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TONBRIDGE & MALLING
BOROUGH COUNCIL

EXECUTIVE SERVICES

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13 February 2014

CABINET - THURSDAY, 13TH FEBRUARY, 2014

I am now able to enclose, for consideration at the Thursday, 13th February, 2014 meeting of the Cabinet, the following reports that were unavailable when the agenda was printed.

Agenda No Item

3. **Setting the Budget for 2014/15 (Pages 3 - 96)**

4. **Setting the Council Tax for 2014/15 (Pages 97 - 106)**

J E BEILBY
Chief Executive

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TONBRIDGE & MALLING BOROUGH COUNCIL

CABINET

13 February 2014

Supplementary 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 2014/15

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 2014/15.

1.1 Introduction and Foreword

- 1.1.1 At the Full Council meeting on 18 February, Members will determine both the Budget and the level of council tax for 2014/15. The detailed Estimates for 2014/15 prepared by your Officers, having regard to the guidance given by Cabinet, 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 2014/15; as ever, this one year cannot be viewed in isolation. This budget sits within the context of our Medium Term Financial Strategy covering a ten-year period. Financial decisions made in respect of the year 2014/15 will have an impact across the Medium Term Financial Strategy and upon the savings targets the Council will need to achieve in order to 'balance its books'. As Members will fully appreciate, it has been one of the Council's strong objectives throughout these times of 'challenge' to preserve, for as long as possible, the Services that are provided to and valued by residents. However, we must not lose sight of the scale of this particular 'challenge'.
- 1.1.3 Members will no doubt be aware of the Government's proposal to freeze council tax in 2014/15 and 2015/16. To this end the Government has announced that it will provide funding equivalent to a 1.0% increase in council tax in respect of the

2014/15 freeze grant scheme (the 2015/16 freeze will be a separate scheme) and that the funding for council tax freezes in 2014/15 and 2015/16 will **be built into the spending review baseline. If interpreted correctly, this is important because it appears that the government is to adopt a different approach to 'freeze grant' than in previous years** where the 'benefit' of the grant funding disappeared after one (or possibly two) years and it became a bit of a 'double-edged sword'. It remains the case, of course, that where the proposed council tax increase is more than 1% the Council will be worse off financially if it was to accept the freeze grant.

- 1.1.4 Also, 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. On 5 February 2014 it was announced that the threshold had been set at 2.0% (including levies) for the year 2014/15; and as a result the 'trigger point' is 1.99%.
- 1.1.5 It is for Members at both Cabinet and Full Council to weigh up the merits of accepting the government grant and to freeze council tax as opposed to an increase of 1.99%. Cabinet's role is to provide guidance or recommendations to the Full Council as to the way forward. In terms of the Medium Term Financial Strategy if the Council do accept the grant on offer and freeze council tax in 2014/15, it is assumed this will be the case in 2015/16.
- 1.1.6 It must be remembered that, **in either case**, 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 £900,000 by 31 March 2014 this time last year and increased in-year to £1.1m following the 2013 Spending Review. Beyond March 2014 it is estimated **further savings** of circa £1.875m need to be identified and implemented over the medium term should a council tax increase of 1.99% be approved; alternatively those savings will increase by a further £250,000 should the 'freeze' grant be accepted and the council tax frozen.
- 1.1.7 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 2014/15
 - Fees and Charges
 - Capital Plan

- Prudential Code and Treasury Management Strategy Statement and Annual Investment Strategy
- Consultation with Non-Domestic Ratepayers
- Update of Medium Term Financial Strategy
- Collection Fund Adjustments
- Parish Councils
- Robustness of Estimates / Adequacy of Reserves
- Calculation of Borough Council's Tax Requirement

1.2 Local Government Finance Settlement

1.2.1 On 18 December 2013, provisional Settlement Funding Assessments for 2014/15 were published along with indicative figures for 2015/16. The Final local government finance settlement was published on 5 February.

1.2.2 Our Settlement Funding Assessment for 2014/15 is £4,357,118 (being only £601 different to the provisional settlement). This represents a cash decrease of £676,137 or 13.4% when compared to the equivalent figure of £5,033,255 in 2013/14. Included in the Settlement Funding Assessment is the parish councils' indicative allocation in respect of the council tax support scheme, however, it is not separately identified as it was in 2013/14.

1.2.3 In addition, the Council's grant award under the New Homes Bonus (NHB) scheme in 2014/15 is £2,395,874 compared to £1,636,217 in 2013/14. Grant funding including NHB is, therefore, £6,752,992. A breakdown of the total grant funding into the various funding streams is set out in the table below.

	2013/14 £	2014/15 £	Cash Increase / (Decrease)	
			£	%
Local Share of Business Rates	2,010,774	2,049,945	39,171	1.9
Revenue Support Grant	3,022,481	2,307,173	(715,308)	(23.7)
Settlement Funding Assessment	5,033,255	4,357,118	(676,137)	(13.4)
New Homes Bonus	1,636,217	2,395,874	759,657	46.4
Total Grant Funding	6,669,472	6,752,992	83,520	1.3

1.2.4 In recent years the government has referred to the increase / (decrease) in an authority's **spending power**; and this is what tends to be quoted in media

coverage. The calculation of the spending power is rather complex but, for **simplicity purposes**, although it is not exactly the same, TMBC's spending power can be taken to be the percentage increase / (decrease) in **total** grant funding. As can be seen from the table above our total grant funding increased by 1.3% and the increase in spending power calculated by the government is given as 1.1%. Members will note that the increase in overall funding and spending power is attributable to the fact that our grant award under the NHB more than negates the decrease in our Settlement Funding Assessment.

- 1.2.5 This outcome is not entirely surprising because the Council has been doing exactly what is being asked of it by the government: **facilitating housing investment and, in turn, stimulating economic growth**. The number of new dwellings completed and included in the calculation for NHB in 2014/15 was extremely good and surpassed our own 'realistic' expectation. This was, therefore, a 'good' year; however the risk is that this is an extremely volatile form of funding and other years may not prove to be so good! It is also worth noting that there is an ongoing cost to the 'public purse' as a result of new housing developments, e.g. refuse collection and recycling and street cleansing which has to be paid for from council tax and central government funding.
- 1.2.6 Our concern has always been what happens when NHB in its current form 'ceases' and/or it is replaced by something else, and we hit the metaphorical 'cliff edge'. Putting to one side NHB, it is worth noting that, **of the twelve district councils in Kent, Tonbridge & Malling Borough Council continues to receive the lowest Settlement Funding Assessment both in total and per head**.
- 1.2.7 The Settlement also gives indicative figures for 2015/16 – to assist us in forward planning. Our indicative Settlement Funding Assessment for 2015/16 is £3,684,595. This represents a cash decrease of £672,523 or 15.4% when compared to the equivalent figure of £4,357,118 in 2014/15. Again, the Settlement Funding Assessment includes the parish councils' indicative allocation in respect of the council tax support scheme.
- 1.2.8 In addition, the Council's grant award under the NHB scheme in 2015/16 is estimated to be £2,943,073 compared to £2,395,874 in 2014/15. (The 'actual' NHB for 2015/16 will not be known until returns have been compiled during the course of next year regarding completions, so this is truly an estimate at this point.)

Total grant funding including NHB is, therefore, anticipated to be £6,627,668 in 2015/16; which is a 1.9% reduction on the 2014/15 total funding. A breakdown of the total grant funding into the various funding streams is set out in the table below.

	2014/15 £	2015/16 £	Cash Increase / (Decrease)	
			£	%
Local Share of Business Rates	2,049,945	2,106,525	56,580	2.8
Revenue Support Grant	2,307,173	1,578,070	(729,103)	(31.6)
Settlement Funding Assessment	4,357,118	3,684,595	(672,523)	(15.4)
New Homes Bonus	2,395,874	2,943,073	547,199	22.8
Total Grant Funding	6,752,992	6,627,668	(125,324)	(1.9)

- 1.2.9 A comparison of our Settlement Funding Assessment for 2014/15 and indicative allocation for 2015/16 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 2014/15 above which the local authority would be required to seek the approval of their electorate via a local referendum; and at **[Annex 1c]** a letter setting out the terms of the council tax freeze scheme 2014/15.

1.3 Revenue Estimates 2014/15

- 1.3.1 As mentioned in the Foreword, the draft Revenue Estimates for 2014/15 were presented to the meeting 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 Since the 'holding' report an adjustment has been made to the 2013/14 Revised Estimates in respect of small business rate relief under the Business Rates Retention scheme and as set out in the 'holding' report whether the Council makes a decision to accept the 'freeze' grant or not affects the 2014/15 Estimates as detailed in the table below.

	Revised Estimate 2013/14 £	Original Estimate 2014/15 (no freeze) £	Original Estimate 2014/15 (freeze) £
Summary Total reported to Finance, Innovation and Property Advisory Board on 8 January	13,494,300	13,419,200	13,419,200
Small Business Rate Relief Grant 2013/14	(336,150)		
Council Tax Freeze Grant 2014/15			(87,300)
Current Summary Total	13,158,150	13,419,200	13,331,900

1.3.3 Members' attention is returned to the issue of the council tax freeze later in the report.

1.4 Fees and Charges

1.4.1 During the course of this budget cycle Members have, via the appropriate Advisory Board, made recommendations regarding the levels of fees and charges to be implemented. As Members have been advised previously, whilst drafting these Estimates it had been assumed that the recommendations made would be agreed by the Cabinet.

1.4.2 At the meeting of Cabinet on 4 February, the fees and charges recommended by the appropriate Advisory Boards were approved. A summary of the recommendations is set out at **[Annex 2]** for completeness.

1.5 Capital Plan

1.5.1 As reported in the holding report, the Capital Plan Review process started at the Finance, Innovation and Property Advisory Board on 8 January followed by the Overview and Scrutiny Committee on 28 January.

1.5.2 Members' attention was drawn to the considerable financial pressure facing the Council's revenue budget and the impact capital projects can have on revenue. 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 a few years ago to guide the inclusion of new schemes to List C (wish list) 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
 - generate income or reduce revenue expenditure.
- 1.5.4 For Members awareness, the subsequent recommendations where appropriate have regard to these criteria.
- 1.5.5 Members were also reminded that the revenue reserve for capital schemes provided the main source of funding for existing and any new schemes that are introduced into the Capital Plan.
- 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 our assets which deliver services as well as recurring capital expenditure. In order to get to this position there is now 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. Members are reminded that in setting the budget for 2013/14 that allowance was set at £320,000. It should be noted that the Council, in due course, will need to borrow to fund such expenditure.
- 1.5.7 The Finance, Innovation and Property Advisory Board endorsed the recommendations as detailed in the papers, as did the Overview and Scrutiny Committee subject to the recommendation as detailed in paragraph 1.5.9 (2). 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 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.
 - 4) The evaluated List C schemes are progressed in accordance with the recommendation shown in **[Annex 6]**; and in the case of the river wall, Wouldham scheme a specific earmarked reserve is established in the sum of £700,000 and that this scheme sits outside the annual allowance of £320,000 with an implementation date for capital plan purposes of 2015/16.
 - 5) Cabinet be asked to endorse the Capital Strategy at Annex 5 for adoption by Council and publication on the Council's website.
- 1.5.8 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 recommended for transfer from List C to List B are transferred to the Capital Plan (List A) the estimated revenue consequence is £14,000 in 2014/15 and £39,950 in subsequent years.

Scheme	Capital Cost £	Revenue Impact	
		2014/15 £	2015/16 £
Wouldham River Wall	700,000	-	35,000
Refurbishment of Lifestyles Health Suite	240,000	12,000	3,700
Leisure Centres – Energy Saving Measures	40,000	2,000	1,250
Total	980,000	14,000	39,950

1.5.9 Members are asked to note the following changes made to the Capital Plan reported to the Finance, Innovation and Property Advisory Board and Overview and Scrutiny Committee.

- 1) Government grant in respect of Disabled Facilities Grants for 2014/15 is £424,000 which is £9,000 more than that reflected in the Capital Plan. This additional sum has been added to both income and expenditure lines in the Capital Plan, so there is an overall 'neutral' effect.
- 2) The Overview and Scrutiny Committee on 28 January endorsed the recommendations set out in the report of the Overview and Scrutiny Review Group charged with looking at Disabled Facilities Grants and Housing Assistance funding. The Capital Plan has been adjusted accordingly.
- 3) The final settlement of the payment to the contractor in respect of the East Peckham Dam has been the subject of dispute for some years now. The outcome of the adjudication process is that the Council has an outstanding payment to make to the contractor of £87,468, plus a fee payment to the adjudicator of £6,773. In challenging the case put by the contractor we also incurred approximately £39,000 of costs, bringing the total commitment outstanding against the project to £133,241. The Capital Plan has been adjusted accordingly.

1.5.10 An updated summary of the Capital Plan incorporating the schemes listed in paragraph 1.5.8, together with the changes set out in paragraph 1.5.9 is attached at **[Annex 7]**.

1.5.11 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]**.

