

You are hereby summoned to attend a meeting of the

MAIDSTONE BOROUGH COUNCIL

Date: Wednesday 18 December 2019
Time: 6.30 p.m.
Venue: Town Hall, High Street, Maidstone

Membership:

Councillors Adkinson, Bartlett, Mrs Blackmore, Brice, Brindle, D Burton, M Burton, Chappell-Tay, Clark, Cox, Cuming, Daley, English, Eves, Fermor, Fissenden, Fort, Garland, Garten, Mrs Gooch, Mrs Grigg, Harper, Harvey, Harwood, Hastie, Hinder, Mrs Hinder, Joy, Khadka, Kimmance, Lewins, McKay, McLoughlin, Mortimer, Munford, Naghi, Newton, Parfitt-Reid, Perry, Powell, Purle, Mrs Ring (Mayor), Mrs Robertson, D Rose, M Rose, Round, J Sams, T Sams, Spooner, Springett, Vizzard, Webb, de Wiggondene-Sheppard, Wilby and Young

AGENDA

Page No.

1. Prayers
2. Apologies for Absence
3. Dispensations (if any)
4. Disclosures by Members and Officers
5. Disclosures of Lobbying
6. To consider whether any items should be taken in private because of the possible disclosure of exempt information.
7. Minutes of the meeting of the Borough Council held on 25 September 2019
8. Mayor's Announcements
9. Petitions
10. Question and Answer Session for Members of the Public
11. Questions from Members of the Council to the Chairmen of Committees

1 - 8

Issued on Tuesday 10 December 2019

Continued Over/:

Alison Broom

Alison Broom, Chief Executive

12. Current Issues - Report of the Leader of the Council, Response of the Group Leaders and Questions from Council Members
13. Report of the Policy and Resources Committee held on 23 July 2019 - Maidstone Property Holdings Limited - Governance 9 - 108
14. Report of the Policy and Resources Committee held on 18 September 2019 - Council Tax Reduction Scheme 2020-2021 109 - 258
15. Report of the Policy and Resources Committee held on 20 November 2019 - Medium Term Financial Strategy 2020/21-2024/25 259 - 300
16. Oral Report of the Communities, Housing and Environment Committee to be held on 16 December 2019 (if any)
17. Notice of Motion - Housing Numbers

Notice of the following motion has been given by Councillor J Sams, seconded by Councillor Powell:

This Council has been informed that between 2017 and 2037 it must accept upwards of 30,000 new homes. We firmly believe that this is untenable for our communities.

If we continue with the proposed housing plans, it will have a detrimental effect upon the living environment for Maidstone residents in the following ways:

- A serious impact upon the health of local people with additional demands being put on medical services, which are already stretched to breaking point
- Adverse impact on air quality as a consequence of a substantial increase in the number of vehicles on the roads directly as a result of increased housing numbers. More traffic congestion on local roads in the Borough which are already frequently gridlocked with a knock on effect to our public transport system
- Poor infrastructure is already having a choking effect and restricting the movement of residents impacting on employment, education and social mobility. And this will get worse
- Our open spaces, the green lungs of our community, being reduced as housing encroaches upon them
- These proposals fly in the face of the Climate Change Crisis by damaging our environment, ecology and our future sustainability.

We call upon this Council to as a matter of urgency

1. Temporarily suspend its analysis of the more than 300 sites that have come forward in the call for sites process.
2. Allow residents, residents' groups, Parish Councils to make representation to this Council directly, particularly on the overall effect on the Borough's health and its future sustainability.
3. Promote and resource a review based upon this

information, and our own investigations, to positively demonstrate and evidence that the Borough's housing numbers are impossible to deliver.

18. Notice of Motion - Membership of Committees

Notice of the following motion has been given by Councillor Perry:

This motion seeks to amend the current Constitution to allow Members to be appointed to both the Licensing Committee and to the Planning Committee. It is recognised that these are statutory committees, which carry out quasi legal functions; but, there is not a legal requirement to prevent Members from serving on both Committees simultaneously and in fact many Councils do allow this to take place.

These Committees perform important statutory functions and it is essential from a democratic perspective that they are fully appointed and reflect as closely as possible the political make-up of the Council; having this self-imposed restriction makes this more difficult to achieve. It might be argued that there could be a possible conflict of interest but this can only be extremely rare and if it did occur could be easily managed.

Given the above the Council is asked to approve the following amendments to Part 2 of the Constitution:

In paragraph 2.2.5 under Planning Committee delete: (NB – Councillors and substitute members of Licensing Committee cannot be members of Planning Committee).

In paragraph 2.2.6 under Licensing Committee delete: (NB – Councillors and substitute members of Planning Committee cannot be members of Licensing Committee).

19. Membership of Committees

The Council is asked to approve the following changes to reflect the wishes of the Leader of the Conservative Group:

Planning Committee

Delete Councillors Bartlett and Round as Members of the Committee

Add Councillors Brindle and Chappell-Tay as Members of the Committee

Delete Councillors Brindle and Chappell-Tay as Substitute Members of the Committee

PUBLIC SPEAKING AND ALTERNATIVE FORMATS

If you require this information in an alternative format please contact us, call **01622 602899** or email committee@maidstone.gov.uk.

In order to speak at this meeting, please contact Democratic Services using the contact details above, by 5 p.m. one clear working day before the meeting i.e. Monday 16 December 2019. If asking a question, you will need to provide the full text in writing. If making a statement, you will need to tell us which agenda item you wish to speak on. Please note that slots will be allocated on a first come, first served basis.

To find out more about the work of the Council, please visit www.maidstone.gov.uk.

MAIDSTONE BOROUGH COUNCIL

MINUTES OF THE MEETING OF MAIDSTONE BOROUGH COUNCIL HELD AT THE TOWN HALL, HIGH STREET, MAIDSTONE ON 25 SEPTEMBER 2019

Present: Councillor Mrs Ring (The Mayor) and Councillors Adkinson, Mrs Blackmore, Brindle, D Burton, M Burton, Chappell-Tay, Clark, Cox, Cuming, Daley, English, Fermor, Garland, Garten, Mrs Gooch, Mrs Grigg, Harper, Harvey, Hastie, Mrs Joy, Khadka, Kimmance, McKay, Mortimer, Munford, Naghi, Newton, Parfitt-Reid, Perry, Powell, Purle, D Rose, M Rose, Round, J Sams, T Sams, Spooner, Springett, Vizzard, Webb, Wilby and Young

55. PRAYERS

Prayers were said by the Reverend Ian Parrish.

Note: Councillor Mrs Blackmore entered the meeting after the prayers (6.35 p.m.).

56. RECORDING OF PROCEEDINGS

Councillor McKay reserved his right to record the proceedings.

57. APOLOGIES FOR ABSENCE

It was noted that apologies for absence had been received from Councillors Bartlett, Brice, Eves, Fissenden, Fort, Harwood, Hinder, Mrs Hinder, Lewins, McLoughlin, Mrs Robertson and de Wiggondene-Sheppard.

58. DISPENSATIONS

There were no applications for dispensations.

59. DISCLOSURES BY MEMBERS AND OFFICERS

There were no disclosures by Members or Officers.

60. DISCLOSURES OF LOBBYING

There were no disclosures of lobbying.

61. EXEMPT ITEMS

RESOLVED: That the items on the agenda be taken in public as proposed.

62. MINUTES OF THE MEETING OF THE BOROUGH COUNCIL HELD ON 17 JULY 2019

RESOLVED: That the Minutes of the meeting of the Borough Council held on 17 July 2019 be approved as a correct record and signed.

63. MINUTES OF THE EXTRAORDINARY MEETING OF THE BOROUGH COUNCIL HELD ON 17 JULY 2019

RESOLVED: That the Minutes of the extraordinary meeting of the Borough Council held on 17 July 2019 be approved as a correct record and signed.

64. MAYOR'S ANNOUNCEMENTS

The Mayor updated Members on recent and forthcoming engagements and thanked them for their support.

The Mayor then drew Members' attention to a request from the Maidstone Branch of the Royal British Legion for a contribution towards the cost of a new standard flag to display in Maidstone to mark its centenary next year. She asked Members to consider making funding available from their Members' Community Grant budgets.

65. PRESENTATION OF A CERTIFICATE TO MRS FRAN WILSON CONFIRMING HER APPOINTMENT AS AN HONORARY ALDERMAN OF MAIDSTONE BOROUGH COUNCIL

The Mayor presented a certificate to Mrs Fran Wilson confirming her appointment as an Honorary Alderman of Maidstone Borough Council.

Councillor Cox, the Leader of the Liberal Democrat Group, Councillor Perry, the Leader of the Conservative Group, Councillor Mrs Gooch, the Leader of the Independent Group, Councillor Harper, on behalf of the Leader of the Labour Group, and Councillor Newton, on behalf of the Leader of the Independent Maidstone Group, congratulated Mrs Wilson on her appointment.

Mrs Wilson then addressed the Council and thanked Members for her appointment.

Note: Councillors Hastie and Khadka entered the meeting during this item (6.40 p.m. and 6.45 p.m. respectively).

66. PETITIONS

There were no petitions.

67. QUESTION AND ANSWER SESSION FOR MEMBERS OF THE PUBLIC

There were no questions from members of the public.

68. QUESTIONS FROM MEMBERS OF THE COUNCIL TO THE CHAIRMEN OF COMMITTEES

Councillor T Sams asked the following question of the Chairman of the Policy and Resources Committee:

With regard to the Committee's decision to "explore plans for a new garden community" in East Lenham, and in light of it being "the start of a long process", and the Committee evaluating this proposal against all the others, can you please inform us how much this process has cost Maidstone residents thus far?

The Chairman of the Policy and Resources Committee responded to the question.

Councillor T Sams asked the following supplementary question of the Chairman of the Policy and Resources Committee:

What is before us with the figures calculated, we can deliver good high quality homes with the community around it to make it exist not only by itself with the countryside around it, but with the communities already there around it.

Can you give the budget the Council has set aside for this project, including the cost of additional staff time, potential new motorway junction and new station? And can you explain how the Council will compensate the residents of Lenham Heath and its neighbours who will ultimately shoulder the economic and human cost of such a large construction, on green, valuable agricultural land, to help Maidstone's housing numbers project?

The Chairman of the Policy and Resources Committee responded to the supplementary question.

Councillor J Sams asked the following question of the Chairman of the Policy and Resources Committee:

Last Friday, September 20th, demonstrations were held world-wide, nationally and in Maidstone, with many, many children, students, their parents, and many others who support the campaign against climate change holding peaceful protests.

In Maidstone we were proud to be associated with the protest. It was polite, good humoured, its central message was to speed up any proposed positive actions and that governments and councils must take steps.

Would you firstly applaud the actions the children have taken, including supporting them taking time off school and agree with me that this is an entirely legitimate cause and support them on any future organised occasion, with any future mass strike, taking time off school?

Please show that, unlike the Secretary of State for Education, you believe that this issue is so significant, affecting the lives, and the future of the children, that their action needs positive support and endorsement.

The Chairman of the Policy and Resources Committee responded to the question.

Councillor J Sams asked the following supplementary question of the Chairman of the Policy and Resources Committee:

It is impossible to do nothing, Greta and Greenpeace's campaign was TICK TOCK time passing.

The children said they want action now; the tipping point is thought to be about 11 years, though it may be less; 132 months, 572 weeks, about 4000 days. Would you agree and show the children we care, and we understand, and we stand together with them in this cause? We will be with them on the next occasion and will do whatever it takes. We will commit our resources and support a stoppage. Furthermore, we will organise an assembly inviting delegates from schools and community groups to come together to discuss what we can achieve and share ideas; to be done within 8 weeks. TICK TOCK!

The Chairman of the Policy and Resources Committee responded to the supplementary question.

Councillor Brindle asked the following question of the Chairman of the Policy and Resources Committee:

Has the Chairman of the Policy and Resources Committee been consulted by the Director of Finance and Business Improvement regarding the disposal of land at Weaving Heath?

The Chairman of the Policy and Resources Committee responded to the question.

Councillor Brindle asked the following supplementary question of the Chairman of the Policy and Resources Committee:

Why were the Ward Members not consulted about this in turn and is the Chairman of the Policy and Resources Committee aware that he is facilitating a highly controversial and unpopular development through the Council's "property hat" especially as there is an outstanding application for the area to be given Village Green Status?

The Chairman of the Policy and Resources Committee responded to the supplementary question.

To listen to the responses to these questions, please follow this link:

https://www.youtube.com/watch?v=L0ZTV_hmGYs&t=4367s

Note: Councillors J and T Sams left the meeting after the question and answer session (7.15 p.m.).

69. CURRENT ISSUES - REPORT OF THE LEADER OF THE COUNCIL, RESPONSE OF THE GROUP LEADERS AND QUESTIONS FROM COUNCIL MEMBERS

Councillor Cox, the Leader of the Council, submitted his report on current issues.

After the Leader of the Council had submitted his report, Councillor Perry, the Leader of the Conservative Group, Councillor Mrs Gooch, the Leader of the Independent Group, Councillor McKay, the Leader of the Labour Group, and Councillor Powell, the Leader of the Independent Maidstone Group, responded to the issues raised.

A number of Members then asked questions of the Leader of the Council on the issues raised in his speech.

Note: Councillor Garland entered the meeting during the questions from Council Members (7.05 p.m.).

70. JOINT REPORT OF THE POLICY AND RESOURCES COMMITTEE HELD ON 23 JULY 2019 AND THE AUDIT, GOVERNANCE AND STANDARDS COMMITTEE HELD ON 30 JULY 2019 - UPDATED CAPITAL STRATEGY

It was moved by Councillor Cox, seconded by Councillor Harvey, that the recommendation of the Policy and Resources Committee and the Audit, Governance and Standards Committee relating to the updated Capital Strategy be approved.

RESOLVED: That the updated Capital Strategy, attached as Appendix A to the joint report of the Policy and Resources Committee and the Audit, Governance and Standards Committee, including the updated Capital Programme set out as Table 1 within the Strategy, be agreed.

71. REPORT OF THE AUDIT, GOVERNANCE AND STANDARDS COMMITTEE HELD ON 30 JULY 2019 - AUDIT, GOVERNANCE AND STANDARDS COMMITTEE - ANNUAL REPORT TO COUNCIL 2018/19

It was moved by Councillor Harvey, seconded by Councillor Cox, that the recommendation of the Audit, Governance and Standards Committee relating to the Committee's Annual Report 2018/19 be approved.

RESOLVED: That the Audit, Governance and Standards Committee Annual Report 2018/19, which demonstrates how the Committee discharged its duties during 2018/19, be noted.

72. REPORT OF THE DEMOCRACY AND GENERAL PURPOSES COMMITTEE HELD ON 4 SEPTEMBER 2019 - AMENDMENTS TO THE CONSTITUTION - OUTSIDE BODIES

It was moved by Councillor Webb, seconded by Councillor Mrs Gooch, that the recommendations of the Democracy and General Purposes Committee regarding amendments to the Constitution relating to Outside Bodies be approved.

RESOLVED:

1. That the changes to Schedule 2 of the Constitution, attached as Appendix 2 to the report of the Democracy and General Purposes Committee, be agreed.
2. That the changes to Committee Terms of Reference, attached as Appendix 3 to the report of the Democracy and General Purposes Committee, be agreed.

73. REPORT OF THE STRATEGIC PLANNING AND INFRASTRUCTURE COMMITTEE HELD ON 10 SEPTEMBER 2019 - LOOSE NEIGHBOURHOOD PLAN

It was moved by Councillor D Burton, seconded by Councillor Mrs Grigg, that the recommendation of the Strategic Planning and Infrastructure Committee relating to the making (adoption) of the Loose Neighbourhood Plan be approved.

In moving the recommendation, Councillor Burton recognised the commitment and contribution of all those involved in the preparation of the Plan and asked Members to join him in congratulating the people of Loose.

RESOLVED: That the Loose Neighbourhood Plan, attached as Appendix 2 to the report of the Strategic Planning and Infrastructure Committee, be made.

74. ORAL REPORT OF THE COMMUNITIES, HOUSING AND ENVIRONMENT COMMITTEE HELD ON 17 SEPTEMBER 2019

There was no report from the Communities, Housing and Environment Committee on this occasion.

75. ORAL REPORT OF THE POLICY AND RESOURCES COMMITTEE HELD ON 18 SEPTEMBER 2019

There was no report from the Policy and Resources Committee on this occasion.

76. ORAL REPORT OF THE LICENSING COMMITTEE HELD ON 19 SEPTEMBER 2019

There was no report from the Licensing Committee on this occasion.

77. ORAL REPORT OF THE COMMUNITIES, HOUSING AND ENVIRONMENT COMMITTEE ACTING AS THE CRIME AND DISORDER COMMITTEE HELD ON 24 SEPTEMBER 2019

There was no report from the Communities, Housing and Environment Committee Acting as the Crime and Disorder Committee on this occasion.

78. NOTICE OF MOTION - ACCESS TO INFORMATION

Notice of the following motion had been given by Councillor Perry:

Members of this Council are elected by the Residents of this Borough to represent their interests. And in order for Members to carry out their duties effectively the Council agrees that all committee agendas, reports and information relating to items on the agenda (Minutes etc.) should be made available to all Members; including information made exempt from publication under Paragraph 3 of Part I of Schedule 12A to the Local Government Act 1972.

In moving the motion, with the agreement of his seconder (Councillor D Burton), and with the consent of the meeting, Councillor Perry deleted the words *Paragraph 3 of* from the sixth line.

During the discussion, the following suggested amendment was moved by Councillor Clark, seconded by Councillor English:

Members of this Council are elected by the Residents of this Borough to represent their interests. In order for Members to carry out their duties effectively this Council agrees that all committee agendas and reports relating to items on the agenda (including minutes, supporting documentation and urgent updates) will be provided to committee members and made available to any other interested members on request.

It was suggested that this amendment be further amended as follows:

Members of this Council are elected by the Residents of this Borough to represent their interests. In order for Members to carry out their duties effectively this Council agrees that all committee agendas and reports relating to items on the agenda (including minutes, supporting documentation, ~~and urgent updates~~ *and relevant exempt information*) will be provided to committee members and made available to any other interested members on request.

In accordance with Council Procedure Rule 17.5, the motion, having been moved and seconded, and the suggested amendments were referred to the Democracy and General Purposes Committee.

79. RE-APPOINTMENT OF COUNCILLOR PETER COULLING OF TESTON PARISH COUNCIL AS A NON-VOTING PARISH COUNCIL REPRESENTATIVE ON THE AUDIT, GOVERNANCE AND STANDARDS COMMITTEE, NO OTHER NOMINATIONS HAVING BEEN RECEIVED

It was moved by Councillor Harvey, seconded by Councillor English, that Councillor Peter Coulling of Teston Parish Council be re-appointed to serve as a non-voting Parish Council representative on the Audit, Governance and Standards Committee and the Hearing Panel, as required, for a three year term of office with immediate effect.

RESOLVED: That Councillor Peter Coulling of Teston Parish Council be re-appointed to serve as a non-voting Parish Council representative on the Audit, Governance and Standards Committee and the Hearing Panel, as required, for a three year term of office with immediate effect.

80. DURATION OF MEETING

6.30 p.m. to 8.10 p.m.

MAIDSTONE BOROUGH COUNCIL

COUNCIL

18 DECEMBER 2019

REPORT OF THE POLICY AND RESOURCES COMMITTEE HELD ON 23 JULY 2019

MAIDSTONE PROPERTY HOLDINGS LIMITED – GOVERNANCE

Issues for Decision

- To approve proposed changes to the governance arrangements of Maidstone Property Holdings Limited, the Council's wholly owned property company, to enable it to fulfil the objectives of the Housing Development and Regeneration Plan; and
- To amend the terms of reference of the Policy and Resources Committee and the delegations in the Constitution.

Relevant amendments requested at the meeting of the Policy and Resources Committee have been made to the Appendices.

Recommendation Made

1. That it be agreed that the Policy and Resources Committee is the appropriate body to exercise the shareholder function in relation to Maidstone Property Holdings Limited.
2. That the various reserved matters set out in the schedule to the Operational Agreement attached at Appendix 1 be delegated to the Company Board, Policy and Resources Committee and the Director of Finance and Business Improvement.
3. That the updated business plan of Maidstone Property Holdings Limited attached at Appendix 2 be approved.
4. That the amended Operational Agreement (including reserved matters) attached at Appendix 1 be approved.
5. That the amended Articles of Association attached at Appendix 3 be approved.
6. That the Services Agreement attached at Appendix 4 be approved.
7. That the addition to the Terms of Reference of the Policy and Resources Committee attached at Appendix 5 be approved and that the Head of Legal Partnership be authorised to make any necessary changes to the Constitution.

8. That the Director of Finance and Business Improvement be authorised to take all decisions he considers necessary (following consultation with the Head of Legal Partnership) to implement the changes outlined in this report and the documents referred to at recommendations 3-6 above, to include making all shareholder decisions.

Reasons for Recommendation

In September 2016, the Council incorporated a wholly owned company limited by shares called Maidstone Property Holdings Limited ("the Company"). Its directors are currently William Cornall, Director of Regeneration and Place, and John Littlemore, Head of Housing and Community Services.

The Company was established to hold property leased to it by the Council and to undertake other property development/management activities. The Company is governed by Articles of Association ("the Articles") which have not been changed since 2016. There is also an Operational Agreement between the Council and the Company which covers how the Company interacts with the Council and lists matters which are reserved to the Council, as shareholder, for decision.

The Council has two properties currently leased to the Company: Granada House, a mixed use building with 20 residential units and Lenworth House, which comprises 14 rental residential units. In the future the Council intends to transfer two further buildings upon completion: Union Street and Brunswick Street, which both comprise private market rental flats and flats for sale. The Company will seek to offer rents set at a level which is affordable for residents. The Council will provide working capital to the Company on commercial terms as set out in section 5 of the Business Plan.

In December 2017, the Company's structure was subject to a report by Internal Audit. The report identified a number of areas for improvement within the Company's governance structure and assurance mechanisms which would need to be addressed as the scope of the Company's activities expanded. This led to a review of the Company's aims, objectives and governance structure, which has been undertaken with the assistance of external solicitors, Anthony Collins Solicitors LLP. The review has resulted in confirmation of the Company's future aims and objectives; an amended draft Business Plan and various other company documents; clarity on the Service Agreement required; and clarity on the different roles of the Company and the Council.

THE PURPOSE OF THE COMPANY

The Company will be a vehicle through which market rented accommodation will be provided to a high standard and which will be affordable to its target market. It will aim to provide a more balanced housing market in the borough. It will assist with the regeneration of brownfield sites and stimulate local economy growth through creation of additional jobs.

As the Company's aims are commercial, it will not be a "Teckal" Company. A "Teckal" Company is one which is set up by a local authority primarily to provide its own services in a more commercial way, back to the Council itself. Such a company has severe limits on its ability to trade externally. The intention for

Maidstone Property Holdings Limited is that it will have freedom to operate commercially in the market. In exchange for this freedom, the Council's relationship with the Company must be on arm's length commercial terms.

These aims and objectives are set out in the draft Business Plan set out at Appendix 2.

THE ROLE OF THE COUNCIL

The Council is the sole shareholder of the Company and the Company is wholly owned by the Council. This means that the Company will be included in the consolidated accounts of the Council, once it achieves a material level of activity. The Council will therefore have financial auditing requirements in respect of the Company and the Company's finances will appear in the Council's accounts and will be subject to external financial auditing.

As shareholder, the Council is responsible for certain functions in respect of the Company. These are called the "reserved matters" and are set out in a schedule at the back of the Operational Agreement at Appendix 1. The schedule sets out those matters which the Council will delegate to the Board and which will be reserved to the Council to decide. It is proposed that the Council delegates the function to make shareholder decisions to the Policy and Resources Committee. This Committee already makes various decisions on behalf of the Council in respect of the Company and receives reports on the Company's business. However, there is nothing formal set out in the Committee's terms of reference. It is therefore proposed to amend the wording of the terms of reference to include specific reference to its responsibility for shareholder decisions. The proposed addition to the terms of reference is set out at Appendix 5.

Although the Policy and Resources Committee will receive regular reports on the Company's business and operations, it is not feasible for the Committee to constantly meet to make the decisions required as shareholder. Therefore, it is proposed that the Committee delegates certain shareholder reserved matters to a nominated officer, who, it is suggested, should be the Director of Finance and Business Improvement. The extent of the delegation is shown in the additional wording to the terms of reference of the Policy and Resources Committee at Appendix 5.

THE OPERATION OF THE COMPANY

The 2017 Audit report highlighted a number of areas where it was appropriate to formalise the operation of the Company. The amended arrangements include the following:

There will be four directors. They will be: the Director of Regeneration and Place, the Head of Housing and Community Services, the Head of Commissioning and Business Improvement and a senior member of the legal team (the precise person yet to be confirmed). There is provision for alternate directors. This means that if a director is not available at a board meeting, another director may vote on his/her behalf, as proxy. There is also provision for representatives of the Council to attend and observe Board meetings. It is agreed that this will

generally be the Director of Finance and Business Improvement. He will also represent the Council at the Annual General Meeting.

There will be regular Board meetings at least once a quarter. At the first meeting, the directors will formally adopt the new company documents and the Business Plan. They will also make any declarations of interests as Directors, which will formally be recorded. Democratic Services will provide a company secretarial function. There will be no extra remuneration for the directors, members of democratic services or any officer who undertakes work for the Company but the work will be recharged to the Company through agreement under the Services Agreement. Any travel expenses claimed on behalf of company business will be claimed at the usual rates through the Council's iTrent system and will be recharged to the Company. Reporting lines for the Company to the shareholder will be via regular reports to the Policy and Resources Committee. In general, the operation of the Company is set out more clearly in the Operational Agreement and Articles of Association, which are at Appendices 1 and 3.

SERVICES AGREEMENT

The Internal Audit report recommended that there be a mechanism to record and re-charge the work that officers do for the Company. It is proposed therefore to adopt a Services Agreement in the form set out at Appendix 4. The Services Agreement contains a schedule detailing the work and the costs to be charged to the Company. For the time being, the following areas are listed: Finance, Legal, Housing Management, Democratic Services and Directors' time.

Alternatives Considered and Why Not Recommended

The only available alternative option is not to proceed with the Company and wind it up. This is not recommended, as the Company provides market rental properties to the market and will develop this area of work, to the benefit of the borough. In order for the Company to continue to operate properly, it is necessary to revise and update the governance arrangements.

Background Documents

None

Appendices

- Appendix 1: Draft Operational Agreement and Schedule of Reserved Matters
- Appendix 2: Draft Business Plan
- Appendix 3: Draft Articles of Association
- Appendix 4: Draft Services Agreement
- Appendix 5: Proposed Addition to the Terms of Reference of Policy and Resources Committee

Appendix 1:

Operational Agreement and Schedule of Reserved Matters

DATED

2019

OPERATIONAL AGREEMENT

between

(1) MAIDSTONE PROPERTY HOLDINGS LIMITED

(2) MAIDSTONE BOROUGH COUNCIL

Anthony Collins Solicitors LLP

134 Edmund Street

Birmingham B3 2ES

Tel: 0121 200 3242

Ref: OJD 47740.0002

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PARTIES

- (1) **Maidstone Property Holdings Limited** (Company Registration Number: 10368924 whose registered office is at Maidstone House, King Street, Maidstone, United Kingdom, ME15 6JQ (the "**Company**");
- (2) **Maidstone Borough Council** of Maidstone House, King Street, Maidstone, United Kingdom, ME15 6JQ (the "**Council**");

BACKGROUND

- (A) The Company is a private company limited by shares incorporated in England and Wales under the Companies Act 2006 and at the date of this Agreement is wholly owned by the Council.
- (B) The Council has established the Company under section 1 and section 4, Localism Act 2011 to act as a commercial purpose and trading entity.
- (C) The Company is a controlled company within the meaning of the Local Government and Housing Act 1989 and a regulated company within the meaning of the Local Authorities (Companies) Order 1995.
- (D) The Parties have agreed to execute this Agreement to regulate their respective responsibilities, the governance arrangements and the operation and management of the Company and the relationship between the Company and the Council.
- (E) The Council’s role as shareholder is primarily exercised by the Policy & Resources Committee of the Council with power delegated to the Director of Finance and Business Improvement and references in this agreement to decision making on behalf of the Council shall be taken to refer to the Policy & Resources Committee and/or the Director of Finance and Business Improvement unless otherwise stated, or unless the Council otherwise decides.

AGREED TERMS

1. INTERPRETATION

1.1 The definitions and rules of interpretation in this clause apply in this Agreement.

- "Act":** means the Companies Act 2006;
- "Adequate Procedures":** means adequate procedures, as referred to in section 7(2) of the Bribery Act 2010 and

	any guidance issued by the Secretary of State under section 9 of the Bribery Act 2010;
"Articles":	means the articles of Association of the Company as amended or superseded from time to time;
"Board":	means the board of Directors of the Company as constituted from time to time;
"Borough"	means the administrative area of the Council;
"Business":	has the meaning given in clause 2.1 and as may be further defined in any adopted Business Plan;
"Business Case":	means any business case for a particular activity by the Company that has been developed by the Company and adopted by the Board (where in accordance with the Business Plan or any other authority given to the Board by the Council) or by the Council;
"Business Day":	means any day (other than a Saturday, Sunday or public holiday in the United Kingdom) on which clearing banks in the City of London are generally open for business;
"Business Plan":	means the document that may be agreed and adopted by the Company in accordance with clause 6;
"Confidential Information":	has the meaning given in clause 11;
"Director":	means a director of the Company;
"electronic form":	has the meaning given in section 1168 of the Act;
"Encumbrance":	means any mortgage, charge (fixed or floating), pledge, lien, hypothecation, guarantee, trust, right of set-off or other third party right or interest (legal or

equitable) including any assignment by way of security, reservation of title or other security interest of any kind, howsoever created or arising, or any other agreement or arrangement (including a sale and repurchase agreement) having similar effect;

“Financial Year”: in relation to the Company, means the period of 12 months commencing on 1 April and ending on 31 March each year;

“Group”: in relation to a company, means that company, any Subsidiary or Holding Company from time to time of that company and any Subsidiary from time to time of a Holding Company of that company; and each company in a Group is a member of the Group;

“Holding Company and Subsidiary and Wholly-Owned Subsidiary”: mean a "holding company", "subsidiary" and "wholly-owned subsidiary" as defined in section 1159 of the Act and a company shall be treated, for the purposes only of the membership requirement contained in subsections 1159(1)(b) and (c) of the Act, as a member of another company even if its shares in that other company are registered in the name of (a) another person (or its nominee), whether by way of security or in connection with the taking of security, or (b) its nominee;

“Named Officer”: the officer or officers of the Council who is/are notified by the Council to the Company from time to time for the purposes set out in this Agreement. As at the date of this Agreement the Named Officer is the Director of Finance and Business Improvement of the Council;

“Party/Parties”: the Council and/or the Company as appropriate;

"Share(s)":	means the 100 £1 shares in the Company;
"Shareholders":	means the holders of Shares in the Company;
"Shareholder Reserved Matters":	means the Shareholder Reserved Matters listed in Schedule 2;
"Support Services":	has the meaning set out in Schedule 1;
"Support Services Agreement":	the agreement(s) made between the Council and the Company relating to the provision of support services by the Council to the Company,

- 1.2 Clause, schedule and paragraph headings do not affect the interpretation of this Agreement.
- 1.3 A reference to a clause or a schedule is a reference to a clause of, or a schedule to, this Agreement. A reference to a paragraph is to a paragraph of the relevant schedule.
- 1.4 A person includes a natural person, a corporate or unincorporated body (whether or not having a separate legal personality).
- 1.5 Unless the context otherwise requires, references to the singular include the plural and vice versa, and to the whole include part and vice versa.
- 1.6 Unless the context otherwise requires, a reference to one gender includes a reference to the other genders.
- 1.7 All warranties, representations, agreements and obligations expressed to be given or entered into by more than one person are given or entered into jointly and severally by the persons concerned.
- 1.8 A reference to a particular statute, statutory provision or subordinate legislation is a reference to it as it is in force from time to time taking account of any amendment or re-enactment and includes any statute, statutory provision or subordinate legislation which it amends or re-enacts and subordinate legislation for the time being in force made under it provided that, as between the Parties, no such amendment or re-enactment shall apply for the purposes of this Agreement to the extent that it would impose any new or extended obligation, liability or restriction on, or otherwise adversely affect the rights of, any Party.
- 1.9 A reference to **writing** or **written** includes faxes but no other electronic form.
- 1.10 Documents in **agreed form** are documents in the form agreed by the Parties to this Agreement and initialled by them or on their behalf for identification.
- 1.11 A reference in this Agreement to a document is a reference to the document whether in paper or electronic form.

- 1.12 A reference in this Agreement to **other documents referred to in this Agreement** is a reference to the following documents- the Articles and the Support Services Agreement and includes those documents as amended from time to time.
- 1.13 Where the words **include(s), including** or **in particular** are used in this Agreement, they are deemed to have the words "without limitation" following them.
- 1.14 Any obligation in this Agreement on a person not to do something includes an obligation not to agree or allow that thing to be done.
- 1.15 Where the context permits, **other** and **otherwise** are illustrative and shall not limit the sense of the words preceding them.
- 1.16 References to times of day are, unless the context requires otherwise, to London time and references to a day are to a period of 24 hours running from midnight on the previous day.

2. THE BUSINESS OF THE COMPANY

- 2.1 The business of the Company is to undertake activities for commercial purposes and to trade within the Borough and beyond and in particular, but without limitation, to act as a private market residential landlord with the Borough (the "**Business**"). In undertaking the Business the Company will seek to maximise commercial returns to the Shareholder and to set new standards in terms of the quality of private rented stock offered and service delivered to residents.
- 2.2 The Business may be modified to include such further activities as the Council may designate.
- 2.3 The Business shall be carried out by the Company in accordance with any Business Plan adopted and any Business Case adopted under that Business Plan or otherwise approved by the Council.
- 2.4 The Company shall at all times:
- (a) comply with any adopted Business Plan;
 - (b) comply with the provisions of this Agreement and the Articles.

3. DIRECTORS AND MANAGEMENT

- 3.1 The Directors of the Company are appointed and dismissed by the Council.
- 3.2 The Board has responsibility for the supervision and management of the Company and its business. The Board shall ensure that the Company shall not transact any of the business described in the Shareholder Reserved Matters without first referring the matter to the Council for decision.
- 3.3 Where the Directors are employees or officers of the Council they shall not be entitled to any remuneration from the Company in their capacity as Directors and their expenses shall be reimbursed by the Council (and re-charged to the Company by the Council). Where the Directors are elected members of the Council then they

shall only be entitled to remuneration and expenses in accordance with the Local Authorities (Companies) Order 1995.

- 3.4 Any Secretary appointed in accordance with Article 21 who is an employee or officer of the Council shall not be entitled to any remuneration from the Company in their capacity as Secretary and their expenses shall be reimbursed by the Company.
- 3.5 The Company shall procure that Board meetings occur at least quarterly.
- 3.6 For the purposes of the Articles this Agreement is an operational agreement (as that term is defined in the Articles) and replaces any previous operational agreement in force before the date of this Agreement.

4. LAND AND FINANCE FOR THE COMPANY

- 4.1 There is no obligation on the Council to provide any land, capital or other finance to the Company unless the Parties agree otherwise in writing.
- 4.2 If the Council provides land, capital or other finance pursuant to this clause 4 the Parties shall negotiate in good faith on any terms to apply to such capital or other finance.

5. ANTI-CORRUPTION

- 5.1 The Company undertakes to the Council that:
 - (a) it will not in the course of the operation of the Business, engage in any activity, practice or conduct which would constitute an offence under sections 1, 2 or 6 of the Bribery Act 2010;
 - (b) it will maintain in place, anti-corruption procedures in substantially the same form as the Council's anti-corruption procedures which the Parties agree constitute Adequate Procedures; and
 - (c) from time to time, at the request of the Council it will confirm in writing that it has complied with its undertakings under clause 5.1(a) and clause 5.1(b) and will provide any information reasonably requested by the Council in support of such compliance.

6. THE BUSINESS PLAN

- 6.1 The Company must adopt a Business Plan for each Financial Year except for any Financial Year where the Council by ordinary resolution disapplies this requirement.
- 6.2 The Board is responsible for preparing, reviewing and updating any Business Plan.
- 6.3 In accordance with the Shareholder Reserved Matters, the Council must approve the adoption of any Business Plan and any revision or update thereof ahead of adoption by the Board.

- 6.4 The Company shall consult the Named Officer of the Council ahead of presenting a Business Plan or revision or update thereof to the Council for approval under clause 6.3.

7. ACCOUNTING

- 7.1 The Company shall at all times maintain accurate and complete accounting and other financial records including all corporation tax computations and related documents and correspondence with HM Revenue & Customs in accordance with the requirements of all applicable laws and generally accepted accounting principles applicable in the United Kingdom.
- 7.2 The Company shall at all times maintain accurate and complete accounting and other financial records to the standard required by the Council including the accounting standards and financial reporting timescales required by the Council.
- 7.3 The Council and its authorised representatives shall be allowed access at all reasonable times to examine the books and records of the Company and to discuss the Company's affairs with the Directors and any employees (if any) of the Company.
- 7.4 The Company shall supply the Named Officer of the Council with the financial and other information necessary to keep the Council informed about how effectively the Business is performing and in particular shall supply the Council with:
- (a) a copy of any proposed Business Plan for approval in accordance with clause 6 and the Shareholder Reserved Matters;
 - (b) a copy of the audited accounts of the Company prepared in accordance with the laws applicable in and the accounting standards, principles and practices generally accepted in the United Kingdom, within two months of the end of the year to which the audited accounts relate; and
 - (c) quarterly management accounts of the Company to be supplied as soon as reasonably practicable following the end of the months to which they relate and in any event by the final day of the month following the month to which the accounts relate and the accounts shall include a profit and loss account, a balance sheet and a cashflow statement and such other information as the Council may reasonably require.
 - (d) a copy of any report reviewing or monitoring the implementation and operation by the Company of Adequate Procedures such report to be provided within 10 Business Days of it being reported to the Board.
 - (e) copies of any proposed or adopted Business Cases.
- 7.5 The Council may require the Company, and the Company shall as soon as possible comply with such a request, to provide any documents, information and correspondence necessary to enable the Council to comply with filing, elections, returns or any other requirements of HM Revenue & Customs or of any other revenue or tax authority.

8. DIVIDENDS

- 8.1 The Parties agree that the Company shall consult and have regard to the views of the Named Officer of the Council prior to:
- (a) the Board recommending any dividend payment/distribution for approval by the Council; and/or
 - (b) the Board making any interim dividend payments.

9. TERMINATION

- 9.1 This Agreement may be terminated at any time by the Council serving notice to terminate on the Company.
- 9.2 The following provisions of this Agreement remain in full force after termination:
- (a) Clause 1 (Interpretation);
 - (b) this clause 9;
 - (c) Clause 11 (Confidentiality);
 - (d) Clause 13 (Whole Agreement);
 - (e) Clause 16 (Variation and Waiver);
 - (f) Clause 17 (Costs);
 - (g) Clause 21 (Notice);
 - (h) Clause 23 (Language);
 - (i) Clause 24 (Severance);
 - (j) Clause 27 (Governing Law and Jurisdiction); and
 - (k) Clause 28 (Dispute Resolution).
- 9.3 Termination of this Agreement shall not affect any rights or liabilities that the Parties have accrued under it.

10. STATUS OF THE AGREEMENT

- 10.1 If there is at any time any conflict, ambiguity or discrepancy between the provisions of this Agreement and the Articles, then the provisions of this Agreement shall prevail over the Articles unless the Council directs otherwise. The Parties shall procure that the Articles are amended to accord with the provisions of this Agreement in the event of any conflict.

11. CONFIDENTIALITY

11.1 In this clause Confidential Information means any information which:

- (a) any Party may have or acquire (whether before or after the date of this Agreement) in relation to the customers, suppliers, business, assets or affairs of the Company (including, without limitation, any information provided pursuant to clause 7);
- (b) any Party or any member of its Group may have or acquire (whether before or after the date of this Agreement) in relation to the customers, suppliers, business, assets or affairs of another Party or any member of the other Party's Group, as a consequence of the negotiations relating to this Agreement or any other agreement or document referred to in this Agreement or the performance of the Agreement or any other agreement or document referred to in this Agreement; or
- (c) relates to the contents of any adopted Business Plan or Business Case;

but excludes the information in clause 11.2.

11.2 Information is not Confidential Information if:

- (a) it is or becomes public knowledge other than as a direct or indirect result of the information being disclosed in breach of this Agreement;
- (b) a Party can establish to the reasonable satisfaction of the other Parties that it found out the information from a source not connected with the other Parties or its Group and that the source is not under any obligation of confidence in respect of the information;
- (c) either Party can establish to the reasonable satisfaction of the other Parties that the information was known to the first Party before the date of this Agreement and that it was not under any obligation of confidence in respect of the information; or
- (d) the Parties agree in writing that it is not confidential.

