any new commercial property investment will be subject to a business case review. The report seeking Capital Plan budget provision will follow the normal budget approval process (O&S, Cabinet and Council).
- 3.2 Day to day management of commercial property investments is delegated to the Director of Central Services (DCS). The DCS will undertake that management using in-house resources or appoint specialist external agents where appropriate. Functions include:
- Collection of rent & service charges
 - Establishing lease terms
 - Advertising vacant units
 - Negotiating tenant lease agreements
 - Monitoring the commercial property market
 - Undertaking annual property revaluations
- 3.3 New lease agreements will be certified, without delegation, by the DCS. Any rent free periods and other tenant inducements will be reported under the reporting arrangements detailed in NTMP 4.
- 3.4 The Director of Finance and Transformation will undertake a periodic reconciliation of income and expenditure. Internal audit, subject to a risk assessment, will review commercial property activity.

4 Performance management (NTMP 3)

- 4.1 Baseline performance requirements for commercial properties will be drawn from the business case submitted as part of property purchase approval. Gross income, service costs and tenant arrears will be monitored against baseline on a quarterly basis. Variation from a pre-determined tolerance level will trigger a report to the Council's Management Team and, if appropriate, will be escalated in accordance with NTMP 4.
- 4.2 Performance of the Council's commercial property function and that of any associated external support will be monitored and reviewed annually to ensure best practice and value for money are being achieved.

5 Reporting and management information (NTMP 4)

- 5.1 An information report setting out the performance of the Council's commercial property investments will be prepared by the Director of

Central Services and submitted to Members. Reports will be subject to prior consideration by the Council's Management Team.

- 5.2 Reports will include:
- A commentary on commercial property market conditions
 - Gross income against budget
 - Income performance against benchmark
 - Operating costs
 - Changes in occupancy
 - Changes to existing lease agreements / new lease agreements
 - Tenant arrears
 - Market value (to be reported annually).
- 5.3 Commercial property investment performance against budget will also be incorporated in the financial planning & control reports submitted to members.
- 5.3 Any extraordinary issues that are likely to generate a change in budget requirement will be subject to endorsement by Cabinet and approval by Council.

6 Training and qualifications (NTMP 5)

- 6.1 Members and officers involved in the property investments decision making process need to have appropriate capacity, skills, and information to enable them to take informed decisions as to whether to enter into a specific property investment.
- 6.2 The Councils employs suitably qualified property, legal and finance officers to manage activity and provide advice within their respective disciplines. Specialist external advisors will be engaged where appropriate. Member training will be provided in-house or by external agents as required.

Property Investment – Risk Register

Risk	Risk Areas	Likelihood 1(low) 6(High)	Impact 1(low) 4(High)	Total Score	Controls
Downturn in property market	Capital value and income potential reduce for purchased assets.	4	4	16	Continued monitoring of markets. Sale of Assets at a benchmarked threshold. Annual Valuation.
Upturn in property market	Purchase cost of potential assets increases.	4	3	12	Continued monitoring of markets. Adjusting purchase criteria to reflect market movement. Consider sales of assets for capital gain. Annual Valuation.
Increase in interest rates (borrowing)	Cost of borrowing where adopted increases with detrimental impact on income.	4	3	12	Ensure most competitive rate achieved if borrowing, fixed term if possible. Consider increased use of reserves to ensure loan to value ratios are acceptable.
Increase in interest rates (investment)	Lower rate of return when compared to other potential investments	4	3	12	Consider revising income return criteria upwards. Consider disposal of assets for re-investment.
Available opportunities	Market opportunities meeting investment criteria not available.	4	3	12	Identify opportunities early and move swiftly to acquire.
Changes in Tenant demand	Certain types of property may become less favorable with tenants.	3	3	9	Consider alternative use at acquisition. Construct a varied portfolio by use.

Risk	Risk Areas	Likelihood 1(low) 6(High)	Impact 1(low) 4(High)	Total Score	Controls
Obsolescence of Asset	Physical obsolesce in terms of building fabric and fit out.	3	3	9	Ensure full repairing and insuring leases are in place via pre-purchase due diligence. Have building surveys undertaken to establish condition of building.
Tenant default	Loss of rental income, increased costs incurred.	3	3	9	Undertake financial due diligence of tenants pre-purchase, obtain the best possible tenant covenants. Look for guarantors or cash deposits where covenants are considered weak. Consider multi-tenanted properties in order to diversify risk. Ensure robust credit control procedures in place. Monitor tenant company performance.
Void periods	Loss of rental income, holding costs incurred – rates, utilities etc. Costs of re-letting.	3	3	9	Monitoring tenancies as described above. Move quickly to appoint letting agents should a “void” period appear likely. Act expediently in concluding legal process of letting.
Government Legislation - Energy Performance (Minimum Energy Efficiency Standards, MEES)	From 1 April 2018 it is illegal for a landlord to grant a new letting of a commercial property that has an EPC of below E.	4	3	12	Undertake appropriate pre purchase due diligence to establish what the EPC rating of a property is and purchase accordingly. Identify if opportunities exist to increase the EPC rating appropriately.
Illiquidity of Property Assets	Asset identified for disposal to raise capital receipt or for reinvestment.	3	3	9	Ensure that assets are kept “sale ready” in terms of documentation and information.

Risk	Risk Areas	Likelihood 1(low) 6(High)	Impact 1(low) 4(High)	Total Score	Controls
Staff Resources	Lack of suitably professionally qualified staff.	3	3	9	Ensure that appropriately professionally qualified staff, with experience in Property Investment, are available to act on the Council's behalf.
Residential Properties – generally all of the above plus greater landlord input, more management intensive	Residential Properties generally require a more active landlord involvement, maintaining the structure and services of a property – maintenance costs and management costs are therefore higher.	4	3	12	Ensure that increased holding costs are factored into purchase valuations. Appoint external professionals to manage landlord and tenant processes. Ensure that tenant deposits are taken.

Assessing risks

Identified risks need to be assessed so that they may be evaluated to determine their severity and to present an overall picture of the extent of the combined risks on the achievement of the objectives. The Council recognises 3 levels of risk:

LOW	MEDIUM	HIGH
1 – 4	5 – 12	15 – 24

The scoring of risks will be carried out using a Likelihood & Impact matrix, see table below with accompanying definitions.

Likelihood	Almost inevitable	6	6 Medium	12 Medium	18 High	24 High
	Very likely	5	5 Medium	10 medium	15 High	20 High
	Likely	4	4 Low	8 Medium	12 Medium	16 High
	Unlikely	3	3 Low	6 Medium	9 Medium	12 Medium
	Very Unlikely	2	2 Low	4 Low	6 Medium	8 Medium
	Almost impossible	1	1 Low	2 Low	3 Low	4 Low
			1	2	3	4
Impact □			Negligible	Marginal	Significant	Critical

Due to the timescales and print deadlines, the recommendations of the meeting of Cabinet held on 11 February 2025 will be circulated to Members in advance of the meeting of Council.

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ANNUAL AUDIT REPORT 2023/24

Item AU 25/6 referred from Audit Committee of 13 January 2025

The report of the Management Team introduced the Auditor's Annual Report for 2023/24, prepared by Grant Thornton UK LLP in respect of the Borough Council's overall arrangements for securing economy, efficiency and effectiveness in the use of resources.

Members recalled that the Auditor's Annual Report for 2022/23, presented to the Committee in September 2023, highlighted two significant weaknesses found in the Council relating to performance management and procurement. During the latest audit, it was acknowledged and reported that the significant weakness in respect of performance management had been addressed. With regard to procurement, given good progress being made and recognised during 2024/25, it was anticipated that this other significant weakness would also be 'signed off' fully during the year.

Particular reference was made to one of the improvement recommendations identified in the Auditor's Annual Report for 2023/24 (attached at Annex 1) as well as in the Audit Findings Report (attached at Annex 2 under Item 9 on the agenda) in relation to the non-return of Related party transaction forms by Members and its associated risk for the Borough Council. Members were keen for this recommendation to be addressed in a timely and effective manner and noted that an update would be provided to the Committee in April for any remaining concern and mitigation measure to be identified.

RECOMMENDED*: That

- (1) the Auditor's Annual Report for 2023/24 (attached at Annex 1), be approved;
- (2) the comments made in respect of the key recommendations from the Annual Audit Report for 2022/23, be noted; and
- (3) the management comments raised to the 2023/24 Value for Money recommendations, be noted and endorsed.

***Recommended to Cabinet**

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Audit Committee

13 January 2025

Part 1 - Public

Recommendation to Cabinet – Council Decision



Cabinet Members	Matt Boughton, Leader of the Council Kim Tanner, Cabinet Member for Finance and Housing
Responsible Officers	Management Team
Report Author	Sharon Shelton, Director of Finance and Transformation

Annual Audit Report 2023/24

1 Summary and Purpose of Report

- 1.1 Our external auditors (Grant Thornton UK LLP) are required to satisfy themselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources and to report on the same to those charged with governance – which for this purpose is the Audit Committee – followed by Cabinet and Full Council.

2 Corporate Strategy Priority Area

- 2.1 Efficient services for all our residents, maintaining an effective council.
- 2.2 An assessment by the Council's external auditors on the arrangements for securing economy, efficiency and effectiveness in its use of resources along with recommendations for improvement.

3 Recommendations

- 3.1 Members are **RECOMMENDED** to:
- 1) Consider and approve the Auditor's Annual Report [Annex 1] for 2023/24;
 - 2) Note the comments made in respect of the key recommendations from 2022/23;
 - 3) Note and endorse the management comments to the 2023/24 value for money recommendations raised; and

- 4) Make any specific recommendations to Cabinet and/or Full Council as the Committee feels appropriate in light of the Annual Report.

4 Introduction and Background

- 4.1 Our external auditors (Grant Thornton UK LLP) are required to satisfy themselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources and to report on the same to those charged with governance - which for this purpose is the Audit Committee - followed by Cabinet and Full Council.
- 4.2 The last Annual Audit Report relating to the financial year 2022/23 was presented to this Committee in September 2023. Members might recall that two significant weaknesses in the Council's arrangements to improve economy, efficiency and effectiveness were highlighted relating to procurement and performance management. The Committee has been tracking progress against the action plan to remedy these over the past 12 months.
- 4.3 Due to the national audit backlog, different arrangements have applied to our audit for 2023/24, and this annual audit report is therefore a little later in being reported to Members.

5 2023/24 Annual Audit Report

- 5.1 Grant Thornton's report is attached at **[Annex 1]**.
- 5.2 The auditors report on three distinct areas, namely:
 - 1) Financial sustainability;
 - 2) Governance; and
 - 3) Improving economy, efficiency and effectiveness.
- 5.3 In terms of financial sustainability and governance it is pleasing to note that no significance weaknesses were found, albeit some improvement recommendations have been made.
- 5.4 In 2022/23, two significant weaknesses were identified in relation to improving economy, efficiency and effectiveness relating to **performance management** and **procurement**. Members of this Committee will know that both these items have featured on our strategic risk register for some time and have been monitored very carefully.
- 5.5 In relation to performance management the risk rating assessed by Management Team has been reducing steadily over the months and is now an amber risk. Pleasingly, the annual audit report recognises the good progress that has been achieved and the report concludes that the significant weakness highlighted has now been addressed.

- 5.6 In relation to procurement, good progress has also been made in addressing this weakness, with the commencement of the procurement partnership in May 2024 and the recent approval by Cabinet of the Procurement Strategy at its December 2024 meeting. Members will note from the Strategic Risk Register elsewhere on this agenda that the risk has been downgraded from red to amber.
- 5.7 That said, much of the good progress has occurred during the 2024/25 financial year and therefore it is not a surprise that, as this audit relates to 2023/24, Grant Thornton have found it necessary to indicate that the weakness still existed in 2023/24. They do however recognise the positive progress that has been achieved and will review the arrangements again in the 2024/25 audit.
- 5.8 There are, unsurprisingly, a number of improvement recommendations set out within the report. Management Team has considered each of these and provided a note of actions that will be taken.

6 Financial and Value for Money Considerations

- 6.1 As set out in the Auditor's Annual Report.
- 6.2 The Auditor should not need to carry out any additional work as a result of this report and therefore no additional fees should accrue.

7 Risk Assessment

- 7.1 Last year Grant Thornton identified two significant weaknesses leading to key recommendations. During the latest audit, it was acknowledged and reported that the weakness relating to performance management has been addressed.
- 7.2 In relation to procurement, during 2023/24 Grant Thornton felt that the weakness remaining: although recognised positive progress primarily in 2024/25. It will be important to ensure this weakness is "signed off" fully during 2024/25.
- 7.3 Other recommendations made also need to be addressed in order to protect the Council and its services to residents.

8 Legal Implications

- 8.1 The Council's external auditor is required under s20(1)c) of the Local Audit and Accountability Act 2014 to satisfy themselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.
- 8.2 The Code of Audit Practice issued by the National Audit Office in 2020 requires us (Grant Thornton UK LLP) to report to you our commentary relating to proper arrangements.

9 Consultation and Communications

9.1 The Auditor's report will be available to the public through this agenda.

10 Implementation

10.1 To address the recommendations made, Management Team have agreed actions with anticipated timescales as set out in the report.

11 Cross Cutting Issues

11.1 Climate Change and Biodiversity

11.1.1 Climate change advice has not been sought in the preparation of the options and recommendations in this report.

11.2 Equalities and Diversity

11.2.1 The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. There is no perceived impact on end users.

Background Papers	None
Annexes	Annual Report from Grant Thornton

Tonbridge and Malling Borough Council

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**Auditor's Annual Report for the
year ended 31 March 2024**

November 2024



Contents



We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

The Code of Audit Practice issued by the National Audit Office (NAO) requires us to report to you our commentary relating to proper arrangements.