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

- 1) Cabinet approves the position of the existing Capital Plan (List A) as summarised in **[Annex 3]**.
- 2) Cabinet approves that the schemes as detailed in **[Annex 4]** are added to List C or deleted from List C.
- 3) Cabinet approves the selection of those schemes listed in **[Annex 5]** for evaluation over the coming year.
- 4) Cabinet approves the transfer of the schemes detailed in **[Annex 6]** to the Capital Plan (List A). In the case of the river wall, Wouldham scheme a specific earmarked reserve is established in the sum of £700,000 and that this scheme sits outside the annual allowance of £320,000 with an implementation date for capital plan purposes of 2015/16.
- 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 8 January and the Overview and Scrutiny Committee on 28 January.

1.6 Prudential Code and Treasury Management Strategy Statement 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 of Practice on Treasury Management on 18 February 2010 and due regard has also been given to subsequent revisions in preparing the Treasury Management Strategy Statement and Annual Investment Strategy for 2014/15.
- 1.6.3 The Treasury Management Strategy Statement and Annual Investment Strategy for 2014/15 was reported to Cabinet on 4 February. The approval of the Strategy and determination of the prudential indicators has to be made by the body setting the Council Tax, i.e. Full Council, as do amendments to either the Strategy or indicators during the year.
- 1.6.4 The CIPFA Prudential Code for Capital Finance in Local Authorities 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 2014/15.

A summary of the indicators appears in the table below:

Treasury Management Prudential Indicators					
Prudential Indicator	2012/13 Actual £'000	2013/14 Revised Estimate £'000	2014/15 Estimate £'000	2015/16 Estimate £'000	2016/17 Estimate £'000
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	16,767 80.5%	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	60% of core funds			
The maturity structure for new fixed rate borrowing during 2014/15		Upper Limit		Lower Limit	
Under 12 months		100%		NIL	
Over 12 months		NIL		NIL	

1.6.5 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, for the foreseeable future, does not expect to have to borrow to support its capital programme, this indicator does not change over the period covered.

- 1.6.6 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.
- 1.6.7 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.
- 1.6.8 The other prudential indicators which we are required to set are shown in the table below:

Prudential Indicators

1.	Ratio of actual and estimated financing costs to the net revenue stream	(Interest payable with respect to borrowing less interest and investment income) ÷ (government grants plus call on local taxpayers) x 100%.					
No freeze							
2012/13 actual	2013/14 estimated	2014/15 estimated	2015/16 estimated	2016/17 estimated	2017/18 estimated	2018/19 estimated	2019/20 estimated
-2.83%	-1.30%	-1.42%	-1.27%	-2.57%	-3.61%	-4.47%	-4.54%
Freeze							
2012/13 actual	2013/14 estimated	2014/15 estimated	2015/16 estimated	2016/17 estimated	2017/18 estimated	2018/19 estimated	2019/20 estimated
-2.83%	-1.30%	-1.43%	-1.28%	-2.57%	-3.58%	-4.41%	-4.46%
2.	Estimates of the incremental impact of capital investment decisions on the Council Tax	The revenue impact of capital schemes added to the ongoing 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 [Annex 10] .					
Total		2014/15 estimated £	2015/16 estimated £	2016/17 estimated £	2017/18 estimated £	2018/19 estimated £	2019/20 estimated £
		0.30	0.57	0.00	0.00	0.00	0.00
3.	Actual and estimated capital expenditure	This indicator is based on the updated capital plan position. The figures are based on those shown in [Annex 8] .					
2012/13 actual £'000	2013/14 estimated £'000	2014/15 estimated £'000	2015/16 estimated £'000	2016/17 estimated £'000	2017/18 estimated £'000	2018/19 estimated £'000	2019/20 estimated £'000
2,759	2,646	3,348	2,638	1,650	1,860	1,687	1,465

- 1.6.9 We, therefore, **RECOMMEND** that for the financial year 2014/15 the prudential indicators listed in paragraphs 1.6.4 and 1.6.8 be recommended to Council for adoption.

- 1.6.10 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.
- 1.6.11 The spreading of these costs is through what is termed an annual minimum revenue provision. As the Council is debt free and, for the foreseeable future, 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.
- 1.6.12 We, therefore, **RECOMMEND** that for the financial year 2014/15 our Minimum Revenue Provision is nil.

1.7 Consultation with Non-Domestic 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 17 January 2014. ***Cabinet is advised that no comments have been received.***

1.8 Update of Medium Term Financial Strategy

- 1.8.1 To recap, the Council’s Medium Term Financial Strategy 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 Medium Term Financial Strategy affords the opportunity to take a measured and structured approach to budget issues rather than a “knee jerk” reaction. 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.
- 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 that the Council continues to face a significant financial challenge as a result of the Coalition Government’s budget deficit reduction programme which has resulted in a reduction in the financial support it can offer to

local government and the current economic climate, but we believe our Medium Term Financial Strategy is resilient and the financial pressures likely to confront us can be addressed in a measured and controlled way. Clearly, the absolute size of the 'funding gap' will influence the timescales we afford ourselves to address the problem.

1.8.4 The Medium Term Financial Strategy 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.
- Over the strategy period, **continue to identify efficiency savings and opportunities for new or additional income sources** within the Council's budget to contribute towards the identified 'funding gap'; and, if necessary thereafter, **seek appropriate reductions in service costs** following consultation, as necessary, with taxpayers.
- Set a **maximum 'annual capital allowance'** each year as part of the budget setting process for all new capital schemes (set at £320,000 from the Council's own resources) and give priority to those schemes that generate income or reduce costs.

1.8.5 The budget for 2014/15 is, naturally, the starting point for updating the Medium Term Financial Strategy. Referring to paragraph 1.3.2 Members will note that the Summary Total for the 2013/14 Revised Estimates is £13,158,150; and for the 2014/15 Estimates is £13,419,200 (no freeze) and £13,331,900 (freeze) and are used in the budget projections in the Medium Term Financial Strategy at **[Annex 11a] and [Annex 11b]** respectively.

1.8.6 Members may recall the report to the Advisory Board in August 2013 which gave an early assessment of the impact, on the Council's finances and MTFS, of the 2013 Spending Review announced in June and subsequent consultation papers.

1.8.7 Based on that assessment it was suggested that the first savings tranche would need to increase by £200,000 to £1.1m and that the additional pressure of £200,000 was tackled as part of the 2014/15 budget setting process.

1.8.8 We are extremely pleased to confirm that in total, and after taking into account issues that take the 'funding gap' in the wrong direction, **net savings in excess of £1.2 million have been achieved against the target set of £1.1 million** when compiling the Revenue Estimates for 2014/15. Although there is little or no time to

take stock of this achievement, given that there are more challenges ahead, we should do so if only for a moment.

1.8.9 When updating the MTF5 we need to take into account the following (not exclusive) factors:

- those factors that have contributed towards addressing the ‘funding gap’;
- those factors that have taken matters in the ‘wrong’ direction;
- the announcement on the level of council tax increase for 2014/15 above which the local authority would be required to seek the approval of their electorate via a local referendum and the government’s commitment in partnership with local authorities to freeze council tax in England for a further year;
- the ongoing impact of the Business Rates Retention scheme; and
- award of New Homes Bonus.

1.8.10 We have already alluded, within this report and previous reports, to both the offer of a council tax freeze grant and the ‘trigger point’ for a local referendum.

1.8.11 In respect of the latter, 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 to veto the rise.

1.8.12 On 5 February, the Government set the level of council tax increase for 2014/15 at which it intends to require the local authority to seek approval of their electorate via a local referendum at 2.0% or more (including levies) and as a result the ‘trigger point’ is 1.99%.

1.8.13 Members will no doubt be aware of the Government’s proposal to assist Councils in freezing council tax in 2014/15 and 2015/16. To this end the Government has announced that it will provide funding equivalent to a 1.0% increase in council tax in respect of the 2014/15 freeze grant scheme (the 2015/16 freeze will be a separate scheme) and that the funding for council tax freezes in 2014/15 and 2015/16 will **be built into the spending review baseline. If interpreted correctly, this is important because it appears that the government is to adopt a different approach to ‘freeze grant’ than in previous years** where the ‘benefit’ of the grant funding disappeared after one (or possibly two) years and it became a bit of a ‘double-edged sword’. It remains the case of course that where the proposed council tax increase is more than 1% the Council will be worse off financially if it was to accept the freeze grant.

1.8.14 There are clearly 'pros' and 'cons' of levying a small increase in council tax (option 1) and similarly accepting the freeze grant (option 2). Some of the headline statistics for the two 'options' are as follows:

	Option 1 (Increase 1.99%)	Option 2 (Freeze)
<u>2014/15</u>		
Council Tax Band D	£183.85	£180.26
Increase per annum	£3.59	£0
Increase per week	7 pence	0 pence
Anticipated Council Tax Income	£8,421,000	£8,257,000 excl freeze grant
<u>MTFS</u>		
Total Base budget savings required:	£1.875m	£2.125m
The savings could be broken down into tranches. For example:		
First tranche by 1 April 2015	£200,000	£200,000
Second tranche by 1 April 2016	£450,000	£525,000
Third tranche by 1 April 2017	£700,000	£775,000
Fourth tranche by 1 April 2019	£525,000	£625,000
Reserve balance at end of period	£4.392m	£3.950m

1.8.15 Based on latest projections it can be seen from the above that:

- If Members were minded to **increase the council tax by 1.99%**, the 'funding gap' (savings target) is circa £1.875m and as in previous iterations of the MTFS we could breakdown the savings target into tranches. For example, the savings target could be broken down into three tranches (tranche one £650,000, tranche two £700,000 and tranche three £525,000) to be achieved by 2016/17, 2017/18 and 2019/20 respectively. However, in order to maintain momentum and focus, following discussion with the Leader and Cabinet Member for Finance, Innovation and Property it is the Management Team's intention to set a savings target for next year by breaking out the first savings tranche into two parts – i.e. say £200,000 followed by £450,000.
- If Members were minded **to implement the 'freeze'** and accept the grant the 'funding gap' (savings target) is circa £2.125m. In this case, the savings target could again be broken down into three tranches (tranche one £725,000, tranche two £775,000 and tranche three £625,000) to be achieved by 2016/17, 2017/18 and 2019/20 respectively. Again, in order to

maintain momentum and focus it would be the Management Team's intention to set a savings target for next year by breaking out the first savings tranche into two parts – i.e. say £200,000 followed by £525,000.

- 1.8.16 It can be seen from the above that the implications of accepting the grant to freeze council tax as opposed to a council tax increase of 1.99% adds £250,000 to the overall savings we have to make. **[Annexes 11a and 11b]** set out the picture for the Medium Term Financial Strategy. A graphical representation of the implications is given at **[Annex 11c]**.
- 1.8.17 In arriving at this assessment, we have assumed that there will be a phased withdrawal of the current NHB model from 2016/17 onwards and that the model will be replaced with something else, but with a reduced level of funding. It should be noted that, depending on how any replacement 'model' allocates funding to individual local authorities, there is a real risk that the Council could see its **overall grant funding reduce by more than is presently reflected in the Medium Term Financial Strategy**. It is of course impossible to estimate with any certainty what that might mean for TMBC, but our working assumption is that this could require a **further potential savings tranche of circa £700,000**.
- 1.8.18 In addition, for medium term financial planning purposes we have assumed that the business rates baseline attributed to TMBC 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 £150,000 in year one**. It should be noted that this figure increases each year in line with inflation.
- 1.8.19 You will see from just these two issues that there is so much uncertainty that financial planning is becoming increasingly difficult with the increased risk of significant variances compared to projections.
- 1.8.20 The ability to effectively delay the implementation of the savings targets gives us the opportunity to 'test' and discuss proposals for any potential service reductions that might be necessary with our taxpayers with sufficient time to, where appropriate, adjust them. **Clearly, we will need to continue to look to take advantage of savings opportunities and efficiencies throughout this period as a matter of course**. We hope this will at least give Members some comfort and reassurance concerning the resilience of our Medium Term Financial Strategy and that the financial pressures facing the Council can be addressed in a measured and controlled way, but at the same time we should not underestimate the magnitude of the financial challenge faced by the Council.
- 1.8.21 Turning back to the specific budget year 2014/15, a Summary of the Revenue Estimates Booklet for both a council tax increase of 1.99% and a council tax freeze are attached at **[Annex 12a]** and **[Annex 12b]** respectively. Members should note that the budget for 2014/15 is supported by a take from reserves of £1,076,850 (council tax increase 1.99%) and £1,154,000 (council tax freeze).

1.8.22 Cabinet is **RECOMMENDED** to:

- 1) Note the updates to the Medium Term Financial Strategy as set out at **[Annexes 11a and 11b]** based on a council tax increase of 1.99% and council tax freeze respectively including the approach adopted in respect of business rates income and New Homes Bonus.
- 2) Give guidance to Full Council as to the best way forward in updating the Medium Term Financial Strategy for the next ten-year period, and setting the council tax for 2014/15.

1.9 Collection Fund Adjustments

1.9.1 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.

1.9.2 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 in respect of council tax and then share this between the major precepting authorities (including ourselves); and
- estimate the surplus / deficit on the collection fund in respect of business rates and then share this between the relevant parties in accordance with the Business Rates Retention scheme.

