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TONBRIDGE & MALLING
BOROUGH COUNCIL

EXECUTIVE SERVICES

Chief Executive

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15 February 2016

COUNCIL - TUESDAY, 16TH FEBRUARY, 2016

Supplements replacing agenda items 12 to 18 for consideration at the Tuesday, 16th February, 2016 meeting of the Council.

Agenda No Item

22. **Setting the Budget for 2016/17 (Pages 3 - 100)**
Item CB 16/4 referred from Cabinet minutes of 11 February 2016
23. **Setting the Council Tax 2016/17 (Pages 101 - 112)**
Item CB 16/5 referred from Cabinet minutes of 11 February 2016
24. **Savings and Transformation Strategy Update (Pages 113 - 126)**
Item CB 16/6 referred from Cabinet minutes of 11 February 2016
25. **Equality Policy Statement and Objectives 2016-20 (Pages 127 - 140)**
Item CB 16/7 referred from Cabinet minutes of 11 February 2016
26. **Treasury Management and Annual Investment Strategy 2016/17 (Pages 141 - 178)**
Item CB 16/8 referred from Cabinet minutes of 11 February 2016
27. **Technical Changes to Council Tax (Pages 179 - 182)**
Item CB 16/9 referred from Cabinet minutes of 11 February 2016
28. **Draft Safeguarding Policy (Pages 183 - 218)**
Item CB 16/10 referred from Cabinet minutes of 11 February 2016

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Chief Executive

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Item CB 16/4 referred from Cabinet of 11 February 2016

CB 16/4 SETTING THE BUDGET FOR 2016/17

The holding report of the Chief Executive and Director of Finance and Transformation updated the Cabinet on issues relating to the setting of the Budget for 2016/17 together with the outcome of the examination of the draft Revenue Estimates and the Capital Plan review process undertaken by the Finance, Innovation and Property Advisory Board and the Overview and Scrutiny Committee.

A more detailed supplementary report prepared in liaison with the Leader and Cabinet Member for Finance, Innovation and Property was circulated in advance of the meeting. It highlighted adjustments made to the Revenue Estimates presented to the Advisory Board and Committee. The report examined the situation in relation to the Medium Term Financial Strategy (MTFS) and gave details of the necessary procedure to be followed in order to set the budget for 2016/17.

The Director of Finance and Transformation explained the components of the final local government settlement confirmed on 8 February 2016 and the changes made by the Secretary of State as a result of the responses to the consultation, previously reported to the Finance, Innovation and Property Advisory Board. It was noted that transitional funding would now be provided for 2016/17 and 2017/18 and the tariff adjustment in 2017/18 and 2018/19 removed. The Government would also offer a four year funding settlement and the referendum threshold would be set at the higher of 2% or £5. However, Members were advised that whilst this represented a short term respite, the financial baseline for the future remained the same. Illustrative allocations up to 2019/20 were presented and a comparison of the Council's Settlement Funding Assessment for the period 2016/17 to 2019/20 with those of the other Kent district councils demonstrated that Tonbridge and Malling continued to receive one of the lowest, if not the lowest, Assessment both in total and per head.

Attention was drawn to recommendations from Advisory Boards and the decision of the Licensing and Appeals Committee regarding the levels of fees and charges to be implemented from 1 April 2016 which had been incorporated in the draft estimates. Members were reminded of the approach to preparation of the Capital Plan, an updated summary of which was set out at Annex 7 to the report.

The report then described the remaining procedure to be followed in setting the budget for 2016/17 and calculating the council tax. Consideration was given to the updated MTFS based on a council tax increase of £5 (the upper limit for referendum purposes) for the four year settlement period. The Cabinet also deliberated on the most appropriate guidance to offer the Council as to the way forward for updating the MTFS for the next ten year period and setting the council tax for 2016/17. Finally, the Director of Finance and Transformation

explained the basis on which the statement as to the Robustness of the Estimates and Adequacy of the Reserves had been made, including an understanding that the savings target based on latest projections of £1.825m would be delivered.

Members recorded their thanks to the Director of Finance and Transformation and colleagues for their work in formulating the response to the provisional local government settlement and the joint response of the 15 authorities similarly affected and acknowledged the efforts on the Council's behalf of the two local Members of Parliament and the LGA.

RECOMMENDED: That

- (1) the fees and charges set out in Annex 2 to the report, as recommended by the appropriate Advisory Boards (excluding West Malling short stay car park which is the subject of a petition), be endorsed (see Decision Nos D160015CAB to D160019CAB);
- (2) the Capital Plan be updated as set out in paragraph 1.5.15 to the report as follows and adopted accordingly:
 - (i) the position of the existing Capital Plan (List A) as summarised in Annex 3 to the report be approved noting:
 - the increase in the budget provision in respect of the Tonbridge Town Lock capital plan scheme and how it is to be funded;
 - the additional works in respect of refurbishment of the Health Suite at Larkfield Leisure Centre, at an estimated cost of £20,000, to be met in full by the Tonbridge and Malling Leisure Trust and the use of the urgency procedure to amend the Capital Plan accordingly;
 - the increase in the budget provision in respect of the river wall, Wouldham capital plan scheme and how it is to be funded;
 - (ii) the schemes as detailed in Annex 4 to the report be added to List C or deleted from List C;
 - (iii) the selection of those schemes listed in Annex 5 to the report for evaluation over the coming year be approved including one for fast-track evaluation;
 - (iv) the transfer of the schemes detailed in Annex 6 to the report to List A be approved;
 - (v) the updated Capital Plan (List A) as summarised in Annex 7 to the report be approved;

- (3) the Capital Strategy as presented to the Finance, Innovation and Property Advisory Board on 13 January and the Overview and Scrutiny Committee on 26 January 2016 be endorsed and adopted by the Council;
- (4) the prudential indicators listed in paragraphs 1.6.5 and 1.6.9 of the report be endorsed and adopted;
- (5) for the financial year 2016/17 the Council's Minimum Revenue Provision, as set out at paragraph 1.6.12 of the report, be noted as nil;
- (6) the high level objectives of the Medium Term Financial Strategy be reaffirmed, taking on board the amendment set out in paragraph 1.8.5 of the report;
- (7) the updates to the Medium Term Financial Strategy, as set out at Annex 11 to the report, based on a council tax increase of £5 for 2016/17 be noted;
- (8) the Council be recommended to approve a council tax increase of £5 per annum as the best way forward in updating the Medium Term Financial Strategy for the next ten-year period and setting the council tax for 2016/17; and
- (9) the Statement provided by the Director of Finance and Transformation as to the Robustness of the Estimates and the Adequacy of the Reserves be noted and endorsed.

***Referred to Council**

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TONBRIDGE & MALLING BOROUGH COUNCIL

CABINET

11 February 2016

Report of the Chief Executive and Director of Finance and Transformation

Part 1- Public

A MORE DETAILED SUPPLEMENTARY REPORT ON “SETTING THE BUDGET FOR 2016/17” WILL BE CIRCULATED BEFORE THE MEETING ON 11 FEBRUARY.

Matters for Information

1 SETTING THE BUDGET FOR 2016/17

This is a holding report to update Members on where we are in setting the Budget for 2016/17. A detailed report will be circulated prior to the meeting.

1.1 Introduction

- 1.1.1 At the Full Council meeting on 16 February, Members will determine both the Budget and the level of council tax for 2016/17. The detailed Estimates for 2016/17 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.
- 1.1.2 **The remaining piece of the ‘jigsaw’ is the final Local Government Finance Settlement announcement which is expected to be some time during the week commencing 1 February.**
- 1.1.3 Once the Final Settlement is received a detailed supplementary report on Setting the Budget for 2016/17 will be circulated to Members in advance of the meeting to enable the Cabinet to make appropriate recommendations to Council.

1.2 Legal Implications

- 1.2.1 There are a number of legislative requirements to consider in setting the Budget which will be addressed as we move through the budget cycle.
- 1.2.2 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.

1.3 Financial and Value for Money Considerations

1.3.1 As set out in the detailed supplementary report.

1.4 Risk Assessment

- 1.4.1 The Local Government Act 2003 requires the Chief Financial Officer, when calculating the Council Tax Requirement, to report on the robustness of the estimates included in the budget and the adequacy of the reserves for which the budget provides. Consideration will and is given to the risks associated with any budget setting process where various financial and other assumptions have to be made. To mitigate the risks detailed estimates are formulated in conjunction with Services taking into account past outturn, current spending plans and likely future demand levels / pressures and external guidance on assumptions obtained where appropriate.
- 1.4.2 The Medium Term Financial Strategy sets out the high level financial objectives the Council wishes to fulfil and underpins the budget setting process for the forthcoming year and over the Strategy period. As the Council's high level financial planning tool the Strategy needs to be reviewed and updated at least annually and in the current climate regularly reviewed by Management Team. In addition, not identifying and implementing the requisite savings will put at risk the integrity of the Medium Term Financial Strategy.
- 1.4.3 Members are reminded that there are factors not reflected in or throughout the duration of the MTFS, e.g. potential shortfall to be met by the Council in respect of the Business Rates Retention scheme and cost implications as a result of government initiatives to identify housing benefit overpayments and, in turn, reduce the ongoing benefit bill. In addition, beyond 2016/17, the MTFS assumes a 3% increase in council tax year on year whereas the threshold above which a referendum is to be held has in recent years been set at 2%.
- 1.4.4 The Settlement includes projected figures for New Homes Bonus which may be difficult to achieve and or potential further reductions would further add to the savings target.
- 1.4.5 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.
- 1.4.6 Failure to endorse a satisfactory Capital Strategy may lead to a capital programme which does not fully support the Council's Key Priorities and Improvement Actions.
- 1.4.7 Any increase in council tax above the relevant threshold, even by a fraction of a percentage point, would require a referendum to be held.

Background papers:

contact: Sharon Shelton
Neil Lawley

Nil

Julie Beilby
Chief Executive

Sharon Shelton
Director of Finance and Transformation

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TONBRIDGE & MALLING BOROUGH COUNCIL

CABINET

11 February 2016

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

Part 1- Public

Matters for Recommendation to Council

1 SETTING THE BUDGET

Further to reports to the meeting of the Finance, Innovation and Property Advisory Board and Overview and Scrutiny Committee earlier in the cycle, this report updates Cabinet on issues relating to the Medium Term Financial Strategy. It also takes Members through the necessary procedures in order to set the Budget for 2016/17.

1.1 Introduction and Foreword

- 1.1.1 At the Full Council meeting on 16 February, Members will determine both the Budget and the level of council tax for 2016/17. The detailed Estimates for 2016/17 prepared by your Officers have been carefully considered by the Finance, Innovation and Property Advisory Board and the Overview and Scrutiny Committee. Details are set out at paragraph 1.3 below.
- 1.1.2 Whilst the primary purpose of this report is for Cabinet to recommend the Budget and resultant level of council tax for 2016/17; as ever, this one year cannot be viewed in isolation. This budget sits within the context of our Medium Term Financial Strategy (MTFS) covering a ten-year period. Financial decisions made in respect of the year 2016/17 will have an impact across the MTFS and upon the savings targets the Council will need to achieve in order to 'balance its books' and we must not lose sight of the scale of this particular challenge.
- 1.1.3 The Localism Act requires a local authority to seek the approval of their electorate via a local referendum if it proposes to raise council tax above the threshold set by the Secretary of State. The final local government finance settlement was confirmed on 8 February. For the year 2016/17 a referendum will be triggered where council tax is increased by the higher of **2% or £5**. For the purposes of preparing the budget papers an increase of £5 each year for the four-year period 2016/17 to 2019/20 has been assumed; and beyond 2019/20 the MTFS assumes a 3% increase in council tax year on year. To put this into context, 1% currently equates to about £90,000.

- 1.1.4 Undoubtedly the Council continues to face a significant financial challenge in respect of identifying and implementing savings over the coming years. As Members are aware, we set a target of achieving savings of £200,000 this financial year, and this has been achieved.
- 1.1.5 However, with the Local Government Finance Settlement over the four-year period 2016/17 to 2019/20, together with the proposed changes to NHB redistributing funding to authorities with responsibility for social care it is estimated **further savings** of circa £1.825m (and potentially a greater sum) need to be identified and implemented over the medium term should a council tax increase of £5 be approved.
- 1.1.6 Members will note that the further savings figure of £1.825m is marginally 'better' than the figure quoted in the Savings & Transformation Strategy report elsewhere on this agenda. This is due to the impact of the remodelling of the MTFS we have undertaken following the release of the final settlement and the ongoing adjustments being made to the estimates set out in the table at paragraph 1.3.2.
- 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 2016/17
 - Fees and Charges
 - Capital Plan
 - Treasury Management and Annual Investment Strategy
 - Consultation with Non-Domestic Ratepayers
 - Medium Term Financial Strategy Update
 - Savings and Transformation 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 17 December 2015, the Secretary of State for the Department for Communities and Local Government, Greg Clark MP, made a statement to Parliament on the provisional local government finance settlement for 2016/17. The final figures were (eventually) confirmed on 8 February 2016, and Members will see later in this report that the Secretary of State has made some changes as a result of the responses to the consultation. The government will offer any council that wishes to take it up a four-year funding settlement to 2019/20 and as a result illustrative allocations up to 2019/20 have also been provided.
- 1.2.2 A new methodology has been adopted where rather than applying the same percentage cut to all local authorities, the government now propose to take into account the amount that can be raised locally from council tax. The government has also altered the split of funding between tiers of government seemingly in favour of upper tier authorities, with larger funding reductions for district councils. This approach sees our revenue support grant reduce to zero by 2017/18 and thereafter further reductions are reflected by way of a 'tariff adjustment' under the business rates retention scheme. What this highlights is that the Settlement has been designed taking in account the particular pressures experienced by councils which provide adult social care and children's services (robbing Peter - district councils - to pay Paul - authorities with responsibility for social care - comes to mind).
- 1.2.3 As Cabinet will be aware, a robust response was sent in response to the provisional settlement, and the Council also collaborated with other district councils who found themselves in a similar predicament in making a further joint response. The Secretary of State has listened, in part, to the concerns raised. Changes to the provisional settlement on publication of the final settlement for Tonbridge & Malling Borough Council are:
- 1) Transitional funding provided for 2016/17 and 2017/18.
 - 2) Removal of tariff adjustment in 2017/18 and 2018/19 (reduction of £998,296 remains in place for 2019/20).
 - 3) Increase in the council tax referendum limit for all district councils to the higher of 2% or £5 over the four years.
- 1.2.4 There is no additional central government funding for 2019/20 meaning it is only the pace of reductions in funding that is now less severe as a result of these changes. **In other words, the financial 'baseline' for the future is still the same.**
- 1.2.5 Our Settlement Funding Assessment (core funding) for 2016/17 and illustrative allocations up to 2019/20 can be seen in the table below. In 2019/20 our Settlement Funding Assessment is projected to be £1,283,705. This represents a

cash decrease of £2,394,894 or 65.1% when compared to the equivalent figure of £3,678,599 in 2015/16.

- 1.2.6 Included in the Settlement Funding Assessment is the parish councils' indicative allocation in respect of the council tax reduction scheme (CTRS), however, it is not separately identified. Members are aware that this Council has traditionally passed on this funding to parish councils even though it is not separately identified; although some councils have chosen not to do so. Elsewhere on this agenda in the Savings & Transformation Strategy report, it is suggested that Cabinet discuss the CTRS funding with parish councils alongside the review of the Scheme of Financial Arrangements.
- 1.2.7 The Council's grant award for 2016/17 and illustrative figures up to 2019/20 under the New Homes Bonus scheme can also be seen in the table below and reflect proposed changes, the subject of consultation, to the scheme. Again, the proposed changes are designed to deliver savings which can be redistributed to authorities with responsibility for social care ('robbing Peter to pay Paul'). In 2019/20 NHB is projected to be £2,332,049. This represents a cash decrease of £769,104 or 24.8% when compared to £3,101,153 in 2015/16.
- 1.2.8 In 2019/20 Total Grant Funding is projected to be £3,615,754. This represents a cash decrease of £3,163,998 or 46.7% when compared to the equivalent figure of £6,779,752 in 2015/16.

	2015/16 £	2016/17 £	2017/18 £	2018/19 £	2019/20 £
Local Share of Business Rates	2,089,115	2,106,525	2,147,957	2,211,323	2,282,001
Tariff Adjustment					(998,296)
Revenue Support Grant	1,589,484	655,042			
Transition Grant		134,829	117,201		
Settlement Funding Assessment	3,678,599	2,896,396	2,265,158	2,211,323	1,283,705
Change over SR Period (£)					(2,394,894)
Change over SR Period (%)					-65.1%
New Homes Bonus ##	3,101,153	3,843,083	3,868,610	2,430,513	2,332,049
Total Grant Funding	6,779,752	6,739,479	6,133,768	4,641,836	3,615,754
Change over SR Period (£)					(3,163,998)
Change over SR Period (%)					-46.7%

Note: These are the figures set out in the Settlement consultation which are subject to change.

- 1.2.9 In recent years the government has referred to the increase / (decrease) in an authority's spending power (now known as core spending power) and this is what

tends to be quoted in media coverage. The decrease in core spending power calculated by the government over the four-year period is 8.7%.

- 1.2.10 In overview, the Settlement, alongside the NHB proposals, brings added funding pressure for district councils and the services they provide and could put financial sustainability at risk.
- 1.2.11 **Of the twelve district councils in Kent, Tonbridge & Malling Borough Council continues to receive one of the lowest, if not the lowest, Settlement Funding Assessment both in total and per head.** A comparison of our Settlement Funding Assessment each year for the period 2016/17 to 2019/20 with those of other Kent district councils is provided at **[Annex 1a]**.
- 1.2.12 Attached at **[Annex 1b]** for Members' information is a copy of the Referendums Principles setting out the level of council tax increase for 2016/17 above which the local authority would be required to seek the approval of their electorate via a local referendum.

1.3 Revenue Estimates 2016/17

- 1.3.1 As mentioned in the Foreword, the draft Revenue Estimates for 2016/17 were presented to the meetings of the Finance, Innovation and Property Advisory Board and the Overview and Scrutiny Committee earlier in the cycle. The role of the Advisory Board and of the Committee is to assist both the Cabinet and the Council in the development of its budget within the context of the Medium Term Financial Strategy and the Council's priorities. Whilst a number of questions were posed by Members at these meetings, the Revenue Estimates as presented were endorsed.
- 1.3.2 Adjustments made to the Revenue Estimates presented to the Finance, Innovation and Property Advisory Board and the Overview and Scrutiny Committee are detailed in the table below. The movement in the Business Rates Retention Scheme Reserve is largely to take account of the timing differences in the accounting arrangements.

	Revised Estimate 2015/16 £	Original Estimate 2016/17 £
Summary Total reported to Finance, Innovation and Property Advisory Board on 13 January 2016	11,722,850	11,398,300
Pre-planning advice		(16,000)
Car park charges (excluding West Malling short stay car park)		(46,050)

General Purposes Committee – Establishment report		(18,450)
DWP Administration Grant		(26,300)
Invest to Save Reserve		300,000
Business Rates Retention Scheme Reserve	77,550	(2,000,000)
Transition Grant		(134,850)
Current Summary Total	11,800,400	9,456,650

1.4 Fees and Charges

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

1.5 Capital Plan

- 1.5.1 The Capital Plan Review process started at the Finance, Innovation and Property Advisory Board on 13 January followed by the Overview and Scrutiny Committee on 26 January.
- 1.5.2 Members' attention was drawn to the significant financial challenge faced by the Council and the impact this has on the ability of the Council to invest in capital schemes. It was, however, also acknowledged that some capital projects can have a beneficial effect on the revenue position by either generating additional or new income, or alternatively producing cost savings in due course.
- 1.5.3 Members were reminded of the criteria established to guide the inclusion of new schemes to List C (holding list of schemes not yet fully worked up) and ultimately the inclusion of schemes on List A (schemes assigned budget provision). The criteria are:
- to meet legislative requirements including health and safety obligations;

- funded from external resources; and
 - reduce revenue expenditure and or generate income.
- 1.5.4 The subsequent recommendations where appropriate have regard to these criteria.
- 1.5.5 Capital expenditure is currently funded from the revenue reserve for capital schemes, grants from government and other bodies, developer contributions and from capital receipts derived from the sale of assets.
- 1.5.6 It is important to ensure that the revenue reserve for capital schemes can continue to fund capital expenditure at least until we reach a position where the annual contribution to the reserve matches the funding required for the replacement of existing assets (vehicles, plant and equipment) as well as recurring capital expenditure.
- 1.5.7 As a result there is an annual capital allowance for all other capital expenditure. Any 'bids' for capital schemes or discretionary capital grants are to be assessed in the context of the annual allowance. It should be noted, based on current projections, that from 2019/20 the Council will need to borrow to fund such expenditure. In order to support the funding arrangement in respect of the Tonbridge Town Lock Scheme in April 2015 the annual capital allowance was set at £200,000 and it is proposed that the annual allowance continue to be set at that level.
- 1.5.8 The Finance, Innovation and Property Advisory Board and the Overview and Scrutiny Committee endorsed the recommendations as detailed in the papers. The recommendations were:
- 1) Cabinet be asked to endorse the Capital Plan (List A) position as shown in Annex 2 of the Capital Plan Booklet and summarised at **[Annex 3]** noting:
 - (a) The increase in the budget provision in respect of the Tonbridge Town Lock capital plan scheme and how that is to be funded (FIP Advisory Board report paragraph 1.4.3 refers).
 - (b) The additional works at an estimated cost of £20,000 to be met in full by the TMLT and the use of the urgency procedure to amend the Capital Plan accordingly (FIP Advisory Board report paragraph 1.4.4 refers).
 - (c) The increase in the budget provision in respect of the river wall, Wouldham capital plan scheme and how that is to be funded (FIP Advisory Board report paragraph 1.4.6 refers).
 - 2) Members are aware of the undoubtedly difficult financial landscape that lies ahead where it will be difficult to fund other than priority capital plan schemes. As a result a number of what could be termed 'like to do'

schemes that, in many cases, have sat on List C for a number of years are recommended to be deleted and, in so doing, focus attention on what are seen as priority capital plan schemes or where there is the potential for external funding. The schemes listed in **[Annex 4]** are added to List C or deleted from List C as detailed.

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

1.5.9 Attention was also drawn to a proposal from Kent County Council (KCC) for the provision of a new / enhanced tow path from Maidstone to Allington lock. KCC and Maidstone Borough Council have secured £2 million from the local growth fund for the project and Maidstone Borough Council has indicated funding of up to £500,000. KCC is seeking a contribution from this Council of up to £300,000 for the project to extend the path from Allington to Aylesford station. Whilst it is recognised that the proposal would be desirable in terms of improving access along the riverside, it does not meet the Council's existing priorities or stated criteria for capital funding, and no developer contributions are either available or forthcoming in the locality. A contribution of £300,000 would be in excess of the Council's entire annual allowance for funding new schemes and could bring forward the date when the Council would have to borrow to fund new capital plan schemes. As a result it is felt that the proposal from KCC cannot be supported.

1.5.10 Members are asked to note the following **updates** post the meeting of the Finance, Innovation and Property Advisory Board and Overview and Scrutiny Committee.

- 1) The Haysden Country Park – Site Improvements scheme has moved to the evaluation stage and **[Annex 5]** updated accordingly.

1.5.11 The estimated annual revenue costs of the evaluated List C schemes are given in the table below. The amount and timing of any revenue impact depends on the profiling of the capital expenditure and the timing of any changes in activity levels which generate changes to running costs or income. It can be seen that if the schemes are progressed as recommended the estimated revenue consequence is £5,000 in 2016/17 and £5,000 in subsequent years.

Scheme	Capital Cost £	Revenue Impact	
		2016/17 £	2017/18 £
Haysden Country Park: Ext. of Play Area	55,000	5,000	5,000
Total	55,000	5,000	5,000

- 1.5.12 The above scheme is to be funded primarily by a grant of £50,000 from the SITA Trust. Release of the grant is subject to a payment to a third party. As a result the balance of £11,000 is to be funded by way of a virement from the Tonbridge Racecourse Sportsground Flood Lighting scheme.
- 1.5.13 An updated summary of the Capital Plan incorporating the schemes listed in paragraph 1.5.11 is attached at **[Annex 7]**.
- 1.5.14 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]**.
- 1.5.15 Accordingly, it is **RECOMMENDED** that:
- 1) Cabinet approves the position of the existing Capital Plan (List A) as summarised at **[Annex 3]** noting:
 - The increase in the budget provision in respect of the Tonbridge Town Lock capital plan scheme and how that is to be funded (FIP Advisory Board report paragraph 1.4.3 refers).
 - The additional works at an estimated cost of £20,000 to be met in full by the TMLT and the use of the urgency procedure to amend the Capital Plan accordingly (FIP Advisory Board report paragraph 1.4.4 refers).
 - The increase in the budget provision in respect of the river wall, Wouldham capital plan scheme and how that is to be funded (FIP Advisory Board report paragraph 1.4.6 refers).
 - 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 including one for Fast-Track evaluation.
 - 4) Cabinet approves the transfer of schemes detailed in **[Annex 6]** to List A.
 - 5) Cabinet approves the updated Capital Plan (List A) as summarised in **[Annex 7]**.
 - 6) Cabinet endorse the Capital Strategy as presented to the Finance, Innovation and Property Advisory Board on 13 January and the Overview and Scrutiny Committee on 26 January.

1.6 Treasury Management and Annual Investment Strategy

- 1.6.1 The Local Government Act 2003 and its subsidiary regulations set out the framework for the system of capital controls which applied from 1 April 2004

whereby local authorities must set their own borrowing limits with regard to affordability, prudence and sustainability. Underpinning this is a requirement to follow the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code).

1.6.2 The Prudential Code requires that the CIPFA Treasury Management Code of Practice (the Code) is adopted and that a number of prudential indicators are set. Council adopted the December 2009 edition of the Code on 18 February 2010 and due regard has also been given to subsequent revisions in preparing the Treasury Management and Annual Investment Strategy for 2016/17.

1.6.3 The approval of the Strategy and determination of the prudential indicators has to be made by Full Council, as do amendments to either the Strategy or indicators during the year.

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

- 1) The capital financing requirement - the extent to which the authority needs to undertake external borrowing to support its capital programme.
- 2) The operational boundary for external debt.
- 3) The authorised limit for external debt.
- 4) The actual external debt.
- 5) The upper limit for fixed interest rate exposure.
- 6) The upper limit for variable rate exposure.
- 7) The upper limit for total principal sums invested for over 364 days.
- 8) The maturity structure for new fixed rate borrowing during 2016/17.

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

Treasury Management Prudential Indicators					
Prudential Indicator	2014/15 Actual	2015/16 Revised Estimate	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate
	£'000	£'000	£'000	£'000	£'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	11,466 58.9%	It is anticipated that the net exposure will range between 40% to 100%	
The upper limit for total principal sums invested for over 364 days at year end	NIL 0%	60% of core funds	
The maturity structure for new fixed rate borrowing during 2016/17		Upper Limit	Lower Limit
Under 12 months		100%	NIL
Over 12 months		NIL	NIL

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

Prudential Indicators

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%.						
	2014/15 actual	2015/16 estimated	2016/17 estimated	2017/18 estimated	2018/19 estimated	2019/20 estimated	2020/21 estimated	2021/22 estimated
	-1.36%	-1.60%	-2.07%	-2.53%	-3.71%	-5.35%	-5.22%	-4.71%
2.	Estimates of the incremental impact of capital investment decisions on the Council Tax	The revenue impact of capital schemes added to the capital plan on the Council Tax Band D equivalent. The figures below show the estimated effect on the Borough Council's Band D equivalent of the addition of List B schemes to list A. A more detailed version of this indicator appears in [Annex 10] .						

		2016/17 estimated £ 0.10	2017/18 estimated £ 0.00	2018/19 estimated £ 0.00	2019/20 estimated £ 0.00	2020/21 estimated £ 0.00	2021/22 estimated £ 0.00
Total							
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] .					
2014/15 actual £'000 2,341	2015/16 estimated £'000 4,696	2016/17 estimated £'000 3,314	2017/18 estimated £'000 1,872	2018/19 estimated £'000 1,679	2019/20 estimated £'000 1,684	2020/21 estimated £'000 1,608	2021/22 estimated £'000 1,485

- 1.6.10 We, therefore, **RECOMMEND** that for the financial year 2016/17 the prudential indicators listed in paragraphs 1.6.5 and 1.6.9 be recommended to Council for adoption.
- 1.6.11 A local authority has a statutory duty to “*determine for the current financial year an amount of minimum revenue provision that it considers to be prudent*” in relation to its capital expenditure. It would be impractical to charge the entirety of such expenditure to revenue in the year in which it was incurred and so such expenditure is spread over several years so as to try and match the years over which such assets benefit the local community through their useful life.
- 1.6.12 The spreading of these costs is through what is termed an *annual minimum revenue provision*. As the Council is debt free and, at least in the short term, does not expect to borrow to support its capital programme the minimum revenue provision is nil. Guidance issued by the Government also recommends that a Minimum Revenue Provision Policy Statement be prepared. We propose to prepare such a Statement at a time when our capital expenditure plans cannot be met without recourse to borrowing. Based on current estimates, this is not anticipated to be until the financial year 2019/20.
- 1.6.13 Members are asked to NOTE that for the financial year 2016/17 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 15 January 2016. ***Cabinet is advised that no comments have been received.***

1.8 Medium Term Financial Strategy Update

- 1.8.1 To recap, the Council's Medium Term Financial Strategy (MTFS) covers both revenue and capital budgets over a rolling ten-year period, and it is this Strategy that underpins the budget setting process for the forthcoming year and over the strategy period. The aim of the MTFS is to give us a realistic and sustainable plan that reflects the Council's priorities.
- 1.8.2 The Strategy also sets out, based on current financial information, not only the projected budgets for the period, but also the levels of council tax that are projected to be required to meet the Council's spending plans. Underneath the Strategy for the budget setting year sits detailed estimates formulated in conjunction with Services taking into account past outturn, current spending plans and likely future demand levels / pressures.
- 1.8.3 Members are fully aware of the significant financial challenge faced by the Council as a result of the Government's ongoing budget deficit reduction programme which has resulted in continuing reductions in the financial support it can offer to local government. We believe, however, that our MTFS is resilient and the financial pressures likely to confront us can be addressed in a measured and controlled way, but with ever increasing pressure this is becoming progressively more difficult.
- 1.8.4 The MTFS sets out the high level objectives the Council wishes to fulfil over the agreed time span and which are:
- To achieve a **balanced revenue budget** that delivers the Council's priorities by the end of the strategy period.
 - To retain a **minimum of £2.0m** in the General Revenue Reserve by the end of the strategy period.
 - Seek to set **future increases in council tax having regard to the guidelines** issued by the Secretary of State.
 - 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.
 - Subject to there being sufficient resources within the capital reserve, set a **maximum 'annual capital allowance'** each year as part of the budget setting process for all new capital schemes (currently set at £200,000 from the Council's own resources) and give priority to those schemes that generate income or reduce costs.

- 1.8.5 In recognition of the Savings and Transformation Strategy report to Cabinet on 17 November 2015 it is proposed that the objective above starting, 'Over the strategy period' be replaced by:

Continue to **identify efficiency savings** and **opportunities for new or additional income sources** and to **seek appropriate reductions in service costs** in delivery of the Savings and Transformation Strategy approved by Members.

Subject to this suggested amendment, Members are asked to reaffirm the high level objectives of the MTFs set out in paragraph 1.8.4 above.

