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**TONBRIDGE & MALLING**  
**BOROUGH COUNCIL**

EXECUTIVE SERVICES

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**Chief Executive**

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14 February 2017

Supplements replacing agenda items 18 and 19 for consideration at the Tuesday, 14<sup>th</sup> February, 2017 meeting of the Council.

**Agenda No    Item**

21.    **Setting the Budget 2017/18 (Pages 3 - 94)**

Item CB 17/19 referred from Cabinet minutes of 9 February 2017

22.    **Setting the Council Tax 2017/18 (Pages 95 - 106)**

Item CB 17/20 referred from Cabinet minutes of 9 February 2017

J E BEILBY  
Chief Executive

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## Item CB 17/19 referred from Cabinet minutes of 9 February 2017

### CB 17/19 SETTING THE BUDGET 2017/18

Further to the reports to the Finance, Innovation and Property Advisory Board and the Overview and Scrutiny Committee earlier in the cycle, the joint report of the Chief Executive, Director of Finance and Transformation, the Leader and Cabinet Member for Finance, Innovation and Property updated the Cabinet on issues relating to the Medium Term Financial Strategy (MTFS) and gave details of the necessary procedure to be followed in order to set the budget for 2017/18. It also highlighted adjustments made to the Revenue Estimates presented to the Advisory Board and Committee.

The Director of Finance and Transformation explained that the final local government settlement would not be received until after being debated by Parliament on 22 February but was not expected to be significantly different from the provisional settlement. However, this meant that the recommended budget was based on provisional figures and the council tax would also need to be set on that basis. Reference was made to the Council's decision to accept the four year funding settlement offered by the Government and to the referendum threshold for 2017/18 which had been set at the higher of 2% or £5 (subject to ratification of the final settlement). Illustrative allocations up to 2019/20 were presented and a comparison of the Council's Settlement Funding Assessment for the period 2017/18 to 2019/20 with those of the other Kent district councils demonstrated that Tonbridge and Malling continued to receive one of the lowest, if not the lowest, Assessment both in total and per head.

Attention was drawn to recommendations from Advisory Boards and the decision of the Licensing and Appeals Committee regarding the levels of fees and charges to be implemented from 1 April 2017 which had been incorporated in the draft estimates. Members were reminded of the approach to preparation of the Capital Plan, an updated summary of which was set out at Annex 7 to the report.

The report then described the remaining procedure to be followed in setting the budget for 2017/18 and calculating the council tax. Consideration was given to the updated MTFS based on a council tax increase of £5 (the upper limit for referendum purposes) for the remainder of the four year settlement period. The Cabinet also deliberated on the most appropriate guidance to offer the Council as to the way forward for updating the MTFS for the next ten year period and setting the council tax for 2017/18. Members were advised of the implications of the special expenses scheme for the way in which the council tax was expressed.

An updated copy of the Savings and Transformation Strategy was presented, including revised outline targets and timescales to be revisited and aligned with the latest projected "funding gap". Finally, the Director of Finance and Transformation explained the basis on which the statement as to the Robustness of the Estimates and Adequacy of the Reserves had been made, including an understanding that the savings target based on latest projections of £1.6m would be delivered.

**RECOMMENDED:** That

- (1) the fees and charges set out in Annex 2 to the report, as recommended by the appropriate Advisory Boards, be endorsed (see Decision Nos D170010CAB to D170015CAB);
- (2) the Capital Plan be updated as set out in paragraph 1.5.14 to the report as follows and adopted accordingly:
  - (i) the position of the existing Capital Plan (List A) as summarised in Annex 3 to the report be approved;
  - (ii) the schemes as detailed in Annex 4 to the report be added to List C or deleted from List C;
  - (iii) the selection of those schemes listed in Annex 5 to the report for evaluation over the coming year be approved including two for fast-track evaluation;
  - (iv) the transfer of the schemes detailed in Annex 6 to the report to List A be approved;
  - (v) the updated Capital Plan (List A) as summarised in Annex 7 to the report be approved;
- (3) the Capital Strategy as presented to the Finance, Innovation and Property Advisory Board on 4 January and the Overview and Scrutiny Committee on 24 January 2017 be endorsed and adopted by the Council;
- (4) the prudential indicators listed in paragraphs 1.6.5 and 1.6.9 of the report be endorsed and adopted;
- (5) for the financial year 2017/18 the Council's Minimum Revenue Provision, as set out at paragraph 1.6.12 of the report, be noted as nil;
- (6) the high level objectives of the Medium Term Financial Strategy be reaffirmed as set out in paragraph 1.8.4 of the report;
- (7) the updated Medium Term Financial Strategy, as set out at Annex 11a to the report, including the proposed scale and timing of each of the savings tranches indicated in paragraph 1.8.9 of the report, be noted and endorsed;
- (8) the Council be recommended to approve a council tax increase of £5 per annum as the best way forward in updating the Medium Term Financial Strategy for the next ten-year period and setting the council tax for 2017/18;
- (9) the updates made to the Savings and Transformation Strategy be endorsed and adopted by the Council as part of the Budget setting process;

- (10) the special expenses calculated in accordance with the Special Expenses Scheme set out in Annex 14b to the report be endorsed; and
- (11) the Statement provided by the Director of Finance and Transformation as to the Robustness of the Estimates and the Adequacy of the Reserves be noted and endorsed.

**\*Referred to Council**

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# TONBRIDGE & MALLING BOROUGH COUNCIL

## CABINET

09 February 2017

**Report of the Chief Executive, Director of Finance and Transformation, Leader of the Council and Cabinet Member for Finance, Innovation and Property**

### Part 1- Public

#### Matters for Recommendation to Council

## 1 SETTING THE BUDGET

**Further to reports to the meeting of the Finance, Innovation and Property Advisory Board and Overview and Scrutiny Committee earlier in the cycle, this report updates Cabinet on issues relating to the Medium Term Financial Strategy. It also takes Members through the necessary procedures in order to set the Budget for 2017/18.**

### 1.1 Introduction and Foreword

- 1.1.1 At the Full Council meeting on 14 February, Members will determine both the Budget and the level of council tax for 2017/18. The detailed Estimates for 2017/18 prepared by your Officers have been carefully considered by the Finance, Innovation and Property Advisory Board and the Overview and Scrutiny Committee. Details are set out at paragraph 1.3 below.
- 1.1.2 Whilst the primary purpose of this report is for Cabinet to recommend the Budget and resultant level of council tax for 2017/18; as ever, this one year cannot be viewed in isolation. This budget sits within the context of our Medium Term Financial Strategy (MTFS) covering a ten-year period. Financial decisions made in respect of the year 2017/18 will have an impact across the MTFS and upon the savings targets the Council will need to achieve in order to 'balance its books' and we must not lose sight of the scale of this particular challenge.
- 1.1.3 The Localism Act requires a local authority to seek the approval of their electorate via a local referendum if it proposes to raise council tax above the threshold set by the Secretary of State. For the year 2017/18 a referendum will be triggered where council tax is increased by **2%, or more than 2% and more than £5**. For the purposes of preparing the budget papers up to 2022/23 an increase of £5 each year has been assumed and thereafter a 3% increase in council tax year on year. To put this into context, 1% currently equates to about £95,000.
- 1.1.4 Undoubtedly the Council continues to face a significant financial challenge in respect of identifying and implementing savings over the coming years. As

Members are aware, we set a target of achieving savings of £625,000 this financial year, and this has been achieved. Whilst this is clearly 'good news' the cut in the bank rate, amongst other things, together with the changes made to the NHB scheme (with potential for further reductions in NHB in the future) require **further savings** to be achieved in the order of £400,000 taking the **projected 'outstanding' funding gap to £1.6m** to be addressed in a **shorter timescale** than previously envisaged should a council tax increase of £5 be approved.

1.1.5 This report necessarily touches on a number of related areas (some of which are complex) that the Director of Finance and Transformation is required to draw to Members' attention in order to provide assurance and advice to aid decision making. The report is, therefore, broken down into sections dealing with the following areas:

- Local Government Finance Settlement
- Revenue Estimates 2017/18
- Fees and Charges
- Capital Plan
- Treasury Management and Annual Investment Strategy
- Consultation with Non-Domestic (Business) Ratepayers
- Medium Term Financial Strategy Update
- Savings and Transformation Strategy
- Collection Fund Adjustments
- Special Expenses and Parish Council Precepts
- Robustness of Estimates / Adequacy of Reserves
- Calculation of Borough Council's Tax Requirement

## 1.2 Local Government Finance Settlement

1.2.1 On 15 December 2016, the Secretary of State for the Department for Communities and Local Government, Sajid Javid MP, made a statement to Parliament on the provisional local government finance settlement for 2017/18. At the time of finalising this report for agenda publication, we have not received the final local government finance settlement. **Figures contained within this report are, therefore, based on the provisional settlement.** We do not anticipate there being any significant difference in the 'final' figures. Members will, of course, be updated as appropriate.



- 1.2.2 This time last year the government offered any council that wished to take it up a multi-year settlement for the four year period 2016/17 to 2019/20 and provided as a result illustrative allocations up to 2019/20. This Council accepted the offer of a multi-year settlement and therefore, as might be expected, the Settlement Funding Assessment (SFA) for 2017/18 and illustrative allocations up to 2019/20 are not that dissimilar to the indicative figures set out this time last year.
- 1.2.3 Our SFA (core funding) for the year 2016/17 and 2017/18 and illustrative allocations for 2018/19 and 2019/20 can be seen in the table below. In 2019/20 our SFA is projected to be £1,299,311. This represents a cash decrease of £1,597,085 or 55.1% when compared to the equivalent figure of £2,896,396 in 2016/17.
- 1.2.4 In addition, the outcome of the consultation on New Homes Bonus (NHB) to sharpen the incentive for housing growth and releasing funding for other spending priorities such as adult social care will see:
- 1) The length of NHB payments reduced in length from 6 years to 5 years in 2017/18 and 4 years from 2018/19.
  - 2) The introduction of a national baseline for housing growth of 0.4% below which NHB will not be paid.
- 1.2.5 The Council's NHB for the year 2016/17 and 2017/18 and illustrative figures for 2018/19 and 2019/20 under the revised scheme can also be seen in the table below. In 2019/20 NHB is projected to be £2,556,424 (dependent on growth – a more conservative estimate would be £2,317,000). Using the figures set out in the settlement consultation, this represents a cash decrease of £1,291,456 or 33.6% when compared to £3,847,880 in 2016/17. **However, NHB will continue to fall beyond 2019/20 as the changes work their way through the system such that, by 2021/22, it is estimated that NHB could be in the order of £1.4 million.** It is important to remember that New Homes Bonus is not part of what is termed core funding and as such is in full or in part at risk indefinitely (potential further reductions likely). Unsurprisingly this is of particular concern.
- 1.2.6 In 2019/20 Total Grant Funding is projected to be £3,855,735. This represents a cash decrease of £2,888,541 or 42.8% when compared to the equivalent figure of £6,744,276 in 2016/17.

	2016/17 £	2017/18 £	2018/19 £	2019/20 £
Local Share of Business Rates	2,106,525	2,149,532	2,218,688	2,297,607
Tariff Adjustment				(998,296)
Revenue Support Grant	655,042			

Transition Grant	134,829	117,201		
<b>Settlement Funding Assessment</b>	<b>2,896,396</b>	<b>2,266,733</b>	<b>2,218,688</b>	<b>1,299,311</b>
Change over SR Period (£)				(1,597,085)
Change over SR Period (%)				-55.1%
New Homes Bonus ##	3,847,880	3,490,234	2,664,362	2,556,424
<b>Total Grant Funding</b>	<b>6,744,276</b>	<b>5,756,967</b>	<b>4,883,050</b>	<b>3,855,735</b>
Change over SR Period (£)				(2,888,541)
Change over SR Period (%)				-42.8%

## Note: These are the figures set out in the settlement consultation which we believe are simply projections based on previous growth levels, and should be read in conjunction with paragraph 1.2.5 above.

- 1.2.7 In recent years the government has referred to the increase / (decrease) in an authority's core spending power and this is what tends to be quoted in media coverage. The decrease in core spending power over the spending review period calculated by the government is 8% and in cash terms £1.25m.
- 1.2.8 In overview, the Settlement, alongside the changes to NHB, brings added funding pressure for district councils and the services they provide and could put financial sustainability at risk.
- 1.2.9 **Of the twelve district councils in Kent, Tonbridge & Malling Borough Council receives either the lowest or one of the lowest Settlement Funding Assessments both in total and per head.** A comparison of our Settlement Funding Assessments over the period 2017/18 to 2019/20 with those of other Kent district councils is provided at **[Annex 1a]**.
- 1.2.10 Attached at **[Annex 1b]** for Members' information is a copy of the Referendums Principles setting out the level of council tax increase for 2017/18 above which the local authority would be required to seek the approval of their electorate via a local referendum.

### 1.3 Revenue Estimates 2017/18

- 1.3.1 As mentioned in the Foreword, the draft Revenue Estimates for 2017/18 were presented to the meetings of the Finance, Innovation and Property Advisory Board and the Overview and Scrutiny Committee earlier in the cycle. The role of the Advisory Board and of the Committee is to assist both the Cabinet and the Council in the development of its budget within the context of the Medium Term Financial Strategy and the Council's priorities. Whilst a number of questions were posed by Members at these meetings, the Revenue Estimates as presented were endorsed.

- 1.3.2 Adjustments made to the Revenue Estimates presented to the Finance, Innovation and Property Advisory Board and the Overview and Scrutiny Committee are detailed in the table below. Adjustments include the request from KCC to withdraw the notice to terminate the Tonbridge Gateway Agreement and the reprofiling of contributions to the Revenue Reserve for Capital Schemes over the period of the MTFs.

	<b>Revised Estimate 2016/17 £</b>	<b>Original Estimate 2017/18 £</b>
Summary Total reported to Finance, Innovation and Property Advisory Board on 4 January 2017	9,065,550	10,322,800
Revenue Reserve for Capital Schemes		700,000
Tonbridge Gateway		549,500
DWP Benefits Administration Grant		9,050
Superannuation Lump Sum Payment		4,000
Penalty Charge Notices		(15,000)
DCLG Council Tax Support Admin Grant		(26,150)
Invest to Save Reserve		(200,000)
<b>Current Summary Total</b>	<b>9,065,550</b>	<b>11,344,200</b>

## 1.4 Fees and Charges

- 1.4.1 During the course of this budget cycle Members have, via the appropriate Advisory Boards, made recommendations regarding the levels of fees and charges to be implemented.
- 1.4.2 Proposals in respect of fees and charges recommended via the appropriate Advisory Boards have been reflected in the Budget. A summary of these recommendations, together with the resolution of Licensing and Appeals Committee in respect of licensing fees is set out at **[Annex 2]**.
- 1.4.3 Cabinet is accordingly **RECOMMENDED** to endorse the fees and charges set out in **[Annex 2]** as recommended by the appropriate Advisory Boards.

## 1.5 Capital Plan

- 1.5.1 The Capital Plan Review process started at the Finance, Innovation and Property Advisory Board on 4 January followed by the Overview and Scrutiny Committee on 24 January.
- 1.5.2 Members' attention was drawn to the significant financial challenge faced by the Council and the impact this has on the ability of the Council to invest in capital schemes. It was, however, also acknowledged that some capital projects can

have a beneficial effect on the revenue position by either generating additional or new income, or alternatively producing cost savings in due course.