11.3 Each Party shall at all times use all reasonable endeavours to keep confidential (and to ensure that its employees, agents, Subsidiaries and the employees and agents of such Subsidiaries shall keep confidential), any Confidential Information and shall not use or disclose any such Confidential Information except:

- (a) to a Party's professional advisers where such disclosure is for a purpose related to the operation of this Agreement;
- (b) with the written consent of the Party to whom the Confidential Information belongs or relates to or any member of its Group that the information relates to;
- (c) as may be required by law (to include without limitation the Local Authorities (Companies) Order 1995) or by the rules of any recognised stock exchange, or governmental or other regulatory body, when the Party concerned shall, if practicable, supply a copy of the required disclosure to the other before it is

disclosed and incorporate any amendments or additions reasonably required by the other Parties and which would not thereby prevent the disclosing Party from complying with its legal obligations;

- (d) to any tax authority to the extent reasonably required for the purposes of the tax affairs of the Party concerned or any member of its Group;
- (e) if the information comes within the public domain (otherwise than as a result of the breach of this clause 11.3)

11.4 Each Party shall inform (and shall use all reasonable endeavours to procure that any Subsidiary informs) any officer, employee or agent or any professional adviser advising it in relation to the matters referred to in this Agreement, or to whom it provides Confidential Information, that such information is confidential and shall require them:

- (a) to keep it confidential; and
- (b) not to disclose it to any third party (other than those persons to whom it has already been disclosed in accordance with the terms of this Agreement).

11.5 Upon termination of this Agreement, any Party may demand from any other Party the return of any documents containing Confidential Information in relation to the first Party by notice in writing whereupon the second Party shall (and shall use all reasonable endeavours to ensure that its Subsidiaries, and its officers and employees and those of its Subsidiaries shall):

- (a) return such documents; and
- (b) destroy any copies of such documents and any other document or other record reproducing, containing or made from or with reference to the Confidential Information,

save, in each case, for any submission to or filings with governmental, tax or regulatory authorities. Such return or destruction shall take place as soon as practicable after the receipt of any such notice.

11.6 The obligations of the Parties in this clause 11 shall continue without limit in time and notwithstanding termination of this Agreement for any cause.

12. INFORMATION, SCRUTINY AND ACCOUNTABILITY

12.1 Subject to clause 12.4, the Parties acknowledge that the Council and the Company are each subject to the Freedom of Information Act 2000 and the Environmental Information Regulations 2004 (Information Legislation). The Parties shall use reasonable endeavours to assist, within the timescale specified by a Party in receipt of a request for information under the Information Legislation ("the receiving Party"), the receiving Party in responding to any requests for information under that legislation to include the provision of any and all documents that the receiving Party considers reasonably necessary to enable it to respond to the information request.

- 12.2 The Company shall, and shall procure that its employees and agents shall, comply at all times with the Council's policies and procedures on Freedom of Information.
- 12.3 Notwithstanding clauses 12.1 and 12.2, the Company shall comply at all times with the Information Legislation as that legislation applies directly to the Company.
- 12.4 Where the Company is in receipt of any request for information under the Information Legislation, then it shall as soon as reasonably practicable pass the request to the Council and have regard to the views of the Council before responding to any such request.
- 12.5 The Company shall use reasonable endeavours to assist the Council in complying with any and all transparency obligations including without limitation compliance with the Local Government Transparency Code 2015 and any successor codes, policies or guidance.
- 12.6 The Company shall use reasonable endeavours to assist the Council in responding to any requests for information about the Company and/or the Business submitted by elected members of the Council.
- 12.7 The Company shall, if the Council on reasonable notice so decides, make available officers and/or employees of the Company to attend before and answer questions at any meeting of:
- (a) the Policy & Resources Committee of the Council;
 - (b) any other committee or sub-committee of the Council; and/or
 - (c) officers and/or elected members of the Council (other than those in (a) and (b));
- 12.8 The Company shall supply any information to the Policy & Resources Committee, or any other committee or sub-committee of the Council, or officers and/or elected members of the Council as the Council may reasonably request.
- 12.9 The Company shall allow one or more representatives of the Council to attend as Observers at meetings of the Board of the Company; or at committees of the Board.
- 12.10 The Company shall use reasonable endeavours to assist the Council in responding to any inquiry or investigation of/by the Local Government and Social Care Ombudsman (or any successor).

13. LOCAL AUTHORITIES (COMPANIES) ORDER 1995

- 13.1 The Company shall at all times comply with the Local Authorities (Companies) Order 1995, any successor legislation or statutory instrument and any other laws in force from time to time relation to the operation, management and activities of a local authority owned company.

14. WHOLE AGREEMENT

- 14.1 This Agreement, and any documents referred to in it, constitute the whole agreement between the Parties and supersede all previous arrangements, understandings and agreements between them, whether oral or written, relating to their subject matter.
- 14.2 Each Party acknowledges that in entering into this Agreement, and any documents referred to in it, it does not rely on, and shall have no remedy in respect of, any representation or warranty (whether made innocently or negligently) that is not set out in this Agreement or those documents.
- 14.3 Nothing in this clause 14 shall limit or exclude any liability for fraud.

15. ASSIGNMENTS

- 15.1 The Company may not assign, or grant any Encumbrance over or sub-contract, or deal in any way with, any of its rights or obligations under this Agreement or any document referred to in it without the prior written consent of the Council in accordance with Schedule 2.
- 15.2 Each person that has rights under this Agreement is acting on its own behalf.

16. VARIATION AND WAIVER

- 16.1 A variation of this Agreement shall be in writing and signed by or on behalf of all Parties.
- 16.2 A waiver of any right under this Agreement is only effective if it is in writing and it applies only to the person to which the waiver is addressed and the circumstances for which it is given.
- 16.3 A person that waives a right in relation to one person or takes or fails to take any action against that person, does not affect its rights against any other person.
- 16.4 No failure to exercise or delay in exercising any right or remedy provided under this Agreement or by law constitutes a waiver of such right or remedy or shall prevent any future exercise in whole or in part thereof.
- 16.5 No single or partial exercise of any right or remedy under this Agreement shall preclude or restrict the further exercise of any such right or remedy.
- 16.6 Unless specifically provided otherwise, rights and remedies arising under this Agreement are cumulative and do not exclude rights and remedies provided by law.

17. COSTS

Unless otherwise provided or agreed in writing, all costs in connection with the negotiation, preparation, execution and performance of this Agreement, shall be borne by the Party that incurred the costs.

18. NO PARTNERSHIP

The Parties to this Agreement are not in partnership with each other and there is no relationship of principal and agent between them.

19. GOOD FAITH

19.1 Each Party shall at all times act in good faith towards the other and shall use all reasonable endeavours to ensure that this Agreement is observed.

19.2 Each Party shall do all things necessary and desirable to give effect to the spirit and intention of this Agreement.

20. THIRD PARTY RIGHTS

20.1 A person who is not a Party to this Agreement shall not have any rights under or in connection with it by virtue of the Contracts (Rights of Third Parties) Act 1999 except where such rights are expressly granted in this Agreement.

20.2 The right of the Parties to terminate, rescind or agree any amendment, variation, waiver or settlement under this Agreement is not subject to the consent of any person that is not a Party to the Agreement.

21. NOTICE

21.1 A notice given under this Agreement:

- (a) shall be in writing in the English language (or be accompanied by a properly prepared translation into English);
- (b) shall be sent for the attention of the person, and to the address, or fax number, given in this clause 21 (or such other address, fax number or person as the relevant Party may notify to the other Party); and
- (c) shall be:
 - (i) delivered personally; or
 - (ii) delivered by commercial courier; or
 - (iii) sent by fax; or
 - (iv) sent by pre-paid United Kingdom first-class post or recorded delivery.

21.2 The addresses for service of notice are:

- (a) The Council and the Company – the addresses stated at the beginning of this Agreement.

21.3 If a notice has been properly sent or delivered in accordance with this clause, it will be deemed to have been received as follows:

- (a) if delivered personally, at the time of delivery; or

- (b) if delivered by commercial courier, at the time of signature of the courier's delivery receipt; or
- (c) if sent or supplied by fax, one hour after the notice was sent or supplied; or
- (d) if sent by pre-paid United Kingdom first class post to an address in the United Kingdom, 48 hours after it was posted or 5 Business Days after posting either to an address outside the United Kingdom or from outside the United Kingdom to an address within the United Kingdom, if (in each case) sent by reputable international overnight courier addressed to the intended recipient, provided that delivery in at least 5 Business Days was guaranteed at the time of sending and the sending Party receives a confirmation of delivery from the courier service provider; or
- (e) if deemed receipt under the previous paragraphs of this sub-clause is not within business hours (meaning 9.00 am to 5.30 pm Monday to Friday on a day that is not a public holiday in the place of receipt), when business next starts in the place of deemed receipt and all references to time are to local time in the place of deemed receipt.

21.4 To prove delivery, it is sufficient to prove that notice was transmitted by fax to the fax number of the Party or, in the case of post, that the envelope containing the notice was properly addressed and posted.

22. INTEREST ON LATE PAYMENT

22.1 Where a sum is required to be paid under this Agreement but is not paid before or on the date the Parties agreed, the person due to pay the sum shall also pay an amount equal to interest on that sum at the rate set out in clause 22.2 for the period beginning with the date on which the payment was due and ending with the date the sum is paid (and the period shall continue after as well as before judgment).

22.2 The rate of interest shall be 2% per annum above the base lending rate from time to time of the Bank of England. Interest shall accrue on a daily basis and be compounded quarterly.

23. LANGUAGE

If this Agreement is translated into any language other than English, the English language text shall prevail.

24. SEVERANCE

24.1 If any provision of this Agreement (or part of a provision) is found by any court or administrative body of competent jurisdiction to be invalid, unenforceable or illegal, the other provisions shall remain in force.

24.2 If any invalid, unenforceable or illegal provision would be valid, enforceable or legal if some part of it were deleted or modified, the provision shall apply with whatever modification is necessary to give effect to the commercial intention of the Parties.

25. FURTHER ASSURANCE

Each Party shall promptly execute and deliver all such documents, and do all such things, as the other Party may from time to time reasonably require for the purpose of giving full effect to the provisions of this Agreement.

26. COUNTERPARTS

This Agreement may be executed in any number of counterparts, each of which is an original and which together have the same effect as if each Party had signed the same document.

27. GOVERNING LAW AND JURISDICTION

27.1 This Agreement and any disputes or claims arising out of or in connection with its subject matter or formation (including non-contractual disputes or claims) are governed by and construed in accordance with the law of England.

27.2 The Parties irrevocably agree that the courts of England have exclusive jurisdiction to settle any dispute or claim that arises out of or in connection with this Agreement or its subject matter or formation (including non-contractual disputes or claims).

28. DISPUTE RESOLUTION

28.1 In the event that any dispute arises between the Council and the Company then in the first instance the dispute shall be referred for resolution to the Named Officer of the Council and the Chair of the Board.

28.2 If any dispute cannot be resolved by the Named Officer and the Chair of the Board within 20 Business Days then the Parties agree to enter into mediation in good faith to settle such dispute and will do so in accordance with the Centre for Effective Dispute Resolution (CEDR) Model Mediation Procedure. Unless otherwise agreed between the Parties within 10 Business Days of notice of the dispute, the mediator will be nominated by CEDR. To initiate the mediation a Party must give notice in writing (ADR Notice) to the other Party to the dispute, referring the dispute to mediation. A copy of the referral should be sent to CEDR.

28.3 If there is any point on the logistical arrangements of the mediation, other than nomination of the mediator, upon which the Parties cannot agree within 10 Business Days from the date of the ADR Notice, where appropriate, in conjunction

with the mediator, CEDR will be requested to decide that point for the Parties having consulted them.

- 28.4 Unless otherwise agreed, the mediation will start not later than 20 Business Days after the date of the ADR Notice. The commencement of a mediation will not prevent the Parties commencing or continuing court proceedings.
- 28.5 Where the Parties are unable to resolve a dispute having followed the procedure at clauses 28.1 to 28.4 then the Council may at any time serve a notice in writing on the Company directing the Company and the Board to take and/or refrain from taking actions specified in the notice – such notice to be lawful and consistent with the Act, any applicable legislation and/or the fiduciary duties of the Directors and the Board shall be permitted a reasonable period of time to seek independent legal advice if they reasonably believe that they may or will be in breach thereof.
- 28.6 The Company must comply with any notice served pursuant to clause 28.5 within the timescales specified in the notice, provided always that where the relevant Board considers that compliance with any such notice may, in the view of the Board, place the Directors in breach of their fiduciary duties to the Company then the Board shall seek shareholder approval before implementing the requirements of the notice.

29. Internal Council decision making

- 29.1 The Company acknowledges that the Council in its capacity as the Shareholder will make decisions through the Policy & Resources Committee and the Director of Finance and Business Improvement acting under delegated authority and that the Policy & Resources Committee may report on its activities (and those of the Director of Finance and Business Improvement) and the performance of the Company to the Council (including meetings of the Full Council and other Council committees and sub-committees). References therefore in this agreement to the Council refer to the Policy & Resources Committee and/or the Director of Finance and Business Improvement unless the Council decides otherwise and notifies the Company in writing.
- 29.2 The Company shall ensure that:
- (a) Copies of Board minutes are made available to the Council following each Board meeting; and
 - (b) Not less than twice in every Financial Year, the Board produces a report on the performance and activities of the Company and provides the same to the Council.
- 29.3 Notwithstanding, clause 12.7 the Company shall make available the Chair of the Board (or a substitute Director) to attend meetings of the Council unless the Council confirms in writing that attendance is not required.
- 29.4 The Company shall consult the Council prior to adopting any policy or procedure for the operation and management of the Company.

29.5 The Council may require that the Company adopts certain policies or procedures in the Company's operation from time to time.

29.6 Where the Board considers that compliance with any requirement of the Council under this Agreement would place the Directors in breach or at risk of breach of the Act, any applicable legislation and/or their duties to the Company then the Board shall seek shareholder approval of the actions required and the Board shall be permitted a reasonable period of time to seek independent legal advice if they reasonably believe that they may or will be in breach thereof.

This Agreement has been executed and delivered as a deed on the date stated at the beginning of it.

Schedule 1 Support Services

The Council will provide all support services to the Company unless the services provided by the Council does not meet the needs of the Company.

The Council and the Company will enter into a separate services level agreement.

Schedule 2 Shareholder Reserved Matters

Matters	Reserved Matters for Shareholder Approval	Matters Delegated for Board Approval	Matters Delegated by the Board for Approval by individual Directors or another named employee or officer of the Company
1. Business Plan	<p>Adopting the first and all future Business Plans.</p> <p>Approving any material change to any previously approved Business Plan, which the Board is unable to approve.</p>	<p>Varying the timing, scale or programme of works or projects that are included in the Business Plan where the change in the budgeted revenue is more than £100,000 but less than £500,000 in any one financial year.</p> <p>Non-material departures from the Business Plan</p>	<p>The Board shall be entitled to delegate decisions as detailed in the Business Plan and/or decisions as follows:</p> <p>One director - commitments up to a value of £20,000.</p> <p>Two or more directors – commitments between £20,000 and £100,000</p>
2. Appointment and Removal of Directors	Appointment and removal of all Directors; including the approval of the list of possible Alternate Directors.	Appointment and removal of all Board advisers (to include terms and conditions of relationship).	None.
3. Variations to the Articles of Association	Any variations to the Company's Articles.	None.	None.
4. Executive Director	The approval of the terms and conditions of employment of any	Non-material alterations to terms and conditions Performance related pay awards	None.

Matters	Reserved Matters for Shareholder Approval	Matters Delegated for Board Approval	Matters Delegated by the Board for Approval by individual Directors or another named employee or officer of the Company
Remuneration	executive director of the Company (if any).		
5. Employee Recruitment and Remuneration	Approval of a pay framework and job evaluation scheme for the Company (if any).	Recruitment of employees and/or agreeing the remuneration of employees where the total remuneration for that position is greater than £75K and is within the approved pay framework.	Recruitment of employees and/or agreeing the remuneration of employees where the total remuneration for that position is no more than £75K and is within the approved pay framework.
6. Shares	The acquisition of any shares or any option over shares in the capital of any company. The creation, allotment, issuing or redemption of any shares or securities, or the granting of any right to require the creation, allotment, issuing or redemption of any such shares or securities.	None.	None.
7. Issuing or Accepting of Borrowing /	Entering into any borrowing, the issuing of any loan capital or entering into any commitments with	Entering into any borrowing or issuing any loan capital where this is approved in the current Business Plan, to the extent and on the	None.

Matters	Reserved Matters for Shareholder Approval	Matters Delegated for Board Approval	Matters Delegated by the Board for Approval by individual Directors or another named employee or officer of the Company
Loan Capital	any person regarding the issue of any loan capital outside of the approved Business Plan. Agreeing, as part of the approved Business Plan, the extent of any permitted borrowing delegated for Board approval, and the terms on which that borrowing can be entered into.	terms set out in the approved Business Plan.	
8. Nature of Company Business	Any material changes to the nature of the Company's business, or commencing any new business not contemplated by the approved Business Plan.	Any changes to the nature of the Company's business, or commencing any new business, but only where this is contemplated by the approved Business Plan.	None.
9. Acquisitions or Disposals	The acquisition of any freehold or leasehold land or building or the entering into of any option in respect of any land or building where this is not	The acquisition of any land or building or the entering in of any option in respect of any land or building specifically contemplated by the approved Business Plan.	None.

Matters	Reserved Matters for Shareholder Approval	Matters Delegated for Board Approval	Matters Delegated by the Board for Approval by individual Directors or another named employee or officer of the Company
	contemplated by the approved Business Plan.		
10. Company / Group Structure	Forming any subsidiary or acquiring an interest in any other company or participating in any partnership or corporate joint venture Amalgamating or merging with any other company or undertaking	None.	None.
11. Stock Exchange Listing	The listing or trading of any shares or debt securities on any stock exchange or market.	None.	None.
12. Appointment of Agents or Subcontractors or Arms' Length Transactions	None	Appointment of contractors or subcontractors where this is in pursuance of the approved Business Plan	Appointment of contractors or subcontractors in pursuance of the approved Business Plan: One director - up to a value of £20,000. Two or more directors – a value between £20,000 and £100,000
13. Part sale of the	Selling any part of the business,	None.	None.

Matters	Reserved Matters for Shareholder Approval	Matters Delegated for Board Approval	Matters Delegated by the Board for Approval by individual Directors or another named employee or officer of the Company
business	unless specifically contemplated and authorised in the approved Business Plan.		
14. Business Name and Location	Changing the Company name, trading name, or registered office, or changing the location of any offices outside of the Company's registered office to a location outside of the Borough.	Changing the location of any offices outside of the Company's registered office to another location within the Borough only.	None.
15. Intellectual Property	The disposal, sale, assignment or granting of any rights in the Company's intellectual property outside of the normal course of business.	The granting of any rights (by licence or otherwise) in or over any intellectual property owned or used by the Company in the normal course of business	Where necessary to effect decisions delegated as above: One director – up to £20,000 Two or more directors – between £20,000 and £100,000
16. Encumbrances	Creating or granting any encumbrance over the whole or any part of the Company or its business, undertaking or assets, or over any shares in the Company	None	None

Matters	Reserved Matters for Shareholder Approval	Matters Delegated for Board Approval	Matters Delegated by the Board for Approval by individual Directors or another named employee or officer of the Company
	other than liens arising in the normal course of business.		
17. Redundancy	None	Dismissing any employee in circumstances in which the Company will incur or agrees to bear redundancy or other costs (including actuarial costs) in excess of £75K.	Dismissing any employee in circumstances in which the Company will incur or agrees to bear redundancy or other costs (including actuarial costs) no greater than £75K.
18. Pension	Establishing any new pension scheme, or granting any pension rights to any director, former director, or any members of any such person's family. Changes to pension arrangements for staff whether in the Local Government Pension Scheme or otherwise. Any other decisions of the Company which will have an effect on liabilities of the Shareholder under the	Establishing any new pension scheme, or amending any pension scheme, provided by the Company to employees.	None.

Matters	Reserved Matters for Shareholder Approval	Matters Delegated for Board Approval	Matters Delegated by the Board for Approval by individual Directors or another named employee or officer of the Company
	Local Government Pension Scheme or any associated guarantee.		
19. Company Winding up	Passing any resolution for the winding up of the Company or presenting any petition for its administration (save for in insolvency).	None.	None.

The **COMMON SEAL** of **MAIDSTONE BOROUGH COUNCIL** was affixed to this Deed in the presence of:

.....
[INSERT DETAILS]

Executed as a **DEED** by **MAIDSTONE PROPERTY HOLDINGS LIMITED**

Acting by [.....], a director and [.....], a director

.....
Director

.....
Director

Appendix 2:
Business Plan

Maidstone Property Holdings Business Plan

Contents

1. Vision
2. Purpose
3. MPH Values
4. Governance Arrangements
5. MPH Structure
6. Financial

1. VISION

- 1.1.1 In adopting this Business Plan, Maidstone Property Holdings Limited (MPH) intends to become a significant residential landlord in the private rented sector operating within the Maidstone Borough.
- 1.1.2 MPH seeks to maximise commercial returns to the Council as its sole shareholder but also to set new standards in terms of the quality of private rented stock offered and service delivered to residents.

2. PURPOSE

- 2.1.1 MPH will be a vehicle to:
- 2.1.2 Demonstrate market rented accommodation can provide high quality homes and service that is affordable to its target audience;
- 2.1.3 Provide an alternative solution to enabling a balanced housing market within the Maidstone Borough;
- 2.1.4 Develop innovative models that champion quality;
- 2.1.5 Generate a sustainable income stream for the Council that will contribute towards the delivery of public services for the benefit of Maidstone's community;
- 2.1.6 Regenerate brownfield and smaller sites that may not be attractive to volume house builders;
- 2.1.7 Stimulate local economic growth through job creation and supporting local businesses during the construction and management of its assets;

3. MPH VALUES

- Giving best value for agreed quality.
- Never compromise on the health and safety of our customers and staff.
- Openness, transparency, trust and integrity for all customer relationships.
- Be accountable for our conduct and decisions.
- Offering continuous operational improvements.
- To manage all resources in a responsible, efficient and effective manner.
- Being environmentally aware – Eco friendly solutions.
- Committed to sourcing local services, where possible.

4. GOVERNANCE ARRANGEMENTS

- 4.1.1 MPH was incorporated on 11th September 2016 with the intention of establishing a Local Authority Trading Company (LATC). The Council's Medium Term Financial Strategy (MTFS) has an overarching objective of relying on self-generated resources. MPH is part of the solution to achieving this aim, whilst further benefiting our residents by providing high quality homes and housing management services.

- 4.1.2 The Council is legally able to establish a wholly owned trading company. The Council is the sole shareholder and all shareholder decision making is undertaken through the Council's Policy & Resources Committee or delegated to the Council's Director of Finance and Business Improvement (who will also be the corporate representative on behalf of the Council at any general meeting).
- 4.1.3 The governance arrangements between the Council and MPH are set out in the Articles of Association and the Operational Agreement that they have entered into.
- 4.1.4 This Business Plan will be delivered in full compliance with the governance requirements set out by the Council. MPH will seek to maintain and enhance MBC's reputation and brand for high standards.
- 4.1.5 MPH will establish and maintain an effective service and financial performance management reporting system, which will include transparent and regular reporting to the MPH Board of Directors and the Council's Policy & Resources Committee.
- 4.1.6 MPH is a company limited by shares. MPH is a commercial company that does not exist to provide services back to the Council. MPH is a responsible residential landlord of wholly commercial character. It is established to meet needs in the general interest having a commercial or industrial character. Notwithstanding its public sector ownership, MPH is not a contracting authority under public procurement law.
- 4.1.7 MPH will be subject to the audit and inspection by the Council and its auditors.

5. MPH STRUCTURE

- 5.1.1 Strong and transparent governance of MPH is critical to success to ensure that the strategic objectives, commercialism and on-going performance required by MPH's Board of Directors and this Business Plan are achieved.
- 5.1.2 The MPH Board of Directors shall comprise:
- 5.1.3 At least four Directors appointed by the Council, one of whom will be an appropriate officer drawn from the Mid Kent Legal Services team. The Directors will appoint a Chair for the MPH Board from within their number.
- 5.1.4 The MPH Board of Directors will appoint an officer to carry out company secretarial duties from within the Council's Democratic Services Team. Additional support for MPH will be provided by the Council's support services upon request.
- 5.1.5 The MPH Board of Directors will be responsible for day to day operations. Each Director shall be able to make decisions on behalf of MPH to ensure its proper and legal functions are discharged, where this has a monetary value of up to £20,000.

- 5.1.6 Decisions likely to incur a value in excess of £20,000 and below £100,000 must be approved by at least two Directors. Decisions with a value higher than £100,000 must be agreed by the full MPH Board of Directors.
- 5.1.7 Substantial or significant changes to the operation of MPH and/or this Business Plan must be approved by the Council as shareholder.
- 5.1.8 MPH may enter into contract or agreement with third parties in order to ensure the purpose of MPH, as detailed in this Business Plan, is achieved.

6. FINANCIAL

- 6.1.1 The Council will make up to £35,000,000 (thirty five million pounds) available in order to deliver private market rental units over a five-year period expiring 2024. The final decision on the amount of funding and the form this takes will be made by the Council. This will not preclude MPH from sourcing funding externally if appropriate and where the requisite authority of the Council as Shareholder is obtained. The investment assumes an average amount of £200,000 per property. This is in addition to the first tranche of properties acquired by MPH, being 20 residential units at Granada House but includes Lenworth House.
- 6.1.2 The PRS portfolio that MPH operates will be acquired and/or developed by the Council. The acquisition or development will be funded by the Council. The Council will retain the freehold interest in the entire portfolio but let the properties to MPH on a long term fully repairing lease on commercial terms. MPH will then, in accordance with this Business Plan, determine the way in which the properties are managed.
- 6.1.3 Therefore, assuming that the £35m portfolio were to generate a 6% gross return, the MPH income/turnover will eventually rise to as much as £2.1m per annum.
- 6.1.4 The financial ambition therefore for MPH will be to generate a modest profit rent each year, in terms of the following;
- 6.1.5 Rental income received from tenants, less;
- 6.1.6 Rent payable to the Council;
- 6.1.7 Management;
- 6.1.8 Voids & Bad Debt;
- 6.1.9 Maintenance;
- 6.1.10 All associated overheads.
- 6.1.11 The MPH Board of Directors will target a 5% profit rent on all properties that it agreed to lease from the Council, as a buffer against cost overrun, and as annual profits are banked, and reserves accrue, these monies may be returned to the Council as a dividend, or utilised for investment in housing management infrastructure and systems.

6.1.12 In terms of committing this additional £35m, the MPH pipeline for indicative schemes is as follows;

Scheme	Units	Total Scheme Cost	Handover	Status
Scheme A	14	£ 2,475,000	Jan-19	Complete
Scheme B	14	£ 3,383,709	Jun-20	On site
Scheme C	16	£ 3,107,170	Sep-20	On site
Scheme D	24	£ 4,490,970	Oct-20	On site
Scheme E	36	£ 7,200,000	Jun-22	Feasibility
Scheme F	50	£ 10,000,000	Oct-22	Feasibility
TBC	25	£ 5,000,000	TBC	TBC
	179	£ 35,656,849		

6.1.13 The Council may determine to change the financing provided to MPH and/or the volume of properties to be leased to MPH and the duration of the delivery period.

6.1.14 MPH will provide the Council with regular information concerning MPH's performance on delivery against the agreed targets.

APPENDIX 3

DRAFT ARTICLES OF ASSOCIATION

PRIVATE COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION

of

MAIDSTONE PROPERTY HOLDINGS LIMITED
(the "company")

Adopted by special resolution dated [] 2019

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Clause heading and number

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ARTICLES OF ASSOCIATION

of

MAIDSTONE PROPERTY HOLDINGS LIMITED

PART 1

INTERPRETATION AND LIMITATION OF LIABILITY

1. DEFINED TERMS

1.1 In the articles, unless the context requires otherwise:

"alternate director"	has the meaning given in Article 10A.1;
"articles"	means the company's articles of association;
"bankruptcy"	includes individual insolvency proceedings in a jurisdiction other than England and Wales and Northern Ireland which have an effect similar to that of bankruptcy;
"chairman"	has the meaning given in article 12;
"chairman of the meeting"	has the meaning given in article 53;
"Companies Acts"	means the Companies Acts (as defined in section 2 of the Companies Act 2006), in so far as they apply to the company;
"conflict"	has the meaning given in article 14;
"director"	means a director of the company, and includes any person occupying the position of director, by whatever name called;
"distribution recipient"	has the meaning given in article 43;
"document"	includes, unless otherwise specified, any document sent or supplied in electronic form;
"electronic form"	has the meaning given in section 1168 of the Companies Act 2006;
"eligible director"	means a director who would be entitled to vote on the matter at a meeting of directors (but excluding any director whose vote is not to be counted in respect of that particular matter);
"hard copy form"	has the meaning given in section 1168 of the Companies Act 2006;
"holder"	in relation to shares means the person whose name is entered in the register of members as the holder of the shares;
"instrument"	means a document in hard copy form;
"observers"	means those persons (other than directors) present under Article 10 at a meeting of the directors;

"operational agreement"	means any agreement entered into between Maidstone Borough Council and the company relating to the operation and management of the company;
"ordinary resolution"	has the meaning given in section 282 of the Companies Act 2006;
"paid"	means paid or credited as paid;
"participate"	in relation to a directors' meeting, has the meaning given in article 10;
"proxy notice"	has the meaning given in article 60;
"shareholder"	means a person who is the holder of one or more shares;
"shares"	means shares in the company;
"special resolution"	has the meaning given in section 283 of the Companies Act 2006;
"subsidiary"	has the meaning given in section 1159 of the Companies Act 2006;
"transmittee"	means a person entitled to one or more shares by reason of the death or bankruptcy of a shareholder or otherwise by operation of law; and
"writing"	means the representation or reproduction of words, symbols or other information in a visible form by any method or combination of methods, whether sent or supplied in electronic form or otherwise.

1.2 Unless the context otherwise requires, other words or expressions contained in these articles bear the same meaning as in the Companies Act 2006 as in force on the date when these articles become binding on the company.

1.3 The regulations contained in the model articles for private companies limited by shares (as set out in schedule 1 of the Companies (Model Articles) Regulations 2008 (SI 3229/2008)) shall not apply to the company.

2. **LIABILITY OF MEMBERS**

The liability of the members is limited to the amount, if any, unpaid on the shares held by them.

PART 2

DIRECTORS

DIRECTORS' POWERS AND RESPONSIBILITIES

3. **DIRECTORS' GENERAL AUTHORITY**

Subject to the articles and the terms of any operational agreement, the directors are responsible for the management of the company's business, for which purpose they may exercise all the powers of the company.

4. **SHAREHOLDERS' RESERVE POWER**

- 4.1 Subject always to the provisions of the articles and the Companies Acts, the shareholders may, by special resolution, direct the directors to take, or refrain from taking, specified action.
- 4.2 No such special resolution invalidates anything which the directors have done before the passing of the resolution.

5. **DIRECTORS MAY DELEGATE**

- 5.1 Subject to the articles, the directors may delegate any of the powers which are conferred on them under the articles:
- 5.1.1 to such person or committee;
 - 5.1.2 by such means (including by power of attorney);
 - 5.1.3 to such an extent;
 - 5.1.4 in relation to such matters or territories; and
 - 5.1.5 on such terms and conditions,
- as they think fit.
- 5.2 If the directors so specify, any such delegation may authorise further delegation of the directors' powers by any person to whom they are delegated.
- 5.3 The directors may revoke any delegation, in whole or part, or alter its terms and conditions.

6. **COMMITTEES**

- 6.1 Committees to which the directors delegate any of their powers must follow procedures which are based as far as they are applicable on those provisions of the articles which govern the taking of decisions by directors.
- 6.2 The directors may make rules of procedure for all or any committees which prevail over rules derived from the articles if they are not consistent with them.

DECISION-MAKING BY DIRECTORS

7. **DIRECTORS TO TAKE DECISIONS COLLECTIVELY**

- 7.1 The general rule about decision-making by directors is that any decision of the directors must be either a majority decision at a meeting or a decision taken in accordance with article 8.
- 7.2 If:
- 7.2.1 the company only has one director; and
 - 7.2.2 no provision of the articles requires it to have more than one director,
- the general rule does not apply, and the director may (for so long as he remains the sole director) take decisions without regard to any of the provisions of the articles relating to directors' decision-making.

8. UNANIMOUS DECISIONS

- 8.1 A decision of the directors is taken in accordance with this article when all eligible directors indicate to each other by any means that they share a common view on a matter.
- 8.2 Such a decision may take the form of a resolution in writing where each eligible director has signed one or more copies of it, or to which each eligible director has otherwise indicated agreement in writing.
- 8.3 A decision may not be taken in accordance with this article if the eligible directors would not have formed a quorum at such a meeting.

9. CALLING A DIRECTORS' MEETING

- 9.1 Any director may call a directors' meeting by giving reasonable notice of the meeting to the directors or by authorising the company secretary (if any) to give such notice.
- 9.2 Notice of any directors' meeting must indicate:
- 9.2.1 its proposed date and time;
 - 9.2.2 where it is to take place; and
 - 9.2.3 if it is anticipated that directors participating in the meeting will not be in the same place, how it is proposed that they should communicate with each other during the meeting.
- 9.3 Notice of a directors' meeting must be given to each director, but need not be in writing.
- 9.4 Notice of a directors' meeting need not be given to directors who waive their entitlement to notice of that meeting, by giving notice to that effect to the company not more than 7 days after the date on which the meeting is held. Where such waiver is given after the meeting has been held, that does not affect the validity of the meeting, or of any business conducted at it.

10. PARTICIPATION IN DIRECTORS' MEETINGS

- 10.1 Subject to the articles, directors participate in a directors' meeting, or part of a directors' meeting, when:
- 10.1.1 the meeting has been called and takes place in accordance with the articles; and
 - 10.1.2 they can each communicate to the others any information or opinions they have on any particular item of the business of the meeting.
- 10.2 In determining whether directors are participating in a directors' meeting, it is irrelevant where any director is or how they communicate with each other.
- 10.3 If all the directors participating in a meeting are not in the same place, the meeting shall be deemed to take place where the largest number of participators is assembled or, if no such group can be identified, the directors may decide that the meeting is to be treated as taking place wherever any of them is.
- 10.4 The directors may allow individuals who are not directors to attend a directors' meeting as observers on whatever terms they decide. Observers may not vote but

may take part in discussions unless the directors decide otherwise. The directors may exclude observers from any part of a directors' meeting where the directors consider the business is private.

10A ALTERNATE DIRECTORS

10A.1 Any director (the "appointer") may appoint as an alternate ("alternate director") any other director, or any other person from a list of persons approved by resolution of the shareholders to:

10A.1.1 exercise that director's powers; and

10A.1.2 carry out that director's responsibilities;

in relation to the taking of decisions by any directors' meeting or any committee in the absence of the relevant appointer.

10A.2 Any appointment or removal of an alternate director must be effected by notice in writing to the company signed by the appointer or in any other manner approved by the directors.

10A.3 The notice must:

10A.3.1 identify the proposed alternate director; and

10A.3.2 in the case of a notice of appointment of an alternate director contain a statement signed by the proposed alternate director that he is willing to act as the alternate of the director giving the notice.

10A.4 An alternate director's appointment terminates on the earlier of either of the following:

27A.4.1 the date specified in a notice from the appointer to the company revoking the appointment of the alternate director; or

27A.4.2 the date the appointer ceases to be a director in accordance with the Articles

10B RIGHTS AND RESPONSIBILITIES OF ALTERNATE DIRECTORS

10B.1 An alternate director may act as an alternate director to more than one director and has the same rights in relation to any decision of the directors as the relevant appointer.

10B.2 Except as the Articles specify otherwise, alternate directors:

10B.2.1 are deemed for all purposes to be directors when acting as an alternate director;

10B.2.2 are liable for their own acts and omissions;

10B.2.3 are subject to the same restrictions as their appointer;

10B.2.4 are not deemed to be agents of or for their appointer; and

- 10B.2.5 in particular and without limitation, each alternate director shall be entitled to receive notice of all meetings of the directors and all committees of which his appointer is a member.
- 10B.3 An alternate director who is not in their own right a director:
- 10B.3.1 may be included for the purposes of determining whether a quorum is present for any directors' meeting or a committee provided that his appointer is eligible to be included in the quorum and is not participating;
- 10B.3.2 may participate in a decision of the directors' meeting or any committee provided that his appointer is eligible to participate in the decision of the meeting or committee but is not participating; and
- 10B.3.3 shall be counted as more than one director for the purposes of article 10B.3.1 where he is appointed by two different appointers.
- 10B.4 An alternate director who is a director in his own right is entitled in the absence of his appointer:
- 10B.4.1 to be counted twice for the purposes of quorum in his own right as a director and as an alternate director for his appointer provided that both he and his appointer are eligible for quorum; and
- 10B.4.2 to have a separate vote on behalf of his appointer, in addition to his own vote on any decision of the directors' meeting or a committee provided that he and his appointer are both eligible to take part in the decision. Where only the appointer is eligible to take part then the alternate director will only have one vote.
- 10B.5 An alternate director may be paid expenses and may be indemnified by the Company to the same extent as his appointer but shall not be entitled to receive any fee from the company for serving as an alternate director except such part of the appointer's fee (to the extent the appointer receives any fee in accordance with articles 19 and 20) as the appointer may direct by notice in writing to the company. An alternate director may only receive part of the appointer's fee or expenses in accordance with this article where this would be permitted by articles 19 and 20 if references to a director in that article were read as an alternate director.

11. **QUORUM FOR DIRECTORS' MEETINGS**

- 11.1 At a directors' meeting, unless a quorum is participating, no proposal is to be voted on, except a proposal to call another meeting.
- 11.2 Subject to article 7.2 and the following provisions of this article 11.2, the quorum for directors' meetings is two eligible directors.
- 11.3 For the purposes of any meeting (or part of a meeting) held pursuant to article 14 to authorise a conflict, if there is less than three eligible directors in office other than the conflicted director(s), the quorum for such meeting (or part of a meeting) shall be equal to the number of eligible directors in office.

- 11.4 If the total number of directors for the time being is less than the quorum required, the directors must not take any decision other than a decision to call a general meeting or to circulate a written resolution so as to enable the shareholders to appoint further directors in accordance with Article 17.2:

12. CHAIRING OF DIRECTORS' MEETINGS

- 12.1 Subject to the terms of any Operational Agreement and with the prior consent of the majority of the shareholders, the directors may appoint a director to chair their meetings.
- 12.2 The person so appointed for the time being is known as the chairman.
- 12.3 The directors may, with the prior consent of the majority of the shareholders, terminate the chairman's appointment at any time.
- 12.4 If the chairman is not participating in a directors' meeting within ten minutes of the time at which it was to start, the participating directors must appoint one of themselves to chair it.

13. CASTING VOTE

- 13.1 If the numbers of votes for and against a proposal are equal, the chairman or other director chairing the meeting has, subject to article 13.2, a casting vote.
- 13.2 If, in accordance with the articles, the chairman or other director is not to be counted as participating in the decision making process for quorum or voting purposes, he shall not have a casting vote.

14. CONFLICTS AND DECLARATIONS OF INTEREST

- 14.1 Without prejudice to articles 14.6 and 14.7, the directors shall, for the purposes of section 175 of the Companies Act 2006, have the power to authorise any matter which would or might otherwise constitute or give rise to a breach of the duty of a director under that section to avoid a situation in which he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the company ("**conflict**").
- 14.2 Authorisation of a matter under article 14.1 shall be effective only if:
- 14.2.1 the matter in question shall have been proposed in writing for consideration at a meeting of the directors in accordance with the directors' normal procedures or in any other manner as the directors may determine;
- 14.2.2 any requirement as to the quorum at the meeting of the directors at which the matter is considered is met without counting the director in question or any other interested director (together the "**Interested Directors**", and each an "**Interested Director**"); and
- 14.2.3 the matter was agreed to without any Interested Director voting or would have been agreed to if the votes of the Interested Directors had not been counted.
- 14.3 Any authorisation of a matter under article 14.1 shall be subject to such conditions or limitations as the directors may determine (including, without limitation, such conditions or limitations as are contemplated by article 14.17), whether at the time such authorisation is given or subsequently and may be terminated by the directors at

any time. A director shall comply with any obligations imposed on him by the directors pursuant to any such authorisation.

- 14.4 Any authorisation of a matter under article 14.1 extends, subject to any conditions or limitations imposed under article 14.3, to any actual or potential conflict which may reasonably be expected to arise out of the matter so authorised.
- 14.5 Subject to any conditions or limitations imposed under article 14.3, a director shall not, save as otherwise agreed by him, be accountable to the company for any benefit which he (or any person connected in any way with him) derives from any matter authorised by the directors under article 14.1 and no contract, transaction, arrangement or proposal relating thereto shall be liable to be avoided on the grounds of any such benefit.
- 14.6 Article 14.1 does not apply to a conflict arising in relation to a transaction or arrangement with the company.
- 14.7 Subject to compliance with article 14.8, a director may, notwithstanding his office, have any interest of any of the following kinds (and no authorisation under article 14.1 shall be necessary in respect of any such interest):
- 14.7.1 where the director (or any person connected in any way with him) is a director or other officer of, is employed by or is otherwise interested (including, without limitation, by the holding of shares or other securities) in any body corporate with which the company is associated (within the meaning of section 256(a) of the Companies Act 2006);
 - 14.7.2 where the director (or any person connected in any way with him) is a party to, or otherwise interested in, any contract, transaction, arrangement or proposal with the company or any body corporate with which the company is associated (within the meaning of section 256(a) of the Companies Act 2006), or in which the company is otherwise interested;
 - 14.7.3 an interest such that the situation or the interest cannot reasonably be regarded as likely to give rise to a conflict;
 - 14.7.4 an interest, or a contract, transaction, arrangement or proposal giving rise to an interest, of which the director is not aware; and
 - 14.7.5 any other interest authorised by an ordinary resolution of the company.
- 14.8 Subject to sections 177 and 182 of the Companies Act 2006, the director concerned shall declare the nature and extent of any interest, whether direct or indirect, referred to in article 14.7 and not falling within article 14.9 either at a meeting of the directors by written declaration to the company (or in any other manner as the directors may determine) or by general notice in accordance with section 177(2)(b)(ii) or section 182(2)(c) (as the case may be) and section 185 of the Companies Act 2006.
- 14.9 No declaration of an interest shall be required by a director under article 14.8 in relation to an interest:
- 14.9.1 falling within article 14.7.3 or article 14.7.4;
 - 14.9.2 if, or to the extent that, the other directors are already aware of such interest (and for this purpose the other directors are treated as being aware of anything of which they ought reasonably to be aware); or
 - 14.9.3 if, or to the extent that, it concerns the terms of his service contract (as defined in section 227 of the Companies Act 2006) that have been or are

to be considered by a meeting of the directors or by a committee of directors appointed for the purpose under these articles.