- 1.8.6 The budget for 2016/17 is, naturally, the starting point for updating the MTFs. Referring to paragraph 1.3.2, Members will note that the Summary Total for the 2015/16 Revised Estimates is £11,800,400; and for the 2016/17 Estimates is £9,456,650 and are used in the budget projections in the Medium Term Financial Strategy at **[Annex 11]**.
- 1.8.7 When updating the MTFs 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 2016/17 above which the local authority would be required to seek the approval of their electorate via a local referendum;
 - the ongoing impact of the Business Rates Retention scheme; and
 - award of New Homes Bonus.
- 1.8.8 Members will recall we set ourselves a savings target this year of £200,000. Reflected in the estimates are 'in-service efficiencies' of just over £200,000 recently identified by Management Team (one of the savings themes identified within the Savings and Transformation Strategy). In addition, other net savings of over £100,000 have been reflected.
- 1.8.9 However, with both the local government finance settlement 2016/17 including illustrative allocations up to 2019/20 and the proposed changes to NHB redistributing funding to authorities with responsibility for social care, the projected 'outstanding' funding gap now stands at £1.825 million (see paragraph 1.1.6) with **potential for further reductions in NHB in the future**. This requires us to introduce an additional savings tranche of £700,000 to be achieved, based on current projections, by the 1 April 2021 (at the latest).

1.8.10 Undoubtedly, a significant financial challenge remains and if the ‘gap’ is to be bridged, it is clear that some difficult, and potentially radical, choices will have to be made. A Savings and Transformation Strategy has been recommended by Cabinet to Full Council, and as Members will see from the report elsewhere on this agenda, this has already needed to be extended and hardened since its inception. The Overview and Scrutiny Committee has already embarked on a rigorous review programme of the Council’s services and functions.

1.8.11 As in previous iterations of the MTFS the revised savings target can be broken down into tranches. Based on previous decisions by Members with regard to the delivery of savings, I propose the following timescales:

- 1) Tranche one - £625,000 to be achieved by April 2017.
- 2) Tranche two - £500,000 to be achieved by April 2018.
- 3) Tranche three - an additional target of £700,000 to be achieved by April 2021 at the latest.

1.8.12 The MTFS has been remodelled assuming that the Council will take up the Secretary of State’s revised ‘offer’ in terms of the council tax referendum principles over the 4 year period of the settlement. Indeed, in reworking the core spending power calculations, the DCLG has assumed that district councils will increase council tax to this level. Some of the headline statistics should a council tax increase of £5 be approved are as follows:

<u>2016/17</u>	
Council Tax Band D	£192.51
Increase per annum	£5.00
Increase per week	10 pence
Anticipated Council Tax Income	£9,169,000

<u>MTFS</u>	
Total Base budget savings required:	£1.825m

The savings could be broken down into tranches. For example:

First tranche by 1 April 2017	£625,000
Second tranche by 1 April 2018	£500,000
Third tranche by 1 April 2021 at the latest	£700,000
Reserve balance at end of period	£2.645m

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

- 1.8.14 In addition, for medium term financial planning purposes beyond 2016/17 we assume 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 £158,000 in 2016/17**. This figure increases each year in line with inflation.
- 1.8.15 Members will appreciate that there is so much uncertainty that financial planning is becoming increasingly difficult with the increased risk of significant variances compared to projections. The Director of Finance and Transformation is keen to stress (as mentioned at paragraph 1.8.9) that **depending on what happens to in particular NHB, further savings still could be required**. For medium term financial planning purposes we have assumed that the payments are reduced from six to five years and then to four years and that the cost of the scheme is funded in full. If all of the changes proposed in the consultation paper are introduced the NHB allocations would be less than that currently reflected in the MTFS and is an issue we will need to return to following the outcome of the consultation.
- 1.8.16 Turning back to the specific budget year 2016/17. The budget for 2016/17 includes a contribution to the general revenue reserve of £474,500 and a Summary of the Revenue Estimates Booklet should a council tax increase of £5 be approved is attached at **[Annex 12]**.
- 1.8.17 Cabinet is **RECOMMENDED** to:
- 1) Reaffirm the high level objectives of the MTFS, taking on board the amendment set out in paragraph 1.8.5.
 - 2) Note the updates to the MTFS as set out at **[Annex 11]** based on a council tax increase of £5 for 2016/17.
 - 3) Give guidance to Full Council as to the best way forward in updating the MTFS for the next ten-year period, and setting the council tax for 2016/17.

1.9 Savings and Transformation Strategy

- 1.9.1 Alongside the MTFS now sits a Savings and Transformation Strategy which was initially considered and recommended by Cabinet on 17 November 2015. The purpose of the Strategy is to provide structure, focus and direction in addressing the significant financial challenge faced by the Council and, in so doing, recognise there is no one simple solution and as a result we will need to adopt a number of ways to deliver the savings within an agreed timetable.
- 1.9.2 As Members will recall, a number of key themes were identified, together with outline targets and an indicative year of implementation for each. The outline targets set out in the original version of the strategy (November) total £1,550,000 which is now insufficient to meet the funding gap. The Strategy has, therefore,

been updated and a new version appears in a report elsewhere on the agenda. Members will see from that separate report that the (original) 'in-service efficiencies' target of £200,000 has been met by the Management Team and has been incorporated into the budget setting process.

1.10 Collection Fund Adjustments

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

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

- Estimate the surplus / deficit on the collection fund for 2015/16 in respect of council tax and then share this between the major precepting authorities (including ourselves).
- Estimate the surplus / deficit on the collection fund for 2015/16 in respect of business rates and then share this between the relevant parties in accordance with the business rates retention scheme.

1.10.3 These are known as collection fund adjustments:

- The **surplus** on the collection fund in respect of council tax is estimated to be £984,801, of which our share is £147,917 [**Annex 13a**].
- The **deficit** on the collection fund in respect of business rates is estimated to be £4,973,117, of which our share is £1,989,247 [**Annex 13b**].

1.11 Parish Councils

1.11.1 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 2016/17 are set out at [**Annex 14**] for Members' information.

1.11.2 Also, the Parish Councils were notified on 7 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. The Council has passed on this funding to parish councils even though it is not separately identified; although some councils have chosen not to do so. As a result the funding available was increased by 0.4% (from £173,958 to £174,654) representing the increase 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.

1.11.3 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]**.

1.12 Robustness of Estimates / Adequacy of Reserves

1.12.1 The Council is required to have regard to the level of its balances and reserves before determining its council tax requirement. **[Annex 16]** sets out the projected general fund and general revenue reserve balances based on a council tax increase of £5.

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

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

1.12.4 The Director of Finance and Transformation advises that she is satisfied as to the Robustness of the Estimates and the Adequacy of **Reserves on the understanding that the savings target based on latest projections of £1.825m is delivered.**

1.12.5 A Statement covering the points above is appended at **[Annex 17]**. Members will note that overall the Director of Finance and Transformation signifies that, in her professional opinion, the estimates are robust and the level of reserves adequate.

1.12.6 A schedule of the reserves held by the Council at 1 April 2015 and proposed utilisation of those reserves to 31 March 2017 is provided at **[Annex 17]** Table A. As this Council's Chief Finance Officer, the Director of Finance and Transformation has undertaken a review of the earmarked reserves held and is satisfied as to the position depicted and will revisit the position as part of the closedown process for 2015/16.

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

1.13 Calculation of Borough Council's Tax Requirement

1.13.1 The Council is required to calculate:

- Its aggregate expenditure which, for this purpose, includes our share of any Collection Fund deficit and the Parish Council precepts.

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

1.13.2 Assuming Cabinet's concurrence with the recommendations set out in paragraph 1.8.17, the calculation is set out at **[Annex 18]**. It should be noted that, for this purpose, the Borough Council's council tax requirement includes the Parish Council precepts.

1.14 Legal Implications

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

1.14.2 The Localism Act gives local communities the power to veto excessive council tax increases. The Secretary of State will determine a limit for council tax increases which has to be approved by the House of Commons. If an authority proposes to raise council tax above this limit they will have to hold a referendum to get approval for this from local voters who will be asked to approve or veto the rise.

1.15 Financial and Value for Money Considerations

1.15.1 As set out above.

1.16 Risk Assessment

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

1.16.2 The Medium Term Financial Strategy sets out the high level financial objectives the Council wishes to fulfil and underpins the budget setting process for the forthcoming year and over the Strategy period. As the Council's high level financial planning tool the Strategy needs to be reviewed and updated at least annually and in the current climate regularly reviewed by Management Team. In addition, not identifying and implementing the requisite savings will put at risk the integrity of the Medium Term Financial Strategy.

- 1.16.3 Members are reminded that there are factors not reflected in or throughout the duration of the MTFS, e.g. potential shortfall to be met by the Council in respect of the Business Rates Retention scheme and cost implications as a result of government initiatives to identify housing benefit overpayments and, in turn, reduce the ongoing benefit bill. In addition, beyond 2019/20, the MTFS assumes a 3% increase in council tax year on year whereas the threshold above which a referendum is to be held is currently the higher of 2% or £5.
- 1.16.4 The Settlement includes projected figures for New Homes Bonus which may be difficult to achieve and or potential further reductions would further add to the savings target.
- 1.16.5 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.
- 1.16.6 Failure to endorse a satisfactory Capital Strategy may lead to a capital programme which does not fully support the Council's Key Priorities and Improvement Actions.
- 1.16.7 Any increase in council tax above the relevant threshold, even by a fraction of a percentage point, would require a referendum to be held.

1.17 Equality Impact Assessment

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

1.18 Summary of Recommendations

- 1.18.1 Cabinet is **RECOMMENDED** to:

- 1) Endorse the fees and charges set out in **[Annex 2]** as recommended by the appropriate Advisory Boards (excluding West Malling short stay car park which is the subject of a petition).
- 2) Update the Capital Plan as set out in paragraph 1.5.15 and recommend that Council adopt the Capital Plan accordingly.
- 3) Endorse the Capital Strategy as presented to the Finance, Innovation and Property Advisory Board on 13 January and the Overview and Scrutiny Committee on 26 January and recommend to Council it be adopted.
- 4) Endorse the prudential indicators listed in paragraphs 1.6.5 and 1.6.9 and recommend to Council that they be adopted.
- 5) Note that for the financial year 2016/17 the Council's Minimum Revenue Provision as set out at paragraph 1.6.12 is nil.

- 6) Reaffirm the high level objectives of the MTFS, taking on board the amendment set out in paragraph 1.8.5.
- 7) Note the updates to the MTFS as set out at **[Annex 11]** based on a council tax increase of £5 for 2016/17.
- 8) Give guidance to Full Council as to the best way forward in updating the MTFS for the next ten-year period, and setting the council tax for 2016/17.
- 9) 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

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Local Government Finance Settlement 2016 - 2020

2016/17						
	Revenue Support Grant £	Business Rates Baseline £	Transitional Grant £	Tariff Adjustment £	Settlement Funding Assessment £	Per Head £
Ashford	1,269,915	2,633,558	28,782	-	3,932,255	31.89
Canterbury	1,994,181	4,289,784	21,157	-	6,305,122	40.01
Dartford	1,283,209	2,485,553	19,747	-	3,788,509	37.07
Dover	1,757,946	3,390,769	0	-	5,148,715	45.52
Gravesham	1,225,771	2,713,347	11,250	-	3,950,368	37.52
Maidstone	870,179	2,983,341	221,641	-	4,075,161	25.19
Sevenoaks	632,791	2,108,807	151,892	-	2,893,490	24.56
Shepway	1,736,221	3,415,967	61,220	-	5,213,408	47.61
Swale	2,085,951	3,926,420	0	-	6,012,371	42.70
Thanet	2,464,892	4,625,204	0	-	7,090,096	51.23
Tonbridge and Malling	655,042	2,106,525	134,829	-	2,896,396	23.28
Tunbridge Wells	833,823	2,173,271	74,439	-	3,081,533	26.54

2017/18						
	Revenue Support Grant £	Business Rates Baseline £	Transitional Grant £	Tariff Adjustment £	Settlement Funding Assessment £	Per Head £
Ashford	615,357	2,685,355	28,682	-	3,329,394	27.00
Canterbury	998,152	4,374,157	21,067	-	5,393,376	34.22
Dartford	684,482	2,534,440	19,673	-	3,238,595	31.69
Dover	1,026,829	3,457,460	0	-	4,484,289	39.65
Gravesham	590,152	2,766,714	11,207	-	3,368,073	31.99
Maidstone	-	3,042,018	171,971	-	3,213,989	19.86
Sevenoaks	-	2,150,284	122,984	-	2,273,268	19.30
Shepway	848,143	3,483,153	61,004	-	4,392,300	40.11
Swale	1,238,108	4,003,646	0	-	5,241,754	37.23
Thanet	1,445,776	4,716,174	0	-	6,161,950	44.52
Tonbridge and Malling	-	2,147,957	117,201	-	2,265,158	18.21
Tunbridge Wells	201,609	2,216,016	74,173	-	2,491,798	21.46

2018/19						
	Revenue Support Grant £	Business Rates Baseline £	Transitional Grant £	Tariff Adjustment £	Settlement Funding Assessment £	Per Head £
Ashford	212,872	2,764,575	-	-	2,977,447	24.15
Canterbury	380,181	4,503,197	-	-	4,883,378	30.99
Dartford	314,829	2,609,208	-	-	2,924,037	28.61
Dover	568,493	3,559,457	-	-	4,127,950	36.50
Gravesham	196,265	2,848,334	-	-	3,044,599	28.91
Maidstone	-	3,131,760	-	-	3,131,760	19.36
Sevenoaks	-	2,213,719	-	-	2,213,719	18.79
Shepway	305,135	3,585,909	-	-	3,891,044	35.53
Swale	706,709	4,121,757	-	-	4,828,466	34.29
Thanet	808,872	4,855,305	-	-	5,664,177	40.93
Tonbridge and Malling	-	2,211,323	-	-	2,211,323	17.78
Tunbridge Wells	-	2,281,390	-	-	2,281,390	19.65

Local Government Finance Settlement 2016 - 2020

	2019/20					
	Revenue Support Grant £	Business Rates Baseline £	Transitional Grant £	Tariff Adjustment £	Settlement Funding Assessment £	Per Head £
Ashford	-	2,852,936	-	(236,720)	2,616,216	21.22
Canterbury	-	4,647,128	-	(310,101)	4,337,027	27.52
Dartford	-	2,692,603	-	(98,083)	2,594,520	25.39
Dover	56,538	3,673,224	-	-	3,729,762	32.98
Gravesham	-	2,939,372	-	(243,714)	2,695,658	25.60
Maidstone	-	3,231,857	-	(1,588,624)	1,643,233	10.16
Sevenoaks	-	2,284,473	-	(1,082,611)	1,201,862	10.20
Shepway	-	3,700,521	-	(301,434)	3,399,087	31.04
Swale	113,144	4,253,496	-	-	4,366,640	31.01
Thanet	97,453	5,010,489	-	-	5,107,942	36.91
Tonbridge and Malling	-	2,282,001	-	(998,296)	1,283,705	10.32
Tunbridge Wells	-	2,354,307	-	(606,086)	1,748,221	15.06

Department for Communities and Local Government

Local Government
Finance (England)

The Referendums Relating
to Council Tax Increases
(Principles) (England) Report
2016/2017

Department for Communities and Local Government

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The Referendums Relating to Council Tax Increases (Principles) (England) Report 2016/17

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.
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 Commons, no principles have effect for that

^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.

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

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

year and accordingly no authority's relevant basic amount of council tax is capable of being excessive for that year^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**) (other than a mayoral combined authority(**b**)). In relation to 2016-17 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 2016

11. The principles which apply for 2016-17 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.

Rt Hon Greg Clark MP
Secretary of State
for Communities and Local Government

5 February 2016

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

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

Principles for the financial year beginning on 1st April 2016

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 2016 is as follows:

Interpretation

1.—(1) In this set of principles—

“2015-16” means the financial year beginning on 1st April 2015;

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

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

“the GLA” means the Greater London Authority;

“a relevant local authority” means-

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

(b) the Council of the Isles of Scilly;

“a relevant police and crime commissioner” means a police and crime commissioner(c) whose basic amount of council tax for 2015-16 is within the lower quartile of basic amounts of council tax for 2015-16 for all police and crime commissioners;

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

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

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

Categories of authority for 2016-17

2. For 2016-17, the Secretary of State determines that the following are categories of authority for the purposes of section 52ZC of the 1992 Act—

(a) any relevant local authority(d);

(b) the GLA;

(c) any shire district council;

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

(a) 1992 c.14.

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

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

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

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

(e) any other authority.

Principles for 2016-17 for authorities belonging to the category mentioned in paragraph 2(a)

3. For 2016-17, the relevant basic amount of council tax of an authority which belongs to the category mentioned in paragraph 2(a) is excessive if the authority's relevant basic amount of council tax for 2016-17 is 4% (comprising 2% for expenditure on adult social care and 2% for other expenditure), or more than 4%, greater than its relevant basic amount of council tax for 2015-16.

Principles for 2016-17 for the Greater London Authority

4. For 2016-17, the GLA's relevant basic amount of council tax is excessive if—

- (a) the GLA's unadjusted relevant basic amount of council tax for 2016-17 is 2%, or more than 2%, greater than its unadjusted relevant basic amount of council tax for 2015-16; or
- (b) the GLA's adjusted relevant basic amount of council tax for 2016-17 is 2%, or more than 2%, greater than its adjusted relevant basic amount of council tax for 2015-16.

Principles for 2016-17 for authorities belonging to the category mentioned in paragraph 2(c)

5. For 2016-17, the relevant basic amount of council tax of an authority which belongs to the category mentioned in paragraph 2(c) is excessive if the authority's relevant basic amount of council tax for 2016-17 is—

- (a) 2%, or more than 2%, greater than its relevant basic amount of council tax for 2015-16; and
- (b) more than £5.00 greater than its relevant basic amount of council tax for 2015-16.

Principles for 2016-17 for authorities belonging to the category mentioned in paragraph 2(d)

6. For 2016-17, the relevant basic amount of council tax of an authority which belongs to the category mentioned in paragraph 2(d) is excessive if the authority's relevant basic amount of council tax for 2016-17 is more than £5.00 greater than its relevant basic amount of council tax for 2015-16.

Principles for 2016-17 for authorities belonging to the category mentioned in paragraph 2(e)

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

more than 2%, greater than its relevant basic amount of council tax for 2015-16.

Local authorities for the following areas fall within the definition of “relevant local authority” in the *Principles for the financial year beginning on 1st April 2016*

(INNER LONDON)

City of London
Camden
Greenwich
Hackney
Hammersmith & Fulham

Islington
Kensington & Chelsea
Lambeth
Lewisham
Southwark

Tower Hamlets
Wandsworth
Westminster

(OUTER LONDON)

Barking & Dagenham
Barnet
Bexley
Brent
Bromley

Croydon
Ealing
Enfield
Haringey
Harrow

Havering
Hillingdon
Hounslow
Kingston-upon-Thames
Merton

Newham
Redbridge
Richmond-upon-Thames
Sutton
Waltham Forest

(GREATER MANCHESTER)

Bolton
Bury
Manchester
Oldham
Rochdale
Salford
Stockport
Tameside

Trafford
Wigan

(MERSEYSIDE)

Knowsley
Liverpool
St Helens
Sefton
Wirral

(SOUTH YORKSHIRE)

Barnsley
Doncaster
Rotherham
Sheffield

(TYNE AND WEAR)

Gateshead
Newcastle-upon-Tyne
North Tyneside
South Tyneside
Sunderland

(WEST MIDLANDS)

Birmingham
Coventry
Dudley
Sandwell
Solihull
Walsall
Wolverhampton

(WEST YORKSHIRE)

Bradford
Calderdale
Kirklees
Leeds
Wakefield

(COUNTY COUNCILS)

Buckinghamshire
Cambridgeshire
Cumbria
Derbyshire
Devon

Dorset
East Sussex
Essex
Gloucestershire
Hampshire

Hertfordshire
Kent
Lancashire
Leicestershire
Lincolnshire

Norfolk
North Yorkshire
Northamptonshire
Nottinghamshire
Oxfordshire

Somerset
Staffordshire
Suffolk
Surrey
Warwickshire

West Sussex
Worcestershire

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

Bracknell Forest
Brighton & Hove
Bristol
Central Bedfordshire
Cheshire East

Cheshire West and Chester
Cornwall
Darlington
Derby
Durham

East Riding of Yorkshire
Halton
Hartlepool
Herefordshire
Isle of Wight Council

Isles of Scilly
Kingston-upon-Hull
Leicester
Luton
Medway

Middlesbrough
Milton Keynes
North East Lincolnshire
North Lincolnshire
North Somerset

Northumberland
Nottingham
Peterborough
Plymouth
Poole

Portsmouth
Reading
Redcar & Cleveland
Rutland
Shropshire

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

Stoke-on-Trent
Swindon
Telford & Wrekin
Thurrock
Torbay

Warrington
West Berkshire
Wiltshire
Windsor & Maidenhead
Wokingham
York

Police and crime commissioners for the following police areas fall within the definition of “relevant police and crime commissioner” in the *Principles for the financial year beginning on 1st April 2016*

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

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**REVIEW OF FEES AND CHARGES – SUMMARY OF
RECOMMENDATIONS FROM ADVISORY BOARDS AND
RESOLUTION OF LICENSING AND APPEALS COMMITTEE**

**Item HE 15/20 referred from Housing and Environmental
Services Advisory Board minutes of 9 November 2015**

**HE 15/20 REVIEW OF HOUSING, ENVIRONMENTAL HEALTH AND
WASTE AND STREET SCENE SERVICES FEES AND
CHARGES**

The joint report of the Director of Street Scene, Leisure and Technical Services, the Director of Planning, Housing and Environmental Health and the Director of Finance and Transformation set out details of the proposed fees and charges for the provision of services in respect of condemned food certificates, exported food certificates, contaminated land, private water supplies, houses in multiple occupation, caravan site licensing, pest control, stray dog redemption fees, household bulky refuse collection and “missed” refuse collection. The Advisory Board was advised that the proposed charge for an Exported Food Certificate was based on ‘cost recovery’ and noted that this reflected the Council’s priority for supporting local business development. Members supported the proposal of introducing a new charge for fridge and freezer collection and noted that a further, detailed, report would be submitted to the next meeting of the Advisory Board.

RECOMMENDED: That Cabinet

- (1) approve the scale of charges for mandatory HMO licensing, caravan site licensing, condemned food certificates, exported food certificates, contaminated land monitoring, sampling private water supplies, stray dog redemption fees, household bulky refuse collection and “Missed” refuse collection charges with effect from 1 April 2016, as detailed in the report to the Advisory Board; and
 - (2) approve the introduction of a new charge for fridge and freezer collections and a report on the proposed charges be submitted to the next meeting of the Housing and Environment Services Advisory Board.
- * **Referred to Cabinet**

Item COM 16/5 referred from Communities Advisory Board minutes of 11 January 2016

COM 16/5 REVIEW OF CEMETERY CHARGES 2016/17

The joint report of the Director of Street Scene, Leisure and Technical Services and the Director of Finance and Transformation outlined the proposed fees and charges for 2016/17 in respect of Tonbridge Cemetery.

RECOMMENDED: That the proposed charges for Tonbridge Cemetery, as detailed at Annex 2 to the report, be implemented with effect from 1 April 2016.

* **Referred to Cabinet**

Item PE 16/3 referred from Planning and Transportation Advisory Board minutes of 12 January 2016

PE 16/3 REVIEW OF CAR PARKING FEES AND CHARGES

The joint report of the Director of Street Scene, Leisure and Technical Services and the Director of Finance and Transformation set out recommendations for car parking fees and charges for implementation from 1 April 2016. In addition, the report identified a number of fees and charges for review over the forthcoming year and outlined the Borough Council's ongoing investment in the parking service.

Careful consideration was given to the options set out and Members noted that, whilst the Council regularly reviewed its fees and charges for services provided for the local community, the last annual review of car parking charges in 2015 did not recommend any increases or other changes. Consequently, there had been no increase in any parking charges in the Borough for the last two years.

Members were advised of a petition from West Malling Parish Council asking that short term parking remain free in the town. The petition comprising over 2,500 signatures had been received immediately prior to the meeting and would be dealt with in accordance with the Council's Petition Scheme.

The views of the Tonbridge Sports Association regarding Lower Castle Fields car park, Tonbridge were referenced and the Cabinet Member for Planning and Transportation offered to discuss how to minimise the effect on sports users with the organisation.

RECOMMENDED: That the following proposals be approved by Cabinet with effect from 1 April 2016:

- (1) the schedule of charges for short and long stay parking in Tonbridge shown in Table 1 to the report be introduced;
- (2) the schedule of charges for parking in Lower Castle Fields car park shown in Table 2 be introduced;
- (3) the schedules of Peak and Off-Peak Season ticket charges in Tonbridge shown in Tables 3 and 4 be adopted;
- (4) the schedules of charges for short and long stay parking in West Malling shown in Table 6 be introduced, with the exception of the 'over 3 hour' option which would be deleted and having noted the receipt of a petition;
- (5) the schedule of charges for Blue Bell Hill car park shown in Table 7 be introduced, subject to reviewing levels of charging increase within the context of extending the charging period to include a charge for Saturday;
- (6) the schedule of charges for parking in Borough Green Western Road car park shown in Table 8 be introduced, subject to the introduction of a 30 minute tariff at 10p, 20p for 1 hour and 40p for 2 hours;
- (7) Residents permits be increased to £40 applied across the whole Borough and Officers investigate further options for the introduction of tiered pricing structure for parking permits for more than one vehicle per residential household;
- (8) the schedule of charges for business permits and dispensation shown in Table 9 be introduced, subject to clarification over the dispensation period and definition of the dispensations;
- (9) visitor permits be increased to £12 for a book of 10 permits;
- (10) the schedule of charges for Haysden and Leybourne Lakes country parks shown in Table 10 be introduced;
- (11) the schedule of charges for on-street pay & display parking in Tonbridge be introduced but amended to be consistent with the proposed short stay charges in Table 1 for periods of up to 3 hours; and

- (12) separate reviews be brought forward on Evening and Sunday charging, on existing car parking concessions and those car parks not addressed within the report.

***Referred to Cabinet**

PE 16/4

REVIEW OF PRE-APPLICATION PLANNING PROCEDURES AND CHARGING REGIME

The report of the Director of Planning, Housing and Environmental Health presented a review of the procedures and practice adopted in providing advice and guidance in respect of planning matters, in particular assistance provided to those intending to submit planning applications. Importantly, the report also reviewed the charges made for the service and recommended a new regime to reflect the costs and value of the advice provided.

Members recognised that there were significant costs involved in providing good quality pre-application advice and although this was highly beneficial to the planning application process and local communities it was now appropriate to critically review charges in the context of increasing focus on service efficiency.

A summary of the different charging regimens for all the local planning authorities in Kent was provided in Annex 1 to the report. Details of the proposed new pre-application protocol, together with the fee structure and pre-application form were set out in Annexes 2 and 3 respectively.

The financial and value for money considerations set out in the report were noted by Members.

RECOMMENDED: That the following proposals be approved by Cabinet with effect from 1 April 2016:

- (1) the Protocol for providing Pre-application advice be adopted, as attached at Annex 2 to the report; and
- (2) the Pre-application Charging Schedule 2016/17 be introduced as attached at Annex 3 to the report

***Referred to Cabinet**

Item FIP 16/5 referred from Finance, Innovation and Property Advisory Board minutes of 13 January 2016

FIP 16/5 REVIEW OF FEES AND CHARGES 2016/17

The report of the Management Team brought forward for consideration as part of the Budget setting process for 2016/17 proposals in respect of those fees and charges that were the responsibility of the Cabinet Member for Finance, Innovation and Property or not reported elsewhere.

RECOMMENDED: That

- (1) in respect of the recovery of legal fees payable by third parties, the Council's fees continue to follow the Supreme Court guideline hourly rates as set out at paragraph 1.2.1 of the report;
- (2) the proposed scale of fees for local land charges searches and enquiries set out in the report be adopted with effect from 1 April 2016 noting that with effect from 1 February 2016 property search fees, in the main, are to be subject to VAT on the basis set out in paragraphs 1.3.4 and 1.3.5 of the report;
- (3) the current photocopying charges of 10p (inclusive of VAT) for each page of the same document or additional copies of the same page plus postage as appropriate be retained;
- (4) the proposed charges for Tonbridge Castle Chamber as set out in Annex 3 to the report be approved for implementation from 1 April 2016 and the list of concessionary users at Annex 1 to the report be endorsed;
- (5) the proposed charges for weddings at Tonbridge Castle as outlined in paragraph 1.6.3 of the report be approved for implementation from 1 April 2017;
- (6) the fees schedule for street naming and numbering set out at paragraphs 1.8.2 and 1.8.3 of the report be adopted with effect from 1 April 2016, subject to the fee for addressing one new in-fill property remaining at £169; and
- (7) the amount of council tax and business rate Court costs recharged to the taxpayer remain as set out at paragraph 1.9.2 of the report for the 2016/17 financial year.

***Referred to Cabinet**

**Minute LA 15/111 of Licensing and Appeals Committee of
2 December 2015**

**LA 15/111 REVIEW OF FEES AND CHARGES 2016/17 - LICENSING
FEES**

The report of the Director of Central Services and Monitoring Officer gave details of proposed licensing fees and charges for 2016/17. The report focused on the fees to be charged for hackney carriage and private hire licensing, together with other miscellaneous licences/registrations dealt with by Licensing Services. The fee model sheets for the main taxi fee increases were set out at Annex 2 to the report and showed the officer cost and time in validating, processing and issuing licences and enforcement costs where applicable.

In considering the proposed fees at Annex 1 to the report, Members suggested in respect of the miscellaneous licences that those above £50 should be rounded up to the nearest £5.

RESOLVED: That the proposed scale of fees for licences, consents and registrations contained in Annex 1 to the report be adopted with effect from 1 April 2016 subject to the Hackney Carriage new vehicle licence being amended to £225 and the miscellaneous licences above £50 being rounded up to the nearest £5, as set out in the revised table annexed to these Minutes.

[In accordance with Council and Committee Procedure Rule 8.6 Councillor B Elks requested that his vote against the motion to amend the proposals contained in the report be recorded.]

**CAPITAL PLAN: LIST A
ALL SERVICES**

	Expenditure To 31/03/15	2015/16 Estimate inc Prior Year Slippage	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate	Total Scheme Estimate
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Capital Plan Schemes									
Service									
Planning, Housing & Environmental Health	74	356	235	235	235	235	235	235	1,840
Street Scene, Leisure & Technical	846	943	1,173	140	145	130	130	130	3,637
Corporate	(4)	40	42	90	30	30	30	30	288
Sub-total	916	1,339	1,450	465	410	395	395	395	5,765
Capital Renewals									
Service									
Planning, Housing & Environmental Health	n/a	1	0	0	0	15	0	0	16
Street Scene, Leisure & Technical	n/a	317	834	495	263	484	424	372	3,189
Corporate	n/a	368	299	392	336	270	269	198	2,132
Sub-total	n/a	686	1,133	887	599	769	693	570	5,337
Grand Total	916	2,025	2,583	1,352	1,009	1,164	1,088	965	11,102

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Capital Plan Review 2015/16

Recommendations in respect of List C

**Booklet
Annex 3
Page No**

Schemes to be added to List C

Street Scene, Leisure and Technical

Larkfield Leisure Centre: Pool Hall Roof	CP 39
Tonbridge Racecourse: Rugby Pitch Drainage Improvements	CP 41
Haysden Country Park: Site Improvements	CP 41
Tonbridge Castle: Site Improvements	CP 43
Environmental Improvements:	
Blossom Bank Development, Tonbridge, New Pedestrian Bridge	CP 46
River Medway, Riverside Lighting, Tonbridge	CP 47

Corporate

IT Initiatives: Council Chamber Conference System	CP 52
IT Initiatives: Virtual Desktop Infrastructure	CP 53

Schemes to be deleted from List C

Street Scene, Leisure and Technical

Poult Wood Golf Centre: Drainage	CP 39
Country Parks: Installation of Automatic Bollards	CP 43
Car Parking: East Malling Car Park Access & Security Improvements	CP 45
Car Parking: Resident's Car Parking, Eccles	CP 45
Environmental Improvements:	
Conservation Area Enhancements	CP 46
Larkfield (A20) Local Shopping Area	CP 47
Shopping Parade Enhancement, Woodlands Road, Ditton	CP 48
The Fosse/Landsdowne neighbourhood	CP 48
Tonbridge Town Centre Enhancements Phase 2	CP 49
Twisden Road Shopping Parade	CP 50
Drainage & Flood Defence: Drainage Improvement Programme	CP 50
Local Transport Plan Partnership Programme	CP 51
Community Partnership Initiatives	CP 51

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Capital Plan Review 2015/16

Schemes selected for evaluation from List C

	Booklet Annex 3 Page No
Street Scene, Leisure and Technical	
Haysden Country Park: Extension of Play Area (Fast-Track)	CP 41
Haysden Country Park: Site Improvements	CP 41
River Medway, Riverside Lighting, Tonbridge	CP 47
Corporate	
IT Initiatives: Council Chamber Conference System	CP 52
IT Initiatives: Virtual Desktop Infrastructure	CP 53

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Capital Plan Review 2015/16

Recommendations in respect of evaluated schemes

	Capital Cost £'000	Estimated Annual Revenue/ Renewals Cost £'000		Booklet Annex 4 Page No
Street Scene, Leisure and Technical				
Haysden Country Park: Extension of Play Area	55	5	Transfer from List C to List B	CP 55
Total	55	5		

The above scheme is to be funded primarily by a grant of £50,000. Release of the grant is subject to a payment of £6,000 to a third party. As a result the balance of £11,000 is to be funded by way of a virement from the Tonbridge Racecourse Sportsground Flood Lighting scheme.