- 1.5.3 Members were reminded of the criteria established to guide the inclusion of new schemes to List C (holding list of schemes not yet fully worked up) and ultimately the inclusion of schemes on List A (schemes assigned budget provision). The criteria are:
- to meet legislative requirements including health and safety obligations;
  - funded from external resources; and
  - reduce revenue expenditure and or generate income.
- 1.5.4 The subsequent recommendations where appropriate have regard to these criteria.
- 1.5.5 Capital expenditure is currently funded from the revenue reserve for capital schemes, grants from government and other bodies, developer contributions and from capital receipts derived from the sale of assets.
- 1.5.6 It is important to ensure that the revenue reserve for capital schemes can continue to fund capital expenditure at least until we reach a position where the annual contribution to the reserve matches the funding required for the replacement of existing assets (vehicles, plant and equipment) as well as recurring capital expenditure.
- 1.5.7 As a result there is an annual capital allowance for all other capital expenditure. Any 'bids' for capital schemes or discretionary capital grants are to be assessed in the context of the annual allowance. It should be noted, based on current projections, that from 2020/21 the Council will need to borrow to fund such expenditure. The annual capital allowance is set at £200,000 and it is proposed that the annual allowance continue to be set at that level.
- 1.5.8 In addition, the Invest to Save Reserve, subject to there being sufficient funds available and where deemed appropriate, could be used to fund in part or in full capital plan schemes.
- 1.5.9 The Finance, Innovation and Property Advisory Board and the Overview Scrutiny Committee endorsed the recommendations as detailed in the papers. The recommendations were:
- 1) Cabinet be asked to endorse the Capital Plan (List A) position as shown in Annex 2 of the Capital Plan Booklet and summarised at **[Annex 3]**.
  - 2) The schemes listed in **[Annex 4]** are added to List C or deleted from List C as detailed.

- 3) The schemes listed in **[Annex 5]** are selected for evaluation over the coming year including two for Fast-Track evaluation.
- 4) The evaluated List C schemes are progressed in accordance with the recommendation shown in **[Annex 6]**.
- 5) Cabinet be asked to endorse the Capital Strategy at Annex 5 for adoption by Council and publication on the Council's website.

1.5.10 The estimated annual revenue costs of the evaluated List C schemes are given in the table below. The amount and timing of any revenue impact depends on the profiling of the capital expenditure and the timing of any changes in activity levels which generate changes to running costs or income. It can be seen that if the schemes are progressed as recommended the estimated revenue consequence is £23,500 in 2017/18 and £47,000 in subsequent years. The initial revenue costs attached to the virtual desktop infrastructure project is expected to be more than recouped over time as alternative IT arrangements are progressed.

Scheme	Capital Cost £	Revenue Impact	
		2017/18 £	2018/19 £
Leybourne Lakes Country Park – Car Park Extension	17,000	(1,000)	(2,000)
Racecourse Sportsground – Riverside Revetment	120,000	2,000	4,000
IT Initiatives: Council Chamber Conference System	95,000	9,000	18,000
IT Initiatives: Virtual Desktop Infrastructure	200,000	13,500	27,000
<b>Total</b>	<b>432,000</b>	<b>23,500</b>	<b>47,000</b>

1.5.11 Two of the schemes detailed above are to be funded in part by way of government grant or external funding totalling £38,000 and the virtual desktop infrastructure project is to be funded from the Invest to Save Reserve; and the balance of £194,000 from the capital allowance.

1.5.12 An updated summary of the Capital Plan incorporating the schemes listed in paragraph 1.5.10 is attached at **[Annex 7]**.

1.5.13 A funding statement based on **[Annex 7]** is attached at **[Annex 8]**. The main source of funding is the Revenue Reserve for Capital Schemes and the impact on the Revenue Reserve for Capital Schemes is illustrated in **[Annex 9]**.

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

- 1) Cabinet approves the position of the existing Capital Plan (List A) as summarised at **[Annex 3]**.

- 2) Cabinet approves that the schemes listed in **[Annex 4]** are added to List C or deleted from List C as detailed.
- 3) Cabinet approves the selection of those schemes listed in **[Annex 5]** for evaluation over the coming year including two for Fast-Track evaluation.
- 4) Cabinet approves the transfer of schemes detailed in **[Annex 6]** to List A.
- 5) Cabinet approves the updated Capital Plan (List A) as summarised in **[Annex 7]**.
- 6) Cabinet endorse the Capital Strategy as presented to the Finance, Innovation and Property Advisory Board on 4 January and Overview and Scrutiny committee on 24 January.

## **1.6 Treasury Management and Annual Investment Strategy**

- 1.6.1 The Local Government Act 2003 and its subsidiary regulations set out the framework for the system of capital controls which applied from 1 April 2004 whereby local authorities must set their own borrowing limits with regard to affordability, prudence and sustainability. Underpinning this is a requirement to follow the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code).
- 1.6.2 The Prudential Code requires that the CIPFA Treasury Management Code of Practice (the Code) is adopted and that a number of prudential indicators are set. Council adopted the December 2009 edition of the Code on 18 February 2010 and due regard has also been given to subsequent revisions in preparing the Treasury Management and Annual Investment Strategy for 2017/18.
- 1.6.3 The approval of the Strategy and determination of the prudential indicators has to be made by Full Council, as do amendments to either the Strategy or indicators during the year.
- 1.6.4 The Prudential Code under the auspices of the Local Government Act 2003 and subsidiary regulations requires that a number of treasury management prudential indicators are set as follows:
  - 1) The capital financing requirement - the extent to which the authority needs to undertake external borrowing to support its capital programme.
  - 2) The operational boundary for external debt.
  - 3) The authorised limit for external debt.
  - 4) The actual external debt.
  - 5) The upper limit for fixed interest rate exposure.

- 6) The upper limit for variable rate exposure.
- 7) The upper limit for total principal sums invested for over 364 days.
- 8) The maturity structure for new fixed rate borrowing during 2017/18.

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

<b>Treasury Management Prudential Indicators</b>					
<b>Prudential Indicator</b>	<b>2015/16 Actual</b>	<b>2016/17 Revised Estimate</b>	<b>2017/18 Estimate</b>	<b>2018/19 Estimate</b>	<b>2019/20 Estimate</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
The capital financing requirement	NIL	NIL	NIL	NIL	NIL
The operational boundary for external debt	NIL	2,000	2,000	2,000	2,000
The authorised limit for external debt	NIL	5,000	5,000	5,000	5,000
Actual external debt	NIL	NIL	NIL	NIL	NIL
The upper limit for fixed interest rate exposure >1 year at year end	NIL	It is anticipated that the net exposure will range between 0% to 60%			
The upper limit for variable rate exposure < 1 year at year end	13,468 55.6%	It is anticipated that the net exposure will range between 40% to 100%			
The upper limit for total principal sums invested for over 364 days at year end	NIL 0%	60% of core funds			
The maturity structure for new fixed rate borrowing during 2017/18	Upper Limit		Lower Limit		
Under 12 months	100%		NIL		
Over 12 months	NIL		NIL		

- 1.6.6 The capital financing requirement measures the amount of external borrowing that the Council expects to have to undertake in support of its capital programme. A nil figure indicates that no borrowing is required. As this Council is debt free and does not expect to have to borrow to support its capital programme over the period covered, this indicator is nil.
- 1.6.7 The operational boundary is designed to cover all day to day borrowing requirements. As this Council is debt free, borrowing is only undertaken on a short-term basis to cover cash flow management. Experience suggests that an operational boundary of £2.0m will be sufficient to cover all likely contingencies.
- 1.6.8 The authorised limit is intended to provide a degree of headroom above the operational boundary to cover unexpected and unusual borrowing requirements. A limit of £5.0m is estimated to be sufficient to cover such eventualities.

1.6.9 The other prudential indicators which we are required to set are shown in the table below.

### Prudential Indicators

<b>1.</b>	Ratio of actual and estimated financing costs to the net revenue stream		(Interest payable with respect to borrowing less interest and investment income) ÷ (government grants plus call on local taxpayers) x 100%.				
2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
actual	estimated	estimated	estimated	estimated	estimated	estimated	estimated
-1.90%	-2.07%	-1.10%	-0.97%	-1.30%	-1.86%	-2.50%	-3.11%
<b>2.</b>	Estimates of the incremental impact of capital investment decisions on the council tax		The revenue impact of capital schemes added to the capital plan on the Council Tax Band D equivalent. The figures below show the estimated effect on the Borough Council's Band D equivalent of the addition of List B schemes to list A. A more detailed version of this indicator appears in <b>[Annex 10]</b> .				
		2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
		estimated	estimated	estimated	estimated	estimated	estimated
		£	£	£	£	£	£
<b>Total</b>		0.48	0.48	0.00	(0.56)	0.00	0.00
<b>3.</b>	Actual and estimated capital expenditure		This indicator is based on the updated capital plan position. The figures are based on those shown in <b>[Annex 8]</b> .				
2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
actual	estimated	estimated	estimated	estimated	estimated	estimated	estimated
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
3,287	2,355	3,128	2,682	1,637	2,050	1,358	2,193

1.6.10 We, therefore, **RECOMMEND** that for the financial year 2017/18 the prudential indicators listed in paragraphs 1.6.5 and 1.6.9 be recommended to Council for adoption.

1.6.11 A local authority has a statutory duty to “*determine for the current financial year an amount of minimum revenue provision that it considers to be prudent*” in relation to its capital expenditure. It would be impractical to charge the entirety of such expenditure to revenue in the year in which it was incurred and so such expenditure is spread over several years so as to try and match the years over which such assets benefit the local community through their useful life.

1.6.12 The spreading of these costs is through what is termed an *annual minimum revenue provision*. As the Council is debt free and, at least in the short term, does not expect to borrow to support its capital programme the minimum revenue provision is nil. Guidance issued by the Government also recommends that a Minimum Revenue Provision Policy Statement be prepared. We propose to prepare such a Statement at a time when our capital expenditure plans cannot be



met without recourse to borrowing. Based on current estimates, this is not anticipated to be until the financial year 2020/21.

1.6.13 Members are asked to NOTE that for the financial year 2017/18 our Minimum Revenue Provision is nil.

## 1.7 Consultation with Non-Domestic (Business) Ratepayers

1.7.1 Representatives of the Council's Non Domestic Ratepayers have been consulted in respect of the draft revenue budget and capital plan. The consultees, who include the local Chambers of Commerce as well as a group of the larger ratepayers in the Borough receive on request information and copies of the draft budgets and are invited to make written representations if they deem it appropriate. The deadline given for responses was 20 January 2017. ***Cabinet is advised that no comments have been received.***

## 1.8 Medium Term Financial Strategy Update

1.8.1 To recap, the Council's Medium Term Financial Strategy (MTFS) covers both revenue and capital budgets over a rolling ten-year period, and it is this Strategy that underpins the budget setting process for the forthcoming year and over the strategy period. The aim of the MTFS is to give us a realistic and sustainable plan that reflects the Council's priorities.

1.8.2 The Strategy also sets out, based on current financial information, not only the projected budgets for the period, but also the levels of council tax that are projected to be required to meet the Council's spending plans. Underneath the Strategy for the budget setting year sits detailed estimates formulated in conjunction with Services taking into account past outturn, current spending plans and likely future demand levels / pressures.

1.8.3 Members are fully aware of the significant financial challenge faced by the Council as a result of the Government's ongoing budget deficit reduction programme which has resulted in continuing reductions in the financial support it can offer to local government. We believe, however, that our MTFS is resilient and the financial pressures likely to confront us can be addressed in a measured and controlled way, but with ever increasing pressure this is becoming progressively more difficult.

1.8.4 The MTFS sets out the high level objectives the Council wishes to fulfil over the agreed time span and which are:

- To achieve a **balanced revenue budget** that delivers the Council's priorities by the end of the strategy period.
- To retain a **minimum of £2.0m** in the General Revenue Reserve by the end of the strategy period.

- Seek to set **future increases in council tax having regard to the guidelines** issued by the Secretary of State.
- Continue to **identify efficiency savings and opportunities for new or additional income sources** and to **seek appropriate reductions in service costs** in delivery of the Savings and Transformation Strategy (STS) approved by Members.
- Subject to there being sufficient resources within the capital reserve, set a **maximum 'annual capital allowance'** each year as part of the budget setting process for all new capital schemes (currently set at £200,000 from the Council's own resources) and give priority to those schemes that generate income or reduce costs.

1.8.5 The budget for 2017/18 is, naturally, the starting point for updating the MTFS. Referring to paragraph 1.3.2, Members will note that the Summary Total for the 2016/17 Revised Estimates is £9,065,550; and for the 2017/18 Estimates is £11,344,200 and is used in the budget projections in the Medium Term Financial Strategy at **[Annex 11a]**.

1.8.6 When updating the MTFS we need to take into account the following (not exclusive) factors:

- The outcome of the recent Spending Review on the future direction of the public finances.
- Those factors that have contributed towards addressing the 'funding gap' including the pending introduction of special expenses, establishment changes and service change, e.g. holiday activity programmes.
- Those factors that have taken matters in the 'wrong' direction including the apprenticeship levy and cut in the bank rate.
- The level of council tax increase for 2017/18 above which the local authority would be required to seek the approval of their electorate via a local referendum. For the year 2017/18 a referendum will be triggered where council tax is increased by 2%, or more than 2% and more than £5. For the purposes of updating the MTFS up to 2022/23 an increase of £5 each year has been assumed and thereafter a 3% increase in council tax year on year. To put this into context, 1% currently equates to about £95,000.
- The ongoing impact of the Business Rates Retention scheme and the Government's commitment to the introduction of a 100% Business Rates Retention scheme. The Council's actual business rates income is currently below the baseline set under the scheme and the Council has to meet a share of that shortfall up to a maximum of circa £161,000 in 2017/18. For medium term financial planning purposes beyond 2017/18 we continue to

assume that our actual business rates income is equal to the baseline set. More pressing is what will our baseline funding level be on the introduction of 100% business rates retention and how this compares to that reflected in the MTFS taking into account transfer of any new responsibilities?

- The award of New Homes Bonus (NHB) and continuing uncertainty over its future. NHB is a critical component of our overall government grant funding and what happens to this funding stream is, therefore, of particular interest and concern. The outcome of a consultation will see NHB continue to fall up to 2021/22 as the changes work their way through the system by which time it is estimated that NHB could be in the order of £1.4m and require further savings to be achieved. Further changes will only add to what is already a very difficult financial outlook and at worse put financial sustainability at risk.

1.8.7 Members will recall we set ourselves a savings target for this year of £625,000. To date savings in the order of £883,000 have been achieved. However, after taking into account other factors impacting on the MTFS that either take the 'funding gap' in the right or wrong direction, **net savings in the order of £625,000 have been achieved** when compiling the Revenue Estimates for 2017/18.

1.8.8 Although the savings target for this year has been achieved the cut in the bank rate, amongst other things, together with the changes made to the NHB scheme (with potential for further reductions in NHB in the future) require **further savings** to be achieved in the order of £400,000 taking the **projected 'outstanding' funding gap to £1.6m** and to be addressed in a shorter timescale than previously envisaged.

1.8.9 As in previous iterations of the MTFS the updated savings target can be broken down into tranches. The proposed scale and timing of each of the savings tranches is given below.

