

TONBRIDGE & MALLING BOROUGH COUNCIL



EXECUTIVE SERVICES

Chief Executive

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NB - This agenda contains proposals, recommendations and options. These do not represent Council policy or decisions until they have received proper consideration through the full decision making process.

Contact: Committee Services
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5 January 2016

To: MEMBERS OF THE FINANCE, INNOVATION AND PROPERTY ADVISORY BOARD

(Copies to all Members of the Council)

Dear Sir/Madam

Your attendance is requested at a meeting of the Finance, Innovation and Property Advisory Board to be held in the Civic Suite, Gibson Building, Kings Hill, West Malling on Wednesday, 13th January, 2016 commencing at 7.30 pm

Yours faithfully

JULIE BEILBY

Chief Executive

A G E N D A

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MEMBERSHIP

Cllr Mrs F A Kemp (Chairman)
Cllr Mrs B A Brown (Vice-Chairman)

Cllr O C Baldock
Cllr Mrs S Bell
Cllr R P Betts
Cllr T Bishop
Cllr J L Botten
Cllr T I B Cannon
Cllr D J Cure

Cllr M O Davis
Cllr R D Lancaster
Cllr D Lettington
Cllr L J O'Toole
Cllr Miss J L Sergison
Cllr A K Sullivan
Cllr B W Walker

Apologies for absence

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Declarations of interest

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TONBRIDGE AND MALLING BOROUGH COUNCIL

FINANCE, INNOVATION AND PROPERTY ADVISORY BOARD

Wednesday, 23rd September, 2015

Present: Cllr Mrs F A Kemp (Chairman), Cllr Mrs S Bell, Cllr R P Betts, Cllr T Bishop, Cllr T I B Cannon, Cllr D J Cure, Cllr M O Davis, Cllr D Lettington, Cllr L J O'Toole, Cllr Miss J L Sergison and Cllr A K Sullivan

Councillors Mrs J A Anderson, M A C Balfour, P F Bolt, M A Coffin, N J Heslop, B J Luker and S C Perry were also present pursuant to Council Procedure Rule No 15.21.

Apologies for absence were received from Councillors Mrs B A Brown (Vice-Chairman), O C Baldock, J L Botten, R D Lancaster and B W Walker

PART 1 - PUBLIC

FIP 15/45 DECLARATIONS OF INTEREST

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

FIP 15/46 MINUTES

RESOLVED: That the notes of the meeting of the Finance, Innovation and Property Advisory Board held on 22 July 2015 be approved as a correct record and signed by the Chairman.

MATTERS FOR RECOMMENDATION TO THE CABINET

FIP 15/47 FINANCIAL ARRANGEMENTS WITH PARISH COUNCILS 2016/17

The report of the Director of Finance and Transformation gave details of proposed allocations to individual parish councils under the Scheme of Financial Arrangements with Parish Councils for 2016/17 in accordance with the methodology agreed by the Council in 2013 following consultation with the Parish Partnership Panel. It was noted that this would result in the allocations for the forthcoming year increasing by 0.4% with the calculation based on a return to a rate per elector after the transition to individual electoral registration.

Attention was drawn to the Overview and Scrutiny Committee's programmed review of grants to the voluntary sector and other third parties, including funding for parish councils. It was considered appropriate to alert all parish councils to the potential for change in the way any funding might be allocated in the future, this matter having been

highlighted at the meeting of the Parish Partnership Panel on 10 September.

RECOMMENDED: That

- (1) the methodology outlined in the report be adopted in calculating the allocations to parish councils under the Scheme of Financial Arrangements with Parish Councils for the year 2016/17; and
- (2) parish councils be notified of their allocations as set out in Annex 1 to the report and be advised that 2016/17 could potentially be the last year in which the current methodology is employed.

* **Referred to Cabinet**

FIP 15/48 FINANCIAL PLANNING AND CONTROL

Decision Notice D150070MEM

The report of the Director of Finance and Transformation provided information on the Council's key budget areas of salaries, major income streams and investment income. It also gave an update on the approved variations to the revenue budget and areas identified through budget monitoring, summarised to provide an indicative overall budget position for the year which showed a net adverse variance of £34,050.

An update was also given on capital expenditure and variations agreed in relation to the capital plan.

The improving position for the current financial year resulted from income streams performing above budget and negating the loss of recycling income following Aylesford Newsprint going into administration. However, looking beyond the current financial year, attention was drawn to the potential outcome of the Spending Review 2015 and the consequential impact on local government funding.

The Director of Finance and Transformation advised that the Medium Term Financial Strategy had recently been updated and a report would be presented to Cabinet on 7 October. Following discussion regarding the New Homes Bonus and the financial stability of local authorities in general, it was acknowledged that there were serious challenges and choices facing the Council in meeting its funding gap. The Director of Finance and Transformation indicated that benchmarking data might provide some guidance for councillors in assessing options and a Member suggested that a list of those services which the Council provided on a "discretionary" basis would be helpful in this regard.

RECOMMENDED: That the contents of the report be noted and endorsed.

FIP 15/49 APPLICATIONS FOR DISCRETIONARY RATE RELIEF

Decision Notice D150071MEM

The report of the Director of Finance and Transformation gave details of new and renewal applications for discretionary rate relief and rural rate relief which were considered in accordance with the previously agreed criteria for determining such applications.

RECOMMENDED: That

- (1) in respect of the re-application for discretionary relief shown at Annex 3 to the report, 20% discretionary rate relief be awarded with effect from 1 April 2015 and time limited to 31 March 2017;
- (2) in respect of the re-application for rural rate relief shown at Annex 4 to the report, 80% discretionary rural rate relief be awarded time limited to 31 March 2017;
- (3) the new application for rural rate relief be determined as follows:

The Village Pantry Tea Rooms Project, 2 Forstal Road, Aylesford – 100% discretionary rural rate relief be awarded, time limited to 31 March 2017; and
- (4) the new application for discretionary rate relief be determined as follows:

all properties in the Borough occupied by Barclays Bank Plc, HSBC Bank Plc, Lloyds Banking Group and TSB Bank Plc – no discretionary relief be awarded.

FIP 15/50 RURAL RATE RELIEF - RURAL SETTLEMENT LIST

Decision Notice D150072MEM

The report of the Director of Finance and Transformation referred to the requirement to review the Council's rural settlement list and recommended that the current list should be retained unaltered for the financial year 2016/17.

RECOMMENDED: That the current rural settlement list remain in force for the year 2016/17.

FIP 15/51 TONBRIDGE CASTLE GATEHOUSE CHARGES

Decision Notice D150073MEM

The report of the Director of Central Services recommended revised charges for the Tonbridge Castle Gatehouse attraction for implementation from 1 April 2016. The proposals took into account prevailing inflation figures, competitor charges and local market conditions.

RECOMMENDED: That

- (1) the proposed charges for Tonbridge Castle Gatehouse, as set out in the report, be approved for implementation from 1 April 2016; and
- (2) the charges be reflected in the appropriate tourism marketing material.

FIP 15/52 CAPITAL PLAN POST IMPLEMENTATION REVIEWS

Decision Notice D150074MEM

The joint report of the Director of Central Services and Director of Finance and Transformation presented post implementation reviews in respect of Christmas Lighting Capital Grants and Implementing Electronic Government which indicated successful implementation of the projects.

RECOMMENDED: That the post implementation reviews for the projects, as outlined in the report, be endorsed.

FIP 15/53 BENEFITS UPDATE AND COUNCIL TAX REDUCTION SCHEME

The report of the Director of Finance and Transformation gave details of current issues in the benefits field including performance and workload of the Benefits Service, an update on Universal Credit and welfare reform budget changes.

Members were advised that the current three year Kent-wide agreement period for the Council Tax Reduction Scheme would expire at the end of 2015/16. In view of the national welfare changes taking place and the significant consultation process and timescale involved in a review of the scheme, it had been agreed with the major Kent precepting authorities that the current scheme should be rolled forward for another year. Agreement was therefore sought to “refresh” the existing Council Tax Reduction Scheme in preparation for the financial year 2016/17.

RECOMMENDED: That

- (1) the existing Council Tax Reduction Scheme be refreshed in readiness for the financial year 2016/17 and published on the Council's website; and
- (2) the Director of Finance and Transformation be authorised to enter into negotiations with Kent County Council and Kent District Council colleagues regarding a fundamental review of the scheme for 2017/18.

***Referred to Cabinet**

MATTERS SUBMITTED FOR INFORMATION

FIP 15/54 COUNCIL TAX AND BUSINESS RATES UPDATE

The report gave details of recent developments in respect of council tax and business rates including encouraging rates of collection and a reduction in the number of recovery notices issued. Reference was made to recent media interest in council tax recovery and Members were assured that the Council only used enforcement agents as a last resort when all other options had failed. Staff made every effort to negotiate with taxpayers in respect of payment arrangements, taking into account individual circumstances.

MATTERS FOR CONSIDERATION IN PRIVATE

FIP 15/55 EXCLUSION OF PRESS AND PUBLIC

The Chairman moved, it was seconded and

RESOLVED: That as public discussion would disclose exempt information, the following matters be considered in private.

PART 2 - PRIVATE

MATTERS FOR RECOMMENDATION TO THE CABINET

FIP 15/56 DEBTS FOR WRITE OFF

(LGA 1972 Sch 12A Paragraph 2 – Information likely to reveal information about an individual)

Decision Notice D150075MEM

The report of the Director of Finance and Transformation sought approval of the writing-off of debts considered to be irrecoverable. Details were also given of debts under £1,000 which had been written-off in accordance with Financial Procedure Rule 17.2 together with

cumulative totals of debts in the current and previous financial years and information on budgeted bad debt provision.

RECOMMENDED: That the 9 items shown in the schedule of amounts over £1,000, totalling £24,892.04 be written-off for the reasons stated within the schedule.

**FIP 15/57 PROPOSED LICENCE FOR WORKS ON LAND ADJACENT TO
LARKSPUR CLOSE, EAST MALLING**

**(LGA 1972 Sch 12A Paragraph 3 – Financial or business affairs of
any particular person)**

Decision Notice D150076MEM

The report of the Director of Central Services gave details of a request for a licence for works to divert a sewer on land within the Council's ownership adjacent to Larkspur Close, East Malling to facilitate development of a new dwelling. Consideration was given to proposed terms and conditions for the licence.

RECOMMENDED: That the terms and conditions for the licence for works for the diversion of a sewer on land within the Council's ownership be approved as outlined in the report.

The meeting ended at 8.40 pm

TONBRIDGE & MALLING BOROUGH COUNCIL

FINANCE, INNOVATION and PROPERTY ADVISORY BOARD

13 January 2016

Report of the Director of Finance and Transformation

Part 1- Public

Matters for Recommendation to Cabinet - Council Decision

<p>NOTE: THE REVISED ESTIMATES FOR 2015/16 AND THE ESTIMATES FOR 2016/17 ARE CONTAINED IN A SEPARATE BOOKLET CIRCULATED WITH THE AGENDA</p>
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1 REVENUE ESTIMATES 2016/17

The Council has a statutory duty to set the level of council tax for the forthcoming financial year by 11 March. Under the Budget and Policy Framework Rules of the Constitution, the Cabinet is responsible for formulating initial draft proposals in respect of the Budget. The role of this Advisory Board is to assist both the Cabinet and the Council in the preparation of the Budget for 2016/17 within the context of the Medium Term Financial Strategy and the Council's priorities.

1.1 Introduction

- 1.1.1 The Cabinet is responsible for formulating initial draft proposals in respect of the Budget for 2016/17. This report is intended as the basis for recommendations from this Board to the Cabinet.
- 1.1.2 The proposals will also be referred to the Overview and Scrutiny Committee for further consideration and advice. The Overview and Scrutiny Committee has a meeting on the 26 January in order to address this responsibility. A special meeting of the Cabinet is scheduled for the 11 February to consider the recommendations of this Board and the Overview and Scrutiny Committee and, in addition, take into account the Council's final grant settlement.
- 1.1.3 At that special meeting on the 11 February, the Cabinet will need to formulate its final proposals in respect of the Budget for 2016/17 and the council tax to be levied in respect of the Borough Council. The Full Council will meet on the 16 February to approve the Budget and set the Council Tax. The Full Council may adopt or amend the Cabinet's proposals.
- 1.1.4 The role of this Advisory Board is to consider in detail both the Revised Estimates for 2015/16 and the Estimates for 2016/17 within the context of the Medium Term

Financial Strategy and the Council's priorities. For completeness, details of how we are updating the Medium Term Financial Strategy are contained within this report for information.

1.2 Medium Term Financial Strategy

1.2.1 To recap, the Council's current 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 each year and over the strategy period. The aim of the Strategy is to give us a realistic and sustainable plan that reflects the Council's priorities. The MTFS sets out the high level objectives the Council wishes to fulfil over the agreed time span. These are:

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

1.2.2 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.

1.2.3 The MTFS sets out, not only the projected budgets for the period, but also the levels of council tax that are projected to be required to meet the Council's spending plans. 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.

- 1.2.4 Members are fully aware of the significant financial challenge facing 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.
- 1.2.5 Members will recall that when setting the budget for 2015/16 in February 2015 projections at that time suggested a 'funding gap' between expenditure and income of circa £1.4 million. Based on the above projection it was further suggested that we break the savings target into three tranches (tranche one £200,000, tranche two £700,000 and tranche three £500,000 to be achieved by ideally the start of the year 2016/17, 2017/18 and 2018/19).
- 1.2.6 The MTFs will need to be updated and rolled forward as part of the 2016/17 budget setting process. Further information about this, together with the issues that Cabinet will need to address when updating the MTFs are set out later in this report at paragraph 1.12.

1.3 Provisional Local Government Finance Settlement

- 1.3.1 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 provisional figures are expected to be confirmed in late January/early February 2016. 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.
- 1.3.2 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).
- 1.3.3 Our provisional 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% (the district council average

is 44.3%) when compared to the equivalent figure of £3,678,599 in 2015/16. Included in the Settlement Funding Assessment is the parish councils' indicative allocation in respect of the council tax support scheme, however, it is not separately identified. 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.

- 1.3.4 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 £2,332,185. This represents a cash decrease of £768,968 or 24.8% when compared to £3,101,153 in 2015/16.
- 1.3.5 In 2019/20 Total Grant Funding is projected to be £3,615,890. This represents a cash decrease of £3,163,862 or 46.7% when compared to the equivalent figure of £6,779,752.

	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			(78,401)	(512,899)	(998,296)
Revenue Support Grant	1,589,484	655,042			
Settlement Funding Assessment	3,678,599	2,761,567	2,069,556	1,698,424	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	3,868,836	2,430,655	2,332,185
Total Grant Funding	6,779,752	6,604,650	5,938,392	4,129,079	3,615,890
Change over SR Period (£)					(3,163,862)
Change over SR Period (%)					-46.7%

Note: These are the figures set out in the settlement consultation, although I am uncertain as to how these projected allocations have been arrived at by government.

- 1.3.6 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 10.9%.

1.3.7 The provisional local government finance settlement 2016/17 and an offer to councils for future years is the subject of consultation. The return date for responses to the consultation is 15 January 2016. The paper can be found at the following link:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/486730/Provisional_settlement_consultation_document.pdf

1.3.8 In the short timescale since receiving the provisional settlement, it has not been possible to prepare a draft response to the consultation. A copy of our proposed response will be circulated on or before the date of the meeting.