1.9.3 These are known as collection fund adjustments:

- The **surplus** on the collection fund in respect of council tax is estimated to be £644,867, of which our share is £96,803 **[Annex 13a]**.
- The **deficit** on the collection fund in respect of business rates is estimated to be £1,331,818, of which our share is £532,727 **[Annex 13b]**. In order to determine where we are compared to our business rates baseline based on this estimate we need to deduct the small business rate relief grant of £336,150 and the on account payment above the baseline of £147,850. This suggests a shortfall against the 2013/14 baseline of £48,727 to be met in full by the Council.

1.10 Parish Councils

1.10.1 For completeness, Cabinet is reminded that the Borough Council's expenditure is inclusive of the payments to Parish Councils under the Borough Council's Scheme of Financial Arrangements. Details of the Financial Arrangements for 2014/15 are set out at **[Annex 14]** for Members' information.

1.10.2 Also, the Parish Councils were notified on 6 December of their grant allocation in respect of the council tax support scheme. This funding now forms part of the

overall Settlement and is not separately identified as it was in 2013/14. As a result the funding available was reduced by 0.8% (from £173,111 to £171,726) representing the decrease in the Borough Council's Settlement including New Homes Bonus in the previous year. This is consistent with the approach adopted in respect of allocations under the Scheme of Financial Arrangements with Parish Councils.

1.10.3 In addition, the precepts of the Parish Councils are the Special Area expenses of the Borough Council for the purpose of setting the Council Tax. Details of Parish Council precepts notified to the Borough Council are given at **[Annex 15]**.

1.11 Robustness of Estimates / Adequacy of Reserves

1.11.1 The Council is required to have regard to the level of its balances and reserves before determining its council tax requirement. **[Annexes 16a and 16b]** sets out the Council's projected revenue reserve balances based on a council tax increase of 1.99% and council tax freeze respectively.

1.11.2 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.

1.11.3 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.

1.11.4 The Director of Finance and Transformation has stressed that the absolute detail of the Statement varies depending upon whether the Council opts to take the council tax freeze grant, or alternatively increases council tax and thereby provides a greater source of income for future years.

1.11.5 That said, the Director of Finance and Transformation advises that, in both scenarios, she is satisfied as to the Robustness of the Estimates and the Adequacy of Reserves on the understanding that the savings target each scenario would produce is fully honoured and delivered. Clearly, as has been outlined above, the savings challenge increases should the Council opt to accept the council tax freeze grant.

1.11.6 A Statement covering the points above is appended at **[Annex 17]**. Members will appreciate that the volatility in business rates income is a 'new' risk that has to be factored into our financial planning, and the Statement itself.

1.11.7 A schedule of the reserves held by the Council at the 1 April 2013 and proposed utilisation of those reserves to the 31 March 2015 is provided for both a council tax increase of 1.99% and council tax freeze at **[Annex 17]** Table A and B respectively. As this Council's Chief Financial Officer, the Director of Finance and

Transformation has undertaken a review of the earmarked reserves held and is satisfied as to the position depicted in the Tables and will revisit the position as part of the closedown process for 2013/14.

1.11.8 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.

1.11.9 Members are **RECOMMENDED** to note and endorse the Statement provided by the Director of Finance and Transformation.

1.12 Calculation of Borough Council's Tax Requirement

1.12.1 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.

1.12.2 Assuming Cabinet's concurrence with the recommendations set out in paragraph 1.8.22, the calculation for both a council tax increase of 1.99% and council tax freeze is set out at **[Annex 18a and 18b]** respectively for information. It should be noted that, for this purpose, the Borough Council's council tax requirement includes the Parish Council precepts.

1.13 Legal Implications

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

1.13.2 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.

1.14 Financial and Value for Money Considerations

1.14.1 As set out above.

1.15 Risk Assessment

- 1.15.1 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.
- 1.15.2 The Medium Term Financial Strategy sets out the high level financial objectives the Council wishes to fulfil and underpins the budget setting process for the forthcoming year and over the Strategy period. As the Council's high level financial planning tool the Strategy needs to be reviewed and updated at least annually and in the current climate regularly reviewed by Management Team.
- 1.15.3 There is so much uncertainty and volatility particularly in some of our major sources of income that financial planning is becoming increasingly difficult with the increased risk of significant variances compared to projections.
- 1.15.4 Any increase in council tax above the relevant threshold, even by a fraction of a percentage point, would require a referendum to be held.
- 1.15.5 In addition, not identifying and implementing the requisite savings will put at risk the integrity of the Medium Term Financial Strategy.

1.16 Equality Impact Assessment

- 1.16.1 See 'Screening for equality impacts' table at end of report

1.17 Summary of Recommendations

- 1.17.1 Cabinet is **RECOMMENDED** to:
- 1) Update the Capital Plan as set out in paragraph 1.5.12 and recommend that Council adopt the Capital Plan accordingly. In the case of the river wall, Wouldham scheme a specific earmarked reserve is established in the sum of £700,000 and that this scheme sits outside the annual allowance of £320,000 with an implementation date for capital plan purposes of 2015/16.
 - 2) Endorse the Capital Strategy as presented to the Finance, Innovation and Property Advisory Board on 8 January and the Overview and Scrutiny Committee on 28 January and recommend to Council it be adopted.
 - 3) Endorse the prudential indicators listed in paragraphs 1.6.4 and 1.6.8 and recommend to Council that they be adopted.

- 4) Endorse that for the financial year 2014/15 the Council's Minimum Revenue Provision as set out at paragraph 1.6.11 is nil and recommend to Council accordingly.
- 5) Note the updates to the Medium Term Financial Strategy as set out at **[Annexes 11a and 11b]** based on a council tax increase of 1.99% and council tax freeze respectively.
- 6) Give guidance to Full Council as to the best way forward in updating the Medium Term Financial Strategy for the next ten-year period, and setting the council tax for 2014/15.
- 7) 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

Screening for equality impacts:		
Question	Answer	Explanation of impacts
a. Does the decision being made or recommended through this paper have potential to cause adverse impact or discriminate against different groups in the community?	Yes	Some changes to budgets may have potential to cause adverse impact and where this is deemed to be the case a separate report including an equality impact assessment has or will be undertaken at the appropriate time.

Screening for equality impacts:		
Question	Answer	Explanation of impacts
b. Does the decision being made or recommended through this paper make a positive contribution to promoting equality?	No	This report sets out draft proposals in respect of the Budget for the forthcoming year within the context of the Medium Term Financial Strategy and the Council's priorities. As mentioned above changes to budgets where there are deemed to be equality issues a separate equality impact assessment has or will be undertaken at the appropriate time.
c. What steps are you taking to mitigate, reduce, avoid or minimise the impacts identified above?		See responses above.

In submitting this report, the Chief Officer doing so is confirming that they have given due regard to the equality impacts of the decision being considered, as noted in the table above.

LOCAL GOVERNMENT FINANCE SETTLEMENT 2014-16

2014/15	Revenue Support Grant						Non-Domestic Rates				Settlement Funding Assessment	
	Base Allocation	Council Tax Freeze (2011/12)	Council Tax Freeze (2013/14)	Homelessness	Other Funding	Total	Base Allocation	Council Tax Freeze (2011/12)	Homelessness	Total	Total	Per Head
	£	£	£	£	£	£	£	£	£	£	£	£
Ashford	2,737,099	93,808	0	28,888	17,253	2,877,048	2,477,509	64,949	20,364	2,562,822	5,439,869	46.12
Canterbury	4,361,270	137,080	0	187,270	12,230	4,697,850	3,947,641	94,909	132,012	4,174,562	8,872,412	58.70
Dartford	2,561,163	82,928	57,834	61,167	7,086	2,770,177	2,318,258	57,416	43,118	2,418,792	5,188,970	53.29
Dover	3,498,920	94,053	0	95,752	9,667	3,698,392	3,167,077	65,119	67,499	3,299,694	6,998,086	62.67
Gravesham	2,806,749	86,127	0	57,146	7,735	2,957,757	2,540,553	59,631	40,284	2,640,468	5,598,225	55.04
Maidstone	3,010,925	197,222	0	58,582	8,505	3,275,235	2,725,365	136,549	41,296	2,903,210	6,178,445	39.82
Sevenoaks	2,122,338	135,283	0	53,124	6,012	2,316,757	1,921,052	93,664	37,449	2,052,165	4,368,922	38.03
Shepway	3,511,993	143,497	98,586	65,189	9,739	3,829,003	3,178,911	99,352	45,953	3,324,216	7,153,219	66.25
Swale	4,093,640	112,827	78,079	53,124	11,194	4,348,864	3,705,393	78,117	37,449	3,820,959	8,169,822	60.15
Thanet	4,804,524	145,147	95,771	73,232	13,186	5,131,860	4,348,856	100,494	51,623	4,500,974	9,632,834	71.79
Tonbridge and Malling	2,144,248	123,903	0	33,017	6,005	2,307,173	1,940,885	85,785	23,274	2,049,945	4,357,118	36.07
Tunbridge Wells	2,223,164	96,531	0	50,711	6,196	2,376,602	2,012,316	66,834	35,748	2,114,898	4,491,500	39.04

2015/16	Revenue Support Grant						Non-Domestic Rates				Settlement Funding Assessment	
	Base Allocation	Council Tax Freeze (2011/12)	Council Tax Freeze (2013/14)	Homelessness	Other Funding	Total	Base Allocation	Council Tax Freeze (2011/12)	Homelessness	Total	Total	Per Head
	£	£	£	£	£	£	£	£	£	£	£	£
Ashford	1,818,033	91,962	0	28,309	9,745	1,948,049	2,545,890	66,741	20,926	2,633,558	4,581,606	38.84
Canterbury	2,896,838	134,383	0	183,518	0	3,214,739	4,056,599	97,528	135,656	4,289,784	7,504,523	49.65
Dartford	1,701,172	81,296	57,834	59,941	0	1,900,244	2,382,244	59,001	44,308	2,485,553	4,385,797	45.04
Dover	2,324,048	92,203	0	93,834	0	2,510,085	3,254,491	66,916	69,362	3,390,769	5,900,854	52.84
Gravesham	1,864,296	84,432	0	56,001	0	2,004,729	2,610,675	61,277	41,396	2,713,347	4,718,076	46.38
Maidstone	1,999,913	193,342	0	57,408	0	2,250,663	2,800,587	140,318	42,436	2,983,341	5,234,004	33.74
Sevenoaks	1,409,697	132,621	0	52,060	0	1,594,377	1,974,075	96,249	38,482	2,108,807	3,703,184	32.23
Shepway	2,332,732	140,673	98,586	63,883	0	2,635,874	3,266,651	102,094	47,222	3,415,967	6,051,841	56.05
Swale	2,719,073	110,607	78,079	52,060	0	2,959,818	3,807,665	80,273	38,482	3,926,420	6,886,239	50.70
Thanet	3,191,256	142,291	95,771	71,764	0	3,501,082	4,468,889	103,268	53,048	4,625,204	8,126,286	60.56
Tonbridge and Malling	1,424,250	121,465	0	32,355	0	1,578,070	1,994,455	88,153	23,917	2,106,525	3,684,595	30.50
Tunbridge Wells	1,476,667	94,632	0	49,695	0	1,620,994	2,067,857	68,679	36,734	2,173,271	3,794,265	32.98

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Department for Communities and Local Government

Local Government
Finance (England)

The Referendums Relating
to Council Tax Increases
(Principles)
(England) Report
2014/2015

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Presented to the House of Commons pursuant to section 52ZD(1) of the
Local Government Finance Act 1992 as inserted by Schedule 5 to the
Localism Act 2011

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The Referendums Relating to Council Tax Increases (Principles) (England) Report 2014/15

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^b 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^d.
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^e.
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^f.
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

^a Section 52ZB was inserted into the 1992 Act by Schedule 5 to the Localism Act 2011.

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

^c Section 52ZC was inserted into the 1992 Act by Schedule 5 to the Localism Act 2011.

^d Section 52ZC(2) and (3) of the 1992 Act. Note the modification made to section 52ZC(3)(b) by section 41(17) of the Local Audit and Accountability Act 2014.

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

^f Section 52ZC(5) of the 1992 Act.

Commons, no principles have effect for that year and accordingly no authority's relevant basic amount of council tax is capable of being excessive for that year^a.

The Greater London Authority

6. The Greater London Authority ("the GLA") calculates two different basic amounts of council tax for a financial year —
- 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^b.

7. The GLA's relevant basic amount of council tax is defined by reference to these two amounts. In particular —

the relevant basic amount derived from the 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^c.

8. A principle that applies to the GLA, and that constitutes or includes a comparison between the GLA's relevant basic amount of council tax for the year under consideration and the financial year immediately preceding that year, may only provide for —

a comparison between unadjusted relevant basic amounts of council tax,

a comparison between adjusted relevant basic amounts of council tax, or

both^d.

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

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

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

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

The Report

9. This Report is made by the Secretary of State for 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). In relation to 2014-15 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 2014

11. The principles which apply for 2014-15 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

Parliamentary Under Secretary of State
Department for Communities and Local Government
February 2014

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

Principles for the financial year beginning on 1st April 2014

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 2014 is as follows:

Interpretation

1.—(1) In this set of principles—

“2013-14” means the financial year beginning on 1st April 2013;

“2014-15” means the financial year beginning on 1st April 2014;

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

“the GLA” means the Greater London Authority.

