

TONBRIDGE & MALLING BOROUGH COUNCIL



EXECUTIVE SERVICES

Chief Executive
Damian Roberts

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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, 24th February, 2026 at 7.30 pm.

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 |
| <u>PART 1 - PUBLIC</u> | | |
| 2. | Apologies for absence | 9 - 10 |
| 3. | Declarations of interest | |
| | To declare any interests in respect of recommended items | |
| 4. | Minutes | 11 - 26 |
| | To confirm as a correct record the Minutes of the ordinary and extraordinary meetings of Council held on 28 October 2025 and 27 January 2026 | |
| 5. | Mayor's Announcements | 27 - 28 |
| 6. | Questions from Members pursuant to Council Procedure Rule No 5.5 | 29 - 30 |
| 7. | Questions from the public pursuant to Council Procedure Rule No 5.6 | 31 - 32 |
| 8. | Leader's Announcements | 33 - 34 |

Matters for Decision

9. Setting the Budget 2026/27 35 - 122
- Consideration of the recommendations of Cabinet in respect of Setting the Budget 2026/27.
- Due to the timescales and print deadlines, the recommendations of the meeting of Cabinet held on 10 February 2026 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 2026/27 123 - 134
- Consideration of the recommendations of Cabinet in respect of Setting the Council Tax 2026/27.
- Due to the timescales and print deadlines, the recommendations of the meeting of Cabinet held on 10 February 2026 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 2026/27 135 - 270
- Consideration of recommendations of Cabinet in respect of the Local Council Tax Reduction Scheme.
- Due to the timescales and print deadlines, the recommendations of the meeting of Cabinet held on 10 February 2026 will be circulated to Members in advance of the meeting of Council
12. Treasury Management Update and Treasury Management and Annual Investment Strategy 2026/27 271 - 328
- Consideration of recommendations of Cabinet in respect of Treasury Management.
- Due to the timescales and print deadlines, the recommendations of the meeting of Cabinet held on 10 February 2026 will be circulated to Members in advance of the meeting of Council
13. Localism Act - Pay Policy 329 - 342
- Consideration of recommendations of the General Purposes Committee in respect of an updated Pay Policy Statement for 2026/27.

14. Pay Award 2026/2027 343 - 370

Consideration of recommendations of the General Purposes Committee in respect of the Council's pay award for employees for 2026/27.

15. Tonbridge Community Governance Review 371 - 386

This report sets out the results of the Community Governance Review process which started in February 2025 and based on the findings of two consultations, recommends that a Town Council for Tonbridge be created.

16. Changes to the Constitution 387 - 392

This report recommends that changes are made to Rule 15.25 of the Committee Procedure Rules so as to clarify the decision-making route for items of business covered by more than one Area Planning Committee.

The report also recommends that a definition is provided for the term 'risk of significant costs' for the purposes of Rule 15.24 of the Committee Procedure Rules.

Matters for Information

17. Minutes of Cabinet and Committees 393 - 394

To receive and note the Minutes of meetings of Cabinet and Committees as set out in the Minute Book (attached as a supplement)

18. 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.

19. Exclusion of Press and Public 395 - 396

The Mayor to move that the press and public be excluded from the remainder of the meeting during consideration of any items the publication of which would disclose exempt information.

PART 2 - PRIVATE

Matters for Decision

20. Establishment Report 397 - 440

(Reason: LGA 1972 – Sch 12A Paragraph 2 – Information likely to reveal the identity of an individual.)

Consideration of recommendations of the General Purposes Committee in respect of a number of establishment changes recommended by the Council's Management Team. Members should note that, in accordance with adopted conventions, all of the savings/costs referred to in this report reflect the salary at the top of the scale/grade plus associated on costs.

21. Dispensation - Councillor Attendance at meetings 441 - 444

(Reason: LGA 1972 – Sch 12A Paragraph 2 – Information likely to reveal the identity of an individual.)

To approve the continued absence of a Member from meetings on the grounds of ill health and/or injury.

DAMIAN ROBERTS
Chief Executive
Monday, 16 February 2026

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-ugSzxjAPfw/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@tmbc.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@tmbc.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, 28th October, 2025

At the meeting of the Tonbridge and Malling Borough Council held in the Civic Suite, Gibson Building, Kings Hill, West Malling on Tuesday, 28th October, 2025

Present: His Worship the Mayor (Councillor C Brown), the Deputy Mayor (Councillor K B Tanner), 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 G C Bridge, Cllr R I B Cannon, Cllr L Chapman, Cllr J Clokey, Cllr A Cope, Cllr R W Dalton, Cllr D A S Davis, Cllr S M Hammond, 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 S Pilgrim, Cllr B A Parry, Cllr M R Rhodes, Cllr R V Roud, Cllr Mrs M Tatton, Cllr M Taylor, Cllr D Thornewell, Cllr K S Tunstall and Cllr C J Williams

Apologies for absence were received from Councillors P Boxall and M A Coffin.

PART 1 - PUBLIC

C 25/83 DECLARATIONS OF INTEREST

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

C 25/84 MINUTES

RESOLVED: That the Minutes of the proceedings of the meeting of the Council held on 8 July 2025 be approved as a correct record and signed by the Mayor.

C 25/85 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:

- Ightham Mote's 40th Celebration Garden Party
- Hi Kent Equipment & Information Event

- Opening of newly refurbished Sue Ryder Charity Shop at Kings Hill
- Visit to Air Ambulance Charity KSS
- Tonbridge and Malling in Bloom Awards Event at Coolings Garden Centre
- Visit to Tonbridge Model Engineering Society (TMES)
- Royal British Legion Kent County Dinner
- The High Sheriff of Kent's Justice Service
- Private Launch Night at Page & Coe Arts in Mereworth
- Visit to DAVSS; and
- Charity Quiz Night at the Old Fire Station, Tonbridge

Arrangements were being finalised for future civic and charity events and the following were noted:

- Remembrance Sunday Services – 9 November 2025
- Armistice Day – 11 November 2025
- Charity Karting Event at Buckmore Park – 14 November 2025
- Charity Event at Tonbridge Castle – 30 November 2025 – Further details to follow
- Afternoon Tea at Tonbridge School – March/April 2026 – Further details to follow

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

C 25/86 QUESTIONS FROM MEMBERS PURSUANT TO COUNCIL PROCEDURE RULE NO 5.5

In accordance with Council Procedure Rule No. 5.5 questions had been submitted by Cllr Parry in respect of Fixed Penalty Notices for Littering (25/006/MEM), Cllr Barton in respect of access to council services for those with visual impairments (25/007/MEM) and Cllr Cope in respect of Borough Council support for grass root festivals and community events (25/008/MEM).

Detailed responses to these questions were provided by the Leader of the Borough Council (Cllr Boughton) and the Cabinet Member for Community Services (Cllr Keers). The questions and answers were noted and attached as an Annex to these Minutes.

In response to supplementary questions, the Cabinet Member for Community Services reassured Members that all opportunities for improving customer accessibility continued to be explored. With regard to cancelled events, it was acknowledged that there were a number of reasons why this could happen. Specific information would be collated and assessed to aid the Borough Council's understanding and to identify what additional support was required, if any.

C 25/87 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 25/88 LEADER'S ANNOUNCEMENTS

The Leader referred to the absence of Cllr M Coffin, Deputy Leader and Cabinet Member for Finance, Waste and Transformation, who had unfortunately experienced an accident over the weekend and sustained serious injuries. Despite his condition he remained dedicated to his responsibilities as a councillor and keen to remain engaged with the work of the Borough Council. The Council extended best wishes to Cllr Coffin and looked forward to his return as soon as possible.

The Leader welcomed a guest from Austria who was observing how national and local government operated in the UK. It was hoped that his experience here would provide valuable opportunities for comparison with Austria's systems. Furthermore, it was an opportunity to observe a council meeting where Members engaged respectfully across party lines and collaborated actively, qualities which were highly valued in the Borough Council.

It was confirmed that there was significant collaboration among many councils regarding local government reorganisation. This month was critical as the submission deadline of 28 November 2025 approached. There were five main options under consideration, although some proposed models might not meet the Government's criteria. Nevertheless, productive partnerships continued throughout Kent and the Leader looked forward to updating Members further at an all-Member Briefing, once details were available, and the debate at the Overview and Scrutiny Committee in November.

In the meantime, work in the Borough continued. Recent meetings, such as the Housing and Planning Scrutiny Select Committee exemplified constructive, fact-based debate and demonstrated Member's commitment to addressing challenging government planning policy changes. The draft Local Plan was moving to public consultation, subject to Cabinet ratification. The Leader and Cabinet Member for Planning (Cllr Taylor) would attend numerous public meetings to inform residents about the process and encourage participation. These events organised in partnership with parish/town councils aimed to ensure accessibility and meaningful feedback from all communities. Online forums would also be hosted for greater inclusivity.

In addition, the Bluebell Hill temporary accommodation project team would be available for a drop-in session on Thursday 6 November at Bridgewood Manor Hotel to discuss the modular homes development. All interested residents were welcome to attend.

The Leader extended thanks to all those involved in recent award-winning projects, such as the living roof bus shelter near Tonbridge Station and the refurbishment of the spa at Tonbridge Swimming Pool, both of which were recognised by the Tonbridge Civic Society for their innovation and quality.

Following the adoption of the Masterplan for the East of the High Street area in Tonbridge, survey responses indicated strong public support for the Borough Council's regeneration efforts. With local government reorganisation approaching there was now an unique opportunity to implement long-term ambitions, beginning with the construction of the new Angel Leisure Centre.

Residents would notice a new orange sticker on black general waste bins as part of the Borough Council's drive to improve food waste recycling. Educational materials and free food caddy liners would be distributed to households to encourage participation.

Lastly, the Leader highlighted the upcoming Tonbridge and Malling Community Awards which would take place next month. This inaugural event recognised outstanding contributions within the community. Nominations remained open until the end of the week.

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

MATTERS FOR INFORMATION

C 25/89 OVERVIEW AND SCRUTINY - ANNUAL REPORT

The annual report of the Chair of the Overview and Scrutiny Committee provided a summary of the work and activities undertaken during the past 12 months. The Committee had undertaken a wide range of reviews, examined key policy areas and provided constructive feedback that had influenced positive change.

Full details of all the reviews undertaken and any other matters considered by the Committee over this period were available on the Borough Council's website.

Members noted that it had been a busy and productive year for the Committee, marked by a strong commitment to improving transparency, accountability and service delivery across the organisation.

C 25/90 MINUTES OF CABINET AND COMMITTEES

The Minutes of meetings of the Cabinet and Committees for the period July to September 2025 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.

MATTERS FOR DECISION

C 25/91 TONBRIDGE COMMUNITY GOVERNANCE REVIEW

The report of the Chief Executive set out the results of the recent Community Governance Review consultation (attached at Annex 1) and sought approval for the next steps in the process.

Following public consultation, the majority of responders were in favour of a town council being established in Tonbridge. The full results of the consultation were provided in Annex 1. Members noted that the response rate compared favourably to other areas that had recently undertaken community governance review consultations.

It was proposed that a second consultation be undertaken, as per the consultation plan, to seek views on more detailed aspects of a future Tonbridge town council such as whether the town council should be warded, the potential number of town councillors and whether it should have a mayor. A draft consultation questionnaire was attached at Annex 2.

To minimise any conflict with the Local Plan Regulation 18 consultation it was proposed that the consultation take place for a 6-week period from 31 October to 12 December 2025.

Members recorded appreciation to the Election Services Manager, the Strategic Economic Regeneration Manager and the Communications Team for a well-managed and well promoted consultation.

RESOLVED: That

- (1) the Community Governance Review process be continued; and
- (2) the proposed next steps, detailed in 6.1 to 6.4 of the report, be approved.

C 25/92 LOCAL CODE OF CORPORATE GOVERNANCE

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

Due regard was given to the views of the Committee and Cllr Cannon proposed, Cllr Harman seconded and Council

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

C 25/93 TREASURY MANAGEMENT PERFORMANCE UPDATE AND ANNUAL REPORT FOR 2024/25

Consideration was given to the recommendations of the Audit Committee in respect of treasury management performance and annual report for 2024/25.

Due regard was given to the views of the Committee and Cllr Cannon proposed, Cllr Harman seconded and Council

RESOLVED: That

- (1) the action taken by officers in respect of treasury Management activity for April to May 2025 be endorsed;
- (2) the 2024/25 outturn position be noted; and
- (3) the current position in respect of Lothbury and Hermes Property Investment Funds be noted.

C 25/94 REPLACEMENT OF SHALLOWS BRIDGE, HAYSDEN COUNTRY PARK

Consideration was given to the recommendations of the Cabinet in respect of the replacement of Shallows Bridge at Haysden Country Park.

Due regard was given to the views of the Cabinet and the financial and value for money considerations. Whilst the replacement of the bridge was supported, some concern was expressed at the potential financial implications if the existing abutments were not fit for purpose.

On the grounds that the replacement bridge would maintain access for users of the Country Park and for health and safety reasons, Cllr Keers proposed, Cllr Boughton seconded and Council

RESOLVED: That

- (1) the scheme to replace the Shallows Bridge, Haysden Country Park be transferred to List A of the Capital Plan; and
- (2) subject to an assessment of the abutments, the replacement bridge be constructed in the current financial year.

C 25/95 PROPOSAL FOR MONTHLY MEMBER BRIEFING SESSIONS ON PRE-APPLICATION DEVELOPMENT PROPOSALS

Consideration was given to the recommendations of the Cabinet in respect of establishing regular, officer-chaired briefing sessions for Members on pre-application development proposals. It was also recommended that a new charge be introduced as part of the pre-application charging scheduled as detailed in Annex 1 reviewed by Cabinet.

Due regard had been given to the views of the Housing and Planning Scrutiny Select Committee, the financial and value for money considerations and on the grounds of improving communication and engagement between Members and developers, Cllr Taylor proposed and Cllr Boughton seconded that the recommendations of the Housing and Planning Scrutiny Select Committee be approved.

Some reservations were expressed in respect of the approach proposed, especially in the context of changing planning policies and relationships with developers. However, other Members found the early discussion with developers useful and welcomed the proposal.

In accordance with Council Procedure Rule 8.4, two members present at the meeting required that the names for and against the motion or abstaining from voting be taken down in writing and entered in the Minutes.

Members voting for the motion:

Cllrs Athwal, Banks, Barton, Bell, Bennison, Betts, Bishop, Boughton, Bridge, Brown, Cannon, Chapman, Clokey, Cope, Dalton, Davis, Hammond, Harman, Hickmott, Hood, Hoskins, Hudson, Keers, Lark, McDermott, Mehmet, Mrs Oakley, Oliver, Palmer, Parry, Pilgrim, Roud, Tanner, Tatton, Taylor, Thornewell, Tunstall and Williams.

Total = 38

Members voting against the motion:

Cllrs King and Rhodes

Total = 2

(Total Members available to vote = 40)

Following the recorded vote, Council

RESOLVED: That

(1) the proposed approach be endorsed;

- (2) the establishment of monthly member briefing sessions be approved; and
- (3) the introduction of the proposed fees, which would supplement the existing pre-application services be endorsed.

C 25/96 TREASURY MANAGEMENT PERFORMANCE UPDATE AND MID-YEAR REVIEW FOR 2025/26

Consideration was given to the recommendations of the Audit Committee in respect of the treasury management performance mid-year review for 2025/26.

Due regard was given to the views of the Committee and Members noted that the Borough Council had operated within the treasury limits and prudential indicators set out in the Annual Investment Strategy and in compliance with Treasury Management Practices and Prudential and Treasury Indicators. Cllr Cannon proposed, Cllr Lark seconded and Council

RESOLVED: That

- (1) the action taken in respect of Treasury Management activity for April to July 2025 be endorsed;
- (2) the inclusion of Ethical Investments to the existing parameters intended to limit the Borough Council's exposure to investment risks be endorsed; and
- (3) the current position in respect of the Lothbury and Hermes Property Investment Funds be noted.

C 25/97 ANNUAL AUDIT REPORT 2024/25

Consideration was given to the recommendations of the Cabinet in respect of the Borough Council's overall arrangements for securing economy, efficiency and effectiveness in the use of resources as set out in the Annual Auditors report prepared by Grant Thornton UK LLP and reviewed by the Audit Committee.

Due regard had been given to the views of the Audit Committee, the financial and value for money considerations and on the grounds that the external auditor was satisfied that the Borough Council had made proper arrangements for securing economy, efficiency and effectiveness in its use of resources Cllr Boughton proposed, Cllr Lark seconded and Council

RESOLVED: That

- (1) the Auditors Annual report (Annex 1) be approved;
- (2) the key recommendations made in respect of the comments made be noted; and
- (3) the management comments to the 2024/25 value for money recommendations be noted and endorsed.

Members recorded appreciation to the Financial Services team as Tonbridge and Malling Borough Council were the first local authority in Kent to get its accounts signed off for 2024/25.

C 25/98 RISK MANAGEMENT

Consideration was given to the recommendations of the Cabinet in respect of the risk management process and the Strategic Risk Register.

Due regard had been given to the views of the Audit Committee, the financial and value for money considerations and on the grounds that the identification, evaluation and cost-effective control of risks was essential in safeguarding the Borough Council's assets, employees, customers and the delivery of services to the Council community, Cllr Boughton proposed, Cllr Keers seconded and Council

RESOLVED: That the Risk Management Strategy and accompanying Risk Management Guidance be adopted.

C 25/99 URGENT ITEM

In accordance with s100b(4) of the Local Government Act 1972, the Mayor agreed to take an urgent item of business by reason of special circumstance.

The Leader of the Conservative Group proposed a number of changes to appointments to Committees, Boards, Panels and Other Member Groups to temporarily replace Cllr M Coffin who was currently indisposed as detailed below:

Committee	Cllr	Position
Joint Transportation Board	A Mehmet	Chair
General Purposes Committee	K Tunstall	Committee Member
Licensing and Appeals Committee	J Lark	Committee Member
Joint Employee Consultative Committee	D Keers M Boughton	Committee Member Chair

This was seconded by Cllr Keers and Council

RESOLVED: That the appointments be agreed.

C 25/100 MOTION WITHOUT NOTICE

In order to facilitate the proper consideration of the following planning application and in accordance with the Council Procedure Rules, the Mayor proposed that the Council should suspend its own procedure rules and resolve itself into a committee to which rules relating to a planning committee were applied. This was seconded by Cllr Boughton and Council

RESOLVED: That Council Procedure Rules should be suspended and the Council resolve itself into a committee to which rules relating to a planning committee were applied.

C 25/101 PLANNING APPLICATION TM/24/01270/PA - GIBSON BUILDING, GIBSON DRIVE, KINGS HILL

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 buildings as set out in planning application TM/24/01270/PA.

Planning permission had been approved by the Council on 22 October 2024, subject to securing off-site Biodiversity Net Gain (BNG) provision. Unfortunately, attempts to secure this provision had been unsuccessful and the Borough Council (as applicant) needed to seek an alternative means of securing the required off-site BNG.

Instead of entering into a Conservation Covenant, as previously agreed, the Borough Council proposed to purchase off-site BNG credits from a Habitat Site Owner in an adjacent authority. This site was already subject to an agreed Conservation Covenant and is a registered site on the Governments Biodiversity Gain Site Register.

Following legal advice regarding the change of provision, this approach was considered acceptable under the national Biodiversity Hierarchy. Once BNG credits were purchased, the Borough Council would be required by condition to submit these details for approval and Planning Officers proposed a further condition be added to the planning approval to require submission of these details.

Whilst Members expressed disappointment that a suitable BNG provision could not be identified within the Borough, it was agreed that the proposal remained an appropriate rationalisation of the site that accorded with all relevant planning policies and guidance. The development would not have a detrimental impact on the surroundings of the listed buildings and provided for appropriate off-site BNG

provision. The development also accorded with all relevant local and national planning policies and guidance.

Cllr Brown proposed, Cllr Betts seconded and Council

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 Environment Health; subject to

(1) Amended Condition 15:

The construction of the external storage building may not be begun unless:

- (a) a biodiversity gain plan has been submitted to the planning authority; and
- (b) the planning authority has approved the plan.

Reason: To ensure the development complies with Schedule 7A of Section 90 of the Town and Country Planning Act 1990.

C 25/102 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.

The meeting ended at 9.05 pm

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TONBRIDGE AND MALLING BOROUGH COUNCIL

COUNCIL MEETING

MINUTES

Tuesday, 27th January, 2026

At the extraordinary meeting of the Tonbridge and Malling Borough Council held in the Civic Suite, Gibson Building, Kings Hill, West Malling on Tuesday, 27th January, 2026

Present: His Worship the Mayor (Councillor C Brown), the Deputy Mayor (Councillor K B Tanner), 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 R I B Cannon, Cllr L Chapman, 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 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 S Pilgrim, Cllr B A Parry, Cllr M R Rhodes, Cllr R V Roud, Cllr Mrs M Tatton, Cllr M Taylor, Cllr D Thornewell, Cllr K S Tunstall and Cllr C J Williams

Apologies for absence were received from Councillors P Boxall, G C Bridge, J Clokey*, M A Coffin*, A Cope, S Crisp*, S M Hammond and F A Hoskins*

(apologies for in-person attendance, participated via MS Teams)

PART 1 - PUBLIC

C 26/1 DECLARATIONS OF INTEREST

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

MATTERS FOR DECISION

C 26/2 MOTION WITHOUT NOTICE

In order to facilitate the proper consideration of the following planning application and in accordance with the Council Procedure Rules, the Mayor proposed that the Council should suspend its own procedure rules and resolve itself into a committee to which rules relating to a planning committee were applied. This was seconded by Cllr Tanner (Deputy Mayor) and Council

RESOLVED: That Council Procedure Rules should be suspended and the Council resolve itself into a committee to which rules relating to a planning committee were applied.

C 26/3 PLANNING APPLICATION TM/25/01938/PA - BLUEBELL HILL, COMMUTER CAR PARK, CHATHAM

Consideration was given to the report of the Director of Planning, Housing and Regulatory Services which sought planning permission for the erection of a three-storey residential building comprising 12 two-bedroom units to be used as temporary housing accommodation.

The proposal would help address the increasing demand for temporary accommodation which the authority had a statutory duty to provide.

Due regard was given to the principle of development, national and local planning policies, the visual impact, design and layout, residential amenity, highways and parking, ecology and trees and a number of other factors detailed in the report. The views of consultees were also taken into account. Members attention was drawn to an amended Condition 3 as detailed in the supplementary report which corrected the terms in respect of operational arrangements.

As the application did not propose permanent residential accommodation, Kent County Council was not seeking its regular developer contributions towards education, community services and adult social care. Similarly, it was not appropriate to seek open space or NHS contributions.

Concerns regarding the intended occupants of the temporary accommodation were addressed and it was clarified that this was strictly for local residents made homeless at short notice. Members were reassured that risk assessments to determine suitability would be undertaken before accommodation was allocated and that site management would be in place to reduce the risk of anti-social behaviour.

In addition, Members sought clarification on accessing local facilities without transport, drainage, water and sewerage infrastructure. In response, it was confirmed that a shared walking and cycleway provided access to facilities, and that the site shared mains water and sewage connections with the neighbouring dental practice.

Overall, it was concluded that there would be no adverse impacts of granting planning permission that would significantly and demonstrably outweigh the benefits that the development would bring when assessed against the policies in the National Planning Policy Framework taken as a whole. In addition, the development would deliver 12 high-quality units of accommodation on previously developed land, directly intended to

address the Borough Council's statutory duties under the Housing Act 1996 and Homelessness Reduction Act 2017.

In recognition of the severe and growing shortage of suitable temporary accommodation and with demand consistently exceeding the supply within the borough, Cllr Davis proposed, Cllr Dalton seconded and Council

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 Regulatory Services, subject to:

(1) Amended Condition 3:

The development hereby approved shall only be used as temporary residential accommodation with occupation of each individual unit limited to households to whom the Council owe homelessness duties under the Housing Act 1996, and for no other purpose within Class C3 of Part C of the Town and Country Planning (Use Classes) Order 1987 (as amended) (or any equivalent class in any order that may replace it).

Reason: Any change to permanent residential occupation may result in the requirement for appropriate developer contributions to be sought.

[Speakers: Representative of Zed Pods]

C 26/4 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.

The meeting ended at 7.58 pm

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Mayor's Announcements

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Agenda Item 6

Questions from Members pursuant to Council Procedure Rule No 5.5

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Agenda Item 7

Questions from the public pursuant to Council Procedure Rule No 5.6

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Leader's Announcements

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Agenda Item 9

- Recommendations are 'to follow' and will be circulated in advance of the meeting.

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Cabinet

10 February 2026

Part 1 - Public

Recommendation to Council



Cabinet Member

Cllr Matt Boughton – Leader of the Council
Cllr Martin Coffin – Cabinet Member for Finance,
Waste and Technical Services

Responsible Officer

Damian Roberts – Chief Executive
Paul Worden – Head of Finance (Section 151 Officer)

Report Author

Paul Worden – Head of Finance (Section 151 Officer)
Donna Riley – Financial Services Manager

Setting the Budget 2026/27

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 2026/27.

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 headline issues from this report are as follows:

- As a result of the fair funding review, the provisional local government finance settlement 2026/27 better than expected within the MTFS but was an overall DECREASE on the notional equivalent funding for 2025/26 of £182,000 (2.0%).
- This decrease continues with further reductions of £335,000 (3.7%) and £378,000 (4.4%) in the 2027/28 and 2028/29 financial years respectively. This means that in 2028/29 the Council will received reduced grant of £895,000 (9.8%) compared to the notional amount for 2025/26.
- The Business Rates Reset has resulted in previous gains being eliminated from the baseline settlement, but there are a number of properties awaiting

valuation by the Valuation Office that could give additional growth above the current baseline level.

- The provisional settlement was better than the prudent approach taken in the MTFS allowing additional funds to be targeted to key priorities.
- Referendum principles mean that council tax can only rise by greater of 3% or £5. Recommended 3% increase in TMBC element of council tax bill giving a council tax at Band D for 2026/27 of £252.65; a cash increase of £7.35 per annum.
- Allowing for the issues raised above the Funding Gap has reduced to zero over the medium term but is dependent on committed savings of £200,000 being release of office accommodation, £200,000 being costs within temporary accommodation and £400,000 service fee income from the Leisure Trust.
- Six capital schemes to be added to Capital Plan in 2026/27.
- In order to support the replacement of the Angel Centre, officers in conjunction with Cabinet continue to identify and earmark 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, are verbally reported to Cabinet at the meeting and any adjustments needed are made to the final Budget.

3.3 *Section 9 (Revenue Estimates 2026/27)*: It is **RECOMMENDED** that as part of the 2026/27 Estimates, sums are contributed to the following earmarked reserves:

- £3.5m is transferred to the Tonbridge Town Centre reserve, and specifically set aside for the funding of the redevelopment of the Angel Leisure Centre:
- £700,000 is transferred to the Transformation Reserve, specifically for preparation for Local Government Reorganisation, and;
- £225,000 be transferred to the reserve for the completion of the Local Development Plan.

3.4 *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 22 January.

3.5 *Section 12 (Treasury Management and Annual Investment Strategy)*: It is **RECOMMENDED** that:

- for the financial year 2026/27 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 2026/27 our annual minimum revenue provision is nil subject to the comment at paragraph 12.8.

3.6 *Section 13 (Medium Financial Strategy)*: Members are requested to **NOTE** and endorse the updated MTFS **[Annex 10a]**.

3.7 *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]**.

3.8 *Section 17 (Robustness of Estimates and Adequacy of Reserves)*: Members are **RECOMMENDED** to note and endorse the Statement **[Annex 16a]** provided by the Head of Finance.