We report if significant matters have come to our attention. We are not required to consider, nor have we considered, whether all aspects of the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.



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The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed for the purpose of completing our work under the NAO Code and related guidance. Our audit is not designed to test all arrangements in respect of value for money. However, where, as part of our testing, we identify significant weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose all irregularities, or to include all possible improvements in arrangements that a more extensive special examination might identify. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting, on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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Introduction



Purpose of the Auditor's Annual Report

This report brings together a summary of all the work we have undertaken for Tonbridge and Malling Borough Council (the Council) during 2023-24 as the appointed external auditor. The core element of the report is the commentary on the value for money (VfM) arrangements.

All councils are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in the use of their resources. This includes taking properly informed decisions and managing key operational and financial risks so that they can deliver their objectives and safeguard public money. The Council's responsibilities are set out in Appendix A.

Councils report on their arrangements, and the effectiveness of these arrangements as part of their annual governance statement.

Responsibilities of the appointed auditor

Opinion on the financial statements

Auditors provide an opinion on the financial statements which confirms whether they:

- give a true and fair view of the financial position of the Council as at 31 March 2024 and of its expenditure and income for the year then ended;
- have been properly prepared in accordance with the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2023/24; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

We also consider the Annual Governance Statement and undertake work relating to the Whole of Government Accounts consolidation exercise.

Value for Money

We report our judgements on whether the Council has proper arrangements in place regarding arrangements under the three specified criteria:

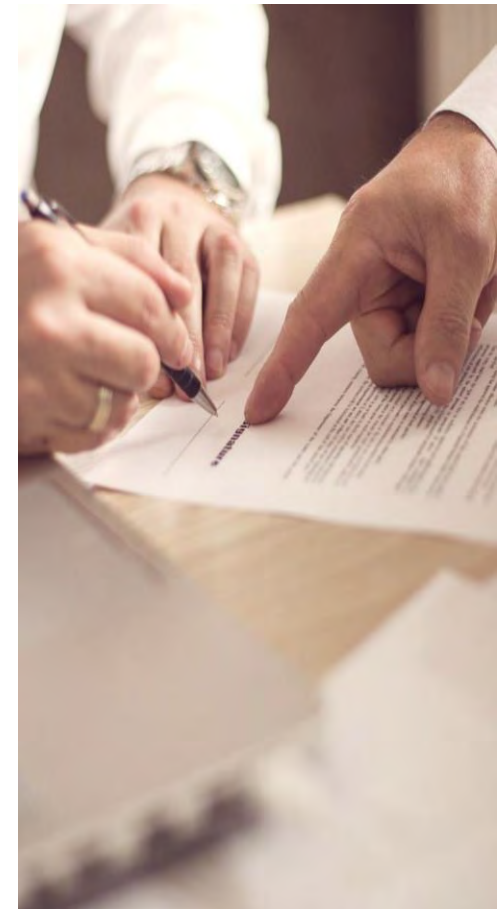
- financial sustainability
- governance
- improving economy, efficiency and effectiveness

The Value for Money auditor responsibilities are set out in Appendix B.

Auditor powers

Auditors of a local authority have a duty to consider whether there are any issues arising during their work that require the use of a range of auditor's powers.

These powers are set out on page 11 with a commentary on whether any of these powers have been used during this audit period.



Executive summary



Executive summary

Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to consider whether the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. The NAO has consulted and updated the Code to align it to accounts backstop legislation. The new Code requires auditors to share a draft Auditors Annual Report ("the Report") with those charged with governance by a nationally set deadline each year (30 November) and for the audited body to publish the Report thereafter. These new requirements will be introduced from November 2025. As a firm, we are committed to reporting the results of our local audit work on as timely a basis as possible and are bringing forward our 2024 reporting in advance of the Code change. Our summary findings are set out below.



Financial sustainability

The Council continues to demonstrate a strong track record of financial performance, having outperformed the estimated budgets in 2022-23 and in 2023-24, contributing £0.95m and £1.3m to the General Fund Reserve in the respective financial years. The Council set a balanced annual budget for 2024-25 which fully identified all savings required to achieve this position. The Council is currently on track to deliver the 2024-25 position based on quarter 1 budget monitoring information.

The Council has built up reserves over the period 2019-20 to 2023-24, as such, at the end of 2023-24 the Council held earmarked and General Fund reserves of £33.4m. Reserves are expected to decrease in the medium-term as the Council uses them to fund specific projects that they are set aside to fund, therefore use of reserves is not indicative of a lack of financial control but demonstrates robust financial management.

Across the Council Medium-Term Financial Plan (MTFP) savings beyond 2025-26 are yet to be identified, which creates a budget gap until the savings can be fully identified and attributed to specific plans. This has the potential to reduce reserves beyond current anticipated levels. If in a worst-case scenario the savings were not identified or delivered, the potential reserves balance would represent 52% of net revenue expenditure and remains a strong position.

The Council has a well-established Savings and Transformation Strategy, which is a multi-year savings programme. Currently the scope of this programme is focussed on a few key areas, but there is potential for the Council to explore transformative savings schemes to meet the medium-term gaps identified from the yet to be developed savings plans in later years.

Executive summary



Financial sustainability (continued)

Despite an overall underspent position for 2023-24, the Council has experienced overspends in certain services, which have been offset by underspends elsewhere. The most significant of the overspends relate to the cost of Temporary Accommodation and Homelessness where expenditure was £0.248m above the revised estimate and was met from the Homelessness Reserve which was set aside in prior years in anticipation of rising demand. The Council has reduced demand in this area in prior years, with support from external consultants, and re-engaged those consultants in 2023-24 to provide additional support and address the increasing demand. The results of this work are expected to be implemented in 2024-25. The Council sought additional advice from consultants with regards to its capital response to the temporary accommodation pressures observed. This work has explored sustainable temporary accommodation delivery options, which are expected to be considered in the future capital programme.

The Council's Capital Programme outturn was £1.07m against a revised estimate of £2.306m, an underspend of £1.246m. £0.947m of this underspend was against capital renewals as a result of the delay in purchasing equipment for the Council's Leisure facilities. The Council worked with the Leisure Trust to develop an appropriate replacement programme and replacement equipment is expected to be delivered in quarter 3 of 2024-25.

Overall, arrangements to secure financial sustainability are deemed to be appropriate. No significant weaknesses in arrangements identified, but improvement recommendations have been made.

Executive summary



Governance

In response to recommendations from both External and Internal Audit reviews the Council engaged external consultants, Zurich Risk Management, to carry out a review of the Risk Management Strategy and Strategic Risk Register to suggest updates to existing processes ensuring they remain robust, fit for purpose and reflect best practice. Recommendations from this work have been formulated into an Action Plan which is being monitored by the Audit Committee. Progress has been made on all actions to date and the Plan is on track to deliver to agreed timescales by the end of January 2025.

The Council continues to be well-supported by its Internal Audit function, which received positive assurances from the Audit Committee's review of Internal Audit effectiveness and a service client satisfaction score of 100%. For 2023-24 Internal Audit completed 93% of their audit plan against a target of 90%. In addition, Internal Audit's self-assessment of its compliance with Public Sector Internal Audit Standards received the highest available rating of 'generally conforms'. The overall 2023-24 Internal Audit opinion for the Council was positive, receiving an overall rating of 'substantial assurance', reflecting robust processes and controls in place across a range of operations. The Council responds effectively to recommendations, with 88% of Internal Audit recommendations implemented, nearing completion or in progress at the end of 2023-24.

The budget setting process has remained consistent with the prior year and remains robust. It is a well-understood and collaborative process. Members monitor the financial performance of the Council via Financial Planning and Control Reports. These reports focus on the in-year position across key areas of the budget, and we have identified scope to review the format to ensure that Members are sighted on the year-end impact of in-year performance.

Member decisions are clearly and transparently presented at each Committee, including Cabinet. Reporting of decisions is both retrospective and forward-looking. This contributes to a robust and transparent decision-making culture. The Audit Committee received the Council's annual review of its arrangements against the Local Code of Corporate Governance in July 2024, a detailed response was provided to each requirement and no gaps in assurances were noted. This is a positive reflection of the Council's governance arrangements.

The Council established a Joint Standards Committee, which also includes all Parish Councils within the Borough. The Standards Committee deals with Councillors' standards and behaviour, receiving reporting on complaints annually and investigating individual cases as required. The number of issues raised in-year is low in comparison to the number of Councillors covered by this Committee, indicative of high standards of Member behaviour.

Overall, governance arrangements are deemed to be appropriate. No significant weaknesses in arrangements identified, but improvement recommendations have been made.

Executive summary



Improving economy, efficiency and effectiveness

We identified two weaknesses in arrangements in 2022-23 in this area and raised two key recommendations. The weaknesses were observed in procurement and performance management arrangements. The Council has responded effectively to concerns raised in relation to performance management in a timely manner by developing and implementing a performance management framework, alongside an updated Corporate Strategy for 2023-27. The Strategy, supporting delivery plan and key performance indicators (KPIs) were implemented and monitored from July 2023. As a result of the actions taken we believe this weakness to now be addressed.

For the weakness highlighted in procurement arrangements, the Council has made progress in responding to concerns in this area. The Council engaged Mid-Kent Procurement Partnership to deliver procurement services, with effect from 1 May 2024. The Partnership is working with the Council to deliver relevant training, provide a team to work on key procurements and draft an updated Procurement Strategy. As these actions remain in progress and are yet to complete, and the Partnership did not come into effect until 2024-25, the weakness continued to exist in 2023-24. However, we acknowledge the positive progress made and will review arrangements in 2024-25, once fully embedded.

The Council received a Local Government Association Peer Review, and initial follow up, in 2022. The Council's Action Plan, put in place to respond to the findings, has continued to be monitored internally. The Council has progressed the actions to completion in 2023-24, and so has responded effectively to this external review of its processes.

The Council sought to improve its service delivery, and generate efficiencies, through the procurement of a new software operating system for a wide range of Council services including Planning, Building Control, Housing Improvement, Environmental Health, Licensing, Community Safety, and Land Charges. The original target completion date for implementation of the Agile system was March 2023. The Council experienced delays in the implementation of the system and has revised the target date at several stages. In 2023-24 the Council responded by recruiting a dedicated Business Change Programme Manager to progress the project to completion and requested the Overview and Scrutiny Committee to undertake a Deep Dive on some specific areas of concern within the project. These actions have progressed the project and the system has been implemented for some departments, with expected final completion now set for March 2025. However, the Council would benefit from a retrospective lessons learned review to ensure similar issues are not repeated for future projects.

We have not identified any further weaknesses in arrangements for 2023-24, we acknowledge the positive response to our key recommendations raised in 2022-23. This has resulted in one recommendation being fully addressed and the other in progress, with expected completion in 2024-25. We have identified some improvement recommendations in the newly developed arrangements to support the Council in achieving best practice.

Executive summary



Overall summary of our Value for Money assessment of the Council’s arrangements

Auditors are required to report their commentary on the Council’s arrangements under specified criteria and 2023-24 is the fourth year that these arrangement have been in place. The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed for the purpose of completing our work under the NAO Code and related guidance. Our audit is not designed to test all arrangements in respect of value for money. However, where, as part of our testing, we identify significant weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose all irregularities, or to include all possible improvements in arrangements that a more extensive special examination might identify. A summary of our judgements are set out in the table below.

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Criteria	2022-23 Auditor judgement on arrangements		2023-24 Risk assessment	2023-24 Auditor judgement on arrangements		Direction of travel
Financial sustainability	A	No significant weaknesses in arrangements identified but improvement recommendations made.	No significant weaknesses in arrangements identified.	A	No significant weaknesses in arrangements identified but improvement recommendations made.	↔
Governance	A	No significant weaknesses in arrangements identified but improvement recommendations made.	No significant weaknesses in arrangements identified.	A	No significant weaknesses in arrangements identified but improvement recommendations made.	↔
Improving economy, efficiency and effectiveness	R	Two significant weaknesses in arrangements identified and two key recommendations made.	Prior year weaknesses identified for follow up in 2023-24.	R	Of the two weaknesses identified in the prior year, one has been addressed and the other remains in progress following actions initiated in the 2024-25 financial year, which are expected to complete by the end of 2024-25. We identified some improvement recommendations also.	↑

- G

No significant weaknesses in arrangements identified or improvement recommendation made.
- A

No significant weaknesses in arrangements identified, but improvement recommendations made.
- R

Significant weaknesses in arrangements identified and key recommendations made.

Opinion on the financial statements and use of auditor's powers



Opinion on the financial statements



Audit opinion on the financial statements

We intend to issue an unqualified opinion on the Council's financial statements following the Audit Committee on 13 January 2025.

The full opinion will be included in the Council's Annual Report for 2023-24, which can be obtained from the Council's website.

Grant Thornton provides an independent opinion on whether the Council's financial statements:

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- give a true and fair view of the financial position of the Council as at 31 March 2024 and of its expenditure and income for the year then ended;
- have been properly prepared in accordance with the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2023/24; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

We conducted our audit in accordance with:

- International Standards on Auditing (UK);
- the Code of Audit Practice (2020) published by the National Audit Office; and
- applicable law.

We are independent of the Council in accordance with applicable ethical requirements, including the Financial Reporting Council's Ethical Standard.

Findings from the audit of the financial statements

The Council provided draft accounts in line with the national deadline.

Draft financial statements were of a reasonable standard and supported by detailed working papers.

Audit Findings Report

We report the detailed findings from our audit in our Audit Findings Report. A final version of our report will be presented to the Council's Audit Committee on 13 January 2025. Requests for this Audit Findings Report should be directed to the Council.