- 14.10 A director shall not, save as otherwise agreed by him, be accountable to the company for any benefit which he (or any person connected in any way with him) derives from any interest referred to in article 14.7 and no contract, transaction, arrangement or proposal shall be liable to be avoided on the grounds of any such interest.
- 14.11 Provided he has disclosed to the directors any interest of which he is aware (not being an interest which cannot reasonably be regarded as likely to give rise to a conflict) in accordance with the requirements of the Companies Act 2006 and these articles, a director shall, subject to any applicable conditions or limitations imposed under article 14.3, be entitled to vote at a meeting of the directors or of a committee of the directors in respect of any contract, transaction, arrangement or proposal in which he is interested and shall also be counted in determining whether a quorum is present at such a meeting.
- 14.12 Without prejudice to article 14.11, if a question arises at any time as to whether any interest of a director prevents him or should prevent him from voting or being counted in the quorum under this article 14 and such question is not resolved by his voluntarily agreeing to abstain from voting and/or attending, such question shall be referred to the chairman of the meeting and his ruling in relation to any director other than himself shall be final and conclusive, except in a case where the nature or extent of the interest of such director (so far as it is known to him) has not been fairly disclosed.
- 14.13 Without prejudice to article 14.11, if any question as to the right to participate in the meeting (or part of the meeting) should arise in respect of the chairman, the question shall be decided by a decision of the directors, for which purpose the chairman is not to be counted as participating in the meeting (or part of the meeting) for voting and quorum purposes, and the decision shall be conclusive, except in a case where the nature or extent of the interest of the chairman of the meeting (so far as it is known to him) has not been fairly disclosed to the directors.
- 14.14 Subject to article 14.15, if a director, otherwise than by virtue of his position as a director, receives information in respect of which he owes a duty of confidentiality to a person other than the company, he shall not be required to disclose such information to the company or the directors or any of them, or otherwise use or apply such confidential information for the purpose of or in connection with the performance of his duties as a director.
- 14.15 Where a duty of confidentiality as referred to in article 14.14 arises out of a situation in which the director has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the company, article 14.14 shall apply only if the conflict arises out of a matter which has been authorised under article 14.1 or falls within article 14.7.
- 14.16 Article 14.14 is without prejudice to any enactment, equitable principle or rule of law which may excuse or release a director from disclosing information in circumstances where disclosure may otherwise be required.
- 14.17 Where a director has an interest which can reasonably be regarded as likely to give rise to a conflict, the director may, and shall if so requested by the directors, take such additional steps as may be necessary or desirable for the purpose of managing such conflict, including compliance with any procedures laid down from time to time by the directors for the purpose of managing conflicts generally and/or any specific procedures approved by the directors for the purpose of or in connection with the relevant matter or situation, including without limitation:

- 14.17.1 absenting himself from any meeting or part of a meeting of the directors or of any committee of the directors at which the relevant matter or situation falls to be considered or is otherwise significant; and
 - 14.17.2 not reviewing documents or information made available to the directors generally in relation to such matter or situation.
- 14.18 The company may by ordinary resolution ratify any contract, transaction, arrangement or proposal not properly authorised by reason of a contravention of any provision of this article 14.
- 14.19 For the purposes of this article 14, where the context permits, any reference to an interest includes a duty and any reference to a conflict of interest includes a conflict of interest and duty and a conflict of duties.
- 14.20 For the purposes of this article, references to proposed decisions and decision-making processes include any directors' meeting or part of a directors' meeting.
- 14.21 In addition to the above provisions of this article 14, subject to the provisions of the Companies Acts and provided (if these articles so require) that he has declared to the directors in accordance with the provisions of these articles, the nature and extent of his interest, a director may (save to the extent not permitted by law from time to time), notwithstanding his office, have an interest arising from any duty he may owe to, or interest he may have as an employee, director, trustee, member, partner, officer or representative of, or a consultant to, Maidstone Borough Council.

15. RECORDS OF DECISIONS TO BE KEPT

The directors must ensure that the company keeps a record, in writing, for at least 10 years from the date of the decision recorded, of every unanimous or majority decision taken by the directors.

16. DIRECTORS' DISCRETION TO MAKE FURTHER RULES

Subject to the articles, the directors may make any rule which they think fit about how they take decisions, and about how such rules are to be recorded or communicated to directors.

APPOINTMENT OF DIRECTORS

17. METHODS OF APPOINTING DIRECTORS

- 17.1 Any person who is willing to act as a director, and is permitted by law to do so, may be appointed to be a director by ordinary resolution.
- 17.2 In any case where, as a result of death or bankruptcy, the company has no shareholders and no directors, the transmittees of the last shareholder to have died or to have a bankruptcy order made against him (as the case may be) have the right, by notice in writing, to appoint a natural person who is willing to act (and is permitted to do so) to be a director.
- 17.3 For the purposes of paragraph 17.2, where 2 or more shareholders die in circumstances rendering it uncertain who was the last to die, a younger shareholder is deemed to have survived an older shareholder.

18. TERMINATION OF DIRECTOR'S APPOINTMENT

- 18.1 A person ceases to be a director as soon as:

- 18.1.1 that person ceases to be a director by virtue of any provision of the Companies Act 2006 or is prohibited from being a director by law;
- 18.1.2 a bankruptcy order is made against that person;
- 18.1.3 a composition is made with that person's creditors generally in satisfaction of that person's debts;
- 18.1.4 a registered medical practitioner with appropriate qualifications and experience gives a written opinion to the company stating that that person has become physically or mentally incapable of acting as a director and, on the balance of probabilities, is likely to remain so for more than three months;
- 18.1.5 the board serves notice on that person to the effect that his appointment is terminated by reason of repeated non-attendance at meetings of the board (without the consent of the other directors, such consent not to be unreasonably withheld or delayed) over a period of 6 consecutive months;
- 18.1.6 by reason of that person's mental health, a court makes an order which wholly or partly prevents that person from personally exercising any powers or rights which that person would otherwise have; or
- 18.1.7 notification is received by the company from the director that the director is resigning from office, and such resignation has taken effect in accordance with its terms; or that the controlling shareholder has removed them;
- 18.1.8 that person ceases to be an elected member or officer/employee of Maidstone Borough Council (only where that person was elected member or officer/employee on appointment as a director).

19. DIRECTORS' REMUNERATION

- 19.1 Subject article 19.3, article 19.4 and to the terms of any agreement in writing between the company and the holders of a majority of the shares, the directors are entitled to such remuneration as the directors determine:
 - 19.1.1 for their services to the company as directors; and
 - 19.1.2 for any other service which they undertake for the company.
- 19.2 Unless the directors decide otherwise, directors are not accountable to the company for any remuneration which they receive as directors or other officers or employees of the company's subsidiaries or of any other body corporate in which the company is interested.
- 19.3 Where any director is an elected member of Maidstone Borough Council then such a director may only be paid such fees and/or expenses as are permitted by the Local Authorities (Companies) Order 1995.
- 19.4 Where any director or secretary is an officer/employee of Maidstone Borough Council then they shall not be entitled to any remuneration from the company.

20. EXPENSES

- 20.1 Subject article 19.3, article 20.2 and to the terms of any agreement in writing between the Company and the holders of a majority of the shares, the company may pay any

reasonable expenses which the directors and the secretary properly incur in connection with their attendance at:

- 20.1.1 meetings of directors or committees of directors;
- 20.1.2 general meetings; or
- 20.1.3 separate meetings of the holders of any class of shares or of debentures of the company,

or otherwise in connection with the exercise of their powers and the discharge of their responsibilities in relation to the company.

- 20.2 Where any director or secretary is an officer/employee of Maidstone Borough Council then they shall not be entitled to claim expenses from the Company.

21. **SECRETARY**

The directors may appoint any person who is willing to act as the secretary for such term, at such remuneration and upon such conditions as they may think fit and from time to time remove such person and appoint a replacement, in each case by a decision of the directors.

PART 3

SHARES AND DISTRIBUTIONS

SHARES

22. **COMPANY'S LIEN OVER SHARES**

22.1 The company has a lien (the "**company's lien**") over every share, whether or not fully paid, which is registered in the name of any person indebted or under any liability to the company, whether he is the sole registered holder of the share or one of several joint holders, for all monies payable by him (either alone or jointly with any other person) to the company, whether payable immediately or at some time in the future.

22.2 The company's lien over a share:

- 22.2.1 takes priority over any third party's interest in that share; and
- 22.2.2 extends to any dividend or other money payable by the company in respect of that share and (if the lien is enforced and the share is sold by the company) the proceeds of sale of that share.

22.3 The directors may at any time decide that a share which is or would otherwise be subject to the company's lien shall not be subject to it, either wholly or in part.

23. **ENFORCEMENT OF THE COMPANY'S LIEN**

23.1 Subject to the provisions of this article, if:

- 23.1.1 a lien enforcement notice has been given in respect of a share; and
- 23.1.2 the person to whom the notice was given has failed to comply with it,

the company may sell that share in such manner as the directors decide.

- 23.2 A lien enforcement notice:
- 23.2.1 may only be given in respect of a share which is subject to the company's lien, in respect of which a sum is payable and the due date for payment of that sum has passed;
 - 23.2.2 must specify the share concerned;
 - 23.2.3 must require payment of the sum within 14 clear days of the notice (that is, excluding the date on which the notice is given and the date on which that 14 day period expires);
 - 23.2.4 must be addressed either to the holder of the share or to a transmittee of that holder; and
 - 23.2.5 must state the company's intention to sell the share if the notice is not complied with.
- 23.3 Where shares are sold under this article:
- 23.3.1 the directors may authorise any person to execute an instrument of transfer of the shares to the purchaser or to a person nominated by the purchaser; and
 - 23.3.2 the transferee is not bound to see to the application of the consideration and the transferee's title is not affected by any irregularity in or invalidity of the process leading to the sale.
- 23.4 The net proceeds of any such sale (after payment of the costs of sale and any other costs of enforcing the lien) must be applied:
- 23.4.1 first, in payment of so much of the sum for which the lien exists as was payable at the date of the lien enforcement notice; and
 - 23.4.2 second, to the person entitled to the shares at the date of the sale, but only after the certificate for the shares sold has been surrendered to the company for cancellation, or an indemnity in a form reasonably satisfactory to the directors has been given for any lost certificates, and subject to a lien equivalent to the company's lien for any money payable (whether payable immediately or at some time in the future) as existed upon the shares before the sale in respect of all shares registered in the name of such person (whether as the sole registered holder or as one of several joint holders) after the date of the lien enforcement notice.
- 23.5 A statutory declaration by a director or the company secretary that the declarant is a director or the company secretary and that a share has been sold to satisfy the company's lien on a specified date:
- 23.5.1 is conclusive evidence of the facts stated in it as against all persons claiming to be entitled to the share; and
 - 23.5.2 subject to compliance with any other formalities of transfer required by the articles or by law, constitutes a good title to the share.

24. CALL NOTICES

- 24.1 Subject to the articles and the terms on which shares are allotted, the directors may send a notice (a "**call notice**") to a shareholder requiring the shareholder to pay the

company a specified sum of money (a "**call**") which is payable to the company at the date when the directors decide to send the call notice.

24.2 A call notice:

24.2.1 may not require a shareholder to pay a call which exceeds the total amount of his indebtedness or liability to the company;

24.2.2 must state when and how any call to which it relates is to be paid; and

24.2.3 may permit or require the call to be made in instalments.

24.3 A shareholder must comply with the requirements of a call notice, but no shareholder is obliged to pay any call before 14 clear days (that is, excluding the date on which the notice is given and the date on which that 14 day period expires) have passed since the notice was sent.

24.4 Before the company has received any call due under a call notice the directors may:

24.4.1 revoke it wholly or in part; or

24.4.2 specify a later time for payment than is specified in the notice,

by a further notice in writing to the shareholder in respect of whose shares the call is made.

25. **LIABILITY TO PAY CALLS**

25.1 Liability to pay a call is not extinguished or transferred by transferring the shares in respect of which it is required to be paid.

25.2 Joint holders of a share are jointly and severally liable to pay all calls in respect of that share.

25.3 Subject to the terms on which shares are allotted, the directors may, when issuing shares, provide that call notices sent to the holders of those shares may require them:

25.3.1 to pay calls which are not the same; or

25.3.2 to pay calls at different times.

26. **WHEN CALL NOTICE NEED NOT BE ISSUED**

26.1 A call notice need not be issued in respect of sums which are specified, in the terms on which a share is issued, as being payable to the company in respect of that share:

26.1.1 on allotment;

26.1.2 on the occurrence of a particular event; or

26.1.3 on a date fixed by or in accordance with the terms of issue.

26.2 But if the due date for payment of such a sum has passed and it has not been paid, the holder of the share concerned is treated in all respects as having failed to comply with a call notice in respect of that sum, and is liable to the same consequences as regards the payment of interest and forfeiture.

27. **FAILURE TO COMPLY WITH CALL NOTICE: AUTOMATIC CONSEQUENCES**

- 27.1 If a person is liable to pay a call and fails to do so by the call payment date:
- 27.1.1 the directors may issue a notice of intended forfeiture to that person; and
 - 27.1.2 until the call is paid, that person must pay the company interest on the call from the call payment date at the relevant rate.
- 27.2 For the purposes of this article:
- 27.2.1 the "call payment date" is the time when the call notice states that a call is payable, unless the directors give a notice specifying a later date, in which case the "call payment date" is that later date; and
 - 27.2.2 the "relevant rate" is:
 - (a) the rate fixed by the terms on which the share in respect of which the call is due was allotted;
 - (b) such other rate as was fixed in the call notice which required payment of the call, or has otherwise been determined by the directors; or
 - (c) if no rate is fixed in either of these ways, 5 per cent per annum.
- 27.3 The relevant rate must not exceed by more than 5 percentage points the base lending rate most recently set by the Monetary Policy Committee of the Bank of England in connection with its responsibilities under Part 2 of the Bank of England Act 1998.
- 27.4 The directors may waive any obligation to pay interest on a call wholly or in part.

28. **NOTICE OF INTENDED FORFEITURE**

- 28.1 A notice of intended forfeiture:
- 28.1.1 may be sent in respect of any share in respect of which a call has not been paid as required by a call notice;
 - 28.1.2 must be sent to the holder of that share (or all the joint holders of that share) or to a transmittee of that holder;
 - 28.1.3 must require payment of the call and any accrued interest and all expenses that may have been incurred by the company by reason of such non-payment by a date which is not less than 14 clear days after the date of the notice (that is, excluding the date on which the notice is given and the date on which that 14 day period expires);
 - 28.1.4 must state how the payment is to be made; and
 - 28.1.5 must state that, if the notice is not complied with, the shares in respect of which the call is payable will be liable to be forfeited.

29. **DIRECTORS' POWER TO FORFEIT SHARES**

If a notice of intended forfeiture is not complied with before the date by which payment of the call is required in the notice of intended forfeiture, the directors may decide that any share in respect of which it was given is forfeited, and the forfeiture is to include all dividends or other moneys payable in respect of the forfeited shares and not paid before the forfeiture.

30. EFFECT OF FORFEITURE

- 30.1 Subject to the articles, the forfeiture of a share extinguishes:
 - 30.1.1 all interests in that share, and all claims and demands against the company in respect of it; and
 - 30.1.2 all other rights and liabilities incidental to the share as between the person whose share it was prior to the forfeiture and the company.
- 30.2 Any share which is forfeited in accordance with the articles:
 - 30.2.1 is deemed to have been forfeited when the directors decide that it is forfeited;
 - 30.2.2 is deemed to be the property of the company; and
 - 30.2.3 may be sold, re-allotted or otherwise disposed of as the directors think fit.
- 30.3 If a person's shares have been forfeited:
 - 30.3.1 the company must send that person notice that forfeiture has occurred and record it in the register of shareholders;
 - 30.3.2 that person ceases to be a shareholder in respect of those shares;
 - 30.3.3 that person must surrender the certificate for the shares forfeited to the company for cancellation;
 - 30.3.4 that person remains liable to the company for all sums payable by that person under the articles at the date of forfeiture in respect of those shares, including any interest (whether accrued before or after the date of forfeiture); and
 - 30.3.5 the directors may waive payment of such sums wholly or in part or enforce payment without any allowance for the value of the shares at the time of forfeiture or for any consideration received on their disposal.
- 30.4 At any time before the company disposes of a forfeited share, the directors may decide to cancel the forfeiture on payment of all calls and interest and expenses due in respect of it and on such other terms as they think fit.

31. PROCEDURE FOLLOWING FORFEITURE

- 31.1 If a forfeited share is to be disposed of by being transferred, the company may receive the consideration for the transfer and the directors may authorise any person to execute the instrument of transfer.
- 31.2 A statutory declaration by a director or the company secretary that the declarant is a director or the company secretary and that a share has been forfeited on a specified date:
 - 31.2.1 is conclusive evidence of the facts stated in it as against all persons claiming to be entitled to the share; and
 - 31.2.2 subject to compliance with any other formalities of transfer required by the articles or by law, constitutes a good title to the share.

- 31.3 A person to whom a forfeited share is transferred is not bound to see to the application of the consideration (if any) nor is that person's title to the share affected by any irregularity in or invalidity of the process leading to the forfeiture or transfer of the share.
- 31.4 If the company sells a forfeited share, the person who held it prior to its forfeiture is entitled to receive from the company the proceeds of such sale, net of any commission, and excluding any amount which:
- 31.4.1 was, or would have become, payable; and
- 31.4.2 had not, when that share was forfeited, been paid by that person in respect of that share,
- but no interest is payable to such a person in respect of such proceeds and the company is not required to account for any money earned on them.
- 31.5 Any sale of a forfeited share shall be subject to the pre-emption rights contained in article 38.

32. SURRENDER OF SHARES

- 32.1 A shareholder may surrender any share:
- 32.1.1 in respect of which the directors may issue a notice of intended forfeiture;
- 32.1.2 which the directors may forfeit; or
- 32.1.3 which has been forfeited.
- 32.2 The directors may accept the surrender of any such share.
- 32.3 The effect of surrender on a share is the same as the effect of forfeiture on that share.
- 32.4 A share which has been surrendered may be dealt with in the same way as a share which has been forfeited.

33. SHARE CAPITAL

- 33.1 The issued share capital of the company as at the date of adoption of these articles is £100, comprising one hundred shares with a nominal value of £1 each.
- 33.2 The directors of the company may not exercise any power of the company to:
- 33.2.1 allot shares in the company; or
- 33.2.2 grant any right to subscribe for, or to convert any security into, shares in the company,
- other than to the extent authorised by resolution of the company from time to time. For the avoidance of doubt, the prohibition set out in this article 33.2 extends to shares or rights granted in pursuance of employees' share scheme as defined in section 1166 of the Companies Act 2006.

34. COMPANY NOT BOUND BY LESS THAN ABSOLUTE INTERESTS

Except as required by law, no person is to be recognised by the company as holding any share upon any trust, and except as otherwise required by law or the articles, the company is

not in any way to be bound by or recognise any interest in a share other than the holder's absolute ownership of it and all the rights attaching to it.

35. SHARE CERTIFICATES

35.1 The company must issue each shareholder, free of charge, with one or more certificates in respect of the shares which that shareholder holds.

35.2 Every certificate must specify:

35.2.1 in respect of how many shares, of what class, it is issued;

35.2.2 the nominal value of those shares; and

35.2.3 any distinguishing numbers assigned to them.

35.3 No certificate may be issued in respect of shares of more than one class.

35.4 If more than one person holds a share, only one certificate may be issued in respect of it.

35.5 Certificates must:

35.5.1 have affixed to them the company's common seal; or

35.5.2 be otherwise executed in accordance with the Companies Acts.

36. REPLACEMENT SHARE CERTIFICATES

36.1 If a certificate issued in respect of a shareholder's shares is:

36.1.1 damaged or defaced; or

36.1.2 said to be lost, stolen or destroyed,

that shareholder is entitled to be issued with a replacement certificate in respect of the same shares.

36.2 A shareholder exercising the right to be issued with such a replacement certificate:

36.2.1 may at the same time exercise the right to be issued with a single certificate or separate certificates;

36.2.2 must return the certificate which is to be replaced to the company if it is damaged or defaced; and

36.2.3 must comply with such conditions as to evidence and indemnity as the directors decide.

37. SHARE TRANSFERS

37.1 Subject to article 38, shares may be transferred by means of an instrument of transfer in any usual form or any other form approved by the directors, which is executed by or on behalf of the transferor.

37.2 No fee may be charged for registering any instrument of transfer or other document relating to or affecting the title to any share.

- 37.3 The company may retain any instrument of transfer which is registered.
- 37.4 The transferor remains the holder of a share until the transferee's name is entered in the register of members as holder of it.
- 37.5 The directors may refuse to register the transfer of a share; if they do so, the instrument of transfer must be returned to the transferee with the notice of refusal within two months unless they suspect that the proposed transfer may be fraudulent.

38. **TRANSFER OF SHARES SUBJECT TO PRE-EMPTION RIGHTS**

- 38.1 In this article, references to a transfer of a share include the transfer or assignment of a beneficial or other interest in that share or the creation of a trust or encumbrance over that share and reference to a share includes a beneficial or other interest in a share.
- 38.2 Any transfer of shares by a shareholder shall be subject to the pre-emption rights in this article.
- 38.3 A shareholder wishing to transfer some or all of his shares ("**Seller**") shall, before transferring or agreeing to transfer any shares, give a notice in writing to the company ("**Transfer Notice**") specifying:
- 38.3.1 the number of the shares for sale ("**Sale Shares**");
 - 38.3.2 if the Seller wishes to sell the Sale Shares to a third party, the name of the proposed transferee;
 - 38.3.3 the price (in cash) per share at which he wishes to transfer the Sale Shares subject to the directors being satisfied (and to that end being provided with such evidence as they may reasonably require) that the proposed price represents a fair value for the Sale Shares and, if the directors are not satisfied with the specified price, it shall be determined in accordance with article 38.4 ("**Transfer Price**"); and
 - 38.3.4 whether the Transfer Notice is conditional on all, or a specific number of, the Sale Shares being sold ("**Minimum Transfer Condition**").
- 38.4 If the directors are not satisfied with the price specified in the Transfer Notice then within 10 days of the Transfer Notice being received:
- 38.4.1 the Seller and the directors shall use all reasonable endeavours to agree the fair value of the Sale Shares; or
 - 38.4.2 if no such agreement can be reached within the said 10 day period, fair value for the Sale Shares shall be determined by the auditors for the time being of the company or (if the Seller shall require) by some other chartered accountant to be nominated by the President for the time being of the Institute of Chartered Accountants in England and Wales who shall act as an expert and not as an arbitrator, and whose determination as to the fair value of the Sale Shares shall be conclusive.
- 38.5 Within 48 hours of the fair value being determined in accordance with article 38.4.2 the directors shall notify the Seller of the fair value of the Sale Shares. If the Seller disputes the fair value, he may, by written notice to the directors within 48 hours of receiving notice of the same, withdraw the Transfer Notice. If the Seller does not withdraw the Transfer Notice within the 48 hour period or he indicates his agreement to the fair value during that time, the directors shall, as soon as practicable thereafter, offer the Sale Shares for sale to the shareholders in the manner set out in article 38.8.

Each offer shall be in writing and give details of the number and Transfer Price of the Sale Shares offered.

- 38.6 Otherwise than in accordance with article 38.5 once given (or deemed to have been given) under these articles, a Transfer Notice may not be withdrawn.
- 38.7 A Transfer Notice appoints the company the agent of the Seller for the sale of the Sale Shares at the Transfer Price.
- 38.8 The directors shall offer the Sale Shares to all shareholders other than the Seller ("**Continuing Shareholders**"), inviting them to apply in writing within 28 days of the date of the offer ("**First Offer Period**") for the maximum number of Sale Shares they wish to buy.

If the Sale Shares are subject to a Minimum Transfer Condition, any allocation made under this article 38.8 and article 38.9 shall be conditional on the fulfilment of the Minimum Transfer Condition.

If, at the end of the First Offer Period, the number of Sale Shares applied for is equal to or exceeds the number of Sale Shares, the directors shall allocate the Sale Shares to each Continuing Shareholder who has applied for Sale Shares in the proportion which his existing holding of shares bears to the total number of shares held by those Continuing Shareholders who have applied for Sale Shares. Fractional entitlements shall be rounded to the nearest whole number. No allocation shall be made to a Continuing Shareholder of more than the maximum number of Sale Shares which he has stated he is willing to buy.

If, at the end of the First Offer Period, the total number of Sale Shares applied for is less than the number of Sale Shares, the directors shall allocate the Sale Shares to the Continuing Shareholders in accordance with their applications. The balance ("**Initial Surplus Shares**") shall be dealt with in accordance with article 38.9.

- 38.9 At the end of the First Offer Period, the Board shall offer the Initial Surplus Shares to all the Continuing Shareholders, inviting them to apply in writing within 28 days of the date of the offer ("**Second Offer Period**") for the maximum number of Initial Surplus Shares they wish to buy.

If, at the end of the Second Offer Period, the number of Initial Surplus Shares applied for exceeds the number of Initial Surplus Shares, the directors shall allocate the remaining Initial Surplus Shares to each Continuing Shareholder who has applied for Initial Surplus Shares in the proportion that his existing holding of shares (including any Sale Shares) bears to the total number of shares (including any Sale Shares) held by those Continuing Shareholders who have applied for Initial Surplus Shares during the Second Offer Period. Fractional entitlements shall be rounded to the nearest whole number. No allocation shall be made to a Continuing Shareholder of more than the maximum number of Initial Surplus Shares which he has stated he is willing to buy.

If, at the end of the Second Offer Period, the number of Initial Surplus Shares applied for is less than the number of Initial Surplus Shares, the directors shall allocate the Initial Surplus Shares to the Continuing Shareholders in accordance with their applications. The balance ("**Second Surplus Shares**") shall be dealt with in accordance with articles 38.14 and 38.15.

- 38.10 If the Transfer Notice includes a Minimum Transfer Condition and the total number of Sale Shares applied for is less than the number of Sale Shares specified in the Minimum Transfer Condition, the company itself may, subject to compliance with all statutory requirements, purchase the Sale Shares not accepted by the Continuing Shareholders on the terms set out in the Transfer Notice. If the company does not

purchase the Sale Shares, the directors shall notify the Seller and all those to whom Sale Shares have been conditionally allocated under article 38.8 and article 38.9, stating that the Minimum Transfer Condition has not been met and that the relevant Transfer Notice has lapsed with immediate effect.

38.11 If:

38.11.1 the Transfer Notice includes a Minimum Transfer Condition and such Minimum Transfer Condition has been satisfied, or the Transfer Notice does not include a Minimum Transfer Condition; and

38.11.2 allocations under article 38.8 and, if necessary, article 38.9 have been made in respect of some or all of the Sale Shares,

the directors shall give written notice of allocation ("**Allocation Notice**") to the Seller and each Continuing Shareholder to whom Sale Shares have been allocated (including the company if it is willing to purchase any Sale Shares in accordance with article 38.10) ("**Applicant**"). The Allocation Notice shall specify the number of Sale Shares allocated to each Applicant, the amount payable by each Applicant for the number of Sale Shares allocated to him ("**Consideration**") and the place and time for completion of the transfer of the Sale Shares (which shall be not more than the later of 28 days after the date of the Allocation Notice or, if the company is an Applicant, the date upon which the company complies, in full, with all statutory requirement in relation to the purchase of the Sale Share).

38.12 On the service of an Allocation Notice, the Seller shall, against payment of the Consideration, transfer the Sale Shares allocated in accordance with the requirements specified in the Allocation Notice.

38.13 If the Seller fails to comply with the requirements of the Allocation Notice:

38.13.1 the chairman of the company (or, failing him, one of the other directors, or some other person nominated by a resolution of the directors) may, on behalf of the Seller:

(a) complete, execute and deliver in his name all documents necessary to give effect to the transfer of the relevant Sale Shares to the Applicants;

(b) receive the Consideration and give a good discharge for it; and

(c) (subject to the transfers being duly stamped) enter the Applicants in the register of shareholders as the holders of the shares purchased by them; and

38.13.2 the company shall pay the Consideration into a separate bank account in the company's name on trust (but without interest) for the Seller until he has delivered his certificate for the relevant shares (or an indemnity, in a form reasonably satisfactory to the directors, in respect of any lost certificate, together with such other evidence (if any) as the directors may reasonably require to prove good title to those shares) to the company.

38.14 If an Allocation Notice does not relate to all of the Sale Shares then the company itself may, subject to compliance with all statutory requirements, purchase the remaining Sale Shares on the terms set out in the Transfer Notice.

38.15 If the company does not purchase the Sale Shares in accordance with article 38.14 then, subject to article 38.16 and within 4 weeks following service of the Allocation

Notice, the Seller may transfer the Second Surplus Shares to any person at a price at least equal to the Transfer Price.

38.16 The Seller's right to transfer shares under article 38.15 does not apply if the directors, acting reasonably, are of the opinion that:

38.16.1 the transferee is a person (or a nominee for a person) who is a competitor with (or an associate of a competitor with) the business of the company or with an associated company (companies being associated if one is a subsidiary of the other or both are subsidiaries of the same body corporate); or

38.16.2 the sale of the Sale Shares is not bona fide or the price is subject to a deduction, rebate or allowance to the transferee; or

38.16.3 the Seller has failed or refused to provide promptly information available to the Seller and reasonably requested by the directors to enable them to form the opinion mentioned above.

38.17 The restrictions imposed by this article may be waived in relation to any proposed transfer of Shares with the consent of shareholders who, but for the waiver, would or might have been entitled to have such shares offered to them in accordance with this article.

39. TRANSMISSION OF SHARES

39.1 If title to a share passes to a transmittee, the company may only recognise the transmittee as having any title to that share.

39.2 A transmittee who produces such evidence of entitlement to shares as the directors may properly require:

39.2.1 may, subject to the articles, choose either to become the holder of those shares or to have them transferred to another person; and

39.2.2 subject to the articles, and pending any transfer of the shares to another person, has the same rights as the holder had.

39.3 Transmittees do not have the right to attend or vote at a general meeting, or agree to a proposed written resolution, in respect of shares to which they are entitled, by reason of the holder's death or bankruptcy or otherwise, unless they become the holders of those shares.

40. EXERCISE OF TRANSMITTEES' RIGHTS

40.1 Transmittees who wish to become the holders of shares to which they have become entitled must notify the company in writing of that wish.

40.2 If the transmittee wishes to have a share transferred to another person, the transmittee must execute an instrument of transfer in respect of it.

40.3 Any transfer made or executed under this article is to be treated as if it were made or executed by the person from whom the transmittee has derived rights in respect of the share, and as if the event which gave rise to the transmission had not occurred and all the provisions of the articles relating to transfers of shares shall apply.

41. TRANSMITTEES BOUND BY PRIOR NOTICES

If a notice is given to a shareholder in respect of shares and a transferee is entitled to those shares, the transferee is bound by the notice if it was given to the shareholder before the transferee's name, or the name of any person(s) named as the transferee(s) in an instrument of transfer executed under article 40.2, has been entered in the register of members.

DIVIDENDS AND OTHER DISTRIBUTIONS

42. PROCEDURE FOR DECLARING DIVIDENDS

- 42.1 The company may by ordinary resolution declare dividends, and the directors may decide to pay interim dividends.
- 42.2 A dividend must not be declared unless the directors have made a recommendation as to its amount. Such a dividend must not exceed the amount recommended by the directors.
- 42.3 No dividend may be declared or paid unless it is in accordance with shareholders' respective rights.
- 42.4 Except as otherwise provided by the rights attached to shares, all dividends shall be declared and paid according to the amounts paid up on the shares on which the dividend is paid. All dividends shall be apportioned and paid proportionately to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. However, if any share is issued on terms providing that it shall rank for dividend as from a particular date, that share shall rank for dividend accordingly.
- 42.5 If the company's share capital is divided into different classes, no dividend may be paid on shares carrying deferred or non-preferred rights if, at the time of payment, any preferential dividend is in arrear.
- 42.6 The directors may pay at intervals any dividend payable at a fixed rate if it appears to them that the profits available for distribution justify the payment.
- 42.7 If the directors act in good faith, they do not incur any liability to the holders of shares conferring preferred rights for any loss they may suffer by the lawful payment of an interim dividend on shares with deferred or non-preferred rights.

43. PAYMENT OF DIVIDENDS AND OTHER DISTRIBUTIONS

- 43.1 Where a dividend or other sum which is a distribution is payable in respect of a share, it must be paid by one or more of the following means:
- 43.1.1 transfer to a bank or building society account specified by the distribution recipient, either in writing or as the directors may otherwise decide;
- 43.1.2 sending a cheque made payable to the distribution recipient by post to the distribution recipient at the distribution recipient's registered address (if the distribution recipient is a holder of the share), or (in any other case) to an address specified by the distribution recipient, either in writing or as the directors may otherwise decide;
- 43.1.3 sending a cheque made payable to such person by post to such person at such address as the distribution recipient has specified, either in writing or as the directors may otherwise decide; or
- 43.1.4 any other means of payment as the directors agree with the distribution recipient, either in writing or by such other means as the directors decide.

43.2 In the articles, "the distribution recipient" means, in respect of a share in respect of which a dividend or other sum is payable:

43.2.1 the holder of the share; or

43.2.2 if the share has two or more joint holders, whichever of them is named first in the register of members; or

43.2.3 if the holder is no longer entitled to the share by reason of death or bankruptcy, or otherwise by operation of law, the transmittee.

44. NO INTEREST ON DISTRIBUTIONS

44.1 The company may not pay interest on any dividend or other sum payable in respect of a share unless otherwise provided by:

44.1.1 the terms on which the share was issued; or

44.1.2 the provisions of another agreement between the holder of that share and the company.

45. UNCLAIMED DISTRIBUTIONS

45.1 All dividends or other sums which are:

45.1.1 payable in respect of shares; and

45.1.2 unclaimed after having been declared or become payable;

may be invested or otherwise made use of by the directors for the benefit of the company until claimed.

45.2 The payment of any such dividend or other sum into a separate account does not make the company a trustee in respect of it.

45.3 If:

45.3.1 twelve years have passed from the date on which a dividend or other sum became due for payment; and

45.3.2 the distribution recipient has not claimed it,

the distribution recipient is no longer entitled to that dividend or other sum and it ceases to remain owing by the company.

46. NON-CASH DISTRIBUTIONS

46.1 Subject to the terms of issue of the share in question, the company may, by ordinary resolution on the recommendation of the directors, decide to pay all or part of a dividend or other distribution payable in respect of a share by transferring non-cash assets of equivalent value (including, without limitation, shares or other securities in any company).

46.2 For the purposes of paying a non-cash distribution, the directors may make whatever arrangements they think fit, including, where any difficulty arises regarding the distribution:

46.2.1 fixing the value of any assets;

46.2.2 paying cash to any distribution recipient on the basis of that value in order to adjust the rights of recipients; and

46.2.3 vesting any assets in trustees.

47. **WAIVER OF DISTRIBUTIONS**

47.1 Distribution recipients may waive their entitlement to a dividend or other distribution payable in respect of a share by giving the company notice in writing by way of a deed to that effect, but if:

47.1.1 the share has more than one holder; or

47.1.2 more than one person is entitled to the share, whether by reason of the death or bankruptcy of one or more joint holders, or otherwise,

the notice is not effective unless it is expressed to be given, and signed, by all the holders or persons otherwise entitled to the share.

CAPITALISATION OF PROFITS

48. **AUTHORITY TO CAPITALISE AND APPROPRIATION OF CAPITALISED SUMS**

48.1 Subject to the articles, the directors may, if they are so authorised by an ordinary resolution:

48.1.1 decide to capitalise any profits of the company (whether or not they are available for distribution) which are not required for paying a preferential dividend, or any sum standing to the credit of the company's share premium account or capital redemption reserve; and

48.1.2 appropriate any sum which they so decide to capitalise (a "capitalised sum") to the persons who would have been entitled to it if it were distributed by way of dividend (the "persons entitled") and in the same proportions and apply such sum on their behalf either towards paying up the amounts, if any, for the time being unpaid on any shares held by them respectively.

48.2 Capitalised sums must be applied:

48.2.1 on behalf of the persons entitled; and

48.2.2 in the same proportions as a dividend would have been distributed to them.

48.3 Any capitalised sum may be applied in paying up new shares of a nominal amount equal to the capitalised sum which are then allotted credited as fully paid to the persons entitled or as they may direct.

48.4 A capitalised sum which was appropriated from profits available for distribution may be applied in paying up new debentures of the company which are then allotted credited as fully paid to the persons entitled or as they may direct.

48.5 Subject to the articles the directors may:

48.5.1 apply capitalised sums in accordance with paragraphs 48.3 and 48.4 partly in one way and partly in another;

48.5.2 make such arrangements as they think fit to deal with shares or debentures becoming distributable in fractions under this article (including the issuing of fractional certificates or the making of cash payments); and

48.5.3 authorise any person to enter into an agreement with the company on behalf of all the persons entitled which is binding on them in respect of the allotment of shares and debentures to them under this article.

PART 4

DECISION-MAKING BY SHAREHOLDERS

ORGANISATION OF GENERAL MEETINGS

49. CALLING A GENERAL MEETING

49.1 The directors may call general meetings of the company.

49.2 In accordance with the provisions of the Companies Act 2006, and on the requisition of shareholders representing at least 5% of the paid up capital of the company carrying the right to vote at general meetings, the directors shall forthwith convene a general meeting.

50. NOTICE OF GENERAL MEETINGS

50.1 General meetings (other than adjourned meetings) shall be called on at least 14 days' notice.

50.2 General meetings may be called by shorter notice if agreed to by a majority in number of the shareholders having the right to attend and vote at the meeting, being a majority who together hold not less than 90% in nominal value of the shares giving a right to attend and vote at the meeting.

50.3 Subject to the provisions of the articles and any restrictions imposed on any shares, the notice shall be given to all shareholders, to all transmittees and to the directors and auditors.

50.4 Subject to the provisions of the Companies Act 2006, the accidental omission to give notice of a meeting to, or the non-receipt of notice of a meeting by, any person entitled to receive notice shall not invalidate the proceedings at that meeting.

50.5 Notice of a general meeting must be given:

50.5.1 in hard copy form;

50.5.2 in electronic form; or

50.5.3 subject to the provisions of the Companies Act 2006, by means of a website.

50.6 Notice of a general meeting must state:

50.6.1 the time and date of the meeting;

50.6.2 the place of the meeting; and

50.6.3 the general nature of the business to be transacted at the meeting.

51. ATTENDANCE AND SPEAKING AT GENERAL MEETINGS

- 51.1 A person is able to exercise the right to speak at a general meeting when that person is in a position to communicate to all those attending the meeting, during the meeting, any information or opinions which that person has on the business of the meeting.
- 51.2 A person is able to exercise the right to vote at a general meeting when:
- 51.2.1 that person is able to vote, during the meeting, on resolutions put to the vote at the meeting; and
- 51.2.2 that person's vote can be taken into account in determining whether or not such resolutions are passed at the same time as the votes of all the other persons attending the meeting.
- 51.3 The directors may make whatever arrangements they consider appropriate to enable those attending a general meeting to exercise their rights to speak or vote at it.
- 51.4 In determining attendance at a general meeting, it is immaterial whether any two or more members attending it are in the same place as each other.
- 51.5 Two or more persons who are not in the same place as each other attend a general meeting if their circumstances are such that if they have (or were to have) rights to speak and vote at that meeting, they are (or would be) able to exercise them.

52. QUORUM FOR GENERAL MEETINGS

- 52.1 Save in the case where the company has a single shareholder, 2 persons entitled to vote on the business to be transacted at the meeting, each being a shareholder or a proxy for a shareholder or a duly authorised representative of a corporate shareholder, shall be a quorum.
- 52.2 No business other than the appointment of the chairman of the meeting is to be transacted at a general meeting if the persons attending it do not constitute a quorum.

53. CHAIRING GENERAL MEETINGS

- 53.1 If the directors have appointed a chairman, the chairman shall chair general meetings if present and willing to do so.
- 53.2 If the directors have not appointed a chairman, or if the chairman is unwilling to chair the meeting or is not present within ten minutes of the time at which a meeting was due to start:
- 53.2.1 the directors present; or
- 53.2.2 (if no directors are present) the meeting,
- must appoint a director or shareholder to chair the meeting, and the appointment of the chairman of the meeting must be the first business of the meeting.
- 53.3 The person chairing a meeting in accordance with this article is referred to as "the chairman of the meeting".

54. ATTENDANCE AND SPEAKING BY DIRECTORS AND NON-SHAREHOLDERS

- 54.1 Directors may attend and speak at general meetings, whether or not they are shareholders.

- 54.2 The chairman of the meeting may permit other persons who are not:
- 54.2.1 shareholders of the company; or
 - 54.2.2 otherwise entitled to exercise the rights of shareholders in relation to general meetings,
- to attend and speak at a general meeting.