3.9 *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 24 February, Members will determine both the Budget and the level of council tax for 2026/27. The detailed Estimates for

2026/27 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 2026/27; 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. Whilst the decisions being made by Central Government on the future of Local Government in Kent will have a significant impact on this Council, financial decisions made in respect of the year 2026/27 will have an impact across the MTFS, and as such the MTFS has been prepared on the basis on no changes the Council.
- 4.3 This time last year the projected funding gap was put at £2,800,000 with an initial tranche of savings in the sum of £600,000 to be delivered by April 2026, as will be noted from paragraph 14.3 later in this report, that target was achieved.
- 4.4 The impact of Local Authority Funding Reform, Fair Funding 2.0, has now been published covering the Government Support expected up to 2028/29. Whilst this has significantly reduced the level of uncertainty for this period, some uncertainty on the later years may remain depending on the accuracy of the assumptions made on what happens following the 2028/29 financial year.
- 4.5 This leaves some degree of uncertainty around the Council's Waste, Recycling and Street Cleansing Contract. Tenders received in December are now being evaluated with a report to the Communities and Environment Scrutiny Select Committee being presented to Members in March. Until the contract is awarded, the previously assessed budget provision will remain within the MTFS.
- 4.6 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 2026/27 a referendum will be triggered where council tax is increased by **more than 3% or £5, whichever is higher**.
- 4.7 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 2026/27** has been assumed followed by the greater of £5 or 3% each year thereafter in line with the Government Provisional Settlement increases.
- 4.8 Attached at **[Annex 1]** for Members' information is a copy of the Referendums Principles setting out the level of council tax increase for 2026/27 above which the local authority would be required to seek approval of their electorate via a local referendum.
- 4.9 This report necessarily touches on a number of related areas (some of which are complex) that the Head of Finance (Section 151 Officer) 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 2026/27
- 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 the actions set out in the draft Annual Service Delivery Plan for 2026/27 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 The provisional settlement covering the three year period for 2026/27 to 2028/29 was published on the 17th December 2025 and incorporated changes to the Local Government Finances under what has been titled Fair Funding Review 2.0 and the Business Rates Reset.
- 6.2 The information received on the 17th confirms that a large number of the previous grants issued under Section 31 for Business Rates (Small Business, Retail Relief and Under indexing), part of Homelessness Prevention Grant, National Insurance compensation and New Homes Bonus are now 'rolled up' into the settlement under Revenue Support Grant. This itself creates a risk to the Council as it is difficult to assess the impact on Business Rate Reliefs paid under the Section 31 Grants which up to now have been based upon the levels of relief granted rather than the fixed grant award. However, further information received now indicates that the variations to these reliefs will be contained and accounted for within the Collection Fund and distributed via surplus or deficit payments in the following year.
- 6.3 However, it is positive to note, in addition to the grants mentioned in paragraph 6.2, the Funding Guarantee, received over the last few years has also been 'rolled into' the new Revenue Support Grant.
- 6.4 The Government published headline figures of the Authorities Core Spending Power, which is made up of Government Grants, Retained Business Rates and Council Tax Income. The published papers show that Tonbridge and Malling has suffered the second largest reduction in Core Spending Power in England between 2024/25 and 2028/29. The reduction amounts to a reduction of 15% or £4.1m between these years, ultimately showing reduced Grant and Retained Business Rates being offset by assumed increases in Council Tax.
- 6.5 As the changes to Fair Funding merges several grants into the new settlement totals the government provides a 'notional settlement' for 2025/26 financial year to allow a comparison. The calculated figure for Government Support in 2025/26 is £9.163m.
- 6.6 Using the provisional published information for the period 2026-2029, the breakdown of the result of fair funding is given below.

	2025/26	2026/27	2027/28	2028/29
		£000's	£000's	£000's
Total Core Spending	22,372	22,747	22,992	23,219
Council Tax (Notional)	13,209	13,766	14,346	14,951
Total Government Support	9,163	8,981	8,646	8,268
Made up of				
Business Rates	5,325	3,363	3,440	3,509
Revenue Support Grant	3,082	4,777	4,327	3,848
Sub Total General Grant	8,407	8,140	7,767	7,357
Homelessness Grant (specific)	756	841	879	911
Total Support	9,163	8,981	8,646	8,268

Members should note that the Homelessness Grant will be shown within the service budget pages whereas Business Rates and Revenue Support Grants will be shown as part of the Councils General Grant funding.

- 6.7 Although the table above shows an increase in the Core Spending power of the authority of 3.8% from 2025/26 to 2028/29, as previously mentioned this includes the Governments projected increases in Council Tax, removing these values shows a 9.8% reduction in Government funding for the same period. To put this 9.8% reduction in Government funding into monetary terms the reduced support is a reduction of £895,000 in 2028/29 compared to 2025/26 and over the settlement period amounts accumulate to £1.594m.
- 6.8 The table below shows the impact of changes to government support to the Kent District authorities.

	2025/26			2028/29			Reduction from 2025/26 to 2028/29	
	Population	Govt Support £	Support per head £	Population	Govt Support £	Support per head £	£	%
Ashford	139,267	15,184,886	109.03	142,650	12,651,867	88.69	- 2,533,019	-16.7%
Canterbury	170,151	12,438,574	73.10	173,191	13,889,282	80.20	1,450,708	11.7%
Dartford	122,610	19,721,952	160.85	126,688	17,477,468	137.96	- 2,244,483	-11.4%
Dover	125,714	12,777,698	101.64	128,861	11,487,904	89.15	- 1,289,794	-10.1%
Gravesham	107,564	8,943,986	83.15	108,004	11,084,942	102.63	2,140,956	23.9%
Maidstone	182,795	16,902,306	92.47	187,018	15,113,136	80.81	- 1,789,170	-10.6%
Sevenoaks	123,996	7,747,459	62.48	125,154	6,170,432	49.30	- 1,577,027	-20.4%
Folkestone and Hythe	118,191	12,172,966	102.99	120,349	9,639,906	80.10	- 2,533,060	-20.8%
Swale	159,308	18,392,457	115.45	162,882	16,987,047	104.29	- 1,405,410	-7.6%
Thanet	147,083	14,983,288	101.87	149,028	15,060,386	101.06	77,098	0.5%
Tonbridge And Malling	139,457	9,163,001	65.70	142,527	8,267,745	58.01	- 895,256	-9.8%
Tunbridge Wells	120,879	6,771,633	56.02	121,741	6,491,876	53.33	- 279,757	-4.1%

- 6.9 The next stage of the process will be to review the MTFs allowing for these funding changes and some changes in other assumptions within the plan, this should then identify any funding gap that may remain.

- 6.10 Finally, it should be noted that these figures are provisional and will not be fully confirmed until early February 2026, although in recent years these have not materially changed, given the significant changes to Government support this year, some further amendments may occur this year, or in each of the following two years of the Government's three year settlement.
- 6.11 It is **RECOMMENDED** that the details of the final grant settlement are verbally reported to Cabinet at the meeting and any adjustments needed are made to the final Budget.

7 National Non Domestic Rates

- 7.1 As a result of the Business Rates Reset the vast majority of growth received in business rates in recent years has now been rolled into the new baseline given in paragraph 6.6. In addition, the new retention scheme places higher risks on authorities falling below their baselines, as a result the decision was taken to disband the current Business Rate Pool in Kent at the end of the 2025/26 financial year. However, it has been agreed that assessments will be made annually to see if the request to reestablish a pooling arrangement should be made.
- 7.2 The submission for the Council's estimated Business Rates has been returned to Central Government showing the expected income to be at the baseline set.
- 7.3 The submission does not include any potential growth from the small number of large business properties that remained unvalued at the time of the return. This is important as these are likely to generate additional income to the Council, as a rough estimate each £1m gained above our overall baseline collectable rates, being Gross Rates less discounts and exemptions, will generate around £280k after levy payments have been made.
- 7.4 Furthermore, the amounts for 2027/28 and 2028/29 may be subject to change depending on the final Rateable Value of Businesses in the Borough on 31st March 2026.

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 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 This project is now part of list A and as such is 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. To assist with this the Head of Finance (Section 151 Officer) conducted a further review of the reserves.
- 8.5 The result of this review was reported to Cabinet in January 2026, the report included recommendations on the transfer of reserves (Decision Notice D260006CAB). Head of Finance and his 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).

9 Revenue Estimates 2026/27

- 9.1 As mentioned in the Introduction, the draft Revenue Estimates for 2026/27 were presented and endorsed by the Overview and Scrutiny Committee on 22 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.
- 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 21 January.
- 9.3 The proposed Council Tax for 2026/27 is considered elsewhere on this agenda and if approved will generate a Council Tax yield of £13,812,921.
- 9.4 This means that the Council has £5,370,000 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:
- £3.5m is transferred to the Tonbridge Town Centre reserve, and specifically set aside for the funding of the redevelopment of the Angel Leisure Centre:
 - £700,000 is transferred to the Transformation Reserve, specifically for preparation for Local Government Reorganisation, and;
 - £225,000 be transferred to the reserve for the completion of the Local Plan.
- 9.6 It is **RECOMMENDED** that the sums of £3.5m, £700,000 and £225,000 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 2025/26 £	Original Estimate 2026/27 £
Summary Total reported to Overview and Scrutiny Committee on 22 January 2026 prior to contributions to or from General Revenue Reserve	12,699,754	8,448,244
Staffing Establishment Changes following General Purposes Committee 21 January 2026 along with the associated reserve movements		166,400
Drainage Board Levies		(4,900)
Transfer to Tonbridge Town Centre Reserve (as per paragraph 9.5 above)		3,500,000
Transfer to the Transformation Reserve for Local Government Reorganisation (as per paragraph 9.5 above)		700,000
Transfer to the Planning for the Local Development Plan		225,000
Collection Fund Deficit adjustments		2,159
Current Summary Total	12,699,754	13,036,903

9.8 With these changes the net contribution to / from the General Revenue Reserve in 2026/27 becomes £776,018 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 2026/27 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 22 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 2026/27 is £1,135,000.
- 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 was increased to £500,000 for the 2026/27 and 2027/28 financial years in the run up to Local Government Reorganisation in Kent.
- 11.8 It should be noted, that given the level of the Capital Plan some borrowing could be required for projects in the forthcoming years. At the present time no allowance has been made for any debt charges that may be incurred.
- 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) 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.
 - 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
Street Scene, Leisure and Technical Services		
Taddington Valley Public Open Space - Site Improvements <i>fast-track</i>	108	CP 44
Tonbridge Swimming Pool Boiler Replacement – for inclusion to the boiler scheme already approved on list A). <i>fast-track</i>	300	CP 47
Laybourne Lakes Country Park – Resurfacing Access Roads and Paths. <i>fast-track</i>	200	CP51
Tonbridge Farm Sportsground – Provision of Full Size All Weather Pitch. <i>fast-track</i>	1,000	CP 54
Angel Centre – Innerva Suite. <i>fast-track</i>	101	CP 58
Leisure Centres – Water Safety Systems Installation to Swimming Pools. <i>fast-track</i>	160	CP 62
Total	1,869	

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, five schemes have been recommended for Fast-Track evaluation.
- 4) Cabinet approves the transfer of schemes detailed in **[Annex 6]**, which includes the Tonbridge Swimming Pool Boiler Replacement, 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 22 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 2026/27.
- 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 2026/27.

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

TREASURY MANAGEMENT INDICATORS	2024/25	2025/26	2026/27	2027/28	2028/29
	Actual	Estimate	Estimate	Estimate	Estimate
	£'000	£'000	£'000	£'000	£'000
Authorised Limit for external debt :					
borrowing	nil	7,000	13,000	13,000	13,000
other long term liabilities	nil	nil	nil	nil	nil
TOTAL	nil	7,000	13,000	13,000	13,000
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	30,000 (56.4%)	It is anticipated that exposure will range between 0% to 60%			
Upper limit for variable rate exposure < 1 year at year end	15,851 (29.0%)	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	7,973 (14.6%)	60% of funds			

Maturity structure of fixed rate borrowing during 2026/27 – 2028/29	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: 2026/27 £28.9m, 2027/28 £15.2m and 2028/29 £10.9m.

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, the Angel Centre

redevelopment has now been approved and appears on List A. The scheme is broken down into stages with Council approval required to move onto each stage. The Council is currently stage 3, design, and is expected to move to stage 4 upon planning approval. **If approved, it is expected that external borrowing may be required to support the progression of the scheme. This may prompt a change in CFR which, if 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%.				
	2024/25 actual -24.82%	2025/26 estimated -15.76%	2026/27 estimated -9.44%	2027/28 estimated -5.5%	2028/29 estimated -3.80%	2029/30 estimated -3.99%	2030/31 estimated -2.92%	2031/32 estimated -2.79%
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] .				
	2024/25 actual £'000 2,886	2025/26 estimated £'000 10,972	2026/27 estimated £'000 25,143	2027/28 estimated £'000 5,264	2028/29 estimated £'000 2,089	2029/30 estimated £'000 2,981	2030/31 estimated £'000 2,164	2031/32 estimated £'000 1,742

- 12.12 We, therefore, **RECOMMEND** that for the financial year 2026/27 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 2026/27 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 and subsequent [English Devolution and Community Empowerment Bill](#) has naturally given greater attention to the next two

years of the Government's stated timetable which would see existing first and second tier Councils in Kent being replaced by new Unitary Councils in April 2028. However, as noted at the O&S Committee there is still a possibility that this timetable may be delayed and it is therefore important that, for now, there remains a focus on "business as usual" to ensure the long term stability of the Council.

13.5 The budget for 2026/27 is naturally the starting point for updating the MTFS. The Summary Total for the 2026/27 Estimates prior to the settlement funding and collection fund adjustments is £21,127,500 (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

13.7 The provisional settlement for 2026/27 covered a period of three financial years to 2028/29. The published information has been explained in depth at section 6 above, and whilst showing a decrease in funds over the forthcoming years, the level due is above the prudent estimate included in previous iterations within the MTFS.

13.8 The latest iteration of the MTFS includes the details provided in the provisional settlement, meaning that Government Support from Revenue Support Grant will be £4.777m, falling to £3.848 in 2028/29. It has then been assumed that this amount will then remain at this level for the remainder of the MTFS. This is seen as a risk as it is unknown on the funding levels for the authority beyond the 2028/29 financial year.

Business Rates Retention Scheme

13.9 As part of the Fair Funding Review the Government also performed a Business Rates Reset on the Council's Baseline. This has again dropped, mainly as a result of the decision in Kent to cease the pooling arrangements, but the current level of Rateable Values and multipliers currently place the authority on the Baseline level provided by Central Government. As mentioned above in paragraph 7.3, no increases for unvalued properties have been included in either the base estimate, with only inflationary levels being included in the Business Rates Baseline beyond 2026/27.

Council Tax Referendum Principles

13.10 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.

- 13.11 For the year 2026/27, 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 3.0%.
- 13.12 For the purposes of preparing the budget papers and updating the MTFS an **increase of 3% 2026/27** has been assumed followed by the greater of £5 or 3% each year thereafter, this is in line with the Governments assessment within the three year settlement.

Pension Fund Deficit

- 13.13 The pension fund deficit is forecast to be recovered within the 10-year period of this MTFS and has been reduced significantly from the 2025/26 rate following discussions with the Pension Fund Actuaries. 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 but is considered a lower risk given the current annual deficit recovery amount.

Waste Services and Anti-Social Behaviour Team Contracts

- 13.14 The recommissioning of the Waste Services Contract from April 2027 is now reaching its conclusion, but prior to this work a financial assessment was undertaken on the potential cost increase given recent changes in the market. This estimated increase was reflected in the updated MTFS presented to Cabinet in November 2024 and agreed by Full Council in February 2025.
- 13.15 Final tenders have now been received and are being evaluated. Once the contract award has taken place with reports to Members in March and April 2026, further updates to the MTFS will take place to assess the financial position in line with the MTFS targets.
- 13.16 Following the use of the Antisocial Behaviour Team during the summer of 2025, consideration is being made to repeat the service in the forthcoming years. The tender arrangements are still being concluded and if approved any costs arising will be funded from reserves.

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.

Inflation Assumptions

- 13.18 For the purposes of the MTFS, the inflation levels from 2027/28 onwards have been set at 2% for pay, prices and income and 4% for the Waste Contract

inflation. The Office of Budget Responsibility (OBR) inflationary forecast for November 2025 gives inflation for 2026 to be 2.5% falling to 2% in 2027.

- 13.19 A 0.5% increase in the inflation factors above will still result in a balanced budget in year 10 of the MTFs, albeit reduced to £170,000 and a GRR balance of £3.7m meeting both requirements of the MTFs.

Funding Gap

- 13.20 As we know, the funding gap is not static and constantly changes in response to both internal and external factors.
- 13.21 The Fair Funding Review and Business Rates Rest has been concluded, and whilst the Councils funding has been reduced, due to the prudent approach in previous versions of the MTFs, as explained in paragraph 13.7, it does eliminate one of the two major risks causing the funding gap, the other being the Waste Services contract explained in paragraph 13.14.
- 13.22 The MTFs continues to have some in built savings from known adjustments to service delivery that will generate savings in the longer term. Firstly, the potential savings arising from the disposal of the Gibson West building following the refurbishment and reoccupation of the Gibson East building, this has been prudently estimated as £200k occurring from 2029/30 onwards. The second come from the increased use of Council owned or leased Temporary Accommodation, once fully utilised this is expected to reduce costs in the region of £200k. Finally with the proposed transfers to reserves suggested in paragraph 9.5 which can be replicated in the 2027/28 financial year, this would potentially eliminate the need for borrowing to finance the Angel Centre Project. This would mean that any additional service fee income from the Leisure Trust, estimated at £400k would directly contribute to Council Service funding.
- 13.23 Allowing for these changes to the MTFs the remaining funding gap reduces to zero over the medium term.
- 13.24 **[Annex 10a]** sets out the picture for the MTFs.
- 13.25 Cabinet is **RECOMMENDED** to note and endorse the updated MTFs **[Annex 10a]**.

14 Savings and Transformation Strategy

- 14.1 Alongside the MTFs the Council has a Savings and Transformation Strategy (STS) 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 differing ways to deliver the required savings and transformation contributions within an agreed timescale.

- 14.2 Several 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 £600,000 to be delivered by April 2026. This target was exceeded and the reductions in expenditure and increased income has been reflected in the 2026/27 estimates as detailed in the table below.

Savings Achieved	Amount £'s
Service Budget Reductions	182,500
Waste Contract Inflation	120,000
Car Parking Income Generation	300,000
TOTAL	602,500

- 14.4 Given the updated position that after allowing for the above reductions and the changes explained in section 13 there is no need for a savings and transformation strategy to be required for the 2026/27 financial year, this does not mean that there will no longer be any need for such a strategy in future years and it will be reviewed and resurrected if needed.

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 2025/26 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 2025/26 as shown in the table below along with the council's share.

	Total (Surplus) / Deficit £	TMBC's Share £	Details in Annex
Council Tax	(1,992,326)	(266,903)	[Annex 12a]
Business Rates	789,910	315,964	[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 were added to the Scheme with effect from 1 April 2022.

- 16.2 Details of the Special Expenses for 2026/27 are set out at **[Annex 13b]**. The basic amount of council tax of £230.47 plus the special expenses Band D charge, where applicable, gives the total Borough Council Band D charge for that area.
- 16.3 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).
- 16.4 The resultant published (notional) council tax at Band D **for 2026/27 is £252.65**, being 3.0% higher than the published Band D council tax for 2025/26. As Members will note, no resident will actually pay this exact amount as the Borough Council's Band D – unless it is by coincidence.
- 16.5 Cabinet is requested to **ENDORSE** the special expenses calculated in accordance with the Special Expenses Scheme and set out at **[Annex 13b]**.
- 16.6 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 Head of Finance (Section 151 Officer)) 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 Head of Finance on these two questions. This responsibility is discharged by way of a certified Statement.
- 17.4 The Head of Finance advises that he is satisfied as to the robustness of the estimates and the adequacy of reserves on the understanding that the **initiatives already built into the MTFs (i.e. the scaling back of office accommodation in the sum of £200,000, increased used of Council owned or leased Temporary Accommodation of £200,000 and increased service fee from the Leisure Trust of £400,000) 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 Head of Finance signifies that, in his professional opinion, **the estimates are robust and the level of reserves adequate.**
- 17.6 A schedule of the reserves held by the Council at 1 April 2025 and proposed utilisation of those reserves to 31 March 2027 is provided at **[Annex 16b]**.
- 17.7 As this Council's Chief Finance Officer, the Head of Finance 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 2025/26.
- 17.8 Members are **RECOMMENDED** to note and endorse the Statement **[Annex 16a]** provided by the Head of Finance.

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 With the announcement of the Fair Funding Review and Business Rates reset the uncertainty surrounding local government finances has reduced, but the issues around longer term funding, post the initial announcement may give rise to further funding gaps in later years.
- 19.2 Alongside this come the projected market increase cost in respect of the Waste contract due to be recommissioned in 2027. The results of the recommissioning and contract award are due to be reported to members in the in the forthcoming

months, once fully known the MTFS will be reviewed and any funding gap arising will be shared with members.

- 19.3 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.
- 20.3 As mentioned in the Financial and Value for Money Considerations section above the announcement of the Fair Funding Review and Business Rates Reset have reduced the uncertainty effect in the immediate term, but beyond the current settlement period the assumptions included in the MTFS would require at least annual review.
- 20.4 The recommissioning of Waste Services Contract is currently reaching its conclusion, to allow for this the MTFS currently has a projected increase in the contract value that cannot be confirmed until the award has been made.
- 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. Similarly, any increase below the maximum allowed within the MTFS would have the effect of reducing council tax income in a cumulative effect over the medium term and without

compensatory adjustments, potentially reduce the General Revenue Reserve Balance below the objective levels set.

- 20.8 Whilst, at the present time, the Council does not need to borrow to finance the current approved capital programme, it is likely that the replacement to the Angel Centre may 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 The results of Local Government Reorganisation in Kent are yet to be fully released, with an expected announcement in the summer of 2026. Depending on the outcome and the date of final reorganisation 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	<p>Annex 1 – Referendum Principals for Council Tax</p> <p>Annex 2 – Provisional Settlement Grant Allocations</p> <p>Annex 3 – Capital Plan List A (O&S 23 Jan 2025)</p> <p>Annex 4 – Capital Plan List C Additions and Deletions</p> <p>Annex 5 - Capital Plan List C selected for evaluations</p> <p>Annex 6 – Capital Plan Summary of Evaluated Schemes</p> <p>Annex 7 – Capital Plan List A updated to include recommended schemes.</p> <p>Annex 8 – Capital Plan Funding</p> <p>Annex 9 – Revenue Reserve for Capital Schemes</p> <p>Annex 10a – Medium Term Financial Strategy</p> <p>Annex 11 – Revenue Estimates Summary</p> <p>Annex 12a – Collection Fund Surplus / Deficit Council Tax</p> <p>Annex 12b - Collection Fund Surplus / Deficit Business Rates</p> <p>Annex 13a – Special Expenses Policy</p> <p>Annex 13b – Special Expenses 2025/26</p> <p>Annex 14 – Parish Council Precepts</p> <p>Annex 15 – General Fund and General Revenue Reserve Balances</p> <p>Annex 16a – Robustness of Estimates and Adequacy of Reserves Statement</p> <p>Annex 16b – Reserves Estimate</p> <p>Annex 17 - TMBC Draft Council Tax Resolution</p>

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The Referendums Relating to Council Tax Increases (Principles) (England) Report 2026/27

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).
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(g).

(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.

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

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**(a)**.

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**(b)**.
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**(c)**.
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
 - both**(d)**.

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

(b) 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.

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

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

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(a), the York and North Yorkshire Combined Authority(b), the South Yorkshire Mayoral Combined Authority(c) and the West Yorkshire Combined Authority(d). No principles are specified for local precepting authorities, other mayoral combined authorities or for mayoral county combined authorities.

Principles for the financial year beginning on 1st April 2026

11. Whilst the 2026-27 local government finance settlement covers the period 2026-27 to 2028-29, this report relates to 2026-27 only. The principles which apply for 2026-27 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] 2026

Ministry of Housing, Communities and Local Government

-
- (a) The Greater Manchester Combined Authority was created by the Greater Manchester Combined Authority Order 2011 (S.I. 2011/908).
- (b) The York and North Yorkshire Combined Authority was created by the York and North Yorkshire Combined Authority Order 2023 (S.I. 2023/1432).
- (c) The South Yorkshire Mayoral Combined Authority was created by the Barnsley, Doncaster, Rotherham and Sheffield Combined Authority Order 2014 (S.I. 2014/863, which was amended by S.I. 2020/806). Since 17th September 2021 the Combined Authority has been known as the South Yorkshire Mayoral Combined Authority, in accordance with a resolution notified to the Secretary of State under section 97 of the Local Transport Act 2008 (c. 26), as applied to a combined authority by section 104(4) of the Local Democracy, Economic Development and Construction Act 2009 (c. 20).
- (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 2026

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 2026 is as follows:

Interpretation

1.—(1) In this set of principles—

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

“2026-27” means the financial year beginning on 1st April 2026;

“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, the South Yorkshire Mayoral 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.

Categories of authority for 2026-27

2. For 2026-27, 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(d),

(a) 1992 c.14.

(b) Section 39(1) was amended by the Local Government (Wales) Act 1994 (c. 19), section 35(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; the Levelling-up and Regeneration Act 2023 (c. 55), section 56 and paragraph 111 of Schedule 4.

(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.

(d) The local authorities that are within this category are set out, for information, in Annex B to this Report.

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

Principles for 2026-27 for authorities belonging to the category mentioned in paragraph 2(a)

3. For 2026-27, 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 2026-27 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 2025-26.

Principles for 2026-27 for authorities belonging to the category mentioned in paragraph 2(b)

4. For 2026-27, 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 2026-27 is more than £15 greater than its relevant basic amount of council tax for 2025-26.

Principles for 2026-27 for authorities belonging to the category mentioned in paragraph 2(c)

5. For 2026-27, the PCC component relevant basic amount of council tax of the Greater Manchester Combined Authority(b), of the York and North Yorkshire Combined Authority(c), of the South Yorkshire Mayoral Combined Authority(d) or of the West Yorkshire Combined Authority(e) is excessive if the authority's PCC component relevant basic amount of council tax for 2026-27 is more than £15 greater than its PCC component relevant basic amount of council tax for 2025-26.

-
- (a) 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).
 - (b) For the definition of "the PCC Component" in relation to the Greater Manchester Combined Authority, see article 2 of the Greater Manchester Combined Authority (Transfer of Police and Crime Commissioner Functions to the Mayor) Order 2017 (S.I. 2017/470).
 - (c) For the definition of "the PCC Component" in relation to the York and North Yorkshire Combined Authority, see article 2 of the York and North Yorkshire Combined Authority Order 2023 (S.I. 2023/1432).
 - (d) For the definition of "the PCC Component" in relation to the South Yorkshire Mayoral Combined Authority, see article 2 of the South Yorkshire Mayoral Combined Authority (Election of Mayor and Transfer of Police and Crime Commissioner Functions) Order 2024 (S.I. 2024/414).
 - (e) For the definition of "the PCC Component" in relation to the West Yorkshire Combined Authority, see article 2 of the West Yorkshire Combined Authority (Election of Mayor and Functions) Order 2021 (S.I. 2021/112).

Principles for 2026-27 for authorities belonging to the category mentioned in paragraph 2(d)

6. For 2026-27, 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 2026-27 is—

- (a) 3%, or more than 3%, greater than its relevant basic amount of council tax for 2025-26, and
- (b) more than £5 greater than its relevant basic amount of council tax for 2025-26.

Principles for 2026-27 for the GLA

7. For 2026-27, the GLA's relevant basic amount of council tax is excessive if—

- (a) the GLA's unadjusted relevant basic amount of council tax for 2026-27 is more than £5.13 greater than its unadjusted relevant basic amount of council tax for 2025-26, or
- (b) the GLA's adjusted relevant basic amount of council tax for 2026-27 is more than £20.13 greater than its adjusted relevant basic amount of council tax for 2025-26.

Principles for 2026-27 for authorities belonging to the category mentioned in paragraph 2(f)

8. For 2026-27, 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 2026-27 is more than £5 greater than its relevant basic amount of council tax for 2025-26.