- 1) Tranche 1 - £650,000 to be achieved by April 2018 (previously £500,000).
- 2) Tranche 2 - £700,000 to be achieved by April 2019 (previously April 2021).
- 3) Tranche 3 - £250,000 to be achieved by April 2021.

1.8.10 One thing is clear a significant financial challenge remains to be addressed over the short to medium term.

1.8.11 **[Annex 11a]** sets out the picture for the MTFS.

1.8.12 Members will appreciate that there is so much uncertainty that financial planning is becoming increasingly difficult with the increased risk of significant variances compared to projections. The Director of Finance and Transformation is keen to stress (as mentioned at paragraph 1.8.8) that **depending on what happens not least to NHB in the future, further savings could be required.**

1.8.13 Cabinet is **RECOMMENDED** to:

- 1) Reaffirm the high level objectives of the MTFS set out at paragraph 1.8.4 above.
- 2) Note and endorse the updated MTFS [**Annex 11a**] including the proposed scale and timing of each of the savings tranches set out at paragraph 1.8.9.
- 3) Give guidance to Full Council as to the best way forward in updating the MTFS for the next ten-year period, and setting the council tax for 2017/18.

## 1.9 Savings and Transformation Strategy

1.9.1 As Members are no doubt aware alongside the MTFS now sits a Savings and Transformation Strategy (STS). The purpose of the Strategy is to provide structure, focus and direction in addressing the significant financial challenge faced by the Council and, in so doing, recognise there is no one simple solution and as a result we will need to adopt a number of ways to deliver the savings within an agreed timetable.

1.9.2 When the STS was adopted by Full Council in February 2016, a number of key themes were identified, together with outline targets and timescales which need to be revisited and aligned with the latest projected 'funding gap'.

1.9.3 An updated copy of the STS including revised outline targets and timescales for each of the themes totalling £1.6m can be found at [**Annex 11b**].

1.9.4 Cabinet is requested to endorse the updates made to the STS, and **RECOMMEND** its adoption by Full Council as part of the budget process.

1.9.5 Turning back to the specific budget year 2017/18. The budget for 2017/18 includes a contribution to the general revenue reserve of £434,500 and a Summary of the Revenue Estimates Booklet is attached at [**Annex 12**].

## 1.10 Collection Fund Adjustments

1.10.1 As the billing authority for the area, this Council has responsibility for maintaining the 'collection fund' accounts into which business rates and council tax are paid.

1.10.2 Each year before we can finalise our calculations in respect of the tax requirements, we have to:

- Estimate the surplus / deficit on the collection fund for 2016/17 in respect of council tax and then share this between the major precepting authorities (including ourselves).

- Estimate the surplus / deficit on the collection fund for 2016/17 in respect of business rates and then share this between the relevant parties in accordance with the business rates retention scheme.

1.10.3 These are known as collection fund adjustments:

- The **surplus** on the collection fund in respect of council tax is estimated to be £989,763, of which our share is £148,267 [**Annex 13a**].
- The **deficit** on the collection fund in respect of business rates is estimated to be £29,785 of which our share is £11,914 [**Annex 13b**].

## 1.11 Special Expenses and Parish Council Precepts

1.11.1 Members are aware that, following the decision by Full Council on 1 November 2016, a Special Expenses Scheme [**Annex 14a**] is being introduced from the 1 April 2017, and the Financial Arrangements with Parish Councils (FAPC) Scheme revoked from the same date.

1.11.2 Details of the Special Expenses for 2017/18 are set out at [**Annex 14b**]. The basic amount of council tax of £181.61 plus the special expenses band D charge, where applicable, gives the total Borough Council band D charge for that area.

1.11.3 When publishing the Borough Council's level of council tax at Band D for "official" purposes in accordance with the prescribed methodology from the Department for Communities and Local Government (DCLG), we are required to aggregate all expenditure (as if special expenses did not exist) and calculate a *notional* Band D figure. (This is so that the DCLG can see that the referendum principles have been adhered to).

1.11.4 The resultant published (notional) council tax at Band D for 2017/18 is £197.51, being £5 higher than the published Band D council tax for 2016/17. As Members will note, no resident will actually pay this exact amount as the Borough Council's Band D – unless it is by coincidence. Inevitably, this will cause some confusion with the public.

1.11.5 Cabinet is requested to **ENDORSE** the special expenses calculated in accordance with the Special Expenses Scheme and set out in [**Annex 14b**].

1.11.6 Details of Parish Council precepts notified to the Borough Council are given at [**Annex 15**]. Members will be aware that, due to the cessation of the FAPC grants scheme and the council tax reduction scheme payments, it was always expected that parish council precepts would increase beyond the normal inflationary pressures.

## 1.12 Robustness of Estimates / Adequacy of Reserves

1.12.1 The Council is required to have regard to the level of its balances and reserves before determining its council tax requirement. [**Annex 16**] sets out the projected

general fund and general revenue reserve balances based on an increase of £5 to the notional council tax level.

- 1.12.2 The Local Government Act 2003 requires the Chief Financial Officer (in our case the Director of Finance and Transformation) to report to an authority, when making the statutory calculations required to determine its council tax, on the robustness of the estimates included in the budget and the adequacy of the reserves for which the budget provides.
- 1.12.3 What is required is the professional advice of the Director of Finance and Transformation on these two questions. This responsibility is discharged by way of a certified Statement.
- 1.12.4 The Director of Finance and Transformation advises that she is satisfied as to the Robustness of the Estimates and the Adequacy of Reserves **on the understanding that the savings target based on latest projections of £1.6m is delivered.**
- 1.12.5 A Statement covering the points above is appended at **[Annex 17]**. Members will note that overall the Director of Finance and Transformation signifies that, in her professional opinion, the estimates are robust and the level of reserves adequate.
- 1.12.6 A schedule of the reserves held by the Council at 1 April 2016 and proposed utilisation of those reserves to 31 March 2018 is provided at **[Annex 17]** Table A. As this Council's Chief Finance Officer, the Director of Finance and Transformation has undertaken a review of the earmarked reserves held and is satisfied as to the position depicted and will revisit the position as part of the closedown process for 2016/17.
- 1.12.7 Members are **RECOMMENDED** to note and endorse the Statement provided by the Director of Finance and Transformation.

### **1.13 Calculation of Borough Council's Tax Requirement**

1.13.1 The Council is required to calculate:

- Its aggregate expenditure which, for this purpose, includes our share of any Collection Fund deficit and the Parish Council precepts.
- Its aggregate income which, for this purpose, includes our share of any Collection Fund surplus and the Local Government Finance Settlement (see paragraph 1.2).
- The amount by which the aggregate expenditure exceeds the aggregate income is to be its council tax requirement for the year.

Assuming Cabinet's concurrence with the recommendations set out in paragraph 1.8.14, the calculation is set out at **[Annex 18]**. It should be noted that, for this

purpose, the Borough Council's council tax requirement includes the Parish Council precepts.

#### **1.14 Legal Implications**

- 1.14.1 There are a number of legislative requirements to consider in setting the Budget which will be addressed as we move through the budget cycle.
- 1.14.2 The Localism Act gives local communities the power to veto excessive council tax increases. The Secretary of State will determine a limit for council tax increases which has to be approved by the House of Commons. If an authority proposes to raise council tax above this limit they will have to hold a referendum to get approval for this from local voters who will be asked to approve or veto the rise.

#### **1.15 Financial and Value for Money Considerations**

- 1.15.1 Two key questions remain, what will our business rates baseline be on the implementation of 100% business rates retention; and where, and to what extent, does New Homes Bonus feature in future government funding?
- 1.15.2 The impact of 'Brexit' on Council finances / financial assumptions in respect of inflation, interest rates, income levels, etc. and the scale of the impact over the medium term is uncertain and difficult to determine.

#### **1.16 Risk Assessment**

- 1.16.1 The Local Government Act 2003 requires the Chief Financial Officer, when calculating the Council Tax Requirement, to report on the robustness of the estimates included in the budget and the adequacy of the reserves for which the budget provides. Consideration will and is given to the risks associated with any budget setting process where various financial and other assumptions have to be made. To mitigate the risks detailed estimates are formulated in conjunction with Services taking into account past outturn, current spending plans and likely future demand levels / pressures and external advice on assumptions obtained where appropriate.
- 1.16.2 The Medium Term Financial Strategy sets out the high level financial objectives the Council wishes to fulfil and underpins the budget setting process for the forthcoming year and over the Strategy period. As the Council's high level financial planning tool the MTFS needs to be reviewed and updated at least annually and in the current climate the Savings and Transformation Strategy regularly reviewed by Management Team. In addition, not identifying and implementing the requisite savings will put at risk the integrity of the MTFS.
- 1.16.3 The increased uncertainty and volatility particularly in some of our major sources of income (business rates and New Homes Bonus) and more recently by Brexit make financial planning that more difficult with increased risk of significant variances compared to projections.

- 1.16.4 The projected figures for NHB are at risk of further revision downwards which would further add to the savings target.
- 1.16.5 Members are reminded that there are factors not reflected in or throughout the duration of the MTFS, e.g. potential shortfall to be met by the Council in respect of the Business Rates Retention scheme and the impact of Welfare Reform changes (Universal Credit). In addition, beyond 2022/23, the MTFS assumes a 3% increase in council tax year on year whereas the threshold above which a referendum is to be held is currently 2%, or more than 2% and more than £5.
- 1.16.6 Failure to endorse a satisfactory Capital Strategy may lead to a capital programme which does not fully support the Council's priorities and corporate objectives.
- 1.16.7 Any increase in council tax above the relevant threshold, even by a fraction of a percentage point, would require a referendum to be held.
- 1.16.8 At the time of finalising this report for agenda publication, we have not received the final local government finance settlement. **Figures contained within this report are, therefore, based on the provisional settlement.** We do not anticipate there being any significant difference in the 'final' figures. Members will, of course, be updated as appropriate.

## 1.17 Equality Impact Assessment

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

## 1.18 Summary of Recommendations

- 1.18.1 Cabinet is **RECOMMENDED** to:

- 1) Endorse the fees and charges set out in **[Annex 2]** as recommended by the appropriate Advisory Boards.
- 2) Update the Capital Plan as set out in paragraph 1.5.14 and recommend that Council adopt the Capital Plan accordingly.
- 3) Endorse the Capital Strategy as presented to the Finance, Innovation and Property Advisory Board on 4 January and the Overview and Scrutiny Committee on 24 January and recommend to Council it be adopted.
- 4) Endorse the prudential indicators listed in paragraphs 1.6.5 and 1.6.9 and recommend to Council that they be adopted.
- 5) Note that for the financial year 2017/18 the Council's Minimum Revenue Provision as set out at paragraph 1.6.12 is nil.



- 6) Reaffirm the high level objectives of the MTFS (paragraph 1.8.4. refers).
- 7) Note and endorse the updated MTFS **[Annex 11a]** including the proposed scale and timing of each of the savings tranches set out at paragraph 1.8.9.
- 8) Give guidance to Full Council as to the best way forward in updating the MTFS for the next ten-year period, and setting the council tax for 2017/18.
- 9) Endorse the updates made to the Savings and Transformation Strategy, and recommend that Full Council adopts it as part of the Budget setting process **[Annex 11b]**.
- 10) Endorse the special expenses calculated in accordance with the Special Expenses Scheme and set out in **[Annex 14b]**.
- 11) Note and endorse the Statement provided by the Director of Finance and Transformation as to the Robustness of the Estimates and the Adequacy of the Reserves.

Background papers:

contact: Sharon Shelton  
Neil Lawley

Nil

Julie Beilby  
Chief Executive

Sharon Shelton  
Director of Finance and Transformation

Nicolas Heslop  
Leader of the Council

Martin Coffin  
Cabinet Member for Finance, Innovation and Property  
and Deputy Executive Leader

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## Local Government Finance Settlement 2017 - 2020

	2017/18					
	Revenue Support Grant	Business Rates Baseline	Transitional Grant	Tariff Adjustment	Settlement Funding Assessment	Per Head
	£	£	£	£	£	£
Ashford	615,357	2,687,324	28,682	-	3,331,363	26.80
Canterbury	998,152	4,377,364	21,067	-	5,396,583	33.73
Dartford	684,482	2,536,298	19,673	-	3,240,453	31.19
Dover	1,026,829	3,459,995	0	-	4,486,824	39.64
Gravesham	590,152	2,768,743	11,207	-	3,370,102	31.70
Maidstone		3,044,249	171,971	-	3,216,220	19.55
Sevenoaks		2,151,860	122,984	-	2,274,844	19.21
Shepway	848,143	3,485,707	61,004	-	4,394,854	39.95
Swale	1,238,108	4,006,582	0	-	5,244,690	36.83
Thanet	1,445,776	4,719,633	0	-	6,165,409	44.10
<b>Tonbridge and Malling</b>		<b>2,149,532</b>	<b>117,201</b>	-	<b>2,266,733</b>	<b>18.03</b>
Tunbridge Wells	201,609	2,217,640	74,173	-	2,493,422	21.48

	2018/19					
	Revenue Support Grant	Business Rates Baseline	Transitional Grant	Tariff Adjustment	Settlement Funding Assessment	Per Head
	£	£	£	£	£	£
Ashford	212,872	2,773,783	-	-	2,986,655	24.03
Canterbury	380,181	4,518,195	-	-	4,898,376	30.61
Dartford	314,829	2,617,898	-	-	2,932,727	28.23
Dover	568,493	3,571,312	-	-	4,139,805	36.57
Gravesham	196,265	2,857,820	-	-	3,054,085	28.73
Maidstone	-	3,142,190	-	-	3,142,190	19.10
Sevenoaks	-	2,221,091	-	-	2,221,091	18.76
Shepway	305,135	3,597,852	-	-	3,902,987	35.48
Swale	706,709	4,135,484	-	-	4,842,193	34.00
Thanet	808,872	4,871,475	-	-	5,680,347	40.63
<b>Tonbridge and Malling</b>	-	<b>2,218,688</b>	-	-	<b>2,218,688</b>	<b>17.65</b>
Tunbridge Wells	-	2,288,988	-	-	2,288,988	19.72

	2019/20					
	Revenue Support Grant	Business Rates Baseline	Transitional Grant	Tariff Adjustment	Settlement Funding Assessment	Per Head
	£	£	£	£	£	£
Ashford	-	2,872,447	-	(236,720)	2,635,727	21.20
Canterbury	-	4,678,908	-	(310,101)	4,368,807	27.31
Dartford	-	2,711,017	-	(98,083)	2,612,934	25.15
Dover	56,538	3,698,344	-	-	3,754,882	33.17
Gravesham	-	2,959,474	-	(243,714)	2,715,760	25.55
Maidstone	-	3,253,959	-	(1,588,624)	1,665,335	10.12
Sevenoaks	-	2,300,096	-	(1,082,611)	1,217,485	10.28
Shepway	-	3,725,828	-	(301,434)	3,424,394	31.13
Swale	113,144	4,282,584	-	-	4,395,728	30.87
Thanet	97,453	5,044,755	-	-	5,142,208	36.78
<b>Tonbridge and Malling</b>	-	<b>2,297,607</b>	-	<b>(998,296)</b>	<b>1,299,311</b>	<b>10.34</b>
Tunbridge Wells	-	2,370,408	-	(606,086)	1,764,322	15.20

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Department for  
Communities and  
Local Government

DRAFT

# The Referendums Relating to Council Tax Increases (Principles)(England) Report 2017/18

December 2016  
Department for Communities and Local Government

# The Referendums Relating to Council Tax Increases (Principles) (England) Report 2017/18

## Legislative background

### General

1. Under section 52ZBa of the Local Government Finance Act 1992 (“the 1992 Act”) each billing authority and precepting authority must determine whether its relevant basic amount of council tax<sup>b</sup> for a financial year (“the year under consideration”) is excessive. If an authority’s relevant basic amount of council tax is excessive a referendum must be held in relation to that amount.
2. Under section 52ZCc of the 1992 Act the question of whether an authority’s relevant basic amount of council tax is excessive must be decided in accordance with a set of principles determined by the Secretary of State. A set of principles —
  - may contain one principle or two or more principles, and
  - must constitute or include a comparison between the authority’s relevant basic amount of council tax for the year under consideration and its relevant basic amount of council tax for the financial year immediately preceding the year under consideration<sup>d</sup>.
3. In setting principles for the year under consideration the Secretary of State may determine categories of authority. If the Secretary of State does so the same principles must be determined for all authorities falling within the same category and if an authority does not fall within any of the categories its relevant basic amount of council tax is not capable of being excessive for the year under consideration<sup>e</sup>.
4. If the Secretary of State does not determine categories of authority for the year under consideration, any principles determined for the year must be such that the same set is determined for all authorities<sup>f</sup>.
5. The principles for a financial year must be set out in a report which must be laid before and approved by the House of Commons. If the report for a financial year is not approved on or before the date on which the local government finance report for the same year is approved by the House of Commons, no principles have effect for that

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<sup>a</sup> Section 52ZB was inserted into the 1992 Act by Schedule 5 to the Localism Act 2011.