55. ADJOURNMENT

- 55.1 If the persons attending a general meeting within half an hour of the time at which the meeting was due to start do not constitute a quorum, or if during a meeting a quorum ceases to be present, the chairman of the meeting must adjourn it.
- 55.2 The chairman of the meeting may adjourn a general meeting at which a quorum is present if:
- 55.2.1 the meeting consents to an adjournment; or
 - 55.2.2 it appears to the chairman of the meeting that an adjournment is necessary to protect the safety of any person attending the meeting or ensure that the business of the meeting is conducted in an orderly manner.
- 55.3 The chairman of the meeting must adjourn a general meeting if directed to do so by the meeting.
- 55.4 When adjourning a general meeting, the chairman of the meeting must:
- 55.4.1 either specify the time and place to which it is adjourned or state that it is to continue at a time and place to be fixed by the directors; and
 - 55.4.2 have regard to any directions as to the time and place of any adjournment which have been given by the meeting.
- 55.5 If the continuation of an adjourned meeting is to take place more than 14 days after it was adjourned, the company must give at least 7 clear days' notice of it (that is, excluding the day of the adjourned meeting and the day on which the notice is given):
- 55.5.1 to the same persons to whom notice of the company's general meetings is required to be given; and
 - 55.5.2 containing the same information which such notice is required to contain.
- 55.6 If at an adjourned meeting a quorum is not present within half an hour from the time appointed, then, provided that the shareholders present hold at least 75% in nominal value of the ordinary shares of the company in issue, any resolution agreed to by such members shall be valid and effectual as if it had been passed unanimously at a general meeting of the company duly convened and held.
- 55.7 No business may be transacted at an adjourned general meeting which could not properly have been transacted at the meeting if the adjournment had not taken place.

VOTING AT GENERAL MEETINGS

56. VOTING

- 56.1 On a vote on a resolution on a show of hands at a meeting, each shareholder present in person has one vote.
- 56.2 Subject to article 56.3, on a vote on a resolution on a show of hands at a meeting, every proxy present who has been duly appointed by one or more shareholders entitled to vote on the resolution has one vote.
- 56.3 On a vote on a resolution on a show of hands at a meeting, a proxy has one vote for and one vote against the resolution if:
- 56.3.1 the proxy has been duly appointed by more than one shareholder entitled to vote on the resolution; and
- 56.3.2 the proxy has been instructed by one or more of those shareholders to vote for the resolution and by one or more other of those shareholders to vote against it.
- 56.4 On a poll taken at a meeting of the company all or any of the voting rights of a shareholder may be exercised by one or more duly appointed proxies.
- 56.5 Where a shareholder appoints more than one proxy, article 56.3 does not authorise the exercise by the proxies taken together of more extensive voting rights than could be exercised by the shareholder in person.

57. ERRORS AND DISPUTES

- 57.1 No objection may be raised to the qualification of any person voting at a general meeting except at the meeting or adjourned meeting at which the vote objected to is tendered, and every vote not disallowed at the meeting is valid.
- 57.2 Any such objection must be referred to the chairman of the meeting, whose decision is final.

58. POLL VOTES

- 58.1 A poll on a resolution may be demanded:
- 58.1.1 in advance of the general meeting at which that resolution is to be put to the vote; or
- 58.1.2 at a general meeting, either before a show of hands on that resolution or immediately after the result of a show of hands on that resolution is declared.
- 58.2 A poll may be demanded by:
- 58.2.1 the chairman of the meeting;
- 58.2.2 the directors;
- 58.2.3 two or more persons having the right to vote on the resolution;
- 58.2.4 a person or persons representing not less than one tenth of the total voting rights of all the shareholders having the right to vote on the resolution; or
- 58.2.5 a person or persons holding shares conferring the right to vote on the resolution, being shares on which an aggregate sum has been paid up

equal to not less than 10% of the total sum paid up on all the shares conferring the right to vote on the resolution,

and a demand by a person as proxy for a shareholder shall be the same as a demand by the shareholder.

58.3 A demand for a poll may be withdrawn if:

58.3.1 the poll has not yet been taken; and

58.3.2 the chairman of the meeting consents to the withdrawal.

58.4 A demand so withdrawn shall not invalidate the result of a show of hands declared before the demand was made.

58.5 Polls must be taken immediately upon demand (subject to being withdrawn in accordance with article 58.3) and in such manner as the chairman of the meeting directs.

59. **RIGHT TO APPOINT PROXIES**

59.1 A shareholder is entitled to appoint another person as his proxy to exercise all or any of his rights to attend and speak and vote at a meeting of the company.

59.2 A shareholder may appoint more than one proxy in relation to a meeting, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by him.

60. **CONTENT OF PROXY NOTICES**

60.1 Proxies may only validly be appointed by a notice in writing (a "proxy notice") which:

60.1.1 states the name and address of the shareholder appointing the proxy;

60.1.2 identifies the person appointed to be that shareholder's proxy and the general meeting in relation to which that person is appointed;

60.1.3 is signed by or on behalf of the member appointing the proxy, or is authenticated in such manner as the directors may determine;

60.1.4 is delivered to the company in accordance with the articles not less than 48 hours before the time appointed for holding the meeting at which the right to vote is being exercised and in accordance with any instructions contained in the notice of the general meeting or adjourned meeting to which they relate;

60.1.5 in the case of a poll taken more than 48 hours after it is demanded, is delivered to the company after the poll has been demanded and not less than 24 hours before the time appointed for the taking of the poll; and

60.1.6 where the poll is not taken forthwith but is taken not more than 48 hours after it was demanded, is delivered at the meeting at which the poll was demanded to the chairman or any director or the company secretary.

60.2 A proxy notice which is not delivered in accordance with article 60.1 shall be invalid unless the directors, in their discretion, accept the notice at any time before the meeting.

- 60.3 The company may require proxy notices to be delivered in a particular form, and may specify different forms for different purposes.
- 60.4 Proxy notices may specify how the proxy appointed under them is to vote (or that the proxy is to abstain from voting) on one or more resolutions.
- 60.5 Unless a proxy notice indicates otherwise, it must be treated as:
 - 60.5.1 allowing the person appointed under it as a proxy discretion as to how to vote on any ancillary or procedural resolutions put to the meeting; and
 - 60.5.2 appointing that person as a proxy in relation to any adjournment of the general meeting to which it relates as well as the meeting itself.

61. DELIVERY OF PROXY NOTICES

- 61.1 A person who is entitled to attend, speak or vote (either on a show of hands or on a poll) at a general meeting remains so entitled in respect of that meeting or any adjournment of it, even though a valid proxy notice has been delivered to the company by or on behalf of that person.
- 61.2 An appointment under a proxy notice may be revoked by delivering to the company a notice given by or on behalf of the person by whom or on whose behalf the proxy notice was given.
- 61.3 A notice revoking a proxy appointment only takes effect if it is delivered before the start of the meeting or adjourned meeting to which it relates.
- 61.4 If a proxy notice is not executed by the person appointing the proxy, it must be accompanied by written evidence of the authority of the person who executed it to execute it on the appointor's behalf.

62. AMENDMENTS TO RESOLUTIONS

- 62.1 An ordinary resolution to be proposed at a general meeting may be amended by ordinary resolution if:
 - 62.1.1 notice of the proposed amendment is given to the company in writing by a person entitled to vote at the general meeting at which it is to be proposed not less than 48 hours before the meeting is to take place (or such later time as the chairman of the meeting may determine); and
 - 62.1.2 the proposed amendment does not, in the reasonable opinion of the chairman of the meeting, materially alter the scope of the resolution.
- 62.2 A special resolution to be proposed at a general meeting may be amended by ordinary resolution, if:
 - 62.2.1 the chairman of the meeting proposes the amendment at the general meeting at which the resolution is to be proposed; and
 - 62.2.2 the amendment does not go beyond what is necessary to correct a grammatical or other non-substantive error in the resolution.
- 62.3 If the chairman of the meeting, acting in good faith, wrongly decides that an amendment to a resolution is out of order, the chairman's error does not invalidate the vote on that resolution.

62A SHAREHOLDER WRITTEN RESOLUTIONS

- 62A.1 Subject to the Companies Acts, a written resolution signed by a simple majority (or in the case of a special resolution by a majority of not less than 75%) of the holders of the shares entitled to attend and vote at a general meeting is as valid as if it had been passed at a general meeting.
- 62A.2 A resolution under article 62A.1 may consist of several documents in similar form each signed by one or more shareholders;
- 62A.3 A resolution under article 62A.1 may be signed for a corporate body or an organisation which is a shareholder by its authorised representative, a member of its governing body or secretary, its solicitor or by an attorney.

PART 5

ADMINISTRATIVE ARRANGEMENTS

63. MEANS OF COMMUNICATION TO BE USED

- 63.1 Subject to the articles, anything sent or supplied by or to the company under the articles may be sent or supplied in any way in which the Companies Act 2006 provides for documents or information which are authorised or required by any provision of that Act to be sent or supplied by or to the company.
- 63.2 Subject to the articles, any notice or document to be sent or supplied to a director in connection with the taking of decisions by directors may also be sent or supplied by the means by which that director has asked to be sent or supplied with such notices or documents for the time being.
- 63.3 A director may agree with the company that notices or documents sent to that director in a particular way are to be deemed to have been received within a specified time of their being sent, and for the specified time to be less than 48 hours.

64. COMPANY SEALS

- 64.1 Any common seal may only be used by the authority of the directors.
- 64.2 The directors may decide by what means and in what form any common seal is to be used.
- 64.3 Unless otherwise decided by the directors, if the company has a common seal and it is affixed to a document, the document must also be signed by at least one authorised person in the presence of a witness who attests the signature.
- 64.4 For the purposes of this article, an authorised person is:
- 64.4.1 any director of the company;
 - 64.4.2 the company secretary (if any); or
 - 64.4.3 any person authorised by the directors for the purpose of signing documents to which the common seal is applied.

65. **NO RIGHT TO INSPECT ACCOUNTS AND OTHER RECORDS**

Except as provided by law or authorised by the directors or an ordinary resolution of the company, no person is entitled to inspect any of the company's accounting or other records or documents merely by virtue of being a shareholder.

66. **PROVISION FOR EMPLOYEES ON CESSATION OF BUSINESS**

The directors may decide to make provision for the benefit of persons employed or formerly employed by the company or any of its subsidiaries (other than a director or former director or shadow director) in connection with the cessation or transfer to any person of the whole or part of the undertaking of the company or that subsidiary.

DIRECTORS' INDEMNITY AND INSURANCE

67. **INDEMNITY**

67.1 Subject to paragraph 67.2, but without prejudice to any indemnity to which a relevant officer is otherwise entitled, a relevant officer of the company or an associated company may be indemnified out of the company's assets against:

67.1.1 any liability incurred by that relevant officer in connection with any negligence, default, breach of duty or breach of trust in relation to the company or an associated company;

67.1.2 any liability incurred by that relevant officer in connection with the activities of the company or an associated company in its capacity as a trustee of an occupational pension scheme (as defined in section 235(6) of the Companies Act 2006); and

67.1.3 any other liability incurred by that relevant officer as an officer of the company or an associated company,

including (in each case) any liability incurred by him in defending any civil or criminal proceedings, in which judgment is given in his favour or in which he is acquitted or the proceedings are otherwise disposed of without any finding or admission of any material breach of duty on his part or in connection with any application in which the court grants him, in his capacity as a relevant officer, relief from liability for negligence, default, breach of duty or breach of trust in relation to the company's (or any associated company's) affairs.

67.2 This article does not authorise any indemnity which would be prohibited or rendered void by any provision of the Companies Acts or by any other provision of law.

67.3 In this article:

67.3.1 companies are associated if one is a subsidiary of the other or both are subsidiaries of the same body corporate; and

67.3.2 a "relevant officer" means any director or secretary or former director or secretary of the company or an associated company.

68. **INSURANCE**

68.1 The directors may purchase and maintain insurance, at the expense of the company, for the benefit of any relevant officer in respect of any relevant loss.

68.2 In this article:

- 68.2.1 a “relevant officer” means any director or secretary or former director or secretary of the company or an associated company;
- 68.2.2 a “relevant loss” means any loss or liability which has been or may be incurred by a relevant director in connection with that relevant director’s duties or powers in relation to the company, any associated company or any pension fund or employees’ share scheme of the company or an associated company; and
- 68.2.3 companies are associated if one is a subsidiary of the other or both are subsidiaries of the same body corporate.

MISCELLANEOUS

69. OPERATIONAL AGREEMENT

The directors shall, to the fullest extent permissible under law, exercise their powers in relation to the company in compliance with, and in a manner which is consistent with, the terms of any operational agreement.

Appendix 4:
Draft Services Agreement

DRAFT

MAIDSTONE BOROUGH COUNCIL
and
MAIDSTONE PROPERTY HOLDINGS LIMITED

SERVICES AGREEMENT

Ref: OJD (ADL)/47740.0002

Anthony Collins Solicitors LLP

134 Edmund Street

Birmingham

B3 2ES

THIS SERVICES AGREEMENT is made on

2019

BETWEEN

- (1) **MAIDSTONE BOROUGH COUNCIL** of Maidstone House, King Street, Maidstone, United Kingdom, ME15 6JQ (the "**Council**");

- (2) **MIDSTONE PROPERTY HOLDINGS LIMITED** (Company Registration Number: 10368924 whose registered office is at Maidstone House, King Street, Maidstone, United Kingdom, ME15 6JQ (the “**Company**”).

WHEREAS

- (A) The Council is a local authority in England and has established the Company using its power under the General Power of Competence (sections 1 and 4, Localism Act 2011) to allow the Council to trade and act for commercial purpose.
- (B) The Company is not a contracting authority under the Public Contracts Regulations 2015 because it is a body established for the purpose of meeting needs in the general interest, having an industrial or commercial character.
- (C) The Company wishes to purchase support services from the Council.
- (D) The Council is required by The Local Government (Best Value Authorities) (Power to Trade) (England) Order 2009 to recover the costs of any accommodation, goods, services, staff or any other thing that it supplies to the Company.

NOW IT IS HEREBY AGREED as follows:

1 INTERPRETATION

1.1 In this Services Agreement where the context so admits:

1.1.1 The following words and phrases shall bear the following meanings:

“**Commencement Date**” means 2019;

“**Employees**” means persons employed by the Council or any contractor of the Council and engaged in the delivery of the Services and **Employee** means any one of them as the context requires;

“**Operational Agreement**” means the agreement entered into by the Council and the Company dated 2019

“Parties” means the Council and Company;

“Price” shall mean the sum payable by the Company to the Council for the provision of the Services as referred to in Clause 3 and in Schedule B as amended in accordance with Clause 2.3 or Schedule B;

“Services” shall mean the Services to be provided under this Services Agreement as set out in Schedule A; and

- 1.1.2 Words denoting the singular shall include the plural and vice versa, words denoting the masculine gender shall include the feminine gender and vice versa and words denoting persons shall include corporations.
 - 1.1.3 Reference to any statutory provisions or instruments shall be deemed to include reference to any such provisions or instruments as from time to time amended, varied, replaced, extended or re-enacted and to any orders or regulations under such provisions.
 - 1.1.4 Reference to a Clause or a Schedule shall be deemed to be references to a clause or a schedule to this deed and references to a sub-clause shall be deemed to be references to a sub-clause of the clause in which the reference appears.
- 1.2 Clause headings are included for ease of reference only and shall not affect this Services Agreement or the interpretation hereof. Words following the terms including, include, in particular, for example or any similar expression shall be construed as illustrative and shall not limit the sense of the words, description, definition, phrase or term preceding those terms.

2 PROVISION OF SERVICES

- 2.1 The Council shall provide to the Company the Services set out in Schedule A.
- 2.2 Such Services shall be provided by the Council to the level and standard specification agreed between the Parties from time to time and the Council agrees to use reasonable endeavours to meet those standards. Where no standards are specified the Council shall provide the Services in a competent and professional manner to provide a high quality service.

- 2.3 The Parties agree to comply with any relevant policies of the Council and the Company applicable to the Services, standing orders and financial regulations binding on any or all Parties from time to time provided that the Council shall be entitled to vary at any time the Price for the Services inter alia if any amendment to such policies and procedures (whether by the Company or the Council or both) would result in additional expenditure or cost for the Council.

3 PAYMENT FOR SERVICES

- 3.1 The Company hereby agrees to pay the Council the Price for the Services, such payments to be made in the manner and at the times set out in Part II of Schedule B.
- 3.2 For the avoidance of doubt all sums payable under this agreement are exclusive of VAT and any other duties or taxes and any such duties or taxes shall be payable in addition to such sums.

4 PROVISION OF AND PAYMENT FOR OTHER SERVICES

- 4.1 The Parties may agree to add additional services to the definition of Services from time to time and shall record any such agreement (including the price to be paid for those additional services) in writing signed by both Parties.

5 TERM OF THE AGREEMENT

- 5.1 This Services Agreement shall commence on the Commencement Date and remain in force until such time as it is terminated in accordance with Clause 8.

6 REVIEW OF OPERATION

- 6.1 The Council shall, at the request of the Company, report in writing to the Company on the Services delivered by the Council to the Company in any financial year to 31 March, such report to be delivered within three months following the end of the financial year in question.
- 6.2 A Party may request a review meeting at any time during a financial year to be coordinated by the Director of Finance and Business Improvement of the Council (or such person authorised by the Director of Finance and Business Improvement to act in his place).

6.3 Following such a review meeting, at which the Services and any relevant service standards in respect of the then current year of operation may be revised by consent, any amendments to this Services Agreement shall be noted in writing signed on behalf of the Parties and shall operate as variations to this Services Agreement.

7 EMPLOYEES

7.1 The Parties do not intend that any of the Employees shall be employed by or seconded to the Company.

7.2 The Company and the Council shall comply with the General Data Protection Regulation (Regulation (EU) 2016/679) and the Data Protection Act 2018 in respect of any personal data processed pursuant to this Services Agreement and shall further comply with the provisions set out at Schedule C.

7.3 The Company shall fulfil all duties relating to the Employees' health, safety and welfare as if the Employees were the Company's employees and shall comply with the Council's reasonable requests in connection with the Council's duties in relation to the Employees.

7.4 The Company shall indemnify the Council fully and keep the Council indemnified fully at all times against any loss, injury, damage or costs suffered, sustained or incurred by:

7.4.1 the Employees in relation to any loss, injury, damage or costs arising out of any act or omission by the Company or its employees or agents in the course of carrying out the Services; or

7.4.2 a third party, in relation to any loss, injury, damage or costs arising out of any act or omission of the Employee in the course of carrying out the Services.

7.5 The Council shall indemnify the Company fully and keep the Company indemnified fully at all times against any claim or demand by the Employees arising out of their employment by the Council or their termination, except for any claim relating to any act or omission of the Company or its employees or agents for which the Company shall indemnify the Council fully.

7.6 The Council shall indemnify the Company against any claim that the Employees are employed by the Company.

8 TERMINATION

- 8.1 The Parties may agree to terminate this Services Agreement or the provision of any Service under it at any time.
- 8.2 Notwithstanding Clause 11.3, the Council may serve notice in writing on the Company to terminate this Services Agreement or the provision of any Service under it at any time.

9 RESOLUTION OF DISPUTES AND NOTICES

The Parties agree that Clause 28 (Dispute Resolution) of the Operational Agreement shall apply to the resolution of any dispute under this Services Agreement and the provisions of Clause 28 are hereby incorporated into this Services Agreement.

10 ILLEGALITY

- 10.1 If any provision of this Services Agreement (or part of a provision) is found by any court or administrative body of competent jurisdiction to be invalid, unenforceable or illegal, the other provisions shall remain in force.
- 10.2 If any invalid, unenforceable or illegal provision would be valid, enforceable or legal if some part of it were deleted or modified, the provision shall apply with whatever modification is necessary to give effect to the commercial intention of the Parties.

11 FORCE MAJEURE

- 11.1 No Party shall be in breach of this Services Agreement or any part thereof if there is any total or partial failure of performance by it or its duties or obligations under this Services Agreement occasioned by act of God, natural disaster, fire, act or intervention of government or state riot or civil commotion, insurrection or industrial dispute of whatever nature or any other reason beyond the control of a Party.
- 11.2 If a Party is unable to perform any of its duties or obligations under this Services Agreement as a direct result of the effect of one of the reasons detailed in Clause 11.1 that Party shall give written notice to the other of the inability stating the reason.
- 11.3 Following service of a notice under Clause 11.2, the operation of this Services Agreement or the relevant part of the Services Agreement shall be suspended during the period (and only during the period) in which such reason continues and forthwith upon such reason ceasing to exist the Party relying upon it shall give written notice to the other of this fact, provided that if the reason continues for a period of more than 90 days and substantially affects the commercial basis, financial viability or practicality of this Services Agreement the Party not claiming relief under this Clause shall have the right to terminate this Services Agreement upon giving 30 days written notice of such termination to the other Party.

12 ASSIGNMENT

- 12.1 The Council may assign its rights under this Services Agreement at any time.
- 12.2 The Company may only assign its rights under this Services Agreement with the prior written consent of the Council.

13 INCORPORATION OF TERMS FROM THE OPERATIONAL AGREEMENT

- 13.1 The following terms of the Operational Agreement (as amended from time to time) apply and are incorporated into this Services Agreement:
- 13.1.1 Clause 11 (Confidentiality);
 - 13.1.2 Clause 12 (Information, Scrutiny and Accountability);
 - 13.1.3 Clause 16 (Variation and Waiver);
 - 13.1.4 Clause 17 (Costs);
 - 13.1.5 Clause 18 (No Partnership);

- 13.1.6 Clause 19 (Good Faith);
- 13.1.7 Clause 20 (Third Party Rights);
- 13.1.8 Clause 21 (Notice);
- 13.1.9 Clause 22 (Interest on Late Payment);
- 13.1.10 Clause 27 (Governing Law and Jurisdiction).

13.2 References in the provisions of the Operational Agreement listed at Clause 13.1 to “Agreement” are to be read for the purposes of this Services Agreement as references to “Services Agreement”. References to “Company” and “Council” in this Services Agreement and the Operational Agreement have the same meaning.

EXECUTED and delivered as a deed at the date specified at the beginning of this Services Agreement.

The COMMON SEAL of

MAIDSTONE BOROUGH COUNCIL

was affixed to this Agreement in the presence of:

.....

Executed as a DEED by **MAIDSTONE PROPERTY HOLDINGS LIMITED** acting by

[.....], a director and [.....], a director

.....

Director

.....

Director

DRAFT

SCHEDULE A
SERVICES DESCRIPTION

SERVICES to be provided by the Council to the Company are:

Legal

- To be provided by the Mid Kent Legal Partnership (MKLS).
- To include all areas of work provided by MKLS, except in any instance when MKLS and the Company agree that the work should be outsourced, because of lack of internal resource or specialist knowledge.
- All work for the Company will be charged at the same hourly rate in force at any time for work which MKLS carries out for the Council.

Finance

- To maintain the accounting records of the Company, including related financial accounting systems
- To process all payments and receipts
- To prepare regular quarterly monitoring reports for the Company, reporting to the Board of Directors and for the Council, reporting to the Policy & Resources Committee
- To liaise with the Company's external accountants

Directors

1. **The Company Directors time spent (re-charge for Council officer time):**
 - To attend company meetings;
 - To fulfil the statutory responsibilities of a director;
 - To commission goods and services on behalf of the Company
 - To liaise with the management provider on operational matters.

2. **The Council Representative**
 - To represent the Council at meetings of the Company
 - To advise the Company from a shareholder perspective

- To report to the Council, through Policy & Resources Committee on activities of the Company

Democratic Services

- To be provided by the Democratic and Electoral Services Team.
- To provide administrative support for all formal meetings of the Company's Board including minutes, agendas and arranging meetings.
- To undertake the company secretary role for the Company.
- All work for the Company will be charged at an hourly rate.

Property Management:

The Company has entered into an arrangement with Sibley Pares to provide the marketing and residential management of Lenworth House and Grenada House.

The services provided by Sibley Pares include:

- marketing and letting of vacancies;
- rent collection;
- property inspection and tenancy liaison;
- receiving maintenance requests from residents;
- liaising with the Company and the Council's Housing Service concerning repairs;
- payment of utilities;
- compliance with gas safety certificates.

The Council's Housing Service provides the Company with an interface and contract management of the agreement between Sibley Pares and the Company.

Sibley Pares charges the Company a fee incorporated into the agreement between the Company and Sibley Pares dated 1 February 2019.

The Council's Housing Service will charge the Company a fee calculated as an hourly rate based on each officer's time utilised in contract management.

SCHEDULE B

PART I

1. Calculation of the Price

The Price will be a reasonable, fair and consistent price as determined by the Council from time to time as part of its budget-setting processes.

PART II

Procedure for Payment of the Price

1. The budgetary Price shall be payable monthly in arrears by the Company to the Council
2. The final adjustment charge / credit must be paid by the Company to the Council by 30th June each year.

SCHEDULE C

DATA PROTECTION

In this Schedule C the following additional definitions shall apply:

“Data Protection Legislation”	means the Data Protection Act 2018, as amended, replaced or superseded from time to time including by the GDPR. This definition also includes all guidance, standards and codes of practice published by the Information Commissioner’s Office, or any replacement body, which relate to data protection;
“GDPR”	means the General Data Protection Regulation 2016/679;
“Personal Data”	has the meaning set out in Article 4 of the GDPR and relates only to personal data supplied by one party to another under this Services Agreement, or which is collected or generated in the performance of services delivered pursuant to this Services Agreement;
Controller, Data Subject, Personal Data Breach, Processor, and Process(ing) have the meaning assigned to them in the GDPR.	

1. The Parties acknowledge that for the purposes of this Services Agreement either of them could be the Controller or the Processor of Personal Data. The parties set out in Annex 1 and Annex 2 (as may be varied from time to time in accordance with paragraph 2 below) to this Schedule C the different types of Personal Data that they are the Processor of and the basis, as at the date of this Agreement that they process that Personal Data. The terms of this Schedule C shall apply and references to Processor or to Controller are to the Processor or Controller for the purposes of the Personal Data in question.
2. The Processor shall process Personal Data only on documented instructions from the Controller, to the extent that is necessary for the purposes and in the manner specified in such documented instructions. Annexes 1 and 2 shall constitute the first such documented instructions and the Controller shall have the right to amend such table unilaterally by giving new documented instructions.

3. If the Processor is required by law to process the Personal Data in a manner which is not specified by the Controller in accordance with paragraph 2 above, the Processor must inform the Controller about such legal requirement in writing promptly upon discovering it. The Processor shall under no circumstances process Personal Data in such manner before it gives written notice to the Controller unless the same law prohibits notification on important grounds of public interest.
4. The Processor will keep records of any processing of Personal Data it carries out on behalf of the Controller which are sufficient to demonstrate compliance by the Controller and the Processor with the Data Protection Legislation, and which shall include as a minimum the information referred to in article 30 of the GDPR.
5. The Processor agrees to:
 - a. promptly comply with the Controller's written instructions and requirements from time to time, including in particular requests to amend, delete or transfer data;
 - b. immediately inform the Controller if the Processor thinks that it has been given an instruction which does not comply with Data Protection Legislation;
 - c. abide by the Controller's data protection policy as it may be updated from time to time;
 - d. act in a manner that ensures that at all times the Controller is compliant with Data Protection Legislation, including in particular articles 32, 33, 34, 35 and 36 of the GDPR, as well as to fully cooperate with and assist the Controller to ensure that the Controller is compliant;
 - e. upon request, provide the Controller with all the information that the Controller needs to show that both the Controller and the Processor have met the data protection obligations set out in this agreement and especially article 28 of the GDPR;
 - f. fully cooperate and assist the Controller to give effect to the rights of Data Subjects, by having appropriate technical and organisational measures in place.
6. If the Processor receives any complaint, request (including a subject access request), notice or communication which relates directly or indirectly to the Personal Data or to either Party's compliance with Data Protection Legislation, it shall immediately forward it to the Controller and shall provide the Controller with full information, co-operation and assistance in relation to any such complaint, request, notice or

communication, as the Controller may require. The Processor shall not respond to any such request or otherwise deal with it except as instructed by the Controller.

7. Personal Data is to be treated as Confidential Information (as that term is defined in Clause 11 of the Operational Agreement). The Processor shall ensure that all persons involved in the processing of Personal Data are reliable and are under a duty to keep the Personal Data confidential. Access to the Personal Data shall be limited to individuals who need to know and/or access the relevant Personal Data for the purposes of this Services Agreement.
8. The Processor undertakes to, taking into account the state of the art, the costs of implementation and the nature, scope, context and purposes of processing as well as the risk (which may be of varying likelihood and severity) for the rights and freedoms of natural persons, implement appropriate technical and organisational measures to effectively keep the Personal Data secure and implement the principles of data protection by design and by default. Security measures should:
 - a. to the greatest extent possible involve pseudonymisation and encryption of Personal Data;
 - b. ensure the ongoing confidentiality, integrity, availability and resilience of Processing systems and the Services;
 - c. be able to restore the availability and access to Personal Data in a timely manner in the event of a physical and technical incident;
 - d. include regular testing, assessing and evaluating of effectiveness of technical and organisational measures to ensure security of Processing in the manner required by article 32 of the GDPR and any relevant guidance and codes
9. In assessing the appropriate level of security the Processor shall take into account in particular the risks that are posed by the Processing as well as those of a potential Personal Data Breach.
10. The Processor shall notify the Controller about any Personal Data Breach immediately upon discovering the breach, which notification shall:
 - a. describe the nature of the breach including the categories and number of Data Subjects and records concerned;
 - b. communicate the name and contact details of all persons from whom more information can be obtained about the breach;
 - c. describe the likely consequences of the breach;

- d. describe the measures taken by the Processor and the measures which the Processor proposes to be taken by the Controller to address the Personal Data Breach and mitigate its possible adverse effects.
11. Where any Personal Data is lost or destroyed or becomes damaged, corrupted, or unusable the Processor will restore such Personal Data at its own expense.
 12. If a Personal Data Breach occurs the Processor shall co-operate with the Controller and take all reasonable steps as are directed by the Controller to assist in the containment, mitigation, remediation and investigation of such Personal Data Breach.
 13. The Processor shall not subcontract any of its processing operations performed on behalf of the Controller under this agreement without the prior written consent of the Controller.
 14. Where the Processor wishes to appoint a **Subprocessor** the Processor shall make a request in writing to the Controller and provide the Controller with evidence that the proposed Subprocessor is capable of performing the obligations of the Processor under this agreement and under Data Protection Legislation.
 15. The Controller may require the Processor to provide it with any additional evidence the Controller may require and the Controller shall have no obligation to grant consent under this clause.
 16. Any appointment of a Subprocessor shall be made on the basis of a written agreement which imposes on the Subprocessor the same obligations which are imposed on the Processor under this Services Agreement, and which permits the Controller to enforce such obligations directly against the Subprocessor (and to exercise the rights of the Processor directly against the Subprocessor).
 17. The appointment of a Subprocessor shall not relieve the Processor from any of its obligations under this Services Agreement and where the Subprocessor fails to fulfil its obligations the Processor shall remain fully liable to the Controller for the performance of the Subprocessor's obligations.
 18. The Processor shall not transfer Personal Data outside the European Economic Area without the prior written consent of the Controller.
 19. If a transfer of Personal Data from the Controller to the Processor constitutes a transfer of Personal Data outside the European Economic Area, the Parties agree to be bound, and such transfer shall be governed by the standard contractual clauses contained in the European Commission Decision 2010/87/EU or any replacement standard contractual clauses which may be approved by the European Commission or the Information Commissioner's Office, unless the Parties agree to rely on and

comply alternative conditions for transferring Personal Data outside the European Economic Area under Chapter V of the GDPR. References therein to the data exporter shall be construed as references to the Controller and references to the data importer shall be construed as references to the Processor.

20. The Controller or persons nominated by it shall be entitled to inspect and audit the Processor's premises, facilities, equipment, records, documents and electronic data relating to the processing of Personal Data, and to audit the Processor's processes, for the purpose of ensuring compliance by the Processor with its data protection obligations, including its obligations under this agreement. The Processor shall cooperate with the Controller in carrying out such inspections and audits and shall ensure that all persons involved in the processing of personal data are available to be interviewed by the Controller.
21. The Processor shall indemnify the Controller against all liability, loss, damage and expense of whatsoever nature incurred or suffered by the Controller due to any failure by the Processor or its employees, agents or Subprocessors to comply with any of its obligations under this Services Agreement and/or under Data Protection Legislation.
22. Upon the termination or expiry of this Services Agreement the Processor shall, at the choice of the Controller, return all the Personal Data and/or irretrievably delete the Personal Data in accordance with the instructions of the Controller, unless the Processor is required to retain the Personal Data by law.
23. The provisions of this Schedule shall continue in effect notwithstanding the termination or expiry of this Services Agreement.
24. Nothing in this Agreement shall relieve the Processor of its own direct responsibilities and liabilities under the Data Protection Legislation

Annex 1 to Schedule C – Data Processing Activities (Council)

The Council as Processor shall Process Personal Data only to the extent that is necessary for the purposes specified in the table below (and not for any other purpose) and only in the specified manner:

Description of Personal Data and categories of Data Subjects	Method and purpose of Processing	Duration

The above table can be unilaterally modified by the Company as Controller from time to time by giving notice to the Council in writing.

Annex 2 to Schedule 6 – Data Processing Activities (Company)

The Company as Processor shall Process Personal Data only to the extent that is necessary for the purposes specified in the table below (and not for any other purpose) and only in the specified manner:

Description of Personal Data and categories of Data Subjects	Method and purpose of Processing	Duration

The above table can be unilaterally modified by the Company as Controller from time to time by giving notice to the Provider in writing.

Appendix 5:

Proposed addition to the Terms of
Reference of Policy and Resources Committee

Proposed Addition to the Terms of Reference of Policy and Resources Committee

Functions	Delegations of Functions
To be responsible for exercising the Council's functions as shareholder in Maidstone Property Holdings Limited to include making all Shareholder decisions.	Director of Finance and Business Improvement
To receive all reports to the Council as shareholder from the Company	

MAIDSTONE BOROUGH COUNCIL

COUNCIL

18 DECEMBER 2019

REPORT OF THE POLICY AND RESOURCES COMMITTEE HELD ON 18 SEPTEMBER 2019

COUNCIL TAX REDUCTION SCHEME 2020-2021

Issue for Decision

Each year the Full Council has to approve the Council Tax Reduction Scheme for the following year.

Where there are changes proposed, it is necessary for a public consultation to take place, requiring an early decision on any proposed changes.

This report recommends there are no changes to the current scheme for 2020-2021 for the reasons set out below.

Recommendation Made

That the 2019-2020 Council Tax Reduction Scheme be carried forward to 2020-2021 with no changes to the scheme.

Reasons for Recommendation

The Council Tax Reduction Scheme was introduced in April 2013 as a replacement for Council Tax Benefit, a national scheme administered on behalf of the Department for Works and Pensions.

When the government gave responsibility to local government to introduce a local scheme, funding in the form of a grant was cut by 10%. Government also protected the entitlement of elderly claimants meaning the reduction for working age population was in the region of 20%.

Councils introduced a local scheme which each year must be approved by Full Council.

The scheme is 'underpinned' by the Kent-wide agreement, which recognises that all Kent districts (as the billing authorities) will seek to have a common 'platform'.

Councils in Kent have, or are in the planning stages of implementing, a banded scheme.

Any changes to the scheme for any year have to be subject to public consultation before being approved.

The current scheme for 2019-2020 was approved by Full Council in December 2018 with no changes being made.

With changes within the welfare system, the current scheme is becoming outdated, promoting consideration across Kent of a simpler banded scheme.

Whilst further analysis is being undertaken to model the impact of moving to a banded scheme, it is proposed that no changes are made for 2020-2021 for the following reasons:

- Universal Credit went live in November 2018 and the current financial year 2019-2020 is the first full financial year to assess the impact of the changes for households in receipt of welfare benefits;
- Simplified schemes are being introduced across the country and the impact for claimants and costs associated can be better measured using the knowledge gained from other authorities; and
- Time needs to be spent modelling any changes to the current scheme. We will be able to use detailed and accurate data from software that has become available, but this could not be completed in time for implementation in 2020-2021.

Alternatives Considered and Why Not Recommended

Two alternative options were considered as follows:

Option 1 – Move to a new scheme. The problems with implementing a new scheme for 2020-2021 are detailed above.

Option 2 – Revise the current scheme. Whilst work is being undertaken to model the impact of moving to a simpler banded scheme, the current scheme is held to be effective. Should the Council seek to make any changes to the current scheme those changes would need to be modelled and a public consultation completed. It would not be possible to undertake a meaningful consultation in the time available.

As the proposed 2020-2021 scheme is unchanged from the current year 2019-2020, and consultation took place previously, no further consultation is necessary.

The Council Tax Reduction Scheme for 2020-2021 is attached as Appendix 1.

Background Documents

None

Appendices

Appendix 1: Council Tax Reduction Scheme 2020-2021

COUNCIL TAX REDUCTION SCHEME 2020-2021



Council Tax Reduction Scheme

S13A and Schedule 1a of the Local Government Finance Act 1992

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1.0 Introduction to the Council Tax Reduction Scheme

- 1.1 The following has been adopted by the Council and details the Council Tax Reduction scheme for the period 1st April 2020 until 31st March 2021.
- 1.2 This document details how the scheme will operate for both pension credit age and working age applicants and in accordance with Section 13A of the Local Government Finance Act 1992 specifies the classes of person who are to be entitled to a reduction under the scheme and is effective from 1st April 2020 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 (Prescribed Requirements) (England) (Amendment) Regulations 2017:
 - The Council Tax Reduction Schemes (Prescribed Requirements) (England) (Amendment) Regulations 2018;
 - The Council Tax Reduction Schemes (Prescribed Requirements) (England) (Amendment) Regulations 2019: and
 - Local Government Finance Act 1992 (as amended by the Local Government Finance Act 2012).

The Council has **no** discretion in relation to the calculation of Council Tax Reduction in respect of the pension age scheme.

THE SCHEME FOR PENSION AGE APPLICANTS – CENTRAL GOVERNMENT’S SCHEME AS DEFINED BY THE COUNCIL TAX REDUCTION SCHEME (PRESCRIBED REQUIREMENTS) (ENGLAND) REGULATIONS 2012

- 1.4 There are three main classes under the prescribed pension credit age scheme, for each of which there are a number of qualifying criteria. In all cases individuals must not be of a prescribed class exempted from reduction, such as a person subject to immigration control with limited leave to remain. The definition of a pension credit age person is a person who;
- (a) has attained the qualifying age for state pension credit; and
 - (b) is not, or, if he has a partner, his partner is not;
 - i. a person on income support, on an income-based jobseeker’s allowance or on an income-related employment and support allowance; or
 - ii. a person with an award of universal credit

The three prescribed classes are as follows;

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

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

- (a) who is for that day liable to pay council tax in respect of a dwelling of which he is a resident;
- (b) who, subject to paragraph 5 of Schedule 1 of the Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012, is not absent from the dwelling throughout the day;
- (c) in respect of whom a maximum Council Tax Reduction amount can be calculated;
- (d) 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;
- (e) 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;
- (f) not have capital savings above £16,000; and
- (g) 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;
- (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 Local Government Finance Act 1992 and excluded from the authority's scheme;
- (e) 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;
- (f) 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 $2 \frac{6}{7}$ 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 (Second Adult 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 as amended) to disregard in full the following:
- (a) a war disablement pension;
 - (b) a war widow's pension or war widower's pension;
 - (c) a pension payable to a person as a widow, widower or surviving civil partner under any power of Her Majesty otherwise than under an enactment to make provision about pensions for or in respect of persons who have been disabled or have died in consequence of service as members of the armed forces of the Crown;
 - (d) a guaranteed income payment;
 - (e) a payment made to compensate for the non-payment of such a pension or payment as is mentioned in any of the preceding sub-paragraphs;
 - (f) a pension paid by the government of a country outside Great Britain which is analogous to any of the pensions or payments mentioned in sub-paragraphs (a) to (d) above;
 - (g) pension paid to victims of National Socialist persecution under any special provision made by the law of the Federal Republic of Germany, or any part of it, or of the Republic of Austria;
 - (h) an Armed Forces Compensation Payment.

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 a means test, which compares income against an assessment of *applicable amounts* (unless otherwise stated). 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 **three** classes of persons who will receive a reduction in line with

adopted scheme. There will be *two* main classes prescribed for, for each of which there will be a number of 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 credit¹; 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 Reduction² amount can be calculated;
- (g) not have capital savings above £16,000³;
- (h) be a person in respect of whom a day in which s/he is liable to pay council tax falls within a week in respect of which the person's *income*⁴ is **less** than their *applicable amount*⁵ or the applicant or partner is in receipt of income support, jobseekers allowance (income based) or employment and support allowance (income related); and
- (i) has made a valid application for reduction⁶.

Maximum Council Tax Reduction stated above is defined within section 57 of this scheme

Class E

To obtain reduction the individual (or partner) must:

- (a) have not attained the qualifying age for state pension credit⁷; 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) 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 or on an income-related employment and support allowance or in receipt of an award Universal Credit;
- (d) be liable to pay council tax in respect of a dwelling in which they are solely or mainly resident;
- (e) is not deemed to be absent from the dwelling;
- (f) 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;
- (g) be somebody in respect of whom a maximum Council Tax Reduction⁸ amount can be calculated;
- (h) not have capital savings above £16,000⁹;
- (i) be a person in respect of whom a day in which s/he is liable to pay council tax falls within a week in respect

¹ Section 5 of this scheme

² Sections 57 to 63 of this scheme

³ Sections 33 to 42 and Schedule 5 of this scheme

⁴ Sections 15 to 32 and Schedules 3 and 4 of this scheme

⁵ Sections 12 to 14 and Schedule 1 of this scheme

⁶ Sections 68 to 74a of this scheme

⁷ Section 5 of this scheme

⁸ Sections 57 to 63 of this scheme

⁹ Sections 33 to 42 and Schedule 5 of this scheme

- of which the person's *income*¹⁰ is **more** than their *applicable amount*¹¹;
- (j) have made a valid application for reduction¹²;
 - (k) be a person 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.