Annex B

Local authorities for the following areas fall within the definition of “relevant local authority” as in the *Principles for the financial year beginning on 1st April 2026* (see paragraph 2(a) of Annex A)

(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 2026/27

	2026/27					
	Revenue Support Grant £	Business Rates Baseline £	Other Financial Support £	Government Financial Support £	Projected Population 2026	Per Head £
Ashford	8,293,691	4,401,653	227,995	12,923,339	140,448	92.01
Canterbury	5,400,041	5,466,345	195,072	11,061,458	171,184	64.62
Dartford	11,178,042	5,216,171	714,351	17,108,563	124,053	137.91
Dover	6,460,373	4,588,506	451,063	11,499,942	126,792	90.70
Gravesham	4,031,334	4,277,551	397,704	8,706,589	107,698	80.84
Maidstone	8,690,229	6,186,628	62,800	14,939,657	184,263	81.08
Sevenoaks	4,040,407	2,425,134	0	6,465,541	124,395	51.98
Folkestone and Hythe	6,667,363	3,375,634	478,524	10,521,521	118,927	88.47
Swale	9,284,624	6,808,428	538,662	16,631,714	160,551	103.59
Thanet	6,777,415	5,674,269	608,002	13,059,686	147,747	88.39
Tonbridge And Malling	4,776,751	3,362,707	0	8,139,458	140,529	57.92
Tunbridge Wells	3,402,686	2,587,348	0	5,990,035	121,173	49.43

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Capital Plan: List A
Service Summary as per O&S 22 January 2026

	Expenditure To 31/03/25	2025/26 Estimate inc Prior Year Slippage	2026/27 Estimate	2027/28 Estimate	2028/29 Estimate	2029/30 Estimate	2030/31 Estimate	2031/32 Estimate	Scheme Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Capital Plan Schemes									
Planning, Housing & Environmental Health	61	1,228	3,486	15	15	15	15	15	4,850
Street Scene, Leisure & Technical Services	1,057	2,695	15,159	3,159	174	159	159	159	22,721
Corporate	1,222	1,992	1,750	0	0	0	0	0	4,964
Sub-total	2,340	5,915	20,395	3,174	189	174	174	174	32,535
Capital Renewals									
Planning, Housing & Environmental Health	n/a	1	14	0	21	21	33	0	90
Street Scene, Leisure & Technical Services	n/a	719	1,826	629	430	1,123	434	314	5,475
Corporate	n/a	770	279	131	119	333	443	174	2,249
Sub-total	n/a	1,490	2,119	760	570	1,477	910	488	7,814
Total	2,340	7,405	22,514	3,934	759	1,651	1,084	662	40,349

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Capital Plan Review 2025/26

Recommendations in respect of List C

	Annex 3 Page
Schemes to be added to List C	
Street Scene, Leisure and Technical Services	
Car Parks - LED Lights	CP 36
Leybourne Lakes Country Park – Resurfacing Access Roads & Paths	CP 37
Taddington Valley – Site Improvement Works	CP 38
Tonbridge Racecourse Sportsground – Site Improvement Works, Phase Four	CP 39
Improved Health and Fitness Provision at Larkfield Leisure Centre	CP 40
Leisure Pool Features at Larkfield Leisure Centre	CP 41
Water Safety Systems Installation for Swimming Pools	CP 42
Innerva Suite – Angel Leisure Centre	CP 43
Schemes to be deleted from List C	
Street Scene, Leisure and Technical Services	
Tonbridge Castle – Site Improvements	

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Capital Plan Review 2025/2026

Schemes selected for evaluation from List C

	Annex 3 Page
Street Scene, Leisure and Technical Services	
Tonbridge Racecourse Sportsground – Improvement Works, Phase Three	CP33
Tonbridge Racecourse to Lower Castle Fields - Car Park Bridge Replacement	CP34
Tonbridge Farm Sportsground Improvements All Weather Pitch (fast-track)	CP 35
Car Parks LED Lights	CP36
Leybourne Lakes Country Park – Resurfacing Access Roads & Paths (fast-track)	CP 37
Taddington Valley – Site Improvement Works (fast-track)	CP 38
Tonbridge Racecourse Sportsground - Site Improvement Works, Phase Four	CP39
Water Safety Systems Installation for Swimming Pools (fast-track)	CP 42
Innerva Suite – Angel Leisure Centre (fast-track)	CP 43

NOTE: Tonbridge Swimming Pool Boiler Replacement is an amendment to the current Boiler Scheme, currently on the capital plan and therefore was not a new scheme to be selected from List C. However, due to the value of the scheme, it was deemed appropriate for an evaluation to be submitted for consideration and therefore is captured in Annex 4 and on paragraph 11.2 of the O&S report.

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Capital Plan Review 2025/26

Recommendations in respect of evaluated schemes from List B

	Capital Cost	Estimated Annual Revenue/ Renewals Cost		Annex 4 Page
	£'000	£'000		
Street Scene, Leisure and Technical Services				
Taddington Valley – Site Improvement Works. fast-track	108	n/a	Transfer from List B to List A	CP 44
Tonbridge Swimming Pool Boiler Replacement. fast-track	300	n/a	Transfer from List B to List A	CP 47
Leybourne Lakes Country Park – Resurfacing Access Roads & Paths. fast-track	200	n/a	Transfer from List B to List A	CP 51
Tonbridge Farm Sportsground Improvements All Weather Pitch. fast-track	1,000	n/a	Transfer from List B to List A	CP 54
Innerva Suite – Angel Leisure Centre. fast-track	101	n/a	Transfer from List B to List A	CP 58
Water Safety Systems Installation for Swimming Pools. fast-track	160	n/a	Transfer from List B to List A	CP 62
Total	1,869			

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Capital Plan: List A
Service Summary (incorporating O&S recommendations)

	Expenditure To 31/03/25	2025/26 Estimate inc Prior Year Slippage	2026/27 Estimate	2027/28 Estimate	2028/29 Estimate	2029/30 Estimate	2030/31 Estimate	2031/32 Estimate	Scheme Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Capital Plan Schemes									
Planning, Housing & Environmental Health	61	1,228	3,486	15	15	15	15	15	4,850
Street Scene, Leisure & Technical Services	1,057	2,745	15,653	3,159	174	159	159	159	23,265
Corporate	1,222	1,992	1,750	0	0	0	0	0	4,964
Sub-total	2,340	5,965	20,889	3,174	189	174	174	174	33,079
Capital Renewals									
Planning, Housing & Environmental Health	n/a	1	14	0	21	21	33	0	90
Street Scene, Leisure & Technical Services	n/a	719	1,826	629	430	1,123	434	314	5,475
Corporate	n/a	770	279	131	119	333	443	174	2,249
Sub-total	n/a	1,490	2,119	760	570	1,477	910	488	7,814
Total	2,340	7,455	23,008	3,934	759	1,651	1,084	662	40,893

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Capital Plan Review 2025/26: Funding the Draft Capital Plan							
	2025/26 Estimate £'000	2026/27 Estimate £'000	2027/28 Estimate £'000	2028/29 Estimate £'000	2029/30 Estimate £'000	2030/31 Estimate £'000	2031/32 Estimate £'000
Capital Plan Schemes							
Capital Renewals	1,490	2,119	760	570	1,477	910	488
Other Recurring Expenditure (net of grants)	198	174	174	174	174	174	174
One-Off Schemes (net of grants & contributions)	5,767	20,715	3,000	15	0	0	0
Capital Plan Totals	7,455	23,008	3,934	759	1,651	1,084	662
Add back grants / contributions	3,517	2,135	1,330	1,330	1,330	1,080	1,080
Total to be funded	10,972	25,143	5,264	2,089	2,981	2,164	1,742
Funded from:							
Grants							
BCF (Disabled Facilities Grant)	1,698	1,465	1,290	1,290	1,290	1,040	1,040
DEFRA Anti-idling Project	11						
UK Shared Prosperity Fund	60						
Rural England Prosperity Fund	134						
PSDS Decarbonising Scheme	1,185						
DEFRA Food Waste Containers	60						
Football Foundation (All Weather Pitch)		670					
Developer Contributions Attributed to							
Tonbridge Racecourse, Rugby Pitch Drainage S106	8						
Tonbridge Racecourse, Tennis Courts S106	65						
Haysden Country Park Site Improvements S106	50						
Tonbridge Farm Sportsground All Weather Pitch S106		130					
Temporary Accommodation, Bluebell Hill S106		250					
Riverside Route Lighting S106	94						
Shallows Bridge S106	112						
Leybourne Lakes Path & Access Roads S106		200					
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						
TMLT - Wetside Changing Room	110						
TMLT - Innerva Suite		101					
TMLT - Water Safety System		160					
Partnership Funding - Taddington Valley		54					
Club Contribution - Tonbridge Farm All Weather Pitch		10					
Angel Centre Reserve Funding	1,400	15,000	3,000				
Capital Receipts							
Balance 1 April 2025	Nil						
Gibson West				658	1,365	977	
Balance met from Revenue Reserve for Capital Schemes	2,811	7,063	934	101	286	107	662
Total funding	10,972	25,143	5,264	2,089	2,981	2,164	1,742

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Capital Plan Review 2025/26: Revenue Reserve for Capital Schemes

	2025/26 Estimate £'000	2026/27 Estimate £'000	2027/28 Estimate £'000	2028/29 Estimate £'000	2029/30 Estimate £'000	2030/31 Estimate £'000	2031/32 Estimate £'000
Balance at 1st April	8,118	7,178	2,245	1,211	2,126	2,873	3,816
Contribution from Revenue to meet Capital Renewals and other Annually Recurring Expenditure	974	1,135	1,000	1,016	1,033	1,050	1067
Revenue contribution for new Capital Plan Schemes	250	500	500	250			
Less assumed spend		(500)	(500)	(250)			
Other Revenue & Earmarked Reserve Contributions							
Transformation Reserve - Integra Centros	43						
Climate Change Reserve - Carbon Descent Initiatives x 3	175						
Regeneration of Tonbridge Reserve - Angel Centre	400						
Homelessness Reserve - Bluebell Hill	29	995					
Available for application	9,989	9,308	3,245	2,227	3,159	3,923	4,883
Amount applied to fund capital	(2,811)	(7,063)	(2,034)	(101)	(286)	(107)	(662)
Balance at 31st March	7,178	2,245	1,211	2,126	2,873	3,816	4,221

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Medium Term Financial Strategy

	Estimate	Projection								
	2026/27 £000	2027/28 £000	2028/29 £000	2029/30 £000	2030/31 £000	2031/32 £000	2032/33 £000	2033/34 £000	2034/35 £000	2035/36 £000
EXPENDITURE										
Employees	15,963	16,194	16,396	16,675	17,000	17,332	17,670	18,015	17,942	18,301
Transfer Payments	19,065	17,748	18,103	18,465	18,834	19,210	19,595	19,987	20,387	20,794
Other Expenditure	22,304	25,584	21,554	22,037	22,748	23,485	24,251	25,045	25,869	26,725
Capital Charges	2,952	3,011	3,071	3,132	3,195	3,259	3,324	3,390	3,458	3,527
Total Expenditure	60,284	62,537	59,124	60,309	61,777	63,286	64,840	66,437	67,656	69,347
INCOME										
Fees & Charges	(12,597)	(12,099)	(12,407)	(12,721)	(13,042)	(13,371)	(13,704)	(14,044)	(14,391)	(14,745)
Other Specific Grants & Miscellaneous	(21,878)	(20,637)	(21,066)	(21,470)	(21,881)	(22,300)	(22,728)	(23,163)	(23,609)	(24,062)
Investment Income	(2,071)	(1,273)	(851)	(922)	(700)	(692)	(682)	(681)	(589)	(686)
Total Income	(36,546)	(34,009)	(34,324)	(35,113)	(35,623)	(36,363)	(37,114)	(37,888)	(38,589)	(39,493)
Appropriations										
Capital Renewals	2,115	1,000	1,016	1,033	1,050	1,067	1,085	1,103	1,103	1,103
Provision for new Capital Schemes	500	500	250	0	0	0	0	0	0	0
Other Appropriations	(5,225)	(2,821)	(2,881)	(2,942)	(3,005)	(3,069)	(3,134)	(3,200)	(3,268)	(3,497)
SAVINGS & TRANSFORMATION TARGET	0									
NET BUDGETED SPEND	21,128	27,207	23,185	23,287	24,199	24,921	25,677	26,452	26,902	27,460
FUNDING										
Revenue Reserves	(805)	5,057	853	270	458	429	408	377	(10)	(318)
Government Grant	8,140	7,767	7,357	7,427	7,499	7,572	7,646	7,722	7,800	7,879
Council Tax	13,813	14,383	14,975	15,590	16,242	16,920	17,623	18,353	19,112	19,899
Collection Fund Adjustment	(20)	0	0	0	0	0	0	0	0	0
Total Funding	21,128	27,207	23,185	23,287	24,199	24,921	25,677	26,452	26,902	27,460
Council Tax Level at Band D Increase on Previous Year	£252.65 3.0%	£260.22 3.0%	£268.02 3.0%	£276.06 3.0%	£284.34 3.0%	£292.87 3.0%	£301.65 3.0%	£310.69 3.0%	£320.01 3.0%	£329.61 3.0%
RESERVES BALANCE CARRIED FORWARD	12,338	7,281	6,428	6,158	5,700	5,271	4,863	4,486	4,496	4,814

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Cabinet 10 February 2026
General Fund Revenue Estimates 2026/27
SUMMARY

	2025/26 ESTIMATE		2026/27
	ORIGINAL £	REVISED £	ESTIMATE £
Chief Executive	1,129,900	2,168,100	1,987,900
Director of Central Services	783,900	1,102,550	904,000
Director of Planning, Housing & Environmental Health	6,426,950	7,557,200	6,705,150
Director of Street Scene, Leisure & Technical Services	7,320,400	6,540,550	6,311,900
Staffing, Overheads and Democratic Costs	4,573,050	4,258,500	3,404,600
Sub Total	20,234,200	21,626,900	19,313,550
Capital Accounting Reversals			
Non-Current Asset Depreciation	(2,874,800)	(2,952,250)	(2,952,250)
Contributions to / (from) Reserves			
Building Repairs Reserve			
Withdrawals to fund expenditure	(1,388,650)	(1,613,550)	(1,125,350)
Contribution to Reserve	750,000	1,057,500	820,000
Earmarked Reserves (see page S 2)			
Contributions from Reserves	(6,167,350)	(10,413,650)	(2,197,250)
Contributions to Reserves	8,364,750	10,646,550	4,653,800
Revenue Reserve for Capital Schemes			
Withdrawals to fund expenditure			
Non-Current Assets	(6,529,000)	(6,828,000)	(19,523,000)
Revenue Expenditure Funded from Capital	(146,000)	(146,000)	(15,000)
Other contributions to / (from) Reserve (net)	1,399,000	1,871,000	2,630,000
Capital Expenditure Charged to General Fund	6,529,000	6,828,000	19,523,000
Sub Total	20,171,150	20,076,500	21,127,500
Government Grants			
New Homes Bonus	(517,000)	(517,000)	0
Under-indexing Business Rates Multiplier	(482,700)	(770,700)	0
Employer National Insurance Contributions Grant	(157,550)	(157,550)	0
Funding Guarantee/Funding Floor	(1,785,450)	(1,785,450)	0
Revenue Support Grant	(167,350)	(167,350)	(4,776,751)
National Non-Domestic Rates			
Share of National Non-Domestic Rates	(29,851,032)	(29,730,959)	(35,083,998)
Tariff	27,544,937	27,544,937	31,721,291
Business Rates Pool	428,688	325,804	0
Small Business Rate Relief Grant	(998,220)	(1,031,872)	0
Supporting Small Business Rate Relief Grant	(190,323)	(174,578)	0
Business Rates Relief Measures	(1,137,067)	(1,243,083)	0
Public Toilets Relief Grant	(6,752)	(6,182)	0
Collection Fund Adjustments			
Council Tax (Surplus) / Deficit	55,677	55,677	(267,102)
National Non-Domestic Rates (Surplus) / Deficit	281,560	281,560	315,963
Sub Total	13,188,568	12,699,754	13,036,903
Contribution to / (from) General Revenue Reserve	20,792	509,606	776,018
Balance to be met from Council Tax Payers	13,209,360	13,209,360	13,812,921

Cabinet 10 February 2026
General Fund Revenue Estimates 2026/27
EARMARKED RESERVES

	2025/26 ESTIMATE		2026/27
	ORIGINAL £	REVISED £	ESTIMATE £
Contributions from Earmarked Reserves			
General Fund Working Balance	(1,250,000)	(1,250,000)	0
Asset Review Reserve	0	(27,550)	0
Budget Stabilisation Reserve	(2,456,150)	(2,720,700)	0
Business Rates Retention Scheme Reserve	(124,700)	(729,150)	(375,100)
Climate Change Reserve	(241,000)	(36,200)	(30,000)
Democratic Representation Reserve	0	(6,600)	0
Domestic Abuse Act Reserve	(49,200)	(81,850)	(43,100)
Election Reserve	0	(50,000)	0
Homelessness Reserve	(834,200)	(1,314,050)	(995,000)
Housing Assistance Reserve	(44,350)	(45,100)	(46,500)
Invest to Save Reserve	0	(73,550)	0
Peer Review Reserve	(21,800)	(22,500)	(15,350)
Planning Services Reserve	(853,550)	(837,550)	(461,600)
Regeneration of Tonbridge	(78,300)	(513,350)	(79,550)
Tonbridge & Malling Leisure Trust Reserve	(86,200)	(286,200)	0
Training Reserve	0	(40,000)	(40,000)
Transformation Reserve	(127,900)	(379,300)	(111,050)
Property & Multi Asset Fund Reserve	0	(2,000,000)	0
	(6,167,350)	(10,413,650)	(2,197,250)
Contributions to Earmarked Reserves			
Business Rates Retention Scheme Reserve	321,500	321,500	
Regeneration of Tonbridge	6,700,000	7,700,000	3,500,000
Climate Change Reserve		32,000	
Domestic Abuse Act Reserve		112,450	38,800
Election Expenses Reserve	35,000	30,000	30,000
Homelessness Reserve	984,200	1,294,000	
Planning Services Reserve	166,500	525,500	385,000
Transformation Reserve	157,550	631,100	700,000
	8,364,750	10,646,550	4,653,800

<u>Tonbridge and Malling Borough Council</u>			
<u>Estimate of Collection Fund Surplus / (Deficit) 2025/26 - Council Tax</u>			
	Estimate		
	£	£	
<u>Income</u>			
Surplus / (Deficit) Brought Forward			747,215
Income from Council Tax Payers (Net of Discounts, CTR and Exemptions)			130,256,188
Total Income for the Year			131,003,403
<u>Expenditure</u>			
Precepts and Demands for 2025/26			
Kent County Council	91,070,277		
Police & Crime Commissioner for Kent	14,547,529		
Kent & Medway Fire & Rescue Authority	5,108,194		
Parishes	3,945,607		
Tonbridge & Malling Borough Council	13,209,360		127,880,967
Provision for Council Tax Non-Collection			1,540,000
Payment of Estimated Surplus for 2024/25			
Kent County Council	(289,928)		
Police & Crime Commissioner for Kent	(46,092)		
Kent & Medway Fire & Rescue Authority	(16,193)		
Tonbridge & Malling Borough Council	(55,677)		(407,890)
Total Expenditure for the Year			129,013,077
Estimated Surplus / (Deficit) for 2024/25			1,990,326
<u>Allocation of Estimated Surplus / (Deficit) for 2025/26</u>			
	Precepts 2025/26		Surplus / (Deficit) 2025/26
	£		£
Kent County Council	91,070,277		1,417,311
Police & Crime Commissioner for Kent	14,547,529		226,499
Kent & Medway Fire & Rescue Authority	5,108,194		79,414
Tonbridge & Malling Borough Council	17,154,967		267,102
Total	127,880,967	0.00	1,990,326

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<u>Tonbridge and Malling Borough Council</u>		
<u>Estimate of Collection Fund Surplus / (Deficit) 2025/26 - Business Rates</u>		
	Estimate	
	£	£
<u>Income</u>		
Surplus / (Deficit) Brought Forward		(336,905)
Income from Business Rate Payers		74,681,172
Transitional Protection		(98,832)
Total Income for the Year		74,245,435
<u>Expenditure</u>		
Demands for 2024/25 based upon NNDR 1 2025/26		
Kent County Council	6,689,466	
Kent & Medway Fire & Rescue Authority	743,274	
Tonbridge & Malling Borough Council	29,730,959	
Central Government	37,163,698	74,327,397
Payment of Estimated Surplus for 2024/25		
Kent County Council	(63,351)	
Kent & Medway Fire & Rescue Authority	(7,039)	
Tonbridge & Malling Borough Council	(281,560)	
Central Government	(351,949)	(703,899)
Allowance for Losses - Bad Debts		700,000
Allowance for Losses - Appeals		547,843
Cost of Collection Allowance		164,004
Total Expenditure for the Year		75,035,345
Estimated Surplus / (Deficit) for 2025/26		(789,910)
<u>Allocation of Estimated Surplus / (Deficit) for 2025/26</u>		
	Allocation	Surplus / (Deficit) 2024/25
	%	£
Kent County Council	9	(71,092)
Kent & Medway Fire & Rescue Authority	1	(7,899)
Tonbridge & Malling Borough Council	40	(315,964)
Central Government	50	(394,955)
Total	100	(789,910)

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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 2026/27

Special Expenses for 2025/26 £	Local Area	Public Conveniences £	Closed Church-yards £	Open Spaces, Parks & Play Areas £	Sports Grounds £	Local Events £	Allotments £	Special Expenses for 2026/27 £	Tax Base	Amount Per Band D Property £	Per Band D Variation %
1,088,576	Tonbridge	107,200	18,800	216,072	575,850	128,576	7,500	1,053,998	14,148.15	74.50	(4.1)
1,122	Addington			1,191				1,191	441.18	2.70	5.9
30,420	Aylesford			32,067				32,067	4,801.97	6.68	0.9
0	Birling							0	203.63	0.00	0.0
19,119	Borough Green			19,931				19,931	1,743.89	11.43	3.8
0	Burham							0	476.98	0.00	0.0
950	Ditton			1,009				1,009	1,904.65	0.53	1.9
28,204	E. Malling & Larkfield			30,061				30,061	5,381.75	5.59	4.1
665	East Peckham			706				706	1,352.25	0.52	6.1
0	Hadlow							0	1,590.30	0.00	0.0
0	Hildenborough							0	2,341.77	0.00	0.0
0	Ightham							0	1,137.22	0.00	0.0
0	Kings Hill							0	4,897.61	0.00	0.0
31,422	Leybourne			33,355				33,355	1,932.53	17.26	5.4
1,631	Mereworth			1,731				1,731	467.08	3.71	6.0
0	Offham							0	428.08	0.00	0.0
1,283	Platt			1,362				1,362	920.53	1.48	5.7
0	Plaxtol							0	618.72	0.00	0.0
0	Ryarsh							0	380.68	0.00	0.0
0	Shipbourne							0	289.21	0.00	0.0
18,020	Snodland			19,129				19,129	3,954.80	4.84	5.9
0	Stansted							0	295.33	0.00	0.0
0	Trottiscliffe							0	280.79	0.00	0.0
1,065	Wateringbury			1,131				1,131	951.49	1.19	7.2
6,852	West Malling			2,089		5,820		7,909	1,333.33	5.93	12.7
0	West Peckham							0	186.11	0.00	0.0
7,966	Wouldham			8,922				8,922	1,355.83	6.58	7.5
0	Wrotham							0	856.30	0.00	0.0
1,237,295	Total	107,200	18,800	368,756	575,850	134,396	7,500	1,212,502	54,672.16		

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Parish Council Precepts 2026/27

Precept for 2025/26 £	Parish Council	Precept for 2026/27 £	Tax Base	Amount Per Band D Property £	Per Band D Variation %
35,000.00	Addington	37,000.00	441.18	83.87	5.6
318,394.89	Aylesford	340,888.23	4,801.97	70.99	2.4
13,270.00	Birling	16,570.00	203.63	81.37	23.7
259,850.00	Borough Green	272,843.00	1,743.89	156.46	4.6
30,779.02	Burham	32,317.98	476.98	67.76	5.0
296,465.00	Ditton	315,733.00	1,904.65	165.77	2.0
511,625.00	E. Malling & Larkfield	545,390.00	5,381.75	101.34	4.0
174,154.00	East Peckham	182,861.70	1,352.25	135.23	4.8
181,415.00	Hadlow	190,486.00	1,590.30	119.78	4.8
138,990.00	Hildenborough	152,889.00	2,341.77	65.29	10.1
132,151.00	Ightham	133,000.00	1,137.22	116.95	2.2
500,000.00	Kings Hill	500,000.00	4,897.61	102.09	(3.0)
163,342.00	Leybourne	164,491.00	1,932.53	85.12	0.0
46,070.00	Mereworth	50,677.00	467.08	108.50	9.6
27,729.00	Offham	37,518.00	428.08	87.64	30.4
82,000.00	Platt	82,000.00	920.53	89.08	(0.4)
60,088.00	Plaxtol	63,092.00	618.72	101.97	4.1
29,232.00	Ryarsh	30,360.00	380.68	79.75	2.5
17,515.00	Shipbourne	18,500.00	289.21	63.97	8.7
349,077.00	Snodland	356,083.00	3,954.80	90.04	1.8
17,780.00	Stansted	17,780.00	295.33	60.20	0.4
35,000.00	Trottscliffe	35,000.00	280.79	124.65	1.4
150,000.00	Wateringbury	150,500.00	951.49	158.17	1.4
159,578.82	West Malling	175,432.77	1,333.33	131.57	7.4
7,330.00	West Peckham	7,700.00	186.11	41.37	3.4
70,433.82	Wouldham	71,906.88	1,355.83	53.04	(2.0)
138,337.00	Wrotham	153,535.00	856.30	179.30	9.5
3,945,606.55	Total	4,134,554.56	40,524.01		

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GENERAL FUND WORKING BALANCE

	£
Balance at 1.4.2025	1,250,000
less transfer due 2025/26	(1,250,000)
	<hr/>
Balance at 31.3.2026	0
	<hr/>

GENERAL REVENUE RESERVE

	£	£
Balance 1.4.2025		11,023,958
Budgeted to be transferred to the Reserve	20,792	
Decrease on Original Estimate	(488,814)	
	<hr/>	509,606
		<hr/>
Estimated Balance at 1.4.2026		11,533,564
Contribution to the Reserve 2026/27		776,018
		<hr/>
Estimated Balance at 31.3.2027		12,309,582

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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 2026/27 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 2026/27 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.

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.

Following the announcement of the Fair Funding Settlement the core funding from central government, made up of Revenue Support Grant and Retained Business Rates, is expected to fall by £895,000 by the 2028/29 financial year. This reduction was foreseen within the previous iterations of the MTFS and as a result this reduction can be contained in the overall projections.

As a result, the current predicted funding gap now reduces to a **nil position**, a number of factors assumed in future years could be different and therefore the funding gap may reappear.

This nil position assumes that some long term reductions in cost or increased income will occur in the MTFS, namely the scaling back on office accommodation in the sum of £200,000, the increased usage of Council owned or leased temporary accommodation for Homelessness clients of £200,000 and a net income from the service fee from the Leisure Trust of £400,000.

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.