(2) In this set of principles any reference to an authority is a reference to a billing authority or a major precepting 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 2014-15

2. For 2014-15, the Secretary of State determines that the following are categories of authority for the purposes of section 52ZC of the 1992 Act—

(a) the GLA;

(b) any other authority.

Principles for 2014-15 for the Greater London Authority

3. For 2014-15, the GLA's relevant basic amount of council tax is excessive if—

(a) the GLA's unadjusted relevant basic amount of council tax for 2014-15 is more than 0% greater than its unadjusted relevant basic amount of council tax for 2013-14; or

(b) the GLA's adjusted relevant basic amount of council tax for 2014-15 is 2%, or more than 2%, greater than its adjusted relevant basic amount of council tax for 2013-14.

Principles for 2014-15 for any other authority

4. For 2014-15, the relevant basic amount of council tax of an authority which belongs to the category mentioned in paragraph 2(b) is excessive if the authority's relevant basic amount of council tax for 2014-15 is 2%, or more than 2%, greater than its relevant basic amount of council tax for 2013-14.

(a) 1992 c.14.



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Department for
Communities and
Local Government

15 January 2014

Dear Chief Executive/ Chief Fire Officer/Police and Crime Commissioner,

COUNCIL TAX FREEZE SCHEME 2014-15

1. On 26 June the Chancellor of the Exchequer announced as part of the Spending Round 2013 that the Government will provide additional grant funding to support councils that freeze council tax in both 2014-15 and 2015-16. This was reiterated by Brandon Lewis in a Written Ministerial Statement for the Local Government Settlement on 18 December. I am now writing to provide details of the terms under which the 2014-15 scheme will operate and to set out the indicative grants available to those billing authorities and major precepting authorities which freeze their Band D council tax in that financial year.

2. This letter sets out the terms of the 2014-15 freeze only. Authorities need only commit to freezing in that financial year in order to qualify for the grant under the terms set out below. The 2015-16 freeze will be a separate scheme, with grants paid in respect of council tax decisions which are taken by authorities in that financial year.

3. The terms of the 2014-15 freeze grant scheme closely follow the terms of the 2013-14 scheme. The keys aspects are as follows:

(i) It will be voluntary, with funding provided to all billing authorities and major precepting authorities in England, including the Greater London Authority, Police and Crime Commissioners, and single purpose Fire and Rescue Authorities, which freeze or reduce their basic amount of council tax.

(ii) Any authority or Police and Crime Commissioner which freezes or reduces their basic amount of council tax¹ in 2014-15 compared to 2013-14 will be eligible to receive a grant equivalent to 1% of the basic amount of council tax set for 2013-14,

¹ In relation to billing authorities, "basic amount of council tax" means the amount set by an authority under section 31B(1) of the Local Government Finance Act 1992 (the 1992 Act) but ignoring any local precepts issued to or anticipated by the authority. In relation to major precepting authorities, "basic amount of council tax" means the amount set under section 42B(1) of the 1992 Act or for the Greater London Authority, the amount under section 89(3).

multiplied by the amount calculated as the authority's council tax base for 2014-15 not taking into account the reduction in the tax base due to the council tax reduction scheme².

(iii) The funding for the 2014-15 freeze grant is in addition to the Local Government settlement.

(iv) The grant for the 2014-15 freeze will be paid to participating authorities in the financial years 2014-15 and 2015-16 – so if an authority freezes in 2014-15, it will also receive a grant in 2015-16 in respect of the freeze decision taken in 2014-15 (council tax decisions subsequently taken by authorities in respect of 2015-16 will fall under the terms of a separate freeze 2015-16 scheme); and

(vi) The grant amounts will, for each financial year, be paid in 10 instalments. The payments will be made on the basis of the grant making powers provided by section 31 of the Local Government Act 2003.

4. Indicative 2014-15 freeze grants for each authority and Police and Crime Commissioners can be found at:

<https://www.gov.uk/government/policies/making-sure-council-tax-payers-get-good-value-for-money/supporting-pages/council-tax-freeze>

Note: Final amounts will be confirmed after council tax levels for 2014-15 and the 2014-15 tax base (as set out in footnote 2 below) are known.

5. Ministers have agreed that the funding for 2014-15 (including 2015-16) freeze grant should be built into the spending review baseline. This gives as much certainty as possible at this stage that the extra funding for freezing council tax will remain available. Funding for 2011-12 and 2013-14 freeze grants is now in the local government settlement total for future years.

6. Police and Crime Commissioners should note that funding relating to the 2011-12 and 2013-14 council tax freeze scheme will be included within police grant in 2014-15.

7. The Written Ministerial Statement for the Local Government Settlement can be found at the following link:

<http://www.parliament.uk/documents/commons-vote-office/December%202013/16%20December/8.%20DCLG%20LG%20Finance.pdf>

² This is to be the amount calculated as the authority's council tax base for 2014-15 (or for major precepting authorities the aggregate of the amounts calculated by each billing authority to which it issues precepts). The calculation is to be made in accordance with the Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012 but as if regulation 4(1) of those regulations did not require authorities to make a deduction in respect of item Z (which represents the total amount the authority estimates will be applied pursuant to a council tax reduction scheme expressed as an equivalent number of chargeable dwelling in a band).

Further information

8. If you require any further information regarding the contents of this letter, please contact Jasna Begum at the following postal or email addresses.

Department of Communities and Local Government
5/J1
Eland House
Bressenden Place
London SW1E 5DU

Jasna.Begum@communities.gsi.gov.uk

9. I am copying this letter to Chief Finance Officers, the Welsh Government, the Chair of the Local Government Association, the Chief Executive of the Association of Police and Crime Commissioners, the President of the Chief Fire Officers' Association, the Chief Executive of the Chartered Institute of Public Finance and Accountancy and representatives bodies that cover parish councils.

Kind regards,



Hulya Mustafa
Deputy Director, Council Tax
Local Government Finance

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**REVIEW OF FEES AND CHARGES – SUMMARY OF
RECOMMENDATIONS FROM ADVISORY BOARDS**

**Item LEM 13/052 referred from Local Environmental Management
Advisory Board minutes of 26 November 2013**

**LEM
13/052**

**REVIEW OF ENVIRONMENTAL HEALTH SERVICES FEES AND
CHARGES**

The joint report of the Director of Street Scene and Leisure, the Director of Planning, Housing and Environmental Health, the Director of Finance and Transformation and the Cabinet Member for Environmental Services set out details of the proposed fees and charges for the provision of services in respect of food certificates, stray dog redemption fees, Private Water Supplies, household bulky refuse collection, pest control and contaminated land monitoring.

RECOMMENDED: That the scale of charges for condemned food certificates, exported food certificates, contaminated land monitoring, sampling private water supplies, stray dog redemption fees and household bulky refuse collection, as detailed in the report, be approved with effect from 1 April 2014.

***Referred to Cabinet**

**Item LAA 13/048 referred from Leisure and Arts Advisory Board
minutes of 9 December 2013**

**LAA
13/048**

LEISURE FACILITIES - ESTABLISHMENT OF NEW TRUST

The joint report of the Director of Street Scene and Leisure and the Director of Finance and Transformation gave an update on the successful transfer of the management of the Council's main leisure facilities to a new Trust on 1 November 2013. Reference was made to the recruitment of the Board of Trustees and election of Mr Alan Nicholl as its first Chairman. It was noted that regular update reports on the performance of the Trust against the agreed outcomes would be presented to the Advisory Board.

The report also brought forward a review of the core charges for each facility and explained the basis on which the Trust's proposals could be made in accordance with the Management Agreement. It was agreed that in future the percentage increases be shown in the schedule of proposed charges.

Members expressed appreciation of the efforts of everyone involved in establishment of the new Trust.

RECOMMENDED: That

(1) the successful transfer of the management of the Council's main

leisure facilities to a new Trust be noted;

(2) the proposed core charges outlined in Annex 1 to the report be approved and implemented from 1 April 2014; and

(3) a report on the charges for Poult Wood Golf Centre be considered at the next meeting of the Advisory Board.

***Referred to Cabinet**

Item LAA 13/049 referred from Leisure and Arts Advisory Board minutes of 9 December 2013

**LAA
13/049**

LEISURE SERVICES - REVIEW OF CHARGES 2014/15

The joint report of the Director of Street Scene and Leisure and the Director of Finance and Transformation outlined the charging proposals in respect of Tonbridge Cemetery, Allotments in Tonbridge, Tonbridge Pitch Hire Charges, Tonbridge Castle Council Chamber, Weddings and the Summer Playscheme. Members were advised that the proposed charges took into account a range of factors including policy objectives for each facility/service, the Council's overall financial position, market conditions and customer feedback. Reference was made to the Council's Leisure Pass Scheme which enabled financially disadvantaged residents to participate in leisure activities at concessionary rates.

RECOMMENDED: That

(1) the proposed charges for Tonbridge Cemetery, as detailed at Annex 3 to the report, be agreed and implemented with effect from 1 April 2014;

(2) the proposed charges for Tonbridge Allotments, as detailed in the report, be agreed and implemented with effect from 1 October 2014;

(3) pitch hire charges at Tonbridge Sportsground be increased as outlined within the report for implementation from 1 April 2014;

(4) the proposed amendments to the list of Tonbridge Castle Chamber concessionary users, as set out at Annex 5 to the report, be approved;

(5) the proposed charges for Tonbridge Castle Chamber, as shown at Annex 7 to the report, be approved and implemented from 1 April 2014;

(6) the proposed charges for weddings in 2015/16 at Tonbridge Castle be agreed as detailed in the report; and

(7) the proposed charges for the 2014 Summer Playscheme, as detailed at Annex 9 to the report, be approved.

***Referred to Cabinet**

Item FIP 14/006 referred from Finance, Innovation and Property Advisory Board minutes of 8 January 2014

**FIP
14/006**

REVIEW OF FEES AND CHARGES 2014/15

The joint report of the Director of Finance and Transformation and Director of Central Services brought forward for consideration proposals in respect of those fees and charges which fell within the remit of the Cabinet Member for Finance, Innovation and Property and those where there was no appropriate Advisory Board.

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 unchanged scale of fees for local land charges searches and enquiries set out at paragraph 1.3.5 of the report be adopted with effect from 1 April 2014; and

(3) the current photocopying charge 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.

***Referred to Cabinet**

Item FIP 14/007 referred from Finance and Property Advisory Board minutes of 8 January 2013

**FIP
14/007**

REVIEW OF FEES FOR STREET NAMING AND NUMBERING SERVICES

Consideration was given to the report of the Chief Executive on a review of fees for Street Naming and Numbering services, responsibility for which had transferred to the GIS officer in IT Services.

RECOMMENDED: That the fee schedule for Street Naming and Numbering, as set out at Annex 2 to the report and summarised at paragraph 1.9.1 thereof, be adopted from 1 April 2014.

***Referred to Cabinet**

Item PE 14/002 referred from Planning and Transportation Advisory Board minutes of 20 January 2014

**PE
14/002**

BUILDING REGULATIONS FEES

Consideration was given to the report of the Director of Planning, Housing and Environmental Health which recommended that, following the significant review last year, the scheme of charges for the fee

earning aspects of the Building Control Service be held at their current level for 2014/15.

Members were updated on recent changes to the resourcing of the Building Control team and preliminary discussions regarding the potential development of a full shared service arrangement with Sevenoaks District Council.

RECOMMENDED: That the current Building Control fee scheme, as set out at Annex 1 to the report, be retained for the year 2014/15. ◀

***Referred to Cabinet**

Item PE 14/003 referred from Planning and Transportation Advisory Board minutes of 20 January 2014

**PE
14/003**

CAR PARKING FEES, CHARGES AND OPERATIONS

The report of the Director of Planning, Housing and Environmental Health referred to the regular review of fees and charges for parking in the Borough in the context of current and planned service improvements and the operational management of the parking service.

It was noted that there had been no increase in parking charges in the Borough for two and a half years and the report reviewed all current and potential fees and charges. An appropriate way forward was recommended through a careful balance of considerations of parking management objectives and support for the local economy. Particular reference was made to the proposed retention of the current policy of not charging on Sundays or evenings, the current charges for business and residents preferential parking permits and on-street parking charges, and the 50p half hour stay band.

Members expressed concern about the increase in business rates to be borne by the Council in respect of its car parks and were advised that such information was being sought from all Kent authorities with a view to making representations to ministers.

RECOMMENDED: That the following proposals be approved with effect from April 2014: ◀

(1) the schedule of tariffs for short and long stay parking in Tonbridge be introduced as shown in Table 1 of the report;

(2) the schedule of season ticket prices shown in Table 2 of the report be adopted;

(3) the schedule of tariffs for Blue Bell Hill car park shown in Table 3 of the report be introduced;

(4) the schedule of prices for Haysden and Leybourne Lakes country

parks shown in Table 4 of the report be introduced;

(5) the maximum stay in the West Malling High Street car park be reduced from 4 hours to 3 hours; and

(6) any objections received by written representations to the administrative process of making the Off-Street Order be considered by the Cabinet Member for Planning and Transportation.