Use of auditor's powers

We bring the following matters to your attention:

	2023-24
Statutory recommendations Under Schedule 7 of the Local Audit and Accountability Act 2014, auditors can make written recommendations to the audited body which need to be considered by the body and responded to publicly.	We did not make any written recommendations under Schedule 7 of the Local Audit and Accountability Act 2014.
Public Interest Report Under Schedule 7 of the Local Audit and Accountability Act 2014, auditors have the power to make a report if they consider a matter sufficiently important to be brought to the attention of the audited body or the public as a matter of urgency, including matters which may already be known to the public, but where it is in the public interest for the auditor to publish their independent view.	We did not issue a public interest report.
Application to the Court Under Section 28 of the Local Audit and Accountability Act 2014, if auditors think that an item of account is contrary to law, they may apply to the court for a declaration to that effect.	We did not make an application to the Court.
Advisory notice Under Section 29 of the Local Audit and Accountability Act 2014, auditors may issue an advisory notice if the auditor thinks that the authority or an officer of the authority: • is about to make or has made a decision which involves or would involve the authority incurring unlawful expenditure, • is about to take or has begun to take a course of action which, if followed to its conclusion, would be unlawful and likely to cause a loss or deficiency, or • is about to enter an item of account, the entry of which is unlawful.	We did not issue any advisory notices.
Judicial review Under Section 31 of the Local Audit and Accountability Act 2014, auditors may make an application for judicial review of a decision of an authority, or of a failure by an authority to act, which it is reasonable to believe would have an effect on the accounts of that body.	We did not make an application for judicial review.

Value for Money Commentary on arrangements



The current local government landscape

It is within this context that we set out our commentary on the Council's value for money arrangements in 2023-24 and make recommendations where any significant weaknesses or improvement opportunities in arrangements have been identified.



National context

Local government in England remains a challenged sector. In recent years, generationally significant levels of inflation put pressure on councils' general fund revenue and capital expenditure. The associated cost of living crisis drove an increase in demand for council services such as social care and homelessness. At the same time, the crisis impacted adversely on key areas of council income that were needed to service the increase in demand, for example fees and charges and the collection rates for council tax, business rates and rents.

In January 2024, the UK government announced an additional £600 million for local government, but the Spring Budget for 2024 brought little in the way of any further support. Rising costs of delivering services, coupled with workforce shortages in key areas, supply chain fragility, and rising interest rates for servicing debt, brought a level of crisis to the local government sector perhaps never experienced before. Current warning signs of difficulty include:

- Seven councils issuing eleven section 114 notices between 2019 and 2023, compared with two councils issuing notices between 2001 and 2018, with an increasing number of other councils publicly warning of a section 114 risk;
- Twenty councils being with government approval for exceptional financial support during 2024-25, totalling approximately £1.5 billion. Only six of these councils had previously issued a section 114 notice; and
- The Local Government Association warning that councils in England face a funding gap of £4 billion over 2023-24 and 2024-25.

Local government is coming under an increased spotlight in terms of how the sector responds to the financial challenge it faces. Since the start of 2024, the UK government has emphasised the need for increased productivity rather than increased funding. New plans were announced by the Chancellor in March 2024 for public sector productivity to deliver up to £1.8 billion worth of benefits by 2029. Councils were subsequently asked to submit productivity plans, showing how they will improve service performance and reduce wasteful spend.

The general election on 4 July 2024 led to a change in government, and changes to government policy and legislation relating to the sector are emerging at the time of producing this report.



Local context

The Borough of Tonbridge and Malling is one of 12 districts in the County of Kent. Located in West Kent, it covers an area of 92.7 sq miles and serves a population of 132,600 people. The majority of the Borough is rural in nature but is also home to several villages and small towns. The Council's vision and objectives are set out in its Corporate Strategy 2023-2027, these are supported by a series of actions to achieve those objectives as the Council seeks to be an innovative and forward-thinking Council, that leads the people and businesses of the Borough towards a vibrant, prosperous and sustainable future.

The Council has 44 Councillors, representing 19 wards, following the local elections in May 2023. The majority of seats (20) were secured by the Conservative Party at this most recent election.

The Council operates on a system of Cabinet decision-making whereby the Leader and six Cabinet Members are responsible for most day-to-day decisions. The Leader and each Member of the Cabinet have responsibility for particular service areas. Full Council and Cabinet are supported by a number of Committees, with delegated responsibility for specific functions, three Scrutiny Select Committees and the Overview and Scrutiny Committee. These Scrutiny functions provide a forum which gives all Councillors the chance to discuss matters and assist the Cabinet in its decision-making.

Financial sustainability



We considered how the audited body:

Commentary on arrangements

Assessment

Ensures that it identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into them

The Council's revenue position for 2023-24 is a contribution to the Council's General Revenue Reserve of £1.3m which is £0.063m more than anticipated within the revised estimate made prior to the year-end. £1.4m was also contributed to earmarked reserves. The Council continues to demonstrate a strong track record of financial performance, having also outperformed the estimated budget in 2022-23. Members are fully informed of the underlying causes of the position, and the anticipated temporary nature of the predominant causes being increased investment income from high prevailing interest rates and underspent or excess income on salaries and major income streams.

The annual budget for 2024-25 is balanced and was approved by Members on 20 February 2024. All savings required to achieve this position are fully identified. As such, the Council continues to demonstrate arrangements are in place to achieve financial sustainability in 2024-25. The 2024-25 quarter 1 financial position is demonstrating a £3,000 reduction to the revenue budget position set at the start of the year, a very minor change equivalent to 0.002% of the budget, suggesting that the estimates made in developing the budget are robust at this stage.

The Council has built up reserves over the past five years and at the end of 2023-24 holds earmarked and General Fund reserves of £33.4m. Although the level of reserves required to support future projects, or unforeseen financial challenges, is a matter of judgement for each authority, it is clear that the Council currently maintains a good position with the 2023-24 balances representing 156% of the net revenue expenditure budget. The Medium-Term Financial Plan (MTFP) currently estimates this falling to 90% over the 10-year period. The reduction is due to reserves being used for the specific purposes they have been set aside, and not a reactive approach to financial risk management, and so the Council is expected to maintain good budgetary control. The overall reserves balance remains substantial. Across the MTFP tranche 2 and 3 savings are yet to be identified, this would total £10m and at this stage should be acknowledged as a budget gap until identified via individual specific plans. This would reduce reserves to £12.8m if in a worst-case scenario they were not identified or delivered, this is still 52% of net revenue expenditure and remains a strong position. We have identified potential over-optimism in the estimated usage of some earmarked reserves and have raised an improvement recommendation on page 18.

The Council reduced its cash and cash equivalents holdings from £23m in 2022-23 to £14.2m in 2023-24. Despite the decrease the Council holds 3.2 times more current assets than current liabilities, and therefore is sufficiently liquid. The cash and cash equivalents alone could support 86% of current liabilities. The Treasury Management Strategy, which determines the Council's approach to investments, confirms that investments are derived from cash flow surpluses, core cash balances and other long term cash balances. Thus far in 2024-25 cash flow surpluses have averaged £18m per day. Therefore, suggesting a positive cash inflow position from which the Council has been able to benefit from investing.

Amber

No significant weaknesses in arrangements identified, but improvement recommendations made

Financial sustainability



We considered how the audited body:

Commentary on arrangements

Assessment

Plans to bridge its funding gaps and identifies achievable savings

The Council has a well-established Savings and Transformation Strategy, which is multi-year savings programme. The Strategy is updated annually to reflect challenges set out in the MTFP, and ensure it remains relevant to the Council’s operating environment. The Strategy identifies savings needed over the long-term and divides these into 'tranches' to enable the Council to exercise budgetary control over several years.

When setting the 2023-24 to 2032-33 Strategy in February 2023 the Council had a £1.7m budget gap in the medium-term and aimed to respond via savings as follows: Tranche 1 – £0.5m by April 2025; Tranche 2 – £0.6m by April 2026; and Tranche 3 – £0.6m by April 2028. During 2023-24 £0.195m of the Tranche 1 target was achieved, leaving £0.305m to be achieved by April 2025. As the tranches are in two year 'blocks' there is flexibility to defer savings into the following year, which has been observed for 2024-25. The reason for the deferral is well-understood and due to the need for consultation required for specific income increases. Internal Audit identified the timeliness of referrals to Members of these types of decisions for approval as an area of improvement, the Council is in the process of responding to this recommendation.

The Council identified savings schemes for 2024-25 in excess of the £0.305m target. These savings, and those achieved to date, are recurring in nature and have a multi-year benefit, contributing to future financial sustainability. The Council has a pipeline of savings to call upon over and above the target, to maximise delivery or reduce financial pressures in future financial years. Savings are planned over the length of the MTFP, although savings included for 2026-27 and beyond are unidentified and remain a priority for the Council to develop fully drawn up plans. The Council continues to include achievement of its savings target within the Savings and Transformation Strategy as a red-risk on the Strategic Risk Register until such time as options for full delivery of the 'gap' have been identified.

The Council’s Strategy seeks to achieve savings from a range of opportunities, however we note that in 2023-24 the savings achieved were limited to those in income generation and cost recovery, in-service efficiencies and service changes/reductions. A similar scope is planned for in the medium-term, and therefore there may be opportunity to broaden the scope of future plans, which would be well-supported by learning lessons from savings schemes already delivered. See pages 18-19 for improvement recommendation.

Review of the Savings and Transformation Strategy was included in the 2023-24 Internal Audit Plan. The review was completed and received Adequate Assurance with Good Prospects for Improvement, an overall positive rating. The work acknowledges that Management has robust processes in place for identifying and reporting savings to Members and that the Council was successful in achieving a proportion of the Tranche 1 savings. It also acknowledges that £0.305m savings from Tranche 1 have been rolled into 2024-25 suggests that this a medium-risk recommendation, since plans have already been drawn up to achieve this target.

Amber

No significant weaknesses in arrangements identified, but improvement recommendations made

Financial sustainability



We considered how the audited body:

Commentary on arrangements

Assessment

Plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities

The Council has a newly developed and approved Corporate Strategy covering 2023 to 2027. It has four key objectives supported by a series of actions to achieve each, as well as complementary supporting strategies. There is clear focus on savings and transformation, environment and climate, housing and homelessness, digital innovation and partnership working. There is a 5% decrease overall in the net expenditure budget between 2024-25 and 2023-24, resulting in reductions across most Directorates to achieve this. However, the Council continues to prioritise its key objectives by setting aside funds in earmarked reserves, directly aligned to its Corporate Strategy and supporting strategies. The largest contributions in 2024-25 are in relation to reserves for the regeneration of Tonbridge Town Centre (£1.85m) and homelessness reduction (£1.45m).

Despite an overall underspent position for 2023-24, the Council experienced overspends in certain services, which have been offset by underspends elsewhere. The most significant of the overspends related to the cost of Temporary Accommodation and Homelessness where expenditure was £0.248m above the revised estimate and was met from the Homelessness Reserve, which was set aside in prior years in anticipation of rising demand. National data and work with external consultants identified that pressures in temporary accommodation relate to supply, unit cost and demand side factors. The Council initially engaged external consultants in October 2021 to undertake a review of temporary accommodation processes at the Council and make recommendations that would reduce the use of this type of accommodation. The recommendations were formulated into an action plan and this resulted in decline in temporary accommodation numbers between March 2021 and March 2023. However, demand rose again in 2023-24 and the Council re-engaged the same consultants to identify further recommendations to improve performance. The results of this work were presented to Members in April 2024 and are expected to be implemented in 2024-25.

The 2023-24 and 2024-25 Capital Programme includes limited investment in temporary accommodation. The Council also commissioned Altair Consultants to research and report on sustainable temporary accommodation delivery options, as part of the Local Government Association Housing Advisers Programme, to deliver 40 sustainable temporary accommodation units. This produced several options which were presented to Members in January 2024 and resulted in a Temporary Accommodation Portfolio Action Plan. This seeks to provide accommodation via the modular construction of new homes, private sector leasing, partnership working with registered providers, social lettings agency and re-purposing existing stock. Progress of the action plan is in the early stages with consideration of suitable sites, understanding legal position and due diligence work completed by the end of 2023-24 for the modular build and other options being in the research phase. As this action plan progresses, this is expected to expand the scope of the capital response.

Green

No significant weaknesses in arrangements identified or improvement recommendation made

Financial sustainability



We considered how the audited body:

Commentary on arrangements

Assessment

Ensures its financial plan is consistent with other plans such as workforce, capital, investment and other operational planning which may include working with other local public bodies as part of a wider system

The Council's Capital Programme outturn was £1.07m against a revised estimate of £2.306m, an underspend of £1.246m. The majority of this slippage was a result of capital renewals (£0.947m) where vehicles, plant and machinery are not replaced until necessary. The slippage is specifically attributed to the delayed replacement of gym equipment at the Council's leisure centre facilities, golf course and swimming pool. The Council worked with Tonbridge Leisure Trust to undertake a review of the equipment required based on post-Covid trends, to avoid a like-for-like replacement programme, instead favouring replacement equipment based on updated requirements. The Council has now placed an order for the required equipment and delivery is expected over the 2024-25 Christmas period, as such, response to the challenges observed has already been actioned. The 2024-25 quarter 1 capital position is yet to show significant improvement, however this is due to the timing of the equipment replacement being planned for quarter 3 of 2024-25, a conscious decision to avoid the busy summer period for these facilities. The Council expects an improved position at the end of 2024-25 and we will review outcomes in 2024-25 to determine if the Council's actions were successful in reducing capital slippage.

Green

No significant weaknesses in arrangements identified or improvement recommendation made

Identifies and manages risks to financial resilience, e.g. unplanned changes in demand, including challenge of the assumptions underlying its plans

The Council identified the risk of not being able to balance the budget, a legal requirement, as a red-rated risk on the Strategic Risk Register until January 2024. Following a review of the risk register, with support from external consultants in analysing risk management arrangements, the risk was downgraded to an amber rating. This appropriately reflects the financial environment at the Council, having achieved an underspend in 2023-24 and setting a balanced MTFP. The delivery of the Savings and Transformation Strategy remains categorised as red-rated on the Strategic Risk Register, emphasising the importance of developing plans for unidentified savings balancing the MTFP from 2026-27 onwards. These risks are supported by a comprehensive list of mitigating actions and allocated to a responsible officer to ensure progress can be effectively monitored.