Underpinning 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 considered for the 2026/27 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 £4.4m to support the Council's key priorities within the Corporate Strategy has been made via the 2026/27 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 for 2026/27 is £8,891,144. This is made up of Retained Business Rates of £3,362,707, Revenue Support Grant of £4,776,751 and Homelessness Prevention Grant of £841,686. Revenue Support Grant from 2026/27 has several previous grants rolled up previously classified as Section 31 Grants.
New Homes Bonus	This grant ceases from 2026/27 being rolled into Revenue Support Grant.
Business Rates	<p>The Government's Business Rates Reset implemented with their Fair Funding Review has resulted in any previous growth achieved being rolled into the new baseline issued as part of the settlement announcement.</p> <p>As a result, the Council has budgeted both for 2026/27 and beyond to only allow for the baseline amounts issued as part of the three year settlement.</p> <p>The Kent Pooling arrangements for Business Rates will cease from the end of 2025/26, meaning that any growth achieved will be subject to the national guidance on levy charges.</p>

Overall Grant Funding	<p>Following the announcement of the Fair Funding Review and Business Rates Reset the Council is only entitled to two major non-specific grant streams, being Revenue Support Grant and Retained Business Rates.</p> <p>The Government has provided a three year settlement showing increases in Business Rates to £3,509,236 in 2028/29 and a reduction in Revenue Support Grant to £3,847,809 in 2028/29.</p> <p>For future planning in the MTFS is has been assumed that Business Rates will increase by the Bank of England inflation rate (2%) and Revenue Support Grant will remain at the 2028/29 levels.</p>
Council Tax Base	<p>The Council Tax Base for 2026/27 is 54,672.16 Band D equivalents with an expectation that this will increase by an additional 5,700 over the strategy period, or around 633 on average per year (over the remaining 9 years).</p>
Local Referendums to Veto Excessive Council Tax Increases	<p>The Secretary of State will determine a limit for council tax increases which for 2026/27 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.</p> <p>The MTFS reflects an annual increase in council tax of 3% in the remaining years of the plan.</p> <p>If the Council was minded reducing any increase from this proposed level, the resulting loss would be equal to £134,000 for each 1% reduction. This would then be compounded in the remaining years of the MTFS and place a high risk on the achievement of its financial objectives.</p>
The Prudential Code and its impact on Capital Planning	<p>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.</p> <p>This does not however, preclude a decision to borrow 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.</p>

	<p>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.</p> <p>The Government may also decide, as it has done in other parts of the country, to direct the Council to borrow to meet its share of the one-off implementation costs associated with Local Government Reorganisation.</p>
The Council's Capital Strategy and Capital Plan	<p>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 £500,000 until 2027/28. Whilst the replacement to the Angel Centre in Tonbridge has been agreed in principle, officers are yet to finalise the business case and funding arrangements for the final project approval by Members. Therefore, the Capital Strategy includes intentions to earmark funds to support the cost of development.</p>
Treasury Management	<p>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.</p> <p>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 2026/27.</p>
Interest Rates	<p>Interest returns on the Council's 'core funds' have been set at 3.625% in 2026/27 and fluctuating between 3.375% 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, MUFG. To put this into context, based upon the 24/25 closing balance a 0.25 of a percentage point variation to this</p>

	<p>assumed level would have an £86,750 effect on the Council's investment income.</p> <p>The Council has chosen to retain a minimum of £3m in its General Revenue Reserve to deal with, amongst other things, interest rate volatility.</p>
Property Investment Funds and Multi Asset Diversified Income Funds	<p>The Council took the decision some years ago to invest in one or more property investment funds and multi asset diversified income funds. To guard against downward fluctuations in asset values a Property Investment / Multi Asset Diversified Income Fund Reserve was established and the balance maintained will be in line with the potential losses in capital value.</p>
Adequacy of Reserves	<p>At the beginning of 2026/27, we anticipate that the General Revenue Reserve balance will be £11.533m.</p> <p>The Adequacy of Reserves is discussed in more detail below.</p>
Pay and Price Inflation	<p>The estimates provide allowance for general pay inflation amounting to circa 4.0% in 2026/27 followed by 2% each year thereafter reflecting future projections. Where possible in 2026/27 general price inflation has been kept to a minimum or in line with the prevailing rate of inflation (CPI) followed by 2% each year thereafter.</p> <p>This is in line with the Bank of England inflation target. Exceptions include energy and the waste services contract where different indices have been applied.</p> <p>The Office of Budget Responsibility (OBR) inflationary forecast for November 2025 gives inflation for 2026 to be 2.5% falling to 2% in 2027.</p> <p>In order to provide context a 0.5% increase in the inflation factors above will still result in a balanced budget in year 10 of the MTFS, albeit reduced to £170,000 and a GRR balance of £3.7m meeting both requirements of the MTFS.</p>
Fees and Charges	<p>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.</p>
Emerging Growth Pressures and Priorities	<p>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</p>

	over the period and in consequence, the Strategy will be updated at least annually.
Financial Management	<p>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.</p> <p>Our external auditor (Grant Thornton UK LLP) following the 2024/25 audit concluded the Authority has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.</p>
Insurance Arrangements and Business Continuity	<p>Risks identified via the preparation of Service / Section Risk Registers have, wherever possible, been reduced to an acceptable level.</p> <p>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 considers risks when making decisions.</p>
Corporate Governance and Risk Management	<p>The Council has adopted a Local Code of Corporate Governance based upon the requirements of the CIPFA/SOLACE Corporate Governance framework.</p> <p>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.</p>
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.

<p>Government Led Issues including reforms to National Planning Policy Framework (NPPF)</p>	<p>Whilst the outcome of the local authority funding reform is now known, welfare reform initiatives are still in progress, and the administration of housing benefits for working age claimants is expected to cease from the end of 2026/27 and the MTFS has reflected this.</p> <p>The Council has proceeded with the publication of Regulation 18 of the Local Plan and associated consultation. The responses to this consultation are being examined at the present time, but due to the timeframes being proposed for the remainder of the process to deliver the Local Plan some additional costs have been recognised in the immediate term.</p> <p>Therefore, it is expected that a number of these issues could give rise to variances compared to projections. As a result, we will need to closely monitor the impact of these issues on the Council's finances.</p>
<p>Savings and Transformation Contributions</p>	<p>Given the previous prudential approach taken to the potential results of the Fair Funding Review, the results while showing a reduction in Government funding of around £895,000 at the end of the third year announced in the settlement, means that Council has a zero funding gap required to meet the long term objectives of the MTFS.</p> <p>It should be noted however, that the MTFS does contain reductions in cost for the scaling back of office accommodation in the sum of £200,000, reductions in the costs from the use of Council owned or leased Temporary Accommodation of £100,000 in 2027/28 increasing to £200,000 from 2028/29 and a projected income from the renegotiated service fee from the Leisure Trust amounting to £400,000.</p> <p>There are further risks arising from the recommissioning of the refuse, recycling and street cleansing contract, the results of which are expected after this budget will be set, meaning that the funding gap may require reassessment early in the new financial year, with a further report being presented to Cabinet.</p>
<p>Reorganisation of Local Government in Kent</p>	<p>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.</p>

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 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 the provision of council owned and managed accommodation, the achievement of which could require some reserve funding depending on the time taken to achieve these goals.

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 2036, the end of the 10-year MTFS, is estimated to be £4.814m based on an increase in council tax of 3% for 2025/26 with the Council working to a balanced budget.

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 £2.126m.

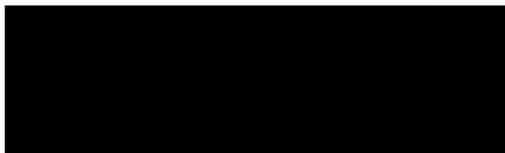
A schedule of the reserves held as at 1 April 2025 and proposed utilisation of those reserves to 31 March 2027 is provided in Annex 16b.

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

Opinion

I am of the opinion that the approach taken in developing the 2026/27 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:

A large black rectangular redaction box covering the signature of the Head of Finance & Section 151 officer.

Date: 29 January 2026

Head of Finance & Section 151 officer CPFA, DMS

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RESERVES ESTIMATE 2026/27

Description	Balance as at	Estimated Contribution		Estimated	Estimated Contribution		Estimated
	1 April 2025	From	To	Balance as at	From	To	Balance as at
	£	£	£	£	£	£	£
General Revenue Reserve	11,023,958		509,606	11,533,564		776,018	12,309,582
General Fund	1,250,000	(1,250,000)		0			0
Revenue Reserve for Capital Schemes	8,117,880			8,117,880			8,117,880
Building Repairs Reserve	1,111,636			1,111,636			1,111,636
Property & Multi Asset Fund Reserve	3,250,000	(2,000,000)		1,250,000			1,250,000
Earmarked Reserves							
Democratic Representation	6,596	(6,596)		0			0
Special Projects	163,660	(104,350)	112,450	171,760	(58,450)	38,800	152,110
Planning Services	1,198,568	(837,550)	525,500	886,518	(461,600)	385,000	809,918
Homelessness Reduction	1,543,650	(1,314,050)	1,294,000	1,523,600	(995,000)		528,600
Election	201,991	(50,000)	30,000	181,991		30,000	211,991
Asset Review	48,586	(27,550)		21,036			21,036
Training	122,270	(40,000)		82,270	(40,000)		42,270
Invest to Save	73,533	(73,533)		0			0
Housing & Welfare Reform	109,109			109,109			109,109
Tonbridge and Malling Leisure Trust	286,200	(286,200)		0			0
Housing Assistance	358,350	(45,100)		313,250	(46,500)		266,750
Business Rates Retention Scheme	1,471,384	(729,150)	321,500	1,063,734	(375,100)		688,634
Public Health	17,283			17,283			17,283
Regeneration of Tonbridge (incl Angel)	4,315,761	(513,350)	7,700,000	11,502,411	(79,550)	3,500,000	14,922,861
Transformation	1,168,798	(379,300)	631,100	1,420,598	(111,050)	700,000	2,009,548
Climate Change	640,951	(36,200)	32,000	636,751	(30,000)		606,751
Budget Stabilisation	2,868,693	(2,720,700)		147,993			147,993
Tree Reserve	25,000			25,000			25,000
	14,620,383	(7,163,629)	10,646,550	18,103,304	(2,197,250)	4,653,800	20,559,854
Total	39,373,857	(10,413,629)	11,156,156	40,116,384	(2,197,250)	5,429,818	43,348,952

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Tonbridge & Malling Borough Council**Calculation of Council Tax Requirement for the year 2026/27 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	118,999,427
(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	101,051,951
(c) Calculation under Section 31A (4), being the amount by which the aggregate at (a) above exceeds the aggregate at (b) above	----- 17,947,476 -----

Memorandum:-

	£
Borough Council	12,600,419
Special Expenses	1,212,502
Parish Council Precepts	4,134,555
Total	----- 17,947,476 -----

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Agenda Item 10

- Recommendations are 'to follow' and will be circulated in advance of the meeting.

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Cabinet

10 February 2026

Part 1 - Public

Recommendation to Council



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Cabinet Member	Cllr Matt Boughton – Leader of the Council Cllr Martin Coffin – Cabinet Member for Finance, Waste and Technical Services
Responsible Officer	Damian Roberts – Chief Executive Paul Worden – Head of Finance (Section 151 Officer)
Report Author	Paul Worden – Head of Finance (Section 151 Officer) Donna Riley – Financial Services Manager

Setting the Council Tax 2026/27

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 2026/27 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:
- 1) NOTE the draft resolution which will be completed and presented to Full Council at its meeting on 24 February 2026; and
 - 2) RECOMMEND that Full Council approve a 3% or £7.35 per annum increase in the Borough Council's element of the council tax for 2026/27, representing a notional 'average' charge at Band D of £252.65.

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. 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 2026/27

- 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 2026/27 which has been determined by the Head of Finance (Section 151 Officer) in accordance with their delegated authority (published under decision notice D250036OFF, 10/12/2025). This shows that there are 54,672.16 Band D equivalent properties within the Borough compared to 53,849.82 in the year 2025/26 (an increase of 1.5%).
- 5.3 All precepting authorities have been notified of the tax base for 2026/27.

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 2026/27 council tax at Band D will be £252.65. This represents a cash increase of £7.35 per annum compared to 2025/26, 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 29 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 12 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 24 February 2026.**

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 2026/27 Annex 2 – Draft Council Tax Resolution 2026/27

COUNCIL TAX - TAX BASE FOR 2026/27

Parish	Tax Base
	Band D Equivalents
ADDINGTON	441.18
AYLESFORD	4,801.97
BIRLING	203.63
BOROUGH GREEN	1,743.89
BURHAM	476.98
DITTON	1,904.65
EAST MALLING & LARKFIELD	5,381.75
EAST PECKHAM	1,352.25
HADLOW	1,590.30
HILDENBOROUGH	2,341.77
IGHTHAM	1,137.22
KINGS HILL	4,897.61
LEYBOURNE	1,932.53
MEREWORTH	467.08
OFFHAM	428.08
PLATT	920.53
PLAXTOL	618.72
RYARSH	380.68
SHIPBOURNE	289.21
SNODLAND	3,954.80
STANSTED	295.33
TROTTISCLIFFE	280.79
WATERINGBURY	951.49
WEST MALLING	1,333.33
WEST PECKHAM	186.11
WOULDHAM	1,355.83
WROTHAM	856.30
TONBRIDGE	14,148.15
TOTAL	54,672.16

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COUNCIL TAX**DRAFT RESOLUTION**

1. It be noted that on 24th February 2026 the Council calculated:

- (a) the Council Tax Base 2026/27 for the whole Council area as 54,672.16 [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	14,148.15
Addington	441.18
Aylesford	4,801.97
Birling	203.63
Borough Green	1,743.89
Burham	476.98
Ditton	1,904.65
East Malling & Larkfield	5,381.75
East Peckham	1,352.25
Hadlow	1,590.30
Hildenborough	2,341.77
Ightham	1,137.22
Kings Hill	4,897.61
Leybourne	1,932.53
Mereworth	467.08
Offham	428.08
Platt	920.53
Plaxtol	618.72
Ryarsh	380.68
Shipbourne	289.21
Snodland	3,954.80
Stansted	295.33
Trottscliffe	280.79
Wateringbury	951.49
West Malling	1,333.33
West Peckham	186.11
Wouldham	1,355.83
Wrotham	856.30

2. £ X,XXX,XXX being the Council Tax requirement for the Council's own purposes for 2026/27 (excluding Parish Precepts).

3. That the following amounts be calculated for the year 2026/27 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>	£	
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	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.
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	
Trottscliffe	XXX.XX	
Wateringbury	XXX.XX	
West Malling	XXX.XX	
West Peckham	XXX.XX	
Wouldham	XXX.XX	
Wrotham	XXX.XX	

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							
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							
Trottscliffe	XXX.XX							
Wateringbury	XXX.XX							
West Malling	XXX.XX							
West Peckham	XXX.XX							
Wouldham	XXX.XX							
Wrotham	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 2026/27 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 2026/27, 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

Agenda Item 11

- Recommendations are 'to follow' and will be circulated in advance of the meeting.

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Cabinet

10 February 2026

Part 1 - Public

Recommendation to Council



Cabinet Member	Cllr. Matt Boughton, Leader
Responsible Officer	Paul Worden, Head of Finance/Section 151 Officer
Report Author	William Waight, Revenue & Benefits Manager

Local Council Tax Reduction Scheme 2026/27

1 Summary and Purpose of Report

1.1 A report providing the proposed Tonbridge & Malling Working-Age Local Council Tax Reduction Scheme for 2026/27, 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 2026/27 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 2026/27 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 2026, the National Living Wage will increase from £12.21 per hour to £12.71. This increase is around 4.1%. 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 2026/27 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 26/27

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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 2026.

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 2026 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;
- The Council Tax Reduction Schemes (Prescribed Requirements) (England) (Amendment) Regulations 2026: 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 2026 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.
- 18.12 AFor 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 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 paid¹²

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 2026/27 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	127.11	190.66	254.21	317.76
	upper	127.10	190.65	254.20	317.75	381.30
Couple	lower	0.00	167.11	230.66	294.21	357.76
	upper	167.10	230.65	294.20	357.75	421.30
Lone Parent with 1 Child	lower	0.00	182.11	245.66	309.21	372.76
	upper	182.10	245.65	309.20	372.75	436.30
Couple with 1 Child	lower	0.00	222.11	285.66	349.21	412.76
	upper	222.10	285.65	349.20	412.75	476.30
Lone Parent with 2 or more Children	lower	0.00	237.11	300.66	364.21	427.76
	upper	237.10	300.65	364.20	427.75	491.30
Couple with 2 or more Children	lower	0.00	277.11	340.66	404.21	467.76
	upper	277.10	340.65	404.20	467.75	531.30

- 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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Agenda Item 12

- Recommendations are 'to follow' and will be circulated in advance of the meeting.

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TREASURY MANAGEMENT UPDATE AND TREASURY MANAGEMENT AND AUDIT INVESTMENT STRATEGY 2026/27

Item AU 26/4 referred from Audit Committee of 26 January 2026

The report of the Head of Finance provided an overview of the Council's treasury management activities for the first eight months of the 2025/26 financial year and introduced the proposed Treasury Management and Annual Investment Strategy for 2026/27.

The Council's investments, including cash flow surpluses, core cash, property and diversified income funds, had generated interest income exceeding original budget forecasts, largely due to the Bank Rate remaining higher for longer than anticipated. The Council's approach prioritised security and liquidity, with investments diversified across highly rated UK and selected non-UK institutions. Property and diversified income funds were capped at 20% of long-term balances due to their higher risk and volatility.

The Council's returns were in line with comparator local authorities and its risk profile remained consistent with the sector average.

The Property and Multi-Asset Funds continued to generate stable income, though capital values might fluctuate. The Council had mitigated potential losses through earmarked reserves. The authority remained debt-free, with no borrowing planned unless needed to support strategic investments aligned with Council priorities.

In terms of long-term investment, particular attention was brought to the Lothbury and Hermes Property funds following concern raised by Members. The Council evaluated various options when considering the diversification of its funds. At the time, alternatives had been considered and were deemed to have carried significant risk, therefore after careful consideration, the Council had chosen to pursue property funds, which had proven to be financially beneficial overall. Members noted that it would not have been reasonable to foresee these developments at the outset. When considering the overall performance of the property portfolio, the impact of the Lothbury and Hermes Property funds accounted for approximately 5% of the portfolio's value and assurance was given that the decisions made were appropriate given the information available at the time.

In hindsight, market conditions had been turbulent, which had informed ongoing review and adjustment of investment strategies. The Council had reflected on its approach to long-term investment strategies, particularly regarding the mix of asset types within its portfolio. Members were advised that the local authority property fund had transitioned towards student accommodation and had entered into a partnership with Jupiter Asset Management, which would strengthen the Council's long-term resilience and broaden its investment resource pool.

RECOMMENDED*: That

- 1) the Treasury Management position as at 30 November 2025, be noted; and
- 2) the Treasury Management and Annual Investment Strategy for 2026/27 set out at Annex 5, be adopted.

***Recommended to Cabinet**

- 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 is gradually reducing with the Bank of England cutting the rate in August, and again in December 2025 when Bank Governor, Andrew Bailey, used his deciding vote to force a rate cut through by the slimmest of margins, 5-4, bring the bank rate down to 3.75%.
- 5.2 Given the wafer-thin majority for a rate cut it was not unexpected to hear that although rates would continue on a "gradual downward path", suggesting a further rate cut or cuts in the offing, MPC members want to assess incoming evidence on labour market activity and wage growth.
- 5.3 Annual wage growth is still over 4.5%, the MPC reiterated that the case for further rate cuts would be "a closer call", and Governor Bailey observed there is "limited space" as Bank Rate approaches a neutral level.
- 5.4 From a GDP perspective, the financial year got off to a bumpy start with the 0.3% m/m fall in real GDP in April as front-running of US tariffs in Q1 (when GDP grew 0.7% on the quarter) weighed on activity. Despite the underlying reasons for the drop, it was still the first fall since October 2024 and the largest fall since October 2023. However, the economy surprised to the upside in May and June so that quarterly growth ended up 0.3% q/q. Nonetheless, the 0.0% m/m change in real GDP in July, followed by a 0.1% m/m increase in August and a 0.1% decrease in September will have caused some concern. GDP growth for 2025 and 2026 is currently forecast by the Bank of England to be in the region of 1.4% before picking up in 2027.
- 5.5 Staying with future economic sentiment, the composite Purchasing Manager Index (PMI) for the UK increased to 52.2 in October. The manufacturing PMI output balance improved to just below 50 but it is the services sector (52.2) that continues to drive the economy forward. Nonetheless, the PMIs suggest tepid growth is the best that can be expected in the second half of 2025 and the start of 2026 and in November figures showed that GDP for July to September was 0.1% q/q.
- 5.6 Turning to retail sales volumes, and the 1.5% year-on-year rise in September, accelerating from a 0.7% increase in August, marked the highest gain since April. On a monthly basis, retail sales volumes rose 0.5%, defying forecasts of a 0.2% fall, following an upwardly revised 0.6% gain in August. Household spending remains surprisingly resilient, but the headwinds are gathering.

- 5.7 The weakening in the jobs market looked clear in the spring. May's 109,000 m/m fall in the PAYE measure of employment was the largest decline (barring the pandemic) since the data began and the seventh in as many months. The monthly change was revised lower in five of the previous seven months too, with April's 33,000 fall revised down to a 55,000 drop. More recently, however, the monthly change was revised higher in seven of the previous nine months by a total of 22,000. So instead of falling by 165,000 in total since October, payroll employment is now thought to have declined by a smaller 153,000. Even so, payroll employment has still fallen in nine of the ten months since the Chancellor announced the rises in National Insurance Contributions (NICs) for employers and the minimum wage in the October 2024 Budget. The number of job vacancies in the three months to October 2025 stood at 723,000 (the peak was 1.3 million in spring 2022). All this suggests the labour market continues to loosen, albeit at a slow pace.
- 5.8 MUFG's latest Bank Rate forecast, updated in December 2025, shows the near term rates moving steadily downward, is included in **[Annex 5]** and anticipates the Bank Rate will level out at 3.25% 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 2025/26 cash flow surpluses have averaged £30.65m.
- 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 2025/26 and future years.
- 6.5 Long term investment at the end of November 2025 comprises of £2.60m 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 at 28 November 2025 is provided at **[Annex 1]** and a copy of our lending list of 30 November 2025 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 2025	Average duration to maturity	Weighted average rate of return	SONIA benchmark November 2025	Interest / dividends earned	Gross annualised return
	£m	Days	1 April to 30 November 2025 %	%	1 April to 30 November 2025 £	%
Cash flow	30.65	4	4.03	3.94	791,670	4.18
Core cash	33.00	110	4.04	3.84	1,003,720	4.41
Long term	2.00				70,790	3.54
Long term (LPT)	0.60				3,685	--
Medium term	4.25				123,660	4.35
Total	70.50				1,993,525	--

Table 1

Property funds pay dividends quarterly. The return quoted above is based on dividends received for the period April to September 2025.

- 6.8 **Cash flow and core cash investments.** The SONIA (Sterling Overnight Index Average) benchmark has continued to follow the trend of reducing in line with the cuts in the Bank of England's interest rate over the past few months.
- 6.9 Looking ahead, market sentiment suggests that any future interest rate cuts will be slow and gradual throughout 2026 settling at 3.25% by December. This may present further 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 £1,993,525, which is £392,690 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 MUFG's benchmarking service which enables performance to be gauged against their 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 2025 the Council's return was 4.17% (purple diamond) this was in line with the local benchmarking group average of 4.11%. MUFG'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 2025/26.
- 6.15 **Long term investment.** £5m was originally 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.
- 6.16 During the period 1 April 2025 to 30 September 2025, as property funds are reported quarterly, the £2m attributable to LAPF, and the more recently dis-investment of Hermes Property Fund (£1m), generated dividends of £70,790 which represents an annualised return of 3.54% (4.09% in 2024/25).
- 6.17 The initial £2m invested in Lothbury Property Fund, sales of assets and the return of capital monies, leaves an outstanding balance of £599,070. While unbudgeted dividends are being received (£3,685 to date), it is on an ad-hoc basis. Further information is set out in paragraphs 6.25 to 6.28. The dividend income from the remaining property fund is expected to be in line with the revised budget for the financial year 2025/26.
- 6.18 The long-term investment figure set out in table 2 concentrates on the LAPF, while table 3 provides details of the repayment of capital investment from the sale of assets for Lothbury Property Fund (terminated on 30 May 2024).
- 6.19 Information pertaining to the losses from the dis-investment of Hermes Property Fund has been set out in paragraphs 6.29 to 6.30.

6.20 Sale values at the end of November 2025 vs initial purchase prices are as follows:

Property fund	Purchase price	Sale value at date of purchase	Sale value 30 November 2025	30 November sale value above (below) purchase price (c-a)
(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)	a	b	c	
	£	£	£	£
LAPF (Primary, July 2017)	1,000,000	922,200	897,390	(102,610)
LAPF (Primary, June 2018)	1,000,000	922,200	860,410	(139,590)
Total change in principal	2,000,000	1,844,400	1,757,800	(242,200)
			Total dividends received to September 2025	636,940
			Net benefit since inception	394,740

Table 2

- 6.21 Since inception, the Council have received dividends from the Local Authority Property Fund investments totalling £636,940, contributing positively to the revenue position and supporting the treasury management strategy objectives.
- 6.22 Capital values over the period April 2025 to November 2025 continue to reflect a depreciation level of around £242,200, with minimal fluctuation observed, potentially indicating a stabilisation in asset valuations.
- 6.23 The investment continues to perform in-line with revised expectations, with income returns partially mitigating the impact of the capital depreciation. No further material deterioration in capital values has been identified during this period.
- 6.24 The proposed acquisition of CCLA, and by extension, the LAPF, by Jupiter Investment Management Group, subject to Financial Conduct Authority (FCA) approval, is expected to enhance the combined entity's market position and operational capacity, while strengthening CCLA's long-term strategic resilience, governance framework, and access to broader investment resources, thereby supporting future investment activity and service delivery.
- 6.25 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.
- 6.26 As set out in table 3 below, eight distributions totalling £1,400,930 have been received to date in respect of the Council's initial investment.
- 6.27 A further dividend distribution is expected to be declared in January 2026, and the anticipated completion of the final asset sales imminent, however, the winding-up of the fund has been extended to May 2026.

- 6.28 Taking into account the dividends received from the inception of the fund, the breakeven point would be the recovery of £216,350 against the outstanding assets:

Property fund <small>(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)</small>	Purchase price	Sale value at date of purchase	Principal Investment Returned	Principal Investment Balance Outstanding
	a £	b £	c £	£
Lothbury Property Trust	2,000,000	1,900,700	1,400,930	(599,070)
Total dividends received to November 2025				382,720
Net balance to breakeven point				(216,350)

Table 3

- 6.29 At the merger between the Hermes Property Fund and L&G Pension on 15 August 2025 it prompted the dis-investment of the Council's holdings in the fund. The capital realisation amounted to £908,350 against the initial investment of £1m, resulting in a capital loss of £91,650.
- 6.30 Dividend income received over the life of the investment totalled £272,470. While this income does not offset the capital loss for accounting purposes, it is prudent to note that the cumulative income generated exceeds the capital loss incurred, resulting in a positive net financial return over the investment period.
- 6.31 To safeguard the Council's position, an earmarked reserve was established at the outset of entering into medium and long term investments to mitigate potential capital losses. The revised revenue estimates have drawn down against this reserve to ensure the overall revenue budget is protected and that financial impact of the investment losses is appropriately contained.
- 6.32 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.
- 6.33 **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.
- 6.34 Like property funds, multi asset (diversified income) funds aim to generate returns over and above inflation and thus preserve spending power.

- 6.35 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.
- 6.36 During the period April 2024 to November 2025 the £4.25m investment in multi asset funds generated dividends of £123,660 which represents an annualised return of 4.35%.
- 6.37 **Treasury management function.** An extract from the draft income and expenditure estimates (*due to be presented to the Overview and Scrutiny Committee on 22 January 2026*) 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 2026/27

- 7.1 The Treasury Management Strategy Statement has undergone a comprehensive review to ensure it remains robust and fit for purpose.
- 7.2 As part of the review, it has been undated to include detailed policies and strategic considerations relating to any future borrowing requirements, should these arise, thereby providing a clear framework to support informed and prudent decision-making.
- 7.3 The Council's treasury advisors anticipate the bank rate reduction will continue for the near term before settling at 3.25% by December 2026 and will remain there for the foreseeable future.
- 7.4 CPI inflation remained at 3.8% in September, whilst core inflation fell to 3.5%. Services inflation stayed at 4.7%. A further loosening in the labour market and weaker wage growth may be a requisite to UK inflation coming in below 2.0% by 2027.
- 7.5 The further easing in wage growth will be welcomed by the Bank of England as a as unemployment stands at 4.6% (September) and the loosening of the labour market is driving softer wage pressures. The three month average earnings growth, excluding bonuses, fell from 5.5% in April to 4.6% in September (year on year). The Bank would ideally like to see further wage moderation to support a continued, gradual easing of monetary policy. Markets are currently pricing in rate

cuts in February and June to 3.25%, although heightened volatility could prompt a repricing given the data dependent nature of the outlook.