1.3.9 In overview, however, the provisional settlement, alongside the NHB proposals, brings added funding pressure for district councils and thereby increases the risks of financial sustainability. Members may wish to bring out four particular points within the response:

- 1) In recognition of the fact that the Settlement and the proposed changes to NHB are redistributing funding to authorities with responsibility for social care resulting in larger funding reductions for district councils, district councils should not be subject to the council tax referendum principles or at the very least the higher threshold of 4% should apply to district councils too.
- 2) New Homes Bonus in 2019/20 is projected to be circa £2.3 million, but is not part of what is termed core funding, therefore, could, in full or in part, be seen to be at risk indefinitely (potential further reductions likely). This is clearly of concern particular when our core funding in 2019/20 is projected to be circa £1.3 million. To consider the offer of a four- year funding settlement the Council would first need to understand what its business rates baseline will be on the implementation of the 100% business rates retention scheme and if and how NHB is to be subsumed within the scheme.
- 3) The introduction of a 'tariff adjustment' under the business rates retention scheme is an opportunity to recognise and adjust for exceptional circumstances, for example, when our highest business ratepayer, Aylesford Newsprint, went into administration and the Council found itself in safety net position where it remains. As a result the government should be asked to consider a 'top adjustment' in addition to the 'tariff adjustment'.
- 4) The figures for council tax income included in the consultation assume that income in TMBC will increase by some 17% over the settlement period. This is a significant increase even allowing for potential 2% increases in Band D each year and a 'natural' level of taxbase growth. It appears that the government have compared the taxbase increase between 2013/14

and 2015/16 and assumed that the growth will continue at that level. That is extremely unlikely because the increase between those years has been influenced by the uplift in the CTRS scheme from 8.5% to 18.5%; plus the discounts and exemptions we have reviewed and reduced. These changes we have made cannot be replicated again so we have nowhere else to go. It seems to me that the wrong financial years have been used in assessing taxbase growth. In addition, in working out the reductions in RSG, the government are now taking into account the amount that is raised locally from council tax. Those authorities with higher taxbases relative to their Settlement Funding Assessment (like TMBC) have a higher reduction in grant than other councils. Effectively, it could be argued that TMBC taxpayers (along with taxpayers of authorities in a similar position) are disadvantaged in comparison to taxpayers in other areas.

1.4 Local Referendums to Veto Excessive Council Tax Increases

- 1.4.1 The Localism Act gives local communities the power to veto excessive council tax increases. The Secretary of State will determine a limit for council tax increases which has to be approved by the House of Commons. If an authority proposes to raise council tax above this limit they will have to hold a referendum to get approval for this from local voters who will be asked to approve or to veto the rise.
- 1.4.2 A referendum will be triggered where council tax is increased by 2% or more for 2016/17. However, see the comment in response to the provisional local government finance settlement at paragraph 1.3.9 (1). It should be noted that beyond 2016/17 the Medium Term Financial Strategy assumes a 3% increase in council tax year on year. To put this into context, 1% currently equates to about £90,000. Parish councils have not been subject to the referendum limit previously, and are not subject to it for 2016/17.
- 1.4.3 There has been no announcement on a council tax freeze grant for 2016/17.

1.5 Business Rates Retention

- 1.5.1 Members will be aware that, from April 2013, the Government introduced the Business Rates Retention scheme. Where our actual business rates income is less than the baseline set under the scheme the Council has to **meet a share of that shortfall up to a maximum of circa £156,700 this year, 2015/16**. This figure increases each year in line with inflation.
- 1.5.2 As a result of Aylesford Newsprint, our highest business ratepayer, going into administration in February 2015 the Council is below its baseline. However, see the comment in response to the provisional local government finance settlement at paragraph 1.3.9 (3).
- 1.5.3 For medium term financial planning purposes we continue to assume our actual business rates income is equal to the baseline set.

1.6 New Homes Bonus

1.6.1 A critical component of our overall government grant funding is New Homes Bonus (NHB) and what happens to NHB, therefore, will be of particular interest and concern.

1.6.2 As mentioned at paragraph 1.3.4 our projected grant award under the NHB scheme reflects proposed changes to the scheme which are the subject of a consultation paper. The paper sets out proposals for:

- Reductions in the number of years for which NHB is paid from the current six to four years.
- Withholding NHB from areas where an authority does not have a Local Plan in place.
- Abating NHB in circumstances where planning permission for a new development has only been granted on appeal.
- Adjusting NHB to reflect estimates of deadweight by potentially introducing a baseline level of growth (0.25% suggested).

1.6.3 Again, the proposed changes are designed to deliver savings which can be redistributed to authorities with responsibility for social care. As a result our grant award in 2019/20 is projected to be £2,332,185. This represents a cash decrease of £768,968 or 24.8% when compared to £3,101,153 in 2015/16. Furthermore, as **NHB is not part of what is termed core funding it could be seen to be at risk indefinitely** (potential further reductions likely).

1.6.4 The return date for responses to the consultation is 10 March 2016. It is my intention to report our proposed response for endorsement to the ordinary Cabinet meeting on 2 February. The consultation paper can be found at the following link:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/487095/151217_-_nhb_draft_condoc_published_version.pdf

1.7 Specific Issues

1.7.1 Members are advised that certain government initiatives, e.g. Welfare Reform will undoubtedly impact on the Council's finances over the medium term and an assessment of the potential impact is not straightforward. Nonetheless, I and Management Team will continue to monitor the potential impact as more information is made available.

1.7.2 In terms of the council tax base, built into the Medium Term Financial Strategy is an expectation about future growth in the number of band D equivalents over the ten-year period. Members will be aware that this growth (or otherwise) will impact on the level of the New Homes Bonus that the Council **might** receive in the future.

It is important to recognise, however, that, currently, the timing of development growth is very difficult to predict given the market as well as other site specific conditions. Therefore, our assumption about the growth in the tax base for the Medium Term Financial Strategy comes with a 'health warning'.

- 1.7.3 Recommendations regarding fees and charges are to be considered during this cycle of meetings. Any changes required following consideration of fees and charges presented to this and other meetings will be incorporated before the Estimates are reported to Cabinet on 11 February.
- 1.7.4 Other than loss of investment income the draft Estimates presented do not take account of the revenue consequences of new capital schemes to the Capital Plan. At its meeting on 11 February, the Cabinet will need to give consideration to both the Revenue and Capital Estimates in the context of the Medium Term Financial Strategy and, where appropriate, recommend additions to the Capital Plan.
- 1.7.5 Members are aware of the budgetary pressure on the Building Repairs Reserve and that over time the annual contribution to the Reserve will need to increase to meet ongoing maintenance and repair obligations. The pressure on the Building Repairs Reserve is such that in addition to a further stepped increase in the annual contribution from £500,000 to £525,000 from 2016/17, the contribution in 2015/16 is to be increased from £500,000 to £850,000. To be funded from the better than estimated year end position when compared to the 2015/16 original budget.
- 1.7.6 Turning to the individual Estimates, particular issues to be drawn to Members attention are set out below:

Corporate Services

- 1.7.7 The key issues are:

- 1) The forward estimate includes provision for the April 2016 pay award, and reflects increased National Insurance contributions payable following the introduction of a flat rate pension scheme from April 2016.

Chief Executive

- 1.7.8 The key issues are:

- 1) Community Enhancement Fund payments totalling £60,250 are included in the revised estimate representing the balance of the final round of bids.
- 2) Economic development revised estimate includes £58,000 of grant funding to support improvements to local retail centres.

Director of Central Services

- 1.7.9 The key issues are:

- 1) Local Land Charges revised estimate reflects an increased level of income from searches, and includes a new burdens grant received from the Government following settlement of property search fees claim.

Director of Finance and Transformation

1.7.10 The key issues are:

- 1) Housing benefits overpayment levels continue to increase due to a number of reasons including data matching, sharing of Real Time Information (RTI) with HMRC, claimants moving into work in an improving economy and variable rate hours employment contracts.
- 2) The estimates reflect a further reduction in the administration grant from the DWP and DCLG.

Director of Planning, Housing and Environmental Health

1.7.11 The key issues are:

- 1) Savings have been achieved on applications and appeals expenditure as a result of bringing traveller assessments in house and passing the costs of development viability assessments to developers.
- 2) Planning application income shows an improvement but remains volatile and difficult to predict.
- 3) There is uncertainty over the funding the Council receives from Kent County Council for public health initiatives. The estimates assume funding will continue at a reduced rate in 2016/17.

Director of Street Scene, Leisure and Technical Services

1.7.12 The key issues are:

- 1) The budget provisions for contract payments have been increased by 1.5% reflecting the assumed level of inflation (RPI) at the time of preparing the estimates.
- 2) Refuse collection, recycling and street scene budgets include provision for growth in new properties (£28,000).
- 3) Recycling income is significantly lower than originally estimated as a result of Aylesford Newsprint going into administration and reductions in glass prices.
- 4) Parking income has increased as a result of increased usage of Council car parks.
- 5) 2016/17 estimates allow for an increase in parking charges.

- 6) Increase in Penalty Charge Notice income as a result of lower turnover of staff than experienced in recent years.

1.8 Revised Revenue Estimates 2015/16

- 1.8.1 Overall, the Revised Estimates show a decrease over the Original Estimates of £850 prior to making a contribution to/from the General Revenue Reserve. The principal variations are given in the table below:

Description	DR £	CR £	
Building Repairs Reserve	350,000		
Housing Benefits (net of subsidy)	103,950		
Leisure Trust Receipts	49,750		
Information Technology	23,600		
Electoral Registration Grant		20,150	
Gateway Income		20,500	
Investment Income		22,500	
Applications & Appeals		25,000	
Street Naming & Numbering		25,000	
Members Allowances		25,700	
Refuse, Recycling & Street Cleansing Contract		47,600	
Major Income Streams		55,300	
Land Charges New Burdens Grant		73,100	
Salaries & Contributions		157,400	
Other Net Changes		55,900	CR
Total	527,300	528,150	850

1.9 Revenue Estimates 2016/17

- 1.9.1 Overall, the draft Estimates for 2016/17 show a decrease over the Original Estimates for 2015/16 (excluding Business Rates Retention Scheme Reserve) of £998,050 prior to making a contribution to/from the General Revenue Reserve. The principal variations are given in the table below.

Description	DR £	CR £
Housing Benefits (net of subsidy)	163,950	
Leisure Trust Receipts	118,900	
Benefits Administration Grant	101,400	
Salaries & Contributions	59,750	
Refuse, Recycling & Street Cleansing Contract	33,250	
Second Homes Grant	31,250	

Building Repairs Reserve	25,000		
Gateway Income		20,500	
TMLT Service Fee		21,650	
Applications & Appeals		25,000	
Car & Travel Allowances		27,300	
Investment Income		38,500	
Termination Payments		43,950	
Major Income Streams		54,450	
Revenue Reserve for Capital Schemes		402,000	
New Homes Bonus		741,950	
Other Net Changes		156,250	CR
Total	533,500	1,531,550	998,050

1.9.2 It is likely that there will need to be changes made to the Estimates as we move through the budget setting process. It is my intention to bring these together for the Cabinet Budget meeting in February, rather than introduce them in a piecemeal fashion.

1.10 Draft Capital Plan

1.10.1 A report elsewhere on this agenda seeks to advise Members of the way forward on the Capital Plan. 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) are:

- to meet legislative requirements including health and safety obligations;
- funded from external resources; and
- reduce revenue expenditure and or generate income.

1.10.2 The Capital Plan review report recommends schemes for inclusion on List B, the short-list of schemes for possible inclusion in the Capital Plan. Members are reminded that the selection from List B, of schemes to be included in the Capital Plan (List A) – if any – will be made at Cabinet on the 11 February for endorsement by Council. With this in mind Members are advised that other than loss of investment income the revenue consequences of new capital schemes **have yet to be incorporated within the Estimates.**

1.10.3 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.

1.10.4 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.

1.11 Consultation with Non-Domestic Ratepayers

1.11.1 Before the Borough Council determines the amount of its total estimated expenditure and makes calculations of its requirements for the ensuing financial year, it consults representatives of its non-domestic ratepayers about its expenditure proposals (including capital expenditure). 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. Any points of clarification required are dealt with by telephone, written correspondence or, if appropriate, an informal meeting with officers.

1.11.2 Any comments or representations received from the consultees will be reported to Members during the budget process as appropriate.

1.12 Medium Term Financial Strategy Update

1.12.1 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.

1.12.2 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.

- 1.12.3 However, with both the provisional 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 £1.9 million 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 either 1 April 2021 or 1 April 2022 (absolute latest).
- 1.12.4 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 & Transformation Strategy has been recommended by Cabinet to Full Council, and this will already need to be extended and hardened. The Overview and Scrutiny Committee has already embarked on a rigorous review programme of the Council's services and functions.
- 1.12.5 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 - as already set out in MTFS, £700,000 to be achieved by April 2017.
 - 2) Tranche two - as already set out in MTFS, £500,000 to be achieved by April 2018.
 - 3) Tranche three - an additional target of £700,000 to be achieved by April 2021 or April 2022 at the latest.
- 1.12.6 Clearly, the Medium Term Financial Strategy will continue to be updated as we move through the 2016/17 budget cycle and as more information becomes available.

1.13 Savings and Transformation Strategy

- 1.13.1 Alongside the MTFS now sits a Savings and Transformation Strategy. 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.
- 1.13.2 As Members are no doubt aware a number of key themes have been identified, together with outline targets and an indicative year of implementation for each. Further details can be found in the report to Cabinet on 17 November 2015.
- 1.13.3 It should be noted that the outline targets currently total £1,550,000 less the 'in-service efficiencies' target of £200,000 met as part of the budget setting process. As a result the targets set against each theme will need to be revisited with the projected 'funding gap' now standing at £1.9 million.

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 advice on assumptions obtained where appropriate.
- 1.16.2 The Medium Term Financial Strategy sets out the high level financial objectives the Council wishes to fulfil and underpins the budget setting process for the forthcoming year and over the Strategy period. As the Council's high level financial planning tool the Strategy needs to be reviewed and updated at least annually and in the current climate regularly reviewed by Management Team.
- 1.16.3 The increased uncertainty and volatility particularly in some of our major sources of income (business rates and New Homes Bonus) make financial planning that more difficult with the increased risk of significant variances compared to projections.
- 1.16.4 Any increase in council tax above the relevant threshold, even by a fraction of a percentage point, would require a referendum to be held.
- 1.16.5 Members are reminded that there are factors not reflected in or throughout the duration of the MTFS, e.g. potential shortfall to be met by the Council in respect of the Business Rates Retention scheme and 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%.

1.16.6 **The settlement consultation includes projected figures for New Homes Bonus and council tax income over the 4 year period which lack explanation and which may be difficult to achieve. There is a risk that these figures could be adjusted downwards which would further add to the savings targets.**

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 Recommendations

1.18.1 The Advisory Board is requested to:

- 1) Recommend that the objective set out at paragraph 1.2.2 replace the one starting, 'Over the strategy period.....' at paragraph 1.2.1.
- 2) Support the proposed response to the provisional local government finance settlement 2016/17, a copy of which will be circulated on or before the date of the meeting.
- 3) Consider the draft Revenue Estimates contained in the Booklet and make such recommendations, as it considers appropriate, to Cabinet for its special meeting on 11 February.
- 4) Within the context of the financial pressures outlined in the report, request that the Overview and Scrutiny Committee consider the draft Revenue Estimates contained in the Booklet and make such recommendations, as it considers appropriate, to Cabinet for its special meeting on 11 February.
- 5) Recommend to Cabinet that the Savings and Transformation Strategy is updated to reflect the financial impact of the provisional local government finance settlement.