<sup>b</sup> The term “relevant basic amount of council tax” is defined in section 52ZX of the 1992 Act (inserted as above and amended by section 41(1) and (9) to (13) of the Local Audit and Accountability Act 2014).

<sup>c</sup> Section 52ZC was inserted into the 1992 Act by Schedule 5 to the Localism Act 2011.

<sup>d</sup> Section 52ZC(2) and (3) of the 1992 Act.

<sup>e</sup> Section 52ZC(4) of the 1992 Act.

<sup>f</sup> Section 52ZC(5) of the 1992 Act.

year and accordingly no authority's relevant basic amount of council tax is capable of being excessive for that year<sup>a</sup>.

*The Greater London Authority*

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

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<sup>a</sup> See generally section 52ZD of the 1992 Act, inserted as above.

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

<sup>c</sup> Section 52ZX(4) of the 1992 Act.

<sup>d</sup> Section 52ZC(6) of the 1992 Act.

## The Report

9. This Report is made by the Secretary of State for Communities and Local Government and laid before the House of Commons under section 52ZD(1) of the 1992 Act.
10. The Report applies to all billing authorities and all major precepting authorities(a) (other than a mayoral combined authority(b)). In relation to 2017-18 the Report specifies principles for those authorities for the purposes of section 52ZC(1) of the 1992 Act. Accordingly no principles are specified for local precepting authorities for that year.

### Principles for the financial year beginning on 1st April 2017

11. The principles which apply for 2017-18 are set out in Annex A to this Report. If this Report is approved by resolution of the House of Commons the principles will have effect for that financial year.

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

[ ] 2017

*Name*  
Parliamentary Under Secretary of State  
Department for Communities and Local Government

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**a** Billing authorities and major precepting authorities are defined in sections 1(2) and 39(1) of the 1992 Act respectively.

**b** A mayoral combined authority is a major precepting authority by virtue of section 39(1)(ab) of the 1992 Act as amended by section 5 of the Cities and Local Government Devolution Act 2016 (c.1). The election for the mayor of the first mayoral combined authority, Greater Manchester, will take place in May 2017.



## **Principles for the financial year beginning on 1st April 2017**

The set of principles determined by the Secretary of State under section 52ZC(1) of the Local Government Finance Act 1992 for the financial year beginning on 1st April 2017 is as follows:

### **Interpretation**

1.—(1) In this set of principles—

“2016-17” means the financial year beginning on 1st April 2016;

“2017-18” means the financial year beginning on 1st April 2017;

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

“the GLA” means the Greater London Authority;

“a relevant local authority” means-

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

(b) the Council of the Isles of Scilly;

“a relevant police and crime commissioner” means a police and crime commissioner(c) whose basic amount of council tax for 2016-17 is within the lower quartile of basic amounts of council tax for 2016-17 for all police and crime commissioners;

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

(2) In this set of principles any reference to an authority is a reference to a billing authority or a major precepting authority (other than a mayoral combined authority).

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

### **Categories of authority for 2017-18**

2. For 2017-18, the Secretary of State determines that the following are categories of authority for the purposes of section 52ZC of the 1992 Act—

(a) any relevant local authority(d);

(b) the GLA;

(c) any shire district council;

(d) any relevant police and crime commissioner(e); and

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(a) 1992 c.14.

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

(c) Police and crime commissioners replaced police authorities for police areas outside London in November 2012 (see section 1 of the Police Reform and Social Responsibility Act 2011, and Part 4 of Schedule 15 to that Act for transitional provisions).

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

(e) The bodies that are within this category are set out, for information, in Annex C to this Report.

(e) any other authority.

**Principles for 2017-18 for authorities belonging to the category mentioned in paragraph 2(a)**

3. For 2017-18, the relevant basic amount of council tax of an authority which belongs to the category mentioned in paragraph 2(a) is excessive if the authority's relevant basic amount of council tax for 2017-18 is 5% (comprising 3% for expenditure on adult social care and 2% for other expenditure), or more than 5%, greater than its relevant basic amount of council tax for 2016-17.

**Principles for 2017-18 for the Greater London Authority**

4. For 2017-18, the GLA's relevant basic amount of council tax is excessive if—

- (a) the GLA's unadjusted relevant basic amount of council tax for 2017-18 is 2%, or more than 2%, greater than its unadjusted relevant basic amount of council tax for 2016-17; or
- (b) the GLA's adjusted relevant basic amount of council tax for 2017-18 is 2%, or more than 2%, greater than its adjusted relevant basic amount of council tax for 2016-17.

**Principles for 2017-18 for authorities belonging to the category mentioned in paragraph 2(c)**

5. For 2017-18, the relevant basic amount of council tax of an authority which belongs to the category mentioned in paragraph 2(c) is excessive if the authority's relevant basic amount of council tax for 2017-18 is—

- (a) 2%, or more than 2%, greater than its relevant basic amount of council tax for 2016-17; and
- (b) more than £5.00 greater than its relevant basic amount of council tax for 2016-17.

**Principles for 2017-18 for authorities belonging to the category mentioned in paragraph 2(d)**

6. For 2017-18, the relevant basic amount of council tax of an authority which belongs to the category mentioned in paragraph 2(d) is excessive if the authority's relevant basic amount of council tax for 2017-18 is—

- (a) 2%, or more than 2%, greater than its relevant basic amount of council tax for 2016-17; and
- (b) more than £5.00 greater than its relevant basic amount of council tax for 2016-17.

**Principles for 2017-18 for authorities belonging to the category mentioned in paragraph 2(e)**

7. For 2017/18, the relevant basic amount of council tax of an authority which belongs to the category mentioned in paragraph 2(e) is excessive if the authority's relevant basic amount of council tax for 2017-18 is 2%, or more than 2%, greater than its relevant basic amount of council tax for 2016-17.

Local authorities for the following areas fall within the definition of “relevant local authority” in the *Principles for the financial year beginning on 1st April 2017*

(INNER LONDON)

City of London  
Camden  
Greenwich  
Hackney  
Hammersmith & Fulham

Islington  
Kensington & Chelsea  
Lambeth  
Lewisham  
Southwark

Tower Hamlets  
Wandsworth  
Westminster

(OUTER LONDON)

Barking & Dagenham  
Barnet  
Bexley  
Brent  
Bromley

Croydon  
Ealing  
Enfield  
Haringey  
Harrow

Havering  
Hillingdon  
Hounslow  
Kingston-upon-Thames  
Merton

Newham  
Redbridge  
Richmond-upon-Thames  
Sutton  
Waltham Forest

(GREATER MANCHESTER)

Bolton  
Bury  
Manchester  
Oldham  
Rochdale  
Salford  
Stockport  
Tameside

Trafford  
Wigan

(MERSEYSIDE)

Knowsley  
Liverpool  
St Helens  
Sefton  
Wirral

(SOUTH YORKSHIRE)

Barnsley  
Doncaster  
Rotherham  
Sheffield

(TYNE AND WEAR)

Gateshead  
Newcastle-upon-Tyne  
North Tyneside  
South Tyneside  
Sunderland

(WEST MIDLANDS)

Birmingham  
Coventry  
Dudley  
Sandwell  
Solihull  
Walsall  
Wolverhampton

(WEST YORKSHIRE)

Bradford  
Calderdale  
Kirklees  
Leeds  
Wakefield

(COUNTY COUNCILS)

Buckinghamshire  
Cambridgeshire  
Cumbria  
Derbyshire  
Devon

Dorset  
East Sussex  
Essex  
Gloucestershire  
Hampshire

Hertfordshire  
Kent  
Lancashire  
Leicestershire  
Lincolnshire

Norfolk  
North Yorkshire  
Northamptonshire  
Nottinghamshire  
Oxfordshire

Somerset  
Staffordshire  
Suffolk  
Surrey  
Warwickshire

West Sussex  
Worcestershire

(UNITARY AUTHORITIES)  
Bath & North East Somerset  
Bedford  
Blackburn with Darwen  
Blackpool  
Bournemouth

Bracknell Forest  
Brighton & Hove  
Bristol  
Central Bedfordshire  
Cheshire East

Cheshire West and Chester  
Cornwall  
Darlington  
Derby  
Durham

East Riding of Yorkshire  
Halton  
Hartlepool  
Herefordshire  
Isle of Wight Council

Isles of Scilly  
Kingston-upon-Hull  
Leicester  
Luton  
Medway

Middlesbrough  
Milton Keynes  
North East Lincolnshire  
North Lincolnshire  
North Somerset

Northumberland  
Nottingham  
Peterborough  
Plymouth  
Poole

Portsmouth  
Reading  
Redcar & Cleveland  
Rutland  
Shropshire

Slough  
South Gloucestershire  
Southampton  
Southend-on-Sea  
Stockton-on-Tees

Stoke-on-Trent  
Swindon  
Telford & Wrekin  
Thurrock  
Torbay

Warrington  
West Berkshire  
Wiltshire  
Windsor & Maidenhead  
Wokingham  
York

Police and crime commissioners for the following police areas fall within the definition of “relevant police and crime commissioner” in the *Principles for the financial year beginning on 1st April 2017*

Hampshire  
Greater Manchester  
South Yorkshire  
Kent  
Essex  
Sussex  
Hertfordshire  
West Yorkshire  
West Midlands  
Northumbria



**Item SSE 16/11 referred from Street Scene and Environment Services  
Advisory Board minutes of 7 November 2016**

**SSE 16/11 REVIEW OF FEES AND CHARGES**

The joint report of the Director of Street Scene, Leisure and Technical Services, the Director of Planning, Housing and Environmental Health and the Director of Finance and Transformation set out proposed fees and charges for the provision of services in respect of food certificates, contaminated land monitoring, private water supplies, pest control, stray dog redemption fees, household bulky refuse and fridge/freezer collections, "missed" refuse collections and the Council's car parks from April 2017.

In bringing forward the proposals for 2017/18, it was noted that consideration had been given to a range of factors including the Council's overall financial position, trading patterns, the current rate of inflation, competing facilities and customer demand. Particular reference was made to the comprehensive review of car parking charges undertaken at the beginning of 2016 and the conclusion that no further changes be made but the position be reviewed again in 12 months' time.

**RECOMMENDED:** That Cabinet approve the scale of charges for mandatory condemned food certificates, exported food certificates, contaminated land monitoring, sampling private water supplies, stray dog redemption fees, household bulky refuse and fridge/freezer collection, "missed" refuse collection and car parking charges with effect from 1 April 2017, as detailed in the report to the Advisory Board.

**\*Referred to Cabinet**

**Item CH 16/21 referred from Communities and Housing Advisory  
Board minutes of 14 November 2016**

**CH 16/21 HOUSES IN MULTIPLE OCCUPATION (HMO) AND CARAVAN SITE  
LICENSING**

The report of the Director of Planning, Housing and Environmental Health set out the proposed fees and charges in respect of the mandatory licensing scheme for Houses in Multiple Occupation (HMOs) and Caravan Sites for 2017/18.

**RECOMMENDED:** That the existing charges for the licensing of Houses in Multiple Occupation and Caravan Sites, as detailed in the report, remain unchanged and be agreed with effect from 1 April 2017.

**\*Referred to Cabinet**

**Item CH 16/22 referred from Communities and Housing Advisory Board minutes of 14 November 2016**

**CH 16/22 REVIEW OF CEMETERY CHARGES 2017/18**

The joint report of the Director of Street Scene, Leisure and Technical Services and the Director of Finance and Transformation outlined the proposed charges for 2017/18 with regard to Tonbridge Cemetery.

**RECOMMENDED:** That

- (1) the proposed charges for Tonbridge Cemetery, as detailed at Annex 2 to the report, be agreed and implemented with effect from 1 April 2017; and
- (2) a review of the future capacity of grave space at the Cemetery be progressed and reported back to a future meeting of the Communities and Housing Advisory Board.

**\*Referred to Cabinet**

**Item FP 17/5 referred from Finance, Innovation and Property Advisory Board minutes of 4 January 2017**

**FIP 17/5 REVIEW OF FEES AND CHARGES 2017/18**

The report of the Management Team brought forward for consideration as part of the Budget setting process for 2017/18 proposals in respect of those fees and charges that were the responsibility of the Cabinet Member for Finance, Innovation and Property or not reported elsewhere.

It was noted that there would be a fundamental review of operations at Tonbridge Castle in the light of changes in the Gateway facility.

**RECOMMENDED:** That

- (1) in respect of the recovery of legal fees payable by third parties, the Council's fees continue to follow the Supreme Court guideline hourly rates as set out at paragraph 1.2.1 of the report;
- (2) the proposed scale of fees for local land charges searches and enquiries set out in the report be adopted with effect from 1 April 2017, noting that property search fees are to be subject to VAT as shown in the table at Annex 1 to the report from 1 January 2017 unless HMRC confirms that any element shown as Vatable should not be subject to VAT;
- (3) the current photocopying charges of 10p (inclusive of VAT) for each page of the same document or additional copies of the same page plus postage as appropriate be retained;

- (4) the proposed charges for Tonbridge Castle Chamber as set out in Annex 4 to the report be approved for implementation from 1 April 2017;
- (5) the proposed charges for weddings at Tonbridge Castle as outlined in paragraph 1.6.3 of the report be approved for implementation from 1 April 2018;
- (6) the fees schedule for street naming and numbering set out in section 1.8 of the report be adopted with effect from 1 April 2017; and
- (7) the amount of council tax and business rate Court costs recharged remain as set out at paragraph 1.9.2 of the report for the 2017/18 financial year.

**\*Referred to Cabinet**

**Item FP 17/6 referred from Finance, Innovation and Property Advisory Board minutes of 4 January 2017**

**FIP 17/6 BUILDING REGULATION FEES**

Consideration was given to the joint report of the Director of Planning, Housing and Environmental Health and Director of Finance and Transformation which referred to the annual review of fees schedules and recommended amendments to the charging regime to cover more accurately the costs of the fee earning aspects of the Building Control Partnership service provided with Sevenoaks District Council. Members were advised of some changes in staffing of the service.