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**CAPITAL PLAN: LIST A
ALL SERVICES**

	Expenditure To 31/03/15	2015/16 Estimate inc Prior Year Slippage	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate	Total Scheme Estimate
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Capital Plan Schemes									
Service									
Planning, Housing & Environmental Health	74	356	235	235	235	235	235	235	1,840
Street Scene, Leisure & Technical	846	943	1,173	140	145	130	130	130	3,637
Corporate	(4)	40	42	90	30	30	30	30	288
Sub-total	916	1,339	1,450	465	410	395	395	395	5,765
Capital Renewals									
Service									
Planning, Housing & Environmental Health	n/a	1	0	0	0	15	0	0	16
Street Scene, Leisure & Technical	n/a	317	834	495	263	484	424	372	3,189
Corporate	n/a	368	299	392	336	270	269	198	2,132
Sub-total	n/a	686	1,133	887	599	769	693	570	5,337
Grand Total	916	2,025	2,583	1,352	1,009	1,164	1,088	965	11,102

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Capital Plan Review 2015/16 : Funding of the Draft Capital Plan							
	2015/16 Estimate £'000	2016/17 Estimate £'000	2017/18 Estimate £'000	2018/19 Estimate £'000	2019/20 Estimate £'000	2020/21 Estimate £'000	2021/22 Estimate £'000
Capital Plan Schemes							
Capital Renewals	686	1,133	887	599	769	693	570
Other Recurring Expenditure (net of grants)	525	397	395	395	395	395	395
One-Off Schemes (net of grants & contributions)	814	1,053	70	15			
Capital Plan Totals	2,025	2,583	1,352	1,009	1,164	1,088	965
Add back grants / contributions	2,671	731	520	670	520	520	520
Total to be funded	4,696	3,314	1,872	1,679	1,684	1,608	1,485
Funded from:							
Grants							
BCF (Disabled Facilities Grant)	490	490	490	490	490	490	490
Environment Agency (Town Lock)	730						
Town Wardens (Town Lock)	2						
Leisure Trust (LLC Health Suite)	70						
LSP (Haysden CP Play Area was TRSG Flood Lighting)		11					
Sita Trust (Haysden CP Extension of Play Area)		50					
EA (Castle River Bank)	147						
KCC (Winter Warmth)	9						
DEFRA Air Quality		150					
DCLG (Revenues & Benefits Grant)	60						
DCLG (Flood Repair Grant)	257						
Developer Contributions							
Town Lock	822						
Tonbridge School Athletics Track				150			
Open Spaces Site Improvements Phase 1	26						
Open spaces Site Improvements Phase 2	13						
Memorial Garden Improvement including Trust contrib'n	15						
Capital and Other Receipts							
Housing Assistance Grant Repayments	30	30	30	30	30	30	30
Repayment of Mortgages	1	1	1	1	1	1	
Sale of St Johns Ambulance Site (Net)	220						
Sale of 20 Twisden Road	129						
Balance met from Revenue Reserve for Capital Schemes	1,675	2,582	1,351	1,008	1,163	1,087	965
Total funding	4,696	3,314	1,872	1,679	1,684	1,608	1,485

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Capital Plan Review 2015/16 : Revenue Reserve for Capital Schemes							
	2015/16 Estimate £'000	2016/17 Estimate £'000	2017/18 Estimate £'000	2018/19 Estimate £'000	2019/20 Estimate £'000	2020/21 Estimate £'000	2021/22 Estimate £'000
Balance at 1st April	6,831	5,922	4,415	3,139	2,206	1,628	1,742
Contribution from Revenue to meet Capital Renewals and other Annually Recurring Expenditure	500	100	0	0	585	1,201	1,217
Revenue contribution for new Capital Plan Schemes	350	350	350	350			
Less assumed spend			(200)	(200)			
Recycling Bank Revenue Adjustment	(21)	(23)	(23)	(23)			
MS Office Licences to Revenue	(36)	(36)	(36)	(36)			
Revenue element of new IT Storage	(4)	(4)	(4)	(4)			
Green /recycling bin replacement	(12)	(12)	(12)	(12)			
LTPP to Transport Planning Policy	(11)						
Wouldham River Wall Earmarked Reserve		700					
Available for application	7,597	6,997	4,490	3,214	2,791	2,829	2,959
Amount applied to fund capital	1,675	2,582	1,351	1,008	1,163	1,087	965
Balance at 31st March	5,922	4,415	3,139	2,206	1,628	1,742	1,994

Borrowing for new Capital Plan schemes is not anticipated before 2019/20.

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<u>Estimates of the incremental impact of capital investment on Band D equivalent Council Tax</u>	2016/17 est. £	2017/18 est. £	2018/19 est. £	2019/20 est. £	2020/21 est. £	2021/22 est. £
Haysden Country Park: Extension of Play Area	0.10					
Total: (Increase in Band D equivalent Council Tax attributable to new capital schemes)	0.10					

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Medium Term Financial Strategy

	Estimate	Projection								
	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000
EXPENDITURE										
Employees	11,118	11,287	11,461	11,640	11,863	12,144	12,428	12,722	13,020	13,327
Transfer Payments	35,065	35,806	36,522	37,253	19,491	19,881	20,278	20,684	21,098	21,520
Other Expenditure	11,365	11,332	11,577	11,829	12,086	12,351	12,622	12,899	13,182	13,471
Capital Charges	2,933	2,992	3,052	3,113	3,175	3,239	3,304	3,370	3,437	3,506
Total Expenditure	60,481	61,417	62,612	63,835	46,615	47,615	48,632	49,675	50,737	51,824
INCOME										
Fees & Charges	(6,825)	(6,910)	(7,142)	(7,236)	(7,472)	(7,570)	(7,810)	(7,912)	(8,156)	(8,261)
Other Specific Grants & Misc	(35,544)	(36,224)	(36,920)	(37,632)	(20,064)	(20,464)	(20,871)	(21,287)	(21,710)	(22,142)
Investment Income	(210)	(299)	(451)	(617)	(625)	(586)	(579)	(558)	(553)	(564)
Total Income	(42,579)	(43,433)	(44,513)	(45,485)	(28,161)	(28,620)	(29,260)	(29,757)	(30,419)	(30,967)
Appropriations										
Capital Renewals	100	0	0	585	1,201	1,217	1,233	1,250	1,267	1,285
Provision for new Capital Schemes	275	275	275	0	0	0	0	0	0	0
Other Appropriations	(4,842)	(2,927)	(2,987)	(3,048)	(3,110)	(3,174)	(3,239)	(3,305)	(3,372)	(3,441)
SAVINGS TARGET	0	(625)	(638)	(651)	(664)	(677)	(691)	(705)	(719)	(733)
SAVINGS TARGET	0	0	(500)	(510)	(520)	(530)	(541)	(552)	(563)	(574)
SAVINGS TARGET	0	0	0	0	0	(700)	(714)	(728)	(743)	(758)
NET BUDGETED SPEND	13,435	14,707	14,249	14,726	15,361	15,131	15,420	15,878	16,188	16,636
FUNDING										
Revenue Reserves	(474)	(309)	(231)	931	1,133	454	278	255	66	(3)
Government Grant	6,581	5,515	4,642	3,616	3,642	3,669	3,696	3,723	3,750	3,778
Council Tax	9,169	9,501	9,838	10,179	10,586	11,008	11,446	11,900	12,372	12,861
Collection Fund Adjustment	(1,841)	0	0	0	0	0	0	0	0	0
Total Funding	13,435	14,707	14,249	14,726	15,361	15,131	15,420	15,878	16,188	16,636
Council Tax Level at Band D	£192.51	£197.51	£202.51	£207.51	£213.74	£220.15	£226.75	£233.55	£240.56	£247.78
Increase on Previous Year	£5.00	£5.00	£5.00	£5.00	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
RESERVES BALANCE CARRIED FORWARD	5,219	5,528	5,759	4,828	3,695	3,241	2,963	2,708	2,642	2,645

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General Fund Revenue Estimates 2016/17

SUMMARY

	2015/16 ESTIMATE		2016/17
	ORIGINAL £	REVISED £	ESTIMATE £
Corporate Services	3,072,200	2,585,800	2,563,000
Chief Executive	825,700	931,000	756,000
Director of Central Services	24,650	(46,550)	68,100
Director of Finance & Transformation	2,052,300	2,092,050	2,280,400
Director of Planning, Housing & Environmental Health	3,899,450	4,180,100	4,135,750
Director of Street Scene & Leisure	8,019,400	8,116,300	8,183,600
Sub Total	17,893,700	17,858,700	17,986,850
Capital Accounting Reversals			
Non-Current Asset Depreciation	(2,508,750)	(2,581,650)	(2,641,200)
Non-Current Asset Impairment	-	(5,300)	-
Contributions to / (from) Reserves			
Building Repairs Reserve			
Withdrawals to fund expenditure	(459,700)	(575,250)	(715,650)
Contribution to Reserve	500,000	850,000	525,000
Earmarked Reserves (see next page)			
Contributions from Reserves	(1,287,500)	(957,850)	(2,783,400)
Contributions to Reserves	65,000	151,000	365,000
Revenue Reserve for Capital Schemes			
Withdrawals to fund expenditure			
Non-Current Assets	(1,391,000)	(1,247,000)	(2,290,000)
Revenue Expenditure Funded from Capital	(478,000)	(428,000) #	(292,000)
Other contributions to / (from) Reserve (net)	789,000	766,000	1,075,000
Capital Expenditure Charged to General Fund	1,391,000	1,247,000	2,290,000
International Accounting Standard 19			
Retirement Benefit Costs	4,148,000	4,203,000	4,276,000
Employers Pension Contributions	(2,507,000)	(2,448,000)	(2,528,000)
Contribution to / (from) Pensions Reserve	(1,641,000)	(1,755,000)	(1,748,000)
Government Grants			
New Homes Bonus	(3,101,150)	(3,101,150)	(3,843,100)
New Homes Bonus Returned In-Year	-	(6,700)	-
Right to Move New Burden Grant	-	(3,050)	-
Transition Grant	-	-	(134,850)
Contributions from KCC	(116,250)	(166,350)	(85,000)
Sub Total	11,296,350	11,800,400	9,456,650
National Non-Domestic Rates			
Share of National Non-Domestic Rates	(21,454,885)	(21,583,285)	(21,521,670)
Tariff / (Top Up)	20,150,220	20,150,220	20,318,139
Levy / (Safety Net)	-	(490,100)	(290,800)
Flood Relief Grant	-	150	-
Small Business Rate Relief Grant	(371,000)	(353,550)	(366,450)
Retail Relief Grant	(270,100)	(230,550)	-
Empty Property Re-occupation Relief Grant	(143,350)	(8,200)	(8,250)
New Build Empty Property Relief Grant	-	(78,700)	(79,350)
Revenue Support Grant	(1,589,484)	(1,589,484)	(655,042)
Collection Fund Adjustments			
Council Tax (Surplus) / Deficit	(92,290)	(92,290)	(147,917)
National Non-Domestic Rates (Surplus) / Deficit	1,195,290	1,195,290	1,989,247
Sub Total	8,720,751	8,719,901	8,694,557
Contribution to / (from) General Revenue Reserve	73,550	74,400	474,500
Balance to be met from Council Tax Payers	8,794,301	8,794,301	9,169,057

General Fund Revenue Estimates 2016/17
EARMARKED RESERVES

	2015/16 ESTIMATE		2016/17
	ORIGINAL £	REVISED £	ESTIMATE £
Contributions from Earmarked Reserves			
Business Rates Retention Scheme Reserve	(1,100,000)	(575,900)	(2,000,000)
Community Development Reserve	-	(60,250)	-
Economic Development Reserve	-	(58,000)	-
Election Expenses Reserve	(133,000)	(125,100)	-
Flood Recovery & Defence Reserve	-	(75,000)	(25,000)
Local Development Framework Reserve	(30,000)	(30,000)	(30,000)
Planning Inquiries Reserve	(18,600)	(22,500)	(22,500)
Repossessions Prevention Fund Reserve	(4,000)	(4,000)	(4,000)
River Wall at Wouldham Reserve	-	-	(700,000)
Social Housing Fraud Initiative Reserve	(1,900)	(1,900)	(1,900)
Tonbridge Town Centre Reserve	-	(5,200)	-
	(1,287,500)	(957,850)	(2,783,400)
Contributions to Earmarked Reserves			
Election Expenses Reserve	25,000	25,000	25,000
Invest to Save Reserve	-	50,000	300,000
Local Development Framework Reserve	40,000	40,000	40,000
Transformation Reserve	-	36,000	-
	65,000	151,000	365,000

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Tonbridge and Malling Borough Council
Estimate Of Collection Fund Surplus/(Deficit) 2015/16 - Council Tax

	Estimate	
	£	£
Income		
Surplus / (Deficit) Brought Forward		912,602
Council Tax		
Income from Council Tax (Net of Discounts, CTR and Exemptions)		73,211,038
Total Income for the Year		74,123,640
Expenditure		
Precepts and Demands 2015/16		
Kent County Council	51,121,098	
Police & Crime Commissioner for Kent	6,901,412	
Kent & Medway Fire & Rescue Authority	3,313,522	
Parishes	2,043,129	
Tonbridge and Malling Borough Council	8,794,301	72,173,462
Provision for Council Tax Non-Collection		351,000
Payments / (receipts) in respect of estimated surplus / (deficit) for 2014/15		
Kent County Council	435,124	
Police & Crime Commissioner for Kent	58,746	
Kent & Medway Fire & Rescue Authority	28,217	
Tonbridge and Malling Borough Council	92,290	614,377
Total Expenditure for the Year		73,138,839
Estimated Surplus/(Deficit) for 2015/16		984,801

Allocation Of Estimated Surplus / (Deficit) 2015/16

	Precepts 2015/16		Surplus / (Deficit)
	£	%	£
Kent County Council	51,121,098	70.83	697,535
Police & Crime Commissioner for Kent	6,901,412	9.56	94,147
Kent & Medway Fire & Rescue Authority	3,313,522	4.59	45,202
Tonbridge and Malling Borough Council	10,837,430	15.02	147,917
Total	72,173,462	100.00	984,801

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Tonbridge and Malling Borough Council		
<u>Estimate Of Collection Fund Surplus/(Deficit) 2015/16 - Business Rates</u>		
	Estimate	
	£	£
<u>Income</u>		
Surplus / (Deficit) Brought Forward		(6,934,345)
Income from Business Rate Payers		54,149,486
Recovery of Prior Years Estimated Deficit		2,988,226
Total Income for the Year		50,203,367
<u>Expenditure</u>		
Demands for 2015/16 based upon NNDR 1 2015/16		
Kent County Council	4,856,244	
Kent & Medway Fire & Rescue Authority	539,583	
Tonbridge and Malling Borough Council	21,583,306	
Central Government	26,979,132	53,958,265
Allowance for Losses - Bad Debts		350,000
Allowance for Losses - Appeals		632,000
Cost of Collection Allowance		165,385
Transitional Protection Payments		70,834
Total Expenditure for the Year		55,176,484
Estimated Surplus/(Deficit) for 2015/16		(4,973,117)
<u>Allocation Of Estimated Surplus / (Deficit) 2015/16</u>		
	Allocation	Surplus / (Deficit)
	%	£
Kent County Council	9	(447,581)
Kent & Medway Fire & Rescue Authority	1	(49,731)
Tonbridge and Malling Borough Council	40	(1,989,247)
Central Government	50	(2,486,558)
Total	100	(4,973,117)

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Financial arrangements with Parish councils 2016/17

Parish council	Basic allocation £	Cemeteries & churchyards £	Footway lighting £	Total £
Addington	2,365	925	-	3,290
Aylesford	15,800	8,351	2,681	26,832
Birling	2,365	1,727	140	4,232
Borough Green	5,345	-	1,349	6,694
Burham	2,365	1,443	193	4,001
Ditton	7,065	1,069	-	8,134
East Malling & Larkfield	19,664	2,575	613	22,852
East Peckham	4,917	3,439	1,157	9,513
Hadlow	5,833	9,756	35	15,624
Hildenborough	7,273	2,207	105	9,585
Ightham	3,012	2,725	-	5,737
Kings Hill	10,344	-	-	10,344
Leybourne	5,445	769	333	6,547
Mereworth	2,365	2,164	-	4,529
Offham	2,365	774	-	3,139
Platt	2,461	2,111	368	4,940
Plaxtol	2,365	2,076	245	4,686
Ryarsh	2,365	841	421	3,627
Shipbourne	2,365	1,343	-	3,708
Snodland	15,053	12,081	2,436	29,570
Stansted	2,365	1,040	-	3,405
Trottscliffe	2,365	452	-	2,817
Wateringbury	2,967	4,703	701	8,371
West Malling	3,932	3,682	1,647	9,261
West Peckham	2,365	1,101	-	3,466
Wouldham	2,365	668	140	3,173
Wrotham	2,605	4,299	946	7,850
Total	140,096	72,321	13,510	225,927

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Parish council precepts

Precept for 2015/16 £	Parish council	Precept for 2016/17 £	Tax base	Amount per band D property £	Per band D variation %
18,594.68	Addington	18,926.99	382.75	49.45	0.0
166,525.96	Aylesford	177,374.00	3,934.33	45.08	5.7
8,772.00	Birling	8,772.00	195.89	44.78	0.9
143,334.00	Borough Green	153,466.00	1,531.89	100.18	2.1
18,516.02	Burham	19,441.82	440.86	44.10	5.1
202,450.58	Ditton	208,386.00	1,738.72	119.85	1.8
223,560.93	E. Malling & Larkfield	232,286.00	4,849.82	47.90	2.7
110,274.00	East Peckham	112,951.00	1,263.22	89.42	0.8
76,764.00	Hadlow	80,229.00	1,483.85	54.07	4.7
32,178.55	Hildenborough	54,111.00	2,164.42	25.00	66.7
95,784.00	Ightham	106,317.00	1,094.58	97.13	10.4
215,938.00	Kings Hill	240,467.00	3,855.49	62.37	8.0
112,139.00	Leybourne	114,816.00	1,510.94	75.99	0.0
10,861.11	Mereworth	11,947.22	417.70	28.60	7.8
16,408.98	Offham	16,528.75	373.70	44.23	0.0
51,100.00	Platt	62,000.00	855.89	72.44	19.9
23,490.00	Plaxtol	24,664.00	573.16	43.03	4.5
14,287.60	Ryarsh	14,289.88	283.08	50.48	(5.8)
8,556.83	Shipbourne	8,643.00	250.74	34.47	0.0
235,677.00	Snodland	256,224.00	3,413.09	75.07	6.8
15,600.00	Stansted	16,000.00	243.45	65.72	(0.6)
11,500.00	Trottiscliffe	13,000.00	263.04	49.42	12.9
68,844.24	Wateringbury	109,516.32	885.48	123.68	59.0
71,780.00	West Malling	73,993.00	1,096.26	67.50	2.4
2,998.00	West Peckham	2,998.00	173.32	17.30	0.3
27,381.00	Wouldham	27,680.00	468.55	59.08	4.8
59,813.00	Wrotham	64,987.00	826.42	78.64	4.5
2,043,129.48	Total	2,230,014.98	34,570.64		

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GENERAL FUND WORKING BALANCE

Balance at 1.4.2015		£1,250,000
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Balance at 1.4.2017		£1,250,000
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GENERAL REVENUE RESERVE

	£	£
Balance 1.4.2015		4,670,925
Budgeted to be transferred to the Reserve	73,550	
Decrease on Original Estimate	850	
		74,400
Estimated Balance at 1.4.2016		4,745,325
Contribution to the Reserve 2016/17		474,500
Estimated Balance at 31.3.2017		5,219,825

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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 2016/17 Budget Setting Process for Tonbridge and Malling Borough Council. I acknowledge my responsibility for ensuring the robustness of the estimates and the adequacy of the reserves as part of this process. The budget has been prepared within the context of a Medium Term Financial Strategy (MTFS) spanning a ten-year period.

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

By way of context, since 2010/11 the Council has seen its core funding, its Settlement Funding Assessment (SFA), fall by more than £4.2m or 60% with further cuts planned in future years. Indeed, indicative figures up to 2019/20 suggest that our SFA at that time will be £5.8m less in cash terms compared to 2010/11 or 80%. Up until now the fall in core funding has to a large extent been negated by the grant award under the New Homes Bonus (NHB) scheme which in 2016/17 is around £3.8m. However, indicative figures have been provided by the government which reflect proposed changes (subject to consultation) to the scheme where in 2019/20 our NHB is projected to be £2.3m.

It can be seen from the above that the ongoing reduction in government grant funding has and continues to place ever increasing pressure on the Council's finances and, in turn, financial sustainability. Based on the indicative figures provided by the government in the local government finance settlement 2016/17 for the period 2016/17 to 2019/20, amongst other things, latest projections point to a 'funding gap' between expenditure and income of circa £1.825m to be addressed over the medium term. We do believe that our MTFS is resilient and the financial pressures likely to confront us can be addressed in a measured and controlled way, but with ever increasing pressure this is becoming progressively more difficult.

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

Robustness of Estimates

The aim of the Medium Term Financial Strategy is to give us a realistic and sustainable plan that reflects the Council's priorities and takes us into the future. It is a Strategy that is adopted by Members of the Council alongside the Budget for 2016/17 to provide a forward looking context for the consideration of the budget year ahead. It also provides the Council's Corporate Management Team with a tool for strategic financial planning and decision making.

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

Factors taken into account for the 2016/17 Budget Setting Process and in developing the Strategy are:

The Council's Aims and Priorities	The current set of seven Key priorities applies to 2012/15 and the Council is in the process of preparing a new Corporate Performance Plan which will be shaped by the continuing financial pressure faced by the Council.
Consultation with Non-Domestic Ratepayers	The Council consults representatives of its non-domestic ratepayers about its expenditure proposals who may make written representations if they deem it appropriate. No such representations have been received.
The level of funding likely from Central Government towards the costs of local services	Our Settlement Funding Assessment (SFA) for 2016/17 is £2,761,567. Indicative figures have also been provided up to 2019/20 where our SFA in that year is projected to be £1,283,705, a cash decrease of £2,394,894 or 65.1% compared to 2015/16. Included in the SFA is the parish councils' indicative allocation in respect of the council tax support scheme, however, it is not separately identified. Beyond 2019/20 it is assumed that our SFA will increase by 2% each year.
New Homes Bonus	Our New Homes Bonus (NHB) for 2016/17 is £3,843,083. Again, indicative figures have also been provided up to 2019/20 which reflect proposed changes (subject to consultation) to the scheme where our NHB is projected to be £2,332,049, a cash decrease of £769,104 or 24.8% compared to 2015/16. This figure is rolled forward each year thereafter, but remains at risk to further reductions over the period of the MTFS. Taken together, our overall grant funding including NHB in 2019/20 is projected to be £3,615,754, a cash decrease of £3,163,998 or 46.7% compared to 2015/16.
Business Rates	For medium term financial planning purposes beyond 2016/17 we assume that the business rates baseline attributed to Tonbridge and Malling under the Business Rates Retention Scheme is not notably different to the

	actual business rates income. If our actual income is less than the baseline set the authority will have to meet a share of that shortfall up to a maximum of circa £158,000 in 2016/17. This figure increases each year in line with inflation.
Council Tax Base	The Council Tax Base for 2016/17 is 47,629.13 band D equivalents with an expectation that this will increase by 4,275 over the strategy period, or 475 per year.
Local Referendums to Veto Excessive Council Tax Increases	The Secretary of State will determine a limit for council tax increases which for 2016/17 has been set at the higher of 2% or £5. If an authority proposes to raise council tax above this limit they will have to hold a referendum to get approval for this from local voters who will be asked to approve or veto the rise. Due regard has been taken of the guidelines issued by the Secretary of State. The MTFs reflects an increase in council tax of £5 each year for the four-year period 2016/17 to 2019/20 and thereafter assumes a 3% increase year on year.
The Prudential Code and its impact on Capital Planning	Tonbridge and Malling is a debt-free authority and projections suggest that recourse to borrowing to fund capital expenditure is unlikely before 2019/20. A key objective of the Prudential Code is to ensure, within a clear framework, the capital investment plans of local authorities are affordable, prudent and sustainable.
The Council's Capital Strategy and Capital Plan	Other than funding for the replacement of our assets which deliver services as well as recurring capital expenditure, there is now an annual capital allowance for all other capital expenditure. That allowance is set at £200,000 (maximum) whilst the Council has sufficient funding in its capital reserves.
Treasury Management	A Treasury Management and Annual Investment Strategy is adopted by the Council each year as required by the Local Government Act 2003 as part of the budget setting process. The Strategy sets out the Council's policies for managing its investments and for giving priority to the security and liquidity of those investments. Council adopted the December 2009 edition of the CIPFA Treasury Management Code of Practice and Cross-Sectoral Guidance Notes on 18 February 2010 and due regard has also been given to subsequent revisions in preparing the Treasury Management and Annual Investment Strategy for 2016/17.
Interest Rates	Interest returns on the Council's 'core funds' have been set at 1.0% in 2016/17 rising gradually to 4.25% over the medium term. In setting these rates due regard has been taken of the interest rate forecasts of the Council's independent Treasury Adviser, Capita Services. To put this into context, 0.25 of a percentage point would currently generate investment income on our 'core funds' of about £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 2016/17, we anticipate that the General Revenue Reserve balance will be £4.745m. The Adequacy of Reserves is discussed in more detail below.
Pay and Price Inflation	The estimates provide for a 1% pay award in 2016/17 and for the following three years and 2% in subsequent years. Estimates reflect price inflation of 1.5% on contractual commitments in 2016/17 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.
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 2015 audit concluded that the Council continues to have an effective framework of financial control and robust arrangements for financial governance; it has a structured approach to addressing financial pressures within a strong medium term planning framework, and a history of achieving planned savings.
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 is committed to a Risk Management Strategy involving the preparation of Risk Registers at both strategic and operational 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	Continued public sector finance cuts; Welfare Reform and cessation of the administration of housing benefits over a transitional period in the lead up to the introduction of Universal Credit; the sustainability of the NHB scheme and what will follow; the ongoing impact of the localisation of council tax support; the business rates retention scheme; and proposals to transfer the Land Charges function to HM Land Registry and to devolve the setting of planning fees will impact on the Council's finances in-year and over the medium to longer term. The increased volatility and uncertainty attached to a number of these issues is such that financial planning is becoming increasingly difficult with the increased risk of significant variances compared to projections. As a result we will need to closely monitor the impact of these issues on the Council's finances at regular intervals.
Savings Initiatives	The Council has a significant challenge ahead in respect of delivering savings over the medium term with a current projected funding gap of circa £1.825m. It should also be noted depending on what happens to NHB further savings could be required. The Council is able to break these savings down into "tranches" to enable more measured steps to be taken in securing these savings. In the coming months, options to deliver a further tranche/s of the required savings will need to be considered, agreed and actioned under the framework set out in the Savings and Transformation Strategy. In addition, the Management Team will continue to seek efficiency savings in the delivery of existing services.

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

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
- Identified savings not being delivered in the required timescales
- Localisation of council tax support
- Business rates retention scheme and associated volatility of income
- Planning Inquiries
- Partnership Working
- Emergencies
- Economic and world recession
- Poor performance on Superannuation Fund
- Bankruptcy / liquidation of a major service partner
- Closure of a major trading area, e.g. leisure centre for uninsured works
- Problems with computer systems causing shortfall or halt in collection performance
- Government Legislation
- Ability to take advantage of opportunities
- Uninsured risks

Clearly, the minimum General Revenue Reserve balance needs to and will be kept under regular review. The General Revenue Reserve balance at 31 March 2026 is estimated to be £2.645m based on an increase in council tax of £5 for 2016/17 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 2019/20. The Revenue Reserve for Capital Schemes balance at 31 March 2022 is estimated to be £1.994m.

A schedule of the reserves held as at 1 April 2015 and proposed utilisation of those reserves to 31 March 2017 is provided in Annex 17 Table A.

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

Opinion

I am of the opinion that the approach taken in developing the 2016/17 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: 11 February 2016

Director of Finance and Transformation, BSc (Hons) CPFA

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RESERVES ESTIMATE 2016/17

Annex 17 - Table A

Description	Balance as at	Estimated Contribution		Estimated	Estimated Contribution		Estimated
	1 April 2015	From	To	Balance as at	From	To	Balance as at
	£	£	£	£	£	£	£
General Revenue Reserve	4,670,925		74,400	4,745,325		474,500	5,219,825
Revenue Reserve for Capital Schemes	6,831,119	1,675,000	766,000	5,922,119	2,582,000	1,075,000	4,415,119
Building Repairs Reserve	75,585	575,250	850,000	350,335	715,650	525,000	159,685
Earmarked Reserves							
Democratic Representation	23,869			23,869			23,869
Special Projects	933,388	5,900	0	927,488	705,900	0	221,588
Local Development Framework	111,396	30,000	40,000	121,396	30,000	40,000	131,396
Election	164,808	125,100	25,000	64,708		25,000	89,708
Planning Inquiries	45,518	22,500		23,018	22,500		518
Tonbridge Town Centre	126,746	5,200		121,546			121,546
Training & IiP Accreditation	22,813			22,813			22,813
Road Closures	7,362			7,362			7,362
Supporting People	53,200			53,200			53,200
Community Development	107,950	60,250		47,700			47,700
Invest to Save	102,453		50,000	152,453		300,000	452,453
Economic Development	85,599	58,000		27,599			27,599
Housing & Welfare Reform	18,430			18,430			18,430
Tonbridge and Malling Leisure Trust	181,470			181,470			181,470
Housing Assistance	176,354			176,354			176,354
Flood Recovery & Defence	100,000	75,000		25,000	25,000		0
Business Rates Retention Scheme	2,835,132	575,900		2,259,232	2,000,000		259,232
Public Health	21,107			21,107			21,107
Transformation	28,000		36,000	64,000			64,000
	5,145,595	957,850	151,000	4,338,745	2,783,400	365,000	1,920,345
Total	16,723,224	3,208,100	1,841,400	15,356,524	6,081,050	2,439,500	11,714,974

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Tonbridge & Malling Borough Council

**Calculation of Council Tax Requirement for the year 2016/17
which includes sums required to meet Parish Council Precepts**

Draft Resolution

That the following amounts be now calculated by the Council for the year 2016/17 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	88,371,801	
(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	76,972,729	
(c)	Calculation under Section 31A (4), being the amount by which the aggregate at (a) above exceeds the aggregate at (b) above	----- 11,399,072 -----	

<u>Memorandum:-</u>	
	£
Borough Council	9,169,057
Parish Council Precepts	2,230,015

Total	11,399,072 -----

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Item CB 16/5 referred from Cabinet of 11 February 2016

CB 16/5 SETTING THE COUNCIL TAX 2016/17

The joint report of the Chief Executive, Director of Finance and Transformation, Leader of the Council and Cabinet Member for Finance, Innovation and Property set out the requirements under the Local Government Finance Act 1992 for a billing authority to set an amount of council tax for each category of dwelling in its area. Members were advised of the position concerning the determination of their respective precepts for 2016/17 by the major precepting authorities.