[In accordance with Council Procedure Rule No 8.5 Councillor Cure requested that his vote against recommendation (4) be recorded.]

***Referred to Cabinet**

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Capital Plan Review 2013/14

Capital Plan (List A) Summary

	Expenditure To 31/03/13	2013/14 Est Inc Prior Yr Slippage	2014/15 Estimate	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate	Total Scheme Estimate
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Capital Plan Schemes									
Service									
Planning, Housing & Environmental Health	712	538	820	378	378	378	337	337	3,878
Street Scene & Leisure	548	318	313	112	112	112	127	112	1,754
Corporate	121	96	90	30	30	30	30	30	457
Sub-total	1,381	952	1,223	520	520	520	494	479	6,089
Capital Renewals									
Service									
Planning, Housing & Environmental Health	n/a	120	33	183	46	35	35	36	488
Street Scene & Leisure	n/a	362	403	400	385	591	475	268	2,884
Corporate	n/a	382	350	468	332	347	275	274	2,428
Sub-total	n/a	864	786	1,051	763	973	785	578	5,800
Grand Total	1,381	1,816	2,009	1,571	1,283	1,493	1,279	1,057	11,889

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Capital Plan Review 2013/14

Recommendations in respect of List C

**Booklet
Annex 3
Page No**

Schemes to be added to List C

Planning, Housing and Environmental Health

Car Parking Action Plan Phase 9

CP 36

Street Scene and Leisure

Tonbridge Racecourse Sportsground Improvements Phase 3

CP 44

Tonbridge Farm Sportsground Provision of Toilets

CP 44

Tonbridge to Penshurst Cycle Route Refurbishment

CP 47

Schemes to be deleted from List C

Street Scene and Leisure

Haysden Country Park De-silting of Haysden Water Lake

CP 45

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Capital Plan Review 2013/14

Schemes selected for evaluation from List C

	Booklet Annex 3 Page No
Planning, Housing and Environmental Health	
Car Parking Action Plan Phase 9	CP 36
Street Scene and Leisure	
Larkfield Leisure Centre Installation of UV Pool Disinfectant Plant	CP 42
Tonbridge Farm Sportsground Provision of Toilets	CP 44
Tonbridge to Penshurst Cycle Route Refurbishment	CP 47
Tonbridge School Athletics Track Improvements	CP 48

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Capital Plan Review 2013/14

Recommendations in respect of evaluated schemes

	Capital Cost £'000	Estimated Annual Revenue/ Renewals Cost £'000		Booklet Annex 4 Page No
Planning, Housing and Environmental Health				
Wouldham River Wall	700	35	Transfer from List C to List B	CP 50
Street Scene and Leisure				
Larkfield Leisure Centre Refurbishment of Lifestyles Health Suite (Option 2)	240	4	Transfer from List C to List B	CP 52
Leisure Centres Energy Saving Measures Phase 3 (Option 2)	40	1	Transfer from List C to List B	CP 56
Total	980	40		

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**CAPITAL PLAN: LIST A
ALL SERVICES**

	Expenditure To 31/03/13	2013/14 Est Inc Prior Yr Slippage	2014/15 Estimate	2015/16 Estimate	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate	Total Scheme Estimate
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Capital Plan Schemes									
Service									
Planning, Housing & Environmental Health	712	663	733	991	291	291	291	291	4,263
Street Scene & Leisure	548	318	593	112	112	112	127	112	2,034
Corporate	121	96	90	30	30	30	30	30	457
Sub-total	1,381	1,077	1,416	1,133	433	433	448	433	6,754
Capital Renewals									
Service									
Planning, Housing & Environmental Health	n/a	120	33	183	46	35	35	36	488
Street Scene & Leisure	n/a	362	403	400	385	591	475	268	2,884
Corporate	n/a	382	350	468	332	347	275	274	2,428
Sub-total	n/a	864	786	1,051	763	973	785	578	5,800
Grand Total	1,381	1,941	2,202	2,184	1,196	1,406	1,233	1,011	12,554

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Capital Plan Review 2013/14 : Funding of the Draft Capital Plan							
	2013/14 Estimate £'000	2014/15 Estimate £'000	2015/16 Estimate £'000	2016/17 Estimate £'000	2017/18 Estimate £'000	2018/19 Estimate £'000	2019/20 Estimate £'000
Capital Plan Schemes							
Capital Renewals	864	786	1,051	763	973	785	578
Other Recurring Expenditure (net of grants)	555	458	433	433	433	433	433
One-Off Schemes (net of grants & contributions)	522	958	700	0	0	15	0
	1,941	2,202	2,184	1,196	1,406	1,233	1,011
Add back grants / contributions	705	1,146	454	454	454	454	454
Total to be funded	2,646	3,348	2,638	1,650	1,860	1,687	1,465
Funded from:							
Grants							
Disabled Facilities Grant	415	424	424	424	424	424	424
Environment Agency (Town Lock)		230					
Town Wardens (Town Lock)		2					
DEFRA Air Quality	150						
Developer Contributions							
Town Lock		260					
Tonbridge Racecourse Sportsground Improv. Phase 2		65					
Tonbridge Racecourse Sportsground Flood Lighting	9	5					
Open Spaces Site Improvements Phase 1	33						
Open Spaces Site Improvements Phase 2	61						
Ton Cemetery Path Improvements	12						
Memorial Garden Improvement	25	130					
Capital and Other Receipts							
Housing Assistance Grant Repayments		30	30	30	30	30	30
Repayment of Mortgages	1	1	1	1	1	1	1
Street Scene contribution received in 2012/13	9						
Balance met from Revenue Reserve for Capital Schemes	1,931	2,201	2,183	1,195	1,405	1,232	1,010
Total funding	2,646	3,348	2,638	1,650	1,860	1,687	1,465

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Capital Plan Review 2013/14 : Revenue Reserve for Capital Schemes							
	2013/14 Estimate £'000	2014/15 Estimate £'000	2015/16 Estimate £'000	2016/17 Estimate £'000	2017/18 Estimate £'000	2018/19 Estimate £'000	2019/20 Estimate £'000
Balance at 1st April	8,341	6,610	4,859	3,406	2,241	866	933
Contribution from Revenue to meet Capital Renewals	0	0	0	0	0	1,299	1,316
Revenue contribution for new Capital Plan Schemes Less assumed spend	350	350	350 (320)	350 (320)	350 (320)		
Environmental Improvements Earmarked Reserve re Town Lock		100					
Wouldham River Wall Earmarked Reserve			700				
Housing Assistance Reserve	(150)						
Available for application	8,541	7,060	5,589	3,436	2,271	2,165	2,249
Amount applied to fund capital	1,931	2,201	2,183	1,195	1,405	1,232	1,010
Balance at 31st March	6,610	4,859	3,406	2,241	866	933	1,239

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<u>Estimates of the incremental impact of capital investment on Band D equivalent Council Tax</u>	2014/15 est. £	2015/16 est. £	2016/17 est. £	2017/18 est. £	2018/19 est. £	2019/20 est. £
Wouldham River Wall	0.00	0.76				
Larkfield Leisure Centre Refurbishment of Lifestyles Health Suite	0.26	(0.18)				
Leisure Centres Energy Saving Measures Phase 3	0.04	(0.01)				
Total: (Increase in Band D equivalent Council Tax attributable to new capital schemes)	0.30	0.57				

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**Medium Term Financial Strategy
(Council tax increase 1.99%)**

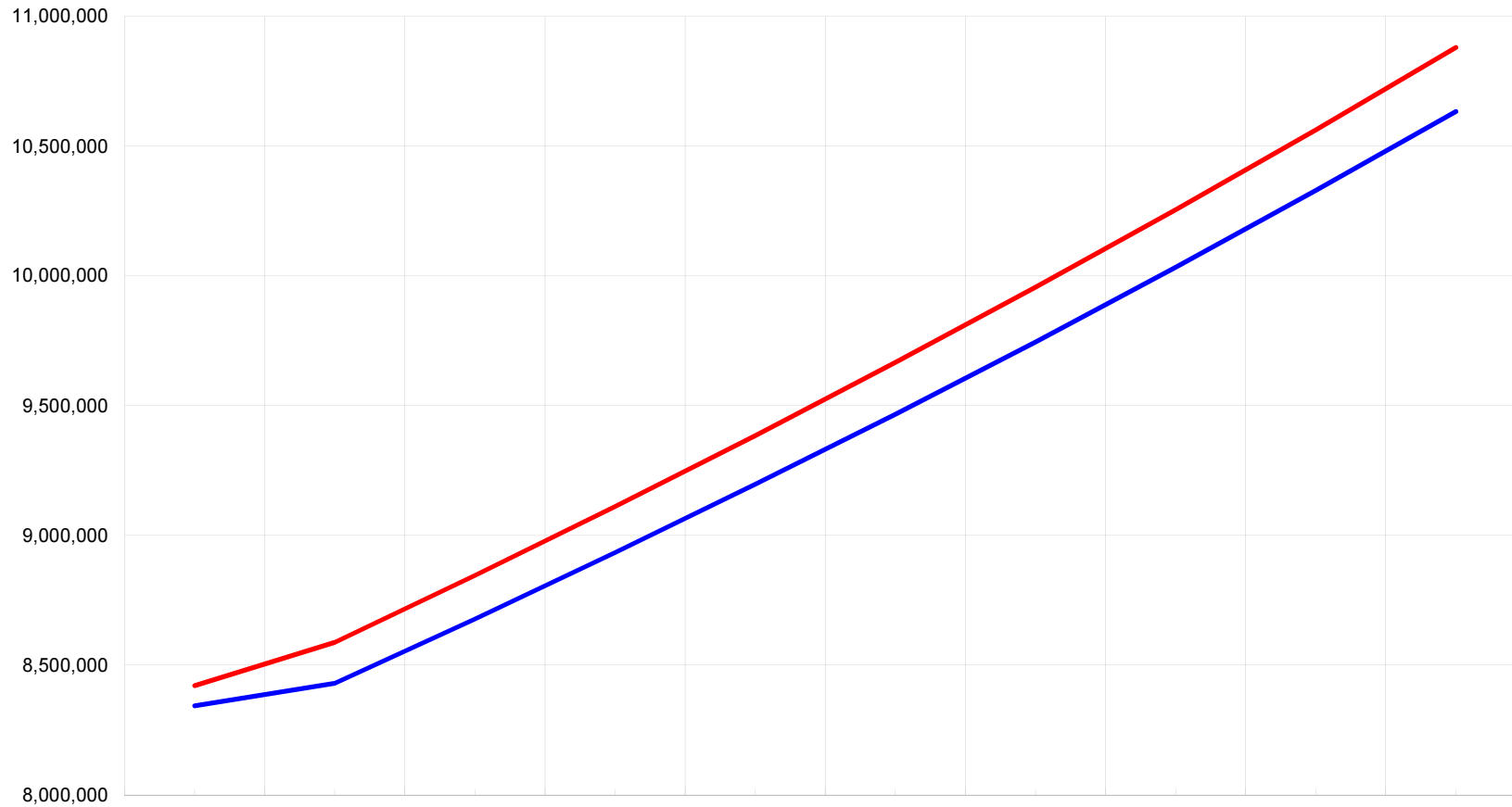
	Estimate	Projection								
	2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000
EXPENDITURE										
Employees	11,207	11,230	11,447	11,670	11,950	12,184	12,470	12,760	13,059	13,370
Transfer Payments	33,935	23,002	7,334	36	0	0	0	0	0	0
Other Expenditure	11,446	11,158	11,523	11,657	11,894	12,268	12,502	12,790	13,082	13,380
Capital Charges	3,196	3,260	3,325	3,392	3,460	3,529	3,600	3,672	3,745	3,820
Total Expenditure	59,784	48,650	33,629	26,755	27,304	27,981	28,572	29,222	29,886	30,570
INCOME										
Fees & Charges	(6,638)	(6,737)	(6,951)	(7,054)	(7,308)	(7,416)	(7,676)	(7,787)	(8,051)	(8,168)
Other Specific Grants & Misc	(34,808)	(23,784)	(8,015)	(649)	(625)	(637)	(649)	(662)	(675)	(689)
Investment Income	(175)	(157)	(309)	(448)	(573)	(618)	(625)	(630)	(640)	(635)
Total Income	(41,621)	(30,678)	(15,275)	(8,151)	(8,506)	(8,671)	(8,950)	(9,079)	(9,366)	(9,492)
Appropriations										
Capital Renewals	0	0	0	0	1,299	1,316	1,334	1,352	1,370	1,370
Provision for new Capital Schemes	350	350	350	350	0	0	0	0	0	0
Other Appropriations	(2,682)	(3,132)	(3,324)	(3,280)	(3,330)	(3,510)	(3,523)	(3,608)	(3,693)	(3,781)
SAVINGS TARGET	0	(200)	(204)	(208)	(212)	(216)	(220)	(224)	(228)	(233)
SAVINGS TARGET	0	0	(450)	(459)	(468)	(477)	(487)	(497)	(507)	(517)
SAVINGS TARGET	0	0	0	(700)	(714)	(728)	(743)	(758)	(773)	(788)
SAVINGS TARGET	0	0	0	0	0	(525)	(536)	(547)	(558)	(569)
NET BUDGETED SPEND	15,831	14,990	14,726	14,307	15,373	15,170	15,447	15,861	16,131	16,560
FUNDING										
Revenue Reserves	1,077	(311)	(250)	(432)	808	218	105	125	(25)	(19)
Government Grant	6,769	6,628	5,965	5,368	4,831	4,831	4,831	4,831	4,831	4,831
Council Tax	8,421	8,673	9,011	9,371	9,734	10,121	10,511	10,905	11,325	11,748
Collection Fund Adjustment	(436)	0	0	0	0	0	0	0	0	0
Total Funding	15,831	14,990	14,726	14,307	15,373	15,170	15,447	15,861	16,131	16,560
Council Tax Level at Band D	£183.85	£187.51	£193.14	£198.93	£204.90	£211.05	£217.38	£223.90	£230.62	£237.54
Increase on Previous Year	1.99%	1.99%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
RESERVES BALANCE CARRIED FORWARD	4,611	4,922	5,172	5,604	4,796	4,578	4,473	4,348	4,373	4,392