**RECOMMENDED:** That the revised Building Control Charges, as detailed in Annex 1 to the report, be approved and adopted from 1 April 2017.

**\*Referred to Cabinet**

**Item FP 17/7 referred from Finance, Innovation and Property Advisory Board minutes of 4 January 2017**

**FIP 17/7 REVIEW OF PRE-APPLICATION PLANNING CHARGING REGIME**

The joint report of the Director of Finance and Transformation and Director of Planning, Housing and Environmental Health provided an update on the pre-application procedures for planning and reviewed the protocol and scale of charges introduced in 2016 in accordance with Decision Number D160018CAB.

**RECOMMENDED:** That

- (1) the updated protocol for providing Pre-Application and Other Technical Planning Advice, as set out at Annex 1 to the report, be adopted; and

- (2) the Pre-Application Charging Schedule for 2017/18, as set out at Annex 2 to the report, be adopted.  
**\*Referred to Cabinet**

**LA 16/94 REVIEW OF FEES AND CHARGES 2017/18 - LICENSING FEES**

The report of the Director of Central Services and Monitoring Officer set out details of the proposed scale of fees and charges for 2017/18 in respect of Hackney Carriage and Private Hire Licences, Pleasure Boats and Boatmen, Scrap Metal Dealers, Animal Welfare Licences, Street Trading Consents, Sex Establishments, Acupuncture, Tattooing, Ear Piercing and Electrolysis and Hypnotism.

**RESOLVED:** That the proposed scale of fees for licences, consents and registrations, as set out in Annex 1 to the report, be adopted with effect from 1 April 2017.

## CAPITAL PLAN (LIST A) SUMMARY

	Expenditure To 31/03/16	2016/17 Estimate inc Prior Year Slippage	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate	Scheme Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Capital Plan Schemes</b>									
Planning, Housing & Environmental Health	74	30	30	205	205	205	205	205	1,159
Street Scene, Leisure & Technical Services	1,580	148	10	1,143	130	630	130	130	3,901
Corporate	2	270	30	90	30	30	30	30	512
Sub-total	1,656	448	70	1,438	365	865	365	365	5,572
<b>Capital Renewals</b>									
Planning, Housing & Environmental Health	n/a	2	0	0	15	0	0	0	17
Street Scene, Leisure & Technical Services	n/a	468	1,115	222	471	401	259	907	3,843
Corporate	n/a	227	541	352	266	264	214	401	2,265
Sub-total	n/a	697	1,656	574	752	665	473	1,308	6,125
<b>Total</b>	1,656	1,145	1,726	2,012	1,117	1,530	838	1,673	11,697

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## Capital Plan Review 2016/17

### Recommendations in respect of List C

**Booklet  
Annex 3  
Page No**

#### Schemes to be added to List C

##### **Street Scene, Leisure and Technical**

Angel Centre: Medway Hall – Alternative use for Extreme Sports	CP 39
Larkfield Leisure Centre – Gym Extension / New Studio	CP 40
Larkfield Leisure Centre - Ventilation	CP 40
Tonbridge Racecourse Sportsground - Riverside Revetment	CP 43
Tonbridge Racecourse Sportsground – Swimming Pool Bridge	CP 43
Haysden Country Park – Car Park Extension	CP 44
Haysden Country Park – Site Improvements Phase 2	CP 44
Leybourne Lakes Country Park – Car Park Extension	CP 46
Taddington Valley – Woodland Management	CP 46
Tonbridge Cemetery – Path Works	CP 47

##### **Corporate**

IT Initiatives – Upgrade to Payment Facilities Software	CP 51
IT Initiatives – Financial Services Document Management Software	CP 52

#### Schemes to be deleted from List C

##### **Street Scene, Leisure and Technical**

Blossom Bank Development, Tonbridge – New Pedestrian Bridge	CP 48
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## Capital Plan Review 2016/17

### Schemes selected for evaluation from List C

	<b>Booklet Annex 3 Page No</b>
<b>Street Scene, Leisure and Technical</b>	
Larkfield Leisure Centre – Ventilation	CP 40
Racecourse Sportsground – Rugby Pitch Drainage Improvements	CP 42
Racecourse Sportsground – Riverside Revetment (Fast-Track)	CP 43
Racecourse Sportsground – Swimming Pool Bridge	CP 43
Haysden Country Park – Car Park Extension	CP 44
Leybourne Lakes Country Park – Car Park Extension (Fast-Track)	CP 46
Tonbridge Cemetery – Path Works	CP 47
<b>Corporate</b>	
IT Initiatives – Upgrade to Payment Facilities Software	CP 51
IT Initiatives – Financial Services Document Management Software	CP 52

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## Capital Plan Review 2016/17

## Recommendations in respect of evaluated schemes

	Capital Cost  £'000	Estimated Annual Revenue/ Renewals Cost £'000		Booklet Annex 4 Page No
<b>Street Scene, Leisure and Technical</b>				
Leybourne Lakes Country Park – Car Park Extension	17	(2)	Transfer from List C to List B	CP 53
Racecourse Sportsground – Riverside Revetment	120	4	Transfer from List C to List B	CP 55
<b>Corporate</b>				
IT Initiatives – Council Chamber Conference System	95	18	Transfer from List C to List B	CP 57
IT Initiatives – Virtual Desktop Infrastructure	200	27	Transfer from List C to List B	CP 59
<b>Total</b>	<b>432</b>	<b>47</b>		

Two of the schemes detailed above are to be funded in part by way of government grant or external funding totalling £38,000 and the virtual desktop infrastructure project is to be funded from the Invest to Save Reserve; and the balance of £194,000 from the annual capital allowance.

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<b>CAPITAL PLAN: LIST A SUMMARY OF SERVICES</b>									
	Expenditure To 31/03/16	2016/17 Estimate inc Prior Year Slippage	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate	Scheme Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Capital Plan Schemes</b>									
Planning, Housing & Environmental Health	74	30	30	205	205	205	205	205	1,159
Street Scene, Leisure & Technical Services	1,580	148	119	1,143	130	630	130	130	4,010
Corporate	2	270	325	90	30	30	30	30	807
Sub-total	1,656	448	474	1,438	365	865	365	365	5,976
<b>Capital Renewals</b>									
Planning, Housing & Environmental Health	n/a	2	0	0	15	0	0	0	17
Street Scene, Leisure & Technical Services	n/a	468	1,115	222	471	401	259	907	3,843
Corporate	n/a	227	541	352	266	264	214	401	2,265
Sub-total	n/a	697	1,656	574	752	665	473	1,308	6,125
<b>Total</b>	1,656	1,145	2,130	2,012	1,117	1,530	838	1,673	12,101

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<b>Capital Plan Review 2016/17 : Funding the Draft Capital Plan</b>							
	2016/17 Estimate £'000	2017/18 Estimate £'000	2018/19 Estimate £'000	2019/20 Estimate £'000	2020/21 Estimate £'000	2021/22 Estimate £'000	2022/23 Estimate £'000
<b>Capital Plan Schemes</b>							
Capital Renewals	697	1,656	574	752	665	473	1,308
Other Recurring Expenditure (net of grants)	200	85	365	365	365	365	365
One-Off Schemes (net of grants & contributions)	248	389	1,073		500		
<b>Capital Plan Totals</b>	<b>1,145</b>	<b>2,130</b>	<b>2,012</b>	<b>1,117</b>	<b>1,530</b>	<b>838</b>	<b>1,673</b>
Add back grants / contributions	1,210	998	670	520	520	520	520
<b>Total to be funded</b>	<b>2,355</b>	<b>3,128</b>	<b>2,682</b>	<b>1,637</b>	<b>2,050</b>	<b>1,358</b>	<b>2,193</b>
<b>Funded from:</b>							
<b>Grants</b>							
BCF (Disabled Facilities Grant)	692	770	490	490	490	490	490
Town Wardens (Town Lock)	2						
LSP (Haysden CP Play Area was TRSG Flood Lighting)	5						
Sita Trust (Haysden CP Extension of Play Area)	50						
Haysden CP Site Improvements Grants & Contributions	44						
EA (Castle River Bank)	110	3					
KCC (Winter Warmth)	18						
DCLG (Revenues & Benefits DIP Grant)	19						
DCLG (Housing Services DIP Grant)	8						
TRCSG - River Bank (Excess EA Castle River Bank)		28					
<b>Developer Contributions</b>							
Town Lock	213	155					
Tonbridge School Athletics Track			150				
Open Spaces Site Improvements Phase 1	3						
Open Spaces Site Improvements Phase 2		12					
Memorial Garden Improvement including Trust contrib'n	16						
<b>Capital and Other Receipts</b>							
Housing Assistance Grant Repayments	30	30	30	30	30	30	30
Repayment of Mortgages	1	1	1	1	1		
<b>Balance met from Revenue Reserve for Capital Schemes</b>	<b>1,144</b>	<b>2,129</b>	<b>2,011</b>	<b>1,116</b>	<b>1,529</b>	<b>838</b>	<b>1,673</b>
<b>Total funding</b>	<b>2,355</b>	<b>3,128</b>	<b>2,682</b>	<b>1,637</b>	<b>2,050</b>	<b>1,358</b>	<b>2,193</b>

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<b>Capital Plan Review 2016/17 :Revenue Reserve for Capital Schemes</b>							
	2016/17 Estimate £'000	2017/18 Estimate £'000	2018/19 Estimate £'000	2019/20 Estimate £'000	2020/21 Estimate £'000	2021/22 Estimate £'000	2022/23 Estimate £'000
<b>Balance at 1st April</b>	6,582	5,964	4,767	3,988	2,904	2,127	2,490
<b>Contribution from Revenue to meet Capital Renewals and other Annually Recurring Expenditure</b>	100	500	500		752	1,201	1,217
<b>Revenue contribution for new Capital Plan Schemes</b>	350	350	350	350			
Less assumed spend			(200)	(200)			
Recycling Bank Revenue Adjustment	(23)	(23)	(23)	(23)			
MS Office Licences to Revenue	(36)	(36)	(36)	(36)			
Revenue element of new IT Storage	(4)	(4)	(4)	(4)			
Green /recycling bin replacement	(12)	(12)	(12)	(12)			
Housing Assistance	(30)	(30)	(30)	(30)			
Planning Microfiche	(16)						
TMLT (Invest to Save Reserve)	200						
TMLT (Capital Renewals adjustment)	(13)	(13)	(13)	(13)			
South East Water (LLCP Car Park Extension)	10						
<b>Wouldham River Wall Earmarked Reserve</b>			700				
<b>Invest to Save Reserve (Virtual Desktop Infrastructure)</b>		200					
<b>Available for application</b>	7,108	6,896	5,999	4,020	3,656	3,328	3,707
<b>Amount applied to fund capital</b>	(1,144)	(2,129)	(2,011)	(1,116)	(1,529)	(838)	(1,673)
<b>Balance at 31st March</b>	5,964	4,767	3,988	2,904	2,127	2,490	2,034

Borrowing for new Capital Plan Schemes is not anticipated before 2020/21.

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<b><u>Estimates of the incremental impact of capital investment on Band D equivalent Council Tax</u></b>	2017/18 est. £	2018/19 est. £	2019/20 est. £	2020/21 est. £	2021/22 est. £	2022/23 est. £
Leybourne Lakes Country Park – Car Park Extension	(0.02)	(0.02)				
Tonbridge Racecourse Sportsground – Riverside Revetment	0.04	0.04				
IT Initiatives – Council Chamber Conference System	0.18	0.18				
IT Initiatives – Virtual Desktop Infrastructure	0.28	0.28		(0.56)		
<b>Total:</b> (Increase in Band D equivalent Council Tax attributable to new capital schemes)	<b>0.48</b>	<b>0.48</b>		<b>(0.56)</b>		

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## Medium Term Financial Strategy

	Estimate	Projection								
	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>EXPENDITURE</b>										
Employees	10,992	11,121	11,252	11,483	11,681	11,935	12,190	12,452	12,716	12,987
Transfer Payments	35,268	35,974	36,694	37,429	38,178	20,023	20,423	20,832	21,248	21,673
Other Expenditure	11,211	11,404	11,747	11,973	12,234	12,501	12,776	13,055	13,341	13,633
Capital Charges	2,672	2,779	2,862	2,919	2,977	3,037	3,098	3,160	3,223	3,287
<b>Total Expenditure</b>	<b>60,143</b>	<b>61,278</b>	<b>62,555</b>	<b>63,804</b>	<b>65,070</b>	<b>47,496</b>	<b>48,487</b>	<b>49,499</b>	<b>50,528</b>	<b>51,580</b>
<b>INCOME</b>										
Fees & Charges	(7,143)	(7,372)	(7,462)	(7,699)	(7,798)	(8,039)	(8,143)	(8,277)	(8,344)	(8,590)
Other Specific Grants & Misc	(35,812)	(36,453)	(37,156)	(37,872)	(38,604)	(20,573)	(20,982)	(21,399)	(21,824)	(22,259)
Investment Income	(128)	(120)	(154)	(226)	(313)	(401)	(532)	(650)	(650)	(651)
<b>Total Income</b>	<b>(43,083)</b>	<b>(43,945)</b>	<b>(44,772)</b>	<b>(45,797)</b>	<b>(46,715)</b>	<b>(29,013)</b>	<b>(29,657)</b>	<b>(30,326)</b>	<b>(30,818)</b>	<b>(31,500)</b>
<b>Appropriations</b>										
Capital Renewals	500	500	0	752	1,201	1,217	1,234	1,252	1,269	1,287
Provision for new Capital Schemes	232	232	232	0	0	0	0	0	0	0
Other Appropriations	(2,846)	(2,714)	(2,797)	(2,854)	(2,912)	(2,972)	(3,033)	(3,095)	(3,158)	(3,222)
<b>SAVINGS TARGET</b>	<b>0</b>	<b>(650)</b>	<b>(670)</b>	<b>(683)</b>	<b>(697)</b>	<b>(711)</b>	<b>(725)</b>	<b>(740)</b>	<b>(755)</b>	<b>(770)</b>
<b>SAVINGS TARGET</b>	<b>0</b>	<b>0</b>	<b>(700)</b>	<b>(714)</b>	<b>(728)</b>	<b>(743)</b>	<b>(758)</b>	<b>(773)</b>	<b>(788)</b>	<b>(804)</b>
<b>SAVINGS TARGET</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(250)</b>	<b>(255)</b>	<b>(260)</b>	<b>(265)</b>	<b>(270)</b>	<b>(275)</b>
<b>NET BUDGETED SPEND</b>	<b>14,946</b>	<b>14,701</b>	<b>13,848</b>	<b>14,508</b>	<b>14,969</b>	<b>15,019</b>	<b>15,288</b>	<b>15,552</b>	<b>16,008</b>	<b>16,296</b>
<b>FUNDING</b>										
Revenue Reserves	(434)	(184)	(118)	541	1,116	757	522	266	183	(87)
Government Grant	5,590	4,885	3,616	3,261	2,786	2,830	2,876	2,921	2,967	3,015
Council Tax	9,654	10,000	10,350	10,706	11,067	11,432	11,890	12,365	12,858	13,368
Collection Fund Adjustment	136	0	0	0	0	0	0	0	0	0
<b>Total Funding</b>	<b>14,946</b>	<b>14,701</b>	<b>13,848</b>	<b>14,508</b>	<b>14,969</b>	<b>15,019</b>	<b>15,288</b>	<b>15,552</b>	<b>16,008</b>	<b>16,296</b>
<b>Council Tax Level at Band D</b>	<b>£197.51</b>	<b>£202.51</b>	<b>£207.51</b>	<b>£212.51</b>	<b>£217.51</b>	<b>£222.51</b>	<b>£229.19</b>	<b>£236.07</b>	<b>£243.15</b>	<b>£250.44</b>
<b>Increase on Previous Year</b>	<b>£5.00</b>	<b>£5.00</b>	<b>£5.00</b>	<b>£5.00</b>	<b>£5.00</b>	<b>£5.00</b>	<b>3.00%</b>	<b>3.00%</b>	<b>3.00%</b>	<b>3.00%</b>
<b>RESERVES BALANCE CARRIED FORWARD</b>	<b>6,340</b>	<b>6,524</b>	<b>6,642</b>	<b>6,101</b>	<b>4,985</b>	<b>4,228</b>	<b>3,706</b>	<b>3,440</b>	<b>3,257</b>	<b>3,344</b>

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## **(Updated) Savings & Transformation Strategy 2017/18 – 2020/21**

### **INTRODUCTION**

When the provisional Local Government Settlement for the four-year period 2016/17 to 2019/20 was published in late 2015, we calculated that we would need to deliver savings of at least £1.9 million in our base budget, despite the fact that we had already delivered over £3 million in savings over the last 4 to 5 years.