Within the budget setting information, the Council identifies an extensive list of operational and financial risks, covering a wide range of supply, demand, income, and expenditure risks. We have identified the opportunity to review the risks for completeness and to ensure that Members are provided with sufficient detail to support their decision making, in light of these potential risks and have raised an improvement recommendation on page 19.

Detailed estimates developed to inform the budget setting process are formulated by Finance in conjunction with individual services, taking into account past outturn, current spending plans, and future demand levels/pressures. This extensive analysis is not directly presented to Members so as not to overwhelm them with information, instead presenting the most likely scenario. There is potential to explore providing more analysis to Members and this is explored further as part of our improvement recommendation.

Amber

No significant weaknesses in arrangements identified, but improvement recommendations made

Financial sustainability



Areas for improvement

Review of Reserves Assumptions

The Council prepares a Reserves Analysis as part of the budget setting process, this presents Members with details of actual and forecast reserves from 2019-20 to 2033-34. It draws particular attention to specific earmarked reserves for future expenditure on Tonbridge Town Centre, Climate Change, Homelessness Accommodation and Transformation. The forecast demonstrates that these reserves will be held at a constant value for the length of the MTFP, suggesting they will remain unused. Our work has identified several plans, strategies and financial pressures in these areas and therefore would suggest future expenditure may be required to support them. As such, it would be reasonable to expect these reserves to be required and there appears to be potential over-optimism in the reserves forecast. The Reserves Analysis would benefit from review to ensure Members have reliable information with which to base their decisions. The reserves position is strong and therefore does provide some headroom, should revised estimates require use of reserves in the future for these specific purposes.

Improvement recommendation 1: The Council should review and update their reserves forecast in the MTFP to address any potential over-optimism in its assumptions.

Review of Savings Strategy – diversification and post implementation reviews

Savings identified and delivered in 2023-24 were limited to schemes focused on income generation and cost recovery, in-service efficiencies and service changes/reductions. The scope of savings in the MTFP continues to be more heavily weighted towards these areas, with £1m of the £1.7m target. The Council's Strategy also allows for savings to be delivered from other sources such as contracts, organisation structure changes, partnership funding and asset management. There is opportunity to diversify the savings portfolio in the medium-term, towards these more transformational sources.

The Council developed, and built up, a Transformation Reserve which is earmarked for investment in these types of savings schemes. The 2024-25 budget includes a net contribution of £0.468m to this reserve to provide resources for the Council to invest in transformation schemes in future years and broaden the scope of the Savings Programme.

Discussions with Officers confirm that, following a change of Chief Executive in July 2024, it is expected that the Savings and Transformation Strategy will be reviewed and refocused as part of the budget preparations for 2025-26.

Transformational projects are different in nature from the current savings schemes in place, they tend to be multi-year schemes requiring close management and monitoring due to their larger scale and relative complexity. It is commonplace for such schemes to be managed by a central or departmental Programme Management Office (PMO), although it is acknowledged that employing a specific and permanent officer to deliver this role can be costly and cost should be balanced with benefit. The aim of the PMO is to ensure there are strong governance foundations for managing, monitoring and reporting on key aspects of such projects is vital in ensuring successful delivery. The Council confirmed that, following the outcome of the anticipated review of the Strategy, adopting a PMO methodology may be considered, as opposed to employing a permanent PMO, which is not considered realistic by officers in terms of cost vs benefit.

We raised an improvement recommendation in relation to savings in our 2022-23 work, for which a detailed response is provided on page 45. We acknowledge the progress that has been made in 2023-24 and consider it to be superseded by this recommendation focussing on diversification.

Post implementation reviews of savings schemes that have, both delivered as expected and under delivered, are useful tools in identifying success factors to maximise delivery in future projects, or for learning lessons and identifying improvement points, ensuring any issues are not replicated across the programme. We enquired as to whether such reviews take place.

Financial sustainability



Whilst no formal reviews of the savings achieved have taken place, there was an informal overview by Finance which highlighted key trends. This identified that the largest savings were in relation to special expenses and transfer of services to the Leisure Trust. As the Strategy develops it may be beneficial to formalise such reviews to expand knowledge and apply lesson learned to future schemes.

Improvement recommendation 2: The Council should review and broaden the scope of its Savings and Transformation Strategy to take advantage of transformation opportunities, with the aim of maximising future savings potential. To ensure that underlying governance arrangements are robust in supporting these types of projects the Council would benefit from formalising post-implementation reviews of savings schemes already delivered and considering using a Programme Management Office methodology to delivering schemes.

Budget Risks and Analysis

Within budget setting information, the Council identifies an extensive list of operational and financial risks, covering a wide range of supply, demand, income, and expenditure risks. The majority of risks considered are within expectation, appropriately reflecting sector-wide issues and issues specific to the nature of the Council's services. One exception noted was lack of consideration of the risk associated with the uncertainties around the General Election. This had not taken place at the time the budget was set, but was expected, and the uncertainty around a change of leadership and government policy has the potential to directly impact Council finances. In addition, the risks identified are provided to Members as a list, but Members received limited additional information on the likelihood, potential financial impact and mitigating actions within the budget itself. This would be of benefit to Members when making financial decisions.

Discussion with officers confirms that, in formulating the budget estimates and risks, Finance works closely with services to undertake detailed analysis considering sensitivities, trends and different scenarios that could occur depending on changes

to key assumptions in the budget and MTFP. The most likely scenario is presented to Members but the detailed narrative in the budget setting information makes it clear that this supporting analysis has taken place to arrive at the budget. In later years of the MTFP there are savings included that are not yet identified, and reserves use may be required in 2027-28 and 2028-29 to balance the budget. This demonstrates that pressure is inherent in medium-term plans and therefore the plan is sensitive to changes in income and expenditure assumptions. Members may benefit from further information, at a high-level, of the potential optimistic and pessimistic scenarios they may be faced with. Our understanding is that this data is already collated and analysed, as such the recommendation is increasing awareness of Members to this information, in a summarised format within the existing MTFP, so as not to require further appendices or data within reports to Members.

Improvement recommendation 3: The Council should review and update their budget setting process to ensure that a complete set of risks is identified, and that information to provide context to those risks is provided and Members are made aware of possible medium-term scenarios the Council may face.

Governance



We considered how the Audited Body:	Commentary on arrangements	Assessment
Monitors and assesses risk and gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud	In response to recommendations from both External and Internal Audit reviews the Council engaged external consultants, Zurich Risk Management, to carry out a review of the Risk Management Strategy and Strategic Risk Register and suggest updates to existing processes to ensure they remain robust, fit for purpose and reflect best practice. The results of the review were presented to Audit Committee Members in January 2024. Improvement identified from this work included defining risk appetite levels, clarifying roles and responsibilities and exploring the possibility of including risk management as an integrated part of other strategies. The findings were formulated into an action plan, with most actions due for completion by January 2025. The Director of Finance and Transformation is designated as the Officer Risk Champion, supported by the Chair of the Audit Committee as the Member Risk Champion. They have assumed responsibility for holding officers to account for completion of the recommendations. The Audit Committee received an update on progress against the action plan in September 2024, progress was noted against each point. Two recommendations were due for completion in November 2024, the training required to respond to these recommendations was delivered in October 2024. As such, we have observed transparency, accountability and responsiveness being evidenced in the process. As part of the Zurich work officers undertook a wholesale review of the risks, and scoring of risks, within their Strategic Risk Register, to ensure they remain appropriate. This resulted in several changes including downward movement in a number of risk scores and a reduction in the number of red-rated risks. The number and type of risks remains within our expectation for a Council of this size, the nature of operations and to ensure effective discussion of risks. It is clear that the Council has not treated this review as a one-off exercise and iterative changes have been made since, to ensure the register can continue to reliably inform decisions. The Council continues to be effectively supported by its Internal Audit service, which provides sufficiently regular updates to the Audit Committee. The Audit Committee’s review of Internal Audit for 2023-24 was positive in its findings, this is supported by a client satisfaction score of the service of 100% against a target set by the service of 90%. Internal Audit completed 93% of the audit plan against a target of 90%. In addition, Internal Audit’s self-assessment of its compliance with Public Sector Internal Audit Standards received the highest available rating of ‘generally conforms’. The overall Internal Audit opinion for the Council for 2023-24 was positive, receiving an overall rating of ‘substantial assurance’. Recommendations were raised in-year, at year end 88% were implemented, nearing completion or in progress, with the Council responding at an adequate pace, and continues to take these forward in 2024-25. There was a focus on prioritising high priority recommendations, and all but one of these was addressed by year-end.	Green No significant weaknesses in arrangements identified or improvement recommendation made

Governance



We considered how the Audited Body:	Commentary on arrangements	Assessment
Approaches and carries out its annual budget setting process	The budget setting process remained consistent with the prior year, where no issues were identified, remaining robust. It is a well-understood and collaborative process, which includes effective input and scrutiny from Heads of Service, Service Managers, Finance, Overview and Scrutiny Committee and Cabinet Members at several stages throughout the year. The estimates are based in data analysis and a full suite of information is provided to Members to aid their decision-making, via a series of appendices to the budget. The Council is proactive in seeking iterative improvements to the budget setting process, to ensure that it is adaptable and continues to be effective in achieving financial sustainability. Finance and Members are in regular communication, this has led to considerations of involving Scrutiny Select Committees in evaluating savings proposals and implementing a 'Star Chambers' process to support the 2025-26 budget and beyond. The budget and Medium-Term Financial Plan (MTFP) inform each other and are updated simultaneously each year. The MTFP is planned for over a long-term planning horizon of 10 years, as opposed to a more traditional 3-5 year timeframe. By the nature of this timeframe more uncertainty is present in later years of the MTFP, which Members should be mindful of in their decision-making. The Council updates estimates annually to ensure new information is taken into account and uncertainties mitigated as far as is possible. The Council also has a policy, and track record since 2019-20, of building reserves to respond to future uncertainties. The Council has not undertaken a dedicated budget consultation with the public for some time, this is a conscious decision, as the Council is confident in the robustness of its budget process. There is a significant level of internal stakeholder engagement on the budget and there has been public consultation on the Corporate Strategy 2023-27, which determines the Council objectives that ultimately underpin the budget. There is no legal requirement to consult widely on the budget, and so, although there is a benefit to gaining resident's views, current arrangements are appropriate.	Green No significant weaknesses in arrangements identified or improvement recommendation made

Governance



We considered how the Audited Body:

Commentary on arrangements

Assessment

Ensures effective processes and systems are in place to ensure budgetary control; to communicate relevant, accurate and timely management information; supports its statutory financial reporting; and ensures corrective action is taken where needed, including in relation to significant partnerships

Members monitor the Council's financial performance via Financial Planning and Control Reports. In 2023-24 they received these reports in early July 2023 and October 2023 for the position at the end of May 2023 and August 2023, respectively. The year end-outturn position was then presented in July 2024. To ensure that Members are receiving sufficiently regular and relevant information with which to reliably base their financial decision we would expect at least quarterly monitoring of the financial position, and information to be presented within 1-2 months of the period under review. Although the time-lag in information is acceptable the Cabinet did not received information for every quarter in 2023-24, with no financial reporting received for the period between August 2023 and March 2024. Therefore, should actions need to be taken to respond to emerging financial risks, Members are not provided with the opportunity to do so in a timely manner. An improvement recommendation has not been made as the year end outturn position was positive, and so limited evidence of emerging risks requiring a response. In addition, officers acknowledged the need for quarterly monitoring and have begun to action this for 2024-25, reporting quarterly to Cabinet and the Finance and Regeneration Scrutiny Select Committee.

The format of the Financial Planning and Control reports remains consistent with prior years, it focusses on presenting performance across key revenue budget areas (salaries, key income streams, investment income, Member decisions, services with overspends over £5,000 and investment income). However, it does not analyse the budget on a line-by-line basis, instead focussing Member attention and discussion in these areas and balancing the capacity of the finance team with the need to provide information in a timely manner. The overall financial position of the Council is well-managed, as such the reporting reflects the level of financial risk. Should the financial risk profile of the Council increase, officers should be adaptable in their reporting. We have identified an area for improvement in the current reporting format, that we feel would be beneficial to Members' understanding of Council-wide performance, we provided details on page 24.

Amber

No significant weaknesses in arrangements identified, but improvement recommendations made

Ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency, including from audit committee

Member decisions are clearly and transparently presented at each Committee, including Cabinet. Reporting of decisions is both retrospective and forward-looking. Cabinet receives a Notice of Forthcoming Key Decisions. This informs Members of key decisions ahead of time and provides the opportunity to research, gather information, ask questions of officers or request additional information ahead of the decision to ensure they are fully informed when the decision is required. Links to relevant reports are also included to aid this process. This contributes to a robust and transparent decision-making culture.