Background papers:

Nil

contact: Sharon Shelton
Neil Lawley

Sharon Shelton
Director of Finance and Transformation

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TONBRIDGE & MALLING BOROUGH COUNCIL

FINANCE, INNOVATION and PROPERTY ADVISORY BOARD

13 January 2016

Report of the Director of Finance and Transformation

Part 1- Public

Matters for Recommendation to Cabinet - Council Decision

1 CAPITAL PLAN REVIEW 2015/16

This report:

- reviews the current position of the existing Capital Plan (List A),
- recommends schemes to be added to and deleted from List C,
- recommends schemes from List C for evaluation, and
- recommends schemes for inclusion on List B from those evaluated schemes selected for evaluation this time last year or earlier.

Members are reminded however, that any aspirations in respect of capital schemes need to be set within the context of the significant financial challenge facing the Council.

<p>NOTE: ANNEXES 1 to 4 TO THIS REPORT ARE CONTAINED IN A SEPARATE BOOKLET CIRCULATED WITH THE AGENDA</p>
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1.1 Introduction

1.1.1 The capital plan process, as outlined below, provides a means of maintaining a pool of schemes (List C) from which schemes can be selected for evaluation and possible implementation. It also provides an opportunity to review the provisions for schemes which are already in the Capital Plan (List A).

1.1.2 The criteria established to guide the inclusion of new List C schemes (holding list of schemes not yet fully worked up) and ultimately the inclusion of schemes on List A (schemes assigned budget provision) are:

- to meet legislative requirements including health and safety obligations;
- funded from external resources; and
- reduce revenue expenditure and or generate income.

1.1.3 The subsequent recommendations where appropriate have regard to these criteria.

1.1.4 The review takes place within the context of the revenue estimates, reflecting the fact that capital schemes have an impact on revenue. Positive impacts may include potential to increase income or reduce operating costs. Negative impacts may include loss of income during construction and will include loss of investment income where the project costs are met from the Council's resources.

1.2 Capital Plan Funding

1.2.1 Members will no doubt be aware of the significant financial challenge facing 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.

1.2.2 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.

1.2.3 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.

1.2.4 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.

1.3 Capital Plan Review Process

1.3.1 The Capital Plan consists of three main elements:

- List C is a holding list of schemes which ordinarily have not been fully worked up. List C schemes can be in two states – schemes which have been retained on List C for possible future adoption and schemes which have been selected for evaluation, effectively short-listed for adoption.
- List B is a holding list of List C schemes which have been evaluated and not eliminated. The presumption is that, subject to budget guidance, these schemes will be adopted for inclusion in List A.
- List A is the approved capital programme. Schemes will be selected from List B for inclusion in List A in accordance with budgetary guidance. This selection will be carried out in conjunction with the revenue budget process.

1.3.2 The role of this Board is to consider four aspects of the review process and make recommendations to Cabinet. The four aspects are:

- A review of the existing Capital Plan (List A).
- The addition of new schemes to List C and the removal of schemes from List C.
- The selection of schemes from List C which are considered suitable for evaluation over the following year.
- Consideration of those List C schemes which have been evaluated.

1.3.3 The Overview and Scrutiny Committee on 26 January will also consider the overall Capital Plan position and make recommendations as appropriate to Cabinet on 11 February. Cabinet on 11 February will consider and make recommendations on the transfer of schemes from List B to List A in the light of the overall financial position. Finally, Council on 16 February will consider recommendations from Cabinet.

1.3.4 Throughout the review process it is essential to remember that Capital Plan schemes should emerge from, or be designed to achieve, the Council's Key Priorities and Improvement Actions. Annexes 2, 3 & 4 contain references to the Council's Key Priorities and Improvement Actions and the key to these appears in **[Annex 1]**.

1.4 Review of the Existing Capital Plan (List A)

1.4.1 Attached at **[Annex 2]** is the existing Capital Plan (List A) in budget book format along with explanatory notes. The following routine adjustments to the 2015/16 Budget Book have been made:

- the outturn for 2014/15 has been taken into account and any slippage still required has been included in 2015/16;
- schemes included in the existing Budget Book which were completed in 2014/15 have been removed;
- in accordance with the policy of having a rolling six year Capital Plan (current year plus six) an additional year, 2021/22, has been added; and
- the profiling of project spend has been reviewed and adjusted where appropriate to reflect the most likely pattern of spend across the plan period.

1.4.2 Paragraphs 1.4.3 to 1.4.9 detail specific amendments to the Capital Plan (List A) approved by Council in February 2015.

- 1.4.3 At the March meeting of Cabinet Members agreed to an increase in the gross budget provision for Tonbridge Town Lock and following the latest cost estimate is to be increased by a further £75,000. The increased cost is expected to be met from developer contributions. The overall project costs have increased due to a number of unforeseen issues arising during the course of the works which have involved additional design and physical works to overcome.
- 1.4.4 The refurbishment of the Health Suite at Larkfield Leisure Centre is included in the Capital Plan in the current financial year and the associated budget provision was £300,000. However, following the outcome of a competitive tendering exercise the budget provision was increased to £402,000. The increase in the budget provision to be met by way of virements; and a £50,000 contribution from the Tonbridge and Malling Leisure Trust. The use of the urgency procedure to approve the additional funding was reported to the Overview and Scrutiny Committee on 15 September 2015 and Cabinet on 7 October 2015. Subsequent to the commencement of the works there was an opportunity to undertake additional works whilst the contractor was on site at an estimated cost of £20,000. The cost of the additional works to be met in full by the TMLT. Given the time scale for the works, urgent approval was sought from the Leader of the Council and the Chairman of the Overview and Scrutiny Committee to amend the Capital Plan accordingly. In addition, for greater transparency, the Cabinet Member for Finance, Innovation and Property, Cabinet Member for Community Services and the Leader of the Opposition Group were also invited to consider the request.
- 1.4.5 Management Team approved a virement of £11,000 from the Local Transport Plan Partnership Programme to the Transportation Public Transport Initiatives revenue budget to meet consultancy costs associated with the Tonbridge Station interchange improvements.
- 1.4.6 The Council will at some time in the not too distant future have to carry out reinstatement works to the river wall, Wouldham. As a result a few years ago the sum of £700,000 was set aside for this purpose. The latest cost estimate is £1,000,000 and the budget provision has been increased accordingly with an implementation date for capital plan purposes of 2016/17. The increase in the budget provision to be met by capital receipts derived from the sale of assets.
- 1.4.7 The stabilisation works to a section of the river bank at Tonbridge Castle is currently out to tender. The Council has secured a grant of £150,000 towards the cost of the works and await the outcome of the tender process to determine the need for any additional funding and how that might be met.
- 1.4.8 Capital renewals provisions have been extended by a further year to enable the current level of assets (vehicles, plant and equipment) to be maintained. Members will recall the Overview and Scrutiny review of capital renewals undertaken in 2015 which facilitated a reduction in the annual contribution of some £72,000 per annum. Renewals figures included in 2016/17 and subsequent years incorporate provision for inflation (typically an uplift of 2% per annum). Average

renewals spend over the seven-year period of the plan is £762,000 per annum (2015/16 - 2021/22) compared to £748,000 per annum (2014/15 - 2020/21).

- 1.4.9 Provision for recurring expenditure has also been extended by a further year (see table below).

Capital Plan (List A) recurring expenditure		
	2021/22 £'000	Annex 2 Page
Planning, Housing and Environmental Health		
Housing disabled facilities grants (net)	175	CP 14
Housing assistance (net)	60	CP 14
Street Scene, Leisure and Technical Services		
Green waste bins growth / replacement	31	CP 20
Refuse bins growth / replacement	61	CP 20
Leisure community group funding	8	CP 24
Improvements to existing car parks rolling programme	30	CP 26
Corporate		
General IT developments	30	CP 34
Total	395	

- 1.4.10 A number of other minor adjustments to scheme budget provisions have been made. Any budget amendments have been highlighted in bold italics in the detailed scheme notes in **[Annex 2]**.

- 1.4.11 It is **RECOMMENDED** that Cabinet be asked to endorse the Capital Plan (List A) position as shown in **[Annex 2]** noting:

- 1) The increase in the budget provision in respect of the Tonbridge Town Lock capital plan scheme and how that is to be funded (paragraph 1.4.3 refers).
- 2) 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 (paragraph 1.4.4 refers).
- 3) The increase in the budget provision in respect of the river wall, Wouldham capital plan scheme and how that is to be funded (paragraph 1.4.6 refers).

1.5 Selection of New List C Schemes

- 1.5.1 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 potential for external funding.

- 1.5.2 An updated schedule of List C schemes is attached at **[Annex 3]**. Since the January 2015 meeting of this Advisory Board schemes which have been approved for implementation and now appear in the Capital Plan (List A) have been removed from List C. The updated schedule includes schemes which are recommended to be added to List C and schemes to be deleted from List C. To assist Members a summary of the proposals is detailed in the table below.

List C additions and deletions	
	Annex 3 Page
Schemes to be added to List C	
Street Scene, Leisure and Technical Services	
Larkfield Leisure Centre: Pool Hall Roof	CP39
Tonbridge Racecourse: Rugby Pitch Drainage Improvements	CP41
Haysden Country Park: Site Improvements	CP41
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 Services	
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 Services	
Poult Wood Golf Centre: Drainage	CP39
Country Parks: Installation of Automatic Bollards	CP43
Car Parking: East Malling Car Park Access & Security Improvements	CP45
Car Parking: Resident's Car Parking, Eccles	CP45
Environmental Improvements: Conservation Area Enhancements	CP46
Larkfield (A20) Local Shopping Area	CP47
Shopping Parade Enhancement, Woodlands Road, Ditton	CP48

The Fosse/Lansdowne neighbourhood	CP48
Tonbridge Town Centre Enhancements Phase 2	CP49
Twisden Road Shopping Parade	CP50
Land Drainage & Flood Defence: Drainage Improvement Programme	CP50
Local Transport Plan Partnership Programme	CP51
Community Partnership Initiatives	CP51

1.5.3 Kent County Council (KCC) is currently progressing proposals 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.

1.5.4 It is **RECOMMENDED** that Cabinet be asked to:

- 1) Amend List C as detailed in paragraph 1.5.2.

1.6 Selection of List C Schemes for Evaluation

1.6.1 At this meeting, Members have the opportunity to recommend schemes for evaluation over the coming year.

1.6.2 It is recognised that the evaluation of schemes imposes a resource requirement and, in consequence, Services have to establish a balance between the evaluation of new schemes and the delivery of existing approved schemes. The recommendations of schemes for evaluation have taken into account this balance. The selection of different schemes for evaluation may upset this balance.

1.6.3 The schedule of List C schemes in **[Annex 3]** indicates the schemes which have been recommended for evaluation including one recommended for Fast-Track evaluation. To assist Members, the table below summarises the schemes that have been recommended for evaluation coming out of this Capital Plan Review. If the recommendations are accepted the evaluations will ordinarily be reported to this Board in January 2017, together with four schemes selected for evaluation in a previous Review: Tonbridge Farm Sportsground Provision of Toilets, Leybourne

Lakes Country Park Facility Improvements, Tonbridge to Penshurst Cycle Route Refurbishment and IT Initiatives Revenues and Benefits Citizen's Access.

Schemes selected for evaluation from List C	
	Annex 3 Page
Street Scene, Leisure and Technical Services	
Haysden Country Park: Extension of Play Area (Fast-Track)	CP41
River Medway, Riverside Lighting, Tonbridge	CP47
Corporate Services	
IT Initiatives: Council Chamber Conference System	CP52
IT Initiatives: Virtual Desktop Infrastructure	CP53

1.6.4 It is **RECOMMENDED** that Cabinet be asked to select those schemes listed in paragraph 1.6.3 for evaluation including one for Fast-Track evaluation.

1.7 Evaluation of List C Schemes

1.7.1 As part of the 2014/15 and previous Capital Plan reviews a number of schemes were selected for evaluation. The results of those evaluations which have been concluded are given in **[Annex 4]** including the scheme recommended for Fast-Track evaluation.

1.7.2 Members are reminded that the Capital Strategy sets out criteria for evaluation. These criteria are the basis for the pro forma structure for reporting on the evaluation which includes screening for equality impacts.

1.7.3 Details of the evaluated schemes are summarised below. For information, indicative, estimated annual revenue costs (savings) are also shown. The amount and timing of the 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.

Capital / revenue consequences of evaluated schemes			
	Capital Cost	Annual revenue / renewals cost	Annex 4 Page
	£'000	£'000	
Street Scene, Leisure and Technical Services			
Haysden Country Park: Extension of Play Area	55	5	CP 55
Total	55	5	

- 1.7.4 The Haysden Country Park: Extension of Play Area 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 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.
- 1.7.5 Members are reminded that evaluated schemes can be recommended for inclusion on List B, retention on List C for further evaluation, or deletion from the Capital Plan process. Recommendation for inclusion on List B does not commit a scheme to be included in the Capital Plan, but is an expression of “in principle” support. Other than loss of investment income the figures in the above table have **not** been included in the draft revenue estimates reported elsewhere in these papers.
- 1.7.6 List B schemes will be considered by Cabinet on 11 February alongside the revenue estimates. Schemes may be selected for transfer from List B to the Capital Plan (List A) taking into account the overall budget position.
- 1.7.7 It is **RECOMMENDED** that Cabinet be asked to endorse the transfer of the schemes listed in paragraph 1.7.3 from List C to List B.

1.8 Capital Strategy

- 1.8.1 The Chartered Institute of Public Finance and Accountancy has supplied the following background notes: “The Capital Strategy should describe how the investment of capital resources will contribute to the achievement of the authority’s key objectives and priorities that are detailed in their Performance Plans and Community Plans/Strategies. An authority’s Capital Strategy should be one of the key, overarching strategies that support service plans. The strategy will also determine priorities between the various services and look for opportunities for cross-cutting and joined-up investment. The authority’s Capital Strategy should describe how the deployment of capital resources contributes to the achievement of the described goals. It will also help to ensure that issues around property and other assets are fully reflected in the Council’s planning.”
- 1.8.2 The updated Capital Strategy attached at **[Annex 5]** has been designed to be published on the Council’s website. The Strategy has no annexes but incorporates links to a number of other documents or web pages which are referred to in the text and are available on the Council’s website or the internet.
- 1.8.3 The Key Financial Statistics in paragraph 2.1 of the annex have been updated to reflect the 2015/16 estimates and the balance sheet as at 31 March 2015. Elsewhere, examples of our current practice have been updated where appropriate. Throughout the annex the type face of any new and or amended text and figures has been presented in bold italics. A more comprehensive update will

be presented to Members in due course to reflect the new Corporate Plan, Savings and Transformation Strategy and Asset Review Strategy.

- 1.8.4 It is **RECOMMENDED** that Cabinet be invited to endorse the Capital Strategy as attached at **[Annex 5]** for adoption by Council and publication on the Council's website.

1.9 Legal Implications

- 1.9.1 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).

1.10 Financial and Value for Money Considerations

- 1.10.1 The transfer of schemes from List C to List B has no financial impact. The transfer of schemes from List B to List A will be considered by Cabinet on 11 February in the context of the Medium Term Financial Strategy and the overall budget position.
- 1.10.2 The Capital Strategy outlines a capital plan process which follows the CIPFA Prudential Code and in addition to meeting the Council's Key Priorities and Improvement Actions, focuses on value for money.

1.11 Risk Assessment

- 1.11.1 Financial implications of new schemes to be considered by Cabinet at the February budget meeting.
- 1.11.2 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.

1.12 Equality Impact Assessment

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

1.13 Summary of Recommendations

- 1.13.1 It is **RECOMMENDED** that Cabinet be asked to endorse the Capital Plan (List A) position as shown in **[Annex 2]** noting:
- 1) The increase in the budget provision in respect of the Tonbridge Town Lock capital plan scheme and how that is to be funded (paragraph 1.4.3 refers).