We are fortunate that we do not have to make all the savings required in one year and can spread the challenge in ‘tranches’ over a few years, as set out within the Council’s Medium Term Financial Strategy (MTFS). Nevertheless, the Council have acknowledged that we need to plan to make these savings and achieve as much as possible in the earlier years to provide the best long-term financial sustainability.

During 2016/17, a number of opportunities were taken to ensure that savings in excess of £625,000 were in place in readiness for the start of the financial year 2017/18. In particular, the cessation of grants to parish councils and the adoption of a “Special Expenses” policy generated savings of £400,000 per annum from this project alone. The project is transformational in terms of how council tax will be charged across the Borough from April 2017.

Following the release of the provisional Local Government Settlement for the period 2017/18 to 2019/20 which also announced changes to the New Homes Bonus Scheme, the savings target has been recalculated and now stands at some £1.6m. This Strategy has therefore been ‘refreshed’ to ensure that the new target can be delivered as required.

### **OBJECTIVES**

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

1. To deliver sufficient savings in order to bridge the funding gap identified in the Council’s MTFS, and to deliver those savings as quickly as possible in order to minimise risk to the Council’s finances;
2. To direct resources to priority areas in line with the principles of the Council’s Corporate Strategy;
3. To maintain the Council’s reputation of good front line service provision;
4. To adopt a ‘mixed’ approach to addressing the funding gap through a series of ‘themes’;
5. To be open to accept ‘cultural’ change/transformation in the ways we work and offer services to the public in order to release efficiencies and savings;

6. To engage, as appropriate, with stakeholders when determining how savings will be achieved.

## **THE STRATEGY**

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

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

Whilst the framework includes some major areas where savings can be made without direct effect on services, by adopting this Strategy the Council has recognised that it may need to decide that some service areas should change/transform to accommodate saving requirements. That might mean doing things differently, more efficiently and with increased income opportunities where there is the opportunity to do so. It might also mean that services will simply need to be run with fewer resources. All these approaches will require a shift in culture for the organisation so that we can be focused and flexible in the way in which we deliver services to our communities.

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

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

Julie Beilby  
Chief Executive

Sharon Shelton  
Director of Finance & Transformation

Nicolas Heslop  
Leader of the Council

Martin Coffin  
Cabinet Member for Finance, Innovation  
& Property and Deputy Executive Leader

February 2017



## Savings & Transformation Strategy 2017/18 - 2020/21

Theme	Indicative Years	Target £000	Savings Reflected in 2017/18 Budget £000	Sub-total £000	Savings Identified after Setting of 2017/18 Budget £000	Balance of Target to be Achieved £000
<b>Income Generation &amp; Cost Recovery</b>	<b>2017/18/19</b>	<b>150</b>	<b>0</b>	<b>150</b>	<b>0</b>	<b>150</b>
<b>In-Service Efficiencies</b>	<b>2017/18/19</b>	<b>100</b>	<b>0</b>	<b>100</b>	<b>0</b>	<b>100</b>
<b>Service Change &amp; Reduction</b>	<b>2017 - 2021</b>	<b>400</b>	<b>0</b>	<b>400</b>	<b>0</b>	<b>400</b>
<b>Contracts</b>	<b>2017 - 2021</b>	<b>500</b>	<b>0</b>	<b>500</b>	<b>0</b>	<b>500</b>
<b>Organisation Structure Change</b>	<b>2017/18/19</b>	<b>250</b>	<b>0</b>	<b>250</b>	<b>0</b>	<b>250</b>
<b>Partnership Funding</b>	<b>2017/18/19</b>	<b>50</b>	<b>0</b>	<b>50</b>	<b>0</b>	<b>50</b>
<b>Asset Management</b>	<b>2017/18/19</b>	<b>150</b>	<b>0</b>	<b>150</b>	<b>0</b>	<b>150</b>
<b>TOTAL</b>		<b>1,600</b>	<b>0</b>	<b>1,600</b>	<b>0</b>	<b>1,600</b>

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

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## General Fund Revenue Estimates 2017/18

## SUMMARY

	2016/17 ESTIMATE		2017/18
	ORIGINAL £	REVISED £	ESTIMATE £
<b>Corporate Services</b>	2,563,000	2,842,350	2,758,850
<b>Chief Executive</b>	756,000	762,400	717,150
<b>Director of Central Services</b>	89,300	84,750	100,850
<b>Director of Finance &amp; Transformation</b>	2,280,400	1,786,400	1,846,650
<b>Director of Planning, Housing &amp; Environmental Health</b>	4,135,750	3,662,350	3,889,650
<b>Director of Street Scene, Leisure &amp; Technical Services</b>	8,162,400	8,402,800	7,832,700
Sub Total	17,986,850	17,541,050	17,145,850
<b>Capital Accounting Reversals</b>			
Non-Current Asset Depreciation	(2,641,200)	(2,652,600)	(2,619,000)
<b>Contributions to / (from) Reserves</b>			
Building Repairs Reserve			
Withdrawals to fund expenditure	(715,650)	(830,550)	(758,350)
Contribution to Reserve	525,000	675,000	575,000
Earmarked Reserves (see page S 2)			
Contributions from Reserves	(2,783,400)	(2,390,650)	(261,050)
Contributions to Reserves	365,000	642,850	70,000
Revenue Reserve for Capital Schemes			
Withdrawals to fund expenditure			
Non-Current Assets	(2,290,000)	(840,000)	(2,076,000)
Revenue Expenditure Funded from Capital	(292,000)	(304,000)	(53,000)
Other contributions to / (from) Reserve (net)	1,075,000	526,000	932,000
<b>Capital Expenditure Charged to General Fund</b>	2,290,000	840,000	2,076,000
<b>International Accounting Standard 19</b>			
Retirement Benefit Costs	4,276,000	4,096,000	4,173,000
Employers Pension Contributions	(2,528,000)	(2,495,000)	(2,485,000)
Contribution to / (from) Pensions Reserve	(1,748,000)	(1,601,000)	(1,688,000)
<b>Government Grants</b>			
New Homes Bonus	(3,843,100)	(3,843,100)	(3,485,050)
New Homes Bonus Returned In-Year	-	(4,800)	-
Transition Grant	(134,850)	(134,850)	(117,200)
Transparency Code New Burdens Grant	-	(8,100)	-
<b>Contributions from KCC</b>	(85,000)	(150,700)	(85,000)
Sub Total	9,456,650	9,065,550	11,344,200
<b>National Non-Domestic Rates</b>			
Share of National Non-Domestic Rates	(21,521,670)	(21,521,670)	(21,348,238)
Tariff / (Top Up)	20,318,139	20,318,139	19,970,635
Levy / (Safety Net)	(290,800)	(293,300)	(88,877)
Small Business Rate Relief Grant	(366,450)	(377,850)	(521,837)
Retail Relief Grant	-	(2,450)	-
Empty Property Re-occupation Relief Grant	(8,250)	(3,400)	-
New Build Empty Property Relief Grant	(79,350)	(68,000)	-
<b>Revenue Support Grant</b>	(655,042)	(655,042)	-
<b>Collection Fund Adjustments</b>			
Council Tax (Surplus) / Deficit	(147,917)	(147,917)	(148,267)
National Non-Domestic Rates (Surplus) / Deficit	1,989,247	1,989,247	11,914
Sub Total	8,694,557	8,303,307	9,219,530
<b>Contribution to / (from) General Revenue Reserve</b>	474,500	865,750	434,500
<b>Balance to be met from Council Tax Payers</b>	<b>9,169,057</b>	<b>9,169,057</b>	<b>9,654,030</b>

## General Fund Revenue Estimates 2017/18

EARMARKED RESERVES

	2016/17 ESTIMATE		2017/18
	ORIGINAL £	REVISED £	ESTIMATE £
<b>Contributions from Earmarked Reserves</b>			
Asset Review Reserve	-	(21,000)	-
Business Rates Retention Scheme Reserve	(2,000,000)	(2,000,000)	-
Community Development Reserve	-	(35,450)	-
Democratic Representation Reserve	-	(2,000)	-
Economic Development Reserve	-	(21,000)	-
Flood Recovery & Defence Reserve	(25,000)	(25,000)	-
Housing Assistance Reserve	-	(10,000)	(10,000)
Housing Survey Reserve	-	(5,000)	-
Housing & Welfare Reform Reserve	-	(18,450)	-
Invest to Save Reserve	-	(218,850)	(200,000)
Local Development Framework Reserve	(30,000)	(10,000)	(30,000)
Planning Inquiries Reserve	(22,500)	(20,000)	(7,150)
Repossessions Prevention Fund Reserve	(4,000)	(2,000)	(2,000)
River Wall at Wouldham Reserve	(700,000)	-	-
Social Housing Fraud Initiative Reserve	(1,900)	(1,900)	(1,900)
Waste & Street Scene Initiatives Reserve	-	-	(10,000)
	<b>(2,783,400)</b>	<b>(2,390,650)</b>	<b>(261,050)</b>
<b>Contributions to Earmarked Reserves</b>			
Election Expenses Reserve	25,000	25,000	25,000
Invest to Save Reserve	300,000	500,000	-
Local Development Framework Reserve	40,000	55,850	45,000
Transformation Reserve	-	62,000	-
	<b>365,000</b>	<b>642,850</b>	<b>70,000</b>

<b>Estimate Of Collection Fund Surplus/(Deficit) 2016/17 - Council Tax</b>			
	<b>Estimate</b>		
	<b>£</b>		<b>£</b>
<b>Income</b>			
Surplus / (Deficit) Brought Forward			1,111,871
Council Tax			77,393,834
Income from Council Tax (Net of Discounts, CTR and Exemptions)			
<b>Total Income for the Year</b>			78,505,705
<b>Expenditure</b>			
Precepts and Demands 2016/17			
Kent County Council	53,990,000		
Police & Crime Commissioner for Kent	7,246,772		
Kent & Medway Fire & Rescue Authority	3,429,297		
Parishes	2,230,015		
Tonbridge and Malling Borough Council	9,169,057		76,065,141
Provision for Council Tax Non-Collection			466,000
Payments / (receipts) in respect of estimated surplus / (deficit) for 2015/16			
Kent County Council	697,535		
Police & Crime Commissioner for Kent	94,147		
Kent & Medway Fire & Rescue Authority	45,202		
Tonbridge and Malling Borough Council	147,917		984,801
<b>Total Expenditure for the Year</b>			77,515,942
<b>Estimated Surplus/(Deficit) for 2016/17</b>			989,763
<b>Allocation Of Estimated Surplus / (Deficit) 2016/17</b>			
	<b>Precepts 2016/17</b>		<b>Surplus / (Deficit)</b>
	<b>£</b>	<b>%</b>	<b>£</b>
Kent County Council	53,990,000	70.98	702,534
Police & Crime Commissioner for Kent	7,246,772	9.53	94,324
Kent & Medway Fire & Rescue Authority	3,429,297	4.51	44,638
Tonbridge and Malling Borough Council	11,399,072	14.98	148,267
<b>Total</b>	76,065,141	100.00	989,763

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<b>Tonbridge and Malling Borough Council</b>		
<b><u>Estimate Of Collection Fund Surplus/(Deficit) 2016/17 - Business Rates</u></b>		
	<b>Estimate</b>	
	<b>£</b>	<b>£</b>
<b><u>Income</u></b>		
Surplus / (Deficit) Brought Forward		(5,049,518)
Income from Business Rate Payers		53,237,831
Recovery of Prior Years Estimated Deficit		4,973,117
<b>Total Income for the Year</b>		<b>53,161,430</b>
<b><u>Expenditure</u></b>		
Demands for 2016/17 based upon NNDR 1 2016/17		
Kent County Council	4,842,376	
Kent & Medway Fire & Rescue Authority	538,042	
Tonbridge and Malling Borough Council	21,521,670	
Central Government	26,902,087	53,804,175
Allowance for Losses - Bad Debts		400,000
Allowance for Losses - Appeals		(1,574,688)
Cost of Collection Allowance		165,827
Transitional Protection Payments		395,901
<b>Total Expenditure for the Year</b>		<b>53,191,215</b>
<b>Estimated Surplus/(Deficit) for 2016/17</b>		<b>(29,785)</b>
<b><u>Allocation Of Estimated Surplus / (Deficit) 2016/17</u></b>		
	<b>Allocation</b>	<b>Surplus / (Deficit)</b>
	<b>%</b>	<b>£</b>
Kent County Council	9	(2,681)
Kent & Medway Fire & Rescue Authority	1	(298)
Tonbridge and Malling Borough Council	40	(11,914)
Central Government	50	(14,892)
<b>Total</b>	<b>100</b>	<b>(29,785)</b>

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

## **1. Introduction**

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

## **2. Objectives of the Scheme**

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

## **3. Function to be included in Scheme**

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

#### **4. Calculation of Special Expenses**

- 4.1 TMBC will calculate an average council tax across the whole of its area under section 31B of the Local Government Finance Act 1992. Included in that will be the amounts payable to parish councils under their precepts, plus the amounts TMBC will spend on performing functions which are performed in parts of its area by parish councils.
- 4.2 Under section 34 of the Local Government Finance Act 1992, TMBC must then deduct the total of any special items. For each part of its area, TMBC must then add back amounts for any relevant special items for that part of its area. The amount added back is calculated by dividing the special item (i.e. the authority's estimated cost of performing the function in that part of its area) by the tax base for the part of the area in which the authority performs the function.
- 4.3 Treating expenses as special expenses does not affect the overall amount that TMBC needs to raise through council tax, and does not, therefore, affect the average amount of council tax across the whole of the borough. It simply means that, compared with what would happen if the expenses were not treated by TMBC as special expenses, the council tax is:
- relatively lower for areas where the parish council performs the concurrent function, as it includes the parish's costs but not TMBC's costs of performing the function elsewhere; and
  - relatively higher for areas where TMBC performs the concurrent function, as all TMBC's costs of performing the concurrent function must be met by taxpayers in the area where TMBC performs it.