Maximum Council Tax Reduction stated above is defined within section 57 of this scheme.

Class F

To obtain reduction the individual must:

- a. have not attained the qualifying age for state pension credit¹³; 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 or on an income-related employment and support allowance or in receipt of an award universal credit;
- c. be liable to pay council tax in respect of a dwelling in which they are solely or mainly resident;
- d. is not deemed to be absent from the dwelling;
- e. 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;
- f. be somebody in respect of whom a maximum Council Tax Reduction¹⁴ amount can be calculated;
- g. have made a valid application for reduction¹⁵;
- h. be somebody who has at least one second adult living with them who is not his partner, not somebody who pays rent, and who is on a *prescribed* low wage and/or *prescribed* benefit, as set out in within sections 62 and 63 and schedule 2 of this scheme.

Maximum Council Tax Reduction stated above is defined within section 57 of this scheme

¹⁰ Sections 15 to 32 and Schedules 3 and 4 of this scheme

¹¹ Sections 12 to 14 and Schedule 1 of this scheme

¹² Sections 68 to 74a of this scheme

¹³ Section 5 of this scheme

¹⁴ Sections 57 to 63 of this scheme

¹⁵ Sections 68 to 74a of this scheme

Council Tax Reduction Scheme

Details of reduction to be given for **working age applicants** for the financial year 2020/21

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;

'alternative maximum council tax reduction' (Second Adult Rebate) means the amount determined in accordance with section 62 and Schedule 2

'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

'applicable amount' means the amount determined in accordance with schedule 1 of this scheme

'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 and Council tax reduction (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;

'converted employment and support allowance' means an employment and support allowance which is not income-related and to which a person is entitled as a result of a conversion decision within the meaning of the Employment and Support Allowance (Existing Awards) Regulations 2008;

'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 25 or, as the case may be, 27;

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

'electronic communication' has the same meaning as in section 15(1) of the 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'**;

'employment zone' means an area within Great Britain designated for the purposes of section 60 of the Welfare Reform and Pensions Act 1999 and 2014 and an **'employment zone programme'** means a programme established for such an area or areas designed to assist applicants for a jobseeker's allowance to obtain sustainable employment;

'employment zone contractor' means a person who is undertaking the provision of facilities in respect of an employment zone programme on behalf of the Secretary of State for Work and Pensions;

'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 60;

'extended reduction period' means the period for which an extended reduction is payable in accordance with section 60A or 61A of this scheme;

'extended reduction (qualifying contributory benefits)' means a payment of council tax reduction payable pursuant to section 61;

'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;

'mobility supplement' means a supplement to which paragraph 9 of Schedule 4 refers;

'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 26;

'net profit' means such profit as is calculated in accordance with section 28;

'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;

'new dwelling' means, for the purposes of the definition of 'second authority' and sections 60C, and 61C the dwelling to which a applicant has moved, or is about to move, in which the applicant is or will be resident;

'non-dependant' has the meaning prescribed in section 3;

'non-dependant deduction' means a deduction that is to be made under section 58;

'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 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 2004¹⁶;
- (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;
- (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;

'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;

'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–

¹⁶ As amended by the Finance Act 2014

- (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.); or
- (c) the Employment, Skills and Enterprise 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) 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

'single applicant' means an applicant who neither has a partner nor is a lone parent;

'the Skipton Fund' means the ex-gratia payment scheme administered by the Skipton Fund Limited, incorporated on 25th March 2004, for the benefit of certain persons suffering from hepatitis C and other persons eligible for payment in accordance with the scheme's provisions.

'special account' means an account as defined for the purposes of Chapter 4A of Part 8 of the Jobseeker's Allowance Regulations or Chapter 5 of Part 10 of the Employment and Support Allowance Regulations;

'sports award' means an award made by one of the Sports Councils named in section 23(2) of the National Lottery etc Act 1993 out of sums allocated to it for distribution under that section;

'the SSCBA' means the Social Security Contributions and Benefits Act 1992

'State Pension Credit Act' means the State Pension Credit Act 2002;

'student' has the meaning prescribed in section 43;

'subsistence allowance' means an allowance which an employment zone contractor has agreed to pay to a person who is participating in an employment zone programme;

'support or reduction week' means a period of 7 consecutive days commencing upon a Monday and ending on a Sunday;

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

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

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

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

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

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

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

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

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

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

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

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

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

'water charges' means;

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

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

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

'Working Tax Credit Regulations' means the Working Tax Credit (Entitlement and Maximum Rate) Regulations 2002 as amended¹⁷; 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 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

¹⁷ The Working Tax Credit (Entitlement and Maximum Rate) (Amendment) Regulations 2013; The Working Tax Credit (Entitlement and Maximum Rate) (Amendment) Regulations 2015

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 policy, '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 reduction scheme.

4.0 Requirement to provide a National Insurance Number¹⁸

4.1 No person shall be entitled to reduction 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 reduction.

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

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

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;
 - (iii) is a person from abroad for the purposes of this scheme; and
 - (iv) 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:

- (a) he has 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;
 - (i) a person on income support, on income-based jobseeker's allowance or an income-related employment and support allowance; or
 - (ii) a person with an award of universal credit.

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 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);

¹⁸ Inserted by Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012

(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 in any reduction week 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 or Article 6 of Council Directive 2004/38/EC;
 - (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;
- (ab) Article 45 of the Treaty on the functioning of the European Union (in a case where the person is seeking work in the United Kingdom, the Channel Islands, the Isle of Man or the Republic of Ireland); or
- (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 (4A) of that regulation or Article 20 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).

7.5 A person falls within this paragraph if the person is–

- (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) within the meaning of regulation 7(1)(a), (b) or (c) of the EEA Regulations;
- (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;
- (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 1971¹⁹ where that leave is–
 - (i) discretionary leave to enter or remain in the United Kingdom,
 - (ii) leave to remain under the Destitution Domestic Violence concession which came into effect on 1st April 2012, or
 - (iii) leave deemed to have been granted by virtue of regulation 3 of the Displaced Persons (Temporary Protection) Regulations 2005.
- (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;
- (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) or
- (i) a person who is treated as a worker for the purpose of the definition of "qualified person" in regulation 6(1) of the EEA Regulations pursuant to regulation 5 of the Accession of Croatia (Immigration and Worker Authorisation) Regulations 2013 (right of residence of a Croatian who is an "accession State national subject to worker authorisation")

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

¹⁹ As amended by the Immigration Act 2014 and the Immigration Act 2014 (Commencement No. 2) Order 2014

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 Her 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; and and the The Immigration (European Economic Area) (Amendment) (No. 2) Regulations 2014; and
“Her 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.

Transitional provision

7.12 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.

7.13 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.

7.14 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 reduction 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.
- 8.4 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.
- 8.5 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.
- 8.6 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
- (d) close relative of a child or young person for whom the person or their partner is responsible;
 - (i) the person intends to return to occupy the dwelling as his home; and
 - (ii) the part of the dwelling normally occupied by the person has not been let or, as the case may be, sub-let.

8.7 person to whom paragraph (8.6) 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.

8.8 The period of absence in paragraph (8.7) 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

8.9 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.

8.10 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

8.11 Where paragraph 8.10 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

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

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

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

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

- 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 be entitled to an award of Universal Credit; or
 - (c) a person to whom section 6 of the Children (Leaving Care) Act 2000 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 in any reduction week and any person other than the one treated as responsible for the child or young person under this section shall be treated as not so responsible.

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 2002²⁰ 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 in any reduction week where;

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

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)

²⁰ The Adoption and Children Act 2002 (Commencement No. 12) Order 2014

Act 1978, the Family Law Act 1986, the Children Act 1989, the Children (Scotland) Act 1995 and the Legal Aid, Sentencing and Punishment of Offenders Act 2012 as amended.

Sections 12 - 14 & Schedule 1
Applicable Amounts for Council Tax Reduction purposes

12.0 Applicable amounts

- 12.1 Subject to sections 13 and 14, an applicant's weekly applicable amount shall be aggregate of such of the following amounts as may apply in his case:
- (a) an amount in respect of himself or, if he is a member of a couple, an amount in respect of both of them, determined in accordance with paragraph 1 as the case may be, of Schedule 1 of this scheme;
 - (b) an amount determined in accordance with paragraph 2 of Schedule 1 of this scheme in respect of any child or young person who is a member of his family;
 - (c) if he is a member of a family of which at least one member is a child or young person, an amount determined in accordance with paragraph 3 of Schedule 1 (family premium). **No family premium will be awarded where an application for reduction is received on or after 1st April 2017 or where the applicant would have become entitled to the family premium on or after 1st April 2017**
 - i) Sub paragraph (c) shall not apply to a person who, on 31st March 2017, is entitled to Council Tax Reduction and is:
 - (a) a member of a family of which at least one member is a child or young person; or
 - (b) a partner in a polygamous marriage, where he or she, or another partner of the polygamous marriage, is responsible for a child or young person who is a member of the same household.
 - (ii) (i) above does not apply if–
 - (a) sub-paragraph 12.1 c (i) (a) or (b) of that paragraph ceases to apply; or
 - (b) the person makes a new claim for Council Tax Reduction.
 - (iii) For the purpose of this section "child", "polygamous marriage" and "young person" have the same meaning as in section 2 of this scheme;
 - (d) the amount of any premiums which may be applicable to him, determined in accordance with paragraphs 4 to 16 of Schedule 1 of this document (premiums).
 - (e) the amount of either the
 - i. work-related activity component; or
 - ii. support component which may be applicable to him in accordance with paragraph 17 and 18 of Schedule 1 of this document (the components)
 - (f) the amount of any transitional addition which may be applicable to him in accordance with paragraph 19 to 20 of Schedule 1 of this scheme (transitional addition).

13.0 Polygamous marriages

- 13.1 Subject to section 14, where an applicant is a member of a polygamous marriage, his weekly applicable amount shall be the aggregate of such of the following amounts as may apply in his case:
- (a) the amount applicable to him and one of his partners determined in accordance with paragraph 1 of Schedule 1 of this scheme as if he and that partner were a couple;
 - (b) an amount equal to the amount within paragraph 1 (3) (c) of Schedule 1 of this scheme in respect of each of his other partners;
 - (c) an amount determined in accordance with paragraph 2 of Schedule 1 of this scheme (applicable amounts) in respect of any child or young person for whom he or a partner of his is responsible and who is a member of the same household;
 - (d) if he is a member of a family of which at least one member is a child or young person, an amount determined in accordance with paragraph 3 of Schedule 1 (family premium). **No family premium will be awarded where an application for reduction is received on or after 1st April 2017 or where the applicant would have become entitled to the family premium on or after 1st**

April 2017.

i) Sub paragraph (d) shall not apply to a person who, on 31st March 2017, is entitled to Council Tax Reduction and is:

- (a) a member of a family of which at least one member is a child or young person; or
- (b) a partner in a polygamous marriage, where he or she, or another partner of the polygamous marriage, is responsible for a child or young person who is a member of the same household.

(i) above does not apply if–

- (a) sub-paragraph 13.1 d (i) (a) or (b) of that paragraph ceases to apply; or
- (b) the person makes a new claim for Council Tax Reduction.

(ii) For the purpose of this section "child", "polygamous marriage" and "young person" have the same meaning as in section 2 of this scheme;

- (e) the amount of any premiums which may be applicable to him determined in accordance with paragraphs 4 to 16 of Schedule 1 of this scheme (premiums)
- (f) the amount of either the;
 - (i) work-related activity component; or
 - (ii) support component which may be applicable to him in accordance with paragraph 17 and 18 of Schedule 1 (the components).
- (g) the amount of any transitional addition which may be applicable to him in accordance with paragraphs 19 and 20 of Schedule 1 of this scheme (transitional addition)

14.0 Applicable amount: persons who have an award of universal credit

14.1 In determining the applicable amount for a week 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 maximum amount of the applicant, or the applicant and his partner jointly (as the case may be), subject to the adjustment described in sub-paragraph (2).

14.2 The adjustment referred to in sub-paragraph (1) is to multiply the maximum amount by 12 and divide the product by 52.

14.3 In this paragraph "maximum amount" means the maximum amount calculated by the Secretary of State in accordance with section 8(2) of the Welfare Reform Act 2012

Sections 15 - 32 & Schedules 3 & 4

Definition and the treatment of income for Council Tax Reduction purposes

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

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

is to be calculated in accordance with the following provisions.

- 15.2 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.
- 15.3 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.

15A.0 Calculation of income and capital: persons who are not pensioners who have an award of universal credit

- 15A.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 must, 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.
- 15A.2 The authority must 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);
 - (b) any sum to be disregarded under paragraphs of Schedule 3 to this scheme (sums to be disregarded in the calculation of earnings: persons who are not pensioners);
 - (c) any sum to be disregarded under paragraphs of Schedule 4 to this scheme (sums to be disregarded in the calculation of income other than earnings: persons who are not pensioners);
 - (d) section 33 (circumstances in which income and capital of non-dependant is to be treated as applicant's), if the authority determines that the provision applies in the applicant's case;
 - (e) 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).
- 15A.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.
- 15A.4 sections 33 (income and capital of non-dependant to be treated as applicant's) and 52 and 53 (disregards from income) 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)
- 15A.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

15B.0 The calculation of Council Tax Reduction where an applicant is in receipt of Universal Credit - changes in Universal Credit award.

- 15B.1 Where an applicant is in receipt of universal credit, council tax reduction shall be based on their award of universal credit (subject to paragraph 15B.4) for a period of up to six calendar months from the initial date of that award ('the fixed period'), so long as the applicant is in continually in receipt of universal credit. Any changes in the award of universal credit **only** during that period shall not change the amount of the reduction awarded. The authority has discretion to vary the length of fixed period.
- 15B.2 At the end of the fixed period, if the applicant is still in receipt of universal credit, council tax reduction for a further fixed period for a period of up to six months at the authority's discretion, shall be calculated on the basis of the average monthly award of universal credit over the previous fixed period.
- 15B.3 The average monthly award of universal credit in paragraph 15A shall be calculated as the sum of the individual monthly amounts of universal credit calculated in accordance with paragraph 15A divided by the number of calendar months in that period.
- 15B.4 Paragraphs 15B.1 to 15B.3 shall not apply where the authority considers that a major change in circumstances has occurred. A major change shall include, **but is not limited** to:
- a partner moving into or leaving the household; or
 - the applicant enters new employment or self-employment; or
 - the applicant's employment or self-employment ceases; or
 - the applicant has an increase in employment of 5 hours or more per week; or
 - the death of a spouse or any member of the applicant's household who normally resides with them.

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

- 16.1 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.
- 16.2 Where an applicant is treated as possessing capital and income belonging to a non-dependant under paragraph 16.1 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.

17.0 Calculation of income on a weekly basis

- 17.1 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;
- (a) 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;

- (b) by adding to that amount the weekly income calculated in line with regulation 52 of the Housing Benefit Regulations 2006 (calculation to tariff income from capital); 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 subparagraph (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.

17.2 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 child care charges or whichever of the deductions specified in paragraph (3) otherwise applies in his case; and
- (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.

17.3 The maximum deduction to which paragraph 17.1 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).

17.4 For the purposes of paragraph 17.1 'income' includes capital treated as income under section 31 (capital treated as income) and income, which an applicant is treated as possessing under section 32 (notional income).

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 day care 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 2013 as appropriate;
- (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 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 (v) above;

(ix) main phase employment and support allowance;

- (g) a pension or allowance to which head (ii), (iv), (v) or (vi) 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 18.11(d) applies to the applicant, if he then ceases, for a period of 56 days or less, to be incapable, or to be treated as incapable, of work, that paragraph shall, on his again becoming so incapable, or so treated as incapable, of work at the end of that period, immediately thereafter apply to him for so long as he remains incapable, or is treated as remaining incapable, of work.

18.12A For the purposes of paragraph 18.11, once paragraph 18.11(e) 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 they are 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 (effective from 5/4/2015) 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) the person is 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 Average weekly earnings of employed earners

- 19.1 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 19.1a (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.
- 19.2 Where the applicant has been in his employment for less than the period specified in paragraph 19.1(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.
- 19.3 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.
- 19.4 For the purposes of this section the applicant's earnings shall be calculated in accordance with sections 25 and 26

20.0 Average weekly earnings of self-employed earners

- 20.1 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.
- 20.2 For the purposes of this section the applicant's earnings shall be calculated in accordance with section 27 to 29 of this scheme

21.0 Average weekly income other than earnings

- 21.1 An applicant's income which does not consist of earnings shall, except where paragraph 18.2 applies, 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; and nothing in this paragraph shall authorise the authority to disregard any such income other than that specified in Schedule 4 of this scheme
- 21.2 The period over which any benefit under the benefit Acts is to be taken into account shall be the period in respect of which that reduction is payable.
- 21.3 For the purposes of this section income other than earnings shall be calculated in accordance with paragraphs 30 to 32 of this scheme

22.0 Calculation of average weekly income from tax credits

- 22.1 This section applies where an applicant receives a tax credit.
- 22.2 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 22.3
- 22.3 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.
- 22.4 For the purposes of this section 'tax credit' means child tax credit or working tax credit.

23.0 Calculation of weekly income

- 23.1 For the purposes of sections 19 (average weekly earnings of employed earners), 21 (average weekly income other than earnings) and 22 (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 quotient by 7.

- 23.2 For the purpose of section 20 (average weekly earnings of self-employed earners) the weekly amount of earnings of an applicant shall be determined by dividing his earnings over the assessment period by the number equal to the number of days in that period and multiplying the quotient by 7.

24.0 Disregard of changes in tax, contributions etc.

- 24.1 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

25.0 Earnings of employed earners

- 25.1 Subject to paragraph 25.2, '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-
 - (g) (i) travelling expenses incurred by the applicant between his home and his place of employment;
 - (ii) expenses incurred by the applicant under arrangements made for the care of a member of his family owing to the applicant's absence from home;
 - (h) any award of compensation made under section 112(4) or 117(3)(a) of the Employment Rights Act 1996 (remedies and compensation for unfair dismissal);
 - (i) any payment or remuneration made under section 28, 34, 64, 68 or 70 of the Employment Rights Act 1996 (right to guarantee payments, remuneration on suspension on medical or maternity grounds, complaints to employment tribunals);
 - (j) any such sum as is referred to in section 112 of the Act (certain sums to be earnings for social security purposes);
 - (k) any statutory sick pay, statutory maternity pay, statutory paternity pay, shared parental pay or statutory adoption pay, or a corresponding payment under any enactment having effect in Northern Ireland;
 - (l) any remuneration paid by or on behalf of an employer to the applicant who for the time being is on

maternity leave, paternity leave, shared parental pay or adoption leave or is absent from work because he is ill;

- (m) the amount of any payment by way of a non-cash voucher which has been taken into account in the computation of a person's earnings in accordance with Part 5 of Schedule 3 to the Social Security (Contributions) Regulations 2001 as amended²¹.

25.2 Earnings shall not include-

- (a) subject to paragraph 25.3, 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 an applicant participating as a service user

25.3 Paragraph 25.2 (a) shall not apply in respect of any non-cash voucher referred to in paragraph 25.1 (m)

26.0 Calculation of net earnings of employed earners

26.1 For the purposes of section 19 (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 26.2, be his net earnings.

26.2 There shall be disregarded from an applicant's net earnings, any sum, where applicable, specified in paragraphs 1 to 14 of Schedule 3.

26.3 For the purposes of paragraph 26.1 net earnings shall, except where paragraph 26.6 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) one-half of any sum paid by the applicant by way of a contribution towards an occupational pension scheme;
- (c) one-half of the amount calculated in accordance with paragraph 26.5 in respect of any qualifying contribution payable by the applicant; and
- (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.

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

26.5 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

²¹ Social Security (Contributions)(Amendment) Regulations 2013, Social Security (Contributions)(Amendment No.2) Regulations 2013 and Social Security (Contributions)(Amendment No.2) Regulations 2013

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.

26.6 Where the earnings of an applicant are estimated under sub-paragraph (b) of paragraph 2) of the section 19 (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 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 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) one-half of 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.

27.0 Earnings of self-employed earners

27.1 Subject to paragraph 27.2, 'earnings', in the case of employment as a self-employed earner, means the gross income of the employment 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.

27.2 'Earnings' shall not include any payment to which paragraph 27 or 28 of Schedule 4 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.

27.3 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 trade mark; 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 trade mark, or an original contributor to the book of work concerned.

27.4 Where the applicant's earnings consist of any items to which paragraph 27.3 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 shall be treated as a corresponding fraction of a week) by dividing the earnings by the amount of council tax reduction which would be payable had the payment not been made plus an amount equal to the total of the sums which would fall to be disregarded from the payment under Schedule 3 (sums to be disregarded in the calculation of earnings) as appropriate in the applicant's case.

28.0 Calculation of net profit of self-employed earners

28.1 For the purposes of section 20 (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 29 (deduction of tax and contributions for self-employed earners); and
 - (ii) one-half of the amount calculated in accordance with paragraph (11) in respect of any qualifying premium.
- 28.2 There shall be disregarded from an applicant's net profit, any sum, where applicable, specified in paragraph 1 to 14 of Schedule 3.
- 28.3 For the purposes of paragraph 28.1 (a) the net profit of the employment must, except where paragraph 28.9 applies, be calculated by taking into account the earnings for the employment over the assessment period less
- (a) subject to paragraphs 28.5 to 28.7, 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 29 (deduction of tax and contributions for self-employed earners); and
 - (c) one-half of the amount calculated in accordance with paragraph (28.11) in respect of any qualifying premium.
- 28.4 For the purposes of paragraph 28.1(b) 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 28.5 to 28.7, any expenses wholly and exclusively incurred in that period for the purposes of the employment.
- 28.5 Subject to paragraph 28.6 no deduction shall be made under paragraph 28.3 (a) or 28.4, 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.
- 28.6 A deduction shall be made under paragraph 28.3 (a) or 28.4 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.
- 28.7 The authority shall refuse to make deduction in respect of any expenses under paragraph 28.3 (a) or 28.4 where it is not satisfied given the nature and the amount of the expense that it has been reasonably incurred.
- 28.8 For the avoidance of doubt-
- (a) deduction shall not be made under paragraph 28.3 (a) or 28.4 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

28.9 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 29 (deduction of tax and contributions for self-employed earners); and
- (c) one-half of the amount calculated in accordance with paragraph 28.1 in respect of any qualifying contribution.

28.10 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.

28.11 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.

28.12 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.

29.0 Deduction of tax and contributions of self-employed earners

29.1 The amount to be deducted in respect of income tax under section 28.1(b)(i), 28.3 b(i) or 28.9 a(i) (calculation of net profit of self-employed earners) or 28A.0 (Minimum Income Floor) shall be calculated on the basis of the amount of chargeable income and as if that income were assessable to income tax at the basic rate of tax applicable to the assessment period less only the personal relief to which the applicant is entitled under section 257(1) of the Income and Corporation Taxes Act 1988 (personal allowances) as is appropriate to his circumstances; but, if the assessment period is less than a year, the earnings to which the basic rate 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.

29.2 The amount to be deducted in respect of national insurance contributions under paragraphs 28.1 1 (b)(i); 28.3 (b)(ii) or 28.9 a 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.

- 29.3 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 (28.3) (a) or, as the case may be, (28.4) of section 28;
 - (b) in the case of employment as a child minder, one-third of the earnings of that employment.

30.0 Calculation of income other than earnings

30.1 For the purposes of section 21 (average weekly income other than earnings), the income of an applicant which does not consist of earnings to be taken into account shall, subject to paragraphs 27.2 to 27.4, be his gross income and any capital treated as income under section 31 (capital treated as income).

30.2 There shall be disregarded from the calculation of an applicant's gross income under paragraph 30.2, any sum, where applicable, specified in Schedule 4.

30.3 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 30.1 shall be the gross amount payable.

30.4 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.

30.5 Where an award of any working tax credit or child tax credit under the Tax Credits Act is subject to a deduction by way of recovery of an overpayment of working tax credit or child tax credit which arose in a previous tax year the amount to be taken into account under paragraph 27.1 shall be the amount of working tax credit or child tax credit awarded less the amount of that deduction.

30.6 In paragraph 30.5 'tax year' means a period beginning with 6th April in one year and ending with 5th April in the next.

30.7 Paragraph 30.8 and 30.9 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.

30.8 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 30.1 in respect of a person to whom paragraph 30.7 applies, shall be calculated by applying the formula-

$$\frac{A - (B \times C)}{D}$$

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, less any deduction under paragraph 51.5

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 under paragraph 51.2 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.

30.9 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 30.1 in respect of a person to whom paragraph (30.8) applies, shall be calculated by applying the formula in paragraph 30.8 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, less any deduction under paragraph 51.5

30.10 In this section— 'academic year' and 'student loan' shall have the same meanings as for the purposes of sections 43 to 45, 'assessment period' means—

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

whichever of those date is earlier

'quarter' in relation to an assessment period means a period in that year beginning on;

- (a) 1st January and ending on 31st March;
- (b) 1st April and ending on 30th June;
- (c) 1st July and ending on 31st August; or
- (d) 1st September and ending on 31st December;

'relevant payment' means either a student loan or an amount intended for the maintenance of dependants referred to in paragraph 46.7 or both.

30.11 For the avoidance of doubt there shall be included as income to be taken into account under paragraph 30.1

- (a) any payment to which paragraph 25.2 (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 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.

31.0 Capital treated as income

31.1 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 33 to 42 of this scheme exceeds £16,000 be treated as income.

- 31.2 Any payment received under an annuity shall be treated as income.
- 31.3 Any earnings to the extent that they are not a payment of income shall be treated as income.
- 31.4 Any Career Development Loan paid pursuant to section 2 of the 1973 Act shall be treated as income
- 31.5 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.

32.0 Notional income

- 32.1 An applicant shall be treated as possessing income of which he has deprived himself for the purpose of securing entitlement of reduction or increasing the amount of that reduction.
- 32.2 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 5 (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 5 refers;
 - (f) rehabilitation allowance made under section 2 of the 1973 Act;
 - (g) child tax credit; or
 - (h) working tax credit,
 - (i) any sum to which paragraph 32.13 applies;
- 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.
- 32.3 – 32.5 Not used
- 32.6 Any payment of income, other than a payment of income specified in paragraph 32.7 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.

- 32.7 Paragraph 32.6 shall not apply in respect of a payment of income made-
- (a) under the Macfarlane Trust, the Macfarlane (Special Payments) Trust, the Macfarlane (Special Payments) (No. 2) Trust, the Fund, the Eileen Trust, MFET Limited, the Skipton Fund, the Caxton Foundation or the Independent Living Fund (2006);
 - (b) pursuant to section 19(1)(a) of the Coal Industry Act 1994 (concessionary coal);
 - (c) pursuant to section 2 of the 1973 Act in respect of a person's participation-
 - (i) in an employment programme specified in regulation 75(1)(a)(ii) of the Jobseeker's Allowance Regulations;
 - (ii) in a training scheme specified in regulation 75(1)(b)(ii) of those Regulations;
 - (iii) in the Intense Activity Period specified in regulation 75(1)(a)(iv) of those Regulations;
 - (iv) in a qualifying course within the meaning specified in regulation 17A(7) of those Regulations or;
 - (v) in the Flexible New Deal specified in regulation 75(1)(a)(v) of those Regulations;
 - (d) in respect of a previous participation in the Mandatory Work Activity Scheme;
 - (e) under an occupational pension scheme, in respect of a pension or other periodical payment made under a personal pension scheme or a payment made by the Board of the Pension Protection Fund where-
 - (i) a bankruptcy order has been made in respect of the person in respect of whom the payment has been made or, in Scotland, the estate of that person is subject to sequestration or a judicial factor has been appointed on that person's estate under section 41 of the Solicitors (Scotland) Act 1980;
 - (ii) the payment is made to the trustee in bankruptcy or any other person acting on behalf of the creditors; and
 - (iii) the person referred to in (i) and any member of his family does not possess, or is not treated as possessing, any other income apart from that payment.
- 32.8 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.
- 32.9 Subject to paragraph 32.10, 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.
- 32.10 Paragraph 32.9 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.

32.10A In paragraph 32.10 (c) 'work placement' means practical work experience which is not undertaken in expectation of payment.

32.11 Where an applicant is treated as possessing any income under any of paragraph 32.1 to (32.8), 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.

32.12 Where an applicant is treated as possessing any earnings under paragraph 32.9 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 except that paragraph (3) of section 26 (calculation of net earnings of employed earners) shall not apply 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 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) one-half of any sum payable by the applicant by way of a contribution towards an occupational or personal pension scheme.

32.13 Paragraphs (32.1), (32.2), (32.6) and (32.9) 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 as a service user

Sections 33 - 42 & Schedule 5

Definition and the treatment of capital for Council Tax Reduction purposes

33.0 Capital limit

- 33.1 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.

34.0 Calculation of capital

- 34.1 For the purposes of this scheme, the capital of an applicant to be taken into account shall, subject to paragraph (34.2), be the whole of his capital calculated in accordance with this scheme and any income treated as capital under section 36 (income treated as capital).
- 34.2 There shall be disregarded from the calculation of an applicant's capital under paragraph (34.1), any capital, where applicable, specified in Schedule 5.

35.0 Disregard of capital of child and young person

- 35.1 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.

36.0 Income treated as capital

- 36.1 Any bounty derived from employment to which paragraph 8 of Schedule 3 applies and paid at intervals of at least one year shall be treated as capital.
- 36.2 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.
- 36.3 Any holiday pay which is not earnings under section 25(1)(d) (earnings of employed earners) shall be treated as capital.
- 36.4 Except any income derived from capital disregarded under paragraphs 1, 2, 4, 8, 14 or 25 to 28, 47 or 48 of Schedule 5, 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.
- 36.5 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.
- 36.6 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.
- 36.7 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.
- 36.8 Any arrears of subsistence allowance which are paid to an applicant as a lump sum shall be treated as capital.
- 36.9 Any arrears of working tax credit or child tax credit shall be treated as capital.

37.0 Calculation of capital in the United Kingdom

- 37.1 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;

38.0 Calculation of capital outside the United Kingdom

- 38.1 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.

39.0 Notional capital

- 39.1 An applicant shall be treated as possessing capital of which he has deprived himself for the purpose of securing entitlement to council tax reduction or increasing the amount of that reduction except to the extent that that capital is reduced in accordance with section 40 (diminishing notional capital rule).

- 39.2 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 5; 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 5 (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 5 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.

- 39.3 Any payment of capital, other than a payment of capital specified in paragraph (39.4), 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 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.

39.4 Paragraph 39.3 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.

39.5 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 34 (calculation of capital) be disregarded; and
- (b) he shall, subject to paragraph 39.6, 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.

39.6 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 39.5 shall be disregarded.

39.7 Where an applicant is treated as possessing capital under any of paragraphs 39.1 to 39.2 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.

40.0 Diminishing notional capital rule

40.1 Where an applicant is treated as possessing capital under section 39.1 (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 40.2 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 40.3;
- (b) in the case of a week in respect of which paragraph 40.1(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 40.4 is satisfied, shall be reduced by the amount determined under paragraph 40.4.

40.2 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 39.1, he would have received an additional amount of council tax reduction in that week.

40.3 In a case to which paragraph 40.2 applies, the amount of the reduction for the purposes of paragraph 40.1(a) shall be equal to the aggregate of

- (a) the additional amount to which sub-paragraph 40.2 (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 40.2 refers but for the application of regulation 49(1) of the Housing Benefit Regulations (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 40.2 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 (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 40.2 refers but for the application of regulation 115 of the Employment and Support Allowance Regulations (notional capital).

40.4 Subject to paragraph 40.5, for the purposes of paragraph 40.1(b) the condition is that the applicant would have been entitled to council tax reduction in the relevant week but for paragraph 39.1, 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 39.1; and for the purposes of this sub-paragraph 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, 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, 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.

40.5 The amount determined under paragraph 40.4 shall be re-determined under that paragraph if the applicant makes a further claim for council tax reduction and the conditions in paragraph 40.6 are satisfied, and in such a case—

- (a) sub-paragraphs (a) to (d) of paragraph 40.4 shall apply as if for the words 'relevant week' there were substituted the words 'relevant subsequent week'; and
- (b) subject to paragraph 40.7, the amount as re-determined shall have effect from the first week following the relevant subsequent week in question.

40.6 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 40.5, 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 39.1.

40.7 The amount as re-determined pursuant to paragraph 40.5 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.

40.8 For the purposes of this section

- (a) 'part-week'
 - (i) in paragraph 40.4 (a) means a period of less than a week for which council tax reduction is allowed;
 - (ii) in paragraph 40.4 (b) means a period of less than a week for which housing benefit is payable;
 - (iii) in paragraph 40.4 (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 39.1
 - (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 subparagraph 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.

41.0 Capital jointly held

- 41.1 Except where an applicant possesses capital which is disregarded under paragraph 39(5) (notional capital) where an applicant and one or more persons are beneficially entitled in possession to any capital asset they shall be treated as if each of them were entitled in possession to the whole beneficial interest therein in an equal share and the foregoing provisions of this Section shall apply for the purposes of calculating the amount of capital which the applicant is treated as possessing as if it were actual capital which the applicant does possess

42.0 Calculation of tariff income from capital

- 42.1 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 in excess of £6,000 but not exceeding £16,000
- 42.2 Notwithstanding paragraph 42.1 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.
- 42.3 For the purposes of paragraph 42.1, capital includes any income treated as capital under section 36 (income treated as capital).

Sections 43 - 56

Definition and the treatment of students for Council Tax Reduction purposes²²

²² Amounts shown in sections 43 to 56 will be updated in line with the Housing Benefit Regulations 2006 (as amended)

43.0 Student related definitions

43.1 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 education authority as defined in section 12 of the Education Act 1996 (interpretation), a local education authority as defined in section 123 of the Local Government (Scotland) Act 1973 an education and library board established under Article 3 of the Education and Libraries (Northern Ireland) Order 1986, any body which is a research council for the purposes of the Science and Technology Act 1965 or any analogous government department, authority, board or body of the Channel Island, Isle of Man or any other country outside Great Britain;

'full-time course of study' means a full time course of study which;

- (a) is not funded in whole or in part by the Secretary of State under section 14 of the

- (b) 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;
- (c) 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
- (d) 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 paragraph 12 of Schedule 4 or paragraph 53 of Schedule 5 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

43.2 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.

43.3 For the purposes of sub-paragraph (a) of paragraph 43.2, the period referred to in that sub-paragraph shall include;

- (a) where a person has failed examinations or has failed to successfully complete a module relating to a period when he was attending or undertaking a part of the course as a full-time course of study, any period in respect of which he attends or undertakes the course for the purpose of retaking those examinations or that module;
- (b) any period of vacation within the period specified in that paragraph or immediately following that period except where the person has registered with the educational establishment to attend or undertake the final

module in the course and the vacation immediately follows the last day on which he is required to attend or undertake the course.

44.0 Treatment of students

44.1 The following sections relate to students who claim Council Tax Reduction

45.0 Students who are excluded from entitlement to council tax reduction

45.1 Students (except those specified in paragraph 45.3) are not able to claim Council Tax Reduction under Classes D and E of the Council's reduction scheme.

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

45.3 Paragraph 45.2 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) whose applicable amount would, but for this section, include the disability premium or severe disability premium;

(d) 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, or

(ii) 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.

- 45.4 For the purposes of paragraph 45.3(h)(i) the student must have begun, or been enrolled or accepted onto the course before attaining the age of 19. For the purposes of paragraph 45.3, once paragraph 45.3(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.
- 45.5 In paragraph 45.3(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.
- 45.6 A full-time student to whom sub-paragraph (i) of paragraph 45.3 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.
- 45.7 Paragraph 45.2 shall not apply to a full-time student for the period specified in paragraph 45.8 if;
- (a) at any time during an academic year, with the consent of the relevant educational establishment, he ceases to attend or undertake a course because he is;
 - (i) engaged in caring for another person; or
 - (ii) ill;
 - (b) he has subsequently ceased to be engaged in engaging in caring for that person or, as the case may be, he has subsequently recovered from that illness; and
 - (c) he is not eligible for a grant or a student loan in respect of the period specified in paragraph 45.8.
- 45.8 The period specified for the purposes of paragraph 45.7 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.

46.0 Calculation of grant income

- 46.1 The amount of a student's grant income to be taken into account shall, subject to paragraphs 46.2 and 46.3, be the whole of his grant income.
- 46.2 There shall be excluded from a student's grant income any payment;
- (a) intended to meet tuition fees or examination fees;
 - (b) in respect of the student's disability;

- (c) intended to meet additional expenditure connected with term time residential study away from the student's educational establishment;
- (d) on account of the student maintaining a home at a place other than that at which he resides during his course;
- (e) on account of any other person but only if that person is residing outside of the United Kingdom and there is no applicable amount in respect of him;
- (f) intended to meet the cost of books and equipment;
- (g) intended to meet travel expenses incurred as a result of his attendance on the course;
- (h) intended for the child care costs of a child dependant.
- (i) of higher education bursary for care leavers made under Part III of the Children Act 1989.

46.3 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).

46.4 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.

46.5 Subject to paragraphs 46.6 and 46.7, a student's grant income shall be apportioned;

- (a) subject to paragraph 46.8, 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.

46.6 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.

46.7 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 46.6 nor section 50 (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.

46.8 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.

47.0 Calculation of covenant income where a contribution is assessed

- 47.1 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 47.3, the amount of the contribution.
- 47.2 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 47.1 by 52 or 53, whichever is reasonable in the circumstances; and
 - (b) by disregarding from the resulting amount, £5.
- 47.3 For the purposes of paragraph 47.1, the contribution shall be treated as increased by the amount (if any) by which the amount excluded under paragraph 46.2(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).

48.0 Covenant income where no grant income or no contribution is assessed

- 48.1 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 46.2 (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 46.2(f) and 46.3 (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.
- 48.2 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 48.1, 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 46.2 (a) to (e); and
 - (b) the amount to be disregarded under paragraph 48.1(c) shall be abated by an amount equal to the amount of any sums disregarded under paragraph 46.2(f) and (g) and 46.3.

49.0 Student Covenant Income and Grant income - non disregard

- 49.1 No part of a student's covenant income or grant income shall be disregarded under paragraph 15 of Schedule 4 to this scheme

50.0 Other amounts to be disregarded

50.1 For the purposes of ascertaining income other than grant income, covenant income and loans treated as income in accordance with section 51, any amounts intended for any expenditure specified in paragraph 46.2 (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 46.2 or 46.3, 47.3, 48.1(a) or (c) or 51.5 (calculation of grant income, covenant income and treatment of student loans) on like expenditure.

51.0 Treatment of student loans

51.1 A student loan shall be treated as income.

51.2 In calculating the weekly amount of the loan to be taken into account as income

- (a) in respect of a course that is of a single academic year's duration or less, a loan which is payable in respect of that period shall be apportioned equally between the weeks in the period beginning with;
 - (i) except in a case where (ii) applies, the reduction week, the first day of which coincides with, or immediately follows, the first day of the single academic year;
 - (ii) where the student is required to start attending the course in August or where the course is less than an academic year's duration, the reduction week, the first day of which coincides with, or immediately follows, the first day of the course, and ending with the reduction week, the last day of which coincides with, or immediately precedes with last day of the course,
- (b) in respect of an academic year of a course which starts other than on 1st September, a loan which is payable in respect of that academic year shall be apportioned equally between the weeks in the period beginning with the reduction week, the first day of which coincides with or immediately follows, the first day of that academic year and ending with the reduction week, the last day of which coincides with or immediately precedes, the last day of that academic year but excluding any reduction weeks falling entirely within the quarter during which, in the opinion of the Secretary of State, the longest of any vacation is taken and for the purposes of this sub-paragraph, 'quarter' shall have the same meaning as for the purposes of the Education (Student Support) Regulations 2005;
- (c) in respect of the final academic year of a course (not being a course of a single year's duration), a loan which is payable in respect of that final academic year shall be apportioned equally between the weeks in the period beginning with;
 - (i) except in a case where (ii) applies, the reduction week, the first day of which coincides with or immediately follows, the first day of that academic year;
 - (ii) where the final academic year starts on 1st September, the reduction week, the first day of which coincide with, or immediately follows, the earlier of 1st September or the first day of the autumn term,
and ending with the reduction week, the last day of which coincides with, or immediately precedes, the last day of the course;
- (d) in any other case, the loan shall be apportioned equally between the weeks in the period beginning with the earlier of;
 - (i) the first day of the first reduction week in September; or
 - (ii) the reduction week, the first day of which coincides with, or immediately follows the first day of the autumn term,

and ending with the reduction week, the last day of which coincides with, or immediately precedes, the last day of the course;

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

51.3 A student shall be treated as possessing a student loan in respect of an academic year where;

- (a) a student loan has been made to him in respect of that year; or
- (b) he could acquire such a loan in respect of that year by taking reasonable steps to do so.