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 2026/27 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 MUFG'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 MUFG's post CDS recommendation. For UK financial institutions MUFG's duration recommendation can be enhanced by up to 6 months subject to the combined duration (MUFG 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 in the near term, 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 (£5.7m) and precept payments (£9.2m). 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 investment**, though representing only 3.69% at the time of writing (5.81% in 2024/25) of the investment portfolio, it is 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 6.03% (6.11% in 2024/25) of the investment portfolio, are likely to generate investment income of circa 4.1% 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 support the Council's ongoing capital expenditure proposals under the current capital plan. This position does not, however, preclude borrowing to fund in whole or in part, investment opportunities that align with the Council's strategic priorities and objectives and delivers value for money. Any 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 3.75%. MUFG's current forecast (December 2025) anticipates Bank Rate will fall back to 3.25% by December 2026 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, having initiated the rate cut cycle in August 2024, has reduced the bank rate from 5.25% to 3.75%. The benefit of the former has produced interest earned over the past several months to the end of November 2025 from cash flow surpluses and core cash investments. This has exceeded the original budget for the same period. Investment income for the year as a whole is expected to exceed the original budget which is reflected in the revised estimates for 2026/27.
- 10.3 Performance is monitored against a benchmark return and against other local authorities in Kent and the broader local authority pool via MUFG'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 crystallising 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 held in the remaining property fund 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 MUFG 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 2026/27 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 2026/27 Treasury Management and Annual Investment Strategy.

13 Cross Cutting Issues

13.1 Climate Change and Biodiversity

- 13.1.1 While the Treasury Management Code establishes security, liquidity and yield as the core investment principles, it also recognises the growing importance of environmental, social and governance (ESG) considerations for investors. Accordingly, ESG considerations have now been formally incorporated into the Treasury Management Strategy Statement (TMSS).

13.2 Equalities and Diversity

- 13.2.1 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	MUFG:Interest rate forecast (December 2025) Economic commentary Benchmarking data.
Annexes	(1) TMBC Investment Summary 28 November 2025 (2) TMBC Lending List November 2025 (3) TMBC Benchmarking September 2025 (4) TMBC Treasury Management Estimates 205/26 and 2026/27 (5) TMBC Treasury Management and Annual Investment Strategy 2026/27 (6) TMBC Non-Treasury Management Practices

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Tonbridge and Malling Borough Council - Investment summary 28 November 2025

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	4.05	4.26%		3,000,000		
Goldman Sachs : Fixed Term Deposit Fixed Term Deposit	UK	A+	F1	6 months	06/08/2025 17/11/2025	06/05/2026 17/08/2026	9 Months 9 Months	6,000,000 3,000,000 3,000,000	4.13 4.01	8.51%		3,000,000 3,000,000		
Handelbanken : Fixed term deposit 35 day notice account	UK	AA	F1+	1 year	17/10/2025 18/07/2025	19/01/2026 TBD	3 months 35 Days	6,000,000 3,000,000 3,000,000	4.03 4.20	8.51%		3,000,000 3,000,000		
HSBC Bank : 31 day notice account	UK	AA-	F1+	1 year	02/12/2019	TBD	31 Days	3,000,000	4.00	4.26%	3,000,000			
National Westminster Bank : Deposit account Certificate of Deposit	UK	AA-	F1+	1 year	28/11/2025 05/08/2025	01/12/2025 05/08/2026	Overnight 12 months	3,050,000 50,000 3,000,000	2.25 4.06	4.33%	50,000	3,000,000		
Rabobank : Certificate of Deposit Certificate of Deposit	Netherlands	A+	F1	1 year	22/07/2025 05/11/2025	22/07/2026 04/11/2026	12 months 12 months	6,000,000 3,000,000 3,000,000	4.09 3.96	8.51%		3,000,000 3,000,000		
Standard Chartered : Sustainable Fixed Term Deposit Sustainable Fixed Term Deposit	UK	A+	F1	6 months	20/06/2025 13/11/2025	19/06/2026 13/11/2026	12 months 12 months	6,000,000 3,000,000 3,000,000	4.14 3.94	8.51%		3,000,000 3,000,000		
Toronto Dominion Bank : Certificate of Deposit	Canada	AA-	F1+	1 year	03/10/2025	02/10/2026	12 months	3,000,000 3,000,000	4.18	4.26%		3,000,000		
Money Market Funds														
Blackrock MMF - shares/units held	N/A	AAA	mmf (Eq)	5 years	28/11/2025	01/12/2025	Overnight	7,781,000	4.02	11.04%	7,781,000			
BNP Paribas MMF - shares/units held	N/A	AAA	mmf (Eq)	5 years	28/11/2025	01/12/2025	Overnight	3,903,000	4.02	5.54%	3,903,000			
CCLA PSDF MMF - shares/units held	N/A	AAA	mmf	5 years	28/11/2025	01/12/2025	Overnight	0	3.97		-			
DWS Deutsche MMF - shares/units held	N/A	AAA	mmf	5 years	28/11/2025	01/12/2025	Overnight	7,917,000	4.05	11.23%	7,917,000			
Federated MMF - shares/units held	N/A	AAA	mmf	5 years	28/11/2025	01/12/2025	Overnight	8,000,000	4.05	11.35%	8,000,000			
Morgan Stanley MMF - shares/units held	N/A	AAA	mmf	5 years	28/11/2025	01/12/2025	Overnight	0	3.98		-			
Property Funds														
Local Authorities' Property Fund : Property fund units Property fund units	N/A	N/A	N/A	N/A	29/06/2017 30/05/2018	N/A N/A	N/A N/A	2,000,000 1,000,000 1,000,000	4.34 5.83	2.84%			1,000,000 1,000,000	
Lothbury Property Trust : Property fund units Property fund units	N/A	N/A	N/A	N/A	06/07/2017 02/07/2018	N/A N/A	N/A N/A	599,068 0 599,068		0.85%			- 599,068	
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		2.48%			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		1.42%			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		2.13%			1,500,000	
Total invested								70,500,068		100.00%	30,651,000	33,000,000	4,250,000	2,599,068

Number of investments	26	Average investment value £		2,712,000	
Number of counter parties	19	Average counter party investment £		3,711,000	
Group exposures:		Core £	Cash £	Combined £	%
Royal Bank of Scotland + National Westminster (UK Nationalised MAX 20%)		3,000,000	50,000	3,050,000	4.33
Bank of Scotland + Lloyds (MAX 20%)		-	-	-	-
Property Funds Total				£	%
Multi Asset Funds Total				2,599,068	3.69
				4,250,000	6.03

Total non-specified investments should be less than 60% of investment balances 9.71%

Notes:
Property fund returns are based on dividends distributed from the start of each investment. Capital appreciation / depreciation is recorded elsewhere.

End date for notice accounts to be determined (TBD)

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Tonbridge and Malling Borough Council Lending List

Checked against MUFG's "Suggested Credit List" dated 28/11/25
Minimum investment criteria is MUFG'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
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-	AA-	F1+	Ring-fenced	£7m	1 year	1 year
Santander UK	UK	AA-	A+	F1	Ring-fenced	£7m	R - 6 mths	R - 6 mths
Standard Chartered Bank	UK	AA-	A+	F1	Exempt	£7m	R - 6 mths	R - 6 mths
The Royal Bank of Scotland (Group limit Nat West and RBS £7m)	UK	AA-	AA-	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 MUFG'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 Head of Finance

01 December 2025

MUFG have updated Standard Chartered's suggested duration from 1 year (orange) to 6 months (red), this is due to Moody's changing their methodology when rating banks globally.

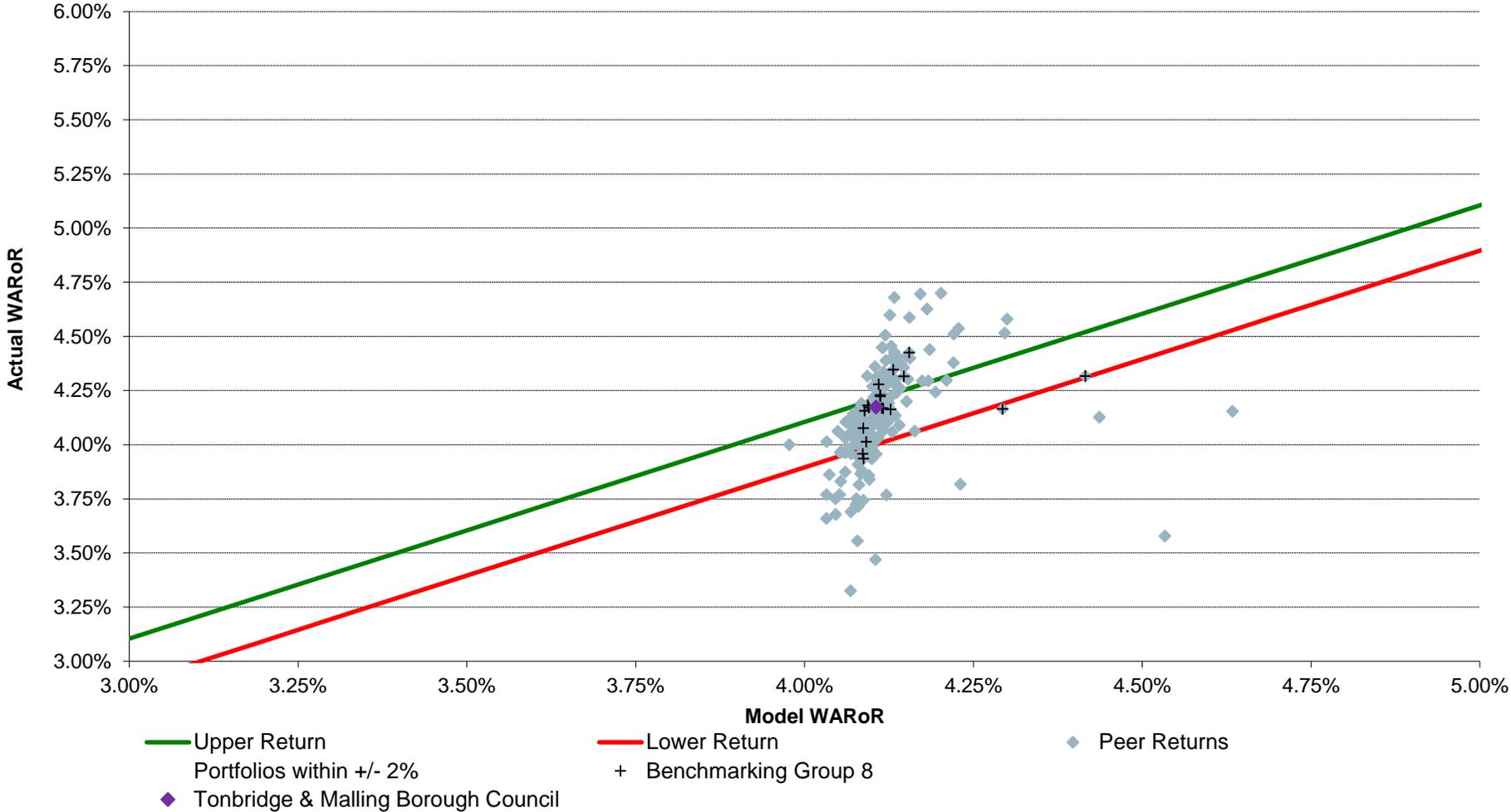
Note: Close Brothers removed from Link's Suggested Credit List 12/02/2025. Although removed, Link have stated that the Fitch long term rating change from A- to BBB+ would have no impact on the Link's suggested duration and would remain at 6 months.

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Tonbridge & Malling Borough Council

Population Returns against Model Returns

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Tonbridge & Malling Borough Council	Actual WARoR	Model WARoR	Difference	Lower Bound	Upper Bound	Performance
	4.17%	4.11%	0.07%	4.00%	4.21%	Inline

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Extract from O&S estimates presentation - January 2026. Costs attributed to banking arrangements and transfers in lieu of interest are excluded.

DIRECTOR OF FINANCE & TRANSFORMATION

	2025/26		2026/27
	ORIGINAL ESTIMATE £	REVISED ESTIMATE £	ESTIMATE £
4 <u>TREASURY MANAGEMENT</u>			
Employees			
Salaries	40,900	41,700	45,550
Supplies & Services			
Treasury Advisor & Dealing Fees	18,000	18,000	18,000
	58,900	59,700	63,550
Less Income			
Interest on:			
Cash Flow Investments	(686,000)	(991,000) a)	(819,000) a)
Core Cash Investments	(1,486,000)	(1,442,000) a)	(1,005,000) a)
Medium Term Investments	(157,250)	(165,750)	(174,250)
Long Term Investments	(72,000)	(82,000) b)	(72,000)
	(2,401,250)	(2,680,750)	(2,070,250)
<u>Sub-total</u>	(2,342,350)	(2,621,050)	(2,006,700)
Central, Departmental & Technical Support Services			
Central Salaries & Administration	14,250	14,900	15,000
Information Technology Expenses	1,250	1,550	1,500
Departmental Administrative Expenses	20,350	22,800	21,800
	(2,306,500)	(2,581,800)	(1,968,400)
<u>TO SUMMARY</u>			
Full Time Equivalent Number of Staff (Including Support Service Staff)	1.04	1.05	1.07

- a) More favourable Money Market Fund rates are being paid that are currently offsetting the rates offered on longer term investments. Forward estimate anticipates continued reduction in the Bank base rate.
- b) Previously unbudgeted dividend of circa £10,000 received from Lothbury Property Trust.

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TREASURY MANAGEMENT STRATEGY

Tonbridge and Malling Borough Council

2026 - 2027

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1. INTRODUCTION

1.1 The Treasury Management Strategy Statement (TMSS) for 2026/27 covers two main areas:

- Capital Issues
 - a. The capital expenditure plans and the associated prudential indicators
 - b. The minimum revenue provision (MRP) strategy
- Treasury Management Issues
 - a. The current portfolio position
 - b. Treasury Indicators which limit the treasury risk and activities of the council
 - c. The prospects for interest rates
 - d. The borrowing strategy
 - e. Policy on borrowing in advance of need
 - f. The annual investment strategy 2026/27
 - g. Credit worthiness policy
 - h. Policy on use of external service providers

1.2 These elements cover the requirements of the Local Government Act 2003, DLUHC Investment Guidance, DLUHC MRP Guidance, the CIPFA Prudential Code, and the CIPFA Treasury Management Code.

2. TRAINING

- 2.1 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.
- 2.2 Furthermore, the Code states that they expect “all organisations to have a formal and comprehensive knowledge and skills or training policy for the effective acquisition and retention of treasury management knowledge and skills for those responsible for management, delivery, governance and decisions making
- 2.3 As a minimum, authorities should carry out the following to monitor and review knowledge and skills:
- Record attendance at training and ensure action is taken where poor attendance is identified.
 - Prepare tailored learning plans for treasury management officers and council members.
 - Require treasury management officers and council members to undertake self-assessment against the required competencies (as set out in the schedule that may be adopted by the organisation).

- Have regular communications with officers and council members encouraging them to highlight training needs on an ongoing basis.
- 2.4 The following Member training has been provided by the Council's treasury management consultant, MUFG and further training will be arranged as required:
- Understanding Local Authority Financial Reporting
 - Introduction to Treasury Management
 - Risk Management Training
- 2.5 The training needs of treasury management officers are periodically reviewed.
- 2.6 A formal record of the training received by officers, central to the Treasury function, will be maintained by the Accountancy Department. The department will also maintain a formal record of the treasury management/capital finance training received by members.

3. TREASURY MANAGEMENT CONSULTANTS

- 3.1 The Council currently uses MUFG Corporate Markets Treasury Limited (formerly Link Group, Link Treasury Services Limited) as its external treasury management advisors.
- 3.2 The Council recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon the services of our external services providers. All decisions will be undertaken with regard to all available information, including, but not solely, our treasury advisers.
- 3.3 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.
- 3.4 MUFG have provided a summary on the economic background. This can be found in Appendix A.

4. THE CAPITAL PRUDENTIAL INDICATORS 2026/27 TO 2028/29

- 4.1 The Council's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in the prudential indicators, which are designed to assist Members' overview and confirm capital expenditure plans are prudent, affordable and sustainable.
- 4.2 **Capital Expenditure.** This prudential indicator is a summary of the Council's capital expenditure plans, both those agreed previously, and those forming part of this budget cycle.
- 4.3 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 2026/27 report that is to be submitted to Cabinet on 10 February 2026.

- 4.4 **The Council's Borrowing Need (the Capital Financing Requirement).** The second prudential indicator is the Council's Capital Financing Requirement (CFR). The CFR is the total historic outstanding capital expenditure that has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council's indebtedness and so its underlying borrowing need. Any capital expenditure which has not immediately been paid for through revenue or capital resources will increase the CFR.
- 4.5 The CFR does not increase indefinitely, as the minimum revenue provision (MRP) is a statutory annual revenue charge which broadly reduces the borrowing need in line with each asset's life, and so charges the economic consumption of capital assets as they are used.
- 4.6 The Council remains debt-free, and 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 any 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.***
- 4.7 **Liability Benchmark** – The Council is required to estimate and measure the Liability Benchmark for the forthcoming financial year and the following two financial years, as a minimum.
- 4.8 There are four components to the Liability Benchmark:-
- Existing loan debt outstanding: the Council's existing loans that are still outstanding in future years.
 - Loans CFR: this is calculated in accordance with the loans CFR definition in the Prudential Code and projected into the future based on approved prudential borrowing and planned MRP.
 - Net loans requirement: this will show the Council's gross loan debt less treasury management investments at the last financial year end, projected into the future and based on its approved prudential borrowing, planned MRP and other major cash flows forecast.
 - Liability benchmark: this equals net loans requirement plus short-term liquidity allowance.

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: 2026/27 £28.9m, 2027/28 £15.2m and 2028/29 £10.9m.

5. MINIMUM REVENUE PROVISION POLICY FOR 2026/27

- 5.1 Authorities are required by statute to comply with the Regulations for MRP set out in the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 no. 3146 (as amended). The new Statutory Instrument 2024 no 478 published in April 2024 amends the 2003 regulations and will take effect from 1 April 2025. At the same time detailed revised MRP Guidance was issued which authorities are required under statute to have regard to:

- 5.2 Supported borrowing - For capital expenditure incurred before 1 April 2008 and capital expenditure incurred on or after that date which the Council is satisfied forms part of its Supported Capital Expenditure, the Council will apply the Asset Life Method using an annuity calculation and will apply Adjustment A (as calculated under the original regulation 28), which was a means of maintaining broad neutrality between the old and new MRP systems that took effect prior to April 2004. This methodology writes down the debt liability over a much shorter period than the previous regulatory method and is therefore deemed more prudent.
- 5.3 Unsupported borrowing will be subject to MRP using the Asset Life method, which will be charged over a period which is reasonably commensurate with the estimated useful life of the assets. An annuity method will be applied for the MRP calculation.
- 5.4 The interest rate applied to the annuity calculations will reflect the market conditions at the time and will for the current financial year be based on PWLB annuity rates.
- 5.5 MRP on all capital expenditure will commence in the year following the year in which capital expenditure financed from borrowing is incurred, except for assets under construction where the MRP will be deferred until the year after the asset becomes operational.
- 5.6 The Guidance requires that MRP in relation to the acquisition of share capital should be provided over a maximum of 20 years. MRP will commence in the year following the capital expenditure in accordance with the regulations.
- 5.7 MRP Overpayments – Under the MRP Guidance, MRP made in excess of the statutory prudent amount can be made, known as voluntary revenue provision (VRP). VRP can be reclaimed in later years if deemed necessary or prudent. In order for these amounts to be reclaimed for use in the budget, this policy must disclose the cumulative overpayment made each year.

6. BORROWING AND TREASURY INDICATORS LIMITS TO BORROWING ACTIVITY

- 6.1 The capital expenditure plans provide details of the service activity of the Council. The treasury management function ensures that the Council's cash is organised in accordance with the relevant professional codes, so that sufficient cash is available to meet this service activity and the Council's capital strategy. This will involve both the organisation of the cash flow and, where capital plans require, the organisation of appropriate borrowing facilities. The strategy covers the relevant treasury / prudential indicators.
- 6.2 **Prudential Indicators** - Within the range of prudential indicators there are a number of key indicators to ensure that the Council operates its activities within well-defined limits. One of these is that the Council needs to ensure that its gross debt does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2026/27 and the following two financial years. This allows some flexibility for limited early borrowing for future years but ensures that borrowing is not undertaken for revenue purposes.
- 6.3 The Head of Finance reports that the Council complied with this prudential indicator in the current year and does not envisage difficulties in the future. This view takes account of current commitments, existing plans and the proposals in the Budget Setting Reports for 2026/27.
- 6.4 **The Operational Boundary** - This is the limit beyond which external debt is not normally expected to exceed. In most cases, this would be a similar figure to the CFR but may be lower or higher depending on the levels of actual debt and the

ability to fund under-borrowing by other cash resources.

Operational Boundary	2025/26 Estimate £000	2026/27 Estimate £000	2027/28 Estimate £000	2028/29 Estimate £000
Total	4,000	4,000	4,000	4,000

6.5 **The Authorised Limit for external debt** – This is a key prudential indicator representing a control on the maximum level of borrowing. This represents a legal limit beyond which external debt is prohibited, and this needs to be set or revised by Full Council. It reflects the level of external debt which, while not desired, could be afforded in the short term, but is not sustainable in the longer term.

6.6 Members are asked to note that the Authorised Limit has been set prudently, reflecting the fact that there is currently no requirement for external borrowing. Should such a requirement arise in the future, it is expected that the Authorised Limit could be increased without difficulty.

- This is the statutory limit, determined under section 3 (1) of the Local Government Act 2003. The Government retains an option to control either the total of all councils' plans, or those of a specific council, although this power has not yet been exercised.
- The Audit Committee is asked to recommend to Council the following Authorised Limit:

Authorised limit	2025/26 Estimate £000	2026/27 Estimate £000	2027/28 Estimate £000	2028/29 Estimate £000
Total	7,000	13,000	13,000	13,000

7. THE BORROWING STRATEGY

7.1 To date the Council has remained debt free and has been able to fund the capital programme through reserves. This means that there is no capital borrowing need (the Capital Financing Requirement) at this time. However, if borrowing is required, careful consideration will be given to secure the most appropriate source of borrowing.

7.2 The Head of Finance will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances:

- if it was felt that there was a significant risk of a sharp FALL in borrowing rates, then borrowing will be postponed.
- if it was felt that there was a significant risk of a much sharper RISE in borrowing rates than that currently forecast, fixed rate funding will be drawn whilst interest rates are lower than they are projected to be in the next few years.

7.3 Any decisions will be reported to the Audit Committee as part of the next Treasury update.

8. POLICY ON BORROWING IN ADVANCE OF NEED

- 8.1 The Council will not borrow more than, or in advance of its need, purely in order to profit from the investments of the extra sums borrowed. Any decision to borrow in advance will be within forward approved Capital Financing Requirement estimates and will be considered carefully to ensure that value for money can be demonstrated and that the Council can ensure the security of such funds.
- 8.2 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.

9. EXTERNAL BORROWING SOURCES

- 9.1 To date the Council has remained debt free and has been able to fund the capital programme through reserves. However, if borrowing is required, careful consideration will be given to secure the most appropriate source of borrowing. The Council will consider (but not limited to) the following sources for external borrowing.
- PWLB
 - Municipal Bonds Agency
 - Local authorities
 - Banks
 - Pension Funds
 - Insurance Companies
 - UK Infrastructure Bank
 - Market (long-term, short-term, LOBO)

10. AFFORDABILITY PRUDENTIAL INDICATORS

- 10.1 The previous sections cover the overall capital and control of borrowing prudential indicators, but within this framework prudential indicators are required to assess the affordability of the capital investment plans. These provide an indication of the impact of the capital investment plans on the Council's overall finances. Audit Committee are asked to recommend the following indicators to Full Council for approval:
- 10.2 **Ratio of financing costs to net revenue stream** - This indicator identifies the trend in the cost of capital, (borrowing and other long term obligation costs net of investment income), against the net revenue stream (including Council Tax, NNDR and rental income and fees and charges).

%	2024/25 Estimate £000	2025/26 Estimate £000	2026/27 Estimate £000	2027/28 Estimate £000	2028/29 Estimate £000
Upper limit for fixed interest rate exposure < 1 year at year end	33,141 61.5%	It is anticipated that exposure will range between 0% to 60%			
Upper limit for variable rate exposure < 1 year at year end	12,851 23.8%	It is anticipated that exposure will range between 40% to 100%			
Upper limit for total principal invested (365 days) at year end	7,973 14.7%	60% of funds			

11. PROSPECTS FOR INTEREST RATES

- 11.1 MUFG are the Council's current treasury advisor and part of their service is to assist the Council to formulate a view on interest rates. MUFG provided the following forecasts on 22 December 2025.

MUFG Corporate Markets Interest Rate View 22.12.25													
	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27	Jun-27	Sep-27	Dec-27	Mar-28	Jun-28	Sep-28	Dec-28	Mar-29
BANK RATE	3.75	3.50	3.50	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25
3 month ave earnings	3.80	3.50	3.50	3.30	3.30	3.30	3.30	3.30	3.30	3.30	3.30	3.30	3.30
6 month ave earnings	3.80	3.50	3.50	3.40	3.30	3.30	3.30	3.40	3.40	3.40	3.40	3.40	3.40
12 month ave earnings	3.90	3.60	3.60	3.50	3.40	3.50	3.50	3.50	3.50	3.50	3.60	3.60	3.60
5 yr PWLB	4.60	4.50	4.30	4.20	4.10	4.10	4.10	4.10	4.10	4.10	4.10	4.10	4.10
10 yr PWLB	5.20	5.00	4.90	4.80	4.80	4.70	4.70	4.70	4.70	4.60	4.60	4.60	4.70
25 yr PWLB	5.80	5.70	5.60	5.50	5.50	5.40	5.30	5.30	5.30	5.20	5.20	5.20	5.20
50 yr PWLB	5.60	5.50	5.40	5.30	5.30	5.20	5.10	5.10	5.10	5.00	5.10	5.00	5.00

- 11.2 MUFG updated their forecast for interest rates on 22 December which took into account the 25bps Bank Rate cut undertaken by the Monetary Policy Committee (MPC) in December. This resulted in a near term adjustment with the longer term view remaining unchanged.

12. ANNUAL INVESTMENT STRATEGY

- 12.1 Investment Policy – Management of Risk - The Ministry of Housing, Communities and Local Government (MHCLG) and CIPFA have extended the meaning of 'investments' to include both financial and non-financial investments. This report deals solely with financial investments, (as managed by the treasury management team). Non-financial investments are covered in the Capital Strategy.
- 12.2 The Council's investment policy has regard to the following:-
- 12.3 MHCLG's Guidance on Local Government Investments ("the Guidance")
- 12.4 CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes 2021 ("the Code")
- 12.5 CIPFA Treasury Management Guidance Notes 2021
- 12.6 The Council's investment priorities will be security first, portfolio liquidity second and then yield (return). The Council will aim to achieve the optimum return (yield) on its investments commensurate with proper levels of security and liquidity and with the Council's risk appetite.
- 12.7 In the current economic climate, it is considered appropriate to maintain a degree of liquidity to cover cash flow needs but also consider "laddering" investments for periods up to 12 months with high credit rated financial institutions, whilst investment rates remain elevated, as well as wider range fund options.
- 12.8 The above guidance from the DLUHC and CIPFA places a high priority on the management of risk. This authority has adopted a prudent approach to managing risk and defines its risk appetite by the following means:-
1. Minimum acceptable **credit criteria** are applied in order to generate a list of highly creditworthy counterparties. This also enables diversification and thus avoidance of concentration risk. The key ratings used to monitor counterparties are the short term and long-term ratings.
 2. **Other information:** ratings will not be the sole determinant of the quality of an institution; it is important to continually assess and monitor the financial

sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To achieve this consideration the Council will engage with its advisors to maintain a monitor on market pricing such as “**credit default swaps**” and overlay that information on top of the credit ratings.