#### **5. Implementation**

- 5.1 This Scheme is effective from 1 April 2017, following resolution of Full Council on 1 November 2016.
- 5.2 The list of concurrent functions included within the Scheme will be reviewed from time to time and the Scheme updated as necessary.

November 2016

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

LEGAL BACKGROUND

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

Section 35(1) defines these items as:

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

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

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

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

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

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

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

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## Special Expenses 2017/18

Local area	Closed churchyards £	Open spaces, parks & play areas £	Sportsgrounds £	Local events £	Allotments £	Total £	Tax base	Amount per band D property £
Tonbridge	10,750	174,838	433,000	47,110	10,750	676,448	13,408.94	50.45
Addington		1,752				1,752	386.67	4.53
Aylesford		9,173				9,173	4,098.45	2.24
Birling		1,004				1,004	198.15	5.07
Borough Green		1,240				1,240	1,616.04	0.77
Burham						0	450.02	0.00
Ditton		1,646				1,646	1,767.75	0.93
East Malling & Larkfield		26,363				26,363	4,931.70	5.35
East Peckham		610				610	1,279.50	0.48
Hadlow						0	1,498.29	0.00
Hydenborough						0	2,186.01	0.00
Lynton						0	1,093.73	0.00
Stings Hill						0	3,904.69	0.00
Leybourne		27,970				27,970	1,637.81	17.08
Mereworth		30				30	429.67	0.07
Offham						0	373.12	0.00
Platt		1,237				1,237	882.67	1.40
Plaxtol						0	584.11	0.00
Ryarsh						0	310.98	0.00
Shipbourne						0	251.80	0.00
Snodland		19,417				19,417	3,543.42	5.48
Stansted						0	258.42	0.00
Trottscliffe						0	266.83	0.00
Wateringbury		1,938				1,938	882.45	2.20
West Malling		357		2,471		2,828	1,111.40	2.54
West Peckham						0	176.29	0.00
Wouldham		3,552				3,552	486.88	7.30
Wrotham		1,801				1,801	863.09	2.09
<b>Total</b>	<b>10,750</b>	<b>272,928</b>	<b>433,000</b>	<b>49,581</b>	<b>10,750</b>	<b>777,009</b>	<b>48,878.88</b>	

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## Parish council precepts

Precept for 2016/17 £	Parish council	Precept for 2017/18 £	Tax base	Amount per band D property £	Per band D variation %
18,926.99	Addington	23,000.00	386.67	59.48	20.3
177,374.00	Aylesford	223,000.00	4,098.45	54.41	20.7
8,772.00	Birling	9,262.00	198.15	46.74	4.4
153,466.00	Borough Green	165,125.00	1,616.04	102.18	2.0
19,441.82	Burham	25,061.82	450.02	55.69	26.3
208,386.00	Ditton	264,923.00	1,767.75	149.86	25.0
232,286.00	E. Malling & Larkfield	282,000.00	4,931.70	57.18	19.4
112,951.00	East Peckham	139,950.00	1,279.50	109.38	22.3
80,229.00	Hadlow	110,475.00	1,498.29	73.73	36.4
54,111.00	Hildenborough	66,441.00	2,186.01	30.39	21.6
106,317.00	Ightham	116,949.00	1,093.73	106.93	10.1
240,467.00	Kings Hill	279,138.00	3,904.69	71.49	14.6
114,816.00	Leybourne	136,903.00	1,637.81	83.59	10.0
11,947.22	Mereworth	27,520.00	429.67	64.05	124.0
16,528.75	Offham	20,415.00	373.12	54.71	23.7
62,000.00	Platt	70,000.00	882.67	79.30	9.5
24,664.00	Plaxtol	38,229.00	584.11	65.45	52.1
14,289.88	Ryarsh	18,926.00	310.98	60.86	20.6
8,643.00	Shipbourne	10,195.00	251.80	40.49	17.5
256,224.00	Snodland	286,535.00	3,543.42	80.86	7.7
16,000.00	Stansted	22,260.00	258.42	86.14	31.1
13,000.00	Trottiscliffe	16,500.00	266.83	61.84	25.1
109,516.32	Wateringbury	77,441.78	882.45	87.76	(29.0)
73,993.00	West Malling	116,089.76	1,111.40	104.45	54.7
2,998.00	West Peckham	5,400.00	176.29	30.63	77.1
27,680.00	Wouldham	32,154.00	486.88	66.04	11.8
64,987.00	Wrotham	81,740.00	863.09	94.71	20.4
2,230,014.98	Total	2,665,633.36	35,469.94		

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**GENERAL FUND WORKING BALANCE**

Balance at 1.4.2016		£1,250,000
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Balance at 31.3.2018		£1,250,000
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**GENERAL REVENUE RESERVE**

	£	£
Balance 1.4.2016		5,039,954
Budgeted to be transferred to the Reserve	474,500	
Decrease on Original Estimate	391,250	
		865,750
Estimated Balance at 1.4.2017		5,905,704
Contribution to the Reserve 2017/18		434,500
Estimated Balance at 31.3.2018		6,340,204

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**STATEMENT ON THE ROBUSTNESS OF THE ESTIMATES  
AND THE ADEQUACY OF THE RESERVES**

**Introduction**

This statement is given in respect of the 2017/18 Budget Setting Process for Tonbridge and Malling Borough Council. I acknowledge my responsibility for ensuring the robustness of the estimates and the adequacy of the reserves as part of this process. The budget has been prepared within the context of a Medium Term Financial Strategy (MTFS) spanning a ten-year period.

The MTFS sets out the high level financial objectives the Council wishes to fulfil over the agreed time span. This includes achieving a balanced revenue budget by the end of the strategy period and to retain a minimum of £2m in the General Revenue Reserve by the end of the strategy period. The MTFS also sets out, based on current financial information, not only the projected budgets for the period, but also the levels of council tax that are projected to be required to meet the Council's spending plans.

By way of context, since 2010/11 the Council has seen its core funding decrease by £4.3m from £6.6m to £2.3m in 2017/18, or 65% with further cuts planned in future years. Indeed, indicative figures up to 2019/20 suggest that core funding at that time will be £1.3m. The fall in core funding is in part negated by the grant award under the New Homes Bonus (NHB) scheme which in 2017/18 is around £3.5m. However, recent changes to the scheme will see NHB allocations fall year on year, as the changes work their way through the system, such that by 2021/22 it is estimated that NHB could be in the order of £1.4m. This gives overall grant funding at that time of circa £2.8m compared to the £6.6m received some ten years earlier.

It can be seen from the above that the ongoing reduction in government grant funding has and continues to place ever increasing pressure on the Council's finances and, in turn, financial sustainability. Based on the indicative figures provided by the government in the local government finance settlement 2017/18, amongst other things, latest projections point to a 'funding gap' between expenditure and income of circa £1.6m to be addressed over the short to medium term. We do believe that our MTFS is resilient and the financial pressures likely to confront us can be addressed in a measured and controlled way, but with ever increasing pressure this is becoming progressively more difficult.

It is clear from what is undoubtedly a significant financial challenge some difficult choices will have to be made. Alongside the MTFS now sits a Savings and Transformation Strategy. Its purpose, to provide structure, focus and direction in addressing the significant financial challenge that lies ahead and, in so doing, recognise there is no one simple solution and we will need to adopt a number of ways to deliver the savings within an agreed timetable.

## **Robustness of Estimates**

The aim of the Medium Term Financial Strategy is to give us a realistic and sustainable plan that reflects the Council's priorities and takes us into the future. It is a Strategy that is adopted by Members of the Council alongside the Budget for 2017/18 to provide a forward looking context for the consideration of the budget year ahead. It also provides the Council's Corporate Management Team with a tool for strategic financial planning and decision making.

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

Factors taken into account for the 2017/18 Budget Setting Process and in developing the Strategy are:

Corporate Strategy	The Council's financial plans should be in support of its strategic priorities and objectives set out in overview in the recently updated <a href="#">Corporate Strategy</a> . The Strategy sets out Our Vision: <i>To be a financially sustainable Council that delivers good value services, provides strong and clear leadership and, with our partners, addresses the needs of our Borough</i> guided by the following core values: Taking a business-like approach; Promoting fairness; Embracing effective partnership working; and Valuing our environment and encouraging sustainable growth.
Consultation with Non-Domestic Ratepayers	The Council consults representatives of its non-domestic ratepayers about its expenditure proposals who may make written representations if they deem it appropriate. No such representations have been received.
The level of funding likely from Central Government towards the costs of local services	Our Settlement Funding Assessment (SFA) for 2017/18 is £2,266,733. Indicative figures have also been provided up to 2019/20 where our SFA in that year is projected to be £1,299,311, a cash decrease of £1,597,085 or 55.1% compared to 2016/17. Beyond 2019/20 it is assumed that our SFA will increase by 2% year on year.
New Homes Bonus	Our New Homes Bonus (NHB) for 2017/18 is £3,485,053. Recent changes to the scheme will see NHB allocations fall year on year, as the changes work their way through the system, such that by 2021/22 it is estimated that NHB could be in the order of £1.4m. It is assumed this figure increases each year thereafter, but remains at risk to further reductions over the period of the MTFS.

	This gives overall grant funding at that time of circa £2.8m compared to £5.8m in 2017/18.
Business Rates	For medium term financial planning purposes beyond 2017/18 we assume that the business rates baseline attributed to Tonbridge and Malling under the Business Rates Retention Scheme is not notably different to the actual business rates income. If our actual income is less than the baseline set the authority will have to meet a share of that shortfall up to a maximum of circa £161,000 in 2017/18. This figure increases each year in line with inflation.
Council Tax Base	The Council Tax Base for 2017/18 is 48,878.88 band D equivalents with an expectation that this will increase by 4,500 over the strategy period, or 500 per year.
Local Referendums to Veto Excessive Council Tax Increases	The Secretary of State will determine a limit for council tax increases which for 2017/18 has been set at 2%, or more than 2% and more than £5. If an authority proposes to raise council tax above this limit they will have to hold a referendum to get approval for this from local voters who will be asked to approve or veto the rise. Due regard has been taken of the guidelines issued by the Secretary of State. The MTFs reflects an increase in council tax of £5 each year up to 2022/23 and thereafter assumes a 3% increase year on year.
The Prudential Code and its impact on Capital Planning	Tonbridge and Malling is a debt-free authority and projections suggest that recourse to borrowing to fund capital expenditure is unlikely before 2020/21. A key objective of the Prudential Code is to ensure, within a clear framework, the capital investment plans of local authorities are affordable, prudent and sustainable.
The Council's Capital Strategy and Capital Plan	Other than funding for the replacement of our assets which deliver services as well as recurring capital expenditure, there is now an annual capital allowance for all other capital expenditure. That allowance is set at £200,000 (maximum) whilst the Council has sufficient funding in its capital reserves.
Treasury Management	A Treasury Management and Annual Investment Strategy is adopted by the Council each year as required by the Local Government Act 2003 as part of the budget setting process. The Strategy sets out the Council's policies for managing its investments and for giving priority to the security and liquidity of those investments. Council adopted the December 2009 edition of the CIPFA Treasury Management Code of Practice and Cross-Sectoral Guidance Notes on 18 February 2010 and due regard has also been given to subsequent revisions in preparing the Treasury Management and Annual Investment Strategy for 2017/18.
Interest Rates	Interest returns on the Council's 'core funds' have been set at 0.6% in 2017/18 rising gradually to 4.0% over the

	<p>medium term. In setting these rates due regard has been taken of the interest rate forecasts of the Council's independent Treasury Adviser, Capita Services. To put this into context, 0.25 of a percentage point would currently generate investment income on our 'core funds' of about £57,500. Conversely, a dip in investment returns would have a negative impact on the Council's budget. The Council has chosen to retain a minimum of £2m in its General Revenue Reserve in order to deal with, amongst other things, interest rate volatility.</p>
Adequacy of Reserves	<p>At the beginning of 2017/18, we anticipate that the General Revenue Reserve balance will be £5.9m. The Adequacy of Reserves is discussed in more detail below.</p>
Pay and Price Inflation	<p>The estimates provide for a 1% pay award in 2018/19 and 2019/20 and 2% in subsequent years. Estimates reflect price inflation of 4% in 2018/19 and 3% in 2019/20 and 2% in subsequent years.</p>
Fees and Charges	<p>As has been the practice for a number of years now the objective has been to maximise income, subject to market conditions, opportunities and comparable charges elsewhere.</p>
Emerging Growth Pressures and Priorities	<p>The projections within the Medium Term Financial Strategy include all known and quantified priorities and growth pressures that we are aware of at the present time. New priorities and growth pressures will undoubtedly emerge over the period and in consequence, the Strategy will be updated at least annually.</p>
Financial Management	<p>The Council's financial information and reporting arrangements are sound and its end of year procedures in relation to budget under / overspends clear. Collection rates for council tax and NNDR remain good. Our external auditor (Grant Thornton UK LLP) following the 2016 audit concluded that the Council continues to have a robust financial planning framework; and continues to address the significant financial pressures faced in a structured way, with the introduction of a comprehensive Savings and Transformation Strategy and planned "tranches" of savings to allow time for effective project planning and implementation.</p>
Insurance Arrangements and Business Continuity	<p>Risks identified via the preparation of Service / Section Risk Registers have wherever possible been reduced to an acceptable level. Any remaining risk has been transferred to an external insurance provider. In addition, specific arrangements are in place to ensure the continuity of business in the event of both major and minor disruptions to services. As insurance premiums are reactive to the external perception of the risks faced by local authorities and to market pressures, both risks and excess levels are kept under constant review. The</p>

	Council recognises that not all risks are financial; and takes into account all risks when making decisions.
Corporate Governance and Risk Management	The Council has adopted a Local Code of Corporate Governance which is the subject of review following an update to the CIPFA/SOLACE Corporate Governance framework on which it is based. This incorporates Risk Management and the Council is committed to a Risk Management Strategy involving the preparation of Risk Registers at both strategic and operational levels.
Equality Impact Assessments	Where there are deemed to be equality issues as a result of adjustments to revenue budgets a separate equality impact assessment has or will be undertaken at the appropriate time. In addition, an equality impact assessment is undertaken and reported to Members prior to commencement of a new capital plan scheme.
Partnership Working	The Council is working in partnership with its neighbouring councils with the aim of not only delivering savings through joint working, but also to improve resilience and performance.
Government Led Initiatives / Proposals	Continued public sector finance cuts; Welfare Reform and cessation of the administration of housing benefits over a transitional period in the lead up to the introduction of Universal Credit; the sustainability of the NHB scheme and what will follow; the ongoing impact of the localisation of council tax support; the business rates retention scheme; and proposals to transfer the Land Charges function to HM Land Registry and to devolve the setting of planning fees will impact on the Council's finances in-year and over the medium to longer term. The increased volatility and uncertainty attached to a number of these issues is such that financial planning is becoming increasingly difficult with the increased risk of significant variances compared to projections. As a result we will need to closely monitor the impact of these issues on the Council's finances at regular intervals.
Savings Initiatives	The Council has a significant challenge ahead in respect of delivering savings over the short to medium term with a current projected funding gap of circa £1.6m. It should also be noted depending on what happens to NHB further savings could be required. The Council is able to break these savings down into "tranches" to enable more measured steps to be taken in securing these savings. In the coming months, options to deliver a further tranche/s of the required savings will need to be considered, agreed and actioned under the framework set out in the Savings and Transformation Strategy. In addition, the Management Team will continue to seek efficiency savings in the delivery of existing services.