51.4 Where a student is treated as possessing a student loan under paragraph 51.3, the amount of the student loan to be taken into account as income shall be, subject to paragraph 51.5

- (a) in the case of a student to whom a student loan is made in respect of an academic year, a sum equal to
 - (i) the maximum student loan he is able to acquire in respect of that year by taking reasonable steps to do so; and
 - (ii) any contribution whether or not it has been paid to him;
- (b) in the case of a student to whom a student loan is not made in respect of an academic year, the maximum student loan that would be made to the student if;
 - (i) he took all reasonable steps to obtain the maximum student loan he is able to acquire in respect of that year; and
 - (ii) no deduction in that loan was made by virtue of the application of a means test.

51.5 There shall be deducted from the amount of income taken into account under paragraph 51.4

- (a) the sum of £303 per academic year in respect of travel costs; and
- (b) the sum of £390 per academic year towards the cost of books and equipment, whether or not any such costs are incurred.

The above figures will be increased annually in line with the Housing Benefit Regulations 2006 (as amended).

51A.0 Treatment of fee loans

51A. 1A 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,
- (c) 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 - 63

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 80 per cent, of the amount A divided by B where;
- (a) A is the amount set by the appropriate authority as the council tax for the relevant financial year in respect of the dwelling in which he is a resident and for which he is liable, subject to any discount which may be appropriate to that dwelling under the 1992 Act; and
 - (b) B is the number of days in that financial year,

less any deductions in respect of non-dependants which fall to be made under section 58 (non-dependant deductions).

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 45.2 (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 Subject to the following provisions of this paragraph, the non-dependant deductions in respect of a day referred to in section 57 (maximum council tax reduction) shall be;

- (a) in respect of a non-dependant aged 18 or over in remunerative work, $\text{£}12.20 \times 1/7$;
- (b) in respect of a non-dependant aged 18 or over to whom sub-paragraph (a) does not apply, $\text{£}4.00 \times 1/7$.

- 58.2 In the case of a non-dependant aged 18 or over to whom paragraph 58.1(a) applies, where it is shown to the appropriate authority that his normal gross weekly income is-

- (a) less than $\text{£}207.70$, the deduction to be made under this paragraph shall be that specified in paragraph 58.1(b);
- (b) not less than $\text{£}207.70$, but less than $\text{£}360.10$, the deduction to be made under this section shall be $\text{£}8.10 \times 1/7$
- (c) not less than $\text{£}360.10$, but less than $\text{£}447.40$, the deduction to be made under this section shall be $\text{£}10.20 \times 1/7$;

- 58.3 Only one deduction shall be made under this section in respect of a couple or, as the case may be, members of a polygamous marriage and, where, but for this paragraph, the amount that would fall to be deducted in respect of one member of a couple or polygamous marriage is higher than the amount (if any) that would fall to be deducted in respect of the other, or any other, member, the higher amount shall be deducted.

- 58.4 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.

58.5 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;

58.6 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 44.0 (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;
 - 'patient' has the meaning given within this scheme, and
 - 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;
- (e) he is not residing with the applicant because he is a member of the armed forces away on operations

58.7 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.";
- For the purposes of sub-paragraph (c), "earned income" has the meaning given in regulation 52 of the Universal Credit Regulations 2013

59.0 Council tax reduction taper (applies to persons defined within Class E)

59.1 The prescribed daily percentage for the purpose of calculating reduction as a percentage of excess of income over the applicable amount which is deducted from maximum council tax reduction, shall be 2 6/7 per cent. Where an applicant's income exceeds their applicable amount, their council tax reduction shall be calculated by deducting their excess income multiplied by the taper from their maximum council tax reduction as defined within section 57 of this scheme

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.0 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).

61E.0 Extended reductions: movers into the authority's area²³

61E.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.

62.0 Alternative Maximum Council Tax Reduction (Second Adult Reduction)

62.1 Subject to paragraphs 62.2 and 62.3, the alternative maximum council tax reduction where the conditions are satisfied shall be the amount determined in accordance with Schedule 2.

62.2 Subject to paragraph 62.3, 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, in determining the alternative maximum council tax reduction in his case, the amount determined in accordance with Schedule 2 shall be divided by the number of persons who are jointly and severally liable for that tax.

62.3 Where an applicant is jointly and severally liable for council tax in respect of a dwelling with only his partner, solely by virtue of section 9, 77 or 77A of the 1992 Act (liability of spouses and civil partners), paragraph 62.2 shall not apply in his case.

63.0 Residents of a dwelling to whom Second Adult Reduction does not apply

63.1 Entitlement to an alternative maximum council tax reduction (Second Adult Rebate) shall not apply in respect of any person referred to in the following paragraphs namely;

- (a) a person who is liable for council tax solely in consequence of the provisions of sections 9, 77 and 77A of the 1992 Act (spouse's or civil partner's joint and several liability for tax);
- (b) a person who is residing with a couple or with the members of a polygamous marriage where the applicant for council tax reduction 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;
- (c) a person who jointly with the applicant for reduction falls within the same paragraph of sections 6(2)(a) to (e) or 75(2)(a) to (e) of the 1992 Act (persons liable to pay council tax) as applies in the case of the applicant;
- (d) a person who is residing with two or more persons both or all of whom fall within the same paragraph of sections 6(2)(a) to (e) or 75(2)(a) to (e) of the 1992 Act and 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

²³ Inserted by Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012

discount

Sections 64 - 67

Dates on which entitlement and changes of circumstances are to take effect

64.0 Date on which entitlement is to begin

- 64.1 Subject to paragraph 64.2, any person to whom or in respect of whom a claim for council tax reduction is made and who is otherwise entitled to that reduction shall be so entitled from the reduction week following the date on which that claim is made or is treated as made.
- 64.2 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 reduction week.

65.0 - 66.0 Not Used

67.0 Date on which change of circumstances is to take effect

- 67.1 Except in cases where section 24 (disregard of changes in tax, contributions, etc.) applies and subject to the following provisions of this paragraph, 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 first day of the reduction week following the date 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.
- 67.2 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.
- 67.3 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.
- 67.4 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.
- 67.5 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.
- 67.6 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.
- 67.7 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.
- 67.8 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 68- 74A

Claiming and the treatment of claims for Council Tax Reduction purposes

68.0 Making an application²⁴

- 68.1 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 one of them as the authority determines.
- 68.2 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.
- 68.3 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.
- 68.4 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).
- 68.5 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).
- 68.6 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.
- 68.7 The authority must;
- (a) inform any person making an application of the duty imposed by paragraph 9(1)(a);
 - (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.

²⁴ Inserted by Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012

69.0 Procedure by which a person may apply for a reduction under the authority's scheme²⁵

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

69.2. An application may be made;

- (a) in writing,
- (b) by means of an electronic communication in accordance with S101- 106A of this scheme, or
- (c) where the authority has published a telephone number for the purpose of receiving such applications, by telephone.

69.3 (a) An application which is made in writing must be made to the designated office on a properly completed form.
(b) The form must be provided free of charge by the authority for the purpose.

69.4 (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.

69.5. (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.

69.6. 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.

69.7 (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.

69.8 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. For the purposes of this scheme a Local Authority Information Document (LAID) or Local Authority Customer Information document (LACI) issued by the Department for Work and Pensions shall be treated as a valid claim.

²⁵ Inserted by Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012

- 69.9 Where an applicant ('C')-
- (a) makes a claim which includes (or which C subsequently requests should include) a period before the claim is made; and
 - (b) from a day, in that period, up to the date when C made the claim (or subsequently requested that the claim should include a past period), C had continuous good cause for failing to make a claim (or request that the claim should include that period),
the claim is to be treated as made on the date determined in accordance with paragraph 69.10

69.10 The date is the latest of-

- (a) the first day from which C had continuous good cause;
- (b) the day 6 months before the date the claim was made;
- (c) the day 6 months before the date when C requested that the claim should include a past period.

69A.0 Date on which an application is made

69A.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 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 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 month of the date of the death or the separation, the date of the death or separation;
- (d) except where paragraph c) is satisfied, in a case where a properly completed application is received within one month (or such longer period as the authority considers reasonable) of the date on which an application form was issued to an applicant following the applicant first notifying, by whatever means, the authority of an intention to make an application, the date of first notification;
- (e) in any other case, the date on which an application is received at the designated office.

69A.2 For the purposes only of sub-paragraph (1)(c) a person who has been awarded an income-based jobseeker's allowance or an income-related employment and support allowance is to be treated as entitled to that allowance for any days which immediately precede the first day in that award and on which he would, but for regulations made under;

- (a) in the case of income-based jobseeker's allowance, paragraph 4 of Schedule 1 to the Jobseekers Act 1995 (waiting days); or
- (b) in the case of income-related employment and support allowance, paragraph 2 of Schedule 2 to the

Welfare Reform Act 2007 (waiting days), have been entitled to that allowance.

- 69A.3 Where there is a defect in an application by telephone;
- (a) is corrected within one month (or such longer period as the authority considers reasonable) of the date the authority last drew attention to it, the authority must treat the application as if it had been duly made in the first instance;
 - (b) is not corrected within one month (or such longer period as the authority considers reasonable) of the date the authority last drew attention to it, the authority must treat the application as if it had been duly made in the first instance where it considers it has sufficient information to decide the application.
- 69A.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.
- 69A.5 The conditions are that–
- (a) where the authority receives the properly completed application or the information requested to complete it or the evidence within one month of the request, or such longer period as the authority may consider reasonable; or
 - (b) where an application is not on approved form or further information requested by authority applies;
 - (i) the approved form sent to the applicant is received at the offices of the authority properly completed within one month of it having been sent to him; or, as the case may be;
 - (ii) the applicant supplies whatever information or evidence was requested within one month of the request; or,in either case, within such longer period as the authority may consider reasonable; or
 - (c) where the authority has requested further information, the authority receives at its offices the properly completed application or the information requested to complete it within one month of the request or within such longer period as the authority considers reasonable.
- 69A.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.
- 69A.7 In this paragraph "appropriate DWP office" means an office of the Department for Work and Pensions or an office which is normally open to the public for the receipt of claims of income support, a job seekers allowance, employment and support allowance or Universal Credit.

70.0 Submission of evidence electronically

- 70.1 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

71.0 Use of telephone provided evidence

- 71.1 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

72.0 Information and evidence²⁶

- 72.1 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.
- 72.2 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.
- 72.3 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.
- 72.4 Subject to sub-paragraph (5), a person who makes an application, or a person to whom a reduction under the authority's scheme has been awarded, must furnish such certificates, documents, information and evidence in connection with the application or the award, or any question arising out of the application or the award, as may reasonably be required by that authority in order to determine that person's entitlement to, or continuing entitlement to a reduction under its scheme and must do so within one month of the authority requiring him to do so or such longer period as the authority may consider reasonable.
- 72.5 Where the authority makes a request under sub-paragraph (4), it must;
- (a) inform the applicant or the person to whom a reduction under its scheme has been awarded of his duty under paragraph 9 (duty to notify change of circumstances) to notify the authority of any change of circumstances; and
 - (b) without prejudice to the extent of the duty owed under paragraph 9, indicate to him either orally or by notice or by reference to some other document available to him on application and without charge, the kind of change of circumstances which must be notified.
- 72.6 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 paragraph 24 of Schedule 5, other than a payment under the Independent Living Fund (2006);
 - (c) a payment which is disregarded under paragraph 58.9.

²⁶ Inserted by Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012

- 72.7 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.

73.0 Amendment and withdrawal of application²⁷

- 73.1 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.
- 73.2 Where the application was made by telephone the amendment may also be made by telephone.
- 73.3 Any application amended is to be treated as if it had been amended in the first instance.
- 73.4 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.
- 73.5 Where the application was made by telephone, the withdrawal may also be made by telephone.
- 73.6 Any notice of withdrawal given in accordance with sub-paragraph (4) or (5) has effect when it is received.
- 73.7 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.

74.0 Duty to notify changes of circumstances²⁸

- 74.1 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.
- 74.2 The applicant (or any person acting on his behalf) must notify any change of circumstances which the applicant (or that person) might reasonably be expected to know might affect his entitlement to, or the amount of, a reduction under the authority's scheme (a "relevant change of circumstances") by giving notice to the authority;
- (a) in writing; or
 - (b) by telephone–
 - (i) where the authority has published a telephone number for that purpose unless the authority determines that in any particular case or class of case notification may not be given by telephone; or
 - (ii) in any case or class of case where the authority determines that notice may be given by telephone; or
 - (c) by any other means which the authority agrees to accept in any particular case, within a period of 21 days beginning with the day on which the change occurs, or as soon as reasonably

²⁷ Inserted by Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012

²⁸ Inserted by Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012

practicable after the change occurs, whichever is later.

- 74.3 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.
- 74.4 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.
- 74.5 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.
- 74.6 The duty imposed on a person by sub-paragraph (1) includes in the case of a person falling within alternative maximum council tax reduction, giving written notice to the authority of changes which occur in the number of adults in the dwelling or in their total gross incomes and, where any such adult ceases to be in receipt of state pension credit, the date when this occurs.
- 74.7 All changes in circumstances should be notified to the authority in writing (or by whatever format agreed by the authority) within 21 days of the happening of the event or change in circumstance. This timescale may be extended at the discretion of the authority. Where such a change is not received within that timescale and where the change would increase the level of reduction payable, the authority may use a date later than the actual change of circumstances

Sections 75- 90

Decisions, decision notices and awards of Council Tax Reduction

75.0 Decisions by the authority²⁹

75.1 The authority must make a decision on an application under its scheme within 14 days of paragraphs 4 and 7 and section 69 being satisfied, or as soon as reasonably practicable thereafter.

76.0 Notification of decision³⁰

76.1 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.

76.2 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 74.1 of this scheme;
(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.

76.3 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.

76.4 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.

76.5 A person affected to whom the authority sends or delivers a notification of decision may, within one month of the date of the notification of that decision request in writing the authority to provide a written statement setting out the reasons for its decision on any matter set out in the notice.

76.6 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.

76.7 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).

76.8 This sub-paragraph applies to—
(a) the applicant;
(b) in the case of a person who is liable to pay council tax in respect of a dwelling and is unable for the time being to act;
 (i) a deputy appointed by the Court of Protection with power to claim, or as the case may be, receive benefit on his behalf; or
 (ii) in Scotland, a judicial factor or any guardian acting or appointed under the Adults with Incapacity (Scotland) Act 2000 who has power to apply or, as the case may be, receive benefit on the person's behalf; or
 (iii) an attorney with a general power or a power to apply or, as the case may be, receive benefit, has been appointed by that person under the Powers of Attorney Act 1971, the Enduring Powers of Attorney Act 1985 or the Mental Capacity Act 2005 or otherwise,
(c) a person appointed by the authority to act for a person unable to act.

²⁹ Inserted by Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012

³⁰ Inserted by Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012

77.0 Time and manner of granting council tax reduction³¹

- 77.1 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.
- 77.2 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).
- 77.3 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.
- 77.4 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).

78.0 Persons to whom reduction is to be paid³²

- 78.1 Subject to section 80 (payment on death) and paragraph (2), any payment of the amount of a reduction must be made to that person.
- 78.2 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.

³¹ Inserted by Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012

³² Inserted by Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012

79.0 Shortfall in reduction³³

- 79.1 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 reasonable practicable, as soon as possible afterwards.

80.0 Payment on the death of the person entitled³⁴

- 80.1 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.

81.0 Offsetting

- 81.1 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.

82.0 Payment where there is joint and several liability³⁵

- 82.1 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.
- 82.2 Subject to sub-paragraph (3) any payment made under sub-paragraph (1) must be made to the person who is entitled to the reduction.
- 82.3 Where a person other than a person who is entitled to a reduction under the authority's scheme made the application and that first person is a person acting pursuant to an appointment under paragraph 4(3) or is treated as having been so appointed by virtue of paragraph 4(4), the amount of the reduction may be paid to that person.

83.0 - 90.0 Not used

³³ Inserted by Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012

³⁴ Inserted by Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012

³⁵ Inserted by Schedule 8 of the Council Tax Reductions Scheme (Prescribed Requirements) (England) Regulations 2012

Sections 91 - 94

Collection, holding and forwarding of information for Council Tax Reduction purposes

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

- 91.1 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
- 91.2 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 requirements³⁶.

92.0 Collection of information

- 92.1 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
- 92.2 The authority may verify relevant information supplied to, or obtained.

93.0 Recording and holding information

- 93.1 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.

94.0 Forwarding of information

- 94.1 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.

³⁶ Data Retention and Investigatory Powers Act 2014 and Data Retention Regulations 2014

Sections 95 - 98

Revisions, Written Statements, Termination of Council Tax Reduction

95.0 Persons affected by Decisions

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

96.0 Revisions of Decisions

- 96.1 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 month of the date of notification of the original decision; or
 - (ii) such extended time as the authority may allow.
- 96.2 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 month of the date of notification of the additional information; or
 - (ii) such extended time as the authority may allow

97.0 Written Statements

- 97.1 Subject to the provisions in the scheme, the authority may upon a written request issue a written statement to a person affected to further explain the decision of the authority in relation to Council Tax Reduction. The request must be received within one month of the date of the notification being issued by the authority.

98.0 Terminations

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

Section 99

Appeals against the authority's decisions

99.0 Procedure by which a person may make an appeal against certain decisions of the authority³⁷

- 99.1 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.
- 99.2 The authority must
- (a) consider the matter to which the notice relates;
 - (b) notify the aggrieved person in writing;
 - (i) that the ground is not well founded, giving reasons for that belief; or
 - (ii) that steps have been taken to deal with the grievance, stating the steps taken.
- 99.3 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 Act³⁸.

³⁷ Inserted by Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012

³⁸ As amended by the Tribunal Procedure (Amendment No 3) Rules 2014

Section 100

Procedure for applying for a discretionary reduction

100.0 Procedure for an application to the authority for a reduction under section 13A(1)(c) of the 1992 Act³⁹

- 100.1 An application to the authority for a reduction under section 13A(1)(c) of the 1992 Act may be made;
- (a) in writing,
 - (b) by means of an electronic communication in accordance with sections 101 – 106A of this scheme, or
 - (c) where the authority has published a telephone number for the purpose of receiving such applications, by telephone.
- 100.2 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).

³⁹ Inserted by Council Tax Reduction Schemes (Prescribed Requirements) (England) Regulations 2012

Section 100A
Applications for Exceptional Hardship

- 100A.1 An application to the authority for an Exceptional Hardship payment under this scheme (Section13A(1)(a)) may be made;
- (a) in writing,
 - (b) by means of an electronic communication in accordance with sections 101 – 106A of this scheme, or
 - (c) where the authority has published a telephone number for the purpose of receiving such applications, by telephone

Section 101 - 106A⁴⁰
Electronic Communication

⁴⁰ Inserted by Council Tax Reductions Schemes (Prescribed Requirements) (England) Regulations 2012

101.0 Interpretation

- 101.1 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.

102.0 Conditions for the use of electronic communication

- 102.1 The authority may use an electronic communication in connection with applications for, and awards of, reductions under its scheme.
- 102.2 A person other than the authority may use an electronic communication in connection with the matters referred to in sub-paragraph (1) if the conditions specified in sub-paragraphs (3) to (6) are satisfied.
- 102.3 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.
- 102.4 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.
- 102.5 The third condition is that any information sent by means of an electronic communication is in a form approved for the purposes.
- 102.6 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.
- 102.7 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.
- 102.8 In this paragraph “approved” means approved by means of a direction given by the Chief Executive of the authority for the purposes of this section.

103.0 Use of intermediaries

- 103.1 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.

104.0 Effect of delivering information by means of electronic communication

- 104.1 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.

104.2 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).

104.3 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.

105.0 Proof of identity of sender or recipient of information

105.1 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.

106.0 Proof of delivery of information

106.1 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.

106.2 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.

106.3 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.

106A.0 Proof of content of information

106A.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.

Section 107
Counter Fraud and Compliance

107.0 Counter Fraud and compliance

- 107.1 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
- 107.2 The authority believes that it is important to minimise the opportunity for fraud and;
- a. will implement rigorous procedures for the verification of claims for council tax reduction;
 - b. will employ sufficient Officers to fulfil the authority's commitment to combat fraud;
 - c. will actively tackle fraud where it occurs in accordance with this scheme;
 - d. will co-operate with the Department for Work and Pensions (DWP), Her Majesty's Revenues and Customs and take part in joint working including prosecutions; and
 - e. will in all cases seek to recover all outstanding council tax.
- 107.3 The authority shall put into place such administrative policies, procedures and processes as are necessary to ensure that the actions outlined within paragraph 107.1 and 107.2 can be carried out successfully

Schedule 1
Applicable Amounts ⁴¹

⁴¹ ⁴¹ The amounts shown within this schedule shall be uprated in line with the Housing Benefit Regulations 2006 as amended

Personal Allowance

- 1 The amounts specified in column (2) below in respect of each person or couple specified in column (1) shall be the amounts specified for the purposes the main scheme;

Column 1 Person or Couple	Column 2
1. A Single applicant who; a) is entitled to main phase employment and support allowance	£73.10
b) is aged not less than 25	£73.10
c) is aged not less than 18 but less than 25	£57.90
2. Lone Parent	£73.10
3. Couple; a) Where the applicant is entitled to the main phase of employment and support allowance	£114.85
b) Where one member is aged not less than 18	£114.85
c) Polygamous Addition	£41.75

For the purposes of paragraph 1 an applicant is entitled to main phase employment and support allowance if;

- a. Paragraph 17 or 18 is satisfied in relation to the applicant; or
- b. The applicant is entitled to a converted employment and support allowance

- 2 (1) The amount specified in column (2) below in respect of each person specified in column (1) shall, for the relevant period specified in column (1), be the amounts specified for the purposes of the main scheme

Column 1 Child or Young Person	Column 2
Person in respect of the period- (a) 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;	£66.90
(b) beginning on the first Monday in September following that person's sixteenth birthday and ending on the day preceding that person's twentieth birthday.	£66.90
(c) Third or subsequent dependent child or young person whose date of birth falls on or after 1 st April 2017. This shall be determined in accordance with the Housing Benefit Regulations 2006 (as amended).	NIL

(2) In column (1) of the table in paragraph (1), "the first Monday in September" means the Monday which first occurs in the month of September in any year.

Family Premiums

3. (1) The amount for the purposes of this scheme in respect of a family of which at least one member is a child or young person shall be
- (a) where the applicant is a lone parent to whom sub-paragraph (3) of Schedule 3 of the Housing Benefit Regulations 2006 applies, £22.20;
 - (b) in any other case, £17.45;

(c) **No family premium will be awarded where an application for reduction is received on or after 1st April 2017 or where the applicant would have become entitled to the family premium on or after 1st April 2017.**

i) Sub paragraph (c) shall not apply to a person who, on 31st March 2017, is entitled to Council Tax Reduction and is:

- (a) a member of a family of which at least one member is a child or young person; or
 - (b) a partner in a polygamous marriage, where he or she, or another partner of the polygamous marriage, is responsible for a child or young person who is a member of the same household.
- (c) (i) above does not apply if–
- (a) sub-paragraph 3 c (i) (a) or (b) of that paragraph ceases to apply; or
 - (b) the person makes a new claim for Council Tax Reduction;

Premiums

- 4.** Except as provided in paragraph 5, the premiums specified this Schedule shall, for the purposes of this scheme, be applicable to an applicant who satisfies the condition specified in paragraphs 4 to 16 in respect of that premium.
- 5.** Subject to paragraph 6, where an applicant satisfies the conditions in respect of more than one premium in this this Schedule, only one premium shall be applicable to him and, if they are different amounts, the higher or highest amount shall apply.
- 6** (1) The following premiums, namely–
- a. severe disability premium to which paragraph 10 applies;
 - b. an enhanced disability premium to which paragraph 11 applies;
 - c. a disabled child premium to which paragraph 12 applies; and a
 - d. carer premium to which paragraph 13 applies,
- may be applicable in addition to any other premium which may apply under this Schedule
- 7.** (1) Subject to sub-paragraph (2), for the purposes of this Schedule, once a premium is applicable to an applicant under this Part, a person shall be treated as being in receipt of any benefit for
- a. in the case of a benefit to which the Social Security (Overlapping Benefits) Regulations 1979 applies, any period during which, apart from the provisions of those Regulations, he would be in receipt of that benefit; and
 - b. any period spent by a person in undertaking a course of training or instruction provided or approved by the Secretary of State under section 2 of the 1973 Act or by Skills Development Scotland, Scottish Enterprise or Highlands and Islands Enterprise under or section 2 of the Enterprise and New Towns(Scotland) Act 1990 for any period during which he is in receipt of a training allowance.
- (2) For the purposes of the carer premium, a person shall be treated as being in receipt of carer's allowance by virtue of sub-paragraph (1)(a) only if and for so long as the person in respect of whose care the allowance has been claimed remains in receipt of attendance allowance, or the care component of disability living allowance at the highest or middle rate prescribed in accordance with section 72(3) of the Act or the daily living component of the personal independence payment under the Welfare Reform Act 2012 or an AFIP.

Disability Premium

- 8.** The condition (s) to be met is contained in Schedule 3 (12) Housing Benefit Regulations 2006

Additional Condition for the Disability Premiums

- 9.** The condition (s) to be met is contained in Schedule 3 (13) Housing Benefit Regulations 2006

Severe Disability Premiums

10. The condition (s) to be met is contained in Schedule 3 (14) Housing Benefit Regulations 2006

Enhanced Disability Premium

11. The condition (s) to be met is contained in Schedule 3 (15) Housing Benefit Regulations 2006

Disabled Child Premium

12. The condition (s) to be met is contained in Schedule 3 (16) Housing Benefit Regulations 2006

Carer Premium

13. The condition (s) to be met is contained in Schedule 3 (17) Housing Benefit Regulations 2006

Persons in receipt of concessionary payments

14. For the purpose of determining whether a premium is applicable to a person under paragraphs 8 to 13, any concessionary payment made to compensate that person for the non-payment of any benefit mentioned in those paragraphs shall be treated as if it were a payment of that benefit.

Persons in receipt of benefit for another

15. For the purposes of this Schedule, a person shall be regarded as being in receipt of any benefit if, and only if, it is paid in respect of him and shall be so regarded only for any period in respect of which that benefit is paid.

Amounts of Premium

16. For the purposes of this Schedule, the following amounts shall apply;

Premium	Amount
Disability Premium	£34.35
a. where the applicant satisfies the condition in paragraph 12(a) of Schedule 3 Housing Benefit Regulations 2006	
b. where the applicant satisfies the condition in paragraph 12(b) of Schedule 3 Housing Benefit Regulations 2006	£48.95
Severe Disability Premium	£65.85
a. where the applicant satisfies the condition in paragraph 14(2)(a) of Schedule 3 Housing Benefit Regulations 2006	
b. where the applicant satisfies the condition in paragraph 14(2)(b) of Schedule 3 Housing Benefit Regulations 2006	£65.85
i. in a case where there is someone in receipt of carer's allowance or if he or any partner satisfies that condition only by virtue of paragraph 14(5);	
ii. in a case where there is no one in receipt of such an allowance	£131.70
Disabled Child Premium	£64.19 in respect of each child or young person in respect of whom the condition specified in paragraph 16 of Part 3 of Schedule 3 Housing Benefit Regulations 2006
Carer Premium	£36.85 in respect of each person who satisfies the condition specified in paragraph 17 of Part 3 of Schedule 3 Housing Benefit Regulations 2006

Enhanced Disability Premium

(a) £26.04 in respect of each child or young person in respect of whom the conditions specified in paragraph 15 of Part 3 of Schedule 3 Housing Benefit Regulations 2006 are satisfied;

(b) £16.80 in respect of each person who is neither-

(i) a child or young person; nor

(ii) a member of a couple or a polygamous marriage, in respect of whom the conditions specified in paragraph 15 are satisfied;

(c) £24.10 where the applicant is a member of a couple or a polygamous marriage and the conditions specified in paragraph 15 of Part 3 of Schedule 3 Housing Benefit Regulations 2006 are satisfied in respect of a member of that couple or polygamous marriage.

The components

- 17.** The condition (s) to be met is contained in Schedule 3 (21 -24) Housing Benefit Regulations 2006 as amended by the Social Security (Miscellaneous Amendments) Regulations 2013
- 18.** The amount of the work-related activity component is £29.05. The amount of the support component is £38.55. The component **will not** apply where the applicant has been awarded Employment and Support Allowance on or after 1st April 2017 **and** been placed in the Work-Related Activity Group

Transitional Addition

- 19.** The applicant is entitled to the transitional addition calculated in accordance with paragraph 30 of Schedule 3 of the Housing Benefit Regulations 2006 where the applicant or the applicant's partner meets the conditions contained within paragraphs 27 - 29 of Schedule 3 of the Housing Benefit Regulations 2006

Amount of transitional addition

- 20.** The amount of any transitional addition is calculated in accordance with paragraphs 30 and 31 of Schedule 3 of the Housing Benefit Regulations 2006

Schedule 2

Second Adult Reduction

(Alternative Maximum Council Tax Reduction)

1. Subject to paragraphs 2 and 3, the alternative maximum Council Tax Reduction in respect of a day for the purpose of section 62 shall be determined in accordance with the following Table and in this Table
 - a) 'second adult' means any person or persons residing with the applicant; and
 - b) 'persons to whom paragraph 45.2 applies' includes any person to whom that section would apply were they, and their partner if they had one, below the qualifying age for state pension credit.
2. In this Schedule 'council tax due in respect of that day' means the council tax payable under section 10 or 78 of the 1992 Act less-
 - (a) any reductions made in consequence of any enactment in, or under, the 1992 Act; and
 - (b) in a case to which sub-paragraph (c) in column (1) of the table below applies, the amount of any discount which may be appropriate to the dwelling under the 1992 Act.

Second Adult	Alternative Maximum Council Tax Reduction
(a) Where the second adult or all second adults are in receipt of income support, an income-related employment and support allowance or state pension credit or are persons on an income-based jobseeker's allowance;	25 per cent of the council tax due in respect of that day;
(b) where the gross income of the second adult or, where there is more than one second adult, their aggregate gross income disregarding any income of persons on income support, an income-related employment and support allowance, state pension credit or an income-based jobseeker's allowance-	is less than £206.00 per week; - 15 per cent of the council tax due in respect of that day; is not less than £206.00 per week but less than £266.00 per week; - 7.5 per cent of the council tax due in respect of that day;
(c) where the dwelling would be wholly occupied by one or more persons to whom regulation 43.1 applies but for the presence of one or more second adults who are in receipt of income support, state pension credit, an income-related employment and support allowance or are persons on an income-based jobseeker's allowance	100 per cent. of the council tax due in respect of that day.

In determining a second adult's gross income for the purposes of this Schedule, there shall be disregarded from that income;

- a. any attendance allowance, or any disability living allowance under section 71 of the Act or any personal independence payment under the Welfare Reform Act 2012 or an AFIP;
- b. any payment made under or by the Trusts, the Fund, the Eileen Trust, MFET Limited, the Skipton Fund, the Caxton Foundation or the Independent Living Fund (2006) which had his income fallen to be calculated under section 30 (calculation of income other than earnings) would have been disregarded under paragraph 24 of Schedule 4 (income in kind); and
- c. any payment which had his income fallen to be calculated under section 30 would have been disregarded under paragraph 36 of Schedule 4 (payments made under certain trusts and certain

other payments).

3. Where there are two or more second adults residing with the applicant for reduction and any such second adult falls to be disregarded for the purposes of discount in accordance with Schedule 1 of the 1992 Act, his income shall be disregarded in determining the amount of any alternative maximum Council Tax Reduction, unless that second adult is a member of a couple and his partner does not fall to be disregarded for the purposes of discount.

Schedule 3

Sums to be disregarded in the calculation of earnings⁴²

⁴² All amounts within this schedule will be amended in line with the Housing Benefit Regulations 2006 (as amended) or as agreed

- 1.** In the case of an applicant who has been engaged in remunerative work as an employed earner or, had the employment been in Great Britain, would have been so engaged-
- (a) where-
 - (i) the employment has been terminated because of retirement; and
 - (ii) on retirement he is entitled to a retirement pension under the Act, or is not so entitled solely because of his failure to satisfy the contribution conditions, any earnings paid or due to be paid in respect of that employment, but only for a period commencing on the day immediately after the date on which the employment was terminated;
 - (b) where before the first day of entitlement to council tax support the employment has been terminated otherwise than because of retirement, any earnings paid or due to be paid in respect of that employment except-
 - (i) any payment of the nature described in
 - (aa) paragraph 25.1(e), or
 - (bb) section 28, 64 or 68 of the Employment Rights Act 1996 (guarantee payments, suspension from work on medical or maternity grounds); and
 - (ii) any award, sum or payment of the nature described in
 - (aa) paragraph 25.1(g) or (h), or
 - (bb) section 34 or 70 of the Employment Rights Act 1996 (guarantee payments and suspension from work: complaints to employment tribunals), including any payment made following the settlement of a complaint to an employment tribunal or of court proceedings;
 - (c) where before the first day of entitlement to council tax support-
 - (i) the employment has not been terminated, but
 - (ii) the applicant is not engaged in remunerative work,

any earnings paid or due to be paid in respect of that employment except any payment or remuneration of the nature described in paragraph 1(b)(i) or (ii) (bb) or paragraph 25.1(i), or (j).
- 2.** In the case of an applicant who, before first day of entitlement to council tax support;
- (a) has been engaged in part-time employment as an employed earner or, where the employment has been outside Great Britain, would have been so engaged had the employment been in Great Britain; and
 - (b) has ceased to be engaged in that employment, whether or not that employment has been terminated, any earnings paid or due to be paid in respect of that employment except;
 - (i) where that employment has been terminated, any payment of the nature described in paragraph 1(b)(i) or (ii)(bb);
 - (ii) where that employment has not been terminated, any payment or remuneration of the nature described in paragraph 1(b)(i) or (ii)(bb) or paragraph 25.1(i), (i) or (j).
- 2A.** In the case of an applicant who has been engaged in remunerative work or part-time employment as a self-employed earner or, had the employment been in Great Britain would have been so engaged and who has

ceased to be so employed, from the date of the cessation of his employment any earnings derived from that employment except earnings to which paragraph 27.3 and paragraph 27.4 (earnings of self-employed earners) apply.

- 3.** (1) In a case to which this paragraph applies and paragraph 4 does not apply, £25; but notwithstanding section 15 (calculation of income and capital of members of an applicant's family and of a polygamous marriage) if this paragraph applies to an applicant it shall not apply to his partner except where, and to the extent that, the earnings of the applicant which are to be disregarded under this paragraph are less than £25.
- (2) This paragraph applies where the applicant's applicable amount includes an amount by way of the disability premium, severe disability premium, work-related activity component or support component.
- (3) This paragraph applies where
- (a) the is a member of a couple and his applicable amount includes an amount by way of the disability premium; and
 - (b) the or his partner has not attained the qualifying age for state pension credit and at least one is engaged in employment.
- 4.** In a case where the applicant is a lone parent, £25.
- 5.** (1) In a case to which neither paragraph 3 nor paragraph 4 applies to the applicant and, subject to sub-paragraph (2), where the applicant's applicable amount includes an amount by way of the carer premium, £20 of the earnings of the person who is, or at any time in the preceding eight weeks was, in receipt of carer's allowance or treated in accordance with this scheme as being in receipt of carer's allowance.
- (2) Where the carer premium is awarded in respect of the applicant and of any partner of his, their earnings shall for the purposes of this paragraph be aggregated, but the amount to be disregarded in accordance with sub-paragraph (1) shall not exceed £25 of the aggregated amount.
- 6.** Where the carer premium is awarded in respect of an applicant who is a member of a couple and whose earnings are less than £25, but is not awarded in respect of the other member of the couple, and that other member is engaged in an employment;
- (a) specified in paragraph 8(1), so much of the other member's earnings as would not when aggregated with the amount disregarded under paragraph 5 exceed £25;
 - (b) other than one specified in paragraph 8(1), so much of the other member's earnings from such other employment up to £25 as would not when aggregated with the amount disregarded under paragraph 5 exceed £25.
- 7.** In a case where paragraphs 3, 5, 6 and 8 do not apply to the applicant and he is one of a couple and a member of that couple is in employment, £25; but, notwithstanding section 15 (calculation of income and capital of members of applicant's family and of a polygamous marriage), if this paragraph applies to an applicant it shall not apply to his partner except where, and to the extent that, the earnings of the applicant which are to be disregarded under this paragraph are less than £25.
- 8.** (1) In a case where paragraphs 3, 4, 5 and 6 do not apply to the applicant, £20 of earnings derived from one or more employments as–
- (a) as a part-time fire-fighter employed by a fire and rescue authority constituted by a scheme under section 2 of the Fire and Rescue Services Act 2004 or a scheme to which section 4 of that Act applies;

- (b) a part-time fire-fighter employed by the Scottish Fire and Rescue Service established under section 1A of the Fire (Scotland) Act 2005;
- (c) an auxiliary coastguard in respect of coast rescue activities;
- (d) a person engaged part-time in the manning or launching of a life boat;
- (e) a member of any territorial or reserve force prescribed in Part I of Schedule 6 to the Social Security (Contributions) Regulations 2001;

but, notwithstanding section 15 (calculation of income and capital of members of applicant's family and of a polygamous marriage), if this paragraph applies to an applicant it shall not apply to his partner except to the extent specified in sub-paragraph (2).

- (2) If the applicant's partner is engaged in employment;
 - (a) specified in sub-paragraph (1), so much of his earnings as would not in aggregate with the amount of the applicant's earnings disregarded under this paragraph exceed £20;
 - (b) other than one specified in sub-paragraph (1), so much of his earnings from that employment up to £20 as would not in aggregate with the applicant's earnings disregarded under this paragraph exceed £20.

9. Where the applicant is engaged in one or more employments specified in paragraph 8(1), but his earnings derived from such employments are less than £25 in any week and he is also engaged in any other employment so much of his earnings from that other employment, up to £25 if he is a single applicant, or up to £25 if he has a partner, as would not in aggregate with the amount of his earnings disregarded under paragraph 8 exceed £25.

10. In a case to which none of the paragraphs 3 to 9 applies, £25.

10A. (1) Where;

- (a) the applicant (or if the applicant is a member of a couple, at least one member of that couple) is a person to whom sub-paragraph (5) applies;
- (b) the Secretary of State is satisfied that that person is undertaking exempt work as defined in sub-paragraph (6); and
- (c) paragraph 12 does not apply,

the amount specified in sub-paragraph (7) ('the specified amount').

(2) Where this paragraph applies, paragraphs 3 to 10 do not apply; but in any case where the applicant is a lone parent, and the specified amount would be less than the amount specified in paragraph 4, then paragraph 4 applies instead of this paragraph.

(3) Notwithstanding section 15 (calculation of income and capital of members of applicant's family and of a polygamous marriage), if sub-paragraph (1) applies to one member of a couple ('A') it shall not apply to the other member of that couple ('B') except to the extent provided in sub-paragraph (4).

(4) Where A's earnings are less than the specified amount, there shall also be disregarded so much of B's earnings as would not when aggregated with A's earnings exceed the specified amount; but the amount of B's earnings which may be disregarded under this sub-paragraph is limited to a maximum of £20 unless the Secretary of State is satisfied that B is also undertaking exempt work.

(5) This sub-paragraph applies to a person who is;

- (a) in receipt of a contributory employment and support allowance;
- (b) in receipt of incapacity benefit;
- (c) in receipt of severe disablement allowance; or
- (d) being 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

- (6) 'Exempt work' means work of the kind described in;
 (a) regulation 45(2), (3) or (4) of the Employment and Support Allowance Regulations; or (as the case may be)
 (b) regulation 17(2), (3) or (4) of the Social Security (Incapacity for Work) (General) Regulations 1995, and, in determining for the purposes of this paragraph whether an applicant or a member of a couple is undertaking any type of exempt work, it is immaterial whether that person or their partner is also undertaking other work.
- (7) The specified amount is the amount of money from time to time mentioned in any provision referred to in sub-paragraph (6) by virtue of which the work referred to in sub-paragraph (1) is exempt (or, where more than one such provision is relevant and those provisions mention different amounts of money, the highest of those amounts).

11. Any amount or the balance of any amount which would fall to be disregarded under paragraph 19 or 20 of Schedule 4 had the applicant's income which does not consist of earnings been sufficient to entitle him to the full disregard thereunder.

12. Where an applicant is on income support, an income-based jobseeker's allowance or an income-related employment and support allowance, his earnings.

13. Any earnings derived from employment, which are 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 those earnings.

14. Where a payment of earnings is made in a currency other than Sterling, any banking charge or commission payable in converting that payment into Sterling.

15. Any earnings of a child or young person.

16. (1) In a case where the applicant is a person who satisfies at least one of the conditions set out in sub-paragraph (2), and his net earnings equal or exceed the total of the amounts set out in sub-paragraph (3), the amount of his earnings that falls to be disregarded under paragraphs 3 to 10A of this Schedule shall be increased by £17.10.

(2) The conditions of this sub-paragraph are that-

(a) the applicant, or if he is a member of a couple, either the applicant or his partner, is a person to whom regulation 20(1)(c) of the Working Tax Credit Regulations applies; or

(b) the applicant-

(i) is, or if he is a member of a couple, at least one member of that couple is aged at least 25 and is engaged in remunerative work for on average not less than 30 hours per week; or

(ii) is a member of a couple and

(aa) at least one member of that couple, is engaged in remunerative work for on average not less than 16 hours per week; and

(bb) his family includes at least one child or young person; or

(iii) is a lone parent who is engaged in remunerative work for on average not less than 16 hours per week; or

(iv) is, or if he is a member of a couple, at least one member of that couple is engaged in remunerative work for on average not less than 16 hours per week; and;

(aa) the applicant's applicable amount includes a disability premium, the work-related activity component or the support component ;

(bb) where he is a member of a couple, at least one member of that couple satisfies the qualifying conditions for the disability premium or either of the components referred to in sub-

head (aa) above and is engaged in remunerative work for on average not less than 16 hours per week; or

(c) the applicant is, or if he has a partner, one of them is, a person to whom regulation 18(3) of the Working Tax Credit Regulations (eligibility for 50 plus element) applies, or would apply if an application for working tax credit were to be made in his case.