3. **Other information sources** used will include the financial press, share price and other such information pertaining to the banking sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.
4. The Council has defined the list of **types of investment instruments** that the treasury management team are authorised to use. There are two lists in Appendix B under the categories of ‘specified’ and ‘non-specified’ investments.
 - **Specified investments** are those with a high level of credit quality and subject to a maturity limit of one year or have less than one year left to run to maturity, if they were classified as being non-specified solely due to the maturing period exceeding one year.
 - **Non-specified investments** are those with less high credit quality, maybe for periods in excess of one year, and/or are more complex instruments which require greater consideration by members and officers before being authorised for use.
5. **Non-specified investments limit.** The Council has determined that it will limit the maximum total exposure to non-specified investments as being 60% of the total investment portfolio. (see Appendix B).
6. **Lending limits**, (amounts and maturity), for each counterparty is set at £7m.
7. **Transaction limits** for groups, counterparties and money market funds are set at £8m.
8. This authority will set a limit for the duration of investments which are invested for **longer than 365 days**, (see paragraph 14.1).
9. Investments will only be placed with counterparties from countries with a specified minimum **sovereign rating**, (see paragraph 14.1).
10. This authority has engaged **external consultants**, (see paragraph 3.1), to provide expert advice on how to optimise an appropriate balance of security, liquidity and yield, given the risk appetite of this authority in the context of the expected level of cash balances and need for liquidity throughout the year.
11. All investments will be denominated in **sterling**.
12. As a result of the change in accounting standards for 2022/23, under International Financial Reporting Standards (IFRS) 9, the Council will consider the implications of investment instruments which could result in adverse movement in the value of the amount invested and resultant charges at the end of the year to the General Fund. (In January 2023,

DLUHC confirmed that the temporary statutory override allowing English local authorities time to adjust their portfolio prior to implementing IFRS 9 had been extended for a further two years to 31 March 2025. Following further consultation, the statutory override for existing pooled fund investments held as of 1 April 2024, has been extended to 1 April 2029.

- 12.9 However, this authority will also pursue value for money in treasury management and will monitor the yield from investment income against appropriate benchmarks.
- 12.10 Regular monitoring of investment performance will be carried out during the year.
- 12.11 Whilst the Treasury Management Code outlines the principles for investments as Security Liquidity and Yield as core, it acknowledges that environmental, social and governance (ESG) issues are increasingly significant for investors. The Council's Treasury Management activities will continue to be guided by these primary principles and in addition, consideration will be given to the incorporation of ethical investment criteria within the investment decision-making process

13. CREDITWORTHINESS POLICY

13.1 This Council applies the creditworthiness service provided by the MUFG Group. This service employs a sophisticated modelling approach utilising credit ratings from the three main credit rating agencies - Fitch, Moodys and Standard and Poors. The credit ratings of counterparties are supplemented with the following overlays:

- Credit watches and credit outlooks from credit rating agencies
- Credit Default Swaps (CDS) spreads to give early warning of likely changes in credit ratings
- Sovereign ratings to select counterparties from only the most creditworthy countries

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

Colour/ long term rating	Maximum Period of investment
Yellow	5 Years
Purple	2 Years
Orange	1 Year
Blue	1 Year (nationalised or semi nationalised UK Banks)
Red	6 Months
Green	100 days
No Colour	Not to be used

- 13.3 The MUFG creditworthiness service uses a wider array of information other than just primary ratings. Furthermore, by using a risk weighted scoring system, does not give undue preponderance to just one agency's ratings.
- 13.4 Typically the minimum credit ratings criteria the Council use will be a Short Term rating (Fitch or equivalents) of F1 and a Long Term rating of A-. There may be occasions when the counterparty ratings from one rating agency are marginally lower than these ratings but may still be used. In these instances consideration will

be given to the whole range of ratings available, or other topical market information, to support their use.

- 13.5 All credit ratings will be monitored on a daily basis by officers within the Finance Department. The Council is alerted to changes to ratings of all three agencies through its use of the MUFG creditworthiness service.
- if a downgrade results in the counterparty / investment scheme no longer meeting the Council's minimum criteria, its further use as a new investment will be withdrawn immediately.
 - in addition to the use of credit ratings the Council will be advised of information in movements in the Credit Default Swap market against the iTraxx European Senior Financials benchmark and other market data on a weekly basis. Extreme market movements may result in downgrade of an institution or removal from the Council's lending list.
- 13.6 Sole reliance will not be placed on the use of this external service. In addition this Council will also use market data and market information, information on any external support for banks to support its decision making process.
- 13.7 Creditworthiness – Significant levels of downgrades to Short and Long-Term ratings have not materialised since the crisis in March 2020. In the main where they did change, any alterations were limited to Outlooks. When setting minimum sovereign debt ratings, this Council has set a minimum sovereign rating for the **UK** of **AA-**.
- 13.8 CDS prices – Although bank CDS prices, spiked upwards in autumn 2022, they have returned to more average levels since then. However, sentiment can easily shift so it will remain important to undertake continual monitoring of all aspects of risk and return in the current circumstances. MUFG monitor CDS prices as part of the creditworthiness service to local authorities and the Authority has access to this information via its MUFG-provided Passport portal.

14. OTHER LIMITS

- 14.1 Due care will be taken to consider the exposure of the Council's total investment portfolio to non-specified investments, countries, group and sectors.
- **Non-Specified Investment Limit** – The Council has determined that it will limit the maximum total exposure to non-specified investments as being 60% of the total investment portfolio.
 - **Country Limits** – As in previous years the Council has determined that it will only use approved counterparties from countries with a minimum sovereign rating of AAA, as determined by at least two of the three rating agencies (Fitch, Moody's or Standard and Poor's). The list of countries that currently qualify using the credit criteria as at the date of this report are shown in Appendix C. Officers will amend this list during the year should ratings change in accordance with this policy.
 - **Other Limits** - In addition:
 - a. no more than £16m will be placed with any one sovereign, at any time (excluding UK);
 - b. limits in place above will apply to a group of companies;
 - c. sector limits will be monitored regularly for appropriateness.

15. INVESTMENT STRATEGY

- 15.1 In-house Funds - Investments will be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (i.e. rates for investments up to 12 months). Greater returns are usually obtainable by investing for longer periods. The current shape of the yield curve suggests that rates can be expected to fall throughout 2026, but only if the CPI measure of inflation maintains a downwards trend towards the Bank of England's 2% target. Rates may be cut quicker than expected if the economy stagnates. The economy only grew 0.1% in Q3 2025, but the CPI measure of inflation, 3.2% in November 2025, remains markedly above the 2% target rate set by the Bank of England's Monetary Policy Committee two to three years forward.
- 15.2 Accordingly, while most cash balances are required in order to manage the ups and downs of cash flow, where cash sums can be identified that could be invested for longer periods, the value to be obtained from longer-term investments will be carefully assessed.
- 15.3 Investment returns expectations – The current forecast showing in paragraph 11.1, includes a forecast for Bank Rate to fall to a low of 3.25%.
- 15.4 For its cash flow generated balances, the Council will seek to utilise its instant access and notice accounts, money market funds and short dated deposits (overnight to 100 days) in order to benefit from the compounding of interest.
- 15.5 Investment treasury indicator and limit – total principal funds invested for greater than 365 days. These limits are set with regard to the Council's liquidity requirements and to reduce the need for early sale of an investment, as are based on the availability of funds after each year end.

Maximum principal sums invested > 365 days			
	2026/27	2027/28	2028/29
	£000	£000	£000
Principal sums invested > 365 days	7,000	7,000	7,000

- 15.6 Whilst the Council holds investments with three Multi Asset Funds, and one active Property Funds with a view to holding the funds for a longer term, due to the funds liquidity they are not taken into account for the purposes of the above indicator. The indicator applies to funds invested for a fixed period only.
- 15.7 Investment Risk Benchmark - The Council will use an investment benchmark to assess the investment portfolio of 30 day backward SONIA (Sterling Overnight Index Average).

16. END OF YEAR INVESTMENT REPORT

- 16.1 At the end of the financial year, the Council will report on its investment activity as part of its Annual Treasury Report.

17. SCHEME OF DELEGATION

- 17.1 The Treasury Management Scheme for Delegation is outlined in Appendix D.

18. ROLE OF THE SECTION 151 OFFICER

- 18.1 The council's Section 151 Head of Finance and their role is outlined in Appendix E.

APPENDIX A**Summary of MUFG Economic Background as at 13 November 2025**

- A 0.3% pick up in GDP for the period April to June 2025. More recently, the economy flatlined in July, with higher taxes for businesses restraining growth, but picked up to 0.1% m/m in August before falling back by 0.1% m/m in September. CPI inflation has ebbed and flowed but finished September at 3.8%, whilst core inflation eased to 3.5%.
- CPI inflation remained at 3.8% in September, whilst core inflation fell to 3.5%, and services inflation stayed at 4.7%. A further loosening in the labour market and weaker wage growth may be a requisite to UK inflation coming in below 2.0% by 2027.
- Bank of England forecasts have shown CPI inflation remaining elevated above its 2% target for much of the near term, reflecting persistent price pressures in services. While inflation is expected to gradually fall back toward target over the course of the year, this moderation is contingent on sustained disinflationary trends, including easing cost pressure in consumer-facing sectors. Should global energy and goods prices rebound, the downward path of inflation could stall, delaying future rate cuts.
- Unemployment stands at 4.6% (September), and the loosening of the labour market is driving softer wage pressures. The three month average earnings growth, excluding bonuses, fell from 5.5% in April to 4.6% in September (year on year). The Bank would ideally like to see further wage moderation to support a continued, gradual easing of monetary policy. Markets are currently pricing in rate cuts in February and June to 3.25%, although heightened volatility could prompt a repricing given the data dependent nature of the outlook.

Appendix B

Specified and Non Specified Investments

Investments that councils can make are of two types and these are identified in the subsequent paragraphs and table.

Specified Investments offer high security and high liquidity, must be in sterling and have a maturity of no more than a year. Such investments made with the UK government, UK local authorities and town/parish councils automatically count as specified investments.

Non Specified Investments are those investments not meeting the definition of specified investments, which are therefore of greater potential risk. Any investments with a maturity exceeding one year are automatically classed as non specified investments. The criteria for selecting counterparties for longer term investments is the same as that for short term investments i.e. MUFG Durational Colour bands.

All specified and non-specified Investments will be:

- Subject to the sovereign, group and counterparty exposure limits identified in the Annual Investment Strategy
- Subject to the duration limit recommended by MUFG Solutions 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: All such investments will be sterling denominated, with maturities up to maximum of 365 days

Investment	Minimum Credit Criteria	Maximum maturity period
UK Debt Management Agency Deposit Facility	UK Sovereign A-	As per MUFG's rating
Term deposits - UK local authorities	UK Sovereign A-	As per MUFG's rating
Term deposits - UK nationalised banks	UK Sovereign A- Counterparty BBB, F2 or Green excluding CDS	As per MUFG's rating
Term deposits – all other banks and building societies	UK Sovereign A- / Non-UK Sovereign AA- Counterparty A-, F1 or Green excluding CDS	As per MUFG's rating
Certificates of deposit - UK nationalised banks	UK Sovereign A- Counterparty BBB, F2 or Green excluding	As per MUFG's rating

	CDS	
Certificates of deposit – all other banks and building societies	UK Sovereign A- / Non-UK Sovereign AA- Counterparty A-, F1, or Green excluding CDS	As per MUFG's rating
UK Treasury Bills	UK Sovereign A-	As per MUFG's rating
UK Government Gilts	UK Sovereign A-	As per MUFG's rating
Bonds issued by multi-lateral development banks	AAA	As per MUFG's rating
Sovereign bond issues (other than the UK Gov't)	AAA	As per MUFG's rating
Money market funds (CNAV, LVNAV or VNAV)	AAA	As per MUFG's rating
Enhanced cash / Government liquidity / Ultra-short dated bond funds	AA	As per MUFG's rating

NON-SPECIFIED INVESTMENTS: All such investments will be sterling denominated, with maturities in excess of 1 year and not included above:

Investment	Minimum Credit Criteria	Maximum maturity period
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-	UK Sovereign A-
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 C**Approved countries for investments (Position as at 31/12/25)**

Each financial institution must meet the minimum credit criteria specified in the Annual Investment Strategy. 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.

The list will be reviewed and amended on a weekly basis by the Head of Finance.

As of 31 December 2025 sovereigns meeting the above requirement were:

- **AAA**
 - Australia
 - Denmark
 - Germany
 - Netherlands
 - Norway
 - Singapore
 - Sweden
 - Switzerland

- **AA+**
 - Canada
 - Finland
 - USA

- **AA**
 - Abu Dhabi (UAE)
 - Qatar

- **AA-**
 - Belgium
 - France
 - UK

APPENDIX D**Treasury Management Scheme for Treasury Delegation****(i) 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

(ii) 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

(iii) Audit Committee

- review 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
- review treasury management policy, practices and procedures and making recommendations to Cabinet and Council

APPENDIX E**The treasury management role of the Section 151 officer****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
- ensuring the adequacy of internal audit, and liaising with external audit
- recommending the appointment of external service providers
- preparation of a capital strategy to include capital expenditure, capital financing, non-financial investments and treasury management, with a long term timeframe
- ensuring that the capital strategy is prudent, sustainable, affordable and prudent in the long term and provides value for money
- ensuring that due diligence has been carried out on all treasury and non-financial investments and is in accordance with the risk appetite of the authority
- ensure that the authority has appropriate legal powers to undertake expenditure on non-financial assets and their financing
- ensuring the proportionality of all investments so that the authority does not undertake a level of investing which exposes the authority to an excessive level of risk compared to its financial resources
- ensuring that an adequate governance process is in place for the approval, monitoring and ongoing risk management of all non-financial investments and long term liabilities
- provision to members of a schedule of all non-treasury investments including material investments in subsidiaries, joint ventures, loans and financial guarantees
- ensuring that members are adequately informed and understand the risk exposures taken on by an authority
- ensuring that the authority has adequate expertise, either in house or externally provided, to carry out the above

APPENDIX F**GLOSSARY**

Authorised Limit	This represents a level of borrowing which, though not desired, could be afforded but may not be sustainable.
Asset Life (Equal Instalment Method)	Where MRP is an equal annual charge every year and is calculated by dividing the original amount of borrowing by the useful life of that asset.
Capital Financing Requirement	A measurement of the council's underlying need to borrow for a capital purpose.
Certificate of Deposit	An investment product offered by banks and other financial institutions which is issued for a specific period of time and at a certain interest rate, but which can be traded on the secondary market, providing a greater level of flexibility.
CIPFA Treasury Management Code Of Practice	The professional code governing treasury management, which the council has formally adopted.
Debt Management Agency Deposit Facility	This deposit facility allows short-term or long term deposits to be lodged with the government. This offers the highest security for a Principal sum on short-term placements.
Money Market Funds	A money market fund is a "pool" of different types of investments, managed by a fund manager. The pool of investments will typically include bank deposits, certificates of deposit (CDs) amongst other investments. A number of organisations will invest in a particular fund. The interest rate yield on an MMF deposit is not known at the time of the deal. In return for this uncertainty, money can be accessed whenever necessary.
Minimum Revenue Provision (MRP)	The minimum amount which a council must charge to its revenue budget each year.
Multi-Asset Fund	An investment product with a higher level of diversification (in areas such as equities, bonds, property, etc) and which therefore offers a certain level of protection in times when markets are volatile.

Municipal Bond Agency	An agency established by the Local Government Association intended to offer councils an alternative and less costly option for borrowing of long-term funds than the PWLB through the introduction of competition and diversity to the marketplace.
Net Revenue Stream (NRS)	The NRS for the general fund is the “amount to be met from government grant and local taxpayers”, as shown in the consolidated revenue account. This represents the budget requirement for the council.
Operational Boundary	This indicator is based on the probable external debt during the course of the year; it is not a limit. Actual external debt could vary around this boundary for short times during the year. It should act as a monitoring indicator to ensure that authorised limit is not breached.
Prudential Indicators	These demonstrate a council’s ability to meet the key principles of the Prudential Code by reflecting the level to which its capital programme is affordable, prudent and sustainable and they help to explain this effectively to those charged with governance.
Public Works Loan Board (PWLB)	Part of the government’s debt management office, making long-term funds available to local authorities on prescribed terms and conditions. The PWLB is normally the cheapest source of long-term borrowing for a local authority.

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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 MHCLG (previously 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 Head of Finance (HoF). The HoF 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 HoF. Any rent free periods and other tenant inducements will be reported under the reporting arrangements detailed in NTMP 4.

3.4 The Head of Finance 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

LOCALISM ACT – PAY POLICY

Item GP 26/4 referred from General Purposes Committee of 21 January 2026

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 2026/27 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, the substantive content of the updated Pay Policy Statement for 2026/27 was nearly identical to the Council's Pay Policy Statement for 2025/26. The key updates related to the actual pay received by staff, the pay multiple data and the number of officers in specific graded posts. Furthermore, a new section had been added to reflect the current Long Service Award scheme operated within the Council.

Reference was made to the factors that would be taken into consideration in setting an annual pay award, as outlined in Section 3 of the Pay Policy. It was proposed by Councillor Clokey and seconded by Councillor Banks that 'relevant official statistics and the Office for National Statistics (ONS) lead inflation index' be added alongside the inflation levels as one of the factors, and that a new factor of 'the level of Real Living Wage' also be included. It was explained that these factors would not bind the Borough Council but would require formal consideration in setting the annual pay award. Concern was raised that including the real living wage as a consideration could reduce the Council's flexibility in setting pay level locally, potentially leading to prescriptive outcomes and impacting its ability to address market conditions and recruitment challenges. Following a formal vote, both motions were lost with 6 Members voting against (including a casting vote of the Chair) and 5 Members voting in favour.

The Chair proposed, seconded by Councillor Davis, and the Committee

RECOMMENDED*: That

- (1) the Pay Policy set out in Annex 1 be commended for adoption at the Council meeting on 24 February 2026.

***Recommended to Council**

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General Purposes Committee

21 January 2026

Part 1 - Public

Recommendation to Council



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Cabinet Member	Not Applicable
Responsible Officer	Adrian Stanfield, Director of 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 2026/27.

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 24 February 2026.

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 2026/27.

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

2025/26. The main 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 There is also a new paragraph which has been added to confirm that the Council operates a long service award scheme. This scheme is not new; it has been in place for several years but has not previously been reflected in the Council's Pay Policy Statement.
- 5.3 The term "chief officer" encompasses both statutory and non-statutory chief officers, as well as their deputies. Accordingly, within the Pay Policy Statement set out in Annex 1, the information regarding chief officer remuneration reflects the Council's Establishment as at 1 April 2025. At that time, this included the post of Director of Finance and Transformation, which was subsequently removed from the Establishment on 1 September 2025.
- 5.4 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.
- 5.5 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.
- 6.2 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 2026.

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 2026.

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 2026/27

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Annex 1

Pay Policy Statement 2026/27

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 2026/27. 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 2025 is set out below.

No of Chief & Deputy Chief Officers	Grade	% of M2 benchmark	Pay Point Range
15 (2 part time)	M7	51.0%	131-134
10 (1 part time)	M6	56.0%	141- 144
5	M5	61.0%	147 - 150
6 (1 part time)	M4	70.0%	151- 154
3	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 2025 employees in these posts received a full-time annual salary equivalent of approximately £24,303.

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 2026/27 the total number of permanent and fixed term contract staff on the Council's payroll will be approximately 270 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 2025 there was a multiple of 5.88 between the base level salary of the 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 Chief Executive was £147,594 (as at 1 April 2025).

The median full time equivalent salary for all other employees in Tonbridge & Malling Borough Council is in the region of £34,263, the mean full time equivalent salary is in the region of £40,367. The pay multiple is therefore approximately 4.17 against the median and 3.54 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.

There are two director level chief officer posts graded as M2a and a Head of Service Chief Officer post graded at M3 (wef 28 July 2025). The professional and managerial capabilities and span of control required at for these posts 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.

Long Service Awards

Employees who retire, or leave due to redundancy, after 20 or more years of Local Government service, of which at least 10 must have been with Tonbridge and Malling, are eligible to receive a long service award as follows:

Years of Local Government Service	Award (£)
20-24	175.00
25-29	200.00
30-34	240.00
35-39	280.00
40-44	370
45 or more	410

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PAY AWARD 2026/2027

Item GP 26/5 referred from General Purposes Committee of 21 January 2026

The report of the Chief Executive provided Members with information to recommend to full Council, the Borough Council's pay award for employees for 2026/27.

The Chair proposed and it was seconded by Councillor Boughton and agreed unanimously by the Committee that Council Procedure Rule 10.11 be suspended, to allow a representative of UNISON to address the Committee on behalf of its members, during which concerns were raised regarding the long-term impact of inflation accumulated over the past years and the ongoing recruitment and retention challenges faced by the Borough Council. Furthermore, suggestion was made for the Council to permanently adopt the Real Living Wage and attain the accreditation as a Real Living Wage employer. Following the statement from UNISON, Council Procedure Rules were reapplied.

Members noted that the Borough Council employees had a term in their contracts which read "Salaries will be revised on 1 April each year by an amount determined by the Authority having regard to movements in the Retail Price Index, comparative pay settlements and prevailing economic conditions" and the Borough Council therefore determined its own pay awards without being tied into the national process of collective bargaining. The Borough Council's current salary scales were attached at Annex 1 of the report and UNISON's pay claim for 2026/27 at Annex 2.

During discussion, Members were reminded of the acute recruitment and retention difficulties faced by the Borough Council, particularly for professional M grade roles. Additionally, the reasons why the suggested adoption of the Real Living Wage could not be supported were acknowledged. These included concerns about how it would affect the Council's ability to recruit for entry-level positions, the need to maintain fair pay differentials across the pay scale, the importance of keeping flexibility in making local pay awards, and the substantial costs involved, especially in light of the recent government announcement of the provisional finance settlement which indicated a significant reduction in funding for the Council in the coming years. Moreover, the overall wider benefits of working for a local government compared to the private sector were also recognised.

The Chair proposed, seconded by Councillor McDermott, that a pay award of 4% be applied to all salary scales, with effect from 1 April 2026. Following a formal vote, the motion was carried with 5 Members voting in favour and 5 Members abstained from voting.

RECOMMENDED*: That

- (1) a pay award of 4% be commended to full Council for application to all salary scales, with effect from 1 April 2026.

***Recommended to Council**

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General Purposes Committee

21 January 2026

Part 1 - Public

Recommendation to Council



Cabinet Member	Not applicable
Responsible Officer	Damian Roberts, Chief Executive
Report Author	Mathew Brooks, Head of HR & Development

Pay Award 2026/2027

1 Summary and Purpose of Report

- 1.1 This report provides Members with information to recommend to Full Council, the Council's pay award for employees for 2026/27.

2 Corporate Strategy Priority Area

- 2.1 Efficient services for all our residents, maintaining an effective council.
- 2.2 Ensuring that the Council's pay remain competitive with neighbouring Councils and those within the wider job market, should ensure that the Council can successfully recruit and retain staff with the appropriate skillset to deliver the Council's priorities, particularly during this period of uncertainty and disruption caused by Local Government Reorganisation

3 Recommendations

- 3.1 To recommend to Council to apply a pay award of 4% to all salary scales with effect from 1 April 2026.

4 Introduction and Background

- 4.1 All Council employees have a term in their contracts which reads "Salaries will be revised on 1 April each year by an amount determined by the Authority having regard to movements in the Retail Price Index, comparative pay settlements and prevailing economic conditions." This Council determines its own pay awards and is not tied into the national process of collective bargaining.
- 4.2 The last increase to employees' salaries was on 1 April 2025. The pay award was a 2.9% increase paid to all staff except for increasing the lowest pay rate to £12.60 per hour in line with the Real Living Wage rate for 2025/26. This meant

that spinal column point 315 was removed from scale 3 of the Council’s pay scale. Salary scales 1 and 2 were formally removed from the Council’s pay structure as they fell well below the National Living Wage. Unfortunately, one of the consequences of this has been to reduce the ability of the Council to bring in new employees into entry level jobs where the Council would have been able to provide support, training and valuable experience for employees at the very start of their careers.

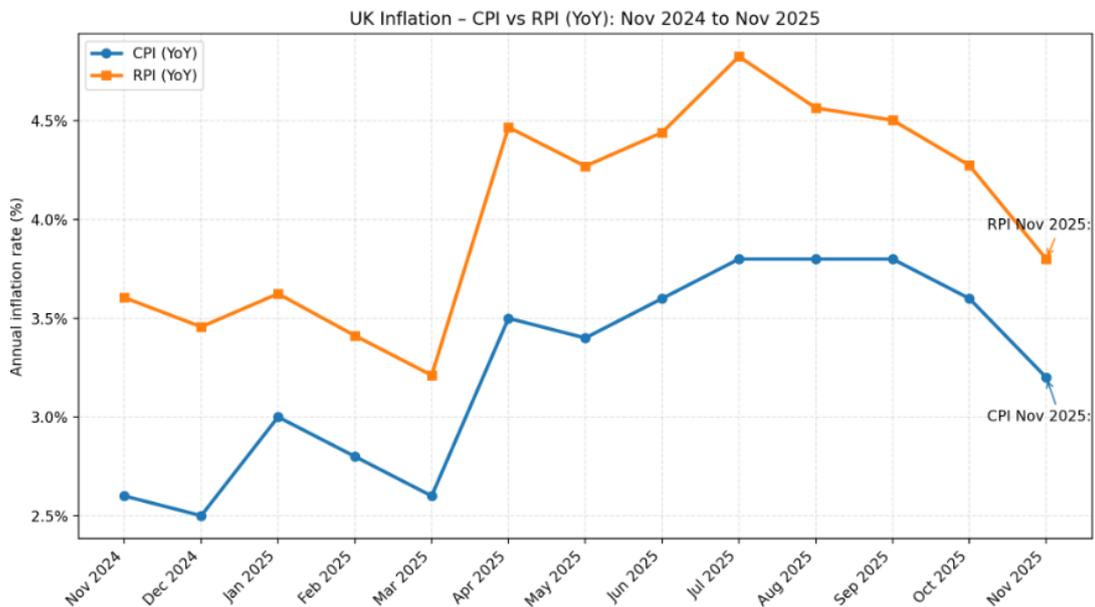
4.3 This report considers a range of factors that are relevant to the issue of a pay award for 2026/27 and provides Members with information to consider in determining the recommended pay award for employees.

5 Prevailing Economic Conditions

5.1 RPI and CPI Rates

5.2 The most recently published Retail Price Index (RPI) rate (in November 2025) was 3.8% and the Consumer Price Index (CPI) most recent published figure (in November 2025), was 3.2%.

5.3 As the chart below shows, over the past year RPI ended at 3.8%, tracking a modest downward trend after summer high of 4.8%, while CPI peaked at 3.8%



5.4 Members will be aware of the on-going need to make savings and transformation contributions in the context of the Medium-Term Financial Strategy.

5.5 A key factor for Members to consider when determining this year’s pay award is the forthcoming increase in the National Living Wage (NLW) from 1 April 2026. The Government has announced that the NLW will rise by 4.1% on 1 April 2026, moving from £12.21 to £12.71 per hour—an increase of £0.50 per hour.

- 5.6 The Council is legally required to ensure that no employee is paid below the NLW. Currently, the lowest pay rate at TMBC is for staff on scale 3, spinal column point 316, which equates to £12.60 per hour. Any pay award of 1% or more will ensure this rate remains above the new NLW threshold.
- 5.7 If no general pay award is agreed, the Council will still need to apply a pay increase of at least 1% to spinal column point 316 to comply with NLW requirements from 1 April 2026. Alternatively, staff on this grade would need to be moved to spinal column point 317 to avoid falling below the statutory minimum. (Annex 1 - Salary Scales TMBC 2025/26)
- 5.8 **Comparative Pay Settlements**
- 5.9 At the time of writing, no Kent Authority have settled their pay awards for 2026/27, and most are engaged in ongoing negotiations with rates of up to 4% being discussed.
- 5.10 There is no indication as yet of what the national pay award (NJC) offer for 2026/27 will be. The national pay award for 2025/26 was an increase of 3.2% applied to all pay grades compared with 2.9% agreed by this Council.
- 5.11 The below table shows the historic pay awards at TMBC since 2010/11 along and the average annual rate of CPI and RPI.