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

Two key questions remain to be answered.

What will our business rates baseline be on the implementation of 100% business rates retention; and

Where, and to what extent, does NHB feature in future government funding?

**The answers to these questions are fundamental for the ongoing financial planning for this Council.**

### **Adequacy of Reserves**

The minimum prudent level of reserves that the Council should maintain is a matter of judgement. It is the Council's safety net for unseen or other circumstances. The minimum level cannot be judged merely against the current risks facing the Council as these can and will change over time. The objective is to retain a minimum of £2 million in the General Revenue Reserve by the end of the strategy period and given below are areas of operational and financial risk (not exhaustive) considered in determining the appropriate minimum level.

- Brexit
- Interest Rate volatility
- Income volatility
- Change to Government Grant including New Homes Bonus
- Identified savings not being delivered in the required timescales
- Localisation of council tax support
- Business rates retention scheme and associated volatility of income
- Planning Inquiries
- Partnership Working
- Emergencies
- Economic and world recession
- Poor performance on Superannuation Fund
- Bankruptcy / liquidation of a major service partner
- Closure of a major trading area, e.g. leisure centre for uninsured works
- Problems with computer systems causing shortfall or halt in collection performance



- Government Legislation
- Ability to take advantage of opportunities
- Uninsured risks

Clearly, the minimum General Revenue Reserve balance needs to and will be kept under regular review. The General Revenue Reserve balance at 31 March 2027 is estimated to be £3.344m based on an increase in council tax of £5 for 2017/18 with the Council working to a balanced budget.

In addition, a number of Earmarked Reserves exist to cover items that will require short-term revenue expenditure in the near future.

The Revenue Reserve for Capital Schemes is established to finance future capital expenditure. A funding statement illustrates that recourse to borrowing to fund capital expenditure is unlikely before 2020/21. The Revenue Reserve for Capital Schemes balance at 31 March 2023 is estimated to be £2.034m.

A schedule of the reserves held as at 1 April 2016 and proposed utilisation of those reserves to 31 March 2018 is provided in Annex 17 Table A.

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

### **Opinion**

I am of the opinion that the approach taken in developing the 2017/18 budget meets the requirements contained in the Local Government Act 2003 to ensure the robustness of the estimates and the adequacy of the reserves.

Signed: 

Date: 9 February 2017

Director of Finance and Transformation, BSc (Hons) FCPFA

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## RESERVES ESTIMATE 2017/18

Annex 17 - Table A

Description	Balance as at	Estimated Contribution		Estimated	Estimated Contribution		Estimated
	1 April 2016	From	To	Balance as at	From	To	Balance as at
	£	£	£	£	£	£	£
<b>General Revenue Reserve</b>	5,039,954		865,750	5,905,704		434,500	6,340,204
<b>Revenue Reserve for Capital Schemes</b>	6,582,016	1,144,000	526,000	5,964,016	2,129,000	932,000	4,767,016
<b>Building Repairs Reserve</b>	405,223	830,550	675,000	249,673	758,350	575,000	66,323
<b>Earmarked Reserves</b>							
Democratic Representation	22,013	2,000		20,013			20,013
Special Projects	925,029	8,900		916,129	13,900		902,229
Local Development Framework	148,668	10,000	55,850	194,518	30,000	45,000	209,518
Election	113,179		25,000	138,179		25,000	163,179
Planning Inquiries	27,153	20,000		7,153	7,153		0
Asset Review	98,586	21,000		77,586			77,586
Training & IiP Accreditation	22,813			22,813			22,813
Road Closures	7,362			7,362			7,362
Supporting People	53,200			53,200			53,200
Community Development	35,434	35,434		0			0
Invest to Save	152,453	218,850	500,000	433,603	200,000		233,603
Economic Development	52,508	21,000		31,508			31,508
Housing & Welfare Reform	18,430	18,430		0			0
Tonbridge and Malling Leisure Trust	181,470			181,470			181,470
Housing Assistance	200,000	10,000		190,000	10,000		180,000
Flood Recovery & Defence	25,000	25,000		0			0
Business Rates Retention Scheme	2,313,706	2,000,000		313,706			313,706
Public Health	50,341			50,341			50,341
Transformation	78,000		62,000	140,000			140,000
	4,525,345	2,390,614	642,850	2,777,581	261,053	70,000	2,586,528
<b>Total</b>	<b>16,552,538</b>	<b>4,365,164</b>	<b>2,709,600</b>	<b>14,896,974</b>	<b>3,148,403</b>	<b>2,011,500</b>	<b>13,760,071</b>

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Tonbridge & Malling Borough Council**Calculation of Council Tax Requirement for the year 2017/18 including sums required to meet Special Expenses and Parish Council Precepts**Draft Resolution

That the following amounts be now calculated by the Council for the year 2017/18 in accordance with Section 31A of the Local Government Finance Act 1992:-

		£
(a)	Aggregate of the amounts which the Council estimates for the items set out in Section 31A (2) N.B. Includes Special Expenses and Parish Council Precepts	85,616,532
(b)	Aggregate of the amounts which the Council estimates for the items set out in Section 31A (3) N.B. Includes Local Government Finance Settlement	73,296,869
(c)	Calculation under Section 31A (4), being the amount by which the aggregate at (a) above exceeds the aggregate at (b) above	----- 12,319,663 -----

<u>Memorandum:-</u>	
	£
Borough Council	8,877,021
Special Expenses	777,009
Parish Council Precepts	2,665,633
	-----
Total	12,319,663
	-----

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## Item CB 17/20 referred from Cabinet minutes of 9 February 2017

### CB 17/20 SETTING THE COUNCIL TAX 2017/18

The joint report of the Chief Executive, Director of Finance and Transformation, Leader of the Council and Cabinet Member for Finance, Innovation and Property set out the requirements under the Local Government Finance Act 1992 for a billing authority to set an amount of council tax for each category of dwelling in its area. Members were advised of the position concerning the determination of their respective precepts for 2017/18 by the major precepting authorities.

Consideration was given to a draft resolution identifying the processes to be undertaken in arriving at the levels of council tax applicable to each part of the Borough. The resolution and further information regarding the precepts of the other authorities would be reported to the full Council on 14 February 2017. The Director of Finance and Transformation explained that there would be a basic level of council tax to which any charges under the special expenses scheme would be added, giving a notional “average” Band D charge for official reporting purposes. An explanatory leaflet regarding the introduction of special expenses would be included with council tax bills together with usual financial information on the website.

**RECOMMENDED:** That the resolution be noted and the Council be recommended to approve a £5 per annum increase in the Borough Council’s element of the council tax for 2017/18, representing an annual charge at Band D of £181.61 plus special expenses where applicable (giving a notional “average” charge of £197.51).

**\*Referred to Council**

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# TONBRIDGE & MALLING BOROUGH COUNCIL

## CABINET

09 February 2017

**Report of the Chief Executive, Director of Finance and Transformation, Leader of the Council and Cabinet Member for Finance, Innovation and Property**

### Part 1- Public

#### Matters for Recommendation to Council

#### **1 SETTING THE COUNCIL TAX 2017/18**

**This report takes Cabinet through the process of setting the level of Council Tax for the financial year 2017/18 and seeks Cabinet's recommendations.**

#### **1.1 Introduction**

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

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

#### **1.2 Amounts of Council Tax to be set by the Billing Authority**

1.2.1 The process is that, having determined the billing authority's tax requirement, this sum is initially divided by the tax base to determine the overall level of tax, inclusive of special expenses from 1 April 2017 and parish precepts. The tax base for 2017/18 is set out at **[Annex 1]** for information.

1.2.2 The resultant figure represents an average charge within the Borough for both Borough and Parish Council requirements. As part of the statutory process, this average is recorded on the Council's council tax resolution, which we refer to later. As Cabinet is aware, however, the average charge does not apply to any of the areas within the Borough other than by coincidence. In order to calculate the levels of tax for each of the areas within the Borough, it is necessary to determine the basic level of Council Tax that will apply to the whole of the Borough, and then calculate the additional charges relating to particular areas. This process determines the tax for Band D properties in each of those areas.

- 1.2.3 The tax for the full range of Band A to H properties is then established by using the ratios for each of the Bands as they relate to Band D. The relevant statutory ratios are as follows:

**Table 1 - Band Ratio Relative to Band D**

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

- 1.2.4 The level of tax set by the major precepting authorities, Kent County Council, The Police & Crime Commissioner for Kent and the Kent & Medway Fire & Rescue Authority, is then added to establish the overall tax for each band in each part of the area.

### **1.3 Kent County Council / The Police & Crime Commissioner for Kent / Kent & Medway Fire & Rescue Precepts**

- 1.3.1 The Police & Crime Commissioner for Kent precept and level of Council Tax was considered at a meeting on 2 February and we await confirmation of the outcome.
- 1.3.2 Kent County Council's Cabinet meeting took place on 23 January, at which a recommendation concerning its precept was made. The County Council's full Council meeting to confirm the precept is to be held on 9 February.
- 1.3.3 The Kent & Medway Fire & Rescue Authority's precept and level of Council Tax is due to be agreed on 13 February.

### **1.4 Draft Resolution**

- 1.4.1 Attached at **[Annex 2]** is a draft resolution which seeks to identify for Cabinet the processes which have to be undertaken to arrive at the levels of Council Tax applicable to each part of the Borough. The parts in bold type seek to explain each calculation.

- 1.4.2 The resolution itself, incorporating the Borough Council's budget and Parish Council precept information and council tax levels for all major precepting authorities, will be presented to the meeting of the Council on 14 February 2017.

## **1.5 Legal Implications**

- 1.5.1 There are a number of legislative requirements to consider in setting the Budget which will be addressed as we move through the budget cycle.
- 1.5.2 The Localism Act introduced a requirement for council tax referendums to be held if an authority increases its relevant basic amount of council tax in excess of principles determined by the Secretary of State and approved by the House of Commons.

## **1.6 Financial and Value for Money Considerations**

- 1.6.1 As set out above.

## **1.7 Risk Assessment**

- 1.7.1 The Local Government Act 2003 requires the Chief Financial Officer, when calculating the Council Tax Requirement, to report on the robustness of the estimates included in the budget and the adequacy of the reserves for which the budget provides. Consideration will and is given to the risks associated with any budget setting process where various financial and other assumptions have to be made. To mitigate the risks detailed estimates are formulated in conjunction with Services taking into account past outturn, current spending plans and likely future demand levels / pressures and external guidance on assumptions obtained where appropriate.
- 1.7.2 Under the provisions of the Localism Act, any increase in the relevant basic amount of council tax above the principles, however small, will require a referendum to be held which is a risk in itself.

## **1.8 Equality Impact Assessment**

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

## **1.9 Recommendations**

- 1.9.1 Cabinet is asked to **note** the resolution, and **make recommendations to** Council as appropriate.

Background papers:

Nil

contact: Sharon Shelton  
Neil Lawley

Julie Beilby  
Chief Executive

Sharon Shelton  
Director of Finance and Transformation

Nicolas Heslop  
Leader of the Council

Martin Coffin  
Cabinet Member for Finance, Innovation and Property

**COUNCIL TAX - TAX BASE FOR 2017/18**

<b>Parish</b>	<b>Tax Base</b>
	<b>Band D Equivalents</b>
ADDINGTON	386.67
AYLESFORD	4,098.45
BIRLING	198.15
BOROUGH GREEN	1,616.04
BURHAM	450.02
DITTON	1,767.75
EAST MALLING & LARKFIELD	4,931.70
EAST PECKHAM	1,279.50
HADLOW	1,498.29
HILDENBOROUGH	2,186.01
IGHTHAM	1,093.73
KINGS HILL	3,904.69
LEYBOURNE	1,637.81
MEREWORTH	429.67
OFFHAM	373.12
PLATT	882.67
PLAXTOL	584.11
RYARSH	310.98
SHIPBOURNE	251.80
SNODLAND	3,543.42
STANSTED	258.42
TROTTISCLIFFE	266.83
WATERINGBURY	882.45
WEST MALLING	1,111.40
WEST PECKHAM	176.29
WOULDHAM	486.88
WROTHAM	863.09
TONBRIDGE	13,408.94
<b>TOTAL</b>	<b>48,878.88</b>

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**COUNCIL TAX****DRAFT RESOLUTION**

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

1. It be noted that on 14th February 2017 the Council calculated:
- (a) the Council Tax Base 2017/18 for the whole Council area as 48,878.88 [Item T in the formula in Section 31B of the Local Government Finance Act 1992, as amended (the "Act")] and,
- (b) for dwellings in those parts of its area to which one or more special items (Special expenses and or a Parish precept) relates as follows:

Tonbridge	13,408.94
Addington	386.67
Aylesford	4,098.45
Birling	198.15
Borough Green	1,616.04
Burham	450.02
Ditton	1,767.75
East Malling & Larkfield	4,931.70
East Peckham	1,279.50
Hadlow	1,498.29
Hildenborough	2,186.01
Ightham	1,093.73
Kings Hill	3,904.69
Leybourne	1,637.81
Mereworth	429.67
Offham	373.12
Platt	882.67
Plaxtol	584.11
Ryarsh	310.98
Shipbourne	251.80
Snodland	3,543.42
Stansted	258.42
Trottscliffe	266.83
Wateringbury	882.45
West Malling	1,111.40
West Peckham	176.29
Wouldham	486.88
Wrotham	863.09

2. £ X,XXX,XXX being the Council Tax requirement for the Council's own purposes for 2017/18 (excluding Parish precepts).

***Explanatory Notes***

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

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

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

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

3. That the following amounts be calculated for the year 2017/18 in accordance with Sections 31 to 36 of the Act:

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

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

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

**Explanatory Notes**

**3(a) The Council's gross expenditure including special expenses, parish precepts and any deficit on the Collection Funds brought forward.**

**3(b) The Council's gross income including the amount of NNDR and Revenue Support Grant the Council will receive, plus any surplus on the Collection Funds brought forward.**

**3(c) The council tax requirement including special expenses and parish precepts.**

**3(d) The council tax requirement including special expenses and parish precepts divided by the tax base from 1(a) to give the basic amount of Council Tax. (N.B. This is an average inclusive of special expenses and parish precepts for each part of the borough).**

**3(e) The total amount of all parish precepts and special expenses.**

**3(f) The amount of Council Tax excluding parish precepts and special expenses that applies to each part of the borough.**

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



(h)

**Valuation Bands**

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

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

***Explanatory Notes***

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

4. That it be noted that for the year 2017/18 The Police & Crime Commissioner for Kent, the Kent & Medway Fire & Rescue Authority and the Kent County Council have stated the following amounts in precepts issued to the Council, in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of dwellings shown below:

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

5. That, having calculated the aggregate in each case of the amounts at 3(h) and 4. above, the Council, in accordance with Sections 30 and 36 of the Local Government Finance Act 1992, hereby sets the following amounts as the amounts of council tax for the year 2017/18, for each of the categories of dwellings shown below:

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

**Explanatory Notes**

- 4 **The Council Tax set by The Police & Crime Commissioner for Kent, Fire Authority and KCC for each band.**
- 5 **The total Council Tax the Borough Council sets for each band in each part of the borough, inclusive of the KCC, KMFR, The Police & Crime Commissioner for Kent, borough and parish requirement.**