Consideration was given to a draft resolution identifying the processes to be undertaken in arriving at the levels of council tax applicable to each part of the Borough. The resolution and further information regarding the precepts of the other authorities would be reported to the full Council on 16 February 2016.

RECOMMENDED: That the resolution be noted and the Council be recommended to approve a £5 per annum (2.6%) increase in the Borough Council's element of the council tax for 2016/17, representing an annual charge at Band D of £192.51.

***Referred to Council**

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TONBRIDGE & MALLING BOROUGH COUNCIL

CABINET

11 February 2016

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 2016/17

This report takes Cabinet through the process of setting the level of Council Tax for the financial year 2016/17 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 2016/17 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 The Police & Crime Commissioner for Kent precept and level of Council Tax was considered at a meeting on 2 February and we await confirmation of the outcome.
- 1.3.2 Kent County Council's Cabinet meeting took place on 25 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 11 February.
- 1.3.3 The Kent & Medway Fire & Rescue Authority's precept and level of Council Tax is due to be agreed on 12 February.

1.4 Draft Resolution

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

- 1.4.2 The resolution itself, incorporating the Borough Council's budget and Parish Council precept information and council tax levels for all major precepting authorities, will be presented to the meeting of the Council on 16 February 2016.

1.5 Legal Implications

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

1.6 Financial and Value for Money Considerations

- 1.6.1 As set out above.

1.7 Risk Assessment

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

1.8 Equality Impact Assessment

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

1.9 Recommendations

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

Background papers:

Nil

contact: Sharon Shelton
Neil Lawley

Julie Beilby
Chief Executive

Sharon Shelton
Director of Finance and Transformation

Nicolas Heslop
Leader of the Council

Martin Coffin
Cabinet Member for Finance, Innovation and Property

COUNCIL TAX - TAX BASE FOR 2016/17

Parish	Tax Base
	Band D Equivalents
ADDINGTON	382.75
AYLESFORD	3,934.33
BIRLING	195.89
BOROUGH GREEN	1,531.89
BURHAM	440.86
DITTON	1,738.72
EAST MALLING & LARKFIELD	4,849.82
EAST PECKHAM	1,263.22
HADLOW	1,483.85
HILDENBOROUGH	2,164.42
IGHTHAM	1,094.58
KINGS HILL	3,855.49
LEYBOURNE	1,510.94
MEREWORTH	417.70
OFFHAM	373.70
PLATT	855.89
PLAXTOL	573.16
RYARSH	283.08
SHIPBOURNE	250.74
SNODLAND	3,413.09
STANSTED	243.45
TROTTISCLIFFE	263.04
WATERINGBURY	885.48
WEST MALLING	1,096.26
WEST PECKHAM	173.32
WOULDHAM	468.55
WROTHAM	826.42
TONBRIDGE	13,058.49
TOTAL	47,629.13

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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 16th February 2016 the Council calculated:
- (a) the Council Tax Base 2016/17 for the whole Council area as 47,629.13 [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	382.75
Aylesford	3,934.33
Birling	195.89
Borough Green	1,531.89
Burham	440.86
Ditton	1,738.72
East Malling & Larkfield	4,849.82
East Peckham	1,263.22
Hadlow	1,483.85
Hildenborough	2,164.42
Ightham	1,094.58
Kings Hill	3,855.49
Leybourne	1,510.94
Mereworth	417.70
Offham	373.70
Platt	855.89
Plaxtol	573.16
Ryarsh	283.08
Shipbourne	250.74
Snodland	3,413.09
Stansted	243.45
Trottscliffe	263.04
Wateringbury	885.48
West Malling	1,096.26
West Peckham	173.32
Wouldham	468.55
Wrotham	826.42

2. £ X,XXX,XXX being the Council Tax requirement for the Council's own purposes for 2016/17 (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 2016/17 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
Trottscliffe	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</u>	A	B	C	D	E	F	G	H
<u>Council's area</u>	£	£	£	£	£	£	£	£
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 2016/17 The Police & Crime Commissioner for Kent, the Kent & Medway Fire & Rescue Authority and the Kent County Council have stated the following amounts in precepts issued to the Council, in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of dwellings shown below:

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

5. That, having calculated the aggregate in each case of the amounts at 3(h) and 4. above, the Council, in accordance with Sections 30 and 36 of the Local Government Finance Act 1992, hereby sets the following amounts as the amounts of council tax for the year 2016/17, for each of the categories of dwellings shown below:

<u>Part of the Council's area</u>	<u>Valuation Bands</u>							
	A £	B £	C £	D £	E £	F £	G £	H £
Tonbridge	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.

Item CB 16/6 referred from Cabinet of 11 February 2016

CB 16/6 SAVINGS AND TRANSFORMATION STRATEGY UPDATE

Further to Minute CB 15/64 the joint report of the Management Team, Leader and Cabinet Member for Finance, Innovation and Property presented an updated version of the Savings and Transformation Strategy to address the significant financial challenges facing the Council following the release of the provisional local government finance settlement in December.

It was noted that additional savings of around £700k needed to be achieved by 2021 within the Medium Term Financial Strategy and would be spread across the themes built into the Savings and Transformation Strategy. It was proposed to merge two of the themes under the heading "Income Generation and Cost Recovery" and details were given of additional targets included in the expanded table attached to the new version of the Strategy set out in the Annex to the report. Members were also updated on progress since the November meeting, savings of £200k arising from in-service efficiencies having been delivered and reflected in the Estimates for 2016/17.

Consideration was given to a draft timetable for commencing the review of partnership funding with parish councils including the Scheme of Financial Arrangements and the issue of funding passed to parish councils in respect of the council tax reduction scheme. A Member suggested that the question of a special levy for Tonbridge be considered in this context and was advised that all options were open for examination.

RECOMMENDED: That

- (1) the updated Savings and Transformation Strategy, as set out at Annex 1 to the report, be adopted by the Council to sit alongside the Medium Term Financial Strategy; and
- (2) the proposed outline timetable for commencing the review of partnership funding with parish councils be endorsed and delegated authority be given to the Director of Finance and Transformation, in consultation with the Leader and Cabinet Member for Finance, Innovation and Property, to adjust the programme as necessary.

***Referred to Council**

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TONBRIDGE & MALLING BOROUGH COUNCIL

CABINET

11 February 2016

Joint Report of the Management Team, Leader of the Council and Cabinet Member for Finance, Innovation and Property

Part 1- Public

Matters for Recommendation to Council

1 SAVINGS & TRANSFORMATION STRATEGY

The report sets out for Members' approval an updated version of the Savings & Transformation Strategy to address the significant financial challenges faced by the Council following the release of the provisional local government finance settlement in December. Cabinet is asked to recommend the updated Strategy to Council alongside the Medium Term Financial Strategy, and also to endorse a draft timetable for commencing the review of partnership funding with parish councils.

1.1 Introduction

1.1.1 As Members may recall, at the meeting of Cabinet in November 2015, a Savings & Transformation Strategy was recommended to Full Council to assist us in meeting the significant financial challenges we face.

1.1.2 Even before Full Council has met to adopt the Strategy, it is necessary to update it. This is because the provisional Local Government Finance Settlement has proved even more severe than we had anticipated.

1.1.3 The impact of the Settlement was discussed in detail at the meeting of the Finance, Innovation & Property Advisory Board in January, and Members were advised that, despite some of the inroads we have already made, the remaining funding gap that needs to be addressed within the Medium Term Financial Strategy (MTFS) is now in the order of some £1.9m.

1.2 Updating the Strategy

1.2.1 The Strategy recommended by Cabinet in November was built around a number of themes. These themes were:

- Generate New Income (*opportunities for new income streams*);
- In-Service Efficiencies (*targets to be set to reflect sustainable future budgets within Services*);
- Service Change and Reduction (*review of levels of service provision, considering discretionary spend and reductions in standards of mandatory services*);
- Fees & Charges (*review of existing charges to maximise income and recover costs*);
- Contracts (*opportunities for efficiencies in specifying and re-tendering major contracts*);
- Organisation Structure Change (*opportunities for management and service delivery improvements/efficiencies through realignment of services under combined management and review of senior management structures*);
- Partnership Funding (*review of funding arrangements with other agencies and sectors*) ; and finally
- Asset Management (*investment opportunities from release of assets*).

1.2.2 We believe that this method is still appropriate, with a 'mixed' approach being needed in order to deliver the necessary savings. Cabinet recognised when considering this matter in November, that there is no one simple solution to address the challenges the Council faces. Rather, the approach requires a significant shift across the board in the way we operate as an organisation, in terms of the services we provide and how we deliver them.

1.2.3 It has been acknowledged that there is significant 'cross-over' between the two separate themes '*New Income*' and '*Review of Fees and Charges*' which could cause confusion, so we feel it would be preferable to merge the two under a retitled theme of '*Income Generation and Cost Recovery*'.

1.2.4 As Members were advised at the meeting of the Finance, Innovation & Property Advisory Board, a further savings tranche of circa £700k is required to be achieved by 2021 within our MTFS.

1.2.5 Simplistically, therefore, the additional £700k needs to be spread across the updated 'themes' within our Savings & Transformation Strategy. Doing this would add the following saving to each theme:

	Theme	Additional Target
1)	Income Generation and Cost Recovery	£100k
2)	In-Service Efficiencies	£75k
3)	Service Change & Reduction	£150k
4)	Contracts	£150k
5)	Organisation Structure Change	£100k
6)	Partnership Funding	£100k
7)	Asset Management	£25k

1.2.6 The above additional targets have been added into the table set out within the Strategy document at **[Annex 1]**. Members are reminded that these targets are for guidance and it may be necessary to adjust the 'spread' between the various themes as we progress.

1.2.7 Members will, however, note that the table has been expanded from the original 'version' proposed by Cabinet in November because progress is already being made towards some of the theme targets. It is important for transparency purposes that the progress is tracked against the targets, enabling all stakeholders to understand the latest 'position' and the challenge that remains.

1.2.8 At the time of writing, £200k of savings have been delivered by the Management Team within the In-Service Efficiencies theme and **are already reflected within the Estimates for 2016/17** that were presented to the Finance, Innovation & Property Advisory Board at its meeting on 13 January. This is an important point because, in advising Members of the updated funding gap (£1.9m) at that meeting, the £200k achieved in respect of 'In-Service Efficiencies' had already been taken into account.

1.2.9 Turning to **[Annex 1]**, Members will note that the target balance (£2.05m) is greater than the currently identified funding gap of £1.9 million. This is deliberate and reflects the fact that the targets by theme are very broad; and we also need to be aware that the funding gap could change depending on the outcome of the consultation on New Homes Bonus (see report elsewhere on this agenda).

1.3 Progress since November

1.3.1 As indicated in paragraph 1.2.8 above, some savings (£200k for In-Service Efficiencies) have already been delivered since the original Strategy was recommended by Cabinet in November. £112k of this related to establishment changes (see report to General Purposes Committee on 1 February 2016), with the balance being reduction in various other budgets managed by Services. Some of these reflect different ways in which managers and staff in general are thinking

in the operational delivery of services and the need for change to achieve efficiency savings.

- 1.3.2 Members are aware that consideration has been given to the review of Fees and Charges during this cycle of meetings, with particular reference to the potential implementation of new fees and charges. These proposals have yet to receive formal approval (so have not been reflected in either the Estimates or the 'progress' column in Annex 1), but it is hoped that positive progress against the Income Generation & Cost Recovery theme can be recorded in due course.
- 1.3.3 Similarly, Members of the Communities Advisory Board have been considering a review of grants to the key voluntary sector bodies, and at a meeting on 11 January 2016 recommended that a formal consultation be launched with those bodies.
- 1.3.4 Finally, Members may be aware of the work of the Overview & Scrutiny Committee in reviewing the Holiday Activity Programmes. Were Member to support the recommendations, progress against the 'Service Change & Reduction' theme can be recorded in due course.

1.4 What Next?

- 1.4.1 It is imperative that work on all of the identified themes progresses at a pace in order to deliver the required savings set out above. **It is essential that we meet (or ideally exceed) the 'cash flow' expectations set out in our MTFs.** In order to give as much 'breathing space' as we can, it should be taken as read that even if we meet 'in-year' targets, we will press ahead with other options to ensure that complete delivery of savings is met within the required timescales.
- 1.4.2 Members will be aware that it was hoped to bring the update of the Corporate Plan, setting out the Council's overall Vision and Priorities, to both Overview & Scrutiny Committee and Cabinet in this cycle. However, due to the unexpected severity of the local government finance settlement we have decided to delay this until the new municipal year in order to allow more time for reflection. We now intend to present this in June. That work will be pertinent to any proposals that are developed to address the savings themes around **Organisation Structure Change**. That is because our future management structure and the alignment of services should reflect the focus of Council priorities and be better formed to coordinate and deliver them efficiently as possible.
- 1.4.3 In the meantime, work will progress through Overview & Scrutiny Committee, Advisory Boards and Cabinet itself (depending on the subject matter) on a range of savings initiatives. Some of these are undoubtedly going to be challenging as we have often mentioned. For example, there will be choices about the standard of some key service areas when major **Contracts** are renewed, in areas such as refuse collection, street cleansing and indoor leisure where there might be significant opportunities for savings efficiencies. Depending on what view is taken in those areas, there will be some equally challenging choices in addressing

Service Change and Reduction in other areas, which might mean much different ways of providing services and, in some cases curtailing what we do where there are no realistic alternatives.

- 1.4.4 One particular piece of work that we propose to manage directly via Cabinet is the review of Financial Arrangements with Parish Councils, which fits with the **Partnership Funding** theme.
- 1.4.5 Parish Councils have already been advised of their allocations for 2016/17, so any review would impact in 2017/18 or later. When advising of allocations for 2016/17, and following a recommendation from the Finance, Innovation & Property Advisory Board, the Director of Finance & Transformation gave 'advance notice' that a review would be undertaken; therefore this should not be unexpected.
- 1.4.6 A proposed 'outline' timetable for the review is set out in the table below which culminates in a Council decision on 1 November. This draft may need to be 'flexed' as the review progresses. It is suggested that the Parish Partnership Panel be apprised of the timetable at its meeting on 18 February.

11 February 2016	Cabinet agree timetable
18 February 2016	Parish Partnership Panel (PPP) advised of timetable
22 March 2016	Detailed 'options' paper to Cabinet. Cabinet agree preferred approach and, as appropriate, begin consultation
April / May 2016	Consultation (as appropriate) with relevant stakeholders
16 June 2016	PPP updated verbally as to progress
22 June 2016	Cabinet consider responses; formulate preferred way forward and commission new policy to be drafted
July / August 2016	Draw up draft policy
8 September 2016	PPP updated verbally as to progress
13 September 2016	Overview & Scrutiny Committee (O&S) review draft policy and make recommendations to Cabinet
12 October 2016	Cabinet consider policy, including any comments from O&S, and make recommendation to Full Council

1 November 2016	Full Council adopt policy for 2017/18
April 2017	New scheme effective

- 1.4.7 Although an entirely different funding stream, it is suggested that alongside this review, discussions are also held with parish councils regarding the funding we pass on in respect of the council tax reduction scheme (CTRS). Cabinet is reminded that this funding is received through a district council's Settlement Funding Assessment, and some districts have already taken the decision not to pass on funding to their respective parish councils. By contrast, this Council has fully maintained its arrangement with parish councils into 2016/17. With the significant reductions in government grant we will receive through our Settlement Funding Assessment in the Spending Review period, we believe it is the right time to review this particular issue.
- 1.4.8 Cabinet is invited to discuss with parish councils the CTRS funding issue alongside this review, and endorse the draft timetable set out above.
- 1.4.9 The theme addressing **Asset Management** is potentially a significant area where we do not yet have a firm view as to the extent of opportunity. Using financial and property assets in less traditional ways is an area where some local authorities have started to make progress in supporting their resource base. It is an opportunity requiring more work and expertise. For example, we have commissioned advice on the opportunities to realise capital and revenue income from our existing property assets and we are undertaking some research on ways in which the Council might benefit from investment in property to generate higher levels of revenue income to help sustain our base budget. These areas may well involve more complex decisions around risk assessment and require some different models of working beyond our 'normal' approach and structures. They are however areas which we are keen to seriously consider.

1.5 Legal Implications

- 1.5.1 The Council has a duty to deliver certain mandatory services, and powers to deliver discretionary services. Although some services are mandatory, the Council may still have discretion over the level and type of service offered.

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. 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.

- 1.7.2 The increased uncertainty and volatility particularly in some of our major sources of income (business rates and New Homes Bonus) make financial planning difficult with the increased risk of significant variances compared to projections. The forecast 'funding gap' of £1.9 million reported elsewhere on this agenda needs to be addressed within the next few years in order to make the MTFs sustainable.
- 1.7.3 The Savings and Transformation Strategy gives a structure and framework as to how the Council can meet its financial challenges. This framework has been discussed in outline with the External Auditors who are content with the proposed approach.

1.8 Equality Impact Assessment

- 1.8.1 The decisions recommended through this paper at this stage have a remote or low relevance to the substance of the Equality Act. There is no perceived impact on end users at this stage, although as savings options emerge, equality impact assessments will need to be carried out.

1.9 Policy Considerations

- 1.9.1 Communications ; Community; Human Resources; Customer Contact; Business Continuity/Resilience

1.10 Recommendations

- 1.10.1 Cabinet is requested to:

- 1) **RECOMMEND** to Full Council the **ADOPTION** of the updated Savings and Transformation Strategy to sit alongside the Medium Term Financial Strategy; and
- 2) **ENDORSE** the proposed timetable for commencing the review of partnership funding with Parish Councils.

Background papers:

contact: Sharon Shelton
Julie Beilby

Nil

Julie Beilby
For Management Team

Nicolas Heslop
Leader

Martin Coffin
Cabinet Member for Finance,
Innovation & Property

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Savings & Transformation Strategy 2016/17 – 2020/21

INTRODUCTION

TMBC has to deliver some significant savings in our financial planning. Following the publication of the provisional Local Government Settlement for the four-year period 2016/17 to 2019/20, over the 10 year life of our Medium Term Financial Strategy (MTFS), we are very likely to have to deliver savings of at least £1.9 million in our base budget.

It could be more severe than that depending on what happens nationally. This is a major task when our net revenue expenditure is approximately £13 million and we have already delivered over £3 million in savings over the last 4 to 5 years, including recently delivered savings which are built into the draft Budget for 2016/17.

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

OBJECTIVES

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

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

THE STRATEGY

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

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

Whilst the framework includes some major areas where savings can be made without direct effect on services, by adopting this Strategy the Council has recognised that it may need to decide that some service areas should change to accommodate saving requirements. That might mean doing things differently, more efficiently and with increased income opportunities where there is the opportunity to do so. It might also mean that services will simply need to be run with fewer resources. The Council is committed to engagement with relevant stakeholders as proposals are brought forward.

The Themes, Targets, and Timeframes for the Strategy are set out in the table below, and will be the subject of review at least annually. Achievement against the theme targets is also documented to aid transparency.

Progress on identifying and implementing savings across the various themes will be regularly reported to and reviewed by Management Team and in-year update reports presented to Members as appropriate.

Julie Beilby

Sharon Shelton

Chief Executive

Director of Finance & Transformation

Nicolas Heslop

Martin Coffin

Leader of the Council

Cabinet Member for Finance, Innovation
& Property

February 2016

Savings & Transformation Strategy 2016/17 - 2020/21

Theme	Indicative Years	Adjusted Target £000	Savings Achieved and reflected in Estimates to FIPAB (Jan 16) £000	Balance of Target to be achieved £000	Considerations in Hand / Progress
Income Generation & Cost Recovery	2016/17/18	300		300	Reviews of existing charges being progressed by Advisory Boards. Potential creation of trading company. Introduction of charges for pre-planning application advice. Introduction of charges for collection of fridge freezers.
In-Service Efficiencies	2016/17/18	275	200	75	£200k delivered within budget 2016/17. Further In-Service Efficiencies currently under review by Management Team.
Service Change & Reduction	2016/17/18/19	500		500	Review of Holiday Activities programme by O&S Committee
Contracts	2018/19/20/21	500		500	Re-modelling of Waste Services contract currently under review by West Kent Districts to identify possible efficiencies. 5 year re-negotiation of Indoor Leisure Management Agreement with Leisure Trust to commence July 2016.
Organisation Structure Change	2017/18	300		300	General Purposes Committee report on establishment changes February 2016. Review of Corporate Plan in order to give focus to future management structure and the alignment of services
Partnership Funding	2017/18	300		300	Review of Compact grants. Parish Council Funding timetable for review to be agreed by Cabinet Feb 2016.
Asset Management	2017/18	75		75	External advice has been commissioned on opportunities to realise capital and/ or increased income streams from (selected) existing assets. Report to Cabinet March 2016
TOTAL	2016-2021	2,250	200	2,050	

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

FIPAB is the Finance, Innovation & Property Advisory Board which met on 13 January 2016.

Savings & Transformation Strategy updated February 2016

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Item CB 16/7 referred from Cabinet of 11 February 2016

CB 16/7 EQUALITY POLICY STATEMENT AND OBJECTIVES 2016-20

The report of the Director of Central Services referred to the requirement for the Council to prepare an equality policy statement and objectives as part of the duty on public authorities under the Equality Act 2010 to have regard to eliminating discrimination, advancing equality of opportunity and fostering good relations between different people in shaping policy, delivering services and in relation to their own employees.

It was noted that the West Kent Equality Partnership Aims and Commitments, in place during 2012-16 and developed in partnership with Sevenoaks and Tunbridge Wells Councils, were no longer fit for purpose and in future the three authorities would determine their own objectives. Consideration was given to approval for consultation purposes of the Equality Policy Statement and Objectives for 2016-20 set out in the Annex to the report.

RECOMMENDED: That

- (1) the Equality Policy Statement and Objectives for 2016-20 set out at Annex 1 to the report be approved for the purposes of public consultation; and
- (2) a report on the outcome of consultation be submitted to the Overview and Scrutiny Committee for consideration.

***Referred to Council**

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TONBRIDGE & MALLING BOROUGH COUNCIL

CABINET

11 February 2016

Report of the Director of Central Services

Part 1- Public

Matters for Recommendation to Council

1 EQUALITY POLICY STATEMENT AND OBJECTIVES 2016-20

1.1 Introduction

- 1.1.1 The approval of the equality policy statement and objectives is within the Council's policy framework and is a matter for Full Council.
- 1.1.2 The Equality Act (2010) sets out a 'Public Sector Equality Duty' which requires public authorities to have 'due regard' to the need to eliminate discrimination, advance equality of opportunity, and foster good relations between different people when carrying out their day to day work – in shaping policy, in delivering services and in relation to their own employees. As part of the duty, the Council is required to prepare and publish one or more objectives and review these at least every four years.

1.2 Progress 2012-16

- 1.2.1 The West Kent Equality Partnership Aims and Commitments were in place for 2012-16. These were developed in partnership with Sevenoaks District Council and Tunbridge Wells Borough Council. These are no longer fit for purpose as they do not support robust reporting of outcomes for each individual authority. Examples of things Tonbridge and Malling achieved during 2012-16 include:
 - 1.2.2 As a community leader we have worked to reduce health inequalities by providing activities and events such as the Tonbridge Well Being Day.
 - 1.2.3 As a service provider we have carried out work to improve the accessibility of our website for people with visual impairments, motor difficulties and learning disabilities.
 - 1.2.4 As an employer we have completed an analysis of pay based on gender and not identified any faults within our pay practices.

1.3 Equality Policy Statement and Objectives 2016-2020

- 1.3.1 The Equality Policy Statement and Objectives is attached at Annex 1. It has been decided that, in future, the 3 authorities will determine their own objectives, to replace the West Kent Equality Aims and Commitments.
- 1.3.2 We continue to take a proportionate approach to responding to our duties under the Equality Act (2010), reflecting the demographics of our communities and within current resource constraints.
- 1.3.3 Management Team have developed objectives based on information within their service areas that indicate where inequalities may exist. Our equality objectives for 2016-2020 are summarised as follows:
- 1.3.4 **Equality Objective 1**
- 1.3.5 As a community leader, we will advance equality of opportunity for those living within Snodland, East Malling and Trench to achieve better outcomes in relation to health, employment and education.
- 1.3.6 Rationale: The Government's latest Index of Multiple Deprivation 2015 indicates that parts of the wards of Snodland, East Malling and Trench are significantly more deprived than other areas in the Borough including poorer health, higher levels of worklessness and poverty, and lower levels of educational attainment.
- 1.3.7 **Equality Objective 2**
- 1.3.8 As a service provider, we will advance equality of opportunity by increasing the number of customers with a disability who are able to use our services regardless of the method they use to access the service.
- 1.3.9 Rationale: According to Cabinet Office statistics, in 2014 "just under 10% of the population may never be able to gain basic digital capabilities, because of disabilities or basic literacy skills". Our aim will be to provide support to anyone who cannot independently access the Council's digital services.
- 1.3.10 **Equality Objective 3**
- 1.3.11 As a service provider, we will advance equality of opportunity by increasing uptake of the assisted waste collection ("pull out") service where needed.
- 1.3.12 Rationale: Approximately 500 households currently receive this service. Although this is lower than the number of households with one or more persons with a long-term health problem or disability, we would expect that many households already receive assistance from others within the household or from neighbours etc. However, we still need to establish whether there may be additional households that require our assistance.
- 1.3.13 **Equality Objective 4**

1.3.14 As an employer, we will eliminate discrimination, harassment and victimisation by giving staff and Members the necessary skills and understanding to promote equality and diversity in both service delivery and employment.

1.3.15 Rationale: Equality and diversity training was last provided to all staff in 2010 and we want to ensure that staff and Councillors maintain their awareness of corporate values.

1.4 Legal Implications

1.4.1 The Council is required to comply with the Equality Act 2010. Failure to do so may result in action being taken by the Equality and Human Rights Commission, including issuing a formal 'compliance notice' and possible court action.

1.5 Financial and Value for Money Considerations

1.5.1 Understanding the needs of people with protected characteristics under the Equality Act (2010) will assist the Council in allocating resources to areas or services where it is considered to be a greater priority. The implementation of actions to achieve the equality objectives will need to be incorporated into appropriate service budgets.

1.6 Risk Assessment

1.6.1 If the equality policy statement and objectives are not adopted, the Council will not be able to demonstrate its compliance with the Equality Act 2010 and action may be taken against the Council by the Equality and Human Rights Commission.

1.7 Equality Impact Assessment

1.7.1 Members are reminded of the requirement, under the Public Sector Equality Duty (section 149 of the Equality Act 2010) to have due regard to (i) eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Equality Act 2010, (ii) advance equality of opportunity between people from different groups, and (iii) foster good relations between people from different groups. This report sets our objectives for addressing key areas of discrimination and disadvantage over the next four years.

1.8 Policy Considerations - Equalities/Diversity

1.8.1 As above at 1.7.1.

1.9 Recommendations

1.9.1 That the Equality Policy Statement and Objectives attached at Annex 1 be approved for the purposes of consultation;

1.9.2 A report on the outcome of consultation be submitted to the Overview and Scrutiny Committee for consideration

Background papers:

Nil

contact: Charlie Steel
Ext.6015

Adrian Stanfield
Director of Central Services

Tonbridge & Malling Borough Council

Equality Policy Statement and Objectives

January 2016

If you have difficulty reading this document and would like the information in large print please email diversity@tmbc.gov.uk.



Policy Statement

We want to make sure that people have the opportunity to reach their potential and that our services meet their needs. We will achieve this through our roles as a community leader, service provider and employer. The commitments in this document apply to Councillors and staff and set standards for others who deliver services on our behalf.

As a Community Leader we will:

- Manage the effects of reduced financial resources by taking informed decisions and being accountable for them;
- Encourage and support people to be active in community life and exercise their democratic rights; and
- Listen and respond to the views of our communities.

As a Service provider we will:

- Help everyone to make use of the services to which they are entitled;
- Give information and advice in suitable ways; and
- Monitor and evaluate services to identify whether they are meeting people's needs.

As an employer we will:

- Select, appoint and promote individuals only on the basis of merit;
- Encourage all staff to develop and reach their potential;
- Provide a safe and accessible workplace;
- Provide fair and open pay and reward systems; and
- Make sure staff treat each other with dignity and respect.

To deliver our commitments we will:

- Update this document annually to set out what we have done against our objectives;
- Use equality impact assessments when making changes to our services; and
- Not tolerate inappropriate or offensive language or behaviour to staff or service users.

Rights and Responsibilities

- The Chief Executive will have overall responsibility for implementing this policy statement.
- Senior Managers will make sure their service areas comply with this document.
- Each member of staff has responsibility to read, understand and implement this policy statement and to take responsibility for their own behaviour. Each Councillor has responsibility to read, understand and make sure their behaviour has regard for this policy statement.
- Implementation of this policy statement will be monitored by Management Team.

Public Sector Equality Duty

The Council is subject to the Public Sector Equality Duty (the equality duty). The equality duty is made up of a general equality duty which is supported by specific

duties. The general equality duty requires public authorities, in the exercise of their functions, to have due regard to the need to:

- Eliminate discrimination, harassment and victimisation and any other conduct that is prohibited by or under the Act.
- Advance equality of opportunity between people who share a relevant protected characteristic and people who do not share it.
- Foster good relations between people who share a relevant protected characteristic and those who do not share it.

Equality information

Under the Equality Act (2010) we are required to publish information to show how we comply with the Public Sector Equality Duty. This must include information relating to people, who share a protected characteristic, who are our employees and people affected by our policies and practices. We have provided information about our population below. Information about people that use our services is set out in the rationale for each of our equality objectives. Information about our employees is included in the annual update to our Human Resources Strategy.

Disability

The 2011 Census recorded that 14,057 households (29.2%) in the Borough include people with a long-term health problem or disability. Of these 2,919 households (6.1%) include two or more persons with a long-term health problem or disability. 17,946 (14.9%) people in the Borough have their day to day activities limited a little or a lot by a long-term illness or disability. This is lower than the Kent average of 17.6% and lower than the national average of 17.9%.

Age

Mid-year population estimates (2014) recorded the average age of the Borough's population as 40.3. This is slightly lower than the Kent average of 40.7 years but higher than the national average of 39.6 years. Currently, 18.5% of the Borough's population is aged over 65. Population forecasts indicate that 23.8% of the Borough's population will be aged over 65 by 2033. This is in line with population forecasts for the Kent area.

Sex (Gender)

The 2011 Census recorded that 51% of the population is female and 49% is male.

Race

The 2011 Census recorded that 4,933 people (4.1%) in the Borough are from a Black or Minority Ethnic background. This is lower than the Kent average of 6.9% and the national average of 14.6%.