- 2) 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 (paragraph 1.4.4 refers).
- 3) The increase in the budget provision in respect of the river wall, Wouldham capital plan scheme and how that is to be funded (paragraph 1.4.6 refers).

1.13.2 It is **RECOMMENDED** that Cabinet be asked to amend List C as detailed in paragraph 1.5.2.

1.13.3 It is **RECOMMENDED** that Cabinet be asked to select those schemes listed in paragraph 1.6.3 for evaluation including one for Fast-Track evaluation.

1.13.4 It is **RECOMMENDED** that Cabinet be asked to endorse the transfer of the schemes listed in paragraph 1.7.3 from List C to List B.

1.13.5 It is **RECOMMENDED** that Cabinet be asked to endorse the Capital Strategy as attached at **[Annex 5]** for adoption by Council and publication on the Council's website.

Background papers:

Nil

contact: Michael Withey
Neil Lawley

Sharon Shelton
Director of Finance and Transformation

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TONBRIDGE AND MALLING BOROUGH COUNCIL

CAPITAL STRATEGY

1 Introduction

- 1.1 The purpose of the Capital Strategy is to document the principles and framework that underpin the Council's capital investment and expenditure proposals. The strategy is drawn up under the framework provided by the Local Government Act 2003 and its associated regulations.
- 1.2 The principal aim of the Capital Strategy is to provide a context for a programme of capital investment (known as the Capital Plan) that will assist in the achievement of the Council's strategic priorities and objectives. The Capital Plan is published in the Council's [budget book](#) and available on the Council's website.
- 1.3 The component elements of the Capital Strategy comprise:
- A statement of the financial context within which the Council needs to determine its approach to capital investment (Section 2).
 - A description of the legislative framework and Central Government policies that will influence capital investment decisions (Section 3).
 - An explanation of the direct relationship between capital investment decisions and the Council's strategic priorities and objectives (Section 4).
 - The key principles supporting the Capital Strategy (Section 5).
 - Consideration of various partnership arrangements (Section 6).
 - Explanation of the processes to be followed in the implementation and management of the Capital Strategy (Section 7).
 - The Capital Plan (Section 8).
 - Post implementation reviews (Section 9).

2 The Financial Context

- 2.1 Key financial statistics are:

Net Budget Requirement 2015/16	£11.37 million
Government Grant / Business rates <i>excluding New Home Bonus 2015/16</i>	£3.68 million
Borough Council Band D Charge 2015/16	£187.51
Capital Plan 2015/16 to 2020/21 (Gross expenditure)	£12.16 million
Fixed Assets at 31 March 2015	£72.35 million
Debt Outstanding at 31 March 2015	Nil
Revenue Reserve for Capital Schemes at 31 March 2015	£6.83 million

- 2.2 The Council transferred its housing stock to Russet Homes (formerly known as Tonbridge and Malling Housing Association) in 1991 and from the proceeds repaid all external debt. It is not expected that the Council will need to borrow to fund its capital expenditure prior to **2019/20**.

- 2.3 A [Medium Term Financial Strategy](#) (MTFS) was adopted in 2003/04. The MTFS together with the Council's key priorities and the Prudential Code (see paragraph 3.1) form the basis for any capital investment decisions. The MTFS was used to guide the selection of new Capital Plan schemes in recent years and will continue to be a major influence on the **2015/16** and subsequent Capital Plan reviews. The MTFS is updated at least once a year and the latest version is published on the Council's website.
- 2.4 ***As a non-stockholding Housing Authority, the Council has a key role to play in the delivery of the strategic housing function covering policy and enabling, private sector housing, and housing needs. Contained within a number of different strategies the key priorities are to:***
- ***Enable and facilitate the provision of housing across all tenures in order to meet existing and future housing need***
 - ***Prevent and reduce homelessness***
 - ***Support households to live independently in the community***
 - ***Improving conditions across all tenures to achieve safe, warm and healthy homes ensuring good health and wellbeing for our communities.***
- 2.5 The Housing Strategy identifies means, outside the Capital Plan, by which the Council seeks to identify new funding opportunities for meeting these priorities and to support Registered Provider (RP) partners in accessing resources for new development and other initiatives. Details of the Council's housing investment priorities can be found in the Housing Strategy 2013-2016 approved by Council in April 2013. ***Given the challenges emerging from government changes to housing, planning and welfare policies, the priorities will be reviewed in 2016/17 to reflect the changing landscape.***
- 2.6 Government support to the Council in terms of Capital funding is mainly focussed on mandatory Disabled Facilities Grants (DFGs) for adaptations to disabled persons' homes. ***From April 2015 there was a significant change in the way that funding for DFGs was paid to Local Authorities. Instead of Government making a direct payment to each local authority, the allocation is now paid through the Better Care Fund. Whilst the responsibility for provision of a DFG remains with the Housing Authority, the actual funding payment is made to KCC. Our DFG allocation for 2015/16 from Government is £490,000 and is ring fenced, meaning it is automatically pass-ported to Housing Authorities. Whilst the ring fence will not apply in future years, the Better Care Fund presents an opportunity to consider how to integrate the provision of DFGs across housing, health and social care systems to achieve better health and wellbeing outcomes. A countywide piece of work is being progressed to take this forward.***
- 2.7 Capital receipts ***derived from the sale*** of capital assets (***generally land and buildings***) ***can be used to repay debt or used as a source of finance for new capital expenditure.*** The Council's assets are reviewed ***on a regular basis to identify the potential for alternative use or disposal. Recent***

examples of disposals include the sale of The Ridgeway and Lamberts Yard public conveniences in March 2014.

- 2.8 The demographic and economic features of the Borough give rise to a realistic assessment of very limited opportunities to attract funds from national and regional sources. From a European perspective the Borough does not have any specific objective areas status and thus European Union funding is also seen as limited. Nevertheless, the Council will continue to investigate and exploit external funding initiatives where projects are identified which deliver the Council's key priorities and do not generate unsustainable revenue budget commitments. European Union funding has previously been obtained for Tonbridge Castle Gatehouse and the Tonbridge to Penshurst Cycleway.
- 2.9 The Revenue Reserve for Capital Schemes (RRCS) contains funds the Borough Council has previously put aside from revenue to fund capital expenditure. This reserve provides the main source of funding for existing and any new schemes that are introduced into the Capital Plan.
- 2.10 The reserve is generally topped up annually by a revenue contribution as part of the Council's budget setting process. That top-up is intended to contribute sufficient new funds to meet the cost of replacing existing plant and equipment as it reaches the end of its useful life as well as providing money for the non-grant funded element of statutory services such as Disabled Facilities Grants. Clearly, replacement of life expired assets such as IT and the equipment used in our leisure facilities and elsewhere is essential to enable the Council to continue to deliver services.
- 2.11 The 2008/09 original estimates made provision for a contribution to the RRCS of £450,000 which represents approximately one third of the Council's long term capital renewals and other annually recurring expenditure. As part of a package of measures to address the significant financial pressures facing the Council, Members agreed as part of the budget setting process for 2009/10 to temporarily suspend the RRCS annual top-up (Finance and Property Advisory Board, January 2009). Agreement to that suspension was predicated on:
- Deleting / scaling back existing approved capital budget provision where feasible
 - Limiting budget provision for new additions to the Capital Plan to no more than £600,000 in any one year, and
 - Re-introducing the RRCS annual top-up within a reasonable time frame and increasing the annual contribution over time to a level sufficient to meet capital renewals and other annually recurring expenditure, currently £1.5m per annum.
- 2.12 The RRCS balance at 31 March **2015** was **£6.8m**. The annual limit on new additions to the Capital Plan and commitment to re-introduce and increase the annual RRCS contribution over time will enable the authority to support new investment, without recourse to borrowing prior to **2019/20**.

- 2.13 The annual limit on new additions to the Capital Plan and the annual RRCS contribution figures will be reviewed as part of each year's revenue and capital budget setting process. In setting the budget for **2015/16** Members **set** the annual limit for new schemes at **£200,000** per annum.

3 Legislative Framework and Central Government Policies

- 3.1 The legislative framework is set out by the Local Government Act 2003 and its subsidiary regulations. This framework provides for a prudential system based on borrowing limits set by each individual local authority. Under this system, local authorities must have regard to affordability, prudence and sustainability and must follow the "[Prudential Code for Capital Finance in Local Authorities](#)" published by the Chartered Institute of Public Finance and Accountancy (CIPFA).
- 3.2 The Prudential Code also requires that the CIPFA Code of Practice for Treasury Management in the Public Services is adopted. The Code of Practice adopted by Council in September 2003 was revised during 2009. The revised Code underpins the Council's Treasury Management Strategy Statement and Annual Investment Strategy for **2015/16** adopted by Council in February **2015**.
- 3.3 All government support for the Council's capital expenditure in **2015/16** is by way of capital grant. Government support through capital grants is usually ring-fenced for specific purposes. Recently, the Council has been successful on several fronts in securing grants, notably the Town Lock scheme in Tonbridge which has received capital grant from the **Environment Agency**. It is the Council's intention to try to secure capital grants, wherever possible, for schemes which advance the Council's key priorities.
- 3.4 The prudential framework for capital expenditure is intended to encourage local authorities to use resources more flexibly and plan for the longer term; provide more autonomy and accountability, with local authorities having greater responsibility for local capital spending decisions; move towards improved corporate and strategic working, with more effective tackling of cross-cutting issues; and better use and management of assets. Another key element of the legislative framework is the duty to secure economy, efficiency and effectiveness in the Council's use of resources. Achieving value for money is addressed in Section 5 of the Strategy as one of the key principles to be applied in capital investment decisions.

4 Key Priorities

- 4.1 The Council works with a range of partners and our local communities towards achieving the following key priorities:
- Continued delivery of priority services and a financially viable Council.
 - A clean, smart, well maintained and sustainable Borough.
 - Healthy living opportunities and community well-being.
 - Children and young people who are safe, involved and able to access positive activities.

- Low levels of crime, anti-social behaviour and fear of crime.
 - A continuing supply of homes, including affordable housing to buy and rent, and prevention of homelessness.
 - Sustainable regeneration of Tonbridge town centre and economic development in communities across the Borough.
- 4.2 Our 2012/15 [Corporate Performance Plan](#) sets out how we are doing this. It justifies and sets out the context for each of our key priorities, and brings together the main ongoing activities, improvements and measures to achieve and assess progress. This requires a collective effort across all of the Council's services. First published in July 2012 it is reviewed and updated annually.
- 4.3 The improvement actions set out within our Corporate Performance Plan, together with a range of specific improvement projects and initiatives that underpin them are cascaded down into section plans across the Council. These section and other plans also cover a range of other priorities, improvements and indicators that are set and managed by individual services.
- 4.4 The Council's key priorities are supported by a wide range of Strategies, and Plans. These will be kept under review to ensure they provide sound linkages to the Capital Strategy.
- 4.5 The Council's capital investment decisions should be in support of its key priorities, and this is an integral part of the evaluation process for each project under consideration. The Council's Capital Plan specifically records the linkage between individual projects and the key priorities. No project should proceed to inclusion within the Capital Plan unless it furthers achievement of the Council's key priorities.
- 4.6 ***The current set of seven key priorities apply to 2012/15 and over the coming months the Council will need to develop a new Corporate Performance Plan taking into account the actions identified following consideration of the 2014 Peer Review and recent issues and challenges.***
- 4.7 ***This new Corporate Performance Plan will need to take into account the continuing financial pressure to be placed on the Council's finances over the course of the current parliament, together with government led initiatives, e.g. Welfare Reform. As a result the need to determine what the Council can do and is in the business of doing and, in turn, its priorities for the organisation and our communities.***

5 Principles Supporting the Capital Strategy

- 5.1 The key principles that underpin the Council's Capital Strategy are:
- 5.2 **Key Priorities.** Establishment of a direct relationship with the Council's key priorities, with a Capital Plan based upon investment needs and prioritised on an authority-wide basis. This demonstrates an explicit link with key strategic planning documents and recognition of the need for a corporate approach to

cross-cutting issues such as the environment, social inclusion, affordable housing and community safety.

- 5.3 **Public Consultation.** The use of public consultation is, indirectly, an important part of developing the Capital Plan through its use setting priorities and developing strategies, which may lead to capital projects coming forward.
- 5.4 **Other Consultation.** As well as individuals communicating directly with Council Officers and Members, other conduits exist for expressing views to the Council. The Parish Partnership Panel, the Tonbridge Forum, the Tonbridge Sports Association, the Disability Working Party, and customer panels at leisure centres allow specific persons or groups of users to express their views.
- 5.5 **Partnerships.** Partnership initiatives are considered in Section 6 including the Tonbridge and Malling Local Strategic Partnership, the West Kent Partnership and the Community Safety Partnership which help shape policy objectives and which aim to deliver projects in conjunction with others.
- 5.6 **Procurement Strategy.** Corporate policies on procurement are detailed in the updated [Procurement Strategy](#) approved by Cabinet *in* March 2011. This strategy seeks to ensure that good procurement practice is applied consistently throughout the Council. It sets out how the Council will address procurement and establishes its importance to the Council and the contribution it can make to improved service delivery.
- 5.7 **Support for Regional and National Priorities.** To support, where possible, regional and national priorities, for example urban renaissance, transportation improvements, environmental initiatives such as increased levels of recycling.
- 5.8 **Support for Local Priorities.** The Borough Council has been consistently investing in its car parks to support the local economy through a phased programme of improvements. As a Flood Risk Management Authority, we will maintain our support for the flood defence schemes being developed for Aylesford, Little Mill and East Peckham.
- 5.9 **Availability of External Funding.** In support of the Council's strategic priorities and objectives to monitor and pursue available forms of external partnership and other funding including European and Lottery funds. Recent examples include the provision of all-weather pitches with community use at Wrotham and Hayesbrook schools, funded by grants from the Football Foundation and other partners augmenting School and Council contributions.
- 5.10 The Council's [Local Development Framework Core Strategy](#), adopted in 2007, supports the Government policy that development should contribute towards the community services and infrastructure that are necessary to support that development. Developer contributions (S106 obligations) are brought forward by planning conditions or legal **agreements** on a case by case basis **where justified by the application of the statutory tests**. These arrangements have brought forward **significant** contributions to affordable housing,

education facilities, children's play, sports pitches, leisure facilities, highway works and transportation services. However, the Government has quite clearly **signalled through draft legislation and policy that it's intention is to further 'free-up' various aspects of the planning system and other regulatory functions to promote growth, especially housing development.**

- 5.11 Our local analysis is that nothing that this Council is doing through the use of S106 obligations is holding back development. Indeed, development of key sites **has progressed well and our track record for the delivery of all types of development is sound and progressive. New development has been accompanied by appropriate levels of investment in community infrastructure and affordable housing to secure sustainable approaches on strategic sites.** Nevertheless, we must be alert to the fact that the Government is actively promoting the notion of reviewing and renegotiating S106 obligations. Funding properly made available from this source has been an important element of funding for the Council's Capital Plan, **as well as infrastructure more widely. It has also been a means to secure other Council objectives, such as a strong supply of affordable housing. However,** it has to be recognised that in the years ahead this may not be such a beneficial resource.
- 5.12 The Council has embarked on a new Local Plan for the Borough which will set out development policies and proposals until 2031. The funding of community infrastructure will be an important element in the new plan. **We will be considering the preparation of a Community Infrastructure Levy in parallel with the new Local Plan, but at this stage still see a role for S106 agreements on strategic sites.**
- 5.13 **Use of the Council's Assets.** Maintenance of an Asset Management Plan and performance measures for the use of Council owned assets to ensure optimum returns and early release of redundant assets in support of strategic investment priorities and to attract inward investment. An updated Asset Management Plan covering the period 2015-2020 is currently being prepared.
- 5.14 **Consideration of the Impact on the Council's Revenue Budget.** To ensure that capital investment decisions are consistent with the Council's Medium Term Financial Strategy, particularly the management of its revenue budget so as to reduce its dependence upon the use of revenue reserves.
- 5.15 **Value for Money.** Each year as part of the Annual Governance Report the Council's external auditor will express an opinion on whether the Authority has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. Those arrangements amongst others will include:
- Planning finances effectively to deliver strategic priorities and secure sound financial health.
 - Having a sound understanding of costs and performance and achieving efficiencies in activities.