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**Medium Term Financial Strategy
(Council tax freeze)**

	Estimate	Projection								
	2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000
EXPENDITURE										
Employees	11,207	11,230	11,447	11,670	11,950	12,184	12,470	12,760	13,059	13,370
Transfer Payments	33,935	23,002	7,334	36	0	0	0	0	0	0
Other Expenditure	11,446	11,158	11,523	11,657	11,894	12,268	12,502	12,790	13,082	13,380
Capital Charges	3,196	3,260	3,325	3,392	3,460	3,529	3,600	3,672	3,745	3,820
Total Expenditure	59,784	48,650	33,629	26,755	27,304	27,981	28,572	29,222	29,886	30,570
INCOME										
Fees & Charges	(6,638)	(6,737)	(6,951)	(7,054)	(7,308)	(7,416)	(7,676)	(7,787)	(8,051)	(8,168)
Other Specific Grants & Misc	(34,808)	(23,784)	(8,015)	(649)	(625)	(637)	(649)	(662)	(675)	(689)
Investment Income	(175)	(156)	(304)	(438)	(557)	(598)	(606)	(612)	(621)	(616)
Total Income	(41,621)	(30,677)	(15,270)	(8,141)	(8,490)	(8,651)	(8,931)	(9,061)	(9,347)	(9,473)
Appropriations										
Capital Renewals	0	0	0	0	1,299	1,316	1,334	1,352	1,370	1,370
Provision for new Capital Schemes	350	350	350	350	0	0	0	0	0	0
Other Appropriations	(2,682)	(3,132)	(3,324)	(3,280)	(3,330)	(3,510)	(3,523)	(3,608)	(3,693)	(3,781)
SAVINGS TARGET	0	(200)	(204)	(208)	(212)	(216)	(220)	(224)	(228)	(233)
SAVINGS TARGET	0	0	(525)	(536)	(547)	(558)	(569)	(580)	(592)	(604)
SAVINGS TARGET	0	0	0	(775)	(791)	(807)	(823)	(839)	(856)	(873)
SAVINGS TARGET	0	0	0	0	0	(625)	(638)	(651)	(664)	(677)
NET BUDGETED SPEND	15,831	14,991	14,656	14,165	15,233	14,930	15,202	15,611	15,876	16,299
FUNDING										
Revenue Reserves	1,154	(149)	(145)	(385)	870	195	92	122	(16)	0
Government Grant	6,856	6,802	6,139	5,542	5,005	5,005	5,005	5,005	5,005	5,005
Council Tax	8,257	8,338	8,662	9,008	9,358	9,730	10,105	10,484	10,887	11,294
Collection Fund Adjustment	(436)	0	0	0	0	0	0	0	0	0
Total Funding	15,831	14,991	14,656	14,165	15,233	14,930	15,202	15,611	15,876	16,299
Council Tax Level at Band D Increase on Previous Year	£180.26 0.00%	£180.26 0.00%	£185.67 3.00%	£191.24 3.00%	£196.98 3.00%	£202.89 3.00%	£208.98 3.00%	£215.25 3.00%	£221.71 3.00%	£228.36 3.00%
RESERVES BALANCE CARRIED FORWARD	4,534	4,683	4,828	5,213	4,343	4,148	4,056	3,934	3,950	3,950

Council Tax Income Projections 2014/15 to 2023/24 (10 Years) - Impact of Council Tax Freeze vs Increase of 1.99% in 2014/15



Page 65

Increase for 2014/15	Forecast 2014/15	Forecast 2015/16	Forecast 2016/17	Forecast 2017/18	Forecast 2018/19	Forecast 2019/20	Forecast 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24	Total
Freeze	8,344,006	8,431,306	8,679,007	8,934,139	9,196,925	9,467,595	9,746,385	10,033,539	10,329,307	10,633,948	93,796,157
1.99%	8,421,156	8,588,737	8,846,399	9,111,791	9,385,145	9,666,699	9,956,700	10,255,401	10,563,063	10,879,955	95,675,046
Shortfall	(77,150)	(157,431)	(167,392)	(177,652)	(188,220)	(199,104)	(210,315)	(221,862)	(233,756)	(246,007)	(1,878,889)

— Council Tax Income (with freeze)
 — Council Tax Income (1.99% Increase)

The above graph shows the difference in Council Tax income receivable over the next ten years by accepting the government's offer of a grant to freeze council tax in 2014/15 and 2015/16 (Blue Line), compared to the implementation of a 1.99% increase in Council Tax for 2014/15 and 2015/16 (Red Line). Increases in Council Tax of 3% per annum for each year thereafter are assumed.

The 'Freeze' income includes the grant from the government of circa £87,000 in 2014/15 and £174,000 from 2015/16 to 2023/24

For simplicity, the graph assumes that the taxbase over the period of the MTFS will remain static. In reality, the taxbase is likely to increase, further increasing the shortfall.

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General Fund Revenue Estimates 2014/15**SUMMARY****(Council tax increase 1.99%)**

	2013/14 ESTIMATE		2014/15
	ORIGINAL £	REVISED £	ESTIMATE £
Corporate Services	2,840,150	2,693,000	2,915,350
Chief Executive	1,183,150	1,084,800	1,102,450
Director of Central Services	(15,550)	(47,700)	(102,700)
Director of Finance & Transformation	1,782,000	1,936,100	1,972,250
Director of Planning, Housing & Environmental Health	4,389,650	4,220,550	4,069,750
Director of Street Scene & Leisure	8,908,700	8,705,050	8,327,450
Sub Total	19,088,100	18,591,800	18,284,550
Capital Accounting Reversals			
Non-Current Asset Depreciation	(2,480,850)	(2,539,750)	(2,502,550)
Contributions to / (from) Reserves			
Building Repairs Reserve			
Withdrawals to fund expenditure	(429,100)	(569,900)	(646,800)
Contribution to Reserve	400,000	525,000	650,000
Contributions from Earmarked Reserves			
Borough Signage Reserve	-	(3,200)	-
Community Enhancement Fund Reserve	(100,000)	(2,850)	(100,000)
Corporate MTFs Reserve	(250,000)	(250,000)	-
Crime & Disorder Initiatives Reserve	(20,000)	(20,000)	-
Election Expenses Reserve	(12,900)	(12,200)	-
Homelessness Reserve	(3,300)	(4,900)	-
Housing & Planning Delivery Grant Reserve	(19,400)	(16,400)	-
Housing Survey Reserve	(20,000)	(17,900)	(3,000)
Invest to Save Reserve	-	(105,250)	-
Leisure Services Business Unit Reserve	-	(100,000)	-
Local Development Framework Reserve	(30,000)	(30,000)	(30,000)
Planning Inquiries Reserve	(27,000)	(35,000)	(35,000)
Repossessions Prevention Fund Reserve	(4,000)	(5,500)	(5,500)
Risk Management Support Reserve	-	(2,250)	-
River Wall at Wouldham Reserve	-	(20,000)	-
Tonbridge Environmental Schemes Reserve	(100,000)	-	(100,000)
Tonbridge Town Centre Reserve	(100,000)	(80,000)	(80,000)
Town Team Partners Reserve	-	(10,000)	-
Contributions to Earmarked Reserves			
Election Expenses Reserve	25,000	25,000	25,000
Housing Assistance Reserve	-	150,000	-
Housing Survey Reserve	10,000	10,000	-
Invest to Save Reserve	-	50,000	-
Local Development Framework Reserve	40,000	40,000	40,000
River Wall at Wouldham Reserve	-	-	700,000
Tonbridge and Malling Leisure Trust Reserve	-	200,000	-
Revenue Reserve for Capital Schemes			
Withdrawals to fund expenditure			
Non-Current Assets	(1,122,750)	(1,275,750)	(1,507,750)
Revenue Expenditure Funded from Capital	(818,250)	(655,250)	(693,250)
Other contributions to / (from) Reserve (net)	450,000	200,000	450,000
Capital Expenditure Charged to General Fund	1,122,750	1,275,750	1,507,750
International Accounting Standard 19			
Retirement Benefit Costs	3,547,500	4,279,800	3,778,000
Employers Pension Contributions	(2,513,950)	(2,375,300)	(2,359,200)
Contribution to / (from) Pensions Reserve	(1,033,550)	(1,904,500)	(1,418,800)
New Homes Bonus	(1,636,200)	(1,636,200)	(2,395,850)
New Burdens Grants	(13,400)	(16,400)	(16,400)
Council Tax Reduction Transition Grant	(25,550)	(25,550)	-
New Homes Bonus Returned In-Year	-	(17,000)	-
Small Business Rate Relief Grant 2013/14	-	(336,150)	-
Contributions from KCC	(146,000)	(122,000)	(122,000)
Sub Total	13,777,150	13,158,150	13,419,200
Contribution to / (from) General Revenue Reserve	(695,700)	71,150	(1,076,850)
Budget Requirement	13,081,450	13,229,300	12,342,350

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General Fund Revenue Estimates 2014/15**SUMMARY**

(Council tax freeze)

	2013/14 ESTIMATE		2014/15
	ORIGINAL £	REVISED £	ESTIMATE £
Corporate Services	2,840,150	2,693,000	2,915,350
Chief Executive	1,183,150	1,084,800	1,102,450
Director of Central Services	(15,550)	(47,700)	(102,700)
Director of Finance & Transformation	1,782,000	1,936,100	1,972,250
Director of Planning, Housing & Environmental Health	4,389,650	4,220,550	4,069,750
Director of Street Scene & Leisure	8,908,700	8,705,050	8,327,450
Sub Total	19,088,100	18,591,800	18,284,550
Capital Accounting Reversals			
Non-Current Asset Depreciation	(2,480,850)	(2,539,750)	(2,502,550)
Contributions to / (from) Reserves			
Building Repairs Reserve			
Withdrawals to fund expenditure	(429,100)	(569,900)	(646,800)
Contribution to Reserve	400,000	525,000	650,000
Contributions from Earmarked Reserves			
Borough Signage Reserve	-	(3,200)	-
Community Enhancement Fund Reserve	(100,000)	(2,850)	(100,000)
Corporate MTFs Reserve	(250,000)	(250,000)	-
Crime & Disorder Initiatives Reserve	(20,000)	(20,000)	-
Election Expenses Reserve	(12,900)	(12,200)	-
Homelessness Reserve	(3,300)	(4,900)	-
Housing & Planning Delivery Grant Reserve	(19,400)	(16,400)	-
Housing Survey Reserve	(20,000)	(17,900)	(3,000)
Invest to Save Reserve	-	(105,250)	-
Leisure Services Business Unit Reserve	-	(100,000)	-
Local Development Framework Reserve	(30,000)	(30,000)	(30,000)
Planning Inquiries Reserve	(27,000)	(35,000)	(35,000)
Repossessions Prevention Fund Reserve	(4,000)	(5,500)	(5,500)
Risk Management Support Reserve	-	(2,250)	-
River Wall at Wouldham Reserve	-	(20,000)	-
Tonbridge Environmental Schemes Reserve	(100,000)	-	(100,000)
Tonbridge Town Centre Reserve	(100,000)	(80,000)	(80,000)
Town Team Partners Reserve	-	(10,000)	-
Contributions to Earmarked Reserves			
Election Expenses Reserve	25,000	25,000	25,000
Housing Assistance Reserve	-	150,000	-
Housing Survey Reserve	10,000	10,000	-
Invest to Save Reserve	-	50,000	-
Local Development Framework Reserve	40,000	40,000	40,000
River Wall at Wouldham Reserve	-	-	700,000
Tonbridge and Malling Leisure Trust Reserve	-	200,000	-
Revenue Reserve for Capital Schemes			
Withdrawals to fund expenditure			
Non-Current Assets	(1,122,750)	(1,275,750)	(1,507,750)
Revenue Expenditure Funded from Capital	(818,250)	(655,250)	(693,250)
Other contributions to / (from) Reserve (net)	450,000	200,000	450,000
Capital Expenditure Charged to General Fund	1,122,750	1,275,750	1,507,750
International Accounting Standard 19			
Retirement Benefit Costs	3,547,500	4,279,800	3,778,000
Employers Pension Contributions	(2,513,950)	(2,375,300)	(2,359,200)
Contribution to / (from) Pensions Reserve	(1,033,550)	(1,904,500)	(1,418,800)
New Homes Bonus	(1,636,200)	(1,636,200)	(2,395,850)
New Burdens Grants	(13,400)	(16,400)	(16,400)
Council Tax Reduction Transition Grant	(25,550)	(25,550)	-
New Homes Bonus Returned In-Year	-	(17,000)	-
Council Tax Freeze Grant 2014/15	-	-	(87,300)
Small Business Rate Relief Grant 2013/14	-	(336,150)	-
Contributions from KCC	(146,000)	(122,000)	(122,000)
Sub Total	13,777,150	13,158,150	13,331,900
Contribution to / (from) General Revenue Reserve	(695,700)	71,150	(1,154,000)
Budget Requirement	13,081,450	13,229,300	12,177,900