Religion or belief

The 2011 Census recorded that 63.7% of the population is Christian. This is higher than the Kent average of 61.8% and the national average of 59.4%. 27.3% of the population have no religion. Small proportions of the remainder of the population are Muslim, Buddhist, Hindu, Sikh and Jewish.

Sexual orientation

Sexual orientation data is not captured by the Census. Data from the Integrated Household Survey estimates that 1.6% of adults in the UK identified their sexual identity as lesbian, gay or bisexual in 2014.

Pregnancy or maternity

In 2014, there were 62.8 births per 1,000 of the Borough’s population. This is slightly higher than the Kent average of 62.4 and the national average of 62.1.

Marital or civil partnership status

The 2011 Census recorded that 53.4% of the Borough’s population are married. This is higher than the Kent average of 48.9% and the national average of 46.6%.

Gender reassignment

At present, there is no official estimate of the trans population. Gender reassignment data is not captured by the Census.

Equality Objectives

Under the Equality Act (2010) we are required to prepare and publish one or more objectives to show how we will achieve any of the things mentioned in the aims of the general equality duty. Our objectives for 2016-2020 are set out below.

Equality objective 1

As a community leader, we will advance equality of opportunity for those living within Snodland, East Malling and Trench to achieve better outcomes in relation to health, employment and education.

Equality objective 2

As a service provider, we will advance equality of opportunity by increasing the number of customers with a disability who are able to use our services regardless of the method they use to access the service.

Equality objective 3

As a service provider, we will advance equality of opportunity by increasing uptake of the assisted waste collection (“pull out”) service where needed.

Equality objective 4

As an employer, we will eliminate discrimination, harassment and victimisation by giving staff and Members the necessary skills and understanding to promote equality and diversity in both service delivery and employment.

Equality objective 1

As a community leader, we will advance equality of opportunity for those living within Snodland, East Malling and Trench to achieve better outcomes in relation to health, employment and education.

Why we have chosen this objective:

The Government's latest Index of Multiple Deprivation 2015 indicates that parts of the wards of Snodland, East Malling and Trench are significantly more deprived than other areas in the Borough including poorer health, higher levels of worklessness and poverty, and lower levels of educational attainment.

We will measure outcomes against this objective for the following protected characteristics:

- Sex (Gender)
- Race
- Marital and Civil Partnership Status
- Disability

We will report the following information against this objective on an annual basis:

A summary of demographic information of those who participate in health initiatives/events, job clubs and youth events.

Our action plan to deliver this objective is:

1. Report outcomes from the delivery of Community Action Plans by the Partnership Groups for each area.
2. Lobby Kent County Council Public Health Director to obtain re-assurances for continued funding.
3. Work with key partners to ensure they are adopting the same approach to programme recruitment.
4. Work with community development colleagues to ensure programmes are promoted in the right areas.
5. Work with GP Practices to encourage referrals onto programmes.
6. Select venues with ease of access.
7. Obtain postcode and demographic data from attendees.
8. Work with individuals on a 1-1 basis where appropriate to encourage completion of programme and identify potential onward referrals to support their wider health issues.

The responsible officers for delivering this objective are:

- Chief Environmental Health Officer
- Scrutiny and Partnership Officer

Equality objective 2

As a service provider, we will advance equality of opportunity by increasing the number of customers with a disability who are able to use our services regardless of the method they use to access the service.

Why we have chosen this objective:

According to Cabinet Office statistics, in 2014 “just under 10% of the population may never be able to gain basic digital capabilities, because of disabilities or basic literacy skills”. Our aim will be to provide support to anyone who cannot independently access the Council’s digital services.

We will measure outcomes against this objective for the following protected characteristics:

- Disability

We will report the following information against this objective on an annual basis:

- The number of complaints received that relate to customers with a disability not being able to access a service.
- Rating improvement against individual criteria in the DAC annual assessment undertaken as part of the SOCITM Better Connected report.

Our action plan to deliver this objective is:

1. To monitor comments and complaints regarding the accessibility of services to customers with a disability.
2. To review the face-to-face service offered to customers with a disability.

The responsible officers for delivering this objective are:

- Personnel & Customer Services Manager
- IT Development Manager

Equality objective 3

As a service provider, we will advance equality of opportunity by increasing uptake of the assisted waste collection (“pull out”) service where needed.

Why we have chosen this objective:

Approximately 500 households currently receive this service. Although this is lower than the number of households with one or more persons with a long-term health problem or disability, we would expect that many households already receive assistance from others within the household or from neighbours etc. However, we still need to establish whether there may be additional households that require our assistance.

We will measure outcomes against this objective for the following protected characteristics:

- Disability

We will report the following information against this objective on an annual basis:

Percentage of households that receive the service against those who are entitled to use the service.

Our action plan to deliver this objective is:

1. Review current households in receipt of the service.
2. Remove households that are not entitled to the service.
3. Publicise the service via leaflets and website to encourage uptake from those entitled to it.

4. Publicise via community groups such as Tonbridge and Malling Seniors and Snodland Community Partnership.
5. Publicise via parish newsletters.

The responsible officer for delivering this objective is:

- Waste Service Manager
-

Equality objective 4

As an employer, we will eliminate discrimination, harassment and victimisation by giving staff and Members the necessary skills and understanding to promote equality and diversity in both service delivery and employment.

Why we have chosen this objective:

Equality and diversity training was last provided to all staff in 2010 and we want to ensure that staff and Councillors maintain their awareness of corporate values.

We will measure outcomes against this objective for the following protected characteristics:

- Disability
- Age
- Sex (gender)
- Race
- Religion or belief
- Sexual orientation
- Pregnancy or maternity
- Marital or civil partnership status
- Gender reassignment

We will report the following information against this objective on an annual basis:

Number of reports or complaints of proven discrimination or inequality.

Our action plan to deliver this objective is:

1. All council staff will be provided with updated awareness training by September 2016.
2. The Code of Conduct for staff will be updated and made mandatory for staff to read.
3. Reinforce the need to report instances of inappropriate behaviour by staff or Members.

The responsible officer for delivering this objective is:

- Customer Services & Personnel Manager

January 2016

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Item CB 16/8 referred from Cabinet of 11 February 2016

CB 16/8 TREASURY MANAGEMENT AND ANNUAL INVESTMENT STRATEGY 2016/17

The report of the Director of Finance and Transformation provided details of investments undertaken and returns achieved in the first nine months of the current financial year together with an introduction to the Treasury Management and Annual Investment Strategy for 2016/17.

It was noted that investment income was £19,600 above the revised budget for the same period and £36,550 above the original estimate. This was largely attributable to a more favourable pattern of payments to the Government and other recipients of business rates collected by the Council. Reference was made to the modest uplift in returns built into the investment income projection for 2016/17 in anticipation of a Bank Rate rise during the year. However Capita, the Council's treasury advisors, had recently updated their forecast based on a delay in interest rate rise from mid to end of 2016.

It was noted that the Audit Committee had reviewed the matters covered by the report at its meeting on 25 January 2016 and commended the Strategy for adoption. The Chairman of that Committee had also indicated the intention of arranging appropriate training on treasury management, details of which would be given in due course.

RECOMMENDED: That

- (1) the treasury management position as at 31 December 2015 be noted; and
- (2) the Treasury Management and Annual Investment Strategy for 2016/17, as set out at Annex 4 to the report, be adopted.

***Referred to Council**

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TONBRIDGE & MALLING BOROUGH COUNCIL

CABINET

11 February 2016

Report of the Director of Finance & Transformation

Part 1- Public

Matters for Recommendation to Council

1 TREASURY MANAGEMENT AND ANNUAL INVESTMENT STRATEGY 2016/17

1.1 The report provides details of investments undertaken and returns achieved in the first nine months of the current financial year. The report also provides an introduction to the Treasury Management and Annual Investment Strategy for 2016/17. Members are invited to recommend adoption of the Strategy to full Council.

1.2 Introduction

1.2.1 The Local Government Act 2003 requires the Council to 'have regard to the Prudential Code and to set Prudential Indicators for the next three years to ensure that the Council's capital investment plans are affordable, prudent and sustainable'.

1.2.2 The Act also requires the Council to set out its Treasury Management Strategy for borrowing and to prepare an Annual Investment Strategy. The latter sets out the Council's policies for managing its investments and for giving priority to the security and liquidity of those investments.

1.2.3 The Strategies are set out in a single document at **[Annex 4]** to this report.

1.2.4 The portfolio of the Audit Committee includes the review of treasury management activities. Accordingly, that Committee was asked to review the matters covered by this report and **[Annex 4]** on 25 January 2016. Due to timing issues it will be necessary to verbally report upon any recommendations and observations made by the Audit Committee.

1.2.5 The Strategy is a complex technical document and is a specialist area of work, **I should be grateful if Members could raise any queries with the author of this report (Michael Withey ext. 6103) in advance of the meeting** as Michael will not be present on 2 February.

1.3 Treasury Management Update

1.3.1 In accordance with the CIPFA Treasury Management Code of Practice, it is the Council's priority to ensure security of capital and liquidity, and to obtain an

appropriate level of return which is consistent with the Council's risk appetite. Yields remain low in-line with the 0.5% Bank Rate. As a consequence, investment returns are expected to remain low relative to pre 2008 financial crisis levels throughout the remainder of this financial year and the next pending a rise in Bank Rate.

1.3.2 Cash flow funds are available on a temporary basis and their amount varies from month to month and during the course of each month dependent on the timing of receipts (collection of business rates, council tax, grants and other sources of income) and payments (to government, precepting authorities, housing benefit recipients, staff and suppliers). The authority holds £15.5m of core cash balances for investment purposes. These funds which comprise our revenue and capital reserves are for the most part available to invest for more than one year.

1.3.3 At the end of December 2015 funds invested and interest earned is set out in the table below:

	Funds invested at 31 Dec 2015	Average duration to maturity	Weighted average rate of return	Interest earned to 31 Dec 2015	Gross annualised return	LIBID benchmark
	£m	Days	%	£	%	%
Cash flow	18.5	36	0.70	78,800	0.66	0.36 (7 Day)
Core funds	15.5	101	0.84	83,950	0.82	0.46 (3 Month)
Total	34.0	66	0.76	162,750	0.73	0.41 (Average)

1.3.4 Interest earned of £162,750 is £19,600 better than the revised budget for the same period and £36,550 better when compared to the original estimate for 2015/16. The authority also outperformed the LIBID benchmark by 32 basis points. The pattern of income generation is expected to be maintained to year end such that income for the financial year as a whole is likely to be in the region of £210,000, some £42,500 better than originally anticipated.

1.3.5 **Cash flow funds.** Our daily cash flow balances for the year ahead are modelled at the start of the financial year. That cash flow model is then updated daily and reviewed on a regular basis. Cash flow surpluses will typically be invested overnight in bank deposit accounts and money market funds to ensure sufficient short term liquidity to meet payment obligations. However, when cash surpluses permit, fixed term investments are undertaken to take advantage of the higher yields available. In April £5m nine month fixed term investments were undertaken yielding circa 0.8%. Mid-summer £6.5m six month fixed term investments were placed yielding an average of 0.7%. More recently £2.5m three month deposits,

yielding 0.55%, have been placed to take advantage of this year's cash flow balances which peak in December.

- 1.3.6 A significant element of the Council's daily cash balance relates to the collection of business rates, the majority of which is paid over to Government, KCC and Kent Fire and Rescue. Whilst the Council is responsible for determining when to collect, Government determines when payments to themselves and others are due. In 2014/15 and earlier years payments to Government and others were spread over ten monthly instalments starting in April and ending the following January. For 2015/16 outgoing payments have been spread over 12 equal monthly instalments starting in April. The result has been higher daily balances, which have been available for longer, enabling the council to undertake more fixed term investments than would otherwise have been the case. More, higher yielding, term deposits are the main reason for the additional income referred to above. The current payment profile to Government is being reviewed by them and there is no guarantee that it will be retained for 2016/17. An announcement is expected early in 2016.
- 1.3.7 **Core funds.** Following the transfer of all core fund investments from our external fund manager to in-house management in August 2014, the opportunity to enhance yield by extending duration has continued. The current core fund portfolio includes a mix of nine and twelve month deposits together with one high yielding call account. The pattern of maturities, predominantly monthly from December to April, is designed to ensure additional liquidity is available to the Council to support spending towards the end of the financial year and to take advantage of improved offers from banks as we approach a rise in Bank Rate. Thus far this financial year the level of income generated from core funds, whilst a little higher, is still broadly in-line with original expectations.
- 1.3.8 **Current investment position.** A full list of investments held on 31 December 2015 is provided at **[Annex 1]** and a copy of our lending list of the same date is provided at **[Annex 2]**.
- 1.3.9 **Capita benchmarking data.** The Council takes advantage of Capita's benchmarking facility which enables us to gauge our performance against Capita's other local authority clients. An extract from the latest benchmarking data is provided in the form of a scatter graph at **[Annex 3]**. The graph shows the return (vertical scale) vs. the credit / duration risk (horizontal scale) associated with an authority's investments. As at 30 September 2015 our return at 0.79% (purple diamond) was above the average of 0.68% for all other local authorities and relative to the Council's exposure to credit / duration risk that return exceeded Capita's predicted return (just above the upper boundary indicated by the green diagonal line).

1.4 Treasury Management and Annual Investment Strategy 2016/17

1.4.1 The strategy includes the parameters that aim to limit the Council's exposure to investment risks by requiring investments to be placed with highly credit rated institutions and that those investments are diversified across a range of counterparties. In common with the 2015/16 Annual Investment Strategy, the Strategy proposed for 2016/17 and detailed at **[Annex 4]** requires:

- Counterparties must be regulated by a Sovereign rated AA- or better as recognised by each of the three main rating agencies (Fitch, Moody's or Standard & Poor's).
- Whilst 100% of funds can be invested in the UK, exposure to non-UK banks is restricted to no more than 20% of funds per Sovereign.
- Exposure to individual counterparties / groups of related counterparty must not exceed 20% of funds (25% of funds for part state owned UK Banks).
- In selecting suitable counterparties the Council has adopted Capita's credit worthiness methodology. The methodology combines the output from all three credit rating agencies including credit watches / outlooks and credit default swap data to assign a durational band to a financial institution (100 days, 6 months, 12 months, 5 years, etc.). At the time of placing an investment the financial institution must be assigned a durational band of at least 100 days. This broadly equates to a minimum long term credit rating of Fitch A- (high) and a short term credit rating of Fitch F1 (strong).
- The duration of an investment in a foreign bank must not exceed Capita's recommendation. For UK financial institutions Capita's duration recommendation can be enhanced by up to three months subject to the combined duration (Capita recommendation plus the enhancement) not exceeding 12 months.
- Money Market funds should be rated Fitch AAmmf or equivalent and exposure limited to no more than 20% per fund.
- Enhanced Money Funds should be rated AAA and exposure limited to no more than 10% per fund and 20% to all such funds.

1.4.2 The strategy also limits the type of instrument (e.g. term deposits, floating rate notes, etc.) that can be used and establishes a maximum investment duration (2 years other than Gilts). Given our overriding investment priorities of security of capital and liquidity the Council does not invest in equities.

1.4.3 At the present time the Council has access, both directly and via brokers, to an adequate number of high credit rated financial institutions allowing an appropriate level of diversification. Our cash flow forecasting aims to ensure the Council has sufficient liquidity to meet payment obligations. Excess liquidity is avoided by using term deposits to generate additional yield when daily cash balances permit. Whilst the 2016/17 Strategy has been updated to reflect the current economic

environment and latest interest rate forecast, the risk parameters set out in the 2015/16 approved strategy have been retained.

1.5 Legal Implications

- 1.5.1 Under Section 151 of the Local Government Act 1972, the Section 151 Officer has statutory duties in relation to the financial administration and stewardship of the authority, including securing effective arrangements for treasury management.
- 1.5.2 This report fulfils the requirements of The Chartered Institute of Public Finance & Accountancy's Code of Practice on Treasury Management 2009.

1.6 Financial and Value for Money Considerations

- 1.6.1 The Bank Rate has remained at a historic low of 0.5% for over 7 years. Capita, our treasury advisors, in common with other market forecasts, anticipate an interest rate rise mid-2016.
- 1.6.2 At the end of December investment income is £19,600 better than the revised budget for the same period, £36,550 better when compared to the original estimate. Income for the 2015/16 financial year as a whole is likely to be in the region of £210,000, some £42,500 better than originally expected.
- 1.6.3 The higher level of income is largely attributed to a more favourable pattern of payments to Government and other recipients of business rates collected by the Council. The payment profile applying to the 2016/17 financial year may be less favourable and has yet to be announced by Government.
- 1.6.4 In anticipation of a Bank Rate rise part way through 2016 a modest uplift over current returns is built into the investment income projection for 2016/17. Cash flow returns in 2016/17 are expected to be 0.75% against a return of 0.66% at the end of December. Core funds are expected to generate a return of 1.0% in 2016/17 against a return of 0.82% at the end of December. The 2016/17 estimates include total investment income of £206,000.
- 1.6.5 Investment performance is monitored against relevant benchmarks and compared to other local authorities using benchmarking data provided by Capita.

1.7 Risk Assessment

- 1.7.1 Capita are employed to advise on the content of the Treasury Management and Annual Investment Strategy and this, coupled with a regular audit of treasury activities ensures that the requirements of the Strategy and the Treasury Policy Statement adopted by this Council are complied with.
- 1.7.2 Credit ratings remain a key tool in assessing risk. It is recognised that their use should be supplemented with sovereign ratings and market intelligence. Appropriate sovereign, group and counterparty limits need to be established to ensure an appropriate level of diversification.

1.7.3 In the light of these safeguards and stringent Treasury Management Procedures it is considered that any risks to the authority implicit in the 2016/17 Strategy have been minimised.

1.8 Equality Impact Assessment

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

1.9 Recommendations

1.9.1 Members are invited to **RECOMMEND** that full Council:

- 1) note the treasury management position as at 31 December 2015;
- 2) adopts the Treasury Management and Annual Investment Strategy for 2016/17 set out at **[Annex 4]**.

Background papers:

contact: Mike Withey

Nil

Sharon Shelton
Director of Finance & Transformation

Investment Summary as at 31 December 2015

Counterparty	Sovereign	Fitch Credit rating		Capita Credit Worthiness/Suggested Duration	Investment					Instrument type	Core Fund £	Cash Flow £	
		Long Term	Short Term		Start Date	End Date	Actual Duration	Amount Invested £	Return %				Proportion of total %
Bank of Scotland	UK	A+	F1	6 months	14/04/2015	14/01/2016	9 months	1,000,000	0.80%		Fixed deposit	1,000,000	
Bank of Scotland	UK	A+	F1	6 months	21/04/2015	21/01/2016	9 months	1,000,000	0.80%		Fixed deposit		1,000,000
Bank of Scotland Total								2,000,000		5.88%			
Barclays Bank	UK	A	F1	6 months	28/04/2015	28/01/2016	9 months	1,000,000	0.80%		Fixed deposit		1,000,000
Barclays Bank	UK	A	F1	6 months	29/05/2015	29/02/2016	9 months	1,250,000	0.81%		Fixed deposit	1,250,000	
Barclays Bank	UK	A	F1	6 months	17/09/2015	17/03/2016	6 months	1,000,000	0.71%		Fixed deposit		1,000,000
Barclays Bank	UK	A	F1	6 months	22/07/2015	22/04/2016	9 months	1,250,000	0.86%		Fixed deposit	1,250,000	
Barclays Bank Total								4,500,000		13.24%			
BNP Paribas MMF	n/a	AAA	mmf (Eq)	5 years	31/12/2015	04/01/2016	n/a	1,935,000	0.53%		Call - MMF		1,935,000
BNP Paribas MMF Total								1,935,000		5.69%			
Goldman Sachs Int'l Bank	UK	A	F1	6 months	20/08/2015	22/02/2016	6 months	2,000,000	0.75%		Fixed deposit		2,000,000
Goldman Sachs Int'l Bank	UK	A	F1	6 months	10/12/2015	09/09/2016	9 months	2,000,000	0.87%		Fixed deposit	2,000,000	
Goldman Sachs Int'l Bank Total								4,000,000		11.77%			
Lloyds Bank	UK	A+	F1	6 months	21/04/2015	21/01/2016	9 months	1,000,000	0.80%		Fixed deposit		1,000,000
Lloyds Bank	UK	A+	F1	6 months	14/04/2015	13/04/2016	1 year	1,000,000	1.00%		Fixed deposit	1,000,000	
Lloyds Bank	UK	A+	F1	6 months	24/07/2015	25/04/2016	9 months	500,000	0.80%		Fixed deposit	500,000	
Lloyds Bank	UK	A+	F1	6 months	09/12/2015	09/03/2016	3 months	500,000	0.57%		Fixed deposit		500,000
Lloyds Bank Total								3,000,000		8.82%			
NatWest Deposit Account	UK	BBB+	F2	1 year	31/12/2015	04/01/2016	n/a	10,000	0.25%		Call		10,000
National Westminster Bank Total								10,000		0.03%			
Nordea Bank AB	Sweden	AA-	F1+	1 year	24/07/2015	22/01/2016	6 months	500,000	0.64%		CD		500,000
Nordea Bank AB	Sweden	AA-	F1+	1 year	03/12/2015	03/03/2016	3 months	1,000,000	0.55%		CD		1,000,000
Nordea Bank AB	Sweden	AA-	F1+	1 year	23/12/2015	23/03/2016	3 months	1,000,000	0.55%		CD		1,000,000
Nordea Bank AB Total								2,500,000		7.35%			
Nationwide Building Society	UK	A	F1	6 months	29/04/2015	29/01/2016	9 months	1,000,000	0.80%		Fixed deposit		1,000,000
Nationwide Building Society	UK	A	F1	6 months	29/05/2015	29/02/2016	9 months	1,250,000	0.79%		Fixed deposit	1,250,000	
Nationwide Building Society	UK	A	F1	6 months	17/09/2015	17/03/2016	6 months	1,000,000	0.66%		Fixed deposit		1,000,000
Nationwide Building Society	UK	A	F1	6 months	16/12/2015	16/09/2016	9 months	1,250,000	0.84%		Fixed deposit	1,250,000	
Nationwide Building Society Total								4,500,000		13.24%			
Rabobank	Netherlands	AA-	F1+	1 year	13/08/2015	12/02/2016	6 months	1,000,000	0.65%		CD		1,000,000
Rabobank Total								1,000,000		2.94%			
Santander UK Deposit Account	UK	A	F1	6 months	31/12/2015	04/01/2016	n/a	5,051,000	0.80%		Call	2,451,000	2,600,000
Santander UK Total								5,051,000		14.86%			
Royal Bank of Scotland	UK	BBB+	F2	1 year	23/03/2015	23/03/2016	1 year	1,000,000	0.90%		CD	1,000,000	
Royal Bank of Scotland Total								1,000,000		2.94%			
Standard Chartered Bank	UK	A+	F1	6 months	08/07/2015	08/01/2016	6 months	500,000	0.72%		CD		500,000
Standard Chartered Bank	UK	A+	F1	6 months	24/04/2015	25/01/2016	9 months	1,000,000	0.80%		CD		1,000,000
Standard Chartered Bank	UK	A+	F1	6 months	05/06/2015	04/03/2016	9 months	1,000,000	0.80%		CD	1,000,000	
Standard Chartered Bank	UK	A+	F1	6 months	10/06/2015	10/03/2016	9 months	1,500,000	0.81%		CD	1,500,000	
Standard Chartered Bank	UK	A+	F1	6 months	18/09/2015	18/03/2016	6 months	500,000	0.73%		CD		500,000
Standard Chartered Bank Total								4,500,000		13.24%			
Total invested								33,996,000		100.00%		15,451,000	18,545,000

Number of investments	30	Average investment value £		1,133,000	
Number of counter parties	12	Average counter party investment £		2,833,000	
Group exposures:		Core £	Cash £	Combined £	%
RBS + National Westminster (UK Nationalised 25% or £3.3m per fund)		1,000,000	10,000	1,010,000	2.97
Bank of Scotland + Lloyds (20% or £2.6m per fund)		2,500,000	2,500,000	5,000,000	14.71

Total non-specified investments should be less than 60% of Core Funds	0.00%
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CD = Certificate of Deposit

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Tonbridge and Malling Borough Council Lending List

Checked against Capita Duration Matrix dated 31/12/15								
Minimum investment criteria is Capita Green (100 days) Duration Band (entry point broadly equates to Fitch A-, F1 unless UK nationalised / semi-nationalised)								
Counterparty	Sovereign	Sovereign Rating [1]	Fitch Long Term	Fitch Short Term	Exposure Limits			Capita Duration [2]
					Cash Flow	Core Fund	Combined	
Rabobank (Cooperatieve Centrale Raiffeisen Boerenleenbank BA)	Netherlands	AA+	AA-	F1+	£2.6m	£2.6m	£5.2m	12 months
ING Bank	Netherlands	AA+	A	F1	£2.6m	£2.6m	£5.2m	6 months
Nordea Bank AB	Sweden	AAA	AA-	F1+	£2.6m	£2.6m	£5.2m	12 months
Svenska Handelsbanken AB	Sweden	AAA	AA-	F1+	£2.6m	£2.6m	£5.2m	12 months
Bank of Scotland Group limit with BOS and Lloyds of £2.6m / £5.2m	UK	AA+	A+	F1	£2.6m	£2.6m	£5.2m	6 months
Barclays Bank	UK	AA+	A	F1	£2.6m	£2.6m	£5.2m	6 months
Goldman Sachs International Bank	UK	AA+	A	F1	£2.6m	£2.6m	£5.2m	6 months
HSBC Bank	UK	AA+	AA-	F1+	£2.6m	£2.6m	£5.2m	12 months
Lloyds Bank Group limit with BOS and Lloyds of £2.6m / £5.2m	UK	AA+	A+	F1	£2.6m	£2.6m	£5.2m	6 months
Santander UK	UK	AA+	A	F1	£2.6m	£2.6m	£5.2m	6 months
Standard Chartered Bank	UK	AA+	A+	F1	£2.6m	£2.6m	£5.2m	6 months
Nationwide Building Society	UK	AA+	A	F1	£2.6m	£2.6m	£5.2m	6 months
National Westminster Bank [3] Group limit with National Westminster and RBS of £3.3m / £6.6m	UK	AA+	BBB+	F2	£3.3m	£3.3m	£6.6m	12 Months
The Royal Bank of Scotland [3] Group limit with National Westminster and RBS of £3.3m / £6.6m	UK	AA+	BBB+	F2	£3.3m	£3.3m	£6.6m	12 Months
UK Debt Management Office including Treasury Bills	UK	AA+	N/A	N/A	No limit	No limit	No limit	N/A
UK Treasury Sovereign Bonds (Gilts)	UK	AA+	N/A	N/A	N/A	£6.7m	£6.7m	N/A
UK Local Authorities	UK	AA+	N/A	N/A	£2.6m	£2.6m	£5.2m	N/A

[1] Reflects the lowest of the three rating agencies views (Fitch, Moody's and Standard and Poor's). Strategy requires sovereigns to be rated at least AA-.

[2] All deposits overnight unless otherwise approved by the Director of Finance and Transformation AND Chief Financial Services Officer. If other than overnight duration must not exceed Capita's recommendation (Capita + 3 months for UK entities up to a maximum of 12 months).

[3] UK nationalised / semi-nationalised.

Money Market Funds						
Minimum investment criteria one of AAA-mf, AAAmmf or AAAM						
Fund Name	Moody	Fitch	S&P	Exposure Limit		
				Cash Flow	Core Fund	Combined
Blackrock	AAA-mf	-	AAAM	£2.6m	£2.6m	£5.2m
BNP Paribas	-	-	AAAM	£2.6m	£2.6m	£5.2m
Goldman Sachs	AAA-mf	AAAmmf	AAAM	£2.6m	£2.6m	£5.2m
Deutsche Fund	AAA-mf	-	AAAM	£2.6m	£2.6m	£5.2m
Standard Life (Ignis)	-	AAAmmf	AAAM	£2.6m	£2.6m	£5.2m
Morgan Stanley	AAA-mf	AAAmmf	AAAM	£2.6m	£2.6m	£5.2m
Federated Prime Rate	-	AAAmmf	AAAM	£2.6m	£2.6m	£5.2m
Insight Liquidity Group limit for IL and ILP of £2.6m / £5.2m	-	AAAmmf	AAAM	£2.6m	£2.6m	£5.2m

Enhanced Cash Funds						
Minimum investment criteria AAA						
Fund Name	Moody	Fitch	S&P	Exposure Limit		
				Cash Flow	Core Fund	Combined
Insight Liquidity Plus Group limit for IL and ILP of £2.6m / £5.2m	-	-	AAAf/S1	£1.3m	£1.3m	£2.6m

Approved by Director of
Finance & Transformation
4th January 2016

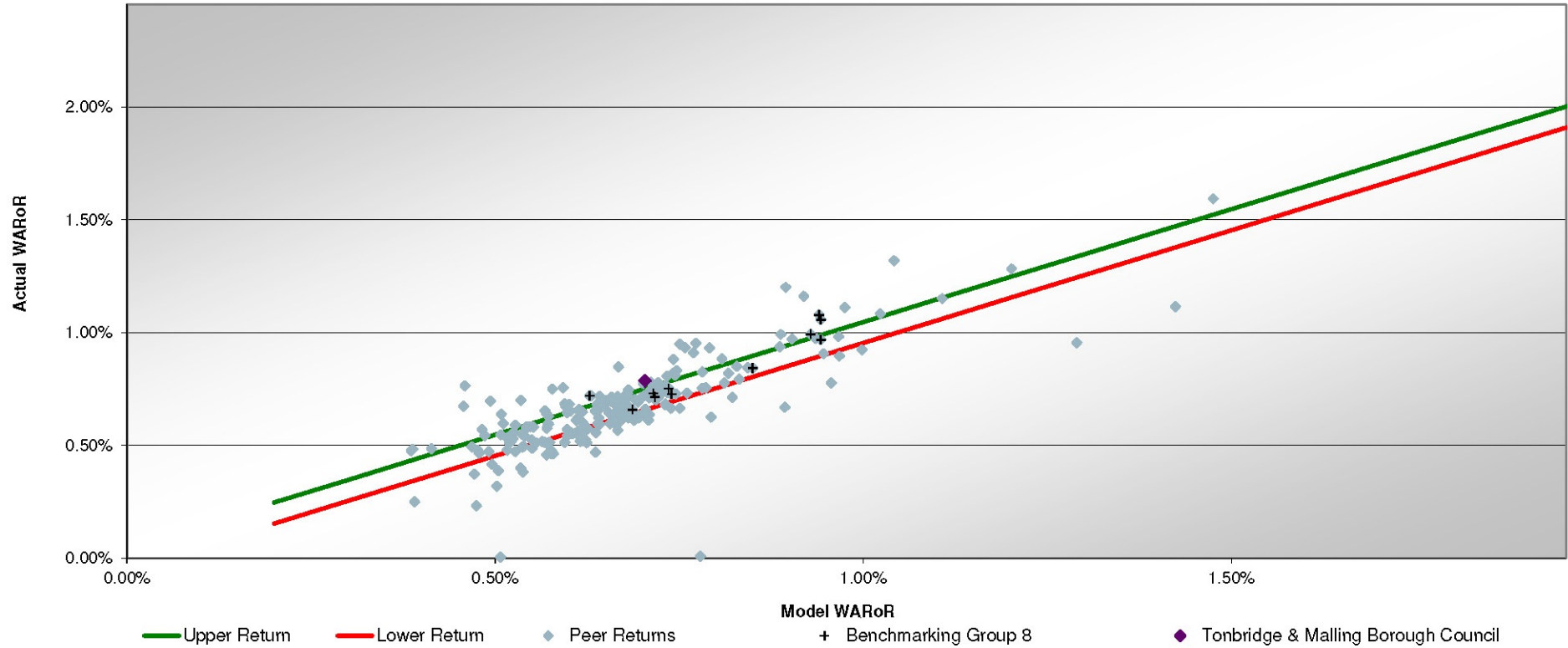
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Tonbridge & Malling Borough Council

Population Returns against Model Returns

September 2015



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	Actual WARoR	Model WARoR	Difference	Lower Bound	Upper Bound	Performance
Tonbridge & Malling Borough Council	0.79%	0.70%	0.08%	0.66%	0.75%	Above

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Treasury Management and Annual Investment Strategy 2016/17

1 Introduction

1.1 Treasury management is defined as:

‘The management of the local authority’s investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks’.