- (3) The following are the amounts referred to in sub-paragraph (1);
- (a) the amount calculated as disregardable from the applicant's earnings under paragraphs 3 to 10A of this Schedule;
 - (b) the amount of child care charges calculated as deductible under paragraph 17(1)(c); and
 - (c) £17.10
- (4) The provisions of section 6 shall apply in determining whether or not a person works for on average not less than 30 hours per week, but as if the reference to 16 hours in paragraph (1) of that section were a reference to 30 hours.

17. In this Schedule 'part-time employment' means employment in which the person is engaged on average for less than 16 hours a week.

Schedule 4⁴³

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

⁴³ All amounts within this schedule will be amended in line with the Housing Benefit Regulations 2006 (as amended) or as agreed

- 1.** Any amount paid by way of tax on income, which is to be taken into account under section 30 (calculation of income other than earnings).
- A2.** Any payment made to the claim and in respect of any travel or other expenses incurred, or to be incurred, by him in respect of his participation in the Mandatory Work Activity Scheme.
- A3.** 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.
- 2.** Any payment in respect of any expenses incurred or to be incurred by an applicant who is-
 - (a) engaged by a charitable or voluntary organisation, or
 - (b) volunteer,
 if he otherwise derives no remuneration or profit from the employment and is not to be treated as possessing any earnings under section 32.0 (notional income).
- 2A.** Any payment in respect of expenses arising out of the applicant's participation as a service user
- 3.** 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.
- 4.** 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.
- 5.** 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.
- 6.** 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.
- 7.** Any disability living allowance or personal independence payment or AFIP
- 8.** 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.
- 9.** 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.
- 10.** Any attendance allowance.
- 11.** Any payment to the applicant as holder of the Victoria Cross or of the George Cross or any analogous payment.

- 12.** (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).
- 13.** 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.
- 14** (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.
- 15** (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.

- 16.** 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 Her Majesty otherwise than under an enactment to make provision about pensions for or in respect of persons who have been disabled or have died in consequence of service as members of the armed forces of the Crown;
 - (d) a guaranteed income payment;
 - (e) a payment made to compensate for the non-payment of such a pension or payment as is mentioned in any of the preceding sub-paragraphs;
 - (f) a pension paid by the government of a country outside Great Britain which is analogous to any of the pensions or payments mentioned in sub-paragraphs (a) to (d) above;
 - (g) pension paid to victims of National Socialist persecution under any special provision made by the law of the Federal Republic of Germany, or any part of it, or of the Republic of Austria;
 - (h) an Armed Forces Compensation Scheme payment.
- 17.** 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.
- 18.** (1) Any income derived from capital to which the applicant is or is treated under section 41 (capital jointly held) as beneficially entitled but, subject to sub-paragraph (2), not income derived from capital disregarded under paragraphs 1, 2, 4, 8, 14 or 25 to 28 of Schedule 5.
- (2) Income derived from capital disregarded under paragraphs 2, 4 or 25 to 28 of Schedule 5 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'.
- 19.** 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(c), 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.

- 20.** (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 falling within paragraph 19, 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.
- 21.** Any payment made to the applicant by a child or young person or a non- dependant.
- 22.** Where the applicant occupies a dwelling as his home and the dwelling is also occupied by a person other than one to whom paragraph 21 or 23 refers 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.
- 23.** (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.
- 24.** (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.

- 25.** 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.
- 26.** (1) Any payment made to the applicant in respect of a person who is a member of his family–
- (a) pursuant to regulations under section 2(6)(b), 3 or 4 of the Adoption and Children Act 2002 or in accordance or with a scheme approved by the Scottish Ministers under section 51A of the Adoption (Scotland) Act 1978**(b)** (schemes for payments of allowances to adopters); or in accordance with an Adoption Allowance Scheme made under section 71 of the Adoption and Children (Scotland) Act 2007 (Adoption Allowances Schemes)
 - (b) not used
 - (ba) which is a payment made by a local authority in pursuance of section 15(1) of, and paragraph 15 of Schedule 1 to, the Children Act 1989 (local authority contribution to a child's maintenance where the child is living with a person as a result of a residence order) or in Scotland section 50 of the Children Act 1975 (payments towards maintenance of children);
 - (c) which is a payment made by an authority, as defined in Article 2 of the Children Order, in pursuance of Article 15 of, and paragraph 17 of Schedule 1 to, that Order (contribution by an authority to child's maintenance);
 - (d) 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.
- 27.** 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).
- 28.** 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
- 29.** 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).

- 29A.** (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.
- 30.** (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).
- 31.** Any payment of income which, by virtue of section 36 (income treated as capital) is to be treated as capital.
- 32.** Any social fund payment made pursuant to Part 8 of the Act (the Social Fund) or any local welfare provision as defined by the Social Security (Miscellaneous Amendments) Regulations 2013
- 33.** Any payment under Part 10 of the Act (Christmas bonus for pensioners).
- 34.** 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.
- 35.** 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 47.2(b) and paragraph 48.1(d)(calculation of covenant income where a contribution assessed, covenant income where no grant income or no contribution is assessed), paragraph 51(2) (treatment of student loans), paragraph 52(3) (treatment of payments from access funds) and paragraphs 16 and 17 shall in no case exceed £20 per week.
- 36.** (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.

37. Any housing benefit or council tax benefit.

38. Any payment made by the Secretary of State to compensate for the loss (in whole or in part) of entitlement to housing benefit.

39. - 40. Not used

41. Any payment to a juror or witness in respect of attendance at a court other than compensation for loss of earnings or for the loss of a benefit payable under the benefit Acts.

42. Not used

43. 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).

44. Not used

45. (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).

46. 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).

47. 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.

48. (1) Where an applicant's family includes a dependant child or young person, £15 of any payment of maintenance, other than child maintenance, whether under a court order or not, which is made or due to be made by the applicant's former partner, or the applicant's partner's former partner.

(2) For the purpose of sub-paragraph (1) where more than one maintenance payment falls to be taken into account in any week, all such payments such be aggregated and treated as if they were a single payment.

(3) A payment made by the Secretary of State in lieu of maintenance shall, for the purpose of sub-paragraph (1), be treated as a payment of maintenance made by a person specified in sub-paragraph (1)).

48A (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.

- 49** Not used
- 50.** 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.
- 51.** Any guardian's allowance.
- 52.** (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.
- 53.** 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.
- 54.** 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.
- 55** (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).
- 55A.** Any council tax reduction or council tax benefit to which the applicant is entitled.
- 56.** Except in a case which falls under sub-paragraph (1) of paragraph 16 of Schedule 3, where the applicant is a person who satisfies any of the conditions of sub-paragraph (2) of that paragraph, any amount of working tax credit up to £17.10
- 56A.-56B.** Not used

- 57.** 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).
- 58.** (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
- 59.** (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.
- 60.** 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.
- 61.** 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.
- 62.** 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.
- 63.** (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.
- 64.** Not used
- 65.** Any payments to an applicant made under section 49 of the Children and Families Act 2014 (personal budgets and direct payments)
- 66.** Any payment of child benefit.

Schedule 5
Capital to be disregarded⁴⁴

⁴⁴ Any amounts shown in this schedule will be updated in line with the Housing Benefit Regulations 2006 as amended

- 1.** The dwelling together with any garage, garden and outbuildings, normally occupied by the applicant as his home including any premises not so occupied which it is impracticable or unreasonable to sell separately, in particular 5, in Scotland, any croft land on which the dwelling is situated; but, notwithstanding section 15 (calculation of income and capital of members of applicant's family and of polygamous marriage), only one dwelling shall be disregarded under this paragraph.
- A2.** 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.
- A3.** 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.
- 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 paragraphs 7, 9 or 10 of 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
 - (g) Universal Credit

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 reduction.
- 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 paragraph 13 of Schedule 3 or paragraph 25 of 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 31 or 51 (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.** Not used
- 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.** Not used.
- 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 paragraph 53 of Schedule 4 (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 sub-paragraph (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.
- 41A.** Any payment made under Part 8A of the Act (entitlement to health in pregnancy grant).
- 42.** 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.
- 43.** 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.
- 44.** Not used
- 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.** Not used
- 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).

53A.-53B. Not used

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.

60. Any payment made under regulations made under section 57 of the Health and Social Care Act 2001 or under section 12B of the Social Work (Scotland) Act 1968, or under section 12A to 12D of the National Health Service Act 2006 (direct payments for health care).

61. Any payment made to the applicant pursuant to regulations under section 2(6)(b), 3 or 4 of the Adoption and Children Act 2002.

62. Any payment made to the applicant in accordance with regulations made pursuant to section 14F of the Children Act 1989 (special guardianship support services).

63. Any payments to an applicant made under section 49 of the Children and Families Act 2014 (personal budgets and direct payments)

MAIDSTONE BOROUGH COUNCIL

COUNCIL

18 DECEMBER 2019

REPORT OF THE POLICY AND RESOURCES COMMITTEE HELD ON 20 NOVEMBER 2019

MEDIUM TERM FINANCIAL STRATEGY 2020/21-2024/25

Issue for Decision

This report sets out a draft new Medium Term Financial Strategy (MTFS) for the Council. The new strategy updates the existing strategy to cover the five-year period 2020/21 to 2024/25 and to reflect changes in the local authority financial landscape and corporate priorities.

Recommendation Made

1. That the Medium Term Financial Strategy 2020/21 – 2024/25 as set out at Appendix A to this report be adopted.
2. That the financial assumptions underlying the Medium Term Financial Strategy be endorsed.
3. That the Council Tax setting principle as set out in this report be agreed.

Reasons for Recommendation

The Medium Term Financial Strategy (MTFS) sets out in financial terms how the Council will deliver its Strategic Plan over the next five years. The Council agreed a new Strategic Plan in December 2018 which describes and prioritises our corporate objectives. The MTFS sets out how these objectives will be delivered, given the resources available.

The draft MTFS is attached as Appendix A. It builds on the existing MTFS, which was developed in parallel with the new Strategic Plan and was agreed by Council in December 2018. The main developments since December 2018 have been further central government announcements about local authority funding and refinement of our own corporate priorities.

A key outcome of the process of updating the MTFS is to set a balanced budget and agree a level of council tax for 2020/21 at the Council meeting on 26 February 2020. This report is a key step towards achieving that objective.

Local Authority Funding

It was originally anticipated that a new local government funding regime would be introduced in 2020/21. However, this has now been delayed until 2021/22 and the government plans to implement a 'roll-forward' settlement for 2020/21, with stability for the majority of funding sources for local government.

The implications of this for the key financial variables are as follows:

Council Tax - The government plans to set a limit of 2% to increases, above which a referendum would be required (as compared to 3% in 2019/20).

Business Rates - The Business Rates baseline, which dictates the amount of business rates that local authorities may retain locally, will be increased in line with inflation.

Negative Revenue Support Grant - The government is currently minded not to levy negative revenue support grant, but this is subject to consultation.

This would mean a broadly neutral revenue position in real terms for Maidstone Borough Council, so long as Council Tax is increased by 2% and no negative RSG is levied.

The new regime to be implemented in 2021/22 will include much more significant changes, which are likely to include:

- Implementation of a 'Fair Funding Review'
- 75% business rates retention by local authorities (versus 50% now)
- Resetting business rates baselines.

It should be noted that 75% business rates retention will not mean an increase in resources for individual local authorities. The government originally intended the increased business rates income to be accompanied by an increase in responsibilities, e.g. for public health; it remains to be seen what new responsibilities will actually be devolved to local authorities.

The implications of this for the MTFs are:

- Assuming no major changes in corporate priorities, a 'standstill' budget could be set for 2020/21, with updating simply to allow for inflation.
- For future years, there remains a considerable degree of uncertainty and it is therefore appropriate to plan for a number of different potential scenarios – favourable, neutral and adverse.

Corporate Objectives and Key Priorities

The Council's Strategic Plan sets out four key priorities, as follows:

- Embracing Growth and Enabling Infrastructure
- Homes and Communities
- A Thriving Place
- Safe, Clean and Green.

Over the past year, the priority of 'Embracing growth and enabling infrastructure' has been made more explicit through our developing plans for an Innovation Centre, for Maidstone East and a new Garden Community. Investment plans have been approved by Policy and Resources Committee which seek to promote Maidstone as a 'Thriving Place', as well as generating a positive financial return for the Council. The priority of a 'Safe, Clean and Green' place has been emphasised by Council's decision to declare its recognition of global

climate and biodiversity emergencies, and to consider adopting a target date of 2030 for the whole of the Borough of Maidstone to be carbon neutral.

These refinements of the Strategic Plan are likely to involve a limited amount of additional revenue expenditure in the short term, and additional capital investment in the medium to long term. This will be factored into the strategic revenue projections, whilst recognising that the overall requirement to deliver a standstill revenue budget means that budget growth in one area will need to be offset by savings or additional income in another.

Revenue Projections

Financial projections for the next five years have been updated, based on what is now known about the local government financial settlement for 2020/21 and other emerging information. These projections assume that budget savings already agreed by members, as set in Appendix B, are delivered. Financial projections indicate a budget position as follows under the different scenarios. Full details are set out in Appendix C.

	20/21	21/22	22/23	23/24	24/25
	£m	£m	£m	£m	£m

Scenario 1 – Favourable					
Budget gap / (surplus)	-0.2	0.8	1.1	1.4	1.2

Scenario 2 – Neutral					
Budget gap / (surplus)	-0.1	0.9	1.6	2.1	2.2

Scenario 3 – Adverse					
Budget gap	0.4	1.9	3.3	4.6	5.5

These figures assume inflation of 2% per annum, in line with the Bank of England's long term forecast, and that Council Tax is increased correspondingly, i.e. by 2% per annum, such that its level remains constant in real terms. Inflation is currently slightly lower than 2%, at 1.7%, but it is expected to increase to 2%, which is the government's target inflation rate.

It is recommended that the Council adopts the principle of maintaining the level of Council Tax in real terms. This would mean increasing Council Tax in line with inflation and will help to cover the cost of maintaining the full range of services that the Council provides currently.

On the basis of these assumptions, a balanced position can be achieved in 2020/21 under the neutral and favourable scenarios. There will be an increasing budget gap in future years, although the deficit flattens out in year 5 as income from Council capital investments grows. The budget gap in the neutral scenario is considered to be manageable, in that by 2024/25 it still represents less than 5% of the Council's projected operating income.

The projected gap will be kept under review and steps taken to bring forward proposals for addressing it, whether by generating additional income or making savings, in good time such that there is no risk of the Council setting an unbalanced budget in future years.

The following table compares the position in the neutral scenario for a 2% Council Tax increase with that for a Council Tax freeze, as requested by Members at the meeting of Policy and Resources Committee on 23 July 2019.

	20/21	21/22	22/23	23/24	24/25
	£m	£m	£m	£m	£m

Neutral Scenario – Council Tax increase 2% per annum

Budget gap	-0.1	0.9	1.6	2.1	2.2
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Neutral Scenario – Council Tax freeze

Budget gap	0.2	1.6	2.6	3.5	4.0
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Assuming all other factors remained unchanged, freezing Council Tax would lead to a budget gap of £200,000 in 2020/21. Over the longer term, it can be seen that not increasing Council Tax in line with inflation increases the budget gap to a level which risks being unmanageable.

Capital Programme

The capital programme plays a vital part in delivering the Council's strategic plan, since it is only through long term investment that our ambitions for the borough can be realised. The capital programme is a rolling five year programme. The existing capital programme totals £109 million over five years. Major schemes include the following:

- Brunswick Street redevelopment
- Union Street redevelopment
- Further mixed housing and regeneration schemes
- Council affordable housing programme
- Housing for temporary accommodation
- Flood Action Plan

- Improvements at Mote Park
- Mote Park dam works
- Town centre regeneration
- Commercial property investments.

Schemes may be included in the capital programme if they fall within one of the four following categories:

- Required for statutory reasons, e.g. to ensure that Council property meets health and safety requirements;
- Self-funding schemes focused on strategic plan priority outcomes;
- Other schemes focused on strategic plan priority outcomes; and
- Other priority schemes which will attract significant external funding.

To the extent that schemes are self-funding, in other words they cover the cost of finance and a provision for repayment of borrowing, there is no net impact on the revenue budget. This gives scope for the capital programme to be expanded, subject to the Council's agreed prudential indicators. These indicators are important in ensuring that the burden of borrowing is reasonable given the Council's overall revenue budget.

Reserves

The Council maintains reserves as a safety net to allow for unforeseen circumstances. There is no statutory definition of the minimum level of reserves: the amount required is a matter of judgement. However, the Council has agreed to set £2 million as the minimum General Fund balance.

In practice, reserves are higher than this. In total, General Fund balances at 31 March 2019 amounted to £14.4 million. The budget for the current financial year allows for a further £1.6 million, money that was originally set aside to pay negative Revenue Support Grant, to be added to reserves as a contingency for future funding pressures. It is proposed that this contingency be rolled forward to 2021/22, given that the government's standstill funding settlement does not require us to draw on the contingency in 2020/21. This would maintain reserves at a healthy, but not excessive level.

Conclusion

In the short term, the government's spending round announcements allow the Council to assume a real terms 'stand still' spending position for 2020/21, provided Council Tax is increased up to the referendum limit of 2%.

In the longer term, a budget gap is likely to emerge. Budget proposals will be brought forward to address the projected gap as necessary, whether by generating additional income or making savings, such that there is no risk of the Council setting an unbalanced budget in future years.

Alternatives Considered and Why Not Recommended

- To adopt the draft MTFS attached at Appendix A, endorse the underlying financial assumptions and agree to the Council Tax setting principle set out above.
- To adopt the draft MTFS, subject to any amendments that the Council might agree.
- To not adopt the MTFS.

The Council is asked to adopt the draft MTFS along with the underlying assumptions and the Council Tax setting principle described above. Without an agreed MTFS, the Council will have no formal framework for consideration of next year's budget, and will therefore risk not being able to meet its statutory responsibility to set a budget. The basis for the assumptions underlying the MTFS and the proposed Council Tax setting principle are set out in the body of this report.

The three Service Committees considered the draft MTFS at their meetings in November and the outcomes were reported to the Policy and Resources Committee.

A survey has been undertaken in which residents were consulted on what they wish to see in the budget. The results will be reported when detailed budget proposals are reported to the Policy and Resources Committee in January 2020 so Members will be able to take into account residents' views at that stage.

Background Documents

None

Appendices

- Appendix A: Draft Medium Term Financial Strategy 2020/21 – 2024/25
- Appendix B: Agreed Budget Savings 2020/21 – 2023/24
- Appendix C: Strategic Revenue Projections 2020/21 – 2024/25 – under different scenarios.

MAIDSTONE BOROUGH COUNCIL
MEDIUM TERM FINANCIAL STRATEGY
2020/21 – 2024/25

DRAFT

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1. OVERVIEW AND SUMMARY OF MEDIUM TERM FINANCIAL STRATEGY

Background

- 1.1 The Medium Term Financial Strategy (MTFS) sets out in financial terms how the Council will deliver its Strategic Plan over the next five years. The Council agreed a new Strategic Plan in December 2018 which describes and prioritises our corporate objectives. The MTFS sets out how these objectives will be delivered, given the resources available.
- 1.2 Resources depend first of all on the broad economic environment. The overall picture for the economy is one of slower growth, but it is hoped that growth will resume as the uncertainties around Brexit are resolved. The present government has responded to lower growth and the reaction against austerity by announcing significant new spending initiatives. These initiatives have been in other areas from the public sector from District Councils, so there is not expected to be a direct benefit to this Council. To the extent that the Council wishes to fund new initiatives, it is likely to have to rely on self-generated resources.
- 1.3 Most of the Council's income already comes from Council Tax and other local sources, including parking, planning fees and property income. This relative self-sufficiency provides a level of reassurance, but there is considerable uncertainty about the position for 2021/22 onwards. The Government offered a four year funding settlement to local authorities in 2016, covering the years 2016/17 to 2019/20, and for 2020/21 the funding arrangements have been rolled forward without significant changes, but the future position is very uncertain.
- 1.4 Capital investment faces a different set of constraints. As set out in section 6 below, funds have been set aside for capital investment and further funding is available, in principle, through prudential borrowing. The challenge is to ensure that capital investment is affordable and sustainable, given the return on investment and the cost of finance, and that the overall scale of the capital programme remains proportionate to the Council's overall budget.

Revenue Projections

- 1.5 The strategic revenue projections underlying the MTFS 2019/20 – 2023/24 suggested that there would be a budget gap of £400,000 in 2020/21, increasing to £2.2 million by the end of the five year period, as follows. The projections were based on a 'neutral' scenario.

Table 1: Current MTFS Revenue Projections 2019/20 – 2023/24

	19/20	20/21	21/22	22/23	23/24
	£m	£m	£m	£m	£m
Council Tax	16.2	16.8	17.5	18.2	18.9
Retained Business Rates	3.2	1.7	0.4	0.5	0.6

Business Rates Growth	1.1	0.0	0.2	0.4	0.7
Budget requirement	20.5	18.5	18.1	19.1	20.2
Fees and Charges	20.8	21.0	21.2	21.4	21.6
Total Funding Available	41.3	39.5	39.3	40.5	41.8
Predicted Expenditure	42.5	41.5	41.2	41.1	42.6
Budget Gap	1.2	2.0	1.9	0.6	0.8
Required Savings – Cumulative	1.2	3.2	5.1	5.7	6.5
Savings identified – Cumulative	1.2	2.8	3.7	4.3	4.3
Still to be identified	0.0	0.4	1.4	1.4	2.2

- 1.6 The MTFS 2020/21 – 2024/25 sets out an updated set of financial projections in section 7. However, it is important to note that projections like these can only represent a best estimate of what will happen. In updating the projections, various potential scenarios have been modelled – adverse, neutral and favourable.
- 1.7 In accordance with legislative requirements the Council must set a balanced budget. The MTFS sets out a proposed approach that seeks to address this.

2. CORPORATE OBJECTIVES AND KEY PRIORITIES

2.1 The Council has developed a new Strategic Plan which was approved by Council in December 2018. The development of a new Strategic Plan was brought forward in order to inform the refresh of the Local Plan, which sets out the framework for development in the borough and is due to be completed by April 2022. The new Strategic Plan likewise informs the whole range of other Council strategies and policies.

2.2 The new Strategic Plan went through a thorough process of discussion and refinement over the period June – October 2018 and was approved by Council on 12 December 2018. It sets out four key priorities, as follows:

- Embracing Growth and Enabling Infrastructure
- Homes and Communities
- A Thriving Place
- Safe, Clean and Green.

'Embracing growth and enabling infrastructure' recognises the Council's role in leading and shaping the borough as it grows. This means taking an active role in policy and master planning for key sites in the borough, and where appropriate, investing directly ourselves.

'Homes and communities' expresses the objective of making Maidstone a place where people love to live and can afford to live. This means providing a range of different types of housing, including affordable housing, and meeting our statutory obligations to address homelessness and rough sleeping.

'A thriving place' is a borough that is open for business, attractive for visitors and an enjoyable and prosperous place to live for our residents. We will work to regenerate the County town and rural service centres and will continue to grow our leisure and cultural offer.

A 'safe, clean and green' place is one where the environment is protected and enhanced, where parks, green spaces, streets and public areas are looked after, well-managed and respected, and where people are and feel safe.

2.3 Since the adoption of the Strategic Plan in December 2018, the priority of 'Embracing growth and enabling infrastructure' has been made more explicit through our developing plans for an Innovation Centre, for Maidstone East and a new Garden Community. Investment plans have been approved by Policy and Resources Committee which seek to promote Maidstone as a 'Thriving Place', as well as generating a positive financial return for the Council. The priority of a 'Safe, Clean and Green' place has been emphasised by Council's decision to declare its recognition of global climate and biodiversity emergencies, and to consider adopting a target date of 2030 for the whole of the Borough of Maidstone to be carbon neutral.

2.4 The purpose of the MTFs is to describe how the outcomes associated with these objectives and priorities can be delivered, given the financial resources available to the Council, and bearing in mind the prioritisation of

objectives. 'Financial resources' include both revenue resources, for day-to-day expenditure, and capital resources, for one-off investment that will deliver benefits over more than a year.

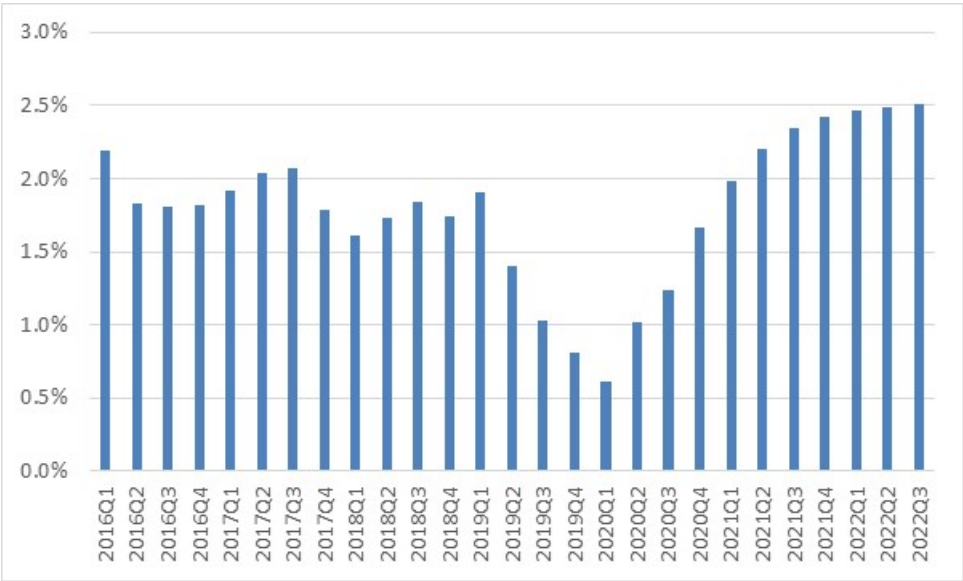
- 2.5 Resources are described in section 4 below. It will be seen that there are constraints on the funding available for the revenue budget, and there are in any case service pressures which must be accommodated. This implies a process of matching resources against the objectives in the Strategic Plan.
- 2.6 Capital investment has hitherto been funded from the New Homes Bonus, internal revenue resources and third party contributions such as Section 106 payments on new developments. From 2019/20 onwards capital investment will increasingly be funded by external borrowing. The constraints on capital expenditure are different from those facing revenue expenditure, because the current local authority funding regime does not set cash limits for borrowing. However, borrowing must be sustainable in terms of the Council's ability to fund interest payments and ultimately repayment of capital. Capital investment plans also depend on having the capacity, in terms of internal resources, to develop projects, work effectively with partners, and secure third party funding.

3. NATIONAL CONTEXT

Economic Outlook 2020 – 2025

- 3.1 The prospects for the national economy depend both on global economic prospects and on the consequences of Brexit. Growth projections in most leading economies, as expressed in Purchasing Managers’ Indices, have been falling, particularly where growth is heavily dependent on international trade. The Bank of England has pointed out that UK’s composite output PMI is now at the bottom of a range of advanced economies, indicating that the prospects for the UK are further exacerbated by Brexit-related uncertainties.
- 3.2 So far, these uncertainties have led to volatility in economic growth, with businesses stocking up in anticipation of Brexit in March 2019, followed by a slowdown. This has not yet pushed the economy into recession, which is defined as two successive quarters of negative growth: output grew in the three months to the end of August by 0.3% after a contraction of 0.2% in the three months to the end of June.
- 3.3 It remains to be seen whether recession can be avoided in the short term. In the medium term, the Office of Budget Responsibility expects growth in 2019 and 2020 to be slightly below potential, as Brexit uncertainty weighs on the economy. From 2021 onwards, it assumes that Brexit uncertainty will begin to fade and potential productivity growth will pick up, which means that GDP growth would rise¹. Bank of England projections show a similar picture – see graph below.

Figure 1: Real UK gross domestic product (GDP) growth rate assuming constant interest rates
 (Source – Bank of England Quarterly Inflation Report August 2019)



- 3.4 The most recent Consumer Price Inflation (CPI) data shows 1.7% for the year to August 2019. The Bank of England projects inflation of 1.92% for quarter 1 of 2020 assuming constant interest rates. Thereafter, inflation is

¹ <https://obr.uk/forecasts-in-depth/the-economy-forecast/real-gdp-growth/>

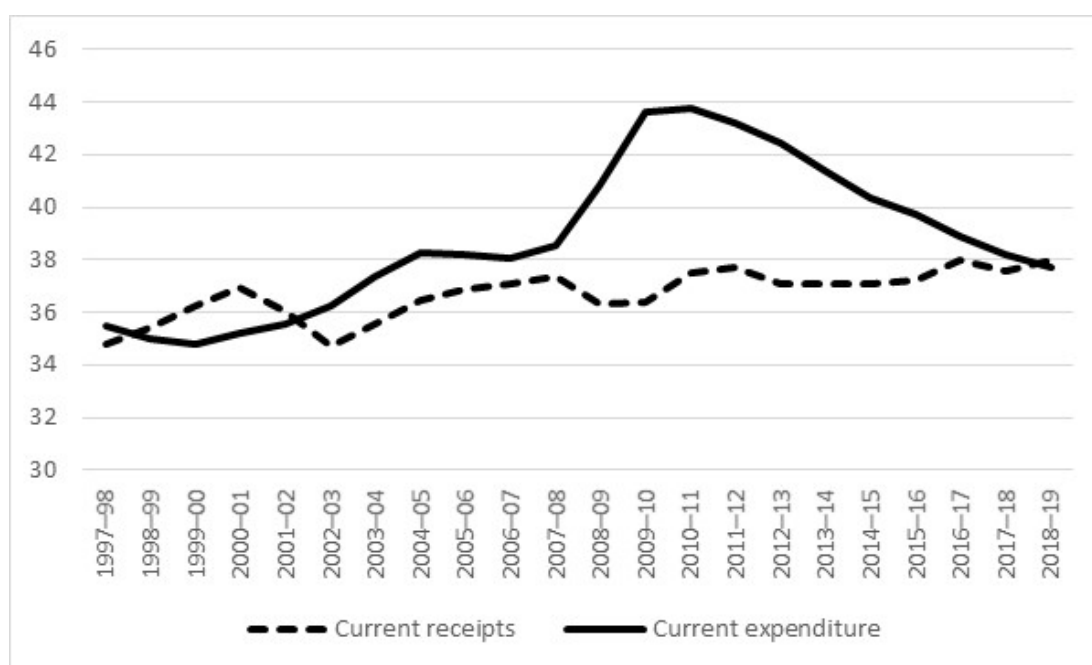
judged likely to rise slightly above the target inflation rate of 2%, based on domestic inflationary pressures. Over the longer term, policy action will be designed to ensure inflation remains within 1% above or below the target of 2%.

- 3.5 The overall picture for the national economy is therefore for slower growth in the short term before resuming a moderate rate of growth in the medium term. Inflation is projected to increase to above the Bank of England target of 2% next year, but with the expectation that policy action will bring it back in line with target in the longer term.

Public Finances

- 3.6 After a period of austerity between 2010 and 2017, government spending has come back into line with receipts.

Figure 2: Current receipts and expenditure as % of national income

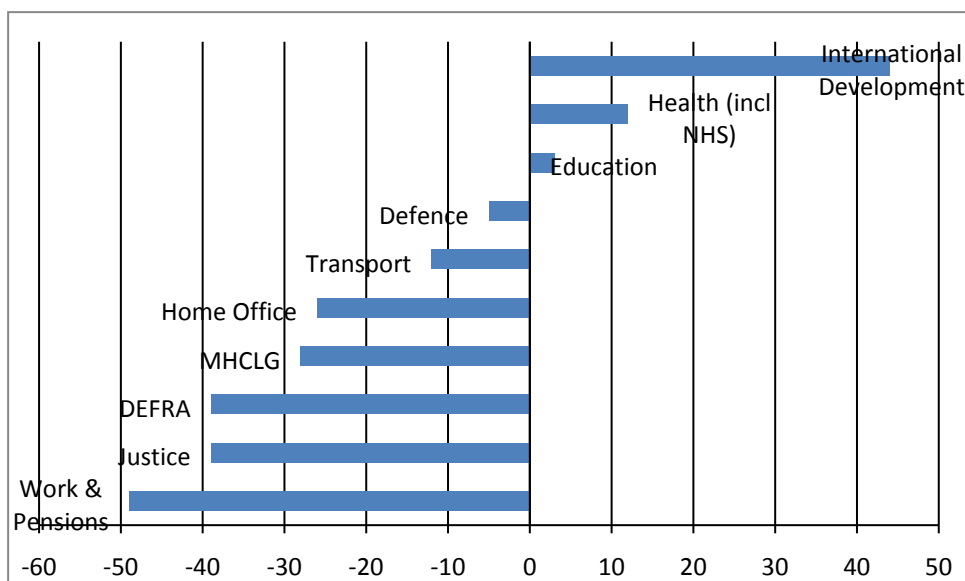


However, the cumulative deficit is at its highest ever level in relation to GDP, at 82% of national income. The government has also now rapidly changed direction following the long period of austerity, with a number of increasingly generous public spending commitments over the past twelve months. This will increase the level of borrowing as a percentage of GDP, even under a smooth Brexit scenario².

- 3.7 Within the overall reduction in public expenditure, there has been a widely disparate pattern between different government departments.

² IFS, Green Budget 2019

Figure 3: Planned real change to Departmental Expenditure Limits 2010-11 – 2019-20 (per cent)



- 3.8 MHCLG, which provides central government funding for local authorities, has seen some of the biggest cuts. Although the policy of austerity has now been reversed, it is unlikely that local government will see significant benefits given the pressures elsewhere on the public purse, in particular from the NHS.
- 3.9 The effects of austerity in local government have not been spread evenly between authorities. The increasing costs of adult social care and children’s social care – services delivered by the upper tier of local government - contribute by far the majority of the funding gap faced by the sector. When local government spending needs are assessed against resources in the planned 2020 Spending Review, it is likely that any rebalancing of public spending will benefit the upper tier authorities that deliver these services, rather than District Councils like Maidstone.
- 3.10 The Queen’s Speech on 14 October 2019 announced a White Paper on devolution. This may be the first step towards local government reorganisation, but at this stage it is appropriate to plan on the basis of the Council retaining its current level of autonomy.

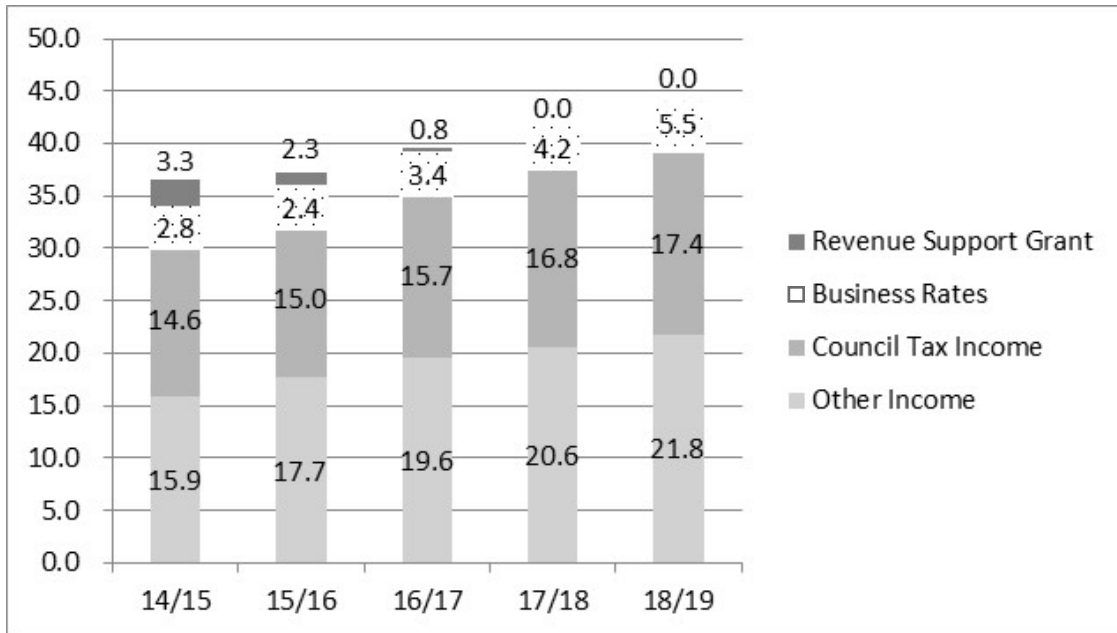
Conclusion

- 3.11 Growth in the national economy is slowing, and is vulnerable to Brexit related uncertainty. Although the government plans aggressive public expenditure which would counter-act any downturn in the economy, there is unlikely to be much direct benefit to District Councils. This Council is already largely self-sufficient, so for financial planning purposes, it needs to assume a continued reliance on self-generated resources, and to maintain a level of reserves that will allow it to withstand external shocks.

4. FINANCIAL RESOURCES

- 4.1 The Council's main sources of income are Council Tax and self-generated income from a range of other sources, including parking, planning fees and property investments. It no longer receives direct government support in the form of Revenue Support Grant; although it collects around £60 million of business rates annually, it retains only a small proportion of this.

Figure 4: Sources of Income (£m)



Council Tax

- 4.2 Council Tax is a product of the tax base and the level of tax set by Council. The tax base is a value derived from the number of chargeable residential properties within the borough and their band, which is based on valuation ranges, adjusted by all discounts and exemptions.
- 4.3 The tax base has increased steadily in recent years, reflecting the number of new housing developments in the borough. See table below.

Table 2: Number of Dwellings in Maidstone

	2015	2016	2017	2018	2019
Number of dwellings	67,721	68,519	69,633	70,843	71,917
% increase compared with previous year	0.81%	1.18%	1.63%	1.74%	1.52%

Note: Number of dwellings is reported each year based on the position shown on the valuation list in September.

- 4.4 The level of council tax increase for 2020/21 is a decision that will be made by Council based on a recommendation made by Policy and Resources Committee. The Council's ability to increase the level of council tax is limited

by the requirement to hold a referendum for increases over a government set limit. The referendum limit for 2019/20 was the greater of 3% or £5.00 for Band D tax payers. Council Tax was increased by the maximum possible, ie £7.56 (3%).

- 4.5 In the Medium Term Financial Strategy 2019/20 – 2023/24, it was assumed that the Council Tax base would increase by 2% per annum for the MTFS period, and Band D Council Tax increases would revert to 2% per annum after 2019/20. Given the risk of an economic slowdown, and the fact that growth of 2% per annum has never actually been achieved, a more prudent assumption for increases in the Council Tax base would be 1.5%.

Other income

- 4.6 Other income is an increasingly important source of funding for the Council. It includes the following sources of income:

- Parking
- Shared services
- Commercial property
- Planning fees
- Cremations
- Garden waste collection
- Income generating activity in parks

Where fees and charges are not set by statute, we apply a policy that guides officers and councillors in setting the appropriate level based on demand, affordability and external factors. Charges should be maximised within the limits of the policy, but customer price sensitivity must be taken into account, given that in those areas where we have discretion to set fees and charges, customers are not necessarily obliged to use our services.

- 4.7 In developing the strategic revenue projection for 2020/21 a broad assumption of a 2% increase in future fees and charges has been used for the development of the MTFS, in line with overall inflation assumptions.

Business Rates

- 4.8 Under current funding arrangements, local government retains 50% of the business rates it collects. The aggregate amount collected by local government is redistributed between individual authorities on the basis of perceived need, so that in practice Maidstone Borough Council receives only around 7% of the business rates that it collects.

- 4.9 Prior to the 2017 General Election, the Government was preparing to move to 100% business rates retention with effect from 2020. The additional income would have been accompanied by devolution of further responsibilities to local government. However, the need to accommodate Brexit legislation meant that there was no time to legislate for this. Government now intends to increase the level of business rates retention to the extent that it is able to do within existing legislation, and plans to introduce 75% business rates retention with effect from 2021/22.

- 4.10 In the meantime, the Autumn 2019 Spending Round announcement assumes a 'roll-forward' settlement for 2020/21, with the existing 50% scheme retained and the amounts retained by individual local authorities increased in line with inflation.
- 4.11 As with 50% business rates retention, the new 75% business rates retention regime will be linked to a mechanism for rates equalisation to reflect local authorities' needs. These will be assessed based on a 'Fair Funding Review'. The overall amounts to be allocated as part of the Fair Funding Review are also subject to a planned Spending Review which is now expected to take place in 2020. It is therefore difficult to predict with any degree of accuracy whether the proportion of business rates retained by Maidstone will remain the same, increase or decrease from 2021/22 onwards.
- 4.12 The current local government funding regime gives authorities the opportunity to pool their business rates income and retain a higher share of growth as compared with a notional baseline set in 2013/14. Maidstone has been a member of the Kent Business Rates pool since 2014/15. Its 30% share of the growth arising from membership of the pool is allocated to a reserve which is used for specific projects that form part of the Council's economic development strategy. A further 30% represents a Growth Fund, spent in consultation with Kent County Council. This has been used to support the Maidstone East development.
- 4.13 It should be noted that in 2021, the baseline will be reset, so all growth accumulated to that point will be reallocated between local authorities as described in paragraph 4.11 above.
- 4.14 A further element of growth was retained locally for one year only in 2018/19 as a result of Maidstone's participation in the Kent & Medway 100% Business Rates Retention pilot. Kent & Medway local authorities were successful in bidding for pilot status, which meant that 100% of business rates growth, rather than 50%, was retained locally. The additional growth was split between a Financial Sustainability Fund (70%) and a Housing and Commercial Growth Fund (30%).
- 4.15 Unfortunately, Kent & Medway was unsuccessful with its bid to form a pilot again in 2019/20, and no further pilots are planned for 2020/21.
- 4.16 Total projected business rates income for 2019/20 and the uses to which it will be put are summarised in the table below.