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Tonbridge and Malling Borough Council
Estimate Of Collection Fund Surplus/(Deficit) 2013/14 - Council Tax

	Estimate	
	£	£
<u>Income</u>		
Surplus / (Deficit) Brought Forward		(225,521)
Income from Council Tax Payers		67,329,081
Total Income for the Year		67,103,560
<u>Expenditure</u>		
Precepts and Demands 2013/14		
Kent County Council	47,070,605	
Police & Crime Commissioner for Kent	6,355,417	
Kent & Medway Fire & Rescue Authority	3,052,595	
Parishes	1,877,633	
Tonbridge and Malling Borough Council	8,097,994	66,454,244
Provision for Council Tax Non-Collection		343,000
Payments / (receipts) in respect of estimated surplus / (deficit) for 2012/13		
Kent County Council	(241,188)	
Police & Crime Commissioner for Kent	(31,923)	
Kent & Medway Fire & Rescue Authority	(15,641)	
Tonbridge and Malling Borough Council	(49,799)	(338,551)
Total Expenditure for the Year		66,458,693
Estimated Surplus/(Deficit) for 2013/14		644,867

Allocation Of Estimated Surplus / (Deficit) 2013/14

	Precepts 2013/14		Surplus / (Deficit)
	£	%	£
Kent County Council	47,070,605	70.8316	456,769
Police & Crime Commissioner for Kent	6,355,417	9.5636	61,673
Kent & Medway Fire & Rescue Authority	3,052,595	4.5935	29,622
Tonbridge and Malling Borough Council	9,975,627	15.0113	96,803
Total	66,454,244	100.000	644,867

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<u>Tonbridge and Malling Borough Council</u>		
<u>Estimate Of Collection Fund Surplus/(Deficit) 2013/14 - Business Rates</u>		
	Estimate	
	£	£
<u>Income</u>		
Surplus / (Deficit) Brought Forward		-
Income from Business Rate Payers		54,074,600
Total Income for the Year		54,074,600
<u>Expenditure</u>		
Demands for 2013/14 based upon NNDR 1 2013/14		
Kent County Council	4,849,470	
Kent & Medway Fire & Rescue Authority	538,830	
Tonbridge and Malling Borough Council	21,553,200	
Central Government	26,941,500	53,883,000
Allowance for Losses - Bad Debts		350,000
Allowance for Losses - Appeals		612,000
Cost of Collection Allowance		168,018
Transitional Protection Payments		393,400
Total Expenditure for the Year		55,406,418
Estimated Surplus/(Deficit) for 2013/14		(1,331,818)
<u>Allocation Of Estimated Surplus / (Deficit) 2013/14</u>		
	Allocation	Surplus / (Deficit)
	%	£
Kent County Council	9	(119,864)
Kent & Medway Fire & Rescue Authority	1	(13,318)
Tonbridge and Malling Borough Council	40	(532,727)
Central Government	50	(665,909)
Total	100	(1,331,818)

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Financial arrangements with Parish councils 2014/15

Parish council	Basic allocation £	Cemeteries & churchyards £	Footway lighting £	Debt charges £	Total £
Addington	2,325	909	-	-	3,234
Aylesford	15,715	8,211	2,636	-	26,562
Birling	2,325	1,698	138	-	4,161
Borough Green	5,249	-	1,327	-	6,576
Burham	2,325	1,419	190	-	3,934
Ditton	7,046	1,051	-	403	8,500
East Malling & Larkfield	19,643	2,532	603	-	22,778
East Peckham	4,925	3,382	1,137	-	9,444
Hadlow	5,813	7,288	34	-	13,135
Hildenborough	7,261	2,170	103	-	9,534
Ightham	2,920	2,680	-	-	5,600
Kings Hill	9,464	-	-	-	9,464
Leybourne	4,942	756	327	-	6,025
Mereworth	2,325	2,128	-	-	4,453
Offham	2,325	761	-	-	3,086
Platt	2,429	2,075	362	-	4,866
Plaxtol	2,325	2,042	241	-	4,608
Ryarsh	2,325	827	414	-	3,566
Shipbourne	2,325	1,320	-	-	3,645
Snodland	14,607	11,878	2,395	-	28,880
Stansted	2,325	1,023	-	-	3,348
Trottiscliffe	2,325	445	-	-	2,770
Wateringbury	2,944	4,624	689	-	8,257
West Malling	3,768	3,620	1,620	-	9,008
West Peckham	2,325	1,082	-	-	3,407
Wouldham	2,325	657	155	-	3,137
Wrotham	2,550	4,227	930	-	7,707
Total	137,176	68,805	13,301	403	219,685

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Parish council precepts

Precept for 2013/14 £	Parish council	Precept for 2014/15 £	Tax base	Amount per band D property £	Per band D variation %
18,461.66	Addington	18,595.67	376.05	49.45	0.0
166,093.00	Aylesford	166,714.20	3,800.69	43.86	(0.1)
6,850.00	Birling	7,200.00	192.27	37.45	5.1
136,452.00	Borough Green	139,355.00	1,434.47	97.15	0.0
17,972.78	Burham	18,242.37	430.30	42.39	(0.9)
189,929.69	Ditton	195,081.40	1,677.70	116.28	2.0
208,427.48	E. Malling & Larkfield	217,353.52	4,750.11	45.76	1.7
107,440.00	East Peckham	109,110.00	1,233.90	88.43	2.2
73,794.00	Hadlow	75,639.00	1,452.32	52.08	1.2
28,888.00	Hildenborough	29,358.62	2,138.20	13.73	0.0
94,866.00	Ightham	94,866.00	1,076.34	88.14	0.3
158,728.00	Kings Hill	190,127.00	3,588.82	52.98	15.0
94,085.00	Leybourne	103,328.00	1,359.81	75.99	5.3
10,594.05	Mereworth	10,775.19	407.67	26.43	(2.7)
16,116.00	Offham	16,408.98	378.00	43.41	0.0
48,600.00	Platt	48,600.00	847.10	57.37	(1.9)
21,355.00	Plaxtol	23,490.00	567.73	41.38	8.8
15,692.00	Ryarsh	15,647.00	291.84	53.61	(3.2)
8,481.15	Shipbourne	8,481.00	246.04	34.47	0.0
213,443.00	Snodland	226,224.00	3,267.73	69.23	2.9
15,725.00	Stansted	15,223.00	238.76	63.76	(6.4)
10,000.00	Trottiscliffe	11,500.00	263.36	43.67	15.9
65,194.11	Wateringbury	64,214.77	875.08	73.38	(1.6)
69,000.00	West Malling	70,373.00	1,045.65	67.30	2.5
2,917.00	West Peckham	2,987.00	167.19	17.87	1.5
24,594.00	Wouldham	24,981.00	443.92	56.27	2.3
53,934.00	Wrotham	57,170.06	777.86	73.50	1.8
1,877,632.92	Total	1,961,045.78	33,328.91		

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GENERAL FUND WORKING BALANCE
(Council tax increase 1.99%)

Balance at 1.4.2013	£1,250,000
	<hr/>
Balance at 1.4.2015	£1,250,000
	<hr/>

REVENUE RESERVE

	£	£
Balance 1.4.2013		5,616,792
Less:-		
Budgeted to be met from Reserves	695,700	
Decrease on Original Estimate	(766,850)	
	<hr/>	(71,150)
		<hr/>
Estimated Balance at 1.4.2014		5,687,942
Budgeted to be met from Revenue Reserves 2014/15		1,076,850
		<hr/>
Estimated Balance at 31.3.2015		4,611,092
		<hr/>

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GENERAL FUND WORKING BALANCE
(Council tax freeze)

Balance at 1.4.2013	£1,250,000
	<hr/>
Balance at 1.4.2015	£1,250,000
	<hr/>

REVENUE RESERVE

	£	£
Balance 1.4.2013		5,616,792
Less:-		
Budgeted to be met from Reserves	695,700	
Increase on Original Estimate	(766,850)	
	<hr/>	(71,150)
		<hr/>
Estimated Balance at 1.4.2014		5,687,942
Budgeted to be met from Revenue Reserves 2014/15		1,154,000
		<hr/>
Estimated Balance at 31.3.2015		4,533,942
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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 2014/15 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 spanning a ten-year period.

The Strategy 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 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.

The Council has seen its general government grant, the Local Government Finance Settlement, fall by more than £2.6m or 45% over the four-year period 2011/12 to 2014/15 with further cuts expected in future years. To date this has to a large extent been negated by the grant award under the New Homes Bonus scheme which in 2014/15 was around £2.4m.

Our concern has always been what happens when the New Homes Bonus scheme in its current form ceases or is replaced by something else, and the potential impact on the Council's finances.

For medium term financial planning purposes it is assumed that there will be a phased withdrawal of the current New Homes Bonus scheme from 2016/17 onwards and that the model will be replaced with something else at a reduced level of funding. Based on the above and an assumption about further cuts in grant funding in future years, amongst other things, latest projections point to a 'funding gap' between expenditure and income of circa £1.875m (council tax increase 1.99%) or £2.125m (council tax freeze) to be addressed over the medium term.

We believe our Medium Term Financial Strategy is resilient and the financial pressures likely to confront us can be addressed in a measured and controlled way. Clearly, the absolute size of the 'funding gap' will influence the timescales we afford ourselves to address the problem.

It can be seen the Council continues to face a significant financial challenge, but remains determined that the negative impact on service delivery and council tax increases are minimised, albeit some difficult choices will have to be made.

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.

Underneath the Strategy sits detailed estimates formulated in conjunction with Services taking into account past outturn, current spending plans and likely future demand levels / pressures.

Factors taken into account for the 2014/15 Budget Setting Process and in developing the Strategy are:

The Council's Aims and Priorities	On 17 April 2012, the Council adopted seven Key priorities for 2012/15. Estimates reflect both these Key priorities for 2012/15 and those more specific priorities that go to support their achievement.
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 for 2014/15 is £4,357,118. This represents a cash decrease of £676,137 or 13.4% when compared to the equivalent figure of £5,033,255 in 2013/14. Included in the Settlement Funding Assessment is the parish councils' indicative allocation in respect of the council tax support scheme, however, it is not separately identified as it was in 2013/14. We have assumed further cuts in grant of 10% year-on-year to 2018/19 and cash limited thereafter. To put this into context, 10% currently equates to grant income of about £436,000.
New Homes Bonus	In 2011/12 the Government introduced a New Homes Bonus (NHB) scheme which would see councils receiving financial rewards for the delivery of new homes in their areas. For medium term financial planning purposes it is assumed that there will be a phased withdrawal of the current NHB scheme from 2016/17 by which time it is estimated to be in the order of £3.0m and that the model will be replaced with something else at a reduced level of funding. It can be seen that this issue, depending both on timing and outcome, could have a significant impact on the Council's finances.
Business Rates	For medium term financial planning purposes we have assumed that the business rates baseline attributed to TMBC 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 £150,000 in year one. It should be noted that this figure increases each