- Commissioning and buying quality services and supplies that are tailored to local needs and deliver sustainable outcomes and value for money.
- Producing relevant and reliable data and information to support decision making and managing performance.
- Managing assets effectively to help deliver strategic priorities and service needs.

5.16 All of the Capital Plan processes from identification and selection of schemes, through implementation to subsequent review of completed schemes can contribute to achieving value for money.

5.17 **E-Government.** The government has previously set a target that all services should be available electronically, where feasible. Additionally the Department for Communities and Local Government (DCLG) has set 73 priority outcomes. The Borough Council has used its Capital Plan to meet these targets, assisted by the receipt of grant from the DCLG. Although the specific targets and priority outcomes are no longer applicable, the general objective to make services available electronically still applies and is a priority in order to improve efficiency and economy and to meet customer aspirations for self service, particularly via the website.

6. Partnerships

6.1 **The Tonbridge and Malling Local Strategic Partnership (LSP).** This partnership was launched in 2008 following a review of the role and remit of the West Kent Partnership. That review concluded that each of the three West Kent Districts should have their own district based [Local Strategic Partnership](#), leaving the West Kent Partnership to focus on issues of concern that were relevant to all three district areas including economic development and transport.

6.2 The Tonbridge and Malling LSP is now well established and has attracted a high level of representation from the public, private, voluntary and faith sectors. Its work focuses on addressing key issues of concern locally such as older people's services, the needs of young people, the local economy, affordable housing and public health issues.

6.3 **West Kent Partnership.** The Council is a founding member of the [West Kent Partnership](#), formed on a sub regional rather than district basis, reflecting the degree of economic and social homogeneity across West Kent and a shared community of interest. The other members are Kent County Council, Sevenoaks DC, Tunbridge Wells BC, Police, the FE Education Sector, Registered Providers and other Social Housing Providers, Kent Association of Parish Councils, transport providers and representatives of the business community.

6.4 The Partnership works with other partners in a joined up fashion for the benefit of the local community with a focus on economic development and infrastructure issues. More recently, the Partnership has led a successful bid to the Government's Regional Growth Fund to provide funding of £5.5m to

enable interest free business loans to be offered. In addition, a new West Kent business support programme has now been launched following a successful bid to the County Council's Regeneration Fund. A new 5 year LEADER programme **has been** launched and the Partnership has recently been successful in securing local growth funding finance for a number of local infrastructure projects.

- 6.5 **Transportation Partnerships.** The Borough Council has consistently sought to influence the quality of transportation services in its area and increase investment in them by the relevant authorities. These authorities include the local highway authority, (Kent County Council), the strategic road network agency (Highways **England**), railway operators and Government Departments.
- 6.6 ***The Joint Transportation Board, comprising Members from the Borough and County Councils, provides an overseeing function for the co-ordination of transport investment in the Borough. This ranges from regular reviews of minor improvements, highway maintenance programmes and parking reviews to major investment through key strategies. The Medway Valley Transportation Strategy is a coordination of significant funding for highway and public transport investment focusing on the A228 and A20 corridors. That strategy will need to be refreshed in view of emerging proposals for development in the Medway Gap area. In Tonbridge a transport strategy has led to proposals for improvements to key junctions which remains work in progress.*** This strategy underpins and provides a framework for over £10m of contributions from various strategic development sites in the north of the Borough to fund elements of the strategy. These include the provision of service enhancements along the A20 corridor to make public transport more attractive and convenient for passengers.
- 6.7 The Borough Council's Rail Manifesto sets out clearly the service expectations that the Council has for rail services for the Borough. This has been submitted to the Department for Transport in response to their various consultations regarding service provision and the award of franchises to operators. The Manifesto is kept under constant review to reflect the changing demand for rail travel in communities across the Borough **and recent improvements to services have reflected the Borough Council's ambitions in the manifesto.**
- 6.8 **Local Enterprise Partnership (LEP).** The Council, in partnership with the County Council and others, has been successful in promoting a bid for funding from the LEP, via the Local Growth Fund. A sum of £2.37m has been awarded to **an extensive** traffic and environmental improvement project for Tonbridge High Street **which is currently under construction and due for completion in the spring of 2016.** A further £2.19m **has been awarded** for substantial improvements to junction 4 of the M20 motorway at Leybourne **which is due to commence in early 2016.** In addition the Council has access to part of a £4.89m fund allocated to West Kent as part of the Local Sustainable Transport Fund. The Council will be working up improvement

projects focussing on railway station improvements, ***including at Snodland and Tonbridge, following on from the successful project at West Malling station that was completed earlier this year.***

- 6.9 **Other Partnerships.** The Borough Council is also part of a partnership that has promoted a bid to the Local Growth Fund to bring forward the much needed improvement to the Leigh Flood Storage area ***and flooding protection at East Peckham.*** This is a strategic infrastructure investment required to safeguard many residential and business properties in the southern part of the Borough and to enable future growth and new development to take place. The Borough Council remains committed to working with partners to address additional issues of future flood resilience and to aid recovery from any future flooding episodes that may occur.
- 6.10 **Community Regeneration Partnership.** The Council has entered into partnerships which have made a genuine difference to the local community with clear and tangible outcomes. Partnerships are now in place for Snodland, East Malling and Trench ward in Tonbridge.
- 6.11 The Council contributes a range of resources in such partnerships, including, where appropriate, capital funding. At East Malling, the Council has supported the conversion of a former school to a much needed community centre using capital investment. The centre is now operational and *is* a hub for the provision of services to the most deprived community in the Borough.
- 6.12 **The Community Safety Partnership (CSP).** As well as the Council, the partnership includes organisations such as Kent Police, Kent County Council, Kent Fire and Rescue, South West Kent and Maidstone Weald Primary Care Trust, Probation Service, Russet Homes, and Kent Drug and Alcohol Action. The partnership has influenced the installation of CCTV in Tonbridge town centre and other borough locations, in partnership with the Home Office, Tunbridge Wells Borough Council and local traders, which has led to a reduction in crime as identified in the 2011/12 Strategic Assessment of crime trends.
- 6.13 **Tonbridge Central Area Action Plan.** The Plan provides the context for partnership projects to attract private sector investment in the town centre and secure transport and environmental improvements. A number of key sites are allocated that have potential to deliver town centre and mixed use development that can generate increased vitality into the town centre and the High Street in particular. The Council is carrying out a review of its own land assets with a view to bringing forward a regeneration initiative for the town centre in the near future and at the same time consider the best use of the Council's assets.
- 6.14 The Borough Council is promoting an enhancement scheme at Town Lock in partnership scheme with the Environment Agency and utilising funds from nearby development to deal with an 'eye-sore' area in the heart of the town on the bank of the River Medway is also supported by funding contributions from

developments in the area. The scheme is now likely to be completed in **early 2016**.

7 Implementing and Managing the Capital Strategy

- 7.1 The Council has developed a process for considering and evaluating potential capital schemes as an integral part of its Capital Strategy. This process for selecting schemes is described below.
- 7.2 Schemes, subject to some exceptions listed below, are selected by a phased process. For convenience, the stages have been termed List A, List B and List C, with List A being the approved Capital Plan and List C being the entry level.
- 7.3 As schemes come forward they are stored in a list of schemes (List C) for consideration and possible evaluation. These schemes arise naturally from the Council's strategic priorities and objectives, particularly the key priorities, reflect the results of consultation, and are accompanied by a preliminary cost estimate. As part of the budget setting process for 2011/12 Members agreed a set of criteria to guide the inclusion of new schemes to List C and ultimately the inclusion of schemes on List A. The criteria are: to meet legislative requirements including health and safety obligations; funded from external resources; reduce revenue expenditure and or generate income. Justification would need to be provided for any schemes that failed to meet one or more of these criteria in order for them to progress through the capital plan process.
- 7.4 From List C, Members select schemes for evaluation. Evaluations will include:
- Specification of the purpose of the scheme and its relevance to the Council's strategic objectives and any wider national policy objectives, the setting of targets by which the success or otherwise of the project can be judged post-implementation.
 - An outline design to facilitate costing and, where appropriate, consultation.
 - Consultation, including, where appropriate, public consultation on the scheme's principle.
 - The establishment of a realistic estimated capital cost, incorporating any consultation feedback on design issues.
 - An assessment of the ongoing revenue costs and income generating capacity of the completed scheme including an assessment of the loss of interest from investments and impact on capital renewals provisions.
 - Consideration of partnership and external funding opportunities.
 - Consideration of the time after the end of the project during which the targets and objectives should be reviewed and reported to stakeholders.
- 7.5 The evaluation process will reveal the impact of the project on the revenue base budget, enabling Members to compare the value of the scheme with the financial savings required to pay for it or the impact on the Council Tax requirement. Schemes successfully passing through evaluation will be included in List B.

- 7.6 The Council is conscious that the process of evaluation is a revenue cost in itself; involving in-house staff and resources or the buying in of external resources and which may draw resources away from the implementation of the approved Capital Plan. In order to minimise the resource impact of evaluation it is important that restraint is exercised in selecting schemes for evaluation. A balance is struck each year between deliverability of the programme and the evaluation of new schemes.
- 7.7 Under the constitutional arrangements adopted by the Council, the evaluated schemes will be reported to Finance, Innovation and Property Advisory Board which will advise the budget meeting of Cabinet of those schemes deemed suitable to progress to be included on List B. Prior to the budget meeting of Cabinet that advice will be reviewed by Overview and Scrutiny Committee and may be updated. By considering all eligible schemes at the same time, a corporate approach can be taken to selecting those schemes deemed suitable to progress. Prioritisation of such schemes will be informed by the wider financial climate, the Medium Term Financial Strategy and the requirements of the CIPFA Prudential Code. Prioritisation will take account of national and regional priorities, the Council's own strategic priorities and objectives and the financial consequences arising from the schemes proposed.
- 7.8 The main exception to this selection procedure is the investment necessary to maintain existing levels of service. This will consist primarily of renewals provisions and some one-off items outside the basic renewal provisions. These provisions are subject to Member scrutiny within List A and application of **value for money** principles.
- 7.9 Ultimately the selection of new Capital Plan schemes from List B for inclusion in the Capital Plan (List A) will be determined by the Council following recommendations from the Cabinet in the light of advice from the Finance, Innovation and Property Advisory Board and Overview and Scrutiny Committee.
- 7.10 Finance, Innovation and Property Advisory Board will also review existing Capital Plan (List A) schemes, advising Cabinet of the result. This provides an opportunity to review the budget and progress of existing schemes or even to propose their deferment or deletion.

8 The Capital Plan

- 8.1 The result of the process described in section 7 is the Council's Capital Plan. This is a medium term financial and capital planning document covering a seven-year period (current financial year + six).
- 8.2 Achievement against the Capital Plan is monitored regularly via monthly reports posted on the Council's intranet for use by the Council's staff. At the end of each quarter a statement is considered by the Council's Corporate Management Team and monitoring reports are presented to Members at meetings of the Finance, Innovation and Property Advisory Board.

9 Post Implementation Reviews

- 9.1 It is important that any issues relating to the implementation of a Capital Plan project are addressed as soon as possible; either during the project or shortly after completion. The wider issues of the effectiveness and value for money of a project are addressed through a formal system of post-implementation review. The reviews take place after completion of a project, at a time determined during the evaluation process and are reported to an appropriate Advisory Board. Lessons learnt inform future capital programme decision making and are part of a system of continuous improvement. Monitoring reports are presented annually to the July meeting of the Finance, Innovation and Property Advisory Board.

Strategy Updated *December 2015*

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TONBRIDGE & MALLING BOROUGH COUNCIL

FINANCE, INNOVATION and PROPERTY ADVISORY BOARD

13 January 2016

Report of the Management Team

Part 1- Public

Matters for Recommendation to Cabinet - Key Decision

1 REVIEW OF FEES AND CHARGES 2016/17

This report brings forward for consideration as part of the budget setting process for 2016/17 proposals in respect of those fees and charges that are the responsibility of the Cabinet Member for Finance, Innovation and Property or not reported elsewhere.

1.1 Introduction

1.1.1 The purpose of this report is to set out for 2016/17 the proposals for those fees and charges which fall within the remit of this Board or which have not been reported elsewhere.

1.1.2 The budgetary guidance issued to Chief Officers for the 2016/17 budget cycle, and approved by Cabinet, reiterated the objective to maximise income subject to market conditions, opportunities and comparable charges elsewhere. In bringing forward proposals officers have paid due regard to the guiding principles for the setting of fees and charges previously approved by this Board and endorsed by Cabinet.

1.1.3 The proposals regarding fees and charges outlined in this report are incorporated within the Revenue Estimates to be found elsewhere on this agenda. Any changes required following this meeting will be incorporated before the Estimates are presented to Cabinet on 11 February 2016. The proposals are set out on a service by service basis with the recommendations at the end of each section.

LEGAL SERVICES

1.2 Legal Fees Payable by Third Parties

1.2.1 From time to time the Council's legal fees can be recovered from third parties, for example costs in connection with section 106 agreements. Our level of fees have historically followed the Supreme Court guideline hourly rates, which are currently as follows:

Solicitors with over 8 years post qualification experience including at least 8 years relevant experience	£217
Solicitors and legal executives with over 4 years post qualification experience including at least 4 years relevant experience	£192
Other solicitors and legal executives and fee earners of equivalent experience	£161
Trainee solicitors, paralegals and fee earners of equivalent experience	£118

1.2.2 It is **RECOMMENDED** that the Council's charges follow the rates set out above.

1.3 LAND CHARGES

1.3.1 The Local Authorities (England) (Charges for Property Searches) Regulations 2008 enable local authorities to charge for their property search services – charging for access to property records or responding to official search requests.

1.3.2 This is a volatile area of activity where income can fall, or alternatively increase, quickly. The prolongation of the recession, together with the revocation of the personal search fee, has of course had an impact upon our activity, although we are currently experiencing an increased upturn in the number of searches.

1.3.3 In bringing this report forward market considerations have been taken into account where permissible within the appropriate legislation and we aim to operate a competitive charging policy where we are able to do so. In reality, save for unrefined data fees (which were introduced in 2009), the current charges have not increased since 2008.

1.3.4 Local authorities have been having an ongoing dialogue with HMRC who have now confirmed that in future property search fees are to be subject to VAT (save for the official certificate of search and the search of the Land Charges Register) (referred to as “the official LLC search fee”). This will take effect on 1 February 2016.

1.3.5 It is not proposed to increase the current search fees at the current time which will result in a reduction in the fee income retained by the Council, but no increase in the charge to the customer. The reason for this proposal is twofold. Firstly, it reflects the challenging market conditions faced by this service and would put our charges more in line with our neighbouring authorities if they chose not to absorb the value of the VAT increase within their existing fees. Secondly, it is very likely that there will be some change required to the level of search fees in July next year when a new form for the Official Enquiries of Local Authority (referred to as “Con 29”) is introduced.