Members are supported in their decision-making by three Scrutiny Select Committees which were established in May 2022 and introduced to scrutinise decisions made by the Cabinet and Cabinet Members, and to hold the executive to account. These committees were consulted in-year on several policies and key decisions such as procurements,

Amber

No significant weaknesses in arrangements identified, but improvement recommendations made

Governance



We considered how the Audited Body:	Commentary on arrangements	Assessment
Ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency, including from audit committee (continued)	budget and financial monitoring, non-financial performance and key policies such as the Corporate Strategy. Cabinet observes and discusses the Scrutiny Select Committee, and Overview and Scrutiny Committee recommendations within their decision-making, to assist in effectively fulfilling their purpose. The Council has a readily accessible, easy to understand and up to date Code of Conduct for Members and Officers. This includes clear policies for gifts and hospitality and declarations of interest, with the aim of avoiding conflicts of interest in decision-making. Declarations of interest are requested and made at the start of each Committee and Cabinet meeting as required, a public register of interests is also maintained for each Member. In reviewing these publicly available declarations and liaising with the Director of Central Services we have identified an opportunity to increase transparency in this area. We raise a minor improvement recommendation and further details are provided on page 24. The Audit Committee received the Council’s annual review of its arrangements against the Local Code of Corporate Governance in July 2024, a detailed response was provided to each requirement and no gaps in assurances were noted. This is a positive reflection of the Council’s governance arrangements.	
Monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of staff and board member behaviour and where it procures and commissions services	The Council established a Joint Standards Committee, which also includes all Parish Councils within the Borough. The Standards Committee deals with Councillors’ standards and behaviour. It advises on a Local Code of Conduct, hears cases on potential breaches, grants dispensations in certain circumstances and hears complaints that have been referred by the Monitoring Officer. The latest reporting on complaints shows that between August 2023 and July 2024 there were six complaints raised related to the Council and various parishes. This is not deemed to be excessive in context of the size of the Council (44 individual Members) and the number of bodies being monitored (the Council plus 27 Parishes). Four of the six complaints did not pass the legal tests, were rejected or no breach found when investigated. A further two complaints resulted in actions, which were minor in nature such as issuing an apology. Members are kept well informed of issues as they arise as detailed investigations are presented to the Committee for consideration as required, following input from the Independent Person and Standards Panel. The Committee also receives an annual summary of complaints performance.	Green No significant weaknesses in arrangements identified or improvement recommendation made

Governance



Areas for improvement

Budget monitoring forecasting

Within Financial Planning and Control reporting Members are provided with information confirming the full year Council-wide budget, including any revisions. However, more detailed information of profiled budget, actual performance and service level breakdowns focus on specific key areas of the budget. This focusses on the performance against budget for the year-to-date and does not seek to forecast the impact of the in-year position on the year-end outturn position. There is also limited narrative explaining the reasons for any areas of overspend. Overall, the Council's financial performance, overall and by focus area, is positive, however there are areas of overspend at service level which are not explained. Members would benefit from this information to allow them to understand the impact of in-year pressures, if unmitigated, on the year-end financial position and allow them to take appropriate mitigating actions as required. The outturn report, from July 2024, does provide a whole Council view, a detailed appendix at whole Council level and detailed narrative on causes of variances. As such, this provides a useful template for any adaptations to the in-year reporting.

Improvement recommendation 4: The Council should include a year-end forecast and explanations of service level overspends within the Financial Planning and Control budget monitoring reports.

Declarations of interest reporting

We identified examples of Member declarations of interest published online that were several years old, in some cases by 10-12 years. Further investigation highlighted that the information was not in fact outdated, and the underlying process to obtain declarations was robust, however the process was unclear, leading to potential misinterpretation of the reliability of the data. Councillors are required to provide the Director of Central Services with a completed Notification of Disclosable Pecuniary Interests within 28 days of their election, for all newly elected Councillors in May 2023 this has taken place. However, Councillors who are re-elected are not required to do so unless they have new interests not already declared on existing declarations. To ensure that all re-elected Borough Councillors check the accuracy of their previous declarations they are provided with a copy of the most recently submitted declaration, required to review for accuracy and inform Central services of any updates, which are made available online as required. Central Services has confirmed that for 2023-24 all declarations are up to date, following this process. However, the public would be more reliably informed of the integrity of the information if this process was outlined alongside the declarations, if currently dated declarations are published or if a statement confirming no changes to declarations are made for past-dated information.

Improvement recommendation 5: The Council should ensure that past-date declarations of interest are updated for the current year or by way of a statement of confirmation no change, to ensure the public is assured of their reliability.

Improving economy, efficiency and effectiveness

We considered how the audited body:	Commentary on arrangements	Assessment
Uses financial and performance information to assess performance to identify areas for improvement	The Corporate Strategy 2023-2027 was adopted in July 2023. It sets out the Council's vision, priorities and the outcomes to be achieved by 2027. It is supported by an Action Plan, updated annually, which provides detail on the key projects that the Council aims to implement to achieve its priorities. Success of these projects is measured by a newly developed set of 55 key performance indicators (KPIs), each linked to an action within the Plan, and so directly linked to the Strategy objectives via this mechanism, and assigned to a Scrutiny Select Committee for Member oversight of performance. Cabinet is updated on the progress of the action plan annually and performance against the KPIs quarterly. This is sufficiently regular for Members and officers to take actions in a timely manner. Members have demonstrated a good level of engagement with the new performance monitoring process, evidenced by discussion of individual KPIs and trends observed. Of the 30 projects in the 2023-24 Action Plan - two are green-rated and therefore complete. 27 amber-rated projects are in progress, and one has a status to be determined. As such there is clear momentum in delivering objectives. The 2024-25 Action Plan is developed and incorporates a number of the ongoing actions from 2023-24 to ensure these are monitored until delivered in full, alongside 2024-25 priorities. The quarter 4 KPI Report shows that only one metric was red-rated across the entire year, this is the '% Handled Rate (Customer Services)', the target is 93% and the Council had an average of 85.25% over the year, performance declined from 88% at the start of year to 82% at the end of the year. The causal factors, and specific actions to respond to these, are clearly set out in the reporting. We identified the need for significant improvements within the Performance Management Framework as part of our 2022-23 work, leading to the raising of a Key Recommendation, reflecting the weakness observed. The improvements made, specifically the development and regular monitoring of KPIs have effectively responded to the weakness identified and we believe the Key Recommendation to have been responded to in full. Full details of the prior year recommendation and response to each element of our findings can be found on pages 41- 42. The KPI reporting, although established, is an evolving process and the Council seeks to make iterative improvements as the framework embeds. We have identified an improvement recommendation on page 30, to aid with this process. Whilst management acknowledges the current framework will need to be continually refined over the coming months, an Internal Audit review of the new framework was carried out in February 2024 to provide initial assurances on effectiveness, allowing the Council to be proactive in making changes that may be required. The work concluded that the framework offered 'substantial' assurance with very good prospects for improvement, a positive result reflecting positive arrangements and strong foundations in place to support further improvement opportunities.	Amber No significant weaknesses in arrangements identified, but improvement recommendations made

Improving economy, efficiency and effectiveness



We considered how the audited body:

Commentary on arrangements

Assessment

evaluates the services it provides to assess performance and identify areas for improvement

The Council received a Local Government Association Peer Review, and initial follow up, in 2022. Six months after the review the Peer Review Team was pleased to see evidence of progress against their recommendations, of the 10 recommendations 3 were green-rated and complete, and the remainder were amber-rated as in progress. The Council’s Action Plan, put in place to respond to the findings, has continued to be monitored internally. The latest formal review of the Plan was January 2023, by which point six recommendations were rated green and the rest in progress. The Council has progressed these to completion in 2023-24, and so has responded effectively to this external review of its processes. The Council also demonstrated an appropriate pace of response to improvements identified by Internal and External Audit work. Our follow up of prior year recommendations notes progress across each recommendation, many having been fully addressed. 42 Internal Audit recommendations were due during 2023-24, of which 43% have been fully implemented and further 45% in progress or simply awaiting evidence to be provided to Internal Audit to close them.

The Council sought to improve its service delivery, and generate efficiencies, through the procurement of a new software operating system for a wide range of Council services including Planning, Building Control, Housing Improvement, Environmental Health, Licensing, Community Safety, and Land Charges. The initial procurement of the Agile system was approved by Members in March 2022, and the contract signed in May 2022, with an original target completion date of March 2023. This target date was not achieved, and the Council amended the target date on multiple occasions and has progressed some elements of the project more than others. The project is now expected to be delivered in full in 2024-25, following actions taken by the Council to respond to the slippage observed. We believe that the Council would benefit from undertaking a detailed retrospective review of the project, reporting lessons learned to officers and Members, and applying these to future significant projects to avoid similar issues. Further context and our improvement recommendation can be found on page 31.

The Agile project is appropriately identified as a red-risk on the Council’s Strategic Risk Register. This level of risk has been identified based on the challenges with service delivery in departments where implementation has recently taken place, the fact that some modules are yet to be implemented, and that there are still a number of project milestones to meet. We would expect the project to remain a risk until completed to ensure it is monitored sufficiently closely.

Amber

No significant weaknesses in arrangements identified, but improvement recommendations made

Improving economy, efficiency and effectiveness

We considered how the audited body:

Commentary on arrangements

Assessment

Ensures it delivers its role within significant partnerships and engages with stakeholders it has identified, in order to assess whether it is meeting its objectives

The November 2022 follow up of the LGA Peer Review recommendations noted that engagement and co-development of the Corporate Strategy was limited, particularly at the outset and stakeholder engagement could be improved. The updated Corporate Strategy 2023-27 did undergo community consultation prior to its approval in July 2023 and responds directly to the requirements of the LGA Review. The supporting KPIs and monitoring have gone through extensive internal scrutiny, prior to their approval. As such, we feel stakeholder engagement concerns in respect of objectives and performance have been effectively addressed.

The Council continues to have a dedicated Consultations area of the public website. This shows that there were 10 consultation exercises in 2022, increasing to 12 in 2023, and is at 8 to date for 2024. The Council averages around a one per month rate of consultation, which is deemed appropriate for a small district council, where there is a need to balance the benefit of the insight gained with the cost of the consultation process. The consultations undertaken cover a range of services, whilst also linking to key elements of the budget, policies or objectives in the Corporate Plan.

Significant internal engagement takes place on key decisions and policy development, involving the Senior Management Team, Management Team, Overview and Scrutiny Committee, Scrutiny Select Committees and Cabinet. Their involvement has been observed in relation to the Corporate Plan, KPIs and budget information where each of these groups has received information, informally and formally, before a decision is reached. Internal stakeholders are brought together on specific topics or areas of interest as required and one example is a held a Management Team/Cabinet Development Day which took place in November 2023. A number of actions were agreed under the theme of transformation, which are now being incorporated into the 2025-26 budget setting process.

Green

No significant weaknesses in arrangements identified or improvement recommendation made

Commissions or procures services, assessing whether it is realising the expected benefits

Procurement: We raised a multi-part Key Recommendation in relation to procurement arrangements in 2022-23. The Council has an existing internal Officer Study Group which brings together services, legal and finance. Previously the group focussed on discussing specific procurements but the Council had no central team or officer, leading on Council-wide procurement. Following our recommendations, the Director of Street Scene, Leisure and Technical of as member of Management Team, now chairs this Group and is leading on progress the recommendations. The Group meets every 6-8 weeks, discussion ensures that specific actions are assigned to individuals and followed up as the first agenda item at each meeting to achieve accountability.

A vital action to the recommendation response was the decision to join the Mid-Kent Procurement Partnership on a two-year basis. This route was selected as the preferred option, following detailed appraisal, over in-house provision

Red

Significant weaknesses in arrangements identified in the prior year not yet fully addressed, and improvement recommendations made.

Improving economy, efficiency and effectiveness

We considered how the audited body:	Commentary on arrangements	Assessment
Commissions or procures services, assessing whether it is realising the expected benefits (continued)	due to advantage of gaining an already established, knowledgeable and expert team with readily available training, templates, strategies and policies who already support similar councils. The Partnership began to provide services to the Council from 1 May 2024, and work has included drafting a new Procurement Strategy. The outdated Procurement Strategy in place at the Council, from 2017, formed part of our 2022-23 Key Recommendation. The draft Strategy has been provided to the Council and is currently being reviewed through the internal governance structures, it is expected to be finalised in 2024-25. At present the Council has not formally updated its internal governance arrangements in relation to Procurement. The Council intends to develop these arrangements following finalisation of the Procurement Strategy. Assurances on the effectiveness of the arrangements, as they evolve, would be beneficial for the Council to obtain to inform any further improvements that may be required. We have identified this as an area of priority and raised an improvement recommendation for 2023-24 to be addressed alongside completion of the prior year Key Recommendation, further details are on page 31. The Partnership has begun to deliver a first round of training, which has been well-attended and well-received by Council staff. Further training is expected to be rolled out to remaining relevant staff and on other topics, including bribery and fraud. Our full response the prior year recommendation is on page 43-44. We acknowledge the positive progress that the Council has made in responding to the recommendation during 2023-24, however given the timing of the response, and the need for some of the actions to fully complete, the weakness remains applicable to the 2023-24 year and will be reviewed again in 2024-25. When procuring services the Council is able to use tender waivers, where contracts are awarded outside of the Council's existing processes or thresholds as set out in the Procurement Rules. We expect there to be a robust and transparent scrutiny, approval and reporting process in place to reduce the risks associated with this process, ensuring Members have oversight of the use of waivers. Discussions with officers has identified that the Council's processes in this area are more informal in nature than we might expect and we have identified an improvement recommendation on page 31.	