Financial Year	Pay Award	Average CPI (FY, %)	Average RPI (FY, %)
2010/11	0% (pay freeze)	3.5	5.0
2011/12	0% (pay freeze)	4.3	4.8
2012/13	0% (pay freeze)	2.7	3.1
2013/14	1%	2.3	2.9
2014/15	1%	1.1	2.0
2015/16	1%	0.1	1.1
2016/17	1% (part of 2% over 2 years)	1.1	2.1
2017/18	1% (part of 2% over 2 years)	2.8	3.8
2018/19	2%	2.3	3.1
2019/20	2.5%	1.7	2.7
2020/21	2.5%	0.6	1.1
2021/22	1%	4.0	5.8
2022/23	2%	10.0	12.9

2023/24	5%	5.7	7.6
2024/25	£1,900 (Scale 1–SO) and 5% (M grades)	2.4	3.3
2025/26	2.9% (all staff) and £12.60/hour lowest SCP	3.6	4.5
Average %increase	1.7*	3.0	4.1

*based on a 5% pay award for 2024/25 and 2.9% for 2025/26

- 5.12 From 2010-2012 there were no pay awards and salaries remained “frozen” at the 2009 level. From 2013-2015 there were pay awards of 1%; an award of 2% over 2 years was made for the period April 2016 to March 2018.
- 5.13 The award for 2018/19 was 2%, for 2019/20 and 2020/21 the award was 2.5%, for 2021/22 it was 1% and for 2022/23 it was 2%. The pay award for 2023/24 was 5%. The pay award for 2024/25 was £1,900 for staff on scale 1 to SO and 5% for M grade staff.
- 5.14 The most recent pay award for 2025/26 was 2.9% to all staff and £12.60 per hour to the Council’s lowest spinal column point.

6 Recruitment and Retention Issues

- 6.1 Recruitment to M grade posts across the Council has become increasingly challenging in recent years, especially in disciplines requiring professional qualifications such as Planning, Legal, Engineering, Finance, and Surveyors. TMBC’s proximity to London, where salaries and benefits are often more attractive, has intensified competition for skilled professionals. In addition, the Council faces strong competition for talent across Kent and neighbouring counties, further limiting the pool of suitably qualified candidates and making it increasingly difficult to secure appointments to these critical roles.
- 6.2 The area of organisational development is an amber risk on the Strategic Risk Register presented to Audit Committee in September 2025, where it is considered that a lack of resources or correct skill sets could result in delays to deliver both required and desired outcomes. The potential for losing key staff to other authorities could have a detrimental effect on service delivery for the Council.
- 6.3 Several key M grade roles have remained vacant for extended periods or have only been filled after multiple unsuccessful recruitment rounds leading to significant capacity issues and disruption to operational delivery. For example, the Estates Surveyor (M8) post has been vacant since August 2022 and is currently covered by a more costly locum. Similarly, the Contracts & Procurement Lawyer (M6) has required repeated advertising and is again being covered by a locum since October 2022. The Principal Planner (Policy) (M7) and Engineering

Manager (M8) posts have also relied on temporary and costly arrangements due to persistent recruitment difficulties.

- 6.4 The Council relies on having highly skilled and motivated Officers, but in many cases, shortlists for M grade vacancies have been extremely limited, resulting in either no appointment or the need to appoint through agencies at significant additional cost. These challenges have led to delays in filling critical roles, increased reliance on agency staff, and additional strain on existing teams, all of which pose risks to service delivery and organisational resilience.
- 6.5 While these recruitment issues are most acute at the M grades, the Council remains committed to the retention and fair pay of all staff. Local Government Reorganisation adds further uncertainty, making it essential to maintain competitive pay and supportive working conditions to retain valued employees across the organisation.
- 6.6 A good pay award this year is essential to retain and recognise the value of our staff, ensuring the Council remains competitive and able to deliver high-quality services during this period of significant change.

7 Proposal

- 7.1 The cost of living and Public Sector pay has continued to be a high-profile topic throughout 2025, as rates of inflation have increased overall during the last twelve months, the current rate of inflation suggests that a pay award is necessary.
- 7.2 **UNISON Pay Claim for 2026/27**
- 7.3 The trade union, UNISON, submitted their claim to the Chief Executive and the Director of Central Services & Deputy Chief Executive in November 2025. UNISON's pay claim for 2026/27 can be found in full, in Annex 2 of this report.
- 7.4 The main element of UNISON's pay claim for 2026/27 is to request a pay increase to all grades of 4.5% with allowances increasing by the same amount. In addition, UNISON have requested that the Council permanently adopts the Real Living Wage and to maintain pay differentials across the pay scale when raising the lowest grades to the Real Living Wage levels.
- 7.5 The Real Living Wage is due to rise to £13.45 per hour from 1 April 2026. This is an increase of 6.7%.
- 7.6 The cost of implementing UNISON's pay claim of a 4.5% pay rise is £628,650.
- 7.7 If the Council were minded to accept all elements of UNISON's claim i.e. a 4.5% pay award, adopt the Real Living Wage and maintain pay differentials across the pay scale when raising the lowest grades to the Real Living Wage levels, this will cost £942,450.

- 7.8 If the Council implemented the Real Living Wage during the next financial year (but did not maintain pay differentials), this would affect the Council's pay structure. Specifically, Scale 3 would fall below the minimum permissible rate of pay.
- 7.9 A consequence of this, all staff currently on spinal column points 316 and 317 would need to move up to Scale 4. Consequently, to maintain appropriate pay differentials, staff on the first two spinal column points of Scale 4 would also need to be moved up.
- 7.10 The cost of adjusting pay for lower-graded roles to align with the Real Living Wage from 1 April 2026 is £54,469.
- 7.11 **Issues to Consider**
- 7.12 If the Council adopted the Real Living Wage and maintained pay differentials as an ongoing policy position then this approach carries significant financial implications.
- 7.13 If adopted, future pay decisions at TMBC would effectively be driven by national increases in the Real Living Wage, which are likely to exceed the pay awards typically considered locally. This would reduce the Council's ability to manage pay progression independently and could result in significant escalating costs over time.
- 7.14 Adopting the Real Living Wage and maintaining pay differentials as a formal policy introduces a material financial risk for the Council in future years.
- 7.15 Adopting the Real Living Wage presents significant challenges for the Council, principally due to the lack of autonomy over the budget-setting process. This limitation means that any additional costs arising from pay adjustments cannot be easily absorbed or reallocated within existing budgets.
- 7.16 The requirement to increase salaries for lower-graded roles, and the subsequent knock-on effect on pay differentials across scales, leads to upward pay pressure on all grades and as a result, substantial financial implications year-on-year. This is because it is vital that the Council is able to maintain clear differentials between grades so that pay remains fair and linked to the skills, knowledge and experience necessary for the effective delivery of each role.
- 7.17 These differentials also have an important role in underpinning career progression, an essential factor in the Council's approach to developing, motivating and retaining its staff. Without the ability to manage these costs proactively, the Council faces increased pressure on its resources, which may impact service delivery and overall financial sustainability.
- 7.18 An overriding imperative for the Council is to contain its expenditure on salaries in order to retain a stable employment position that, in turn, will be to the overall

benefit of staff, continue the delivery of good quality services, and help to achieve a balanced budget. Maintaining our ability to recruit, retain and motivate staff with the appropriate skill sets to meet the Council's priorities and future challenges ahead is also of vital importance.

- 7.19 Provision for pay inflation for 2026/27 has been made at 4% in the draft Revenue Estimates for 2026/27 (being presented to the Overview and Scrutiny Committee on 22 January 2026) this equates to an increase of £558,800 against the base staffing establishment.
- 7.20 The determination of a pay award for 2026/27 is driven by two key factors, the need to maintain the Council's ability to recruit and retain staff in a highly competitive environment and at a particularly challenging time, and the need for a pay award that recognises the contribution of all staff in the Council.
- 7.21 After carefully taking everything into account, I recommend that a 4% pay award to staff for 2026/27.

8 Conclusion

- 8.1 Implementing a 4% pay award will support for the Council's efforts to tackle acute recruitment and retention challenges, especially at M grade and other hard-to-fill posts across the Council.
- 8.2 With this proposed increase, the lowest pay grade will rise to £13.10 per hour, positioning the Council comfortably above the new National Living Wage (with effect from 1 April 2026) of £12.71 and strengthening its competitiveness in attracting and retaining staff.
- 8.3 Such an award clearly demonstrates the Council's commitment to valuing its workforce and offers a compelling incentive for both staff retention and prospective employees to choose TMBC, helping to secure the skills and experience needed to maintain high-quality services.

9 Financial and Value for Money Considerations

- 9.1 A flat rate 4% pay award to all staff, would cost £558,800 and is currently included in the draft estimates and MTFs being prepared for Member consideration.
- 9.2 Members allowances will also rise in-line with the agreed percentage of the staff pay award. A 4% rise to Member allowances would cost £17,150 and has been included in the Overview and Scrutiny Committee papers.

10 Risk Assessment

- 10.1 The Council will need to continue to closely monitor movements in pay awards in future years not only amongst neighbouring authorities but also in the private

sector as there is a risk that some staff, whom it may be in the Council's interest to retain for the future, may be attracted to the potentially higher rewards elsewhere.

- 10.2 The Council lists recruitment and retention issues on the Strategic Risk register making it one of the top 10 Risks facing the Council. If a below inflation pay award is given to staff this could increase the level of risk to the Council.

11 Legal Implications

- 11.1 The Council has a contractual requirement to review our salary levels annually but no obligation to increase them by any set amount or in response to movement in either the RPI or the CPI.

12 Consultation and Communications

- 12.1 The Council has actively engaged with colleagues from UNISON and has considered their proposal for the 2026/27 pay award.
- 12.2 The Council does not require formal agreement through consultation with either UNISON or any other trade union in order to determine its pay award.

13 Implementation

- 13.1 Subject to approval by Council on 24 February 2026, the pay award will be implemented on 1 April 2026.

14 Cross Cutting Issues

14.1 Climate Change and Biodiversity

- 14.1.1 A moderate source of emissions is likely to be maintained at current levels or increased.
- 14.1.2 Climate change advice has not been sought in the preparation of the options and recommendations in this report.

14.2 Equalities and Diversity

- 14.2.1 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.

14.3 Other If Relevant

- Human Resources
- Business Continuity / Resilience

- 14.3.1 Human Resources - Pay Policy statement.

14.3.2 Business Continuity / Resilience - a pay award of 4% is being recommended to ensure that pay remain competitive both with neighbouring Councils and the wider job market to ensure the Council can successfully recruit and retain staff with the appropriate skillset to deliver the Council's priorities

Background Papers	None
Annexes	Annex 1 – TMBC 2025/2026 salary scales Annex 2 – UNISON pay claim for 2026/27

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**TONBRIDGE AND MALLING BOROUGH COUNCIL
FULL TIME SALARIES**

LOCAL FROM 01.04.25		
Scale		£
3	316	24,303
	317	24,750
4	318	25,206
	319	26,103
	320	27,003
	321	27,948
5	322	28,629
	323	29,430
	324	30,333
	325	31,257
6	326	32,205
	327	33,216
	328	34,263
SO	329	35,553
	330	36,681
	331	37,800
	332	38,844
	333	39,957
	334	41,067

TMBC GRADES	
	scp
3	316 to 317
4	318 to 321
5	322 to 325
6	326 to 328
SO	329 to 334

PROTECTED SCALES	
Scale	Protected scp
3	318 to 319
4	322 to 323
5	326 to 327
6	329 to 330

First Aid Allowance	
2025/26	£204.00

Years of LG Service	Long Service Award
20-24	175
25-29	200
30-34	240
35-39	280
40-44	370
45 or more	410

M GRADE FROM 01.04.25			
			£
M9	41.0%	111	41,766
		112	42,603
		113	43,440
		114	44,277
		115	45,120
		116	45,966
		117	46,803
M8	46.0%	121	49,677
		122	50,622
		123	51,573
		124	52,509
M7	51.0%	131	55,077
		132	56,124
		133	57,177
		134	58,215
M6	56.0%	141	60,477
		142	61,626
		143	62,784
		144	63,924
M5	61.00%	147	65,874
		148	67,128
		149	68,388
		150	69,630
M4	70.0%	151	75,702
		152	77,133
		153	78,582
		154	80,007
M4a	75.0%	161	81,102
		162	82,635
		163	84,183
		164	85,716
M3	80.4%	171	86,925
		172	88,575
		173	90,237
		174	91,875
M3a	85.0%	176	91,899
		177	93,639
		178	95,394
		179	97,128
M2a	97.5%	181	105,393
		182	107,394
		183	109,407
		184	111,396
M2	100.0%	186	108,093
		187	110,145
		188	112,209
		189	114,249
M1	125.0%	191	135,090
		192	137,655
		193	140,235
		194	142,782

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Pay Claim for 2026/2027

Submitted by the Tonbridge and Malling Branch of UNISON
to Tonbridge and Malling Borough Council

1. Introduction

This pay claim is made on behalf of all UNISON members employed at Tonbridge and Malling Borough Council (TMBC).

Our members have consistently shown commitment and dedication in delivering essential services to residents, often under conditions of high workload, recruitment challenges and increasing financial pressures.

Despite recent pay awards, pay has rarely kept pace with inflation over the past decade, leaving staff significantly worse off in real terms. The cumulative erosion of pay compared with the Retail Price Index has exceeded 30% over the last decade [1]. While the inflation rate has fallen back since the highest peaks, it has risen once again this year.

The 2026/2027 pay claim reflects:

- The continuing cost of living pressures faced by our members and their families.
- The need to maintain fair and competitive pay to retain skilled staff and recruit into hard-to-fill posts.

Appropriate reward is needed to sustain the morale and productivity of staff in their crucial role of delivering high quality services.

2. Summary of Claim

UNISON is seeking the following from TMBC:

- **A 4.5% increase on all salary points and allowances.**
- **Permanent adoption of the Real Living Wage (RLW)**, with the Council seeking **accreditation** as a Living Wage Employer.
- A clear commitment to **maintain pay differentials** across the pay scale when raising the lowest grades to RLW levels.

The background and justification for this claim is detailed within the following sections.

3. Pay Award 2025/2026

The Council's pay award for April 2024 provided a 2.9% increase across all grades, except for the lowest spinal column point, which was uplifted to align with the Real Living Wage equivalent of £12.60 per hour.

While this adjustment was welcomed for ensuring that the lowest-paid employees received the Real Living Wage, it was **disappointing** that the remainder of staff saw their proposed increase **reduced by 0.1%** to offset the modest £14,000 cost of implementing this change, particularly given that TMBC remains in a **relatively strong financial position**.

It was also regrettable that the Council did not consider formally adopting the Real Living Wage as part of its ongoing pay policy.

Only 50% of UNISON members voted to accept this pay award, with the remaining **50% wanting us to decline the offer**. This outcome underlines the importance of ensuring that this year's pay offer genuinely addresses members' concerns and delivers a meaningful, material benefit for all employees.

4. Economic & Public Sector Context

Public sector pay awards across the UK in 2024/25 were in the range of **4.75% to 6%**, with an average of **5.7%** [2]. Despite these pay awards, the Institute for Fiscal Studies (IFS) notes that public sector pay has fallen behind the private sector in recent years, eroding recruitment competitiveness [3].

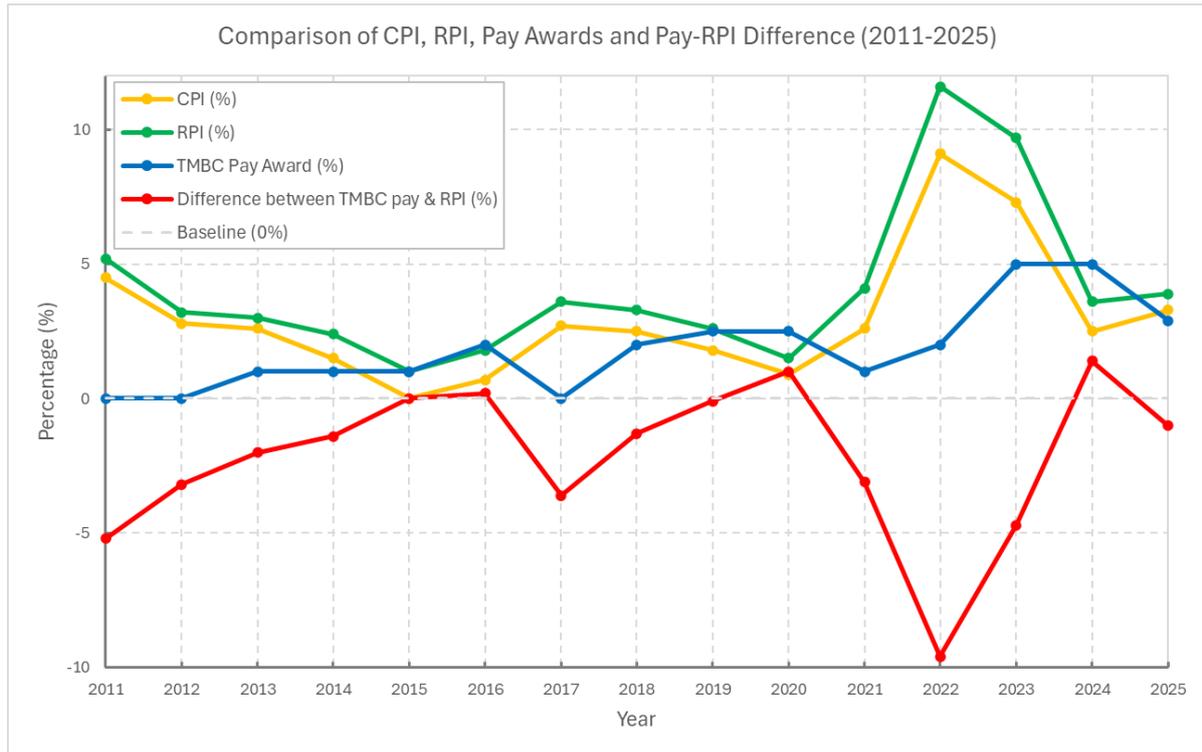
TMBC's pay awards have historically lagged behind inflation almost every year, over many years, leading to a **cumulative decline in the value of TMBC earnings** and a **fall in living standards** suffered by staff. Recent years have seen the steepest rises in the cost of living facing workers in over 40 years, being 11.6% in 2022 and 9.7% in 2023 [17]. Table 1 and Chart 1 illustrate the trends of TMBC pay awards.

Table 1: Comparison of TMBC pay awards vs cost of living (2011-2024) [17]

2011	CPI%	RPI%	TMBC Pay Award %	Difference between TMBC pay & RPI %
2011	4.5	5.2	0	-5.2
2012	2.8	3.2	0	-3.2
2013	2.6	3.0	1	-2.0
2014	1.5	2.4	1	-1.4
2015	0	1.0	1	0
2016	0.7	1.8	2	+0.2
2017	2.7	3.6	0	-3.6
2018	2.5	3.3	2	-1.3
2019	1.8	2.6	2.5	-0.1
2020	0.9	1.5	2.5	+1.0
2021	2.6	4.1	1	-3.1
2022	9.1	11.6	2	-9.6
2023	7.3	9.7	5	-4.7
2024	2.5	3.6	£1,900 up to SO 5% for M grade	(Varies per grade) +1.4 (M grade)
2025	3.3	3.9	2.9% Lowest spinal column increased to align with the Real Living Wage equivalent to £12.60 per hour	-1
Cumulative Total				-32.6

Chart 1: Comparison of TMBC pay awards vs cost of living (2011-2024) [17]

Annex 2



This means that, while a wage keeping pace with the cost of living each year would have risen by 60.5% since 2011, pay at TMBC has risen by just 27.9%, resulting in **the value of staff wages falling by 32.6%**, which represents a drop worth thousands of pounds. This pay erosion affects everyone, but is most felt by those who have previously reached the top of their grade, who will not receive any further pay increments.

Inflation has moderated from the double-digit peaks of 2022–23, however the Retail Price Index (RPI, which is the most realistic measure of inflation (because it includes housing costs), is still running at 4.5% (in September 2025), with many core expenditures showing much higher surges [18]:

- Water charges up 26.1%
- Gas charges up 13.3%
- Electricity charges up 8%
- Phone services up 7.8%
- Mortgage interest payments up 7.7%
- Rail fares up 7.6%
- Bus/coach fares up 7.3%
- Food prices up 5.9%
- Rent up 5.7%
- Council tax / rates up 5.4%
- Nursery charges up 5%

It should also be noted that:

Annex 2

- The ONS reports that food and non-alcoholic drink prices rose by **30% between 2021 and 2023** [1].
- Ofgem’s latest data confirms that domestic energy bills are still **~50% higher than in 2021**, even after recent reductions in the price cap [4].
- The Coram Childcare Survey (2024) shows that childcare costs in the UK have risen **over 5% year-on-year**, leaving the UK with some of the **highest childcare costs in the OECD** [5].

Furthermore, the last decade and a half has seen enormous jumps in the basic costs shown below [19].

Expenditure Item	House Prices	Bus & Coach Fares	Electricity	Gas
Price rise 2010 – 24	73%	93%	144%	92%

For the value of staff wages not to fall back even further, they must at least keep pace with rises in the cost of living. In light of the above economic and public sector context, without a fair increase, **TMBC risks losing staff** to better-paying councils and private employers in Kent and beyond, especially given that **average earnings continue to grow at an average of 4.7%** across the economy [20]

Our 2025 survey of UNISON members revealed that **7 people were struggling financially, with 6 of those even struggling to pay their utility bills**. Respondents gave examples of cutting back on social and leisure activities, including exercise necessary for their wellbeing, along with adjusting food shopping habits and cutting back on treats for children. Overall, the trend indicates a strong shift away from non-essential spending, **impacting social experiences and family life**.

5. Recruitment, Retention & Pay Competition

Recruitment and retention remain ongoing challenges across local government, and TMBC is no exception.

- **National evidence:** ONS figures show that public sector vacancies remain higher than pre-pandemic levels, with local government facing particular difficulties filling professional and technical roles [1].
- **Pay competition:** CIPD research found that average pay settlements across the UK economy are running at around **4–5%**, with Southeast employers often having to pay even higher to secure talent in a competitive job market [6]. This is because being **close to London** offers the opportunity for many people in our area to earn a higher salary with London weighting, which has been accelerated with the recent trend of many jobs now being available to work from home, with a short commute to London for ‘in office’ days.
- **Local government reports:** The Local Government Association (LGA) has highlighted “**critical staff shortages**” in planning, environmental health, legal, and housing across councils nationwide [7].
- **Retention pressures:** UNISON’s national survey of local government workers found that **over half had considered leaving their jobs in the past year due to pay and workload pressures** [7].

Without competitive pay, TMBC will likely suffer from:

- Losing experienced staff to neighbouring councils or the private sector.
- Increasing reliance on costly agency staff and market supplements to fill gaps.
- Reduced morale among remaining staff, who face higher workloads and increased pressure when vacancies remain unfilled.

6. Workload Pressures

Staff across the Council have been facing sustained and increasing workload pressures. Our 2025 UNISON pay survey revealed that **87% of respondents reported an increase in workload** over the past year.

It appears that service demands continue to grow while staffing levels remain the same or have reduced.

This imbalance between expectations and capacity is unsustainable. These pressures could contribute to stress, fatigue, falling morale, and the potential for increased sickness absence, higher staff turnover, and declining service standards. It poses a long-term **threat to the Council's ability to maintain consistent, high-quality services.**

Our members deserve to be compensated for these additional pressures.

7. Justification for a 4.5% reasonable pay rise

The majority of our members initially called for a **5% increase**. However, after careful consideration, we have moderated this claim to **4.5%**.

This figure is reasonable because:

- It is **below the average public sector settlement in 2024/25 (5.7%)** [2], demonstrating restraint.
- It is **in line with current inflation (RPI)** and slightly above future inflation forecasts, ensuring staff do not lose further ground in real terms [2].
- The Council is in a relatively healthy financial position.
- It strikes a balance between affordability for the Council and fairness for staff, recognising the financial pressures on both.

By setting our claim at 4.5%, we are deliberately asking for less than the national norm, positioning TMBC as **fair but not excessive**.



8. The Hidden Cost of Not Acting

If TMBC fails to invest in staff pay, this will result in the issues identified above, which may create costs elsewhere, with the potential to impact the council's budgets:

- **Recruitment costs:** The LGA estimates the average cost of replacing a council employee (including advertising, HR time, and onboarding) can exceed **£6,000 per role** [7].
- **Agency staff:** Councils often pay **30–40% more per hour** for temporary staff than permanent employees [7].
- **Productivity & morale:** High turnover leads to disrupted service delivery, loss of institutional knowledge, and increased pressure on remaining staff, which has financial implications.

In practice, ***paying staff fairly is often cheaper than the issues that arise as a result of being an employer that pays less.***

A modest investment in pay today will save the Council money tomorrow by reducing recruitment churn, reliance on agency cover, and the risk of service shortfalls.

9. The Real Living Wage – A Chance for TMBC to Lead Locally

The **National Living Wage** (set by government) is currently £12.21 [8] and is expected to rise to **£12.71** from April 2026.

The **Real Living Wage (RLW)**, which is independently calculated by the Living Wage Foundation, is currently £12.60 and set to rise to **£13.45** for 2026/27, with those in London earning £14.80 [9].

The Real Living Wage has become a standard benchmark for the minimum needed for low-paid staff to have a **“basic but acceptable” standard of living**.

There are now over 16,000 employers accredited as Real Living Wage employers by the Living Wage Foundation, including half of the largest companies listed on the UK Stock Exchange and household names such as Aviva, Barclays, HSBC, Nationwide, Google and IKEA are among them.

The precedent of the Real Living Wage, in tandem with recruitment and retention pressures, has also pushed major employers of low-paid staff in the retail sector to increase pay. Sainsbury’s and Argos workers received a rise from £12 to £12.45 per hour in March 2025 before a further increase to £12.60 in August. Tesco followed suit, taking employees from £12.02 to £12.45 in March, then £12.64 in August, with London workers going to £14.36 per hour. Lidl and Aldi have also pushed rates for customer service roles in stores to up to £14 an hour. Similarly, Amazon raised its rate for frontline operations staff to between £13.50 and £14.50 per hour, depending on location, toward the end of 2024.

TMBC is competing in a labour market where the Real Living Wage has become an increasingly common starting point for other employers.

Within the public sector, the Real Living Wage has now long been set as the minimum pay rate across all Scotland’s public sector organisations, and this was extended to social care workers in Scotland’s private and voluntary sector from October 2016.

Kent County Council states in its Pay Policy Statement that its *lowest grade is set “marginally above the equivalent of the Living Wage Foundation’s Real Living Wage”* [10]. While this is a good initial step, this is not the same as full accreditation, nor does it extend to all staff or contractors.

TMBC is in a similar situation, as the Council is currently paying an equivalent to the RLW following last year’s pay award, however, has **not formally adopted the Real Living Wage for the future**.

No other borough or district council in Kent is currently an accredited Real Living Wage employer [9]. This presents TMBC with a clear **opportunity to lead the way locally**:

- **By adopting the RLW permanently and seeking accreditation, TMBC could be the first Borough council in Kent** to take this step.
- Several Parish Councils in Kent are already Real Living Wage employers, including Kings Hill Parish Council and two Parish Council's in Ashford [11].
- **Accreditation** would not only benefit the lowest-paid staff, but also send a strong signal to the local community and our contractors that TMBC values fairness, equality, and staff wellbeing.
- A study of 2,000 workers conducted by the Living Wage Foundation in 2025 found that 75% of staff on the Real Living Wage believe that their work has a positive impact on their job satisfaction compared to 61% of low-paid staff [14].
- Notwithstanding the above morale points, there would also be economic benefits to TMBC from adopting the RLW. Around 40% of employers who have become accredited Real Living Wage employers have seen major or moderate **improvements to recruitment and retention** [12].
- When introduced by KPMG among its facilities management contract provided by ISS, the policy led to a 40% drop in turnover [13].
- KPMG has stated that their spend on hiring was cut so dramatically that they saved £75,000 in the first year of paying the Real Living Wage [13].
- A study of 2,000 workers conducted by the Living Wage Foundation in 2025 found that 65% of low paid were more likely to stay if their employer offered a Real Living Wage, while 75% stated that they were more likely to leave if another employer offered a Real Living Wage [14]
- Various studies have demonstrated improved productivity and reduced sickness absence [13].
- Around 86% of employers that have introduced the Real Living Wage have reported reputational benefits through increased consumer awareness of their commitment to being an ethical employer [15].
- Employers are competing for staff in a labour market where the RLW is an increasingly common starting wage, especially in the public sector, therefore offering this will provide enhance competitiveness [13].