- 1.3.6 It is expected that a number of new questions will be introduced in respect of highways matters which can only be answered by KCC as the highways authority and that they will charge us for the answers they are required to give. At the time of writing this report there is insufficient information as to the content of the new Con29 form or the likely level of charges which will be imposed by KCC to enable a proper analysis of the financial consequences of the new form being introduced.
- 1.3.7 If sufficient information is known prior to the meeting of the Advisory Board in May then a report will be brought to that meeting to consider any changes to the fees. If however information is not known sufficiently in advance of the May meeting then a report will be taken direct to the Cabinet meeting on 22 June 2016 to enable the proposed fees to be approved prior to the new Con 29 being introduced.
- 1.3.8 This approach will see the level of fees only being altered once during the financial year when all of the information is available to properly consider the market effect, the competitiveness of our fees and the charges we will incur ourselves in order to respond to the new Con 29 form.
- 1.3.9 The following table shows the proposed fees for local land charges searches and enquiries proposed to be effective from 1 April 2016.

	Current Charge £ (no VAT)	Proposed Charge £ (inclusive of VAT payable unless otherwise stated)
LLC1 (the Official Certificate of Search and the search of the Land Charges Register).	35	35 (no VAT)
Con29 R (the enquiries of Local Authority's form, comprising of a list of questions including matters relating to highways, building control, environmental health and housing).	135 (Residential) 293 (Commercial)	135 (Residential) 293 (Commercial)
Combined LLC1 & Con29R (full search on domestic property)	148	148
Commercial Search	299	299

Standard optional enquiry	15	15
Non-standard optional enquiry	18	18
Expedition charge	49	49
Additional parcel fee	10	10
Cancellation fee	31	31

1.3.10 It is **RECOMMENDED** that the proposed scale of fees for local land charges searches and enquiries set out in this report be adopted with effect from 1 April 2016 and 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 this report.

ADMINISTRATIVE SERVICES

1.4 Photocopying Charges

1.4.1 A photocopying service is offered for members of the public calling at the council's main offices or requiring copies of Council documents sent by post. The current charges are 10p for each page of the same document or additional copies of the same page plus postage as appropriate.

1.4.2 These charges are intended to cover the costs of the photocopy meter charge (including toner), paper and an allowance towards the staff time in looking out documents and postage where appropriate.

1.4.3 The level of charge was reduced in 2007/08 after remaining static for a number of years to comply with Freedom of Information requirements. The marginal cost per copy (including paper) is still approximately £0.10 per copy. Comparative charges in neighbouring authorities have been somewhat difficult to ascertain and many appear not to charge for photocopying. However, it is considered appropriate to retain a charge to avoid requests for multiple copies of pages and to cover cases where documents cannot be provided by email. It is therefore suggested that the current charge be maintained.

1.4.4 It is **RECOMMENDED** that Cabinet be recommended to retain the current photocopying charges of £0.10 (inclusive of VAT) for each page of the same document or additional copies of the same page plus postage as appropriate.

TONBRIDGE CASTLE

1.5 Tonbridge Castle Hire Charges

- 1.5.1 The Council Chamber is used for a number of purposes, including Member and Officer meetings, weddings, private hire and concessionary use by a number of local organisations.
- 1.5.2 Several years ago a minimal charge was introduced for concessionary users. It is recognised that this concessionary charge is greatly valued by these organisations. It is proposed that a concessionary user charge be retained to reflect ongoing support for local organisations.
- 1.5.3 The list of concessionary users was agreed by Cabinet on 12 February 2015 (D150015CAB) and some amendments are proposed as shown in bold [see **Annex 1**]. Concessionary use is subject to a number of restrictions as shown in [**Annex 2**].
- 1.5.4 The Director of Central Services has brought forward proposed charges for all users of the Chamber, which are set out at [**Annex 3**]. Annual income from the hire of the Chamber is approximately £2000, and it is estimated that the proposed charges will generate additional income of £150.

1.6 Tonbridge Castle Wedding Charges

- 1.6.1 Current wedding charges were agreed by Cabinet on 12 February 2015 (Decision D150015CAB). Members agreed a charge of £770 for weddings in the Chamber and £1150 for weddings in the Gatehouse for 2015/16. Charges of £800 and £1200 respectively were also agreed for 2016/17.
- 1.6.2 The current charges at a number of premises licensed for Civil Marriages are shown in [**Annex 4**]
- 1.6.3 Weddings are often booked more than one year in advance and applications are now being received for 2017/18. It is, therefore, necessary to consider a charge for implementation from 1 April 2017, as Members have already agreed the charges for 2016/17. The Director of Central Services has proposed an increase of around 5% for the following charges in 2017/18, which will generate additional net income of approximately £1800:

	Current Charge 2015/16 (£)	Agreed Charge 2016/17 (£)	Proposed Charge 2017/18 (£)
Weddings			
• Chamber	770	800	840
• Gatehouse	1150	1200	1250
Renewal of Vows/Baby Naming			
• Chamber	560	560	600
• Gatehouse	900	900	900

- 1.6.4 NB: Non-returnable deposit - £100
- 1.6.5 To aid Members, all proposed charges are inclusive of VAT where applicable.

1.6.6 There is a risk that excessive increases in charges could deter our customers and lead to a fall in overall income. Dialogue with customers and comparison with other attractions has been taken into consideration in bringing these charges forward.

1.6.7 It is, therefore, **RECOMMENDED** to Cabinet that:

- 1) the proposed charges for Tonbridge Castle Chamber as set out in Annex 3 be agreed for implementation from 1 April 2016; and
- 2) the proposed charges for Weddings as outlined in paragraph 1.6.3 above be agreed for implementation from 1 April 2017.

STREET NAMING & NUMBERING SERVICES

1.7 Street Naming & Numbering - Introduction

1.7.1 The requirement to provide a Street Naming & Numbering service is derived from the Towns Improvement Clauses Act 1847, the Public Health Acts Amendment Act 1907 and the County of Kent Act 1981. The TMBC Street Naming & Numbering Policy sets out the framework under which the service is delivered in this authority.

1.7.2 The IT GIS Team are responsible for delivery of this service. The actual cost of service delivery has been calculated by recording staff processing time and taking into account software and postage costs.

1.7.3 In line with the previous fee schedule, the following priorities have been accounted for in the latest review:

- There should be no overall reduction of income to the Council through the SNN function;
- The cost of SNN to the Council should, where possible, be recovered through fees and charges (noting that this is not always possible, and not always desirable);
- Ensure there are no 'perverse incentives' to apply for alternative naming schemes to minimise costs;
- Ensure there is clarity in the fee schedule to avoid confusion and the need for officer discretion in charging fees;
- Where workloads are sufficient to justify such, additional new fees should be considered.

1.7.4 The changes introduced in the fee structure last year continue to address the five principles set out above. For the purposes of this year's review we have

concentrated on principles 1 and 2 ensuring that the cost of SNN to the Council is recovered where possible, and reflecting the actual costs incurred in the process.

1.8 Proposed Fee scale for Street Naming and Numbering

1.8.1 A development is considered to be separate if they are received on separate applications and/or they do not share a common road which is also being named for the first time as part of the application. Individual flats are considered as individual plots.

1.8.2 For new properties, the following charges are proposed having regard to the actual costs associated with performing the functions and comparing the fees to other authorities:

Up to three in-fill properties on an existing street	Current Fee 2015/16	Proposed 2016/17
Addressing one new in-fill property	£169	£134
Addressing two to three in-fill properties	£87 per property	£90
Where four or more properties are to be named or numbered, the fee for new developments (below) will be levied.		

Four or more in-fill properties on an existing street, or new properties on a new street		
Fee for naming of a street, other than in relation to new property addressing	£205	£220
Fee for addressing plots, including street naming if Required 1- 4 Units	£205 +£31 per unit	£220 +£35
5 – 10 Units	£205 +£26 per unit	£220 +£30
11 or more units	£410 +£11 per unit	£220 +£28

1.8.3 For existing properties, the following charges are proposed having regard to the actual costs associated with performing the functions and comparing the fees to other authorities:

Renumbering an existing property	£51	£90
Renaming an existing property, not in a current numbering scheme	£51	£95
Registering the addition or change or an alias to a numbered property	£51	£60
Removing an existing alias from a numbered property	No charge	No charge

Rename an existing street	£1,540	£1,600
Rename a block of flats	£1,540	£1,600
Fee for addressing units (flats) when splitting an existing property	£87 per unit	£90 per unit
Fee for addressing a single property when merging separate units	£169	£190

1.8.4 The increase in income reflected in the Estimates for 2016/17 is £5,000.

1.8.5 It is **RECOMMENDED** that the above fee Schedule for Street Naming and Numbering be adopted from 1 April 2016.

1.9 Council Tax and Business Rate Court Costs

1.9.1 The Council is obliged by law to collect all unpaid amounts of council tax and business rates and therefore has to take recovery action through the Magistrates' Court to obtain the necessary order.

1.9.2 The Council's costs in taking this recovery action is charged back to the taxpayer as follows:-

Court Costs 2015/16	Council Tax - costs requested			Non Domestic Rates - costs requested		
	Summons	Liability Order	Total	Summons	Liability Order	Total
Tonbridge & Malling	£55.00	£45.00	£100.00	£120.00	£60.00	£180.00

1.9.3 The level of costs is agreed with the Magistrates' Court each year, and following a recent High Court case, evidence must be provided to justify the amount being requested. The Magistrates' Court has accepted our cost evidence during this financial year for the above charges.

1.9.4 Our cost base in delivering this function is not expected to increase significantly in 2016/17, and as a result we do not propose to seek the Court's approval to increase the level of costs requested from taxpayers.

1.9.5 It is **RECOMMENDED**, therefore, that the amount of costs recharged should remain the same for the 2016/17 financial year.

1.10 Legal Implications

1.10.1 The Council's financial rules require that all fees and charges must be reviewed at least once a year and be reported to Members.

1.11 Financial and Value for Money Considerations

1.11.1 As set out above in relation to individual fees and charges.

1.12 Risk Assessment

1.12.1 As part of the review of fees and charges Chief Officers will consider the risks associated with any proposals.

1.13 Equality Impact Assessment

1.14 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.

1.15 Recommendations

1.15.1 Recommendations are set out at the end of each section.

Background papers:

Nil

contact: Adrian Stanfield
Tina Levett
David Partridge

Sharon Shelton
Director of Finance & Transformation on behalf of Management Team

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Tonbridge Council Chamber
Concessionary Users 2016/17

- Bridge Trust
- Citizens Advice Bureau
- Guide Dogs for the Blind
- Home Start West Kent
- KCC Walking Bus
- Lyons Commuters (Tonbridge)
- Mencap
- Police
- Platonic Arts (now 4 arts)
- Relate
- Royal British Legion –Tonbridge Branch
- Slade Residents Association
- Small Businesses Federation
- Tonbridge Adult Education Centre
- Tonbridge Access Group
- Tonbridge Allotments and Garden Association
- Tonbridge Arts Group
- Tonbridge Camera Group
- **Tonbridge Creative Art Group-**
- Tonbridge Civic Society
- Tonbridge Historical Society
- Tonbridge Memorial Gardens
- Tonbridge Model Engineering Society
- Tonbridge Sports Association
- Tonbridge Lions Club
- Tonbridge Town Lands & Richard Mylls Charity
- Voluntary Action within Kent -VAWK
- West Kent Chamber of Commerce & Industries
- West Kent Community Health Forum
- West Kent Victim Support

Proposed changes are highlighted in bold above.

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**TONBRIDGE CASTLE COUNCIL CHAMBER
CONCESSIONARY USERS**
Terms & Conditions

Due to the increased number of requests by Concessionary Users to book the Council Chamber, certain restrictions have had to be put in place to ensure fair usage for all concerned.

We would ask you to take into account the following restrictions when making your bookings.

- Sessions will be limited to two per month and will only be permitted between 01 October - 31 March each year (a session being morning, afternoon or evening) or one seven day period in the case of exhibitions.
- The chamber is not available on Friday evenings as this time may be required to set up and rehearse for weddings the following day.
- Charges for caretaking start at 5pm each day.
- Concessionary bookings will not be accepted more than 12 months in advance.
- A charge will be made for cleaning in the event of food being consumed.
- One Parking Permit only will be issued to the hirer.

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TONBRIDGE CASTLE COUNCIL CHAMBER**PROPOSED CHARGES 2016/17**

Hire Charge	Current 2015/16 (£)	Proposed 2016/17 (£)	Current Concessionary Rate 2015/16 (£)	Proposed Concessionary Rate 2016/17 (£)
First 3 hours	95.00	100.00	24.00	26.00
Plus each additional hour or part hour	40.00	40.00	8.00	9.00
Caretaking per hour	30.00	30.00	16.00	18.00
Cleaning charge ^{*(1)}	45.00	45.00	35.00	35.00
Daily rate	200.00	200.00	38.00	50.00
Weekly rate	895.00	895.00	95.00	110.00

^{*(1)} Cleaning charge only applies to users where food is eaten.

All charges shown are inclusive of VAT where applicable.

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TONBRIDGE CASTLE WEDDING CHARGES 2015/16
COMPARISON WITH OTHERS

VENUE	PRICE (£)
Tonbridge Castle Chamber	770
Tonbridge Castle Gatehouse	1,150
Boughton Monchelsea Place	1000
Registrar's Office (Standard Charge) Tonbridge Wells (for 80 people)	792
Hever Castle (Astor Room)	2250
Chiddingstone Castle	2,495
Penshurst Place (Monday-Friday only)	1,995

All charges shown are inclusive of VAT.

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TONBRIDGE & MALLING BOROUGH COUNCIL

FINANCE, INNOVATION and PROPERTY ADVISORY BOARD

13 January 2016

Report of the Director of Finance and Transformation

Part 1- Public

Matters for Recommendation to Cabinet - Non-Key Decision (Decision may be taken by the Cabinet Member)

1 APPLICATIONS FOR DISCRETIONARY RATE RELIEF

A report giving details, at paragraph 1.1, of a renewal application for discretionary rate relief. Details of new applications for discretionary rate relief are shown at paragraph 1.2.

The previously agreed criteria for determining applications for discretionary rate relief are attached at [ANNEX 1].

1.1 Renewal application for discretionary rate relief

1.1.1 Members will be aware that discretionary rate relief can be granted (as shown at [ANNEX 1]) either as a top-up to mandatory rate relief (in respect of charitable organisations and community amateur sports clubs) or, on its own, to non profit-making organisations that are not charities etc. (and do not therefore qualify for mandatory rate relief).

1.1.2 Organisations that had awards of discretionary rate relief time-limited to 31 March 2015 have been invited to re-apply, and I have listed, at [ANNEX 2], another application that has been received.

1.1.3 The annex details the level of discretionary rate relief awarded in 2014/15 and the amount of relief the organisation would receive in 2015/16 if the same level were awarded.

1.1.4 There is no longer a direct cost to the Council in awarding relief. However, Members should note that all awards of relief affect the Council's business rate yield; for 2015-16, based on previous criteria and level of applications, it has been estimated that £202,000 discretionary relief will be awarded.

1.1.5 In respect of the organisation shown at [ANNEX 2], I have considered the application and believe that it meets the criteria, and is of particular benefit to the needs of the residents of the Borough. Therefore, there appear to be good grounds for continuing the current level of discretionary rate relief in this case.

Further details on the organisation (so far as I have them) can be provided, at the meeting, if requested by Members.