Improving economy, efficiency and effectiveness

We considered how the audited body:	Commentary on arrangements	Assessment
Commissions or procures services, assessing whether it is realising the expected benefits (continued)	Contract management: The Council manages several contracts entered into to deliver its services. Three are considered significant in terms of their value, level of services delivered and length of the contract. These are the contracts for management of the Council’s leisure facilities, grounds maintenance and waste services. Responsibility for each of these contracts sits with the Director of Street Scene, Leisure and Technical, and the day-to-day management of these contracts is the responsibility of this department Each contract includes a series of specific KPIs which are expected to be reported on to the relevant Scrutiny Committee and Management Team, but we have observed this to be inconsistent and could be improved, further details on page 32. In addition, the newly developed Council-wide framework and KPI reporting includes metrics relevant to these services, ensuring significant contracts are effectively captured and monitored via this route. No significant performance issues were highlighted at the latest report to the Communities and Environment Scrutiny Select Committee in September 2024 for the waste contract. Likewise, the latest KPI reporting in relation to the leisure contract for quarter 4 of 2023-24 was also largely positive. A target of 75% score on the associated Balanced Scorecard is set for this contract as, when reached, this suggests that the overall health of the business is strong. The Leisure Trust delivering the contract achieved an overall score for 2023-24 of 74.5%, just 0.5% below target however we note that the Trust took actions within the year to improve with quarter 4 alone being 81.1%. It was the strongest quarter of the year being a 15.1% higher score than quarters 1 and 2 and demonstrating improving performance across all perspectives within the scorecard. It is clear that the Trust identified and successfully addressed declining performance earlier in the year and that the performance management mechanisms in place were effective in their aims to monitor, hold the Trust to account and effect improvement. In 2023-24 and 2024-25 to date, all three of these contracts were reviewed by Internal Audit for the effectiveness of the Council’s contract management arrangements. Each review was positive in its assurances (ratings of Substantial Assurance for the Leisure Trust Contract and Adequate for Waste and Grounds Maintenance). Improvements were noted however where this was the case strong foundations were observed by Internal Audit that provide good prospects for making the improvements. Management accepted all recommendations and developed an action plan to respond with short timescales, demonstrating a desire to make the improvements identified, in some cases the actions were completed by the time the report was finalised.	

Improving economy, efficiency and effectiveness

Areas for improvement

Completeness of benchmarking information

The newly established KPI report to Members includes all the elements we would expect such a report to include to achieve transparency, accountability and provide Members with a full suite of information to inform their decision-making. Notably, this includes assignment of each metric to a responsible officer, RAG rating, trend/direction of travel, a target, benchmarking, link to objectives and comments on the reasons for underperformance against target. In reports during 2023-24 the majority of benchmarking data is yet to be included, instead stated to be 'TBC'. The Council could improve completeness of the benchmarking data. In addition, there are several KPIs where either the data has not been made available or the data has been made available but is currently not meaningful. Officers maintain a spreadsheet which collates the performance information, and drives the KPI reporting, and the expectation is that this will form part of the reporting going forwards.

Improvement recommendation 6: The Council should prioritise the continued development of its KPI reporting to ensure that data is complete.

Agile Project – lessons learned

The Agile system, following approval in March 2022, was due to commence in July 2022 and implemented in full by March 2023. Delivering an annual saving of circa £50,000, compared to the current software platform, from 2023-24. The project would support several Council services including Planning, Building Control, Housing Improvement, Environmental Health, Licensing, Community Safety, and Land Charges. The project experienced delays and this resulted in the target implementation date being revised to January 2023 and the project split into two distinct programmes of work, APAS and PLACIS, prioritising APAS initially. Further delays have occurred, resulting in several revisions to the delivery date.

As a result of the continued slippage the Council requested that their Overview and Scrutiny Committee review the project and report its findings to Members in April 2024, while the project was still in progress. The review focussed on specific lines of enquiry such as communications with Members on the implementation, budget, timescales and learning from other authority users of the system.

Ongoing review of the project, prior to the Overview and Scrutiny Committee Deep Dive, led the Council to take corrective action with the aim of getting the project back on track. Since May 2023, the Council has employed a contract Business Change Project Manager to provide internal project management for the implementation, which was not part of the original project scope. The Manager implemented a range of governance arrangements including communications with relevant internal stakeholders, regular project updates, project risk registers, delivery plans utilising project management software and manages a workstream focused on embedding Agile into the various teams to ensure it can be successfully managed in 'business as usual'. The Manager's contract has recently been extended to ensure they can support the project to completion, now planned for March 2025.

The Project Management support is considered a reactive response, not included in the original project scope. This suggests that processes to develop the initial project scope may not have been robust enough to identify the need for this support from the outset. The Council may wish to undertake a lessons learned exercise from this project and apply to other significant projects, specifically to ensure that the need for a specific project manager or central PMO is considered at the scoping stage.

Improvement recommendation 7: The Council should undertake a retrospective, post-implementation review of the Agile Project to learn lessons for application to future projects to maximise success, minimise delays and ensure consideration of a PMO/project management support is undertaken in the initial stages of project scoping.

Improving economy, efficiency and effectiveness

Procurement partnership governance arrangements

At present the Council has not updated its internal governance arrangements in relation to Procurement, however there is an informal mechanism by which the Council communicates with the Partnership in place. The Partnership Manager at Mid-Kent Partnership reports to the Director of Street Scene, Leisure and Technical as Chair of the internal Officer Study Group with internal procurement oversight. Once the Procurement Strategy is finalised the Council intends to determine where in its internal structure responsibility for the Procurement Contract will sit and this will determine reporting lines for the Partnership, including the relevant Director and Scrutiny Select Committee.

Performance monitoring of the contract with the Partnership is intended to be undertaken via Officer Study Group. However, this is subject to change depending on the reporting lines agreed following completion of the Strategy. It is clear that arrangements are evolving and the situation is dynamic. We expect arrangements to be formalised and permanent when we review arrangements in 2024-25 and we suggest that the Council prioritises this to ensure a more formal process of performance review and KPI monitoring of the partnership for transparency and accountability.

As the Partnership arrangement is newly-established, it is related to an area of risk highlighted in our prior year work, and internal governance arrangements to monitor performance of the Partnership are developing, the Council would benefit from an Internal Audit review of these arrangements. The review would provide officers and Members with assurances on the effectiveness of arrangements. This will also allow the Council to act promptly should improvements be identified, while arrangements are embedding to ensure they develop effectively.

Improvement recommendation 8: The Council should prioritise the formalisation of the governance arrangements to monitor the effectiveness of the Procurement Partnership, supported by an Internal Audit review of arrangements.

Tender waiver process

The Council has a process in place for the approval of tender waivers, however this is more informal in nature, and lacks the transparency we would deem appropriate based on the risks associated with awarding contracts outside of due process. Requests for waivers are sent to the relevant Head of Paid Service, Chief Executive, Monitoring Officer and the Section 151 Officer via email, seeking approval for the waiver to be used. Details of the reason for the waiver, nature of the contract, costs and other relevant information is reviewed and approval granted as appropriate by three statutory officers as a minimum. The entire process is undertaken, and evidenced, via an email trail with no formal reporting or oversight by Members.

Formalising and strengthening these arrangements should be a priority to achieve transparency and effective oversight. It is our understanding that the Council plans to work with its Procurement Partnership to review and update arrangements and has initiated these discussions. Updated arrangements are expected to include the use of standardised waiver request templates, central management of the information for all Council waivers, and regular reporting to the Audit Committee.

Improvement recommendation 9: The Council should establish formal processes for the requesting, approving, reporting and oversight of tender waivers.

Improving economy, efficiency and effectiveness

Consistency of KPI reporting to Members

It is expected that the Communities and Environment Scrutiny Select Committee receives performance reporting against agreed KPIs, sufficiently regularly for the Council's key contracts, to be able to monitor performance and hold officers and contractors to account as required. During 2023-24 Members received performance reporting for the waste contract at the June and September 2023 Committee meetings, as such there is a programme of 6-monthly review, with a 2-3 month lag in the information being presented. The September 2024 meeting was cancelled and so Members have not had sight of performance beyond July 2024. No significant concerns were raised in the previous reporting, and metrics related to the waste contract are included in the regular Council-wide KPI reporting which does provide some assurances in lieu of this information.

Regular communication takes place between the Council and the Leisure Trust, these are informal in nature and are expected to be supported by formal quarterly reporting to the Scrutiny Select Committee. The latest performance report taken to the Committee was July 2023 for performance during the period January to March 2023. However, we were able to obtain the January to March 2024 report directly from officers. As such the information has been provided and reviewed, but not formally by Members.

There is no KPI reporting on the grounds maintenance contract observed at the Committee or obtained from officers. However, the Council has considered performance as part of the Grounds Maintenance Contract Procurement, which included the incumbent provider, who were ultimately reappointed. Given a new contract is in place from January 2025 this provides opportunity for the Council to establish performance monitoring and reporting arrangements for this contract.

It is clear that the Council could make improvements to ensure that it upholds and consistent and regular schedule of performance monitoring of its key contracts by Members.

Improvement recommendation 10: The Council should ensure it establishes, or maintains, a consistent and regular schedule of performance monitoring of its key contracts for leisure, waste and grounds maintenance by Members, via its Scrutiny Select Committee structure.

Value for Money Recommendations raised in 2023-24



Recommendations raised in 2023-24

Recommendation	Type of recommendation *	Criteria impacted	Evidence	Impact or possible future impact	Actions agreed by Management
IR1 The Council should review and update their reserves forecast in the MTFP to address any potential over-optimism in its assumptions.	Improvement	Financial sustainability	2024-25 Budget and MTFP	Reserves are a key mechanism by which the Council responds to future financial risk, and so their accuracy is important in achieving future financial sustainability.	Action: A full review of earmarked reserves and a forecast of spend will be undertaken following the setting of the 2025/26 budget in February 2025, and presented to Cabinet by November 2025. For future forecasts of MTFS, profile of spend within reserves will be included. Responsible Officer: Sharon Shelton, Director of Finance & Transformation Executive Lead: Kim Tanner, Cabinet Member for Finance and Housing Due date November 2025

* Explanations of the different types of recommendations which can be made are summarised in Appendix B.

Recommendations raised in 2023-24

Recommendation	Type of recommendation *	Criteria impacted	Evidence	Impact or possible future impact	Actions agreed by Management
The Council should review and broaden the scope of its Savings and Transformation Strategy to take advantage of transformation opportunities, with the aim of maximising future savings potential. To ensure that underlying governance arrangements are robust in supporting these types of projects the Council would benefit from formalising post-implementation reviews of savings schemes already delivered and considering using a Programme Management Office methodology to delivering schemes.	Improvement	Financial sustainability	2024-25 Budget MTFP – Savings Plans 2023-24 Outturn 2024-25 Budget Monitoring to date Discussions with Director of Central Services and Finance	Savings are vital in protecting reserves, closing budget gaps and ultimately achieving financial sustainability in the medium-term. Strong governance is key to maximising savings identification and delivery.	Action: A full review of the scope of the Savings and Transformation Strategy will be undertaken following the setting of the Budget in February 2025. Consideration will be given to implementing a template for Services to review and regularly report back to Members on the savings they deliver. It is not felt that the establishment of a Programme Management Office is feasible given the size and scale of the organisation, however the methodology is worthy and consideration will be given to how this can be adopted. Responsible Officer: Damian Roberts Chief Executive and Sharon Shelton, Director of Finance & Transformation Executive Lead: Matt Boughton Leader and Kim Tanner Cabinet Member for Finance and Housing Due date: Initial report to Cabinet July 2025

Recommendations raised in 2023-24

Recommendation	Type of recommendation *	Criteria impacted	Evidence	Impact or possible future impact	Actions agreed by Management
IR3 The Council should review and update their budget setting process to ensure that a complete set of risks is identified, and that information to provide context to those risks is provided and Members are made aware of possible medium-term scenarios the Council may face.	Improvement	Financial sustainability	2024-25 Budget and MTFP	Having a full suite of information in relation to potential risks in the budget allows Members to prioritise actions to mitigate risks accordingly.	Action: Sensitivity analysis for the MTFS will be presented to Members with effect from November 2024. The s25 statement will also include reference to the sensitivity analysis in terms of the MTFS from the next statement in February 2025 Responsible Officer: Sharon Shelton, Director of Finance & Transformation Executive Lead: Kim Tanner Cabinet Member for Finance and Housing Due date February 2025
IR4 The Council should include a year-end forecast and explanations of service level overspends within the Financial Planning and Control budget monitoring reports.	Improvement	Governance	Budget Monitoring and Outturn Reports	It is important that Members and officers understand the year-end impact of in year pressures so they can take action in a timely manner.	Action: A forecast of year end position will be given based on the “to date” information. Responsible Officer: Sharon Shelton, Director of Finance & Transformation Executive Lead: Kim Tanner Cabinet Member for Finance and Housing Due date: Immediate

Recommendations raised in 2023-24

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Recommendation	Type of recommendation *	Criteria impacted	Evidence	Impact or possible future impact	Actions agreed by Management
IR5 The Council should ensure that past-date declarations of interest are updated for the current year or by way of a statement of confirmation no change, to ensure the public is assured of their reliability.	Improvement	Governance	Register of Interests Discussion with Director of Central Services	It is important that interests are transparent to allow for appropriate scrutiny and to avoid potential conflicts of interest.	Action: Write to all Borough Councillors to request that they check their Disclosure of Pecuniary Interests declaration to ensure it is up to date. All Members to either confirm that the declaration remains up to date or submit an updated declaration Responsible Officer: Adrian Stanfield, Director of Central Services and Deputy Chief Executive Executive Lead: Dave Davis, Chair of Joint Standards Committee Due date: March 2025
IR6 The Council should prioritise the continued development of its KPI reporting to ensure that data is complete.	Improvement	3Es	Quarterly Performance Monitoring Reports	Having a full suite of information in relation to performance allows Members to prioritise actions to respond to underperformance in an effective manner.	Action: Quarterly reporting of new Annual Service Delivery Plan 25/26 (comprising priority actions and KPIs) at O&S and Cabinet Responsible Officer: Damian Roberts, Chief Executive Executive Lead: Matt Boughton, Leader Due Date: September 2025