	year in line with inflation.
Council Tax Base	The recommended Council Tax Base for 2014/15 is 45,804.52 band D equivalents with an expectation that this will increase by 3,650 over the strategy period, averaging 405 per year.
Local Referendums to Veto Excessive Council Tax Increases	The Secretary of State will determine a limit for council tax increases which for 2014/15 has been set at 2.0% or more including levies. 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 latest iterations of the Medium Term Financial Strategy assume for 2014/15 and 2015/16 a 1.99% increase in council tax or council tax freeze and thereafter 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 this is unlikely to change in the near future. Recourse to borrowing to fund capital expenditure is unlikely before 2018/19. 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 £320,000 (maximum).
Treasury Management	A Treasury Management Strategy Statement and 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 Strategy Statement and Annual Investment Strategy for 2014/15.
Interest Rates	Interest returns on the Council's 'core funds' have been set at 0.85% in 2014/15 rising gradually to 4.5% over the medium term. In setting these rates we sought the advice of the Council's independent Treasury Adviser, Sector Treasury Services and our Fund Manager. To put this into context, 0.25 of a percentage point would currently generate investment income on our 'core funds' of about £37,500. 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.
Adequacy of Reserves	At the beginning of 2014/15, we anticipate that the General Revenue Reserve balance will be £5.7m. The Adequacy of Reserves is discussed in more detail below.
Pay and Price Inflation	The estimates assume a 1% pay award in 2014/15 and 2015/16 and 1.5 % in 2016/17 and 2017/18 and 2% in subsequent years. However, Members are yet to discuss and determine a pay award for 2014/15. Estimates reflect price inflation of 3% on contractual commitments in 2014/15 and a general uplift of 2% year on year in subsequent years.
Fees and Charges	As has been the practice for a number of years now the objective has been to maximise income, subject to market conditions, opportunities and comparable charges elsewhere.
Emerging Growth Pressures and Priorities	The projections within the 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. A significant priority for 2014/15 is likely to surround the proposed Tonbridge town centre redevelopment project. Discussions are continuing to secure a retail-led redevelopment project in this area that will secure economic benefit for the town as a whole and help the vitality of the High Street in particular.
Financial Management	The Council's financial information and reporting arrangements are sound and its end of year procedures in relation to budget under / overspends clear. Collection rates for council tax and NNDR remain good. Our external auditor (Grant Thornton UK LLP) following the 2013 audit concluded that the Council continues to have a strong focus on effective financial management, including a robust medium term financial planning framework.
Insurance Arrangements and Business Continuity	Risks identified via the preparation of Service / Section Risk Registers have wherever possible been reduced to an acceptable level. Any remaining risk has been transferred to an external insurance provider. In addition, specific arrangements are in place to ensure the continuity of business in the event of both major and minor disruptions to services. As insurance premiums are reactive to the external perception of the risks faced by local authorities and to market pressures, both risks and excess levels are kept under constant review. The Council recognises that not all risks are financial; and

	takes into account all risks when making decisions.
Corporate Governance and Risk Management	The Council has adopted a Corporate Governance Code based upon the requirements of the CIPFA/SOLACE Corporate Governance framework. This incorporates Risk Management and the Council has committed itself to a Risk Management Strategy involving the preparation of Risk Registers for each Service area at operational and strategic levels.
Equality Impact Assessments	Adjustments to revenue budgets where there are deemed to be equality issues 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	The cessation of administration of housing benefits over a transitional period ending in 2017/18; the localisation of council tax support; the business rates retention scheme; and proposals 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	Like all public sector organisations, the Council has a significant challenge ahead in respect of identifying and implementing savings over the medium term. Savings of circa £1.875m will be needed should a council tax increase for 2014/15 of 1.99% be approved; alternatively those savings will increase to £2.125m should the council tax freeze grant be accepted. 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. In addition, the Management Team will continue to seek efficiency savings in the delivery of existing services and monitoring reports will be brought forward to Members so that good management of the process can be maintained.

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

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.

- Interest Rate volatility
- Income volatility
- Change to Government Grant including New Homes Bonus
- 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 2024 is estimated to be £4.392m (council tax increase 1.99%) or £3.950m (council tax freeze) 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 2018/19. The Revenue Reserve for Capital Schemes balance at 31 March 2020 is estimated to be £1.239m.

A schedule of the reserves held by the Council at 1 April 2013 and proposed utilisation of those reserves to 31 March 2015 is provided in Annex 17 Table A (council tax increase 1.99%) and Annex 17 Table B (council tax freeze). 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 2014/15 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: 13 February 2014

Director of Finance and Transformation, BSc (Hons) CPFA

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RESERVES ESTIMATE 2014/15

Annex 17 - Table B

(Council tax freeze)

Description	Balance as at	Estimated Contribution		Estimated	Estimated Contribution		Estimated
	1 April 2013	From	To	Balance as at	From	To	Balance as at
	£	£	£	£	£	£	£
General Revenue Reserve	5,616,792		71,150	5,687,942	1,154,000		4,533,942
Revenue Reserve for Capital Schemes	8,341,078	1,931,000	200,000	6,610,078	2,201,000	450,000	4,859,078
Building Repairs Reserve	66,043	569,900	525,000	21,143	646,800	650,000	24,343
Earmarked Reserves							
Democratic Representation	28,901			28,901			28,901
Special Projects	445,694	66,600	10,000	389,094	108,500	700,000	980,594
Local Development Framework	105,973	30,000	40,000	115,973	30,000	40,000	125,973
Homelessness	4,889	4,889		0			0
Election Expenses	87,589	12,200	25,000	100,389		25,000	125,389
Planning Inquiries	92,768	35,000		57,768	35,000		22,768
Housing & Planning Delivery Grant	16,337	16,337		0			0
Tonbridge Town Centre	183,907	80,000		103,907	80,000		23,907
Training & liP Accreditation	30,000			30,000			30,000
Road Closures	10,000			10,000			10,000
Risk Management Support	2,258	2,258		0			0
Corporate MTFS	250,000	250,000		0			0
Supporting People	55,000			55,000			55,000
Community Enhancement Fund	263,827	2,850		260,977	100,000		160,977
Invest to Save	112,375	105,250	50,000	57,125			57,125
High Street Innovation Fund	100,000			100,000			100,000
Town Team Partners	10,000	10,000		0			0
Housing & Welfare Reform	22,000			22,000			22,000
Tonbridge and Malling Leisure Trust	0		200,000	200,000			200,000
Housing Assistance	0		150,000	150,000			150,000
LSBU - General	100,000	100,000		0			0
	1,921,518	715,384	475,000	1,681,134	353,500	765,000	2,092,634
Total	15,945,431	3,216,284	1,271,150	14,000,297	4,355,300	1,865,000	11,509,997

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Tonbridge & Malling Borough Council
(Council tax increase 1.99%)

**Calculation of Council Tax Requirement for the year 2014/15
which includes sums required to meet Parish Council Precepts**

Draft Resolution

That the following amounts be now calculated by the Council for the year 2014/15 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. This includes Parish Precepts	84,378,127
(b)	Aggregate of the amounts which the Council estimates for the items set out in Section 31A (3) N.B. This includes Local Government Finance Settlement	73,995,925
(c)	Calculation under Section 31A (4), being the amount by which the aggregate at (a) above exceeds the aggregate at (b) above	----- 10,382,202 -----

<u>Memorandum:-</u>	
	£
Borough Council	8,421,156
Parish Council Precepts	1,961,046

Total	10,382,202

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Tonbridge & Malling Borough Council
(Council tax freeze)

**Calculation of Council Tax Requirement for the year 2014/15
which includes sums required to meet Parish Council Precepts**

Draft Resolution

That the following amounts be now calculated by the Council for the year 2014/15 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. This includes Parish Precepts	84,378,127
(b)	Aggregate of the amounts which the Council estimates for the items set out in Section 31A (3) N.B. This includes Local Government Finance Settlement	74,160,375
(c)	Calculation under Section 31A (4), being the amount by which the aggregate at (a) above exceeds the aggregate at (b) above	----- 10,217,752 -----

<u>Memorandum:-</u>	
	£
Borough Council	8,256,706
Parish Council Precepts	1,961,046

Total	10,217,752

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TONBRIDGE & MALLING BOROUGH COUNCIL

CABINET

13 February 2014

Supplementary 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 2014/15

This report takes Cabinet through the process of setting the level of Council Tax for the financial year 2014/15 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 Parish Precepts for the billing authority. The tax base for 2014/15 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 (i.e. parishes). 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 At the time of writing, none of the major precepting authorities has met to determine its respective precept for 2014/15.
- 1.3.2 The Police & Crime Commissioner for Kent precept and level of Council Tax was considered at a meeting on 4 February and await confirmation of the outcome.
- 1.3.3 Kent County Council's Cabinet meeting took place on 22 January, at which a recommendation concerning its precept was made. The County Council's full Council meeting to confirm the precept is to be held on 13 February.
- 1.3.4 The Kent & Medway Fire & Rescue Authority's precept and level of Council Tax is due to be agreed on 11 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 Members will be aware that it is usual for us to prepare, at this point, a draft resolution incorporating the anticipated council tax figures for the borough council and the parishes. However, this year, given the debate that needs to take place regarding the merits (or otherwise) of a freeze in council tax as opposed to an increase, we have agreed that it would not be appropriate to replicate this.
- 1.4.3 Instead, the resolution itself incorporating the Borough Council's budget and Parish Council precept information and council tax levels for all major precepting authorities will be presented to the meeting of the Council on 18 February 2014.

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 advice 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

See 'Screening for equality impacts' table at end of report

1.9 Recommendations

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

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

Screening for equality impacts:		
Question	Answer	Explanation of impacts
a. Does the decision being made or recommended through this paper have potential to cause adverse impact or discriminate against different groups in the community?	No	Council tax is payable by all those liable to pay council tax under legislation. A local council tax support scheme exists to assist those on low incomes.
b. Does the decision being made or recommended through this paper make a positive contribution to promoting equality?	No	As above.
c. What steps are you taking to mitigate, reduce, avoid or minimise the impacts identified above?		See responses above.

In submitting this report, the Chief Officer doing so is confirming that they have given due regard to the equality impacts of the decision being considered, as noted in the table above.

COUNCIL TAX - TAX BASE FOR 2014/15

Parish	Tax Base
	Band D Equivalents
ADDINGTON	376.05
AYLESFORD	3,800.69
BIRLING	192.27
BOROUGH GREEN	1,434.47
BURHAM	430.30
DITTON	1,677.70
EAST MALLING & LARKFIELD	4,750.11
EAST PECKHAM	1,233.90
HADLOW	1,452.32
HILDENBOROUGH	2,138.20
IGHTHAM	1,076.34
KINGS HILL	3,588.82
LEYBOURNE	1,359.81
MEREWORTH	407.67
OFFHAM	378.00
PLATT	847.10
PLAXTOL	567.73
RYARSH	291.84
SHIPBOURNE	246.04
SNODLAND	3,267.73
STANSTED	238.76
TROTTISCLIFFE	263.36
WATERINGBURY	875.08
WEST MALLING	1,045.65
WEST PECKHAM	167.19
WOULDHAM	443.92
WROTHAM	777.86
TONBRIDGE	12,475.61
TOTAL	45,804.52

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COUNCIL TAX**DRAFT RESOLUTION**

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

1. It be noted that on 18th February 2014 the Council calculated:
- (a) the Council Tax Base 2014/15 for the whole Council area as 45,804.52 [Item T in the formula in Section 31B(1) of the Local Government Finance Act 1992, as amended (the "Act")] and,
- (b) for dwellings in those parts of its area to which a Parish precept relates as follows:

Addington	376.05
Aylesford	3,800.69
Birling	192.27
Borough Green	1,434.47
Burham	430.30
Ditton	1,677.70
East Malling & Larkfield	4,750.11
East Peckham	1,233.90
Hadlow	1,452.32
Hildenborough	2,138.20
Ightham	1,076.34
Kings Hill	3,588.82
Leybourne	1,359.81
Mereworth	407.67
Offham	378.00
Platt	847.10
Plaxtol	567.73
Ryarsh	291.84
Shipbourne	246.04
Snodland	3,267.73
Stansted	238.76
Trottiscliffe	263.36
Wateringbury	875.08
West Malling	1,045.65
West Peckham	167.19
Wouldham	443.92
Wrotham	777.86

2. £ X,XXX,XXX being the Council Tax requirement for the Council's own purposes for 2014/15 (excluding Parish Precepts). [Item R in the formula in Section 31B(1) of the Local Government Finance Act 1992 (as amended)].

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 each parish.

The tax base for the whole borough 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 2014/15 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(1) 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(1) 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 (Parish precepts). [Item S in Section 34(3) 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 Parish precept relates.

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

Explanatory Notes

- 3(a) *The Council's gross expenditure including parish precepts and any deficit on the Collection Fund 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 Fund brought forward.*
- 3(c) *The council tax requirement including parish precepts.*
- 3(d) *The council tax requirement including 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 parish precepts for the area).*
- 3(e) *The total amount of all parish precepts.*
- 3(f) *The basic Council Tax excluding parish precepts, i.e. the basic Council Tax in the unparished area.*
- 3(g) *The amounts of Council Tax which are set for the parished parts of the borough to meet both borough and parish requirements.*

(h)

Valuation Bands

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

4. That it be noted that for the year 2014/15 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:

Valuation Bands

<u>Precepting Authority</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 2014/15, for each of the categories of dwellings shown below:

Valuation Bands

<u>Part of the Council's area</u>	A £	B £	C £	D £	E £	F £	G £	H £
Tonbridge	XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX
Addington	XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX
Aylesford	XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX
Birling	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	XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX
Burham	XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX
Ditton	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	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	XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX
Hadlow	XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX
Hildenborough	XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX
Ightham	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	XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX
Leybourne	XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX
Mereworth	XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX
Offham	XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX
Platt	XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX
Plaxtol	XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX
Ryarsh	XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX
Shipbourne	XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX
Snodland	XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX
Stansted	XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX
Trottscliffe	XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX
Wateringbury	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	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	XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX
Wouldham	XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX
Wrotham	XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX

Explanatory Notes

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