- 1.1.6 The Council's own financial position is, of course, still very challenging and it is important to recognise that whilst it may be possible to provide the level of assistance at the current time, it may not be sustainable into the future. Accordingly, Members might consider that, when writing to the organisation concerned, it would be prudent to advise the organisation that there could be a reduction in the level of relief awarded by the Council in the future should further applications for relief be made.
- 1.1.7 Members are **REQUESTED** to **RECOMMEND** to Cabinet that in respect of the re-application for relief as shown at **[ANNEX 2]**, 20% discretionary rate relief be awarded with effect from 1 April 2015 and time-limited to 31 March 2017.

1.2 New applications for discretionary rate relief

- 1.2.1 Since the last meeting of the Board, I have received two new applications for rate relief that have reached a stage where they are ready for Members' consideration. I give below further details of these applications.
- 1.2.2 **KWES Kent Woodland Employment Scheme, Field Adj Stone Cottage, Maidstone Road, Hadlow, Tonbridge, Kent, TN11 0JL. Rateable Value £12,750**
- 1.2.3 The applicant is a registered charity and I have therefore granted 80% mandatory rate relief. It is for Members to decide whether discretionary relief should be granted as well.
- 1.2.4 The applicant is a new charity set up to provide training and employment for ex-Service personnel, young people and ex-offenders in Kent's ancient woodlands.
- 1.2.5 The trainees obtain recognised qualifications in Forestry and Silviculture that will ensure that at the end of their three year apprenticeship they can secure a worthwhile job. They are people who have served their country in the armed forces but face difficulty in the transition to life outside; those who have recently left school but are unable to find work and those who have been involved in crime but wish to make a new start.
- 1.2.6 The application is in respect of land used for training woodland apprentices. A cabin on site also provides theoretical training and practical training on how to maintain and service equipment and make green wood products.
- 1.2.7 The applicant has twenty apprentices, four team leaders and a project leader. The project leader and six apprentices live in the Borough and one other apprentice is looking for accommodation in the Hadlow/Tonbridge area.

- 1.2.8 Having considered the application, we believe the organisation meets at least two of the main criteria and therefore, Members might be inclined to grant a maximum award of 100% relief (80% mandatory relief plus 20% discretionary relief).
- 1.2.9 Should Members decide to award the maximum 20% 'top up' relief, the applicant will receive £944.58 relief (for the period 1 July 2015 to 31 March 2016).
- 1.2.10 Members are **REQUESTED** to consider the application and make an appropriate **RECOMMENDATION** to Cabinet regarding discretionary rate relief. If relief is awarded, Members might wish, in view of the uncertainty surrounding Government funding for future financial years, to consider time-limiting any awards of relief, initially, to 31 March 2017.
- 1.2.11 **Tonbridge Counselling Service, 1st Floor Gilbert House, River Walk, Tonbridge, Kent, TN9 1DT. Rateable Value £4,450**
- 1.2.12 The applicant is a registered charity and I have therefore granted 80% mandatory rate relief. It is for Members to decide whether discretionary relief should be granted as well.
- 1.2.13 The applicant provides counselling for the residents of Tonbridge and the surrounding area. Counselling fees are £35 per hour session, £40 for couples. A Bursary Fund is available for those people for whom this would be too much.
- 1.2.14 The property is also used for training courses (in conjunction with Barnabas Counselling Training).
- 1.2.15 Having considered the application, we believe the organisation meets at least two of the main criteria and therefore, Members might be inclined to grant a maximum award of 100% relief (80% mandatory relief plus 20% discretionary relief).
- 1.2.16 Should Members decide to award the maximum 20% 'top up' relief, the applicant will receive £197.81 relief (for the period 19 October 2015 to 31 March 2016).
- 1.2.17 Members are **REQUESTED** to consider the application and make an appropriate **RECOMMENDATION** to Cabinet regarding discretionary rate relief. If relief is awarded, Members might wish, in view of the uncertainty surrounding Government funding for future financial years, to consider time-limiting any awards of relief, initially, to 31 March 2017.
- 1.2.18 **Marpaul Sports CIC, Cobdown Sports & Social Club, Station Road, Ditton, Aylesford, Kent, ME20 6BX. Rateable Value £66,000**
- 1.2.19 The applicant is a Community Interest Company and therefore, is not entitled to mandatory relief as it is neither a charity nor a community amateur sports club (CASC). It is for Members to decide whether discretionary relief should be granted and, if so, the level of relief.

- 1.2.20 The previous applicant, Cobdown Sports & Social Club, was registered as a CASC and was awarded 90% relief (80% mandatory and 10% discretionary) at the 3 June 2015 meeting of this Board (Decision Notice D150041MEM refers).
- 1.2.21 Although the new applicant does not have CASC status, its profits are reinvested in the business and community. Its main objects are to foster and promote amateur sports in Ditton and community participation in those sports along with other facilities for recreation and social activities.
- 1.2.22 The property is still used for the same purpose as the previous applicant: sports including football, bowls, croquet, squash, hockey; fitness classes; junior training in football and squash and pensioners in croquet and bowls.
- 1.2.23 As the purpose of the club is effectively unchanged, Members may consider a similar award of 90% discretionary relief to be appropriate. This would have no effect on the net yield of business rates as this amount has already been accounted for this year.
- 1.2.24 Members are **REQUESTED** to consider the application and make an appropriate **RECOMMENDATION** to Cabinet regarding discretionary rate relief. If relief is awarded, Members might wish, in view of the uncertainty surrounding Government funding for future financial years, to consider time-limiting any awards of relief, initially, to 31 March 2017.

1.3 Legal Implications

- 1.3.1 As the granting of relief is a discretionary action, the only implication would be a challenge by way of judicial review if an organisation were unhappy with a decision. Such a challenge can succeed only when the Council behaves unreasonably.

1.4 Financial and Value for Money Considerations

- 1.4.1 In respect of all applications for rate relief, the financial considerations of granting relief are as set out in the body of the report. If relief is not granted, there is a beneficial impact on the Council's finances. This should not prevent each application being considered on its own merits however, as there must be some degree of consistency to prevent a legal challenge.

1.5 Risk Assessment

- 1.5.1 The only risk that I am aware of is a legal challenge to the Council's decisions (see above). This is unlikely.

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.

The Director of Finance and Transformation confirms that the proposals contained in the recommendation(s), if approved, will fall within the Council's Budget and policy Framework.

Background papers:

contact: Glen Pritchard
01732 876146

Applications for relief from the organisations referred to in the main body of the report received since 23 September 2015, and held in Financial Services.

Sharon Shelton
Director of Finance and Transformation

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CRITERIA TO BE USED IN DETERMINING APPLICATIONS FOR DISCRETIONARY RATE RELIEF

Part 1 - Non profit-making bodies

Previous awards of discretionary rate relief

The Council wishes to promote equality between organisations when granting discretionary rate relief. Therefore, when considering an application for discretionary rate relief, it will have regard to previous awards of relief to bodies of a similar nature to the applicant body. Unless specific considerations apply, the Council is likely to award relief to the same value as previously awarded to such similar bodies. Previous grants of relief for properties occupied by charities or non profit-making organisations include as follows:

100% discretionary rate relief granted to:

- Sports clubs where community amateur sports club status has been refused

20% top-up relief granted to:

- Sports clubs if registered as community amateur sports clubs
- Recreational facilities, sports grounds and playing fields occupied by charities

Applications where special considerations may apply

Where the applicant body does not fall into one of the categories where relief has been awarded in the past (see above), relief may be granted only if the applicant body:

- caters for special needs (see below for an explanation of this term); or
- supplies facilities that would not otherwise be available in the area; or
- provides a service that supports the Council's key priorities. For the year 2012/15 these priorities are:
 - Continued delivery of priority services and a financially viable Council.
 - Sustainable regeneration of Tonbridge town centre and economic development in communities across the Borough.
 - A continuing supply of homes, including affordable housing to buy and rent, and prevention of homelessness.
 - Children and young people who are safe, involved, with access to positive activities.
 - A clean, smart, well maintained and sustainable Borough.
 - Low levels of crime, anti-social behaviour and fear of crime.

- Healthy living opportunities and community well-being

Meaning of 'special needs'

Does the organisation cater for a section of the community which the Council considers particularly deserving of support, e.g. persons with disabilities, persons with learning difficulties, the very young or the very old?

Where the applicant body provides such special needs or supplies facilities that would not otherwise be available in the area or supports the Council's key priorities, the maximum amount of relief will generally be awarded, subject to the following.

Other considerations

In determining awards of relief, the Council will bear in mind all the facts of each case. In particular, the Council may consider the following factors:

- **Membership**
Does the organisation operate a membership scheme?
- **Membership discounts**
Are discounts available for members (for example elderly/disabled etc.)?
- **Key priorities**
Do the organisation's objectives meet at least one of the Council's key priorities?
- **Sole facility**
Is the organisation's property the sole facility in its area of operation?
- **Fees, charges etc**
Is the cost of membership such that it would exclude a large section of the community?
- **Access to facilities**
Are the organisation's facilities available generally or at certain times to non-members?
- **Provision of facilities**
Have the facilities been provided by self-help or grant aid from the Borough Council, local or public authorities or others?
- **Development of skills**
Does the organisation provide training or education for its members? Are there schemes for particular groups, e.g. young people, the disabled, the retired, the unemployed etc?

Restrictions on the granting of relief

In determining whether relief should be awarded, the Council will be inclined not to grant relief or to limit the amount of relief awarded in the following cases.

- **National charities**
As a general rule, the Council is unlikely to grant relief to national charities located within the Council's area unless there is some specific benefit to the residents of Tonbridge and Malling over and above the benefit to the residents of other areas in which the charity operates.

- **Charity shops and other premises operated by trading arms of charities**
The Council is unlikely to grant relief to charity shops and other premises operated by the trading arms of charities.
- **Bodies operating in only part of the Council's area**
Where an applicant body is a national organisation but operates only in part of the Council's area, any relief that may be awarded will generally be reduced pro rata the population of the area of the Borough that receives benefit from that organisation. This restriction will not generally apply if the body is not a national body and has been established to benefit only a part of the Council's area.
- **Bodies operating a restrictive membership policy**
It is not the Council's general policy to grant relief to bodies that operate a restrictive membership policy unless such restrictions are necessary because of the size of the property occupied by the body or in order to ensure a pre-determined level of ability or required standard of achievement for a particular sport or activity.
- **Bodies occupying premises with high rateable values**
The Council, when determining an application for relief will consider the rateable value and location of the applicant's premises. Are the premises of a size, and their location, appropriate to the organisation?

Special cases

The Council recognises that there will be occasions when an applicant body does not satisfy the above criteria. Nothing in these criteria shall be taken as restricting the Council's ability to depart from its general policy as to the granting of relief if it sees fit to do so bearing in mind the facts of the case.

Affordability

Applicants for discretionary rate relief should note that the cost of discretionary relief falls partly on the Council. As such, in determining the level of relief to be granted, the Council must have regard to its budgetary position.

Part 2 – Applications not falling within Part 1

From 1 April 2012, the Council may also award relief to any local ratepayer to encourage new business and investment as well as to support local shops or community services.

Businesses located in rural settlements can currently apply for relief and these applications are considered using the criteria listed in the Council's policy in respect of Rural Rate Relief.

For all other applications (either not falling within Part 1 of these criteria or within the criteria for rural businesses), a decision on whether relief should be granted in any particular case should only be considered once the Borough Council has sought the views of the appropriate parish council, local members and the county council. Members should also consider if the other precepting authorities are willing to fund (partly or otherwise) the cost of relief awarded.

Affordability

Applicants for discretionary rate relief should note that the cost of awards of such relief is borne by the Council. For awards of discretionary relief falling within Part 2 of these criteria (and excluding rural businesses), the Council is liable to fund 100% of the amount awarded.

Part 3 - General

In determining the level of relief to be granted, the Council must have regard to its budgetary position. Although the Council will aim to achieve equality between applicants in terms of the level of relief that it grants, this might not always be possible. The Council has the right, subject to giving the requisite notice required by law, to vary or terminate the level of relief that it has previously granted either in respect of a particular organisation/business or in respect of a class of organisation/business or to all organisations/businesses in receipt of relief.

Other applications			
Organisation	Address	Relief awarded 2014/15	Benefit to organisation if same relief awarded 2015/16
The St James Centre Trust	The St James Centre, Chapman Way, East Malling	20% Top Up	£818.38
			£818.38

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TONBRIDGE & MALLING BOROUGH COUNCIL

FINANCE, INNOVATION and PROPERTY ADVISORY BOARD

13 January 2016

Report of the Director of Finance and Transformation

Part 1- Public

Matters for Recommendation to Cabinet - Non-Key Decision (Decision may be taken by the Cabinet Member)

1 CHECK, CHALLENGE, APPEAL: REFORMING BUSINESS RATES APPEALS CONSULTATION; AND BUSINESS RATES POOLING

In October 2015 the Department for Communities and Local Government published the consultation paper ‘Check, challenge, appeal: Reforming business rates appeals’. The report also updates Members on the Business Rates Pool for Kent authorities.

1.1 Introduction

1.1.1 The consultation outlines proposals to reform the business rates appeals system in order to provide a quicker, clearer and more transparent service to businesses. The consultation paper sets out proposals for a three stage approach: check, challenge, appeal, and seeks views from businesses and other interested parties. The proposals are of interest to us not only under the Business Rates Retention scheme but also as the billing authority. The return date for responses to the consultation is 4 January 2016.

1.1.2 As the return date is before the meeting of the Advisory Board, I did ask and obtain the approval of the Leader, Cabinet Member for Finance, Innovation and Property and your Chairman to my response to the consultation. A copy of the response can be found at **[Annex 1]**.

1.1.3 The paper can be found at the following link:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/472695/151029_Business_rates_appeals_consultation_document_-_final_version.pdf

1.2 Overview

1.2.1 A key issue will be whether the proposals will be likely to reduce the uncertainty around business rates valuations and the need to make provisions to cover them. From our understanding the proposals set out in the consultation paper will not as such reduce the uncertainty around business rates valuations, but might aid financial planning as a result of the introduction of a more streamlined approach.

1.2.2 Three stages are proposed: check, challenge, appeal.

- 1) The **check** stage will ensure that relevant facts are validated by the ratepayer and agreed as far as possible. If necessary the rating list will be corrected to reflect the facts. Where facts cannot be agreed, the difference will be clearly established. A trigger point to allow the ratepayer to move to the challenge stage after the case has been at the check stage for twelve months is proposed and for the twelve month period to reduce as the new system beds in.
- 2) The **challenge** stage allows a ratepayer to challenge the rating list entry. They will set out their reason for the challenge, and put forward an alternative rating list entry (which will include an alternative valuation if that is the reason for the challenge). The Valuation Office Agency will issue a decision on whether the rating list will be altered and the level of any revised valuation. It is proposed that a challenge must be submitted within four months of the completion of check stage. A trigger point to move from challenge stage to appeal stage after eighteen months is proposed and for the eighteen month period to reduce over time.
- 3) The **appeal** stage allows a ratepayer to appeal to the independent Valuation Tribunal for England. If the Tribunal disagrees with the Valuation Office agency's decision, it may conclude that the ratepayer's proposed rating list entry is correct, or alternatively it may substitute its own. It is proposed that an appeal must be submitted within four months of the completion of the challenge. Also propose to introduce fees for appeals which would be refunded if the appeal is successful.

1.2.3 The guiding principles for reform are that ratepayers should set out their issues fully and clearly at the start of each stage, so that the Valuation Office Agency can respond quickly and ratepayers can make an informed decision about whether they need to proceed to the next stage. There should be a structured and transparent approach with clear expectations on all sides about timescales, requirements and action.