Recommendations raised in 2023-24

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R7

Recommendation	Type of recommendation *	Criteria impacted	Evidence	Impact or possible future impact	Actions agreed by Management
The Council should undertake a retrospective, post-implementation review of the Agile Project to learn lessons for application to future projects to maximise success, minimise delays and ensure consideration of a PMO/project management support is undertaken in the initial stages of project scoping.	Improvement	3Es	Agile Implementation Review	A lesson learned review seeks to ensure that issues causing delays are not repeated on future projects, which ultimately has a cost impact to the Council.	Action: Implementation Review for Built Environment (APAS) modules underway, review for Public Protection (PLACIS) modules to be scheduled in 25/26 audit plan when implementation date is confirmed. Strategic review of Agile project including procurement, change management, Member engagement and risk management to be delivered in Jan-March 2025. Responsible Officer: Damian Roberts, Chief Executive and Eleanor Hoyle, Director of Planning, Housing and Environmental Health Executive Lead: Matt Boughton, Leader and Kim Tanner, Cabinet Member for Finance and Housing Due Date: July 2025

Recommendations raised in 2023-24

Recommendation	Type of recommendation *	Criteria impacted	Evidence	Impact or possible future impact	Actions agreed by Management
IR8 The Council should prioritise the formalisation of the governance arrangements to monitor the effectiveness of the Procurement Partnership, supported by an Internal Audit review of arrangements.	Improvement	3Es	Procurement Partnership Contract Discussion with Director of Street Scene, Leisure and Technical	To ensure a key partnership, such as this, is effective in its purpose, a robust performance management framework is required to provide assurances.	Action: Director of Street Scene, Leisure & Technical Services as taken responsibility for procurement within the organisation and chairs a bi-monthly delivery group meeting involving officers from across the organisation and the manager of the Procurement Partnership to ensure progress is being made. This meeting is minuted and reported to Management Team for corporate awareness. A formal annual review meeting of the partnership is programmed to take place as part of the contracted arrangements between the Council and the Partnership. An annual review report will be developed and reported to the Council's Audit Committee for Member consideration. The annual programme of work is determined by the new Procurement Strategy. Responsible Officer: Robert Styles, Director of Street Scene, Leisure and Technical Services Executive Lead: Martin Coffin, Cabinet Member for Transformation and Infrastructure Due date: May 2025

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Recommendations raised in 2023-24

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Recommendation	Type of recommendation *	Criteria impacted	Evidence	Impact or possible future impact	Actions agreed by Management
IR9 The Council should establish formal processes for the requesting, approving, reporting and oversight of tender waivers.	Improvement	3Es	Discussions with Director of Street Scene, Leisure and Technical and Finance	Tender waivers represent a departure from due process, and so carry a higher risk than regular procurements, as such they require closer attention to ensure they are appropriate.	Action: A formal process involving a new template will be established for the approval and oversight of tender waivers. Responsible Officer: Robert Styles, Director of Street Scene, Leisure and Technical Services Executive Lead: Martin Coffin, Cabinet Member for Transformation and Infrastructure Due Date: April 2025
IR10 The Council should ensure it establishes, or maintains, a consistent and regular schedule of performance monitoring of its key contracts for leisure, waste and grounds maintenance by Members, via its Scrutiny Select Committee structure.	Improvement	3Es	Scrutiny Select Committee Contract KPI Reporting Quarterly Performance Monitoring Reports [Council-wide]	Having a full suite of information in relation to performance allows Members to prioritise actions to respond to underperformance in an effective manner.	Action: Inclusion of Key Contract KPIs in the new Annual Service Delivery 2025/26 for scrutiny by Members on a quarterly basis. The performance of the leisure, waste and ground maintenance contracts will be reported to the Communities & Environment Scrutiny Select Committee including key performance indicators approved by Members Responsible Officer: Damian Roberts, Chief Executive and Robert Styles, Director of Street Scene Leisure and Technical Services Executive Lead: Matt Boughton, Leader and Martin Coffin Cabinet Member for Transformation and Infrastructure Due Date Annual Service Delivery Plan 25/26, including Key Contract KPIs agreed by Cabinet February 2025. Community and Environment Scrutiny Select Committee April 2025.

Appendices

Appendix A: Responsibilities of the Council

Public bodies spending taxpayers' money are accountable for their stewardship of the resources entrusted to them. They should account properly for their use of resources and manage themselves well so that the public can be confident.

Financial statements are the main way in which local public bodies account for how they use their resources. Local public bodies are required to prepare and publish financial statements setting out their financial performance for the year. To do this, bodies need to maintain proper accounting records and ensure they have effective systems of internal control.

All local public bodies are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness from their resources. This includes taking properly informed decisions and managing key operational and financial risks so that they can deliver their objectives and safeguard public money. Local public bodies report on their arrangements, and the effectiveness with which the arrangements are operating, as part of their annual governance statement.

The Chief Financial Officer (or equivalent) is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Chief Financial Officer (or equivalent) determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Chief Financial Officer (or equivalent) is required to prepare the financial statements in accordance with proper practices as set out in the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom. In preparing the financial statements, the Chief Financial Officer (or equivalent) is responsible for assessing the Council's ability to continue as a going concern and use the going concern basis of accounting unless there is an intention by government that the services provided by the Council will no longer be provided.

The Council is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.



Appendix B:

Value for Money auditor responsibilities



Value for Money arrangements work

All councils are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness from their resources. This includes taking properly informed decisions and managing key operational and financial risks so that they can deliver their objectives and safeguard public money. The audited body's responsibilities are set out in Appendix A.

Councils report on their arrangements, and the effectiveness of these arrangements as part of their annual governance statement.

Under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The National Audit Office (NAO) Code of Audit Practice ('the Code'), requires us to assess arrangements under three areas:



Financial Sustainability

Arrangements for ensuring the Council can continue to deliver services. This includes planning resources to ensure adequate finances and maintain sustainable levels of spending over the medium term (3-5 years).



Governance

Arrangements for ensuring that the Council makes appropriate decisions in the right way. This includes arrangements for budget setting and management, risk management, and ensuring the Council makes decisions based on appropriate information.



Improving economy, efficiency and effectiveness

Arrangements for improving the way the Council delivers its services. This includes arrangements for understanding costs and delivering efficiencies and improving outcomes for service users.

Phase 1 – Planning and initial risk assessment

As part of planning we assess our knowledge of the Council's arrangements and whether we consider there are any indications of risks of significant weakness. This is done against each of the reporting criteria and continues throughout the reporting period.

Information which informs our risk assessment	
Cumulative knowledge and experience of the audited body	Annual Governance Statement and the Head of Internal Audit annual opinion
Interviews and discussions with key stakeholders	The work of inspectorates and other regulatory bodies
Progress with implementing recommendations	Key documents provided by the audited body
Findings from our opinion audit	Our knowledge of the sector as a whole

Phase 2 – Additional risk-based procedures and evaluation

Where we identify risks of significant weakness in arrangements we will undertake further work to understand whether there are significant weaknesses. We use auditor's professional judgement in assessing whether there is a significant weakness in arrangements and ensure that we consider any further guidance issued by the NAO.

Phase 3 – Reporting our commentary and recommendations

The Code requires us to provide a commentary on your arrangements which is detailed within this report. Where we identify weaknesses in arrangements we raise recommendations. A range of different recommendations can be raised by the Council's auditors as follows:

- **Statutory recommendations** – actions which should be taken where significant weaknesses are identified with arrangements. These are made under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014 and require discussion at full Council and a public response.
- **Key recommendations** – actions which should be taken by the Council where significant weaknesses are identified within arrangements.
- **Improvement recommendations** – actions which should improve arrangements in place but are not a result of identifying significant weaknesses in the Council's arrangements.

Appendix C:

Follow-up of previous recommendations

	Recommendation	Type of recommendation	Date raised	Progress to date	Addressed?	Further action?
		*				
Page 463	KR1 3Es - The Council needs to improve its performance management arrangements by:	Key	September 2023	1-3. The Corporate Strategy 2023-2027 was adopted in July 2023. It is supported by an Action Plan which provides detail on the key projects that the Council aims to implement to achieve their priorities within the Strategy. It is also supported by a set of KPIs, representing the mechanism for performance monitoring under the newly developed Performance Management Framework. For 2023-24 55 indicators were agreed, each linked to an action within the Action Plan and assigned to a Scrutiny Select Committee. Therefore, clearly linking performance monitoring to the objectives in the Strategy and achieving a 'golden thread'.	Yes	The weakness has been addressed in 2023-24, as a result of the newly developed arrangements we have identified some areas for improvement in these arrangements and have raised improvement recommendations IR6 and IR8 in 2023-24.
	- Using the reset Corporate Plan to establish a golden thread for the Council, by creating a performance management framework at corporate and service levels linking outcomes to expected annual measures to track success and report these to the public; - Developing annual delivery plans aligned with the Corporate Plan and reduce the number of service specific strategies to ensure the golden thread is in place; - Agreeing performance outcomes, that can be measured, at least annually as part of the new performance management framework; - Ensuring performance reporting include targets, RAG rating, and actual measures and benchmarking. Reports should use previous year and 'nearest neighbours' data where possible; integrating performance, risk and finance reporting to drive improvement; - Ensuring the Cabinet receives quarterly performance reports to enable it to hold officers to account; - Using performance and financial data and benchmarking to look at delivery levels of statutory services to ensure the Council is achieving value for money;			4-6. KPIs are initially discussed by Senior Management Team, before being presented to Management Team and Informal Cabinet before being shared with the Scrutiny Select Committees, Overview & Scrutiny and Cabinet on a quarterly basis. For 2023-24 this commenced in July 2023 following the adoption of the Corporate Strategy, and therefore covers quarters 2-4. It is best practice, in KPI monitoring, to include a responsible officer, RAG rating, trend/direction of travel, target, benchmarking, link to objectives and comments on the reasons for underperformance against target within the reporting. The KPI reports for all 3 quarters include this information. There are gaps in the benchmarking information as this is in development, we have raised an improvement recommendation in this regard for 2023-24.		

*Explanations of the different types of recommendations which can be made are summarised in Appendix B.

Appendix C:

Follow-up of previous recommendations

Recommendation	Type of recommendation *	Date raised	Progress to date	Addressed?	Further action?
KR1 3Es - The Council needs to improve its performance management arrangements by: 7. Ensuring that the new performance management framework and reporting extends to key contracts such as waste and leisure; 8. Developing a strategic approach to assessing the levels of statutory services needed to save money; 9. Engaging with hard-to-reach customers to ensure they can still access services given the Council's digital by default approach; 10. Ensuring partnership performance management, including outcomes, is reported regularly to Cabinet; 11. Engaging key stakeholders, where appropriate, to determine local priorities for resources or opportunities for savings.	Key	September 2023	7. Waste and Leisure services KPIs are included within the KPI reporting. 8. Both statutory and discretionary services are included within the KPI reporting 9. The Council is currently working with Digital Kent to deliver an initiative that provides hardware and digital training to the most digitally excluded residents, offering support to up to 225 residents in the borough. 10 The Council has joined the Mid-Kent Procurement Partnership from April 2024 to provide their Procurement Service. Performance Monitoring of the contract with the Partnership is intended to be undertaken via the existing Officer Study Group. However, there will need to be a more formal process of review and KPIs and we have raised an improvement recommendation in this regard. 11. The Council continues to not to consult residents on its budget preparation for 2024/25 and 2025/26. This is an active choice as they feel their processes are robust. However a consultation was undertaken to inform the development of the new Corporate Strategy and assess local priorities. Further individual consultations have been undertaken with residents and local businesses more recently on specific matters that are intrinsic to the Corporate Strategy action plan and that impact on resources and options for savings. A further consultation on the Corporate Strategy will take place in 2025 (which represents the mid-point for the strategy).	Yes	The weakness has been addressed in 2023-24, as a result of the newly developed arrangements we have identified some areas for improvement in these arrangements and have raised improvement recommendations IR6 and IR8 in 2023-24.

Appendix C:

Follow-up of previous recommendations

Recommendation	Type of recommendation *	Date raised	Progress to date	Addressed?	Further action?
KR2 3E's - The Council needs to improve its procurement and contract management arrangement by: 1. Updating its procurement strategy; 2. Ensuring the contracts register is monitored, kept up to date and used by all services; 3. Ensuring it fully meets the Local Government (Transparency Requirements) (England) Regulations 2015 legislation;	Key	September 2023	The Council joined the Mid-Kent Procurement Partnership to provide Procurement Services to the Council, via an external 5-person team, under a two-year contract from 1 May 2024. Internally the Council retained its Officer Study Group, which is now chaired by the Director of Street Scene, Leisure and Technical, who are focussed on responding to the recommendations to completeness, supported by the Partnership. 1. The Partnership developed a draft Procurement Strategy which at October 2024 was provided to the Director of Street Scene, Leisure and Technical for initial review, with support from the Officer Study Group. Current discussions do suggest that this element will be addressed by the end of Q3 2024-25. 2 and 3. Responsibility for the Register has been assumed by Finance for 2023-24. The Council publishes its contracts register on its website, at mid-October 2024 the register was updated multiple times in the year and included contracts to the end of August 2024. This time-lag is acceptable and we will keep a watching brief in 2024-25 to ensure the lag does not increase, ensuring that information is relevant and can be relied upon for decision-making.	In progress	The weakness in arrangements cannot be fully closed and so we continue to recognise the weakness, although acknowledging the progress to date. No new key recommendation has been made. We have identified some additional areas for improvement under the newly established arrangements, see IR8 2023-24.