Table 3: Projected Business Rates Income 2019/20

	£000	
Business Rates baseline income	3,208	Included in base budget
Growth in excess of the baseline	1,129	Included in base budget
Pooling gain (MBC share)	315	Funds Economic Development projects
Pooling gain (Growth Fund)	315	Spent in consultation with KCC, eg on Maidstone East
Total	4,967	

- 4.17 Whilst the proportion of total business rates income retained by the Council is relatively small, the amounts retained have grown significantly since the introduction of 50% business rates retention. Pressure on the government to reduce the burden of business rates and the unpredictability of future arrangements for equalising business rates income between Councils place future income growth from this source at risk.

Revenue Support Grant

- 4.18 Maidstone no longer benefits directly from central government support in the form of Revenue Support Grant, as it is considered to have a high level of resources and low needs. In fact, Councils in this situation were due to be penalised by the government under the existing four year funding settlement, through a mechanism to levy a 'tariff / top-up adjustment' – effectively negative Revenue Support Grant. Maidstone was due to pay negative RSG of £1.589 million in 2019/20. However, the government faced considerable pressure to waive negative RSG and removed it in the 2019/20 Local Government Finance Settlement. The government has also stated that it is minded not to levy negative RSG in 2020/21.
- 4.19 From 2021/22 there will be a new local government funding regime. However, it should be noted that a needs-based distribution of funding will continue to create anomalies like negative RSG, so it cannot be assumed that the threat of losing funding in this way (even if the mechanism is different) has gone away.
- 4.20 The potential negative RSG of £1.589 million for 2019/20 was held as a contingency for future funding pressures, to be applied to cushion the impact of likely reductions in resources in the future. Given that it appears that negative RSG will not be levied in 2020/21, it is proposed to continue rolling forward this contingency in anticipation of the impact of the new funding regime in 2021/22.

Balances and Earmarked Reserves

- 4.21 The Council maintains reserves as a safety net to allow for unforeseen circumstances. There is no statutory definition of the minimum level of reserves: the amount required is a matter of judgement. However, the Council has agreed to set £2 million as the minimum General Fund balance.

- 4.22 Within the General Fund balance, amounts have been allocated for specific purposes. These amounts do not represent formal commitments. Instead, they represent the level of reserves considered to be required for specific purposes, including asset replacement, commercialisation and Invest to Save projects.
- 4.23 In addition to unallocated General Fund balances, the Council holds reserves that are earmarked for specific purposes. Full details of reserves held are set out below.

Table 4: General Fund balances as at 31 March 2019

	31.3.18 £000	31.3.19 £000
Earmarked Reserves		
New Homes Bonus funding for capital projects	1,404	0
Local Plan Review	200	200
Neighbourhood Plans funding carried forward	70	64
Planning Appeals Contingency	0	300
Accumulated Surplus on Trading Accounts	51	31
Civil Parking Enforcement	481	419
Future Capital Expenditure	0	431
Housing Prevention & Temporary Accommodation	0	700
Unspent Business Rates Growth (Pool and Pilot)	692	3,682
Sub-total Earmarked Reserves	2,898	5,828
Unallocated Balances	9,022	8,620
Total General Fund balances	11,920	14,448

- 4.24 The unallocated balances comfortably exceed the £2 million minimum. They represent around 20% of the gross revenue budget, which is well in excess of the 10% benchmark that is sometimes cited as a reasonable level. It can therefore be seen that the level of reserves is adequate without being excessive.

Capital Funding

- 4.25 Typically, local authorities fund capital expenditure by borrowing from the Public Works Loan Board, which offers rates that are usually more competitive than those available in the commercial sector. Maidstone Borough Council has so far not borrowed to fund its capital programme, instead relying primarily on New Homes Bonus to fund the capital programme. Borrowing has not been required so far in 2019/20, but is likely to be in subsequent years. The cost of any borrowing is factored into the MTFS financial projections.
- 4.26 Public Works Loan Board funding has for several years offered local authorities a cheap source of finance, which has been used more and more extensively. The amount authorised by the Treasury for PWLB lending is currently capped at £95 billion, and with borrowing reaching £85 billion in October 2019, it was announced that the cost of borrowing would be increased by 100 basis point across the board, with the clear intention of

dampening demand for funds. This meant, for example, that the annual interest on a 50 year loan, repayable on maturity, increased from 1.8% to 2.8%. Given that borrowing costs in the market generally remain very low, it is considered likely that local authorities will be able to continue to borrow cheaply from other lenders, if not from the PWLB.

- 4.27 There has been a reduction of the period for which New Homes Bonus would be paid from six years to five in 2017/18 and then to four in 2018/19 and 2019/20. The government has announced its intention of paying New Homes in 2020/21, but under the new Local Government funding regime to be implemented from 2021/22 a new, unspecified mechanism for incentivising housebuilding is envisaged.
- 4.28 External funding is sought wherever possible and the Council has been successful in obtaining Government Land Release Funding for its housing developments and ERDF funding for the Kent Medical Campus Innovation Centre.
- 4.29 Funding is also available through developer contributions (S 106) and the Community Infrastructure Levy (CIL). The Community Infrastructure Levy was introduced in Maidstone in October 2018.
- 4.30 The current funding assumptions used in the programme are set out in the table below.

Table 5: Capital Programme Funding

	19/20 £000	20/21 £000	21/22 £000	22/23 £000	23/24 £000	Total £000
External sources	6,901	9,179	3,253	2,782	860	22,975
Own resources	15,185	1,082	1,277	1,485	1,682	20,712
Debt	29,667	8,644	9,153	8,371	9,338	65,173
TOTAL	51,754	18,905	13,683	12,638	11,880	108,860

A review of the schemes in the capital programme will take place during the course of Autumn 2019. Proposals will also be considered for new schemes to be added to the capital programme. The affordability of the capital programme will be considered as part of this review, as it is essential that any borrowing to fund the capital programme is sustainable and affordable in terms of its revenue costs.

- 4.31 Under CIPFA's updated Prudential Code, the Council is now required to produce a Capital Strategy, which is intended to give an overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of local public services, along with an overview of how associated risk is managed and the implications for future financial sustainability. A Capital Strategy was approved by Council at its meeting on 25 September 2019.

- 4.32 The outcome of the capital programme review and an updated Capital Strategy will be considered by Policy and Resources Committee in January 2020 and an updated capital programme and strategy recommended to Council for approval.

5. SCENARIO PLANNING

- 5.1 Owing to uncertainty arising from the economic environment, and from the lack of clarity about what the government's plans for local government funding will mean for the Council, financial projections have been prepared for three different scenarios, as follows.

1. Favourable

Brexit is accompanied by a government-induced stimulus to the economy, which provides more funding for local government. In the medium term, this generates higher economic growth which more than offsets any potential negative Brexit impacts.

2. Neutral

Current trends are maintained. The Council is able to maintain existing service levels and to fund inflationary increases in expenditure thanks to a steadily growing Council Tax base and regular annual increases in Council Tax. However, without any overall increase in local government spending, new spending pressures have to be funded from within existing resources.

3. Adverse

An adverse outcome from Brexit leads to recession, reducing Council income but increasing service pressures in areas like homelessness, requiring spending cuts in order to ensure that statutory services are maintained.

Details of key assumptions underlying each of these scenarios are set out below.

Council Tax

- 5.2 It is assumed that the Council will take advantage of any flexibility offered by central government and will increase Council Tax up to the referendum limit. The government plans to set a referendum limit of 2% for 2020/21. It is not known at this stage what the referendum limit will be for subsequent years, but it is assumed to be 2%, to align with the government's inflation target. This assumption applies to all three scenarios, as Council Tax is the authority's principal and most reliable source of income, and it would not be prudent to fail to maximise income from this source.
- 5.3 The other key assumption regarding Council Tax is the number of new properties. The number of new properties has been increasing in recent years, from a low of 0.38% in 2014, peaking at 1.74% in 2018. The rate of increase nevertheless remains lower than that implied by Local Plan new homes targets. Assumptions are as follows:

Favourable – 2%

Neutral – 1.5%

Adverse – 1%

- 5.4 The target collection rate for Council Tax is 98%. Current indications are that the actual collection rate for 2019/20 will be at, or very close to, this level. However, in the event of a recession, residents will be under greater financial pressure and this could lead to a lower collection rate. A further 0.5% of income is therefore assumed to be lost in this scenario.

Business Rates

- 5.5 The Council receives only a small proportion of the business rates that it actually collects. In 2020/21, the Government indicated in its Spending Round announcement in September 2019 that it would roll forward the existing arrangements, with an increase in the business rates baseline to reflect inflation.
- 5.6 After 2021, the proportion of business rates retained by the authority will be adjusted to reflect the findings of the Fair Funding Review and the Spending Review. It is very difficult to predict what this will mean in practice. However, for the purposes of revenue projections, a number of assumptions have been made.
- 5.7 The starting point in the government's calculations will be Maidstone's perceived level of need, which in the current four year funding settlement led to the Council being faced with a negative revenue support grant payment of £1.589 million in 2019/20. In the event, this was not levied on the Council, following concerted lobbying by Maidstone and other authorities that faced negative RSG. The amount of negative RSV thus avoided in 2019/20 is being held in reserve to address likely future funding pressures.
- 5.8 The starting point for future business rates income is therefore assumed to be the current baseline share of business rates income, as adjusted for inflation in 2020/21, less £1.589 million. It is not accepted that this would be a fair allocation of business rates income but it is nevertheless prudent to make this assumption for forecasting purposes.
- 5.9 A further factor to be considered is the resetting of the government's business rates baseline in 2021/22. This represents the level above which the Council benefits from a share in business rates growth. It is likely that the government will reset the baseline in order to redistribute resources from those areas that have benefitted most from business rates growth in the years since the current system was introduced in 2013, to those areas that have had lower business rates growth. Accordingly, cumulative business rates growth has been removed from the projections for 2021/22, then is gradually reinstated from 2022/23.
- 5.10 The target collection rate for Business Rates is 98.6%. Current indications are that the actual collection rate for 2019/20 will be closer to 98%. In the event of a recession, businesses will be under greater financial pressure and the number of businesses failures will be higher, leading to a still lower collection rate. A further 2% of income is therefore assumed to be lost in this scenario.

- 5.11 Given these assumptions, the specific assumptions for business rates growth in each scenario are as follows:

Favourable – 2% increase in multiplier plus 2% growth in base

Neutral – 2% increase in multiplier plus 1% growth in base

Adverse – 3% increase in multiplier, 0% growth in base and 2% losses from lower collection rate

Inflation

- 5.12 The most recent Bank of England inflation report recognised an inconsistency between market expectations of inflation, which assume very low interest rates in the near term, and the Bank's own inflation forecasts, which align with its more aggressive assumptions about interest rates. A further potential factor is the impact of any sterling depreciation on input prices, which could push up inflation rates.
- 5.13 For the purpose of forecasting, it is assumed that the government's target rate of inflation is 2% is achieved in the favourable and neutral scenarios. A higher rate of 3% is assumed in the adverse scenario, reflecting the risk of increases in input prices pushing up inflation rates.

Pay inflation

- 5.14 Pay is the Council's single biggest item of expenditure, accounting for around 50% of total costs. Although the Council sets pay rates independently of any national agreements, in practice it has to pay attention to overall public sector and local authority pay settlements, as these affect the labour market in which the Council operates. It will be difficult for the Council to ignore this, so the assumption about pay inflation in all scenarios is that it will be in line with general inflation assumptions. Furthermore, an additional 0.5% has to be allowed for in pay inflation assumptions arising from the annual cost of performance related incremental increases for staff.

Fees and charges

- 5.15 The projections imply that fees and charges will increase in line with overall inflation assumptions, to the extent that the Council is able to increase them. In practice, it is not possible to increase all fees and charges by this amount as they are set by statute. Accordingly, the actual increase in income shown in the projections is 50% of the general inflation assumption in each scenario.
- 5.16 A favourable economic climate could be expected to boost fees and charges income above and beyond the rate of inflation. Conversely, in the event of a recession, as assumed under the adverse scenario, a number of the Council's income streams could suffer. In some cases (eg Planning fees) the Council could eventually cut its costs accordingly, although there would be a time lag. However, this does not apply to all income streams. In particular, Parking income is highly sensitive to the overall economy, and there are few mitigations available if income falls. Accordingly, under the adverse scenario, a 2% year on year loss of income is assumed.

Contract costs

Costs are generally assumed to rise in line with inflation, but a composite rate is applied to take account of higher increases on contracts like waste collection where the growth in the number of households leads to a volume increase as well as an inflation increase.

5.17 Inflation assumptions are summarised as follows.

Table 6: Inflation Assumptions

	Favourable	Neutral	Adverse	Comments
General	2.00%	2.00%	3.00%	2% is the government's target inflation rate but there is a risk of higher inflation if sterling depreciates following Brexit
Employee Costs	2.00%	2.00%	3.00%	Neutral assumption is in line with the most recent pay settlement and government inflation targets
	0.50%	0.50%	0.50%	The annual cost of performance related incremental increases for staff
Contract costs	2.00% - 5.00%	2.00% - 5.00%	2.00% - 8.00%	A composite rate is applied, reflecting different pressures on individual contracts
Fees and charges - price	2.00%	2.00%	3.00%	In line with general inflation assumptions
Fees and charges - volume	2.00%	0.00%	-2.00%	Reflects overall economic conditions

Service Spend

5.18 Strategic Revenue Projections under all scenarios assume that service spend will remain as set out in the previous MTFs, so savings previously agreed by Council will be delivered and no further growth arising from the new Strategic Plan is incorporated. In practice, it is likely that service spending would need to be reduced if the adverse scenario were likely to arise.

5.19 The projections include provision for the revenue cost of the capital programme, comprising interest costs (2.5%) and provision for repayment of borrowing (2%).

Summary of Projections

5.20 A summary of the financial projections under each of the scenarios is set out in section 7.

6. SPENDING PLANS – REVENUE AND CAPITAL

- 6.1 This section sets out current revenue and capital spending plans, so that an assessment can be made as to whether the plans support the Council's strategic priorities, and therefore whether resources are employed appropriately.

Revenue

Table 7: 2018/19 Revenue Outturn and 2019/20 Savings and Growth

Committee	Service	2018/19			2019/20	
		Final adjusted budget	Actual outturn for the year	Variance (-Adverse/ Favourable)	Budget savings	Budget growth
		£000	£000	£000	£000	£000
CHE	Communities & Housing	4,444	4,089	355	119	0
	Environment & Public Realm	4,244	4,539	-295	116	-30
ERL	Heritage, Culture & Leisure	1,852	1,951	-99	167	0
	Economic Development	614	576	38	7	0
S P I	Planning Services	1,291	1,507	-216	60	-24
	Parking & Transportation	-1,939	-1,978	39	271	0
P & R	Property & Investment	-79	-300	221	291	0
	Corporate and Shared Services	9,022	8,911	111	151	-27
	Total	19,449	19,294	154	1,182	-81

Details by service area are set out below.

Communities and Housing

- 6.2 This service area supports the corporate priority 'Housing and Communities'. The Housing Service has been successful in managing an increasing workload over the past couple of years, thanks in part to one-off government grant funding, and to local initiatives such as the purchase of property to provide temporary accommodation. The service remains demand-driven, so whilst the number of families in temporary accommodation appears currently to have stabilised at around 100, this could change. Current budgets however assume that the status quo is maintained.
- 6.3 Our project with EY Xantura, funded via the Business Rates Retention pilot one-off resources, seeks to target homelessness prevention interventions and reduce the risks and incidence of homelessness in the medium term.

- 6.4 The capital budget for 2019/20 includes provision for phase 3 of the temporary accommodation investment programme and ongoing expenditure on the Brunswick Street and Union Street developments, both of which are currently in progress.
- 6.5 In the longer term, the Housing Development and Redevelopment Investment Plan and our plans for Council affordable housing are designed to contribute towards meeting housing need across a range of different tenures.

Environment & Public Realm

- 6.6 These services support the 'clean and green' agenda, as they include street cleaning, grounds maintenance in parks and open spaces, and household waste collection. Waste collection is outsourced and the cost of the service is directly linked to inflation indices. The adverse variance in 2018/19 was owing to a one-off change in accounting treatment of Garden Waste income and has no ongoing implications.
- 6.7 Budgets assume that current service levels are maintained. However, a provision has been included in the MTFS for a potential annual increase in costs of £500,000 when the existing contract with Biffa comes to an end.

Heritage, Culture & Leisure

- 6.8 This service area helps to make Maidstone a 'thriving place'. It includes the museum, leisure services and bereavement services. Leisure services are seeing significant capital investment at Mote Park with the Adventure Zone and the forthcoming Visitor Centre. This forms part of a long term strategy for Mote Park whereby self-sufficiency is achieved by investment in income generating activities, so the Adventure Zone is projected to deliver £114,000 additional income annually which will contribute towards the running costs of the park. However, it is clear that new visitors also create additional spending pressures in Mote Park generally, highlighting the need for careful forecasting when planning future investment.
- 6.9 The Bereavement service continues to be successful in exceeding its income targets. The business case for further investment in the service is therefore strong.

Economic Development

- 6.10 Economic Development likewise supports the priority of making Maidstone a thriving place. The Council has a small ongoing revenue budget for economic development, supplemented by funding from the Business Rates Pool. The service also plays a key role in major capital-funded projects including the Kent Medical Campus Innovation Centre and Maidstone East.

Planning Services

- 6.11 Planning Services provide the essential framework for 'embracing growth and enabling infrastructure'. These services include spatial planning, and specifically the Local Plan review, infrastructure planning, liaison with

developers on major applications, and day-to-day development management and processing of planning applications. The Planning Service is subject to some volatility in income, particularly with major applications, which led to a budget shortfall in 2019/20. This will require careful management. The current MTFS allows for £800,000 to be spent over the next four years on the Local Plan refresh.

- 6.12 There remains a risk of costs in relation to planning appeals, but known likely costs have been provided for in the accounts as at the end of 2018/19.

Parking & Transportation

- 6.13 Parking and Transportation likewise support growth and infrastructure, as well as serving the priority of making Maidstone a thriving place. The Parking Service traditionally out-performed its income budgets, and budgets were increased accordingly. 2018/19 saw a budget surplus, but the margin was smaller than in previous years, reflecting the fact that more income has been built into the base budget. Future years' income will be heavily dependent on performance of the wider economy and specifically on Maidstone Town Centre's success in attracting visitors.

- 6.14 A saving has been achieved by re-commissioning the Park and Ride service.

Property & Investment

- 6.15 This service is responsible for the Council's own property and investments. The Council's commercial property investment strategy both generates a financial return and supports the regeneration agenda by investing in the local economy. In recent years the Council has been able successfully to generate additional income from commercial investments. Further capital investment has been undertaken in 2019/20 and is planned in the future.

Corporate & Shared Services

- 6.16 Corporate services provide the essential support structure to enable all the corporate priorities to be realised. They include central staffing budgets and office accommodation. The Council's future office accommodation needs are under review, with its lease on Maidstone House expiring in 2023. In the meantime, we will seek to maximise value from the space occupied.

- 6.17 Shared Services continue to provide resilience and offer the potential for additional income, eg from lending Internal Audit staff to other authorities and from our debt collection service.

Summary - Revenue

- 6.18 Most service areas are already scheduled to deliver savings in 2020/21 following previous Council decisions. To the extent that savings cannot be delivered, or additional revenue growth is required in order to meet strategic priorities, further savings will need to be identified so as to remain within the constraint of an overall standstill budget.

Capital

6.19 In drawing up the capital programme, there has been a focus on schemes that both meet strategic priorities and are self-funding. Major initiatives include the following.

- The Housing Development and Regeneration Investment Plan provides for the Council to develop housing ourselves, following on from the developments at Brunswick Street and Union Street, thereby addressing the need for new homes in the borough and generating long term revenue returns through developing homes for market rent.
- The Affordable Housing programme envisages the acquisition of up to 200 social rented homes on smaller developments, to be managed by a Registered Provider (RP).
- The Commercial Investment Strategy builds on the Council's existing commercial investment property portfolio and assumes that we will continue to expand the portfolio, subject to opportunities arising that generate the required rate of return and support the priority of making Maidstone a thriving place.
- The Kent Medical Campus Innovation Centre, part-funded by the ERDF, will bring new businesses and jobs into the area.

Table 8: Capital Programme 2019/20 to 2023/24

	19/20 £000	20/21 £000	21/22 £000	22/23 £000	23/24 £000	Total £000
Brunswick Street - Net Cost	3,441	-100				3,341
Union Street - Net Cost	2,085	-1,843				242
Indicative Schemes	4,124	5,426	3,750	3,750		17,050
Council Affordable Housing			3,750	3,750	7,500	15,000
Disabled Facilities Grants	1,570	800	800	800	800	4,770
Temporary Accommodation	3,236					3,236
Housing Incentives	1,040	175	175	175	175	1,740
Gypsy Site Improvement Works	42					42
CCTV Upgrade and Relocation	150					150
Commercial Waste	180					180
Street Scene Investment	147	25				172
Flood Action Plan	1,000	63				1,063
Communities, Housing & Environment Total	17,015	4,546	8,475	8,475	8,475	46,986
Improvements to Play Areas	422					422
Crematorium and Cemetery Projects	140	130				270
Mote Park Improvements	374					374
Mote Park Visitor Centre	2,122					2,122

	19/20 £000	20/21 £000	21/22 £000	22/23 £000	23/24 £000	Total £000
Mote Park Lake - Dam Works	267	1,650	100			2,017
Other Parks Improvements	100					100
Museum Development Plan	11	125	200	64		401
Economic Regeneration & Leisure Total	3,437	1,905	300	64		5,706
High Street Regeneration	547					547
Asset Management / Corporate Property	1,417	467	175	175	175	2,409
Feasibility Studies	113	50	50	50	50	313
Infrastructure Delivery	1,200	600	600	600	600	3,600
Software / PC Replacement	124	287				411
Digital Projects	20	20	20	20	20	100
Acquisition of Commercial Assets	24,850	2,500	2,500	2,500	2,500	34,850
Kent Medical Campus-Innovation Centre	649	8,250	1,500			10,399
Maidstone East	520					520
Policy & Resources Total	29,440	12,174	4,845	3,345	3,345	53,149
Mall Bus Station Redevelopment	1,540					1,540
Bridges Gyrotory Scheme	121					121
Strategic Planning & Infrastructure Total	1,661					1,661
Sub-Total	51,553	18,625	13,620	11,884	11,820	107,502
Section 106 Contributions / CIL	201	280	63	754	60	1,358
TOTAL	51,754	18,905	13,683	12,638	11,880	108,860

6.20 A review of the schemes in the capital programme will take place during the course of Autumn 2019 and proposals will be considered for new schemes to be added to the capital programme, whilst ensuring that the overall capital programme is sustainable and affordable in terms of its revenue costs.

7. REVENUE PROJECTIONS

- 7.1 It is inherent in the Medium Term Financial Strategy that the Council matches available resources to strategic objectives, such that income and expenditure are balanced and any budget gap is eliminated. In addition to the legal requirement to set a balanced budget for 2020/21, the Council needs to have credible plans in place to address any budget gap in subsequent years. In the interests of prudence, these plans need to address not only a neutral set of projections but also the potential adverse scenario outlined above.
- 7.2 Based on the assumptions set out in Section 5, financial projections indicate a revenue budget position as follows under the different scenarios.

Table 9: Projected Budget Gap 2020/21 – 2024/25

	20/21	21/22	22/23	23/24	24/25
	£m	£m	£m	£m	£m
Scenario 1 – Favourable					
Budget gap / (surplus)	-0.2	0.8	1.1	1.4	1.2
Scenario 2 – Neutral					
Budget gap / (surplus)	-0.1	0.9	1.6	2.1	2.2
Scenario 3 – Adverse					
Budget gap	0.4	1.9	3.3	4.6	5.5

- 7.3 Current spending plans, as set out in the previous section, have been reviewed for feasibility, affordability and consistency with strategic objectives. As the financial projections indicate a broadly balanced position for 2020/21, no specific targets have been set for savings or increased income generation in this year. However, any service pressures, or initiatives with revenue expenditure implications, will have to be funded from within the overall budget envelope, meaning savings or additional income growth to offset the expenditure growth.
- 7.4 In subsequent years, the projections indicate a likely requirement either to make savings or generate increased income. By planning a build up in reserves that can be released in 2021/22, the MTFS avoids a potential cliff-edge where savings need to be made at short notice.
- 7.5 Detailed budget proposals are currently being developed, prior to consideration by Service Committees and the wider stakeholder group in January 2020.
- 7.6 The following table compares the position in the neutral scenario for a 2% Council Tax increase with that for a Council Tax freeze, as requested by Members at the meeting of Policy and Resources Committee on 23 July 2019.

Table 10: Projected Budget Gap with Council Tax freeze

	20/21	21/22	22/23	23/24	24/25
	£m	£m	£m	£m	£m

Neutral Scenario – Council Tax increase 2% per annum					
Budget gap	-0.1	0.9	1.6	2.1	2.2

Neutral Scenario – Council Tax freeze					
Budget gap	0.2	1.6	2.6	3.5	4.0

Assuming all other factors remained unchanged, freezing Council Tax would lead to a budget gap of £200,000 in 2020/21. Over the longer term, it can be seen that not increasing Council Tax in line with inflation increases the budget gap to a level which risks being unmanageable.

8. RISK MANAGEMENT

- 8.1 As indicated in the previous sections, the Council's MTFS is subject to a high degree of risk and certainty. In order to address this in a structured way and to ensure that appropriate mitigations are developed, the Council has developed a budget risk register. This seeks to capture all known budget risks and to present them in a readily comprehensible way. The budget risk register is updated regularly and is reviewed by the Audit, Governance and Standards Committee at each meeting.
- 8.2 The major risk areas that have been identified as potentially threatening the Medium Term Financial Strategy are as follows.
- Failure to contain expenditure within agreed budgets
 - Fees and Charges fail to deliver sufficient income
 - Commercialisation fails to deliver additional income
 - Planned savings are not delivered
 - Shared services fail to meet budget
 - Council holds insufficient balances
 - Inflation rate predictions in MTFS are inaccurate
 - Adverse impact from changes in local government funding
 - Constraints on council tax increases
 - Capital programme cannot be funded
 - Increased complexity of government regulation
 - Collection targets for Council Tax and Business Rates missed
 - Business Rates pool fails to generate sufficient growth
 - Adverse financial consequences from a disorderly Brexit
- 8.3 It is recognised that this is not an exhaustive list. By reviewing risks on a regular basis, it is expected that any major new risks will be identified and appropriate mitigations developed.
- 8.4 An assessment of the relative impact and likelihood of the risks identified is set out below.

Table 11: Budget Risk Matrix

Likelihood	5					
	4			L	H,N	
	3		M	G, I	B	
	2		E	C	A,D	J
	1		K	F		
		1	2	3	4	5
		Impact				

Black – Top risk

Red – High risk

Amber – Medium risk

Green – Low risk

Blue – Minimal risk

Key

- A. Failure to contain expenditure within agreed budgets
- B. Fees and Charges fail to deliver sufficient income
- C. Commercialisation fails to deliver additional income
- D. Planned savings are not delivered
- E. Shared services fail to meet budget
- F. Council holds insufficient balances
- G. Inflation rate predictions in MTFS are inaccurate
- H. Adverse impact from changes in local government funding
- I. Constraints on council tax increases
- J. Capital programme cannot be funded
- K. Increased complexity of government regulation
- L. Collection targets for Council Tax and Business Rates missed
- M. Business Rates pool fails to generate sufficient growth
- N. Adverse financial impact from a disorderly Brexit

8.5 For all risks shown on the Budget Risk Register, appropriate controls have been identified and their effectiveness is monitored on a regular basis.

9. CONSULTATION

- 9.1 Each year the Council carries out consultation as part of the development of the MTFS. A consultation is currently under way and the results will be taken into account by Members when they consider detailed budget proposals in January 2020.
- 9.2 Consultation will also be carried out in December 2019 – January 2020 on the detailed budget proposals. Individual Service Committees will consider the budget proposals relating to the services within their areas of responsibility. Full details of the proposals will be published and residents' and businesses' views welcomed.

Document History

Date	Description	Details of changes
21.10.19	Draft to Service Committees	

Service	Proposal	20/21	21/22	22/23	23/24	Total
		£000	£000	£000	£000	£000
CCTV	Commissioning review	-25				-25
Voluntary Sector Grants	Phased reduction of grants	-11	-11			-22
CCTV	Cease monitoring of cameras	-155				-155
Depot/Grounds Maintenance	Commercial Income Growth	-50				-50
Community Services	Review of Community Services	-50				-50
Gypsy & Caravan Sites	Transfer of sites to KCC		-25			-25
Total Communities, Housing & Environment		-291	-36	0	0	-327
Festivals & Events	Cease direct delivery of festivals and events	-10				-10
Mote Park Centre	Income from new Café	-40				-40
Economic Development	Business Terrace Phase 4	-20				-20
Museum	Reprofile NNDR saving	-119				-119
Bereavement Services	Income from investment in chapel	-15	-15			-30
Total Economic Regeneration & Leisure		-204	-15	0	0	-219
New commercial investments	Income from new acquisitions	-143	-143	-143		-429
Elections	Spread elections cost over 4 years		-28			-28
Housing & Regeneration	Income from new developments	-542	-598	-400	-200	-1,740
Communications	Review of communications	-30				-30
Elections	Change in legislation for annual canvas 2020	-25				-25
Maidstone House	Rental income from sub-letting space	-20				-20
Maidstone House	General facilities review	-5				-5
Debt recovery	Increased profit share	-25				-25
Internal Audit	Increased income generation	-20				
Asset management	Implement recommendations of Gen2 review	-25	-25			-50
Total Policy & Resources		-835	-794	-543	-200	-2,352
Development Management	Cost reduction following adoption of 2017 Local	-40				-40
Pay & Display Car Parks	5% increase in income	-100				-100
Grants to outside bodies	Phased reduction of grants	-16	-15			-31
Parking Services	Increase income budget	-50	-50	-50		-150
Planning Policy	Offset staff costs with CIL	-15	-15	-15		-45
Planning	Adoption of commercial business practices	-30	-15	-15		-60
Planning	Income generation from PPAs and Pre-application	-15				-15
Building Control	Increase income budget	-15				-15
Total Strategic Planning, Sustainability & Transportation		-281	-95	-80	0	-456
GRAND TOTAL EXISTING SAVINGS		-1,611	-940	-623	-200	-3,374

Negative figures shown above represent a reduction in expenditure budgets, or increased income targets. Positive figures indicate increased expenditure, or a reduction in the income budget.

**REVENUE ESTIMATE 2020/21 TO 2024/25
STRATEGIC REVENUE PROJECTION - NEUTRAL**

2019/20 £000		2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000
PROJECTED INCOME						
16,157	COUNCIL TAX	16,728	17,318	17,929	18,562	19,218
17	EMPTY HOMES PREMIUM					
3,208	RETAINED BUSINESS RATES	3,269	1,681	1,715	1,749	1,784
1,129	BUSINESS RATES GROWTH	1,152	0	180	362	546
49	LEVY ACCOUNT SURPLUS					
-85	COLLECTION FUND ADJUSTMENT					
20,475	PROJECTED NET BUDGET	21,148	18,999	19,824	20,673	21,547
20,839	OTHER INCOME - EXISTING	21,048	21,258	21,471	21,685	21,902
0	OTHER INCOME - NEW INVESTMENTS	673	900	310	765	1,484
41,314	TOTAL RESOURCES AVAILABLE	42,869	41,158	41,605	43,124	44,933
PROJECTED EXPENDITURE						
38,853	CURRENT SPEND	41,314	42,869	41,158	41,605	43,124
	INFLATION & CONTRACT INCREASES					
997	PAY, NI & INFLATION INCREASES	999	1,029	1,059	1,090	1,122
40	MAIDSTONE HOUSE RENT INCREASE					
	EXTERNAL BUDGET PRESSURES					
6	PENSION DEFICIT FUNDING	150	150	150		
	LOCAL PRIORITIES					
-400	PLANNING APPEALS					
-100	PLANNING ENFORCEMENT					
	LOCAL PLAN REVIEW			-200		
131	GROWTH TO MEET STRATEGIC PRIORITIES	24				
	ADDITIONAL GROWTH AGREED BY P&R	10	-10			
50	GENERAL GROWTH PROVISION	50	50	50	50	50
-20	ENVIRONMENTAL ENFORCEMENT					
91	OTHER SERVICE PRESSURES					
	PROVISION FOR MAJOR CONTRACTS				500	
78	REVENUE COSTS OF CAPITAL PROGRAMME	1,836	640	634	630	730
1,589	CONTINGENCY FOR FUTURE PRESSURES		-1,589			
41,314	TOTAL PREDICTED REQUIREMENT	44,383	43,139	42,851	43,875	45,026
	SAVINGS REQUIRED	-1,515	-1,982	-1,245	-751	-93
	EXISTING SAVINGS	1,611	940	623	200	0
	NEW / AMENDED SAVINGS PROPOSALS	0	0	0	0	0
	SURPLUS / (DEFICIT)	96	-1,042	-622	-551	-93
	CUMULATIVE SURPLUS / (DEFICIT)	96	-946	-1,568	-2,119	-2,212

**REVENUE ESTIMATE 2020/21 TO 2024/25
STRATEGIC REVENUE PROJECTION - FAVOURABLE**

2019/20 £000		2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000
PROJECTED INCOME						
16,157	COUNCIL TAX	16,810	17,489	18,196	18,931	19,696
17	EMPTY HOMES PREMIUM					
3,208	RETAINED BUSINESS RATES	3,269	1,681	1,715	1,749	1,784
1,129	BUSINESS RATES GROWTH	1,152	0	360	728	1,102
49	LEVY ACCOUNT SURPLUS					
-85	COLLECTION FUND ADJUSTMENT					
20,475	PROJECTED NET BUDGET	21,231	19,170	20,271	21,408	22,582
20,839	OTHER INCOME - EXISTING	21,048	21,258	21,471	21,685	21,902
0	OTHER INCOME - NEW INVESTMENTS	673	900	310	765	1,484
41,314	TOTAL RESOURCES AVAILABLE	42,951	41,329	42,052	43,858	45,968
PROJECTED EXPENDITURE						
38,853	CURRENT SPEND	41,314	42,951	41,329	42,052	43,858
	INFLATION & CONTRACT INCREASES					
997	PAY, NI & INFLATION INCREASES	999	1,029	1,059	1,090	1,122
40	MAIDSTONE HOUSE RENT INCREASE					
	EXTERNAL BUDGET PRESSURES					
6	PENSION DEFICIT FUNDING	150	150	150		
	LOCAL PRIORITIES					
-400	PLANNING APPEALS					
-100	PLANNING ENFORCEMENT					
	LOCAL PLAN REVIEW			-200		
131	GROWTH TO MEET STRATEGIC PRIORITIES	24				
	ADDITIONAL GROWTH AGREED BY P&R	10	-10			
50	GENERAL GROWTH PROVISION	50	50	50	50	50
-20	ENVIRONMENTAL ENFORCEMENT					
91	OTHER SERVICE PRESSURES					
	PROVISION FOR MAJOR CONTRACTS				500	
78	REVENUE COSTS OF CAPITAL PROGRAMME	1,836	640	634	630	730
1,589	CONTINGENCY FOR FUTURE PRESSURES		-1,589			
41,314	TOTAL PREDICTED REQUIREMENT	44,383	43,222	43,022	44,322	45,761
	SAVINGS REQUIRED	-1,432	-1,893	-970	-463	207
	EXISTING SAVINGS	1,611	940	623	200	0
	NEW / AMENDED SAVINGS PROPOSALS	0	0	0	0	0
	SURPLUS / (DEFICIT)	179	-953	-347	-263	207
	CUMULATIVE SURPLUS / (DEFICIT)	179	-774	-1,121	-1,385	-1,177

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**REVENUE ESTIMATE 2020/21 TO 2024/25
STRATEGIC REVENUE PROJECTION - ADVERSE**

2019/20 £000		2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000
PROJECTED INCOME						
16,157	COUNCIL TAX	16,645	17,148	17,666	18,199	18,749
17	EMPTY HOMES PREMIUM					
3,208	RETAINED BUSINESS RATES	3,237	1,648	1,665	1,682	1,698
1,129	BUSINESS RATES GROWTH	1,140	0	0	0	0
49	LEVY ACCOUNT SURPLUS					
-85	COLLECTION FUND ADJUSTMENT					
20,475	PROJECTED NET BUDGET	21,023	18,796	19,331	19,881	20,447
20,839	OTHER INCOME - EXISTING	21,152	21,469	21,791	22,118	22,450
0	OTHER INCOME - NEW INVESTMENTS	673	900	310	765	1,484
41,314	TOTAL RESOURCES AVAILABLE	42,847	41,166	41,432	42,764	44,381
PROJECTED EXPENDITURE						
38,853	CURRENT SPEND	41,314	42,847	41,166	41,432	42,764
	INFLATION & CONTRACT INCREASES					
997	PAY, NI & INFLATION INCREASES	1,474	1,540	1,609	1,681	1,757
40	MAIDSTONE HOUSE RENT INCREASE					
	EXTERNAL BUDGET PRESSURES					
6	PENSION DEFICIT FUNDING	150	150	150		
	LOCAL PRIORITIES					
-400	PLANNING APPEALS					
-100	PLANNING ENFORCEMENT					
	LOCAL PLAN REVIEW			-200		
131	GROWTH TO MEET STRATEGIC PRIORITIES	24				
	ADDITIONAL GROWTH AGREED BY P&R	10	-10			
50	GENERAL GROWTH PROVISION	50	50	50	50	50
-20	ENVIRONMENTAL ENFORCEMENT					
91	OTHER SERVICE PRESSURES					
	PROVISION FOR MAJOR CONTRACTS				500	
78	REVENUE COSTS OF CAPITAL PROGRAMME	1,836	640	634	630	730
1,589	CONTINGENCY FOR FUTURE PRESSURES		-1,589			
41,314	TOTAL PREDICTED REQUIREMENT	44,858	43,629	43,408	44,293	45,301
	SAVINGS REQUIRED	-2,011	-2,463	-1,976	-1,529	-921
	EXISTING SAVINGS	1,611	940	623	200	0
	NEW / AMENDED SAVINGS PROPOSALS	0	0	0	0	0
	SURPLUS / (DEFICIT)	-400	-1,523	-1,353	-1,329	-921
	CUMULATIVE SURPLUS / (DEFICIT)	-400	-1,923	-3,276	-4,604	-5,525

**REVENUE ESTIMATE 2020/21 TO 2024/25
STRATEGIC REVENUE PROJE+ A52CTION - COUNCIL TAX FREEZE**

2019/20 £000		2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000
PROJECTED INCOME						
16,157	COUNCIL TAX	16,400	16,646	16,895	17,149	17,406
17	EMPTY HOMES PREMIUM					
3,208	RETAINED BUSINESS RATES	3,269	1,681	1,715	1,749	1,784
1,129	BUSINESS RATES GROWTH	1,152	0	180	362	546
49	LEVY ACCOUNT SURPLUS					
-85	COLLECTION FUND ADJUSTMENT					
20,475	PROJECTED NET BUDGET	20,820	18,327	18,790	19,260	19,736
20,839	OTHER INCOME - EXISTING	21,048	21,258	21,471	21,685	21,902
0	OTHER INCOME - NEW INVESTMENTS	673	900	310	765	1,484
41,314	TOTAL RESOURCES AVAILABLE	42,541	40,485	40,571	41,711	43,122
PROJECTED EXPENDITURE						
38,853	CURRENT SPEND	41,314	42,541	40,485	40,571	41,711
	INFLATION & CONTRACT INCREASES					
997	PAY, NI & INFLATION INCREASES	999	1,029	1,059	1,090	1,122
40	MAIDSTONE HOUSE RENT INCREASE					
	EXTERNAL BUDGET PRESSURES					
6	PENSION DEFICIT FUNDING	150	150	150		
	LOCAL PRIORITIES					
-400	PLANNING APPEALS					
-100	PLANNING ENFORCEMENT					
	LOCAL PLAN REVIEW			-200		
131	GROWTH TO MEET STRATEGIC PRIORITIES	24				
	ADDITIONAL GROWTH AGREED BY P&R	10	-10			
50	GENERAL GROWTH PROVISION	50	50	50	50	50
-20	ENVIRONMENTAL ENFORCEMENT					
91	OTHER SERVICE PRESSURES					
	PROVISION FOR MAJOR CONTRACTS				500	
78	REVENUE COSTS OF CAPITAL PROGRAMME	1,836	640	634	630	730
1,589	CONTINGENCY FOR FUTURE PRESSURES		-1,589			
41,314	TOTAL PREDICTED REQUIREMENT	44,383	42,811	42,178	42,841	43,613
	SAVINGS REQUIRED	-1,843	-2,326	-1,607	-1,130	-491
	EXISTING SAVINGS	1,611	940	623	200	0
	NEW / AMENDED SAVINGS PROPOSALS	0	0	0	0	0
	SURPLUS / (DEFICIT)	-232	-1,386	-984	-930	-491
	CUMULATIVE SURPLUS / (DEFICIT)	-232	-1,618	-2,602	-3,532	-4,024