1.2 The strategy covers:

- Statutory and regulatory requirements
- Balanced budget requirement
- Prudential and treasury Indicators
- Borrowing requirement
- Current treasury position
- Prospects for interest rates
- Credit rating agencies
- Investment policy
- Creditworthiness policy
- Country, counterparty and group exposure limits
- Cash flow and core fund Investment strategies
- Year end investment report
- Policy on use of external service providers.

2 Statutory and regulatory requirements

2.1 The Local Government Act 2003 (the Act) and supporting regulations requires the Council to ‘have regard to’ the CIPFA Prudential Code and the CIPFA Treasury Management Code of Practice to set Prudential and Treasury Indicators for the next three years to ensure that the Council’s capital investment plans are affordable, prudent and sustainable.

2.2 The Act requires the Council to set out its Treasury Management Strategy for borrowing and to prepare an Annual Investment Strategy

which sets out the Council's policies for managing its investments and for giving priority to the security and liquidity of those investments.

- 2.3 The Department of Communities and Local Government has issued revised investment guidance which came into effect from 1 April 2010. There were no major changes required over and above the changes already required by the revised CIPFA Treasury Management Code of Practice 2009 (The Code of Practice).
- 2.4 The Code of Practice was adopted by this Council on 18 February 2010. In preparing this strategy due regard has also been given to the Code's subsequent revisions.
- 2.5 The primary requirements of the Code are as follows:
- Creation and maintenance of a Treasury Management Policy Statement which sets out the policies and objectives of the Council's treasury management activities.
 - Creation and maintenance of Treasury Management Practices which set out the manner in which the Council will seek to achieve those policies and objectives.
 - Receipt by the full Council of an Annual Treasury Management Strategy, including the Annual Investment Strategy, for the year ahead; a Mid-year Review Report; and an Annual Report (stewardship report) covering activities during the previous year.
 - Delegation by the Council of responsibilities for implementing and monitoring treasury management policies and practices and for the execution and administration of treasury management decisions.
 - Delegation by the Council of the role of scrutiny of the Treasury Management Strategy and policies to a specific named body. For this Council the delegated body is the Audit Committee.
- 2.6 The scheme of delegation and role of the Section 151 officer that give effect to these requirements are set out at **[Appendix 1]**.

3 Balanced budget requirement

- 3.1 It is a statutory requirement under Section 33 of the Local Government Finance Act 1992, for the Council to produce a balanced budget. In particular, Section 32 requires a local authority to calculate its budget requirement for each financial year to include the revenue costs that flow from capital financing decisions. This means that increases in

capital expenditure must be limited to a level whereby increases in charges to revenue from:

- increases in interest charges caused by increased borrowing to finance additional capital expenditure, and
- any increases in running costs from new capital projects are limited to a level which is affordable within the projected income of the Council for the foreseeable future.

4 Prudential and treasury indicators

- 4.1 It is a statutory duty under Section 3 of the Act and supporting regulations, for the Council to determine and keep under review how much it can afford to borrow. The amount so determined is termed the 'Affordable Borrowing Limit'. In England and Wales the Authorised Limit represents the legislative limit specified in the Act.
- 4.2 The Council must have regard to the Prudential Code when setting the 'Authorised Limit', which essentially requires it to ensure that total capital investment remains within sustainable limits and, in particular, that the impact upon its future council tax levels is 'acceptable'.
- 4.3 Whilst termed an 'Affordable Borrowing Limit', the capital plans to be considered for inclusion incorporate financing by both external borrowing and other forms of liability, such as credit arrangements. The 'Authorised Limit' is to be set, on a rolling basis, for the forthcoming financial year and two successive financial years.
- 4.4 The Council is also required to indicate if it has adopted the CIPFA Code of Practice on Treasury Management. The original 2001 Code was adopted on 30 September 2003 and the revised 2009 Code was adopted by the full Council on 18 February 2010. Subsequent Code amendments are also complied with.
- 4.5 Prudential and Treasury Indicators relevant to setting an integrated treasury management strategy are set out in **[Appendix 2]**.

5 Borrowing requirement

- 5.1 Other than for cash flow purposes and then within the limits set out at **[Appendix 2]** borrowing will not be necessary. All capital expenditure in 2016/17 will be funded from the Revenue Reserve for Capital Schemes, grants, developer contributions and capital receipts arising from the sale of assts.

- 5.2 The borrowing of monies purely to invest or on-lend and make a return is unlawful and this Council will not engage in such activity.

6 Current treasury position

- 6.1 The Council is debt free and as such the overall treasury position at 31 December 2015 comprised only investments which totaled £34m generating an average return of 0.76%.

7 Prospects for interest rates

- 7.1 The Council has appointed Capita Asset Services as treasury advisor to the Council and part of their service is to assist the Council to formulate a view on interest rates. **[Appendix 3]** draws together a number of current City forecasts for short term (Bank Rate) and longer fixed interest rates. Capita's expectation for the Bank Rate for the financial year ends (March) is:

- 2015/ 2016 0.50%
- 2016/ 2017 1.00%
- 2017/ 2018 1.75%
- 2018/ 2019 2.00%

- 7.2 **UK.** UK GDP growth rates in 2013 of 2.2% and 2.9% in 2014 were the strongest growth rates of any G7 country; the 2014 growth rate was also the strongest UK rate since 2006 and the 2015 growth rate is likely to be a leading rate in the G7 again, probably being second to the US. However, quarter 1 of 2015 was weak at +0.4% (+2.9% y/y) though there was a rebound in quarter 2 to +0.7% (+2.4% y/y) before weakening again to +0.5% (2.3% y/y) in quarter 3. The November Bank of England Inflation Report included a forecast for growth to remain around 2.5 - 2.7% over the next three years, driven mainly by strong consumer demand as the squeeze on the disposable incomes of consumers has been reversed by a recovery in wage inflation at the same time that CPI inflation has fallen to, or near to, zero since February 2015. Investment expenditure is also expected to support growth. However, since the August Inflation report was issued, most worldwide economic statistics have been weak and the November Inflation Report flagged up particular concerns for the potential impact on the UK.

- 7.3 The Inflation Report was also notably subdued in respect of the forecasts for inflation which was expected to get back up to the 2% target over a 2 - 3 year time horizon. The increase in the forecast for

inflation at the three year horizon was the biggest in a decade and at the two year horizon was the biggest since February 2013. However, the first round of falls in oil, gas and food prices over late 2014 and also in the first half 2015, will fall out of the 12 month calculation of CPI during late 2015 and early 2016 but a second, more recent round of falls in fuel prices will now delay any significant rise in inflation: this is now expected to get back to around 1% in the second half of 2016 and approach 2% in 2017, though the forecasts in the Report itself were for an even slower rate of increase. There is considerable uncertainty around how quickly pay and CPI inflation will rise in the next few years and this makes it difficult to forecast when the MPC will start to increase the Bank Rate.

- 7.4 **USA.** The American economy made a strong comeback after a weak first quarter's growth at +0.6% (annualised), to grow by no less than 3.9% in quarter 2 of 2015, but then pulled back to 2.1% in quarter 3. The run of strong monthly increases in nonfarm payrolls figures for growth in employment in 2015 prepared the way for the Federal Reserve to embark on its long awaited first increase in rates of 0.25% at its December meeting. However, the accompanying message with this first increase was that further increases will be at a much slower rate, and to a much lower ultimate ceiling, than in previous business cycles, mirroring comments by our own MPC.
- 7.5 **EZ.** In the Eurozone, the ECB commenced a significant €1.1 trillion programme of quantitative easing to buy up high credit quality government and other debt of selected EZ countries. This programme of €60bn of monthly purchases started in March 2015 and it is intended to run initially to September 2016. This appears to have had a positive effect in helping a recovery in consumer and business confidence and has led to an improvement in economic growth. GDP growth rose to 0.5% in quarter 1 2015 (1.0% y/y) but came in at +0.4% (+1.5% y/y) in quarter 2 and +0.3% in quarter 3. However, the limited progress in 2015 together with the recent downbeat Chinese and emerging markets news, has prompted comments by the ECB that it stands ready to strengthen the QE programme by extending its time frame and / or increasing its size in order to get inflation up from the current level of around zero towards its target of 2% and to help boost the rate of growth in the EZ.
- 7.6 **Greece.** During July, Greece finally agreed to EU demands to implement a major programme of austerity. An €86bn third bailout package has since been agreed though it did nothing to address the unsupportable size of total debt compared to GDP. The surprise general election in September gave the Syriza government a mandate to stay in power to implement the austerity measures. Doubt remains

as to whether the size of cuts and degree of reforms required can be fully implemented and so Greek exit from the euro is still a possibility.

- 7.7 **Portugal and Spain.** The general elections in September and December respectively have opened up new areas of political risk where the previous right wing, reform focused, pro-austerity mainstream political parties have lost power. A left wing coalition has taken power in Portugal which is heading towards unravelling previous pro-austerity reforms. This outcome could be replicated in Spain and has created nervousness in bond and equity markets for these countries which has the potential to spill over and impact on the whole Eurozone project.
- 7.8 A more detailed view of the current economic background, provided by Capita, is contained in **[Appendix 4]**.

8 Credit rating agencies

- 8.1 The main rating agencies (Fitch, Moody's and Standard & Poor's) have, through much of the financial crisis, provided some institutions with a ratings 'uplift' in anticipation of sovereign support. Commencing in 2015, in response to the evolving regulatory regime, all three agencies have begun removing these 'uplifts' with the timing of the process determined by regulatory progress at the national level. The process has been part of a wider reassessment of methodologies by each of the rating agencies. In addition to the removal of implied support, new methodologies are now taking into account additional factors, such as regulatory capital levels. In some cases, these factors have 'netted' each other off, to leave underlying ratings either unchanged or little changed. A consequence of these new methodologies is that they have also lowered the importance of the Fitch 'Support and Viability' ratings and have seen Moody's 'Financial Strength' rating withdrawn by the agency.
- 8.2 In keeping with the agencies' new methodologies, the rating element of Capita's credit assessment process now focuses solely on the Short and Long Term ratings of an institution. While this is the same process that has always been used for Standard & Poor's, this represents a change in the use of Fitch and Moody's ratings. It is important to stress that the other key elements to the Capita process, namely the assessment of Rating Watch and Outlook information as well as the Credit Default Swap (CDS) overlay have not been changed.
- 8.3 The evolving regulatory environment, in tandem with the rating agencies' new methodologies also means that sovereign ratings are now of lesser importance in the assessment process. In the early part

of the Financial crisis the Council incorporated the highest sovereign rating (AAA) into its credit criteria. The new regulatory environment is attempting to break the link between sovereign support and domestic financial institutions. While this authority understands the changes that have taken place, it will continue to specify a minimum sovereign rating of AA-. This is in relation to the fact that the underlying domestic and where appropriate, international, economic and wider political and social background will still have an influence on the ratings of, and sentiment towards, a financial institution.

- 8.4 These rating agency changes do not reflect any changes in the underlying status or credit quality of an institution. They are merely reflective of a reassessment of rating agency methodologies in light of enacted and future expected changes to the regulatory environment in which financial institutions operate. While some banks have received lower credit ratings as a result of these changes, this does not mean that they are suddenly less credit worthy than they were formerly. Rather, in the majority of cases, this mainly reflects the fact that implied sovereign government support has effectively been withdrawn from banks. They are now expected to have sufficiently strong balance sheets to be able to withstand foreseeable adverse financial circumstances without government support. In fact, in many cases, the balance sheets of banks are now much more robust than they were before the 2008 financial crisis when they had higher ratings than now. However, this is not universally applicable, leaving some entities with modestly lower ratings than they had through much of the 'support' phase of the financial crisis.

9 Investment policy

- 9.1 The Council's investment policy has regard to the CLG's Guidance on Local Government Investments (the Guidance) and the revised CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes (the CIPFA TM Code). The Council's investment priorities will be security first, liquidity second, and then return.
- 9.2 In accordance with the above guidance from the CLG and CIPFA, and in order to minimise the risk to investments, the Council applies minimum acceptable credit criteria in order to generate a list of highly creditworthy counterparties. The key ratings used to monitor counterparties are the Short Term and Long Term ratings.
- 9.3 Ratings will not be the sole determinant of the quality of an institution; it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and

political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To this end the Council will engage with its advisors to maintain a monitor on market pricing such as 'credit default swaps' and overlay that information on top of the credit ratings.

- 9.4 Other information sources used will include the financial press, share price and other information relating to the banking sector in order to establish a robust scrutiny process on the suitability of potential investment counterparties.
- 9.5 Investment instruments identified for use in the financial year are listed in **[Appendix 5]** under the 'specified' and 'non-specified' investments categories. Counterparty limits are detailed in section 11 below.

10 Creditworthiness policy

- 10.1 The creditworthiness service provided by Capita has been progressively enhanced over the last few years and now uses a sophisticated modelling approach with credit ratings from all three rating agencies - Fitch, Moody's and Standard and Poor's. The credit ratings are supplemented using the following overlays:
- credit watches and credit outlooks from credit rating agencies;
 - Credit Default Swap (CDS) spreads to give early warning of likely changes in credit ratings; and
 - sovereign ratings to select counterparties from only the most creditworthy countries.
- 10.2 This modelling approach combines credit ratings, credit watches and credit outlooks in a weighted scoring system which is then combined with an overlay of CDS spreads for which the end product is a series of colour code bands which indicate the relative creditworthiness of counterparties. These colour codes are also used by the Council to inform the maximum duration of an investment and are therefore referred to as durational bands. The Council is satisfied that this service now gives a much improved level of security for its investments.
- 10.3 The selection of counterparties with a high level of creditworthiness is achieved by selecting institutions down to a minimum durational band within Capita's weekly credit list of potential counterparties (worldwide). Subject to an appropriate sovereign and counterparty rating the Council uses counterparties within the following durational bands:

Yellow	5 years
Purple	2 years
Blue	1 year (nationalised or part nationalised UK Banks)
Orange	1 year
Red	6 months
Green	100 Days

- 10.4 The Council does not use the approach suggested by CIPFA of using the lowest rating from all three rating agencies to determine creditworthy counterparties. Moody's tends to be more aggressive in giving low ratings than the other two agencies and adopting the CIPFA approach may leave the Council with too few banks on its approved lending list. The Capita creditworthiness service uses a wider array of information than just primary ratings and in combination with a risk weighted scoring system undue preponderance is not given to any one agency's ratings.
- 10.5 All credit ratings are reviewed weekly and monitored on a daily basis. The Council is alerted to changes to ratings of all three agencies through its use of the Capita creditworthiness service.
- If a downgrade results in the counterparty no longer meeting the Council's minimum criteria its use for new investment is withdrawn immediately.
 - In addition to the use of credit ratings the Council is advised of movements in Credit Default Swap data against the iTraxx benchmark and other market data on a weekly basis. Extreme market movements may result in a scaling back of the duration assessment or removal from the Councils lending list altogether.
- 10.6 Sole reliance is not placed on the use of the Capita service. In addition the Council uses market information including information on any external support for banks to assist the decision making process.

11 Country, counterparty and group exposure limits

- 11.1 The Council has determined that it will only use approved counterparties from countries with a minimum sovereign credit rating of AA- as determined by all three rating agencies - Fitch, Moody's and Standard and Poor's. The list of countries that qualify using this credit criteria as at the date of this report are shown in **[Appendix 6]**. The list will be amended in accordance with this policy should ratings change.
- 11.2 Avoidance of a concentration of investments in too few counterparties or countries is a key to effective diversification and in this regard the limits set out below are thought to achieve a prudent balance between

Annex 4

risk and practicality and are applicable to both cash flow and core fund investment.

Country, Counterparty and Group exposure	Maximum Proportion of Cash Flow and Core Funds
UK Sovereign (subject to a minimum rating of AA-)	100%
Each non-UK Sovereign rated AA- or better	20%
Group limit excluding UK nationalised / part nationalised banks	20%
Each counterparty rated Fitch A-, F1 (green excluding CDS using Capita's credit methodology) or better	20%
Each UK nationalised or part nationalised bank / group	25%
Each AAA multilateral / supranational bank	20%
Each AAA rated bond fund / gilt fund / enhanced cash fund / government liquidity fund / equity fund or property fund subject to maximum 20% exposure to all such funds	10%
Each money market fund rated Moody's AAAMf or Fitch AAAMmf, or Standard & Poor's AAAM	20%
Non-specified investments over 1 year duration	60%

11.3 Cash flow balances vary depending on the timing of receipts and payments during the month and from month to month. For cash flow investment the limits identified in paragraph 11.2 will be based on an estimate of the expected average daily cash flow balance at the start of the financial year.

12 Cash flow and core fund investment strategies

12.1 Funds available for investment are split between cash flow and core funds. Cash flow funds are generated from the collection of council tax, business rates and other income streams. They are consumed during the financial year to meet payments to precepting authorities and government (NNDR contributions) and to meet service delivery costs (benefit payments, staff salaries and suppliers in general). The consumption of cash flow funds during the course of a financial year

places a natural limit on the maximum duration of investments (up to one year). Core funds comprise monies set aside in the Council's revenue and capital reserves and are generally available to invest for durations in excess of one year.

- 12.2 **Cash flow investments.** The average daily cash flow balance throughout 2016/17 is expected to be £11.0m with a proportion available for longer than three months. Cash flow investments will be made with reference to cash flow requirements (liquidity) and the outlook for short-term interest rates i.e. rates for investments up to 12 months. Liquidity will be maintained by using bank deposit accounts and money markets funds. Where duration can be tolerated, additional yield will be generated by utilising term deposits with banks and building societies and enhanced cash funds. Cash balances available for more than 3 months may be transferred to the core fund portfolio if a better overall return for the Council can be achieved by doing so.
- 12.3 In compiling the Council's estimates for 2016/17 a return on cash flow investments of 0.75% has been assumed. This return is a modest uplift on the return being achieved in 2015/16 (0.66% to December 2015) and anticipates the Bank Rate will rise above the current 0.5% summer 2016.
- 12.4 **Core fund investments.** Historically the Council's core funds have been managed by an external fund manager. All core funds were returned to the Council for in-house management during 2014/15. The core fund balance is diminishing as a proportion is consumed each year (approximately £2m per annum) to support the Council's revenue budget and capital expenditure plans. The average core fund balance during 2016/17 is expected to be £12m.
- 12.5 The Council will avoid locking into longer term deals while investment rates continue their current low levels unless attractive rates are available with counterparties of particularly high creditworthiness which make longer term deals worthwhile and are within the risk parameters set by this Council.
- 12.6 In compiling the Council's estimates for 2016/17 a return on core fund investments of 1.0% has been assumed. This return anticipates an uplift in yield will be generated over cash flow investment expectations and offers a modest increase on the current core fund return (0.82% to December 2015). Subject to the credit quality and exposure limits outlined in paragraph 11.2, liquidity and yield will be achieved by a mix of investments using predominantly fixed term deposits and certificates of deposit. Notice accounts and enhanced cash funds will also be used if these offer favourable returns relative to term deposits.

13 Year end investment report

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

14 Policy on the use of external service providers

14.1 The Council uses Capita as its external treasury management advisors.

14.2 The Council recognises that responsibility for treasury management decisions remains with the Council at all times and will ensure that undue reliance is not placed upon our external service providers.

14.3 It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review.

January 2016

Appendices

1. Treasury management scheme of delegation
2. Prudential and Treasury indicators
3. Interest rate forecasts
4. Economic background provided by Capita Asset Services
5. Specified and Non-specified Investments
6. Approved countries for investments

Appendix 1 Treasury management scheme of delegation

Full Council

- Budget approval.
- Approval of treasury management policy.
- Approval of the Annual Treasury Management Strategy and Annual Investment Strategy.
- Approval of amendments to the Council's adopted clauses, Treasury Management Policy and the Annual Treasury Management Strategy and Annual Investment Strategy.
- Approval of the treasury management outturn report.

Cabinet

- Budget consideration.
- Approval of Treasury Management Practices.
- Approval of the division of responsibilities.
- Approval of the selection of external service providers and agreeing terms of appointment.
- Acting on recommendations in connection with monitoring reports.

Audit Committee

- Reviewing the Annual Treasury Management Strategy and Annual Investment Strategy and making recommendations to Cabinet and Council.
- Receive reports on treasury activity at regular intervals during the year and making recommendations to Cabinet.
- Reviewing treasury management policy, practices and procedures and making recommendations to Cabinet and Council.

Finance, Innovation and Property Advisory Board

- Receiving budgetary control reports at regular intervals that include treasury management performance.

The S151 (responsible) officer

- Recommending clauses, treasury management policy/practices for approval, reviewing the same regularly, and monitoring compliance.
- Submitting regular treasury management policy reports.
- Submitting budgets and budget variations.
- Receiving and reviewing management information reports.
- Reviewing the performance of the treasury management function.
- Ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function.
- Ensuring the adequacy of internal audit, and liaising with external audit.
- Recommending the appointment of external service providers.

Appendix 2 Prudential and Treasury Indicators

The prudential indicators relating to capital expenditure cannot be set until the capital programme is finally determined and will as a consequence be reported as part of the Setting the Budget for 2016/17 report that is to be submitted to Cabinet on 11 February 2016.

The treasury management indicators are as set out in the table below:

TREASURY MANAGEMENT INDICATORS	2014/15	2015/16	2016/17	2017/18	2018/19
	Actual	Estimate	Estimate	Estimate	Estimate
	£'000	£'000	£'000	£'000	£'000
Authorised Limit for external debt :					
borrowing	Nil	5,000	5,000	5,000	5,000
other long term liabilities	Nil	Nil	Nil	Nil	Nil
TOTAL	Nil	5,000	5,000	5,000	5,000
Operational Boundary for external debt:-					
borrowing	Nil	2,000	2,000	2,000	2,000
other long term liabilities	Nil	Nil	Nil	Nil	Nil
TOTAL	Nil	2,000	2,000	2,000	2,000
Actual external debt	Nil	Nil	Nil	Nil	Nil
Upper limit for fixed interest rate exposure > 1 year at year end	Nil	It is anticipated that exposure will range between 0% to 60%			
Upper limit for variable rate exposure < 1 year at year end	11,466 (58.9%)	It is anticipated that exposure will range between 40% to 100%			
Upper limit for total principal sums invested for over 364 days at year end	Nil (0%)	60% of core funds			

Maturity structure of fixed rate borrowing during 2015/16 - 2018/19	upper limit	lower limit
under 12 months	100 %	0 %
Over 12 months	0 %	0 %

Appendix 3 Interest Rate Forecasts - January 2016

Capita Asset Services Interest Rate View														
	Dec-15	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19
Bank Rate View	0.50%	0.50%	0.75%	0.75%	1.00%	1.00%	1.25%	1.50%	1.50%	1.75%	1.75%	2.00%	2.00%	2.00%
3 Month LIBID	0.60%	0.70%	0.80%	0.90%	1.10%	1.30%	1.40%	1.50%	1.80%	1.90%	1.90%	2.00%	2.00%	2.10%
6 Month LIBID	0.80%	0.90%	1.00%	1.10%	1.30%	1.50%	1.60%	1.70%	2.00%	2.10%	2.10%	2.20%	2.20%	2.30%
12 Month LIBID	1.10%	1.20%	1.30%	1.40%	1.60%	1.80%	1.90%	2.00%	2.30%	2.40%	2.40%	2.50%	2.50%	2.70%
5yr PWLB Rate	2.30%	2.40%	2.60%	2.70%	2.80%	2.80%	2.90%	3.00%	3.20%	3.30%	3.40%	3.50%	3.50%	3.60%
10yr PWLB Rate	2.90%	3.00%	3.10%	3.20%	3.30%	3.40%	3.50%	3.60%	3.70%	3.80%	3.90%	4.00%	4.10%	4.10%
25yr PWLB Rate	3.60%	3.70%	3.80%	3.90%	4.00%	4.10%	4.10%	4.20%	4.30%	4.30%	4.40%	4.40%	4.40%	4.50%
50yr PWLB Rate	3.50%	3.60%	3.70%	3.80%	3.90%	4.00%	4.00%	4.10%	4.20%	4.20%	4.30%	4.30%	4.30%	4.40%
Bank Rate														
Capita Asset Services	0.50%	0.50%	0.75%	0.75%	1.00%	1.00%	1.25%	1.50%	1.50%	1.75%	1.75%	2.00%	2.00%	2.00%
Capital Economics	0.50%	0.50%	0.75%	0.75%	1.00%	1.00%	1.25%	1.25%	1.50%	-	-	-	-	-
5yr PWLB Rate														
Capita Asset Services	2.30%	2.40%	2.60%	2.70%	2.80%	2.80%	2.90%	3.00%	3.20%	3.30%	3.40%	3.50%	3.50%	3.60%
Capital Economics	2.40%	2.60%	2.70%	2.80%	3.00%	3.10%	3.20%	3.30%	3.50%	-	-	-	-	-
10yr PWLB Rate														
Capita Asset Services	2.90%	3.00%	3.10%	3.20%	3.30%	3.40%	3.50%	3.60%	3.70%	3.80%	3.90%	4.00%	4.10%	4.10%
Capital Economics	3.35%	3.35%	3.45%	3.45%	3.55%	3.65%	3.75%	3.85%	3.95%	-	-	-	-	-
25yr PWLB Rate														
Capita Asset Services	3.60%	3.70%	3.80%	3.90%	4.00%	4.10%	4.10%	4.20%	4.30%	4.30%	4.40%	4.40%	4.40%	4.50%
Capital Economics	3.35%	3.35%	3.45%	3.45%	3.55%	3.65%	3.75%	3.85%	3.95%	-	-	-	-	-
50yr PWLB Rate														
Capita Asset Services	3.50%	3.60%	3.70%	3.80%	3.90%	4.00%	4.00%	4.10%	4.20%	4.20%	4.30%	4.30%	4.30%	4.40%
Capital Economics	3.40%	3.40%	3.50%	3.50%	3.60%	3.70%	3.80%	3.90%	4.00%	-	-	-	-	-

Appendix 4 Economic Background Provided by Capita Asset Services

UK. UK GDP growth rates in of 2.2% in 2013 and 2.9% in 2014 were the strongest growth rates of any G7 country; the 2014 growth rate was also the strongest UK rate since 2006 and the 2015 growth rate is likely to be a leading rate in the G7 again. However, quarter 1 of 2015 was weak at +0.4%, although there was a short lived rebound in quarter 2 to +0.7% before it subsided again to +0.5% (+2.3% y/y) in quarter 3. The Bank of England's November Inflation Report included a forecast for growth to remain around 2.5% – 2.7% over the next three years. For this recovery, however, to become more balanced and sustainable in the longer term, it still needs to move away from dependence on consumer expenditure and the housing market to manufacturing and investment expenditure. The strong growth since 2012 has resulted in unemployment falling quickly to a current level of 5.2%.

The MPC has been particularly concerned that the squeeze on the disposable incomes of consumers should be reversed by wage inflation rising back above the level of CPI inflation in order to underpin a sustainable recovery. It has, therefore, been encouraging in 2015 to see wage inflation rising significantly above CPI inflation which has been around zero since February. However, it is unlikely that the MPC would start raising rates until wage inflation was expected to consistently stay over 3%, as a labour productivity growth rate of around 2% would mean that net labour unit costs would still only be rising by about 1% y/y. The Inflation Report was notably subdued in respect of the forecasts for CPI inflation; this was expected to barely get back up to the 2% target within the 2-3 year time horizon. The increase in the forecast for inflation at the three year horizon was the biggest in a decade and at the two year horizon it was the biggest since February 2013. However, the first round of falls in oil, gas and food prices in late 2014 and in the first half 2015, will fall out of the 12 month calculation of CPI during late 2015 / early 2016 but only to be followed by a second, more recent, round of falls in fuel prices which will now delay a significant tick up in inflation from around zero. CPI inflation is now expected to get back to around 1% in the second half of 2016 and not get near to 2% until 2017, though the forecasts in the Report itself were for an even slower rate of increase.

There is, therefore, considerable uncertainty around how quickly pay and CPI inflation will rise in the next few years and this makes it difficult to forecast when the MPC will decide to make a start on increasing Bank Rate. There are also concerns around the fact that the central banks of the UK and US currently have few monetary policy options left to them given that central rates are near to zero and huge QE is already in place. There are, accordingly, arguments that they need to raise rates sooner, rather than later, so as to have some options available for use if there was another major financial crisis in the near future. But it is unlikely that either would raise rates until they are

sure that growth was securely embedded and 'no inflation' was not a significant threat.

The forecast for the first increase in Bank Rate has, therefore, been pushed back progressively during 2015 from Q4 2015 to Q2 2016. Increases after that are also likely to be at a much slower pace, and to much lower final levels than prevailed before 2008, as increases in Bank Rate will have a much bigger effect on heavily indebted consumers and householders than they did before 2008.

The Government's revised Budget in July eased the pace of cut backs from achieving a budget surplus in 2018/19 to achieving that in 2019/20 and this timetable was maintained in the November Budget.

USA. GDP growth in 2014 of 2.4% was followed by Q1 2015 growth, which was depressed by exceptionally bad winter weather, at only +0.6% (annualised). However, growth rebounded remarkably strongly in Q2 to 3.9% (annualised) before falling back to +2.1% in Q3.

Until the turmoil in financial markets in August, caused by fears about the slowdown in Chinese growth, it had been strongly expected that the Federal Reserve (Fed) would start to increase rates in September. The Fed pulled back from that first increase due to global risks which might depress US growth and put downward pressure on inflation, as well as a 20% appreciation of the dollar which has caused the Fed to lower its growth forecasts. Although the non-farm payrolls figures for growth in employment in August and September were disappointingly weak, the October figure was very strong and November was also reasonably strong; this, therefore, opened up the way for the Fed to embark on its first increase in rates of 0.25% at its December meeting. However, the accompanying message with this first increase was that further increases will be at a much slower rate, and to a much lower ultimate ceiling, than in previous business cycles, mirroring comments by our own MPC.

EZ. In the Eurozone, the ECB commenced a significant €1.1 trillion programme of quantitative easing to buy up high credit quality government and other debt of selected EZ countries. This programme of €60bn of monthly purchases started in March 2015 and it is intended to run initially to September 2016. This appears to have had a positive effect in helping a recovery in consumer and business confidence and a start to an improvement in economic growth. GDP growth rose to 0.5% in quarter 1 2015 (1.0% y/y) but came in at +0.4% (+1.5% y/y) in quarter 2 and +0.3% in quarter 3. However, the limited progress in 2015 together with the recent downbeat Chinese and emerging markets news, has prompted comments by the ECB that it stands ready to strengthen the QE programme by extending its time frame and / or increasing its size in order to get inflation up from the current

level of around zero towards its target of 2% and to help boost the rate of growth in the EZ.

Greece. During July, Greece finally agreed to EU demands to implement a major programme of austerity. An €86bn third bailout package has since been agreed though it did nothing to address the unsupportable size of total debt compared to GDP. The surprise general election in September gave the Syriza government a mandate to stay in power to implement the austerity measures. Doubt remains as to whether the size of cuts and degree of reforms required can be fully implemented and so Greek exit from the euro is still a possibility.