Appendix C:

Follow-up of previous recommendations

Recommendation	Type of recommendation *	Date raised	Progress to date	Addressed?	Further action?
KR2 3E's - The Council needs to improve its procurement and contract management arrangement by: 4. Having a suitably trained client lead for procurement and contract management; 5. Provide training for officers and Members on procurement and contract management to enable them to fully understand their responsibilities for social value and value for money; 6. Ensuring the Council's shared arrangements for fraud also include procurement and contract management.	Key	September 2023	4. The Council joined Mid-Kent Procurement Partnership to deliver Procurement Services, who are experts in their field, and support other district councils in the area. They are currently supported internally by the Director of Street Scene, Leisure and Technical as a central point of communication, who liaises with services, finance and legal via an Officer Study Group. Internal governance arrangements are yet to be updated to further support the Partnership and provide permanent reporting lines. Day-to-day management of contracts is the responsibility of individual départements. We have identified some improvement recommendations having reviewed the largest contracts at the Council. But, overall, arrangements are appropriate and Internal Audit work in 2023-24 and 2024-25 to date has provided positive assurances in contract management arrangements. 5. As part of their role the Mid-Kent Partnership delivered a first round of training focussed on new approach to procurement with the Mid-Kent Team and requirements of Procurement Act 2023, including the documentation requirements. 50 TMBC staff attended. This will be followed up with further training and specific training planned on bribery and fraud. This recommendations is being progressed, it will be complete when fully rolled out. 6. The training above will be followed up with further training, and specific training planned on bribery and fraud. In addition, the Council's SLA with Kent County Council's Internal Audit and Fraud team does already cover this activity.	In progress	The weakness in arrangements cannot be fully closed and so we continue to recognise the weakness, although acknowledging the progress to date. No new key recommendation has been made. We have identified some additional areas for improvement under the newly established arrangements, see IR8 2023-24.

Appendix C:

Follow-up of previous recommendations

Recommendation	Type of recommendation *	Date raised	Progress to date	Addressed?	Further action?
3 Financial Sustainability - The Council should develop a transformation programme to enable it to reduce spend by looking at different ways of delivering services or by enabling others in its systems leadership role. It needs to: 1. Use the Corporate Plan reset to identify its budget priorities and reset the budget; 2. Develop an understanding of the cost of delivering its core statutory services and discretionary spend where it meets clear political priorities; 3. Identify ways to deliver for less and identify activity that can stop where it does not contribute to statutory services or to Corporate Plan priorities; 4. Consult on changes to services and future spending plans with the public and include public engagement annually as part of business planning; 5. Ensure it has transformation and programme management skills in place to manage the programme, lead change and explore new ways of working; 6. Introduce service user testing, when making service changes as part of prototyping, to ensure groups are not adversely impacted by changes to delivery for example digital by default; and 7. Develop early ideas for savings with budget holders and present these to a Members' challenge board to enable early engagement with key stakeholders and to allow Members to see options and the impact of savings on residents.	Improvement	September 2023	The Council held a Management Team/Cabinet Development Day which took place in November 2023. A number of actions were agreed under the theme of transformation. This resulted in a Tonbridge Town Centre Programme Manager being appointed and started with the Council in September 2024. Joint Briefings commenced in early 2024 and a revised committee report template has been developed and is due to go live in October 2024.	Yes	We acknowledge this progress and from our 2023-24 work have developed a new improvement recommendation to supersede the prior year recommendation, focussed on diversification of the savings programme, see IR2 2023-24.

Appendix C: Follow-up of previous recommendations

Recommendation	Type of recommendation*	Date raised	Progress to date	Addressed?	Further action?
4 Financial Sustainability - Improve the Workforce Strategy to include fully costed strategy over the medium- to long-term.	Improvement	September 2023	A review of the establishment took place via the General Purposes Committee in January 2024 and this is incorporated into the budget and MTFP with a 2024-25 additional cost of £97,500, funded within the balanced budget. Assumptions on pay inflation and pay awards are appropriately reflected in the budget and MTFP. Therefore, a review has taken place but we are yet to observe an updated Workforce Strategy since the 2022 document, discussions with officers confirm that the target date for completion of an updated Strategy is January 2025. Key strategies such as this are expected to be reviewed every 3-5 years and so the Council is on track to achieve this. Key changes expected in the updated strategy include: • A planned future management development programme. • Address issues identified in the all-staff survey planned for September 2024 • Ensure that the Workforce Strategy develops closer links to the Council's Vision and Values by updating the Council's employee appraisal scheme which will strengthen areas around staff development and succession planning. • Identify behaviour competencies with close links to the Council's vision and values.	In progress	Recommendation remains open until the Strategy update is complete in January 2025, but we acknowledge the positive progress to date.

Appendix C:

Follow-up of previous recommendations

Recommendation	Type of recommendation	Date raised	Progress to date	Addressed?	Further action?
	*				
5 Governance - The Council needs to improve risk management by: - Improving the format of the Strategic Risk Register (SRR) to add for each risk: key controls and assurances; direction of travel; a single named owner; the original risk score and likelihood scores after initial mitigation; current risk scores and target risk scores; and provide updated mitigation quarterly. It would be useful to identify issues, risk and impact separately; - Updating the SRR format to align with our proposed SRR changes; - Reviewing the SRR risks to ensure they have the right actions and are unique risks; - Reporting the SRR quarterly to Cabinet alongside performance and finance; - Improving committee reports to facilitate good risk management, referencing strategic risks and their scores and impact in all Council reports; and - Developing training for Members and staff to raise awareness of risk and responsibilities.	Improvement	September 2023	See our work on page 20 where we have confirmed that the Council has engaged external consultants, Zurich Risk Management, to carry out a review of the Risk Management Strategy and Strategic Risk Register. All actions to respond to recommendations have been progressed and are on track to be completed within their target dates, and in full by January 2025. This work included a review of all risks, and their associated scores. The number, type and presentation of risks within the SRR provides appropriate information to Members.	Yes	No
6 Governance - The Council needs to fully integrate performance and financial reporting for revenue and capital to improve financial reporting.	Improvement	September 2023	As part of the budget build process for 2025-26 services are requested to provide details of the costs drivers where volumes can affect the levels of spend and income. This will be incorporated into the reports to Members to in January 2025.	In progress	Recommendation remains open until this can be evidenced in the 2025-26 budget. We acknowledge the Council's intention to respond and accept this is a timing issue, due to the scheduling of the budget process.



Notice of Motion submitted pursuant to Council Procedure Rule No. 5.27

To consider the following Notice of Motion proposed by Councillor D King, seconded by Cllr A Mehmet on behalf of the Conservative Group:

The English Devolution White Paper, published in December 2024, makes clear the Government's desire for Local Government Re-organisation.

The Government expects all two tier areas to develop proposals for reorganisation and the creation of new Unitary authorities on a footprint with a population of 500,000 or more.

Tonbridge and Malling Borough Council is deeply disappointed at the top-down approach by the Government to re-organisation, especially considering it was not included within the Labour Party manifesto ahead of the General Election in July 2024. The creation of larger authorities will make it harder for elected Councillors to represent their residents and has the potential for a democratic deficit. It will also result in significant cost, disruption and uncertainty for all residents, staff and councillors.

However, despite our reservations, we will work constructively to seek the best possible solution for residents across the borough during this process.

This Council also notes that the Government wishes to 'rewire the relationship between town and parish councils and principal Local Authorities'. It is therefore essential that the process towards the creation of a Town Council for Tonbridge, if residents wish one to be created, is started.

Therefore, this Council resolves to:

- (1) Express its deep disappointment with the top-down approach to Local Government reorganisation that the Government has taken;
- (2) Continues to work constructively with all other affected authorities across Kent and Medway to secure the best outcome for residents across Tonbridge and Malling; and
- (3) Start the process of a Community Governance Review, with the intention of creating a Town Council in Tonbridge, by establishing a politically proportionate Member working group to oversee the development of an initial Terms of Reference and timetable for this review.

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Notice of Motion submitted pursuant to Council Procedure Rule No. 5.27

To consider the following Notice of Motion proposed by Councillor G Bridge, seconded by Cllr M Hood on behalf of the Liberal Democrat and Green Groups:

Tonbridge is the only part of Tonbridge and Malling that does not have a parish or town council. Some services that are provided by a parish or town council in other parts of the borough are provided in Tonbridge by the borough council and paid for by charging residents of Tonbridge special expenses rather than a parish precept. Decisions on these services are made by councillors representing the whole borough and not by councillors elected by the residents of Tonbridge only. In December 2024, the Government announced plans to reorganise local government, replacing county and district councils with unitary authorities covering at least 500,000 people. This would create a democratic deficit with power being centralised further away from residents.

Tonbridge and Malling Borough council believes:

- Local services should be provided by truly local councils, sensitive to the needs of, and accountable through the ballot box to, local residents.

Tonbridge and Malling Borough Council also notes that:

- Where unitary councils have replaced shire county councils, town councils have usually been established where no such council previously existed.

This council, therefore, agrees, in principle, the following:

- Tonbridge should have a town council if that is the wish of the people of Tonbridge

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Notice of Motion submitted pursuant to Council Procedure Rule No. 5.27

To consider the following Notice of Motion proposed by Councillor M Hood, seconded by Cllr S Pilgrim on behalf of the Green Group:

River Lawn Village Green

The sole reason that River Lawn does not already enjoy Village Green status is that a technical objection was raised by the borough council at the meeting of the Kent County Council Regulation Committee Member Panel on 28th January 2020.

We have recently been delighted to see that the borough council has raised no objection to the granting of Village Green status to Upper Castle Fields and we hope to see some consistency when considering voluntarily applying for the same designation at River Lawn.

This open space has been enjoyed by the local community since it was purchased in the wake of the First World War to create a greensward of recreational land for townsfolk and create employment for veterans of the war itself. It is a significant but neglected landmark for residents who wish to see it managed appropriately and protected in perpetuity.

The council resolves that:

- (1) In accordance with section 15(8) of the Commons Act 2006, as the landowner it will voluntarily apply for the land known as River Lawn, River Lawn Road, Tonbridge to be registered as a village green; and
- (2) A review is undertaken of the policy of rewilding to River Lawn to assess its success and whether this is the most appropriate management of this open space and that the review is considered by the Communities and Environment Scrutiny Select Committee.

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Notice of Motion submitted pursuant to Council Procedure Rule No. 5.27

To consider the following Notice of Motion proposed by Councillor A Cope, seconded by Cllr S Pilgrim on behalf of the Green Group:

Motion to Waive the Loss of Earnings Fee for the Use of the Cannon Lawn for Tonbridge Pride

Tonbridge Pride has established itself as one of the most significant free annual events in the area, attracting over 5,000 attendees each year and 7000 for the event in summer 2024. It celebrates the LGBTQIA+ community, promotes understanding and inclusion, and brings together residents and visitors for a day of celebration and education. As one of the few entirely free community events in Tonbridge, it has become a source of pride for the town and a key part of our community calendar.

Tonbridge Pride not only contributes to the cultural fabric of the town but also delivers economic and reputational benefits. Local businesses thrive on the increased footfall, charities benefit from vital outreach opportunities, and Tonbridge gains recognition as an inclusive and welcoming town.

However, the organisers of Tonbridge Pride, a non-profit group relying on donations, sponsorships, and volunteer efforts, have been informed they will be required to pay a £360 “loss of earnings” fee for using the Cannon Lawn in 2025. This fee risks undermining the financial sustainability of the event and is in direct conflict with its mission to support small businesses and charities.

The Financial Impact

Paying the £360 loss of earnings fee would affect Tonbridge Pride financially in two key ways:

1. Increased Stall Pitch Fees:

To absorb the cost, the organisers would likely have to increase stall pitch fees. This could outprice small, local businesses and prevent them from participating, reducing the event’s accessibility and diversity.

2. Reduced Free Charity Pitches:

The organisers may be forced to reduce the number of free stalls offered to charities and community organisations, limiting their ability to connect with attendees and provide much-needed outreach services.

This fee is not an isolated cost. If it had been applied since Tonbridge Pride’s inception, the event would already have faced an additional £1,080 in costs. By 2027, this would amount to £2,160 – nearly 10% of the event’s annual £22,000 budget. For a small, non-profit organisation that budgets every penny carefully, this is a substantial burden that could jeopardise the event’s future.

The Wider Impact on the Community

Tonbridge Pride is more than just a celebration – it provides essential support, education, and outreach to the LGBTQIA+ community and beyond. Testimonials from attendees demonstrate the profound impact of the event:

- “I had a panic attack, and the organisers and first aiders on-site were top-notch! I cannot give my thanks and gratitude enough for what they did for me and others!”
- “Proud of Tonbridge to host this. It made me quite emotional watching the parade. I hate some of the comments I’ve seen on social media, but it just highlights further the importance and need for it.”
- “It was a superb day for me, and many others said how fabulous it had been. It’s great to see everyone so relaxed, happy, and friendly!”
- “Thank you for inviting NHS K&M Talking Therapies – we were overwhelmed with engagement.”

These comments highlight how Tonbridge Pride creates a safe, supportive, and celebratory environment, helping individuals feel accepted and valued while fostering a sense of community pride.

Economic and Reputational Benefits

The event also brings significant economic benefits to Tonbridge:

- Increased footfall for local businesses, including shops, cafés, and restaurants, which benefit from thousands of attendees.
- Opportunities for small, local businesses to engage with the community at an affordable cost.
- Positive media coverage and social media engagement that enhances Tonbridge’s reputation as a progressive and inclusive town.

Motion

This Council recognises the significant cultural, economic, and social value of Tonbridge Pride to the town of Tonbridge and its residents.

In support of this vital community event, this Council resolves to:

- (1) Waive the £360 “loss of earnings” fee for the use of the Cannon Lawn for Tonbridge Pride in 2025 and future years; and
- (2) Collaborate with the organisers of Tonbridge Pride to explore other ways to support the event’s long-term sustainability and success, recognising its role in fostering inclusivity, diversity, and community cohesion.

Closing Statement

By waiving this fee, the Council will demonstrate its commitment to supporting non-profit community events that deliver widespread benefits to our town. Tonbridge Pride is not just a celebration of the LGBTQIA+ community but a celebration of Tonbridge itself – of its values, its people, and its potential.

Let us ensure that this event continues to thrive, free from unnecessary financial burdens, for the benefit of our residents and the future of our town. I urge all councillors to support this motion.

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Agenda Item 24

To receive and note the Minutes of meetings of Cabinet and Committees as set out in the Minute Book (attached as a supplement).

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