Councils elsewhere (including Cambridge, Sunderland, South Swindon Parish, and Chiseldon Parish) have already demonstrated that RLW adoption is practical, affordable, and beneficial [9]. There is therefore no justifiable reason why TMBC should not adopt the RLW.

10. Conclusion

There can be no doubt that all TMBC staff have seen the value of their earnings fall considerably over recent years.

We are seeking a **4.5% pay increase**, despite our members asking for a 5% increase, because we understand and appreciate the budget constraints faced by TMBC. We believe this pay claim is however fair, realistic, and essential for sustaining service delivery at TMBC.

We further call for the **permanent adoption of the Real Living Wage - with accreditation** - to demonstrate TMBC's commitment to fair pay and to seize the chance to lead locally.

By investing in staff pay now, TMBC will reduce turnover, improve morale, and strengthen recruitment – ultimately safeguarding the high-quality services our residents expect.

Submitted on behalf of UNISON members

Carolyn Mell

Jack Lee

Andrew Longman

Branch Chair

Membership Officer

Treasurer

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Council

24 February 2026

Part 1 - Public

Matters for Decision



Cabinet Member

Responsible Officer

Damian Roberts, Chief Executive/Electoral
Registration Officer

Report Author

Daune Ashdown, Head of Electoral Services
Jeremy Whittaker, Economic Development and
Special Projects Manager

Tonbridge Community Governance Review

1 Summary and Purpose of Report

- 1.1 This report sets out the results of the Community Governance Review process which started in February 2025 and based on the findings of two consultations, recommends that a Town Council for Tonbridge be created.

2 Corporate Strategy Priority Area

- 2.1 Efficient services for all our residents, maintaining an effective council.
- 2.2 This report sets out proposals that could contribute to or impact the efficient and effective delivery of local council services to the residents of Tonbridge.

3 Recommendations

- 3.1 The following are the final recommendations of the Community Governance Review Member Working Group. Please note that these recommendations have been circulated to all interested parties in advance of this report being published as legally required.
- 3.2 That the results of the Community Governance Review consultations **BE NOTED.**
- 3.3 That the creation of a new parish within Tonbridge (as set out in Annex 1) **BE APPROVED.**
- 3.4 That the naming of the new parish as 'Tonbridge' **BE APPROVED.**
- 3.5 That the new parish has a parish council called 'Tonbridge Town Council' **BE APPROVED**, comprising:

- a) the division of the Town Council area into 6 wards, that are the same as the existing 6 borough wards: Cage Green and Angel; Higham; Hildenborough (area outside of Hildenborough parish proposed to be named 'Oast'); Judd; Trench; and Vauxhall (as set out in Annex 2).
- b) 18 councillors sitting on the Town Council:
- Cage Green and Angel – 4 Councillors
 - Higham – 3 Councillors
 - Oast – 1 Councillor
 - Judd – 3 Councillors
 - Trench – 3 Councillors
 - Vauxhall – 4 Councillors
- 3.6 That the change taking effect for electoral purposes ahead of the publication of the revised register planned for the 01 December 2026 **BE APPROVED.**
- 3.7 That the parish coming into effect from 01 April 2027 for administration purposes **BE APPROVED.**
- 3.8 That the first election for the Town Council taking place on 06 May 2027, and every four years thereafter, **BE APPROVED.**
- 3.9 That the delegation of authority to undertake the proposed next steps as set out in section 7 being given to the Electoral Registration Officer **BE APPROVED.**
- 3.10 That support for a Mayor that carries out ceremonial duties and chairs meeting **BE NOTED.**

4 Introduction and Background

- 4.1 At a Council meeting on 18 February 2025, it was agreed that a Community Governance Review should be undertaken to consider the creation of a new Town Council for the unparished area of Tonbridge. This was shortly followed by receipt of a petition, which was validated on 12 March 2025.
- 4.2 Following consideration of a report by Council on 13 May 2025, Terms of Reference for a cross-party Member working group (including timetable and consultation plan) were adopted and a one-off budget agreed, in order to conduct the review.
- 4.3 A key part of any Community Governance Review is the delivery of community consultation to ascertain the level of support or otherwise for the proposals. In the consultation plan, an initial six-week consultation (from 02 June-14 July 2025) was programmed and promoted by the Council, with other groups in the community also producing their own publicity material about the consultation independently of the council. This consultation sought views on the following question: "Should

Tonbridge have a Town Council?” along with associated questioning relating to the reasons behind the views of responders.

- 4.4 The results of this consultation went to Council on 28 October 2025, where it was agreed to proceed with the Community Governance Review and deliver a further consultation to seek views on more detailed aspects of a future Tonbridge Town Council, including whether the Town Council should be warded, the potential number of Town Councillors, and whether it should have a Mayor.
- 4.5 The results of both consultations are provided in section 5 and 6 of this report, with a detailed overview of the second consultation also provided in **Annex 3**.

5 Results of the First Consultation

- 5.1 The first round of consultation focussed on the level of support for whether Tonbridge should have a Town Council. In total **3,236** people responded to this consultation, representing a **12%** response rate. This compared very favourably to other areas that had undertaken Community Governance Review consultations during a similar time, for example Tunbridge Wells received a 2% response rate and Maidstone a 0.5% response rate.
- 5.2 In response to the question, “Should Tonbridge have a Town Council?” a sizeable majority were in favour. **72%** responded that they think Tonbridge should have a Town Council, **23%** responded that Tonbridge shouldn’t and **5%** were unsure.

6 Results of the Second Consultation

- 6.1 This consultation launched on 31 October 2025 and ran for a 6-week period (closing on 12 December 2025).
- 6.2 In total, **897** responses were received in response to the second consultation. Whilst this is lower than the first consultation, there are a couple of points to note:
- a) The first consultation asked the key questions regarding support or otherwise for the establishment of a Town Council for Tonbridge, whereas the second consultation has been a more detailed and technical exercise.
 - b) The level of response received in the second consultation is still higher than that seen in other areas, for example Horsham received around 700 responses to their second consultation, and Tunbridge Wells just under 350 responses.
 - c) Over **85%** of people that responded to this second consultation had also submitted a response to the first consultation.
- 6.3 Nearly **98%** of respondents were from Tonbridge and Hildenborough, with the remaining **2%** mostly made up of people from the surrounding area (particularly East Peckham, Hadlow and Leigh) who would look to Tonbridge as the nearest town.

- 6.4 The age profile of respondents was mainly within the older age groups, with over **50%** of respondents aged over 55 years and only around **10%** aged under 35 years. **6%** of people responding stated they considered themselves to be disabled.
- 6.5 By far the most effective way of raising awareness of the consultation was through a direct email to the Electoral Services database, with nearly **85%** of people responding saying that they found out about the consultation via email. The majority of the other **15%** found out about the consultation through social media or word of mouth.
- 6.6 **Warding Arrangements:** **69%** of people that responded to the consultation stated that, if a Town Council for Tonbridge was created, they would like the area to be divided up into wards.
- 6.6.1 The consultation survey proposed the use of the existing borough council arrangement of six wards comprising Cage Green and Angel, Higham, Hildenborough (unparished area), Judd, Trench and Vauxhall, but encouraged responses giving alternative suggestions.
- 6.6.2 Of the 410 people that responded to the section about alternative warding arrangements:
- Over **90%** either agreed with the 6-ward arrangement or didn't have an alternative suggestion.
 - Across the other **10%** of responses, there was no clear pattern of support for a particular approach with small numbers suggesting more wards, fewer wards, reinforcing the point that they didn't want any wards (or a Town Council) or suggesting the inclusion of areas outside the scope of this consultation.
- 6.6.3 It is therefore clear from the responses received, that there is the greatest support for a warding arrangement, and that it should mirror the current 6 wards that exist in the Borough Council arrangement following the last Local Government Boundary Commission Review in 2021/22.
- 6.6.4 It is proposed that most of the wards retain the same name as the borough wards, with the Community Governance Review Working Group recommending that the unparished area of Hildenborough be named 'Oast' in order to avoid confusion with the parished area of Hildenborough and to reflect the identity of the ward – i.e. that it includes the Oast Theatre and Oast Lane.
- 6.7 **Number of Councillors:** In terms of the number of councillors that people would like to sit on a Town Council, the response was less unanimous:
- 13 Councillors – **41%**

- 18 Councillors – **38%**
- 30 Councillors – **9%**
- Other – **12%**

6.8 In the 'other' category, the most common response was '0' or 'as few as possible' with small numbers of people also suggesting 6 councillors (1 per ward) or numbers ranging from 9-20 councillors based on various methodologies.

6.9 Reflecting on this result, the Community Governance Review Member Working Group discussed this matter in detail and unanimously recommended that 18 councillors should serve on the Town Council. The reasons behind this recommendation are:

- A Town Council comprising 13 Councillors would result in the same Councillors having to attend all the meetings, whereas 18 Councillors would allow for a greater diversity of representation.
- 18 councillors creates a better balance of representation across the parished area.
- Other Town and Parish Councils in the local area have a similar level of representation (**Annex 4**)

6.10 An arrangement of 18 Councillors would comprise:

- Cage Green and Angel – 4 Councillors
- Higham – 3 Councillors
- Oast – 1 Councillor
- Judd – 3 Councillors
- Trench – 3 Councillors
- Vauxhall – 4 Councillors

6.11 **Mayor for Tonbridge:** On the question of whether the Town Council should have a Mayor, **62%** were of the opinion that it should, with **38%** thinking that there shouldn't be a Mayor. As such, the majority of people responding to this question were in favour of the Town Council having a Mayor. This decision will be made by the new Town Council, but the Borough Council will make them aware of the residents' views from this consultation.

7 Next Steps

7.1 Creation of the Reorganisation Order - the Order officially establishes the Town Council and sets the boundaries, councillor numbers and election cycles. The Order is published and effective from 01 April 2027.

- 7.2 The Local Government Boundary Commission for England will be made aware of the outcome.
- 7.3 Full Council will need to agree a precept and budget in February 2027 ahead of the elections, so that the new Town Council can operate once the elections have taken place. Once the Town Council is established, allotments (which are managed by Tonbridge Garden and Allotments Association) will be passed over to the Town Council as legally required.
- 7.4 The potential transfer of any other assets will be discussed by the new Town Council once it is established and the Borough Council/new Unitary Authority.
- 7.5 All future budgets for the new Town Council will be determined by the Town Council themselves.

8 Financial and Value for Money Considerations

- 8.1 This Community Governance Review has been delivered under budget. There is no further financial expense for the Community Governance Review.

9 Risk Assessment

- 9.1 The timeframe for Central Government to ratify the Reorganisation Order could be delayed given the number of councils that are undertaking similar reviews at this time. The mitigation is that by concluding the Community Governance Review in February 2026, we will be able to move forward to prepare the Order to enable as much time as possible ahead of the May 2027 elections.

10 Legal Implications

- 10.1 The Local Government and Public Involvement in Health Act 2007 (Part 4) devolved power from the Secretary of State to principal councils to carry out Community Governance Reviews and put in place or make changes to local community governance arrangements. This Community Governance Review has been undertaken in accordance with this Act and supplementary guidance.
- 10.2 The Community Governance Review must be completed within one year of receipt of a valid petition.

11. Consultation and Communications

- 11.1 The consultation part of the Community Governance Review process has now been concluded.
- 11.2 Subject to the decision of Full council, it will be necessary to undertake further communication of the outcome of the Community Governance Review.

12. Implementation

12.1 The implementation of the next steps has been addressed in the body of this report.

13. Cross Cutting Issues

a. Climate Change and Biodiversity

- i. Limited or low impact on emissions and environment.
- ii. Climate change advice has not been sought in the preparation of the options and recommendations in this report.

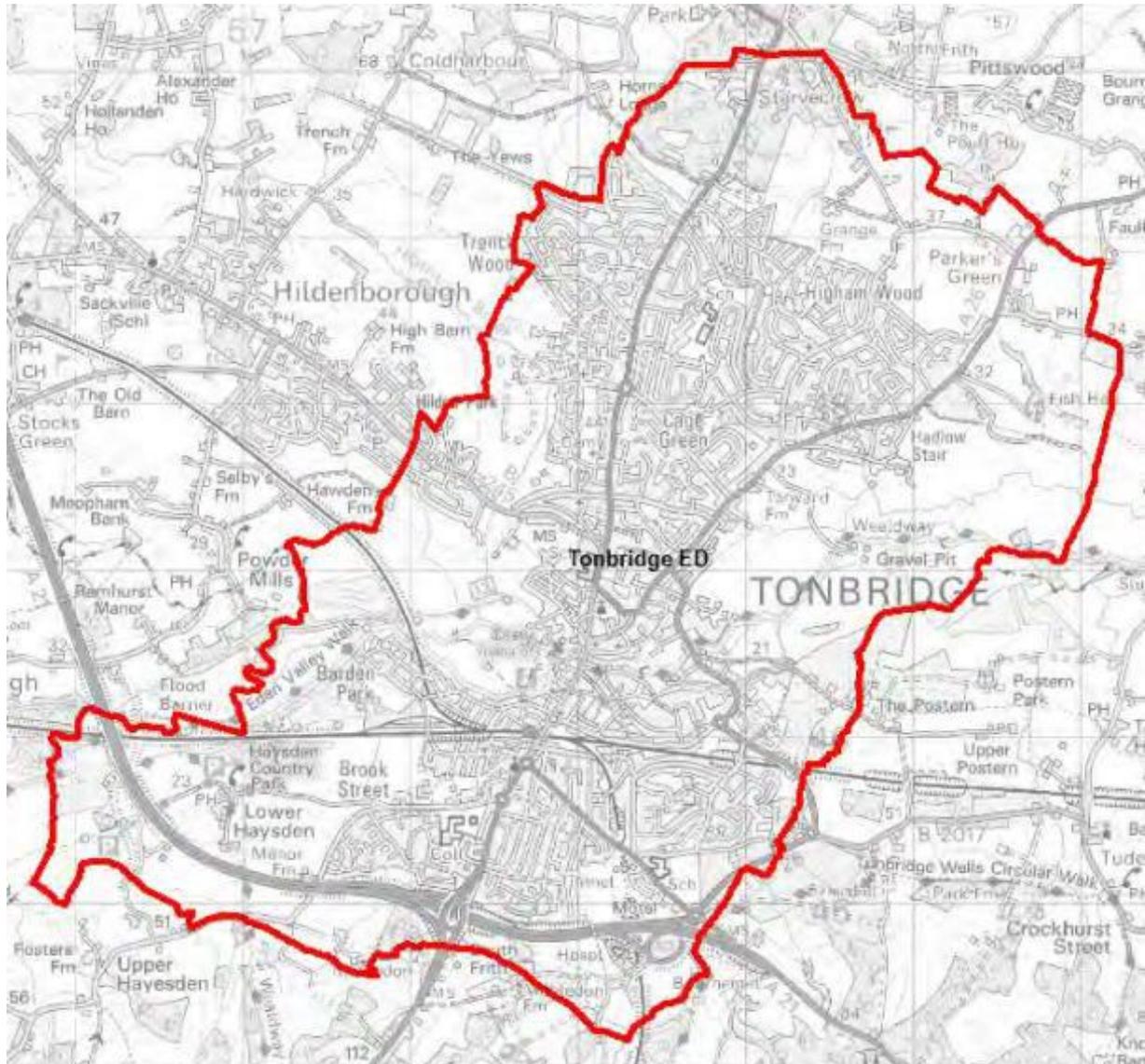
b. Equalities and Diversity

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

Background Papers	None
Annexes	<p>Annex 1 – Map of the proposed new parished area of Tonbridge</p> <p>Annex 2 – Map of the wards in the proposed new parish area.</p> <p>Annex 3 – Results of the second consultation</p> <p>Annex 4 – Number of Councillors on Town and Parish Councils</p>

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Annex 1 – Map of the proposed new parished area of Tonbridge



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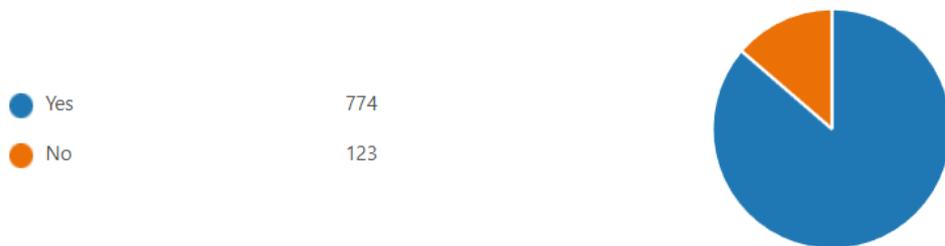
Annex 2 – Map of the wards in the proposed new parish area.



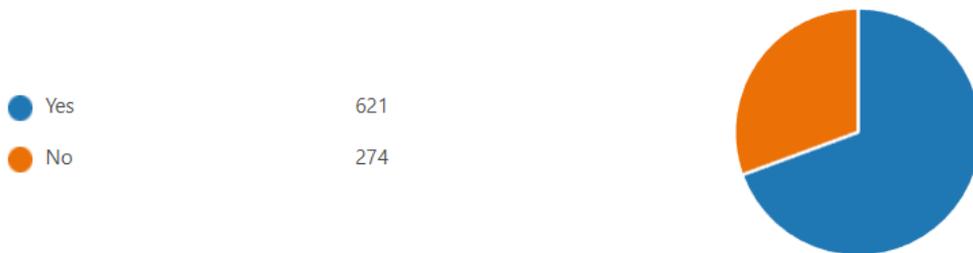
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Annex 3: Results of the second consultation

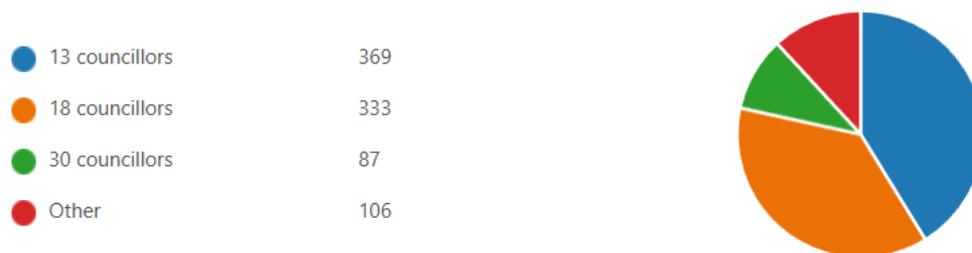
1. Did you respond to the first consultation on a Town Council for Tonbridge?



2. If a town council for Tonbridge is created, would you like the area to be divided into wards?



3. How many Councillors would you like to sit on a Town Council?

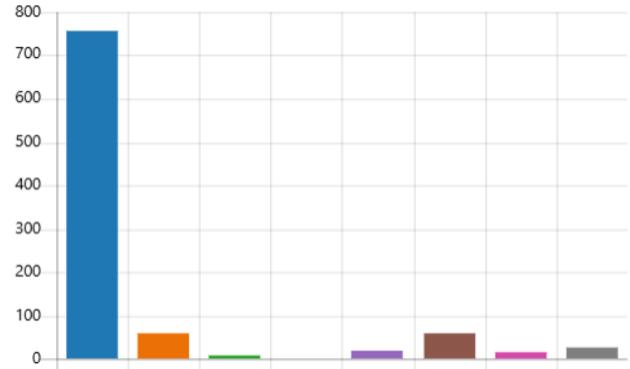


4. Should the Town Council have a Mayor?



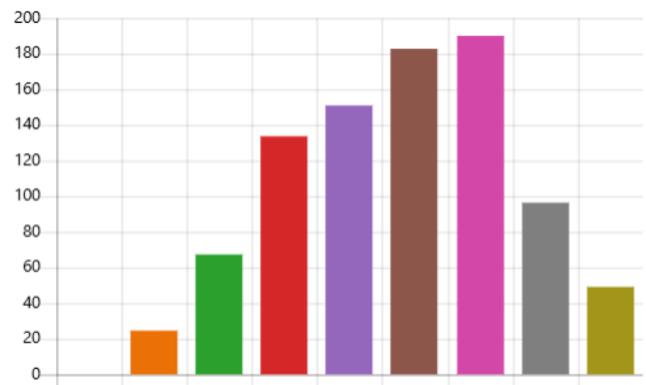
5. How did you find out about this consultation?

Email from the council	758
Council Facebook post	58
Council X post	7
Council LinkedIn post	1
Council website	17
Word of mouth	60
Not sure	14
Other	27



6. What age are you?

Under 18	0
18 to 25	25
26 to 34	67
35 to 44	134
45 to 54	151
55 to 64	183
65 to 74	190
75 and above	96
Prefer not to say	49



7. Do you consider yourself to be disabled?

Yes	56
No	773
Prefer not to say	66



Annex 4 – Number of Councillors on Town and Parish Councils

PARISH	COUNCILLORS	ELECTORATE
Existing Town and Parish Councils in Tonbridge and Malling		
Addington	7	676
Birling	7	347
Mereworth	7	833
Offham	7	637
Ryarsh	7	697
Shipbourne	7	392
Stansted	7	455
Trottiscliffe	7	434
West Peckham	7	297
Burham	8	1,045
Wouldham	8	2,649
Ightham	9	1,579
Platt	9	1,393
Plaxtol	9	901
Wateringbury	9	1,591
Wrotham	9	1,508
Borough Green	11	3,220
East Peckham	11	2,578
Hildenborough	11	3,916
Leybourne	11	3,619
West Malling	11	2,304
Kings Hill	12	7,267
Ditton	13	3,817
Hadlow	13	2,951
Snodland	15	8,695
East Malling & Larkfield	17	11,175
Aylesford	20	9,426
Examples of Town Councils Across Kent		
Faversham	14	16,830
Hythe	16	12,000
Tenterden	16	14,337
Sevenoaks	16	15,178
Swanley	16	15,681
Dover	18	24,886
Tonbridge	18	27,653
Folkestone	18	34,500

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Council

24 February 2026

Part 1 - Public

Matters for Decision



Cabinet Member	n/a
Responsible Officer	Adrian Stanfield, Monitoring Officer
Report Author	Adrian Stanfield, Monitoring Officer

Changes to the Constitution

1 Summary and Purpose of Report

- 1.1 This report recommends that changes are made to Rule 15.25 of the Committee Procedure Rules so as to clarify the decision-making route for items of business covered by more than one Area Planning Committee.
- 1.2 The report also recommends that a definition is provided for the term 'risk of significant costs' for the purposes of Rule 15.24 of the Committee Procedure Rules.

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 planning applications are determined in the most efficient and equitable way.

3 Recommendations

- 3.1 Members are requested to agree to the changes to Committee Procedure Rules 15.24 and 15.25 as set out in paragraphs 4.4 and 4.9 below.

4 Introduction and Background

Rule 15.25

- 4.1 Rule 15.25 of the Committee Procedure Rules currently provides as following –

'If an item of business relates to the area covered by more than one Area Planning Committee, the matter shall be reported to both of the Committees concerned and the recommendations of both Committees shall be reported to

Council for decision. However, if both Committees are agreed on their recommendations, the Director of Planning, Housing & Environmental Health may proceed to determine the application in accordance with those recommendations prior to consideration of those recommendations by the Council'

4.2 The existing wording of this rule leaves a degree of uncertainty as to the final decision maker in cases where both Committees are agreed on their recommendations, in that it provides for the Director of Planning, Housing and Environmental Health **to determine the application in accordance with those recommendations prior to consideration of those recommendations by Council** (my emphasis in bold). This suggests that Council would still consider the recommendations of both Committees, even if they were in agreement. However, if the Director is authorised to determine the application in such circumstances, there is nothing further for the Council to consider. This uncertainty is unhelpful for the effective discharge of our planning functions.

4.3 In order to remove this uncertainty, it is proposed to amend Rule 15.25 so that it reads as follows:-

'If an item of business relates to the area covered by more than one Area Planning Committee, the matter shall be reported to both of the Committees concerned and the recommendations of both Committees shall be reported to Council for decision. However, if both Committees are agreed on their recommendations (including reasons for their recommendations and any conditions to be attached to a grant of permission), the Director of Planning, Housing & Regulatory Services may proceed to determine the application in accordance with those recommendations'

4.4 The proposed amendments will ensure that the determination of a planning application shall remain a matter for Council, unless both Area Planning Committees are agreed on both the proposed recommendation and the reasons for refusal or, in the case of a proposed approval, the conditions to be attached to the approval. In that situation the Director of Planning, Housing and Regulatory Services would determine the application, with no further consideration by full Council.

Rule 15.24

4.5 Rule 15.24 of the Committee Procedure Rules currently provides as following:-

'If, contrary to a recommendation of the Director of Planning, Housing & Environmental Health, an Area Planning Committee is minded to determine an application in a way or on grounds which the Director does not consider can be substantiated, a resolution by the committee to make such a determination will be a recommendation only and the application shall stand adjourned to the next meeting of the committee to enable the Director of Central Services and Monitoring Officer to submit a report on the possibility of costs or compensation being awarded against the Council in the event that the application is determined in that way.'

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.'

- 4.6 At the time of approving the most recent changes to this rule (24 October 2023), the Head of Planning, having discussed the matter with the Director of Finance & Transformation advised Council that costs of £5,000 plus would represent a 'significant cost'. This has been adopted as an informal guide since October 2023.
- 4.7 The application of an informal £5,000 threshold has led to some relatively minor planning applications being reported to Council for determination, which was not the intention of Rule 15.24. The Rule was intended to ensure that where Planning determinations could have an unplanned impact on the Council's financial position, that should be considered by Members ahead of a Planning decision being made to ensure appropriate due diligence on decision making. We have therefore taken the opportunity to review what the appropriate financial threshold should be for the purposes of engaging this rule.
- 4.8 Having consulted with the Head of Finance and the Director of Planning, Housing and Regulatory Services, it is proposed that a financial threshold of £50,000 should apply, such a figure to include both the Council's costs of defending an appeal, together with an estimation of a potential sum the Council could be liable to pay in the event that an award of costs was made against it by a Planning Inspector. To avoid any uncertainty, it is proposed that Rule 15.24 should be amended to incorporate this financial threshold.
- 4.9 It is therefore proposed to amend Rule 15.24 as set out below:-

'If, contrary to a recommendation of the Director of Planning, Housing & Regulatory Services, an Area Planning Committee is minded to determine an application in a way or on grounds which the Director does not consider can be substantiated, a resolution by the committee to make such a determination will be a recommendation only and the application shall stand adjourned to the next meeting of the committee to enable the Director of Central Services and Deputy Chief Executive to submit a report on the possibility of costs or compensation being awarded against the Council in the event that the application is determined in that way.'

If the Director of Central Services and Deputy Chief Executive's report indicates that there is likely to be a risk of significant costs being incurred by the Council in defending any appeal, 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.

**'significant costs' mean costs of £50,000 or more, calculated by reference to estimated costs of the Council in defending any appeal together with any potential liability to pay the costs of the appellant in the event of an adverse costs award'.*

5 Other Options

5.1 The other options considered were:-

- Make no changes to the existing rules
- Amend the rules so as to allow for a different definition of 'risk of significant costs'

5.2 In light of the comments made in paragraphs 4.3 to 4.5 above, it is not considered that the rules should remain unaltered, or that a different definition of 'significant costs' should be included.

6 Financial and Value for Money Considerations

6.1 The Planning service has an identified appeals budget of £100,000 in 2025/26 rising to £120,000 in 2026/27, which is in place to manage small scale appeals that routinely occur. Given the uncertain nature and timing of the risk of larger scale appeals that would incur 'significant' costs, it would not be appropriate to build provision for this potential into the budget on an ongoing basis.

6.2 Should any Planning decisions referred to Council be appealed, there will be a supplementary estimate proposed to provide budget to defend the appeal.

7 Risk Assessment

7.1 The proposed amendment to Rule 15.25 will remove the uncertainty that currently exists in the application of this rule.

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 would be published via mod.gov.

10 Implementation

10.1 If agreed, the changes will be implemented with immediate effect.

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	None

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Agenda Item 17

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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Agenda Item 19

The Mayor to move that the press and public be excluded from the remainder of the meeting during consideration of any items the publication of which would disclose exempt information.

**ANY REPORTS APPEARING AFTER THIS PAGE CONTAIN EXEMPT
INFORMATION**

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