Portugal and Spain. The general elections in September and December respectively have opened up new areas of political risk where the previous right wing, reform focused, pro-austerity mainstream political parties have lost power. A left wing coalition has taken power in Portugal which is heading towards unravelling previous pro austerity reforms. This outcome could be replicated in Spain. This has created nervousness in bond and equity markets for these countries which has the potential to spill over and impact on the whole Eurozone project.

China and Japan. Japan is causing considerable concern as the increase in sales tax in April 2014 suppressed consumer expenditure and growth. In Q2 2015 quarterly growth shrank by -0.2% after a short burst of strong growth of 1.1% during Q1, but then came back to +0.3% in Q3 after the first estimate had indicated that Japan had fallen back into recession; this would have been the fourth recession in five years. Japan has been hit hard by the downturn in China during 2015 and there are continuing concerns as to how effective efforts by the Government to stimulate growth, and increase the rate of inflation from near zero, are likely to prove when it has already fired the first two of its 'arrows' of reform but has hesitated about firing the third, deregulation of protected and inefficient areas of the economy.

As for China, the Government has been very active during 2015 in implementing several stimulus measures to try to ensure the economy hits the growth target of 7% for the current year and to bring some stability after the major fall in the onshore Chinese stock market during the summer. Some commentators are concerned that recent growth figures may lack accuracy and be hiding a downturn to a lower growth figure. There are also major concerns as to the creditworthiness of much of the bank lending to corporates and local government during the post 2008 credit expansion period. Overall, China is still expected to achieve a growth figure that many would envy. Nevertheless, concerns about whether the Chinese economy could be heading for a hard landing, and the volatility of the Chinese stock market, which was the precursor to falls in world financial markets in August and September, remain a concern.

Emerging countries. There are also concerns about the vulnerability of some emerging countries and their corporates. Having borrowed massively in dollar denominated debt since the financial crisis (as investors searched for yield by channelling investment cash away from western economies with dismal growth, depressed bond yields and near zero interest rates into emerging countries) there is now a strong flow back to those western economies with strong growth and an imminent rise in interest rates and bond yields.

This change in investors' strategy, and the reverse cash flow, has depressed emerging country currencies and, together with a rise in expectations of a start to central interest rate increases in the US, has helped to cause the dollar to appreciate significantly. In turn, this has made it much more costly for emerging countries to service their dollar denominated debt at a time when their earnings from commodities are depressed. There are also likely to be major issues when previously borrowed debt comes to maturity and requires refinancing at much more expensive rates.

Corporates (worldwide) heavily involved in mineral extraction and / or the commodities market may also be at risk and this could also cause volatility in equities and safe haven flows to bonds. Financial markets may also be buffeted by the sovereign wealth funds of those countries that are highly exposed to falls in commodity prices and which, therefore, may have to liquidate investments in order to cover national budget deficits.

Capita Asset Services forward view. Economic forecasting remains difficult with so many external influences weighing on the UK. Our Bank Rate forecasts, (and also MPC decisions), will be liable to further amendment depending on how economic data evolves over time. Capita Asset Services undertook its last review of interest rate forecasts on 9 November 2015 shortly after the publication of the quarterly Bank of England Inflation Report. There is much volatility in rates and bond yields as news ebbs and flows in negative or positive ways. This latest forecast includes a first increase in Bank Rate in quarter 2 of 2016.

The overall trend in the longer term will be for gilt yields and PWLB rates to rise when economic recovery is firmly established accompanied by rising inflation and consequent increases in Bank Rate, and the eventual unwinding of QE. Increasing investor confidence in eventual world economic recovery is also likely to compound this effect as recovery will encourage investors to switch from bonds to equities.

The overall balance of risks to economic recovery in the UK is currently evenly balanced. Only time will tell just how long this current period of strong economic growth will last; it also remains exposed to vulnerabilities in a number of key areas.

However, the overall balance of risks to our Bank Rate forecast is probably to the downside, i.e. the first increase, and subsequent increases, may be delayed further if recovery in GDP growth, and forecasts for inflation increases, are lower than currently expected. Market expectations in November, (based on short sterling), for the first Bank Rate increase are currently around mid-year 2016.

Downside risks to current forecasts for UK gilt yields and PWLB rates currently include:

- Geopolitical risks in Eastern Europe, the Middle East and Asia, increasing safe haven flows.
- UK economic growth turns significantly weaker than we currently anticipate.
- Weak growth or recession in the UK's main trading partners - the EU, US and China.
- A resurgence of the Eurozone sovereign debt crisis.
- Recapitalisation of European banks requiring more government financial support.
- Emerging country economies, currencies and corporates destabilised by falling commodity prices and / or Fed rate increases, causing a flight to safe havens

The potential for upside risks to current forecasts for UK gilt yields and PWLB rates, especially for longer term PWLB rates include:

- Uncertainty around the risk of a UK exit from the EU.
- US Federal Reserve increases in the Fed funds rate causing a fundamental reassessment by investors of the relative risks of holding bonds as opposed to equities and leading to a major flight from bonds to equities.
- UK inflation returning to significantly higher levels than in the wider EU and US, causing an increase in the inflation premium inherent to gilt yields.

Appendix 5 Specified and Non-specified Investments

All specified and non-specified Investments will be:

Subject to the sovereign, counterparty and group exposure limits identified in the Annual Investment Strategy.

Subject to the duration limit suggested by Capita **(+3 months for UK Financial Institutions)** at the time each investment is placed.

Subject to a maximum of 60% of core funds, in aggregate, being held in non-specified investments at any one time.

Sterling denominated.

Specified Investments (maturities up to 1 year):

Investment	Minimum Credit Criteria
UK Debt Management Agency Deposit Facility	UK Sovereign AA-
Term deposits - UK local authorities	UK Sovereign AA-
Term deposits - UK nationalised and part nationalised banks	UK Sovereign AA-
Term deposits - banks and building societies	UK / Non-UK Sovereign AA-. Counterparty A-, F1 or Green excluding CDS
Certificates of deposit - UK nationalised and part nationalised banks	UK Sovereign AA-
Certificates of deposit - banks and building societies	UK / Non-UK Sovereign AA-. Counterparty A-, F1, or Green excluding CDS
UK Treasury Bills	UK Sovereign AA-
UK Government Gilts	UK Sovereign AA-
Bonds issued by multi-lateral development banks	AAA
Sovereign bond issues (other than the UK govt)	AAA

Collective Investment Schemes structured as Open Ended Investment Companies (OEICs):	
1. Money Market Funds	At least one of : Moody's AAAMf, Fitch AAAMmf, Standard and Poor's AAAM
2. Government Liquidity Funds	AAA
3. Enhanced Cash Funds	AAA
4. Bond Funds excluding corporate bonds	AAA
5. Gilt Funds	AAA
6. Equity Funds	AAA
7. Property Funds	AAA

Non-specified Investments (maturities in excess of 1 year and any maturity if not included above):

Investment	Minimum Credit Criteria	Max duration to maturity
Fixed term deposits with variable rate and variable maturities (structured deposits) - UK nationalised and part nationalised banks	UK Sovereign AA-	2 years
Fixed term deposits with variable rate and variable maturities (structured deposits) - banks and building societies	UK / Non-UK Sovereign AA-. Counterparty A-, F1 (Green)	2 years
Term deposits - local authorities	UK Sovereign AA-	2 years
Term deposits - UK nationalised and part nationalised banks	UK Sovereign AA-	2 years
Term deposits - banks and building societies	UK / Non-UK Sovereign AA-. Counterparty A-, F1(Green)	2 years
Certificates of deposit - UK nationalised and part nationalised banks	UK Sovereign AA-	2 years

Annex 4

Certificates of deposit - banks and building societies	UK / Non-UK Sovereign AA-. Counterparty A- F1 (Green)	2 years
Commercial paper - UK nationalised and part nationalised banks	UK Sovereign AA-	2 years
Commercial paper - banks and building societies	UK / Non-UK Sovereign AA-. Counterparty A-, F1 (Green)	2 years
Floating rate notes issued by multilateral development banks	AAA	5 years
Bonds issued by multilateral development banks	AAA	5 years
Sovereign bond issues (other than the UK Government)	AAA	5 years
UK Government Gilts	UK Sovereign AA-	Max of 25% 5 years
UK Government Gilts	UK Sovereign AA-	Max of 25% 10 years

Accounting treatment of investments

The accounting treatment may differ from the underlying cash transactions arising from investment decisions made by this Council. To ensure that the Council is protected from any adverse revenue impact, which may arise from these differences, we will review the accounting implications of new transactions before they are undertaken.

Appendix 6 Approved countries for investments

All counterparties in addition to meeting the minimum credit criteria specified in the Annual Investment Strategy must be regulated by a sovereign rated as a minimum AA- by each of the three rating agencies - Fitch, Moody's and Standard and Poor's.

This list will be reviewed and amended if appropriate on a weekly basis by the Director of Finance and Transformation.

As of 31 December 2015 sovereigns meeting the above requirement which also have banks operating in sterling markets with credit ratings of green or above on the Capita Asset Services' Credit Worthiness List of that date were:

AAA	Australia Canada Denmark Germany Netherlands Singapore Sweden Switzerland
AA+	Finland UK USA
AA	Abu Dhabi (UAE) France Qatar
AA-	Belgium

Item CB 16/9 referred from Cabinet of 11 February 2016

CB 16/9 TECHNICAL CHANGES TO COUNCIL TAX

The report of the Director of Finance and Transformation drew attention to a technical ambiguity in the Council's local council tax reduction scheme in respect of the Class C discount for empty properties. A suggested amendment to the wording of the scheme was presented to mirror the former statutory provisions.

RECOMMENDED: That the following wording be incorporated into the local scheme regarding Class C discounts: "when looking at any day for the purposes of a Class C discount, periods of occupation of less than six weeks are ignored".

***Referred to Council**

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TONBRIDGE & MALLING BOROUGH COUNCIL

CABINET

11 February 2016

Report of the Director of Finance and Transformation

Part 1- Public

Matters for Recommendation to Council

1 TECHNICAL CHANGES TO COUNCIL TAX

A report seeking Cabinet's support in correcting a technical ambiguity in the Council's local scheme for 'Class C' Discount relating to Empty property.

1.1 'Class C' Discount – Empty Property

- 1.1.1 As Members will be aware from previous reports, since 1 April 2013, local authorities have been able to set their own level of council tax discount for empty properties.
- 1.1.2 Council agreed that a vacant (unoccupied and substantially unfurnished) property would, from 1 April 2013, be entitled to a 100% 'Class C' discount for a period of 3 months. This period of discount was subsequently reduced to 2 months with effect from 1 April 2015.
- 1.1.3 Prior to 1 April 2013, a council tax 'Class C' exemption was applicable if a dwelling had been vacant for a continuous period of less than 6 months (The Council Tax (Exempt Dwellings) Order 1992). Article 2(2)(b) to this order also specified that when looking at any day for the purposes of 'Class C', periods of occupation of less than six weeks are ignored.
- 1.1.4 The Council Tax (Exempt Dwellings) (England) (Amendment) Order 2012 - SI 2012/2965 subsequently removed the 'Class C' exemption from 1 April 2013 and therefore, also removed the '6 week rule' regarding periods of re-occupancy.
- 1.1.5 It has recently come to light that, inadvertently, the intended '6 week rule' was never specifically set out in the Council's local scheme, and therefore makes it ambiguous. This potentially means that any small period of re-occupation, e.g. 1 day, could result in the Class C discount being awarded for a further 2 month period. This was never the intention of our local scheme as it was intended that the former statutory provisions would be mirrored.
- 1.1.6 The Council's scheme therefore requires an update to include the wording: "*when looking at any day for the purposes of a Class C discount, periods of occupation of less than six weeks are ignored*". This will resolve the potential ambiguity.

- 1.1.7 Members should note that the change will be effective from 1 April 2016 as any determination must be made before the start of the financial year to which the determination relates.

1.2 Legal Implications

- 1.2.1 A determination in respect of the discount applicable to properties falling within 'Class C' must be made by Council and may not be delegated. A determination must be made before the start of the financial year to which the determination relates.

1.3 Financial and Value for Money Considerations

- 1.3.1 Failure to make the relevant determination would have an impact on the amount of council tax collectible by the Council, which, in turn, would have a negative impact on the Council's budget.

1.4 Risk Assessment

- 1.4.1 We could be open to challenge if it were considered that our determinations were ambiguous. This clarification will address the matter.

1.5 Equality Impact Assessment

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

1.6 Recommendations

- 1.6.1 Members are asked to **RECOMMEND** to Council that the following wording is incorporated into our local scheme regarding Class C discounts: "*when looking at any day for the purposes of a Class C discount, periods of occupation of less than six weeks are ignored*".

Background papers:

Nil

contact: Glen Pritchard
01732 876146

Sharon Shelton
Director of Finance and Transformation

Item CB 16/10 referred from Cabinet of 11 February 2016

CB 16/10 DRAFT SAFEGUARDING POLICY

Consideration was given to the report of the Chief Executive which set out details of the proposed Safeguarding Policy and Reporting Procedure for Children, Young People and Adults at Risk. It was noted that the draft policy aimed to ensure that an overarching approach to safeguarding was embedded within all Council services and that staff, elected Members, volunteers and those delivering services on behalf of the Borough Council had appropriate understanding of safeguarding guidelines and good practice.

RECOMMENDED: That the Draft Safeguarding Policy and Reporting Procedure for Children, Young People and Adults at Risk, as set out at Annex 1 to the report, be adopted by the Council.

***Referred to Council**

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TONBRIDGE & MALLING BOROUGH COUNCIL

CABINET

11 February 2016

Report of the Chief Executive

Part 1- Public

Matters for Recommendation to Council

1 DRAFT SAFEGUARDING POLICY

1.1 Background

1.1.1 The Overview and Scrutiny Committee on 26 January 2016, recommended that the Draft Safeguarding Policy and Reporting Procedure for Children, Young People and Adults at Risk be endorsed and recommended for adoption by Cabinet.

1.1.2 The Council has had a child Protection Policy in place for a number of years, but there currently isn't a formal policy in place for Adults at Risk. Rather than having separate policies for children and adults, the decision was taken to have a combined policy and to include the reporting procedure and action plan within it (Annex 1).

1.2 Aims of the Safeguarding Policy

1.2.1 The policy aims to ensure that an overarching approach to safeguarding is embedded within all Council services and that staff, elected Members, those delivering services on behalf of the Council and volunteers have a good understanding of safeguarding guidelines and good practice.

1.3 Legal Implications

1.3.1 None

1.4 Financial and Value for Money Considerations

1.4.1 N/A

1.5 Risk Assessment

1.5.1 N/A

1.6 Equality Impact Assessment

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

1.7 Recommendations

1.7.1 That the Draft Safeguarding Policy and Reporting Procedure for Children, Young People and Adults at Risk as submitted to Overview and Scrutiny Committee, be endorsed and recommended for adoption by Council.

Background papers:

contact: Gill Fox

Nil

Julie Beilby
Chief Executive

TONBRIDGE AND MALLING BOROUGH COUNCIL

DRAFT

Safeguarding Policy & Reporting Procedure

Safeguarding Policy and Procedures for Children,
Young People and Adults at Risk



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Section 1: Safeguarding Context / Policy Aims and Objectives

INTRODUCTION

Tonbridge and Malling Borough Council is committed to working in partnership with others to safeguard children, young people and adults at risk from all detectable forms of abuse, neglect or exploitation. Everyone has a responsibility to ensure that concerns about the abuse of children, young people and adults at risk are addressed.

The lead responsibility for managing child and adult protection lies with Kent County Council which retains the co-ordinating role and duty of enquiry. However, it is recognised that successful safeguarding responses need multi agency and multi-disciplinary working and Tonbridge and Malling Borough Council will work with partners to identify and respond to suspected abuse.

In order to keep children, young people and adults at risk safe from harm, the Borough Council will ensure that it complies with all relevant legislation and government guidance, a summary of which is listed in Annex 2.

AIMS

This policy aims to ensure that an overarching approach to safeguarding is embedded within all Council services and that staff, elected Members, those delivering services on behalf of the Council and volunteers have a good understanding of safeguarding guidelines and good practice.

The policy aims to:

- Raise awareness of the duties and responsibilities for children, young people and adults at risk of harm.
- Encourage good practice among staff, elected members, volunteers and contractors, to safeguard children and adults at risk who receive Council services.
- Provide clear guidance on procedures to be adopted if it is suspected that an adult, young person or child may be at risk of harm.

OBJECTIVES

Through this policy the Borough Council will create an environment where staff and others associated with the delivery of Council services are adequately trained and encouraged to think of safeguarding as being their responsibility. This policy aims to ensure that all residents of the Borough are able to live a life free from abuse, exploitation and intimidation.

The policy objectives are to:

- Explain the responsibilities the organisation has in respect of children, young people and adults at risk.
- Provide an overview of safeguarding and the legal duties associated with the protection of children, young people and adults at risk.
- Raise levels of awareness of those who might be at risk, the types of harm and their impact on children, young people and adults at risk.
- Promote the general health and wellbeing of children, young people and adults at risk that come into contact with us through the delivery of services.
- Provide a clear procedure that will be implemented when issues arise.
- Maintain effective procedures for recording and responding to suspected incidents of harm.
- Regularly review and monitor our approach to safeguarding to ensure our procedures and policies remain fit for purpose.

CONTEXT

Child Safeguarding

For the purpose of this policy the term 'child' or 'children' applies to children and young people under 18 years of age and for those with an Education, Health and Care plan (EHC) under the age of 25. "Working together to safeguard children: A guide to inter-agency working to safeguard and promote the welfare of children, 2015" defines child safeguarding as:

- Protecting children from harm
- Prevention and support provided to ensure the health and development of all children and young people is promoted.
- Ensuring that children grow up in circumstances consistent with the provision of safe and effective care
- Taking action to enable all children to have the best outcomes

Adult Safeguarding

For the purpose of this policy adult safeguarding is about protecting an adult's right to live in safety, free from abuse and neglect. The 2014 Care Act extended the definition of a vulnerable adult for safeguarding purposes from someone 'who is or may be in need of community care services' to an adult who:

- Has need for care and support
- Is experiencing, or is at risk of, abuse or neglect; and
- As a result of those needs is unable to protect themselves from either the risk of, or the experience of abuse or neglect.

What constitutes abuse and neglect?

Abuse is a violation of an individual's human and civil rights by any other person or persons and can be perpetrated by, and to, anyone, regardless of age, gender, class or ethnicity. Abuse may be a single act or repeated over a period of time.

Somebody may abuse or neglect a child or vulnerable adult by inflicting harm, or by failing to act to prevent harm. Children or vulnerable adults may be abused in a family, in an institutional or community setting, by those known to them or by a stranger. Abuse can occur in any relationship and may result in significant harm to, or exploitation of, the person subjected to it.

Abuse and neglect can include:

Physical abuse – non accidental infliction of physical force that results, or could result, in bodily injury, pain or impairment, including assault, hitting, slapping, pushing, misuse of medication, restraint or inappropriate physical sanctions

Sexual abuse - involvement, either direct or indirect, in sexual activity without consent. It could also be the inability to consent, pressured or induced to consent or take part.

Child Sexual Exploitation (CSE) - forcing or enticing participation in sexual activities (regardless of whether or not the child or young person is aware of what is happening). CSE is illegal activity by people who have some form of power and control over children and use it to sexually abuse them. It involves forcing or enticing a child (under the age of 18) to take part in sexual activities whether or not the child is aware of what is happening, including exploitative situations, contexts and relationships where children (or a third person or persons) receive 'something' (e.g. food, accommodation, drugs, alcohol, cigarettes, affection, gifts, money) as a result of performing, and/or others performing on them, sexual activities. CSE can be a form of organised or complex abuse, involving a number of abusers and/or a number of children.

Neglect - persistent failure to meet basic physical and/or psychological needs, likely to result in serious impairment of health or development. Ill-treatment and wilful neglect of a person who lacks capacity is a criminal offence under the Mental Capacity Act 2005.

Self-neglect – this covers a wide range of behaviour neglecting to care for one's personal hygiene, health or surroundings and includes behaviour such as hoarding.

Emotional abuse - persistent emotional maltreatment to cause severe and persistent adverse effects on emotional development

Emotional or psychological abuse - acts or behaviour which impinge on the emotional health or, or which cause distress or anguish.

Bullying – deliberate hurtful behaviour, usually repeated over a period of time, where it is difficult for those bullied to defend themselves. Bullying may include – Physical eg: hitting, kicking and theft; verbal eg: name calling, constant teasing, sarcasm, racist or homophobic taunts, threats, graffiti and gestures; emotional eg: tormenting, ridiculing, humiliating and ignoring; sexual eg: unwanted physical contact or abusive comments.

Financial abuse - unauthorised, fraudulent obtaining and/or improper use of funds, property or any resources.

Discriminatory abuse - values, beliefs or culture result in a misuse of power that denies mainstream opportunities. It includes discrimination on the basis of race, gender, age, sexuality, disability or religion, or any of the other protected characteristics.

Institutional abuse - an organisation imposing rigid and insensitive routines; poor practices embedded in systems; unskilled, intrusive or invasive interventions, or an environment allowing inadequate privacy or physical comfort.

Domestic Abuse is defined as any incident or pattern of incidents of controlling, coercive or threatening behaviour, violence or abuse between those aged 16 or over who are or have been intimate partners or family members regardless of gender or sexuality.

Honour Based Abuse (HBA) is violence and abuse in the name of honour, covering a variety of behaviours (including crimes), mainly but not exclusively against females, where the person is being punished by their family and/or community for a perceived transgression against the 'honour' of the family or community, or is required to undergo certain activities or procedures in 'honour' of the family.

Female Genital Mutilation (FGM) is a collective term for illegal procedures which include the removal of part/all external female genitalia for cultural or other non-therapeutic reasons. The practice is not required by any religion. It is painful, medically unnecessary and has serious health consequences at the time it is carried out and in later life. The procedure is typically performed on girls of any age, but is also performed on new born girls and on young women before marriage/pregnancy. A number of girls die as a direct result of the procedure, from blood loss or infection. FGM may be practised illegally by doctors or traditional health workers in the UK, or girls may be taken abroad for the operation.

A Forced Marriage (FM) “is a marriage conducted without the valid consent of both parties, where duress is a factor” (‘A Choice by Right’ HM Government 2000).

Modern Slavery/Human Trafficking - the organised crime of human trafficking into the UK has become an issue of considerable concern to all professionals with responsibility for the care and protection of children and adults. Any form of trafficking humans is an abuse. Trafficking of persons means the recruitment, transportation, transfer, harbouring or receipt of persons, by means of the threat of, or use of coercion, abduction, fraud, and deception, abuse of power or of a position of vulnerability. It also includes the giving or receiving of payments or benefits to achieve the consent of a person having control over another person, for the purpose of exploitation.

Annex 3 provides further information on recognising the potential indicators of abuse.

PARTNERSHIP ROLES AND RESPONSIBILITIES

Kent County Council (KCC)

KCC has statutory responsibilities as the Children’s Services Authority and the Social Services Authority for Kent. All safeguarding concerns, incidents and allegations regarding the welfare of a child or vulnerable adult will be reported to KCC. The relevant officers at KCC County Council are responsible for co-ordinating any investigation.

Kent Police

Kent Police has the responsibility to investigate any allegations or suspicions of criminal offences against a child or adult. They will also support victims and enable them to access support services, e.g. victim support, social care.

Safeguarding Boards

Kent & Medway Safeguarding Adults Board (SAB)

The Kent and Medway Safeguarding Adults Board (SAB) is a statutory service which exists to make sure that all **member agencies** are working together to help keep Kent and Medway’s adults safe from harm and protect their rights. It is chaired by Kent County Council’s **Corporate Director of Social Care, Health and Wellbeing** and meets 4 times a year. It is an inter-agency forum (which includes TMBC) for agreeing how the different services and professional groups should co-operate to safeguard vulnerable adults across Kent & Medway. The board aims to raise awareness and promote the welfare of vulnerable adults by the development of an effective cooperative involving people from a wide range of public and voluntary services and other organisations. Issues arising from the meetings of the SAB will be fed back to relevant TMBC staff via the Council’s Management Team and the Safeguarding Task Group.

Kent Safeguarding Children's Board (KSCB)

The Kent Safeguarding Children Board is overseen by an Independent Chair and sets the performance, policy and strategic priorities for KSCB. It is responsible for ensuring that statutory requirements are met and resources are in place to meet these. Its [member agencies](#) comprise of senior representatives from all agencies responsible for child protection arrangements in Kent. Details from the KSCB are fed back to TMBC staff via Management Team and the Safeguarding Task Group.

The objective of the board is to co-ordinate what is done by each person or body represented on the board for the purposes of safeguarding and promoting the welfare of children in the area of the authority by which is established; to ensure the effectiveness of what is undertaken by each person or body for that purpose; to challenge partner agencies' arrangements to safeguard children and to accept challenges to their own agency.

Prevent Strategy

Prevent is a national Government counter-terrorist strategy led by the Home Office. It aims to stop people becoming involved in terrorist activity or supporting terrorism by working with individuals and communities. Supporting vulnerable individuals and reducing the threat from violent extremism in local communities is priority for statutory bodies and their partners.

The Counter Terrorism and Security Act became law on 16 February 2015; The Act places a statutory duty on local authorities to have 'due regard to the need to prevent people from being drawn into terrorism'. This is known as the Prevent Duty. Local Authorities are also required to establish panels to identify and support those felt to be vulnerable to being drawn into terrorist activity.

Part 5, Chapter 1, Section 26 places a statutory duty on 'specified bodies' including local authorities, schools, including academies and independent schools, further and higher education colleges, health, penal bodies and the police to pay due regard to the need to prevent people from being drawn into terrorism. This is becoming known as the 'Prevent Duty'. Specified bodies are listed in Schedule 6 of the Act. Local authorities will be required to establish panels to assess the extent to which identified people are vulnerable to being drawn into terrorism. A Chief Police Officer may refer a person to the panel if s/he has reasonable grounds. The panel will establish a plan of support to reduce that person's vulnerability. If necessary the panel can consider referring a person to a health or social care provider even if it does not think that a plan of support is necessary. Panels will be chaired by local authorities and must include the local Chief of Police.

The Community Safety Unit at Tonbridge and Malling Borough Council is responsible for delivering the objectives and monitoring progress within the Tonbridge and Malling Borough Council Prevent Action Plan (*link to be added*).

Section 2: Responsibilities of Tonbridge and Malling Borough Council

Responsibilities of Tonbridge and Malling Borough Council (TMBC)

Children and Young People

In relation to children and young people, the Children Act 2004, places the following duties on District/Borough Councils:

- Section 11 places a statutory duty on key people and bodies, including district councils, to make arrangements to ensure that in discharging their functions they have regard to safeguard and promote the welfare of children
- Section 10 outlines the duty to promote inter-agency cooperation between named agencies- including district councils
- There is a reciprocal duty on those agencies, including district councils, to cooperate with the Children's Service Authorities (CSA) in budget pooling – a key provision that underpins children's trust arrangements
- Section 13 gives district councils representation on, and participation in, local safeguarding children's boards (LSGBs)
- Section 17 entitles district councils to be consulted on the CSA's children and young people plans (CYPPs)

Voice of the Child

Government guidance states, at an organisational or strategic level, partners are responsible for ensuring that children and young people are listened to appropriately and concerns expressed about their or any other child's welfare are taken seriously and responded to in an appropriate manner. As much as possible, the Council will actively seek feedback and listen to the views of children and young people, promoting their welfare and listening to the voice of the child.

Adults

In relation to adult safeguarding there is a wide range of legislation, applicable to adults at risk, that has been developed over a number of years. It includes laws about adult care services, where upper-tier councils have the statutory lead, and laws about crime, contracts and property, human rights and mental health capacity.

It is the responsibility of all employees and Council Members to adhere to best practice and participate in relevant training, report any concerns, incidents or allegations to a designated person in accordance with the relevant procedure set out within this policy. Safeguarding reports cannot be anonymous and should be made in the knowledge that, during the course of enquiries, they may be required as a prosecution witness. Basic Safeguarding training will be provided for all employees,

with further additional training provided for some staff depending on job role and need.

Our Key Front-line Services

There are a number of Council services where the safeguarding of children, young people and adults at risk will be of particular relevance and where staff could be in direct contact with those at risk. These include our responsibilities in relation to the licensing of taxi services and public houses, the support services we provide for children and young people, and our role as a housing authority including those presenting as homeless, our customer services functions, and our council tax and welfare advice services. The Borough Council will therefore ensure that all staff who have face to face contact with customers as part of their normal responsibilities will receive regular training and assistance to ensure any safeguarding concerns are properly dealt with and that any issues which arise are reported to the Safeguarding Task Group for further review.

Use of Contractors, External Agencies and Service Level Agreements

It is the responsibility of TMBC employees and Members to consider safeguarding implications in their decision making processes, including the procurement of services and the issuing of licences in order to deliver services. Any contractor or sub-contractor engaged by the Council in areas where workers are likely to come into regular contact with children, young people or adults at risk, should have its own safeguarding policy, or failing this, must comply with the terms of this policy. Where contact with children, young people and adults at risk is a necessary part of the contracted service, the contractor must ensure that satisfactory DBS checks have been completed. Where relevant they should have their own Safeguarding Policy and procedures in place.

Recruitment at TMBC

It is important that the Council takes all reasonable steps to prevent unsuitable people working with vulnerable groups. For all new employees, confirmation of employment will be dependent on satisfactory checks.

Managers and Personnel Services are responsible for risk assessing all job descriptions to identify which are likely to involve regular and/or substantial unsupervised contact with children, young people and adults at risk. A question is included on all application forms about unspent criminal convictions. Disclosure and Barring Service checks (DBS) have replaced the Criminal Records Bureau checks (CRB) since 1st December 2012 as a result of the Protection of Freedoms Act (2012). This service will soon allow the Council to check whether there have been any updates since the date of an existing DBS check, as a DBS check has no official

expiry date. Such a process should only be used in those few instances where employees and volunteers have substantial or regular and unsupervised contact with children, young people and vulnerable adults.

Guidelines on use of photography and filming of children, young people and adults at risk (including mobile phone technology)

It is an unfortunate fact that some people have used children and young people's events as opportunities to take inappropriate photographs or footage of children and young people. Councillors, employees, volunteers and contracted service providers should be vigilant at all times to ensure that misuse of photography does not occur. All photography by Council employees or on behalf of the Council must be made in accordance with the Council's Photographic policy (available internally on request). In particular, written parental/carer consent must be obtained before anyone working for or on behalf of the Council takes a photograph of or films a child, young person or vulnerable adult. Usually this will be in the form of the Council's image consent form (available internally).

When commissioning professional photographers or inviting the press to cover Council services, events and activities you must ensure that you make your expectations clear in relation to child protection. The following steps should be taken when professional photographers or the press are invited to events:

1. Check the credentials of any photographers and organisations commissioned,
2. Ensure identification is worn at all times,
3. Do not allow unsupervised access to children, young people or adults at risk
4. Do not allow photographic sessions outside of the activities or services,
5. Ensure that the names of children, young people, or vulnerable adults are not used in photographs or footage, unless the express permission of the parent/carer of the child, young person or vulnerable adult has been given as detailed on the Council's Photograph Consent Form. (link to be included)

Social Media

The open nature of the internet means that social networking sites can leave Council staff vulnerable if they fail to observe a few simple precautions. The Council's [Social Media Policy](#) sets out general advice on how to avoid social media putting you in a position where your actions may be misconstrued or give rise to a safeguarding concern.

Information Sharing

In order to keep children and vulnerable people safe from harm, professionals will share relevant information across geographical and professional boundaries as required.

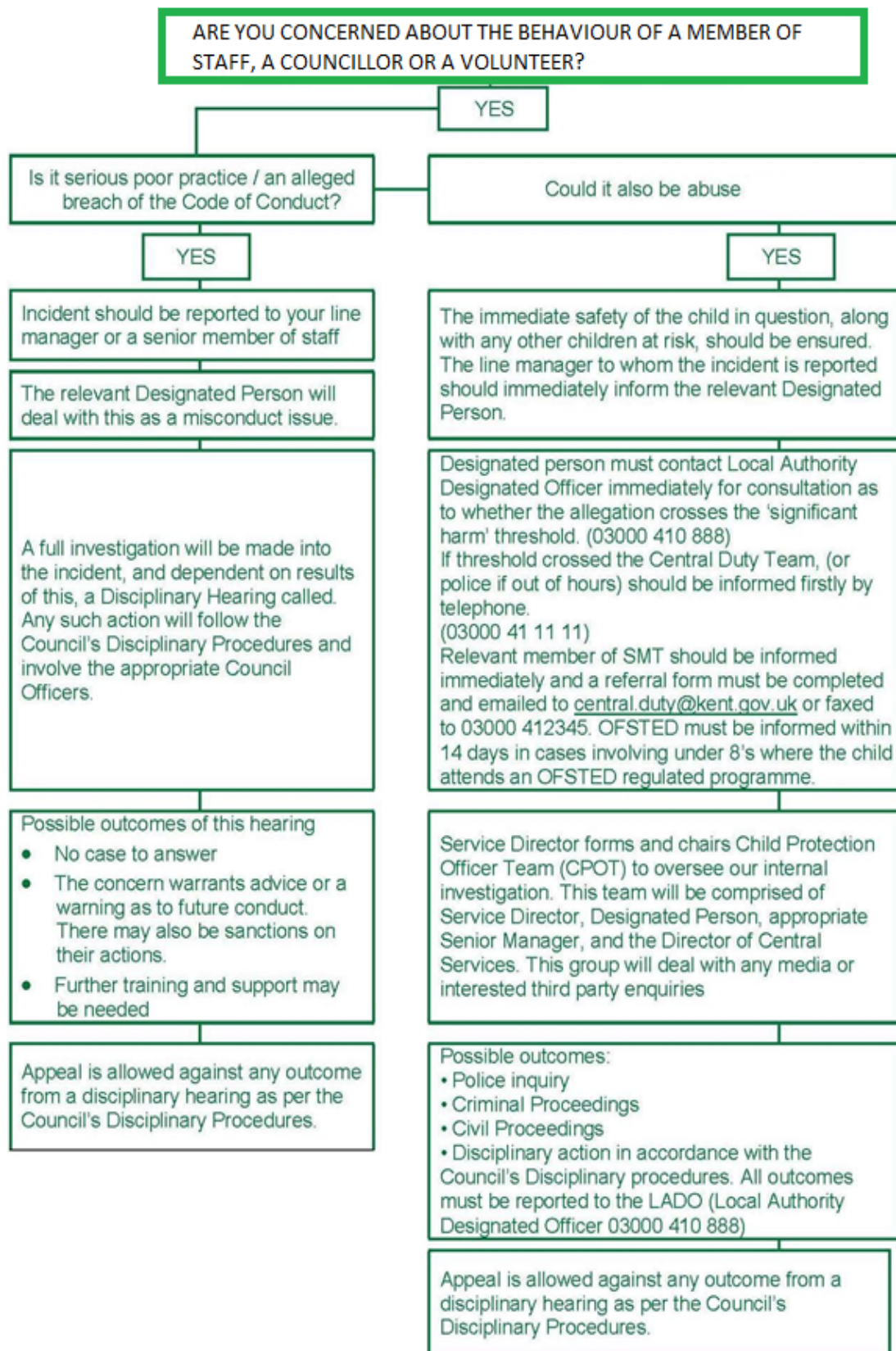
When there is a reasonable cause to believe that a child, young person or adult at risk, may be suffering or may be at risk of suffering significant harm, consideration will always be given to referring these concerns to Children's or Adults Social Care (as appropriate) and/or the Police. Information about children, young people, families and adults at risk will be shared appropriately, and always in accordance with the [Council's Data Protection Policy](#).

At TMBC there are designated officers within each service who should be contacted if you have any concerns relating to safeguarding (Annex 4).

Allegations against an employee/member of the Council staff or elected Member

It is important that any concerns for welfare of a child or adult at risk are reported immediately to a designated officer and an incident reporting form completed (Annex 5).

The following flow chart should be used to report protection concerns in relation to any allegations against staff; the Council also has a [Whistleblowing Policy](#) with further guidance and advice.



Section 3: Response and Reporting Procedure

Responding to Initial Disclosure of Abuse

Although staff are encouraged to be alert to the signs and signals which may indicate that someone is being abused, many incidents will only come to light because the person discloses this themselves. Bear in mind that a disclosure may take place many years after a traumatic event or when someone is afraid and this should not cast doubt on the person's truthfulness. The person to whom a disclosure is made may not necessarily be the person to take an investigation forward. So if you are told about abuse, you must respond sensitively and professionally and pass the information on to your line manager/senior manager within 24 hours -unless you suspect that they themselves may be implicated. If this is the case or you are concerned about their response, you should report your concerns directly to the social services agency, or to the police or to The Care Quality Commission if it is a regulated service.

If someone discloses abuse to you, you should:

- stay calm and try not to show shock or disbelief
- listen carefully to what they are saying
- be sympathetic ('I am sorry that this has happened to you')
- be aware of the possibility that medical evidence might be needed

Tell the person that:

- they did the right thing to tell you
- you are treating the information seriously
- the alleged abuse was not their fault
- you have to inform the appropriate person

REPORTING PROCEDURE

Recognising and Reporting Abuse

Recognising abuse is not easy, and it is not the responsibility of council staff, elected members or volunteers to decide whether or not abuse has taken place or if there is significant risk. We do however have a responsibility to act if we think it may be happening.

If abuse or a safeguarding issue has arisen, it is the responsibility of all staff, Members and contractors to:

- Report concerns to line manager or designated officer as soon as possible
- Consider immediate safety issues of the person e.g. are emergency services needed

- Preserve evidence (there may be a crime)
- Record
 - Nature of concern
 - Date and time
 - Name of victim
 - Victims view and description in own words
 - Name of person causing harm if known
 - Appearance of victim
 - Any injuries observed
 - Any third party allegation
 - Any questions that have been asked
 - Whether you have spoken to anyone else
 - Your name, date and who record given to

Child and Adult at Risk – Safeguarding Incident Report Form

Once the above facts have been gathered and recorded, the Safeguarding Incident Report Form (*link –to be on Intranet*) needs to be completed by the person responding to the incident and actioned accordingly. An example of the Safeguarding Incident Report Form is included in Annex 5.

Keep all initial recordings/notes. It is very important that confidentiality should be maintained and other staff told if they have a need to know. When you have recorded the information, please sign and date and pass it on to your designated officer (Annex 4).

Recording of incidents and the role of the Designated Officer

Designated officers are responsible for dealing with reports or concerns about the protection of children, young people and adults at risk. Each new designated officer will be DBS checked and have appropriate training.

Designated officers / safeguarding leads, should establish

- The level of seriousness of the concern (significant harm)
- Any immediate safety needs
- Clarifying the facts
- The views of the person concerned and their capacity to consent to action, if known
- Alert/Referral to [KCC Social Care Team](#) or Kent Police – Call 101 (if a crime is suspected)

The Designated Officer may decide that a referral to KCC is necessary. If responding to a safeguarding issue that relates to a child, the designated officer will need to complete an [Inter-agency Referral Form](#) and if responding to an adult safeguarding issue, complete a [Kent Adult Safeguarding Alert Form](#).

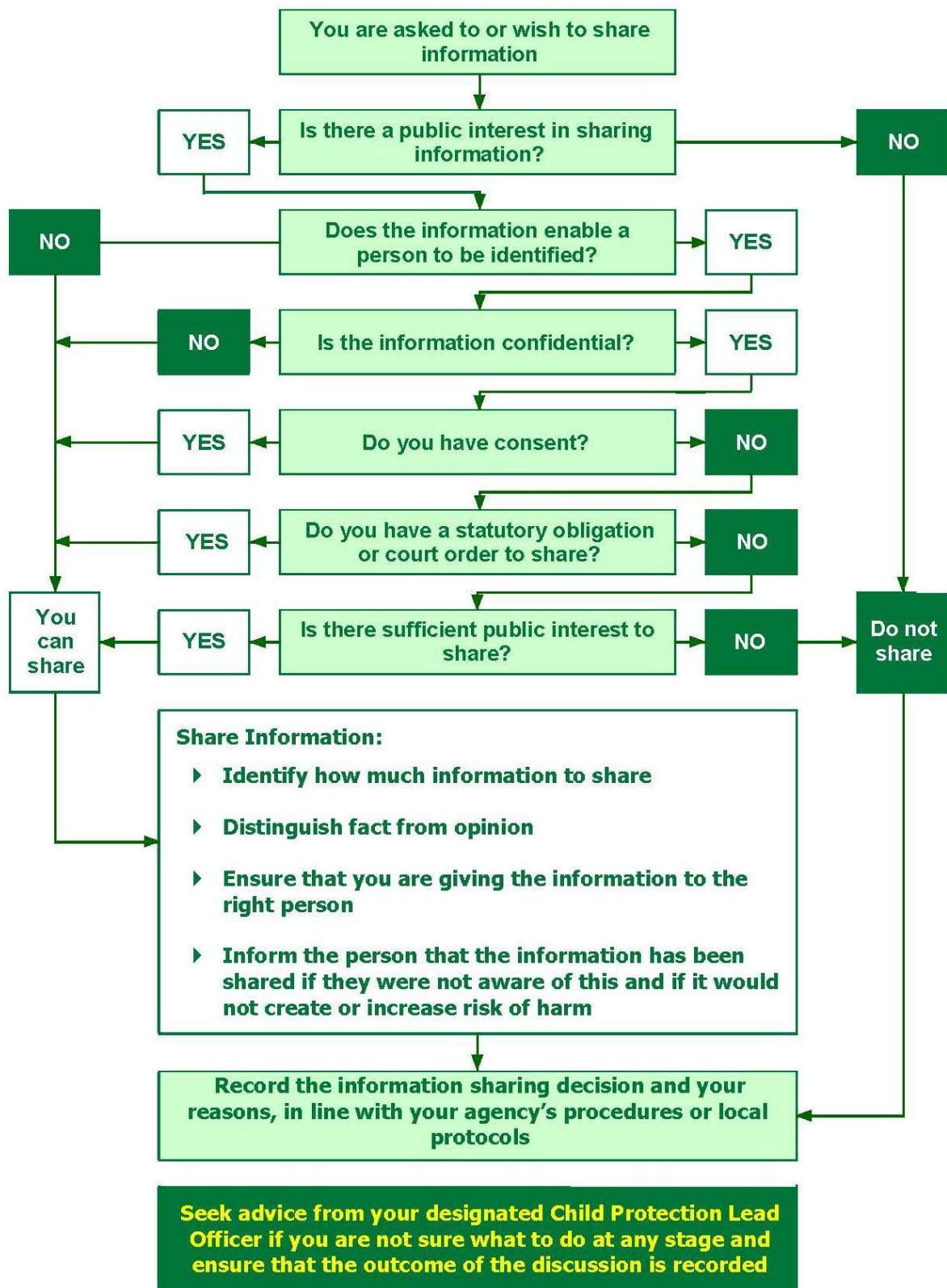
The line manager/ designated officer will need to consider any support required by staff involved. It is understood that recognising and responding to abuse can be distressing for staff.

Information Sharing

Information sharing is fundamental to safeguarding and promoting welfare. It enables intervention to tackle problems at an early stage. It is important to ask for consent to share confidential information unless: asking for consent may increase the risk of significant harm or a delay in sharing information may increase the risk of harm. If someone is at risk of suffering significant harm, the law supports you to share information without consent.

Further information in relation to information sharing regarding children can be found at: <https://www.gov.uk/information-sharing-advice-safeguarding-practitioners.pdf>

The following flowchart should be used by Designated Officers as a guide to determine when information needs to be shared.



Monitoring and Record Keeping

The designated officer needs to ensure that a record is kept of any concerns about a child, young person or adult at risk and of any conversation or referral to statutory agencies. It is important that the record is then kept safely and securely.

The outcomes of any referral need to be followed up and a record kept of the outcome or any next steps or follow up actions.

Safeguarding Task Group and Safeguarding Action Plan

The Council has formed an officer level Safeguarding Task Group to carry out the monitoring and review processes who will report to the Council's Management Team and to the relevant Council Advisory Board to ensure Councillors are fully informed of safeguarding issues.

The Safeguarding Task Group will ensure the completion of targets within the Safeguarding Action Plan (Annex 1) and ensure the Council stay up to date with Safeguarding knowledge and best practice. The meetings of the Task Group will be chaired by the Safeguarding Lead Officer who will report to the Chief Executive to ensure that the policy and action plan targets are implemented and any safeguarding trends are being monitored. A Member will also be appointed to act as a Champion for safeguarding.

Monitoring and Review of this policy

The Borough Council is committed to monitoring the effectiveness of this policy on an annual basis. Where necessary, we will bring forward reviews and updates, for example, to reflect changes in legislation and advice and feedback from staff who have been involved in dealing with any safeguarding issues which have arisen over the previous year.

Annex 1 – TMBC Safeguarding Action Plan 2016 - 2019

No.	Action	Outcome	Timescale
1.	Ensure that all staff working with children, young people and adults at risk receive appropriate safeguarding training.	All staff working with children, young people and adults at risk are aware of the importance of safeguarding, are aware of the Safeguarding Policy, the procedures to follow and how to ask for consent to share information when a safeguarding concern arises.	2016
2.	Identify Designated Officers within each service and provide enhanced training.	All designated officers will be confident of their role and responsibilities in relation to safeguarding and will be able to follow the correct procedures with regard to referrals.	2016
3.	Ensure all TMBC staff complete the online e-learning modules on safeguarding.	All staff have a basic awareness of safeguarding and the procedure to follow with regard to safeguarding concerns.	2016
4.	Deliver safeguarding training for all elected Members	Members are aware of safeguarding responsibilities and have received basic training regarding protection.	2016
5.	Appoint a Member Champion for Safeguarding.	The accountability and profile of safeguarding is strengthened within the Council	2016
6.	Safeguarding Task Group report any decisions, actions and minutes arising from the group to the Council's Management Team	Management Team are informed and up to date with regard to safeguarding issues and recommendations and are able to challenge existing arrangements and decisions made.	Ongoing
7.	Annual Safeguarding report to the relevant advisory board	Members are kept up to date with regard to safeguarding issues and recommendations and are able to scrutinise existing arrangements and provide political oversight of safeguarding trends and activities of the Safeguarding Task Group.	Annually

8.	Develop mechanisms to ensure that the Voice of the Child is heard in relation to any safeguarding and decision making processes.	An approach to safeguarding where children are listened to and helped to understand processes and outcomes reached.	Ongoing
9.	Work with the Local Children's Partnership Group and TMBC Health Action Team and other partners to promote safeguarding.	Safeguarding is everyone's business and is a priority for all agencies.	Ongoing
10.	Develop an internal filing/reporting procedure to allow all referrals/safeguarding incidents to be securely logged.	All services are using the same procedure to record and monitor safeguarding incidents and log details within a central and secure system.	2016
11.	Review any forms completed by members of the public to ensure consent to share information is included on the form.	All information can be shared to allow safeguarding concerns to be addressed appropriately.	2016
12.	Review contract monitoring process for all externally commissioned and grant funded services to ensure safeguarding policies are in place.	A central list held of all external contractors with assurance that commissioned services use adequate safeguarding controls.	2017
13.	Audit DBS checking for all staff working with children, young people and adults at risk to identify any further refinements required.	DBS checking processes are robust.	2016

Annex 2 – Summary of relevant legislation and Government guidance

2014 Care Act

The 2014 Care Act extended the definition of a vulnerable adult for safeguarding purposes, placing Adult Safeguarding boards on a statutory footing, to spearhead safeguarding activity in a local area. Under the Act local authorities must: Investigate, if it believes and adult is experiencing, or is at risk of, abuse or neglect and if so, by whom; set up safeguarding adults boards, arrange where appropriate, for an independent advocate to represent and support the adult if s/he has “substantial difficulty” in being involved in the process and where there is no other suitable person to represent and support them; co-operate with each of its relevant partners to protect the adult. In their return each relevant partner must also co-operate with the local authority.

Working Together to Safeguard Children 2015

The Working Together to Safeguard Children guidance sets out the legislative requirements and expectations on individual services to safeguard and promote the welfare of children; and provides a clear framework for Local Safeguarding Children Boards (LSCBs) to monitor the effectiveness of local services. The guidance is issued under section 11 (4) of the Children Act 2004 and section 16 of the Children Act 2004.

Kent & Medway Safeguarding Children Procedures 2015

The Children Act 2004 obliges named statutory agencies to co-operate so as to improve the 'well-being' of children in their area with respect to their, physical and mental health; protection from harm and neglect; education, training and recreation; contribution to society; and emotional, social and economic well-being. Specified agencies are also obliged to make arrangements to 'safeguard and promote the welfare of children' by means of direct or indirect service provision. The Kent & Medway Safeguarding Children Procedures contains comprehensive multi-agency policies and procedures that are fully compliant with law and best practice.

Information Sharing: Guidance for practitioners and managers 2015

Information sharing is key to the Government's goal of delivering better, more efficient public services that are coordinated around the needs of the individual. It is essential to enable early intervention and preventative work, for safeguarding and promoting welfare and for wider public protection.

The aim of the guidance, and associated materials, therefore is to support good practice in information sharing by offering clarity on when and how information can be shared legally and professionally, in order to achieve improved outcomes.

Statutory Framework for the Early Years Foundation Stage Revised 2014

The Early Years Foundation Stage (EYFS) sets the standards that all early years providers must meet to ensure that children learn and develop well and are kept healthy and safe. The learning and development requirements (the seven areas of learning and development; the educational programmes; and the assessment requirements) and the legal requirements relating to welfare (child protection; suitable people; staff qualifications, training support and skills; key person, staff : child ratios; health; managing behaviour; safety and suitability of premises, environment & equipment, equal opportunities and information and records) apply to all children up until the 31 August after their fifth birthday.

Childcare Register Revised 2012

The Childcare Register has two parts, the compulsory register which relates to those who care for at least one child from 1 September following their fifth birthday up to the age of eight for a period or total periods of more than two hours in any one day and the voluntary register for providers, who care for children aged eight or over, until their eighteenth birthday. If providers choose to be included on either part of the register they must meet the requirements set out at all times when providing childcare. The law allows Ofsted to carry out inspections to check that providers comply with these requirements.

Sex Offenders Act 1997

The Sex Offenders Act 1997 requires sex offenders convicted or cautioned on or after 1 September 1997 to notify the police of their names and addresses and of any subsequent changes (known colloquially as the sex offenders register).

Sexual Offences Act 2003

The Sexual Offences Act 2003 was introduced to update the legislation relating to offences against children. It includes the offences of grooming, abuse of position of trust, trafficking, and covers offences committed by UK citizens whilst abroad. It also updates the Sex Offenders Act 1997 by strengthening the monitoring of sex offenders. The coalition government is currently consulting on further reform of the notification requirements for registered sex offenders (Home Office, 2011). Similar offences were introduced into other parts of the UK by the Sexual Offences (Scotland) Act 2009 and the Sexual Offences (NI) Order 2008.

Rehabilitation of Offenders Act (NI) Order 1974 (UK wide)

This Act/Order allows people not to declare convictions to employers which protects their privacy and counteracts prejudice against people with convictions seeking employment. However, people who are involved in situations where they have prolonged or sustained access to children are exempt from the Rehabilitation of Offenders legislation. This means that prospective employees,

self-employed workers and volunteers must declare all criminal convictions relating to children, however long ago. These will be taken into account when deciding on their suitability for working with children.

Protection of Freedom Acts 2012

Chapter 1 of Part 5 amends the Safeguarding Vulnerable Groups Act 2006 which provides the framework for the vetting and barring scheme operated by the Independent Safeguarding Authority (ISA). In particular it changed the definition of 'regulated activity' and abolished the concept of 'controlled activity' which related to persons working (paid or unpaid) in ancillary posts or who had access to sensitive information relating to children.

Disclosure and Barring Service (DBS)

The DBS searches police records and, in relevant cases, barred list information, and then issues a DBS certificate to the applicant to help them make an informed recruitment decision. The checking service currently offers two levels of DBS check; standard and enhanced. The order allows for applications to be submitted to a standard level. To qualify for the higher level of DBS check, the position must also meet one of the criteria set out in The Police Act 1997 (Criminal Records) Regulations.

The DBS is committed to ensuring that they make fair, consistent and thorough barring decisions that are an appropriate response to the harm that has occurred and to the risk of harm posed. There are two main ways barring can come to them including autobars or referrals from an organisation that has a legal duty or power to make referrals to DBS when they have dismissed or removed an employee from working in regulated activity, following harm to a child or vulnerable adult or where there is a risk of harm. Additionally, where a person is cautioned or convicted of a relevant (automatic barring) offence with the right to make representations, the DBS will ask the person to submit their representations and consider them before making a final barring decision.

At Tonbridge & Malling Borough Council the Senior Personnel Officer determines which employees will be required to undertake a DBS check, at which level and the frequency of which it needs to be renewed.

The Data Protection Act 1984 and 1998 (UK wide)

These regulate what information can be shared and with whom. If reports are made on children and families to any agency then they have to consider who will be told, who has access to the record, and by whom and how the information will be stored and passed on. The main effect on child protection is:

- records have to be kept securely

- only certain people should be able to access that information
- if the information relates to child protection it cannot be withheld, as this would not be in the child's best interests
- families, individuals and children can see most of what is recorded about them and have an opportunity to respond

Health and Safety at Work Act 1974

This is the same for Northern Ireland and Wales

This Act gives all organisations a legal responsibility to prevent injuries and ill-health to employees and others, including members of the public. Much of this responsibility is delegated to managers who have control of work activities but the legislation also provides all employees with an obligation to take reasonable care of themselves.

The Council also has a duty to consider the suitability of the Health & Safety arrangements for any organisation undertaking any work on our behalf.

Equality Act 2010

The Equality Act brings together nine separate pieces of legislation into one single Act providing a new cross-cutting legislative framework to protect the rights of individuals and advance equality of opportunity for all; to update, simplify and strengthen the previous legislation; and to deliver a simple, modern and accessible framework of discrimination law which protects individuals from unfair treatment and promotes a fair and more equal society.

Annex 3 – Recognising Potential Indicators of Abuse

Recognising Potential Indicators of abuse		
Type of Abuse	Who it affects	Signs of abuse / Behaviour Indicator
<p>Emotional – acts or behaviour which impinges on the emotional health of, or which causes distress or anguish to individuals. This may also be present in other forms of abuse</p>	<ul style="list-style-type: none"> • Children • Young People • Vulnerable Adults 	<ul style="list-style-type: none"> • Threats of harm or abandonment • Humiliation, shaming or ridicule • Harassment, bullying, intimidation • Control or coercion • Deprivation of choice or privacy • Deliberate social isolation • Infantilisation – treating an adult like a child • Disturbed sleep or tendency to withdraw to a room or to bed • Loss of appetite or over eating especially at inappropriate times • Anxiety confusion or general resignation • Extreme submissiveness or dependency in contrast to known capacity • Sharp changes in behaviour in the presence of certain persons • Excessive or inappropriate craving for attention • Self-abusive behaviour – self mutilation, head banging, hand biting • Loss of weight without apparent loss of appetite • Loss of confidence
<p>Neglect and acts of omission – ignoring or withholding physical or medical care needs which result in a situation or environment detrimental to individual(s)</p>	<ul style="list-style-type: none"> • Children • Young People • Vulnerable Adults 	<ul style="list-style-type: none"> • Withholding help or support necessary to carry out daily living tasks • Ignoring medical and physical care needs • Failing to provide access to health, social or educational support • The withholding of medication, nutrition and heating • Keeping someone in isolation. • Failure to intervene in situations that are dangerous to the vulnerable person. • Inadequate supervision and guidance – leaving the child to cope alone, abandoning them or leaving them with inappropriate carers and failing to provide appropriate boundaries about behaviours such as under age sex or alcohol • Poor hygiene and cleanliness of a person who has assistance with their personal care • Unkempt or unsuitable clothing for the weather conditions/environment • Untreated illness or condition • Dehydration, weight loss, malnutrition • Repeated infections • Repeated/unexplained falls or trips • Worsening of health conditions <ul style="list-style-type: none"> • Pressure sores • Mentioning their being left alone or

		unsupervised <ul style="list-style-type: none"> • Sore or extreme nappy rash • Skin infections
Physical – the non-accidental infliction of physical force that results (or could result) in bodily injury, pain or impairment	<ul style="list-style-type: none"> • Children • Young People • Vulnerable Adults 	<ul style="list-style-type: none"> • An inflicted physical injury, which is not satisfactorily explained • An injury where there is knowledge or suspicion that it was inflicted intentionally or through lack of care • Assaults on the body including hitting, slapping, pushing, kicking, resulting in injuries such as burns, abrasions, fractures, dislocation, welts, wounds or marks of physical restraint • Misuse of medication or medical processes, e.g. catheterisation • Inappropriate restraint or inappropriate actions or in actions • Multiple bruising that is inconsistent with the explanation given • Cowering and flinching • Bruises or marks resulting from a slap or kick • Abrasions, especially to neck, wrists and/or ankles • Unexplained burns • Scalds • Hair loss in one area, scalp sore to touch • Unusually sleepy or docile • Unexplained fractures • Frequent hopping from one GP to another or from one care agency to another • Untypical self-harm, emotional distress, low self esteem
Sexual	<ul style="list-style-type: none"> • Children • Young People • Vulnerable Adults 	<ul style="list-style-type: none"> • Rape • Indecent assault • Indecent exposure • Exposure to inappropriate sexual behaviour or images/material • Sudden or unexplained changes in behaviour e.g. becoming aggressive or withdrawn • Fear of being left with a specific person or group of people • Having nightmares • Running away from home • Sexual knowledge which is beyond their age or development age • Sexual drawings or language • Bedwetting • Saying they have secrets they cannot tell anyone about • Self-harm or mutilation, sometimes leading to suicide attempts • Eating problems such as overeating or anorexia
Bullying	<ul style="list-style-type: none"> • Children • Young 	<ul style="list-style-type: none"> • Hitting, kicking and theft • Name calling, teasing, sarcasm, racist or

	<ul style="list-style-type: none"> • People Vulnerable Adults 	<ul style="list-style-type: none"> • homophobic taunts, threats, graffiti and gestures • Tormenting, ridiculing, humiliating and ignoring • Unwanted physical contact or abusive comments • Behavioural changes such as reduced concentration and/or becoming withdrawn, clingy, depressed, tearful, erratic mood swings, reluctance to go to school, training or clubs, a drop in performance. • Physical signs such as stomach aches, difficulty sleeping, bed wetting, damaged clothes, bingeing on food, cigarettes or alcohol. • Shortage of money or frequent loss of possessions
<p>Financial – unauthorised, fraudulently obtaining and improper use of funds, property or any resources of a vulnerable person</p>	<ul style="list-style-type: none"> • Vulnerable Adults 	<ul style="list-style-type: none"> • Theft, fraud, exploitation • Pressure in connection with wills, property, inheritance or financial transactions • Extortion of money, property and possessions by threat, coercion or fraudulent means • Refusal to let the vulnerable person have access to their own money, property or possessions • The perpetrator befriending the victim and then using their position of trust to gain financially from the victim – moving into their house to ‘care’ for them, becoming their appointee/attorney. • Being over charged for services or tricked into receiving goods or services that they do not want or need.
<p>Discriminatory Abuse – exists when values, beliefs or culture result in a misuse of power that denies mainstream opportunities to some groups or individuals</p>	<ul style="list-style-type: none"> • Vulnerable Adults 	<ul style="list-style-type: none"> • Unequal treatment • Verbal abuse • Inappropriate use of language • Harassment • Exclusion • Discrimination on the basis of race, gender, age, sexuality, disability, religion
<p>Institutional Abuse – for example where the culture of a care home places emphasis on the running of the establishment and the needs of the staff above needs and care of the vulnerable person</p>	<ul style="list-style-type: none"> • Vulnerable Adults 	<ul style="list-style-type: none"> • Abuse by an organisation imposing rigid and insensitive routines; poor practices embedded in systems, unskilled, intrusive or invasive interventions; or an environment allowing inadequate privacy or physical comfort

Annex 4: Designated Officers

Name	Phone	Email
Robert Styles	6160	robert.styles@tmbc.gov.uk
Ruth Lowe	6169	ruth.lowe@tmbc.gov.uk
Gill Fox	6077	gill.fox@tmbc.gov.uk
Satnam Kaur	6207	satnam.kaur@tmbc.gov.uk
Anthony Garnett	6151	anthony.garnett@tmbc.gov.uk
Charlie Steel	6015	charlie.steel@tmbc.gov.uk
Gemma Gilley	6371	gemma.gilley@tmbc.gov.uk
Jason Wheble	6259	jason.wheble@tmbc.gov.uk
Jane Smither	6223	jane.smither@tmbc.gov.uk



**Annex 5
Children and Adults at Risk - Safeguarding Incident
Reporting Form**

This form is used for reporting both suspicions and disclosures of possible abuse; therefore not all sections may be appropriate. Please complete with as much information as possible, using verbatim reports from people involved where possible. This information will be treated in the strictest confidence.

About you, the reporter	
Your name:	
Your job role:	
Your telephone number and email address:	
Are you reporting the concern on behalf of someone else?	
If yes to above, what is their name and their position?	
What involvement have you had? (Have you had contact with family/ other professionals etc)	
About the child, young person or vulnerable adult	
Name:	
Age and date of birth:	
Gender:	
Address, telephone and email contact details:	
Housing tenure (Housing Association/Council private rented/ owner occupier):	
Ethnic and/or religious background:	
Disabilities or other special factors:	
About the person's family/ support network	
Who is the person's next of kin?	
Address, telephone and email contact details:	
Names of other people living at the address or significantly involved:	

About the concern	
What has happened/ what are your concerns? (Please give full details, using verbatim reporting where possible and include physical or behavioural indicators)	
Have you or anyone else involved spoken to the person or with their parents/ family/ others involved? If so, what was discussed (record this verbatim where possible)? <i>Remember, you are not expected to undertake investigations so don't worry if you don't know.</i>	
Dates and times of significant events:	
About the alleged abuser, if known	
Name:	
Job position/ role:	
Address, telephone and email contact details:	
About other agencies involved	
Are you aware of any other services or professionals who are involved with the person?	
Name of agency and professional:	
Address, telephone and email contact details:	
Details of involvement and any advice you have received with dates:	
For Designated Safeguarding Officer use only	
<i>DSO name:</i>	
<i>Date, time, venue/ method of initial staff report regarding suspicions, concerns or disclosure relating to safeguarding: Who was present:</i>	
<i>Date, time and venue of Incident Reporting Form handover: Who was present:</i>	
<i>Notes regarding DSO follow up actions:</i>	

Annex 6 – Useful Contacts / Links

KCC Social Services (available 24 hours a day, 7 days a week).

During the day and in office hours: Concern relating to Adults: 03000 41 61 61 or email social.services@kent.gov.uk . Concern relating to a Child: 03000 41 11 11 or email social.services@kent.gov.uk.

Out of hours and in an emergency: 03000 41 91 91

If you think someone is in immediate danger, call 999

Police – Call 101 for information and advice or 999 in an emergency

NSPCC Childline – if you are worried about a child call: 0808 800 5000 or help@nspcc.org.uk

Action on Elder Abuse – 0808 808 8141 or enquiries@elderabuse.org

Kent Safeguarding Children's Board – 03000 421126 or kscb@kent.gov.uk

Victim Support – 0808 1689 111

Age UK - 0800 169 6565

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