1.2.4 The aim of the system overall is to provide a streamlined and efficient system in which the key issues are identified by the ratepayer early, and are resolved as quickly as possible as the case proceeds.

1.2.5 Only one check, challenge, appeal may be made per ratepayer per list, on each of the grounds, unless there has been a physical change to the property or locality. The grounds on which a challenge may be made will be in line with the grounds on which a challenge may be made now.

1.2.6 The intention is that the reformed system will apply when the new rating list comes into effect in April 2017.

1.3 Business Rates Pool for Kent Authorities

- 1.3.1 The Council is a member of the Business Rates Pool for Kent Authorities. In October 2015 a request was made to the Secretary of State for the current Pool to be disbanded and a new Pool formed at the end of this financial year that would see Dover District Council leaving and Dartford Borough Council joining the Pool. Correspondence from the Secretary of State giving his agreement to the request is attached at **[Annex 2]**.

1.4 Legal Implications

- 1.4.1 Subject to Parliamentary approval, primary legislation amending existing enabling powers will be enacted in the current session's Enterprise Bill, and regulations will then be brought forward setting out the details of the various stages.
- 1.4.2 Paragraph 34 of Schedule 7B to the Local Government Finance Act 1988 sets out the requirements for the cessation and formation of a Business Rates Pool.

1.5 Financial and Value for Money Considerations

- 1.5.1 A more efficient system should deliver savings, in time, money and resources.

1.6 Risk Assessment

- 1.6.1 None.

1.7 Equality Impact Assessment

- 1.7.1 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.

1.8 Recommendations

- 1.8.1 Members are requested to **endorse** the response to the consultation as agreed with the Leader of the Council, Cabinet Member for Finance Innovation and Property and the Chairman of this Advisory Board.

The Director of Finance and Transformation confirms that the proposals contained in the recommendation(s), if approved, will fall within the Council's Budget and policy Framework.

Background papers:

contact: Paul Worden

Nil

Sharon Shelton
Director of Finance and Transformation

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Summary of consultation questions

Question 1: We would welcome views on the overall approach set out in this consultation paper.

The process set out in the consultation paper lends itself to a more streamlined approach and, in turn, for appeals to be dealt with in a more timely and efficient way.

Question 2: What are your views on when 'relevant authorities' should be involved in the process?

For relevant authorities it's more about having the ability to inform the Valuation Office Agency of circumstances that they become aware of that might impact on the rateable value attributed to the hereditament.

Question 3: We will consult further on the detail of these penalties, but in the meantime, would welcome general views on implementation and the likely disincentive effect of this measure.

We agree with the proposal to introduce penalties. The disincentive effect of this measure is difficult to gauge, but would suggest at a maximum level of £500 it might not be that much of a disincentive.

Question 4: We will bring forward end-of-list proposals in due course, but in the meantime would welcome general views.

No comments at this stage.

Question 5: What arrangements should apply to temporary material change of circumstances cases under the new system?

To aid financial planning both a start and provisional end date should be attached to the temporary material change.

Question 6: What are your views on the trigger point for check stage?

12 months seems appropriate whilst the new system beds-in, but with an expectation that this is reduced to 6 months or less.

Question 7: What are your views on the time limit for submission of a complete challenge, following check stage?

Agree.

Question 8: What are your views on the trigger point for challenge stage?

18 months seems appropriate whilst the new system beds-in, but with an expectation that this is reduced to 12 months or less.

Question 9: Do you agree that these requirements for a challenge are the best way to ensure early engagement on the key issues?

Agree.

Question 10: Do you agree that this process allows the ratepayers to make their case in a fair and effective way?

Agree.

Question 11: What are your views on whether straightforward appeals could be determined on the papers, without the need for a hearing?

There might be cases where the decision could be determined from the papers, but would ask where it is straightforward why would such cases reach this stage.

Question 12: What are your views on the time limit for submission of an appeal, following challenge stage?

Agree.

Question 13: How should we best ensure that the appeal stage focuses on outstanding issues and, as far as possible, is based on evidence previously considered at challenge stage?

Do not allow further evidence to be presented other than by exception as set out in the consultation paper.

Question 14: We will consult further on the details of these fees, but in the meantime, would welcome general views on implementation.

We agree with the proposal to introduce fees. Fees linked to rateable value will better reflect ability to pay than a flat rate in the region of £100 - £300.

Question 15: We would welcome general views on whether changes to appeals to the Upper Tribunal (Lands Chamber) would be beneficial.

Agree that changes to appeals to the Upper Tribunal as set out in the consultation paper would be beneficial.



Department for Communities and Local Government

Mr Paul Riley

Head of Finance & Resources
Maidstone Borough Council
Maidstone House
King Street
Maidstone
Kent
ME15 6JQ

30 November 2015

Dear Paul,

Further to your email of 30 October 2015 asking the Secretary of State to revoke the designation of the Kent Business Rates Pool, in accordance with paragraph 34(3) and (6) of Schedule 7B to the Local Government Finance Act 1988, the Secretary of State hereby revokes the designation of the following pool of authorities:

- Maidstone Borough Council
- Kent County Council
- Kent and Medway Fire and Rescue Authority
- Ashford Borough Council
- Canterbury City Council
- Dover District Council
- Gravesham Borough Council
- Shepway District Council
- Swale Borough Council
- Thanet District Council
- Tonbridge and Malling Borough Council
- Tunbridge Wells Borough Council

This means that the Kent Business Rates pool ceases to exist from the end of this financial year.

Further to the same email, you asked the Secretary of State to reform the Business Rates Pool with a new membership. In accordance with paragraph 34 of Schedule 7B to the Local Government Finance Act 1988 ("the 1988 Act"), the Secretary of State designates the following authorities as a pool of authorities for the purposes of the scheme for local retention of non-domestic rates under Schedule 7B to the 1988 Act:

- Maidstone Borough Council
- Kent County Council
- Kent and Medway Fire and Rescue Authority

- Ashford Borough Council
- Canterbury City Council
- Dartford Borough Council
- Gravesham Borough Council
- Shepway District Council
- Swale Borough Council
- Thanet District Council
- Tonbridge and Malling Borough Council
- Tunbridge Wells Borough Council

All members of the pool have agreed to this designation.

The designation has effect for the year beginning 1st April 2016 and for each subsequent year, unless revoked.

This designation is made subject to the conditions below.

1. The authorities to which this designation relates must appoint a lead authority to exercise the following functions:
 - To make and receive, on behalf of the pool members, payments in respect of any top ups and tariffs, levy and safety net and safety net on account payments to and from the Department.
 - To make and receive payments between members of the pool as determined by the governance agreements.
 - Administration (including the operation of the dissolution arrangements) of the pool in accordance with the governance arrangements.
2. If this designation is revoked, the authorities covered by this designation must take the following steps before the revocation takes effect:
 - Comply with the dissolution arrangements established in the pool's governance agreement.

Local authorities in the pool will have 28 days beginning with the date on which the draft Local Government Finance Report is published to consider if they wish to continue to be designated as a pool. Provided that no authority within the pool requests the Secretary of State to make a revocation during that period, the pool will come into effect on 1 April 2016, meaning that all local authorities covered by the designation will remain in the pool for the full financial year.

If a member of the pool decides it no longer wishes to be designated as part of a pool for 2016-17 it must notify DCLG using the e-mail address in the following paragraph. If a local authority exercises this option to request revocation of the designation before the cut-off date the rest of the pool cannot continue. The Secretary of State will then revoke this designation and the local authorities identified as part of this pool will revert to being considered as individual authorities for the purposes of the business rates retention scheme.

If there are any questions about the content of this letter and the enclosed designation please contact Kate Henman on 0303 444 2873 or at kate.henman@communities.gsi.gov.uk as soon as possible.

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

A handwritten signature in dark ink, appearing to read 'M. Style'.

Matthew Style

A member of the Senior Civil Service in the Department for Communities and Local Government

30 November 2015

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TONBRIDGE & MALLING BOROUGH COUNCIL

FINANCE, INNOVATION and PROPERTY ADVISORY BOARD

13 January 2016

Report of the Director of Finance and Transformation

Part 1- Public

Matters for Recommendation to Cabinet - Non-Key Decision (Decision may be taken by the Cabinet Member)

1 CORPORATE DEBT RECOVERY POLICY

A report advising members of minor revisions to the Council's Corporate Debt Recovery Policy.

1.1 Introduction

1.1.1 The Council's Corporate Debt Recovery Policy was adopted in July 2012 following a meeting of the Finance and Property Advisory Board (**Decision D120099MEM**) and was subsequently reviewed on 14 May 2014 (**Decision D140051MEM**).

1.2 Review of the Policy

1.2.1 I have reviewed the existing policy which can be found at http://www.tmbc.gov.uk/__data/assets/pdf_file/0005/71168/Corporate-debt-recovery-policy_1.pdf

There are no fundamental changes needed to the policy, however my staff have refined the legal considerations as follows:

1.2.2 Regulation 75 of the Social Security Administration Act 1992 gives the Council the power to recover housing benefit debts through the County Court. I have changed the policy to reflect the actions that may be taken using these powers. These can include:

- 1) A warrant of execution which gives court enforcement agents the authority to take goods from the debtor's home or business. The county court enforcement agents can only enforce a warrant for debts up to £5,000, and for any higher amounts the order will be transferred to the High Court;
- 2) Third party debt order which stops the debtor being able to access their bank accounts;

- 3) A charging order which prevents the debtor from selling their assets such as land and property;
- 4) An order to obtain information can be granted if the Council holds little or no information about the debtor;
- 5) A bankruptcy order where the debtor owes £5,000 or more and an arrangement to pay has not been agreed.

1.2.3 An updated version of the policy is attached at **[Annex 1]** reflecting the points above. For ease, the changes have been highlighted in yellow.

1.3 Legal Implications

1.3.1 There is no legal requirement to have a Corporate Debt Policy but the Local Government Ombudsman has previously advocated the publication of a Council Tax Debt Recovery policy which is included in the corporate policy.

1.3.2 Guidance from the Department for Work and Pensions in respect of Housing Benefit Overpayments advises that it is for authorities to decide how far to pursue recovery.

1.4 Financial and Value for Money Considerations

1.4.1 The Council retains all of the Housing Benefits Overpayments that it recovers so it is in the best interests of the Council to utilise all recovery options at our disposal.

1.5 Risk Assessment

1.6 Equality Impact Assessment

1.6.1 The policy will apply equally to all debtors and take into account any factors that may lead to different treatment of debtors because of personal circumstances.

1.7 Recommendations

1.7.1 Members are requested to **RECOMMEND** the revised Corporate Debt Policy to Cabinet for approval.

The Director of Finance and Transformation confirms that the proposals contained in the recommendation(s), if approved, will fall within the Council's Budget and policy Framework.

Background papers:

Nil

contact: Gemma Gilley
Tel: 01732 876083

Sharon J Shelton
Director of Finance and Transformation

Tonbridge & Malling Borough Council

Corporate Debt Recovery Policy

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Annex E - National Non-Domestic Rate Recovery Policy

Appendix 1 - Debt Collection value based action plan.

Introduction

The Council aims to ensure that all monies due to the Council are recovered economically, efficiently and effectively in order for it to continue to provide services and keep the council tax as low as possible for those who are liable to pay it. In pursuit of that aim, the Council will endeavour to treat all customers equally, in-line with the Council's standards of customer-care and will differentiate between those who can pay, but do not, and those having genuine difficulty in paying. Each annex provides details of debt recovery procedures employed that may be specific to that particular service. However, the key principles noted below are common to all debt recovery procedures and must be included in any new or amended procedures.

Statement of Intent

The Council will treat all debtors in a consistent manner which is fair, sympathetic, firm and cost-effective whilst ensuring that it distinguishes between those who cannot pay and those who will not pay.

At all times the action taken to recover debts will take account of, and comply with, other relevant Council policies including but not limited to – equality, violence at work, and the vulnerable persons policy.

Tonbridge & Malling Borough Council

Corporate Debt Recovery Policy

Key Principles

The following key principles will be applied to all areas of debt recovery:

- Hard copy invoices/bills and notices are issued and sent to debtors promptly and in accordance with published/statutory requirements.
- Where a debtor is in receipt of housing benefit and/or council tax reduction, the Council will make every effort to ensure that the debtor is receiving the maximum benefit to which they are entitled.
- Debtors who cannot pay will, as far as possible, be distinguished from those who will not pay.
- Recovery action will be fair and equitable with the aim of ensuring that, where debtors have the means, they fulfil their obligation to pay their debts.
- An appraisal of the debtor's circumstances will be undertaken and used as the basis for agreeing mutually acceptable repayment arrangements.
- We will aim to strike a fair balance between the claims of Tonbridge and Malling Borough Council and those of competing creditors. Where such a need is identified, debtors will be asked if they have considered seeking assistance from a money advice service such as the CAB.
- Every effort will be made to maintain communication with debtors.
- Irrecoverable Debts
When a debt is deemed to be irrecoverable the process outlined in the Council's Financial Rules will be implemented.

Further Information

Additional information relating to the repayment of Council debts may be obtained from the Financial Services.

By e-mail: financial.services@tmbc.gov.uk

Tonbridge & Malling Borough Council

Corporate Debt Recovery Policy

Annex A - Council Tax Recovery Policy

Foreword

The Council aims to ensure that all monies due to the Council are recovered economically, efficiently and effectively in order for it to continue to provide services and keep the council tax down for everyone who is liable to pay it. In pursuit of that aim, the Council will endeavour to treat all customers equally, and in-line with the Council's standards of customer-care, and differentiate between those who can pay, but do not, and those having genuine difficulty in paying. This policy specifically addresses issues relating to the recovery of council tax debts. However, it must be read in the context of the Council's Corporate Debt Recovery Policy.

The recovery process

- Reminder notices, final notices and summonses are issued in accordance with the recovery timetable approved each year by the Director of Finance and Transformation.
- Following the hearing of summonses by the Magistrates, information request letters will be issued within seven days, or as soon as practicable thereafter.
- Pre-bailiff/enforcement agent letters will be issued 21 days after the issue of information request letters, or as soon as practicable thereafter.
- All cases not subject to a payment arrangement (see below), or other recovery action, will be sent to the Council's bailiff/enforcement agent 14 days after the issue of pre-bailiff/enforcement agent letters.

Payment arrangements

- Except in exceptional circumstances, all arrangements will require the debt to be paid within the current financial year.
- Arrangements for payment of a debt, where the debt will not be cleared by the end of the current financial year, will be agreed only where there is a proven inability to clear the debt by the end of the year. Unless agreed otherwise by a senior officer, such arrangements will be made only if the debtor completes and returns a financial statement form.
- All payment arrangements will be confirmed in writing to the debtor.
- If an information request letter has already been sent to the debtor, a payment arrangement will be made only on condition that the information request is completed by the debtor and returned to the Council (unless the arrangement is over a period of less than one month).
- Once a case has been passed to the bailiff/enforcement agent, it is not the Council's practice to intervene in discussions between the bailiff/enforcement agent and the debtor as to collection of the debt. The Council will intervene in exceptional circumstances, by, for example, coming to a payment arrangement direct with the debtor. However, such payment arrangements will not be made without the express agreement of a senior officer.

Tonbridge & Malling Borough Council

Corporate Debt Recovery Policy

- The purpose of all arrangements is to achieve payment of the debt in the shortest possible time, at a rate that is realistically affordable by the debtor. Where possible, a lump sum payment “up front” will be sought from the debtor. Where more than one council tax account is involved (e.g. if the debtor has moved), priority will be given to keeping payments for the current year up-to-date. Debtors will be encouraged to set up a direct debit for the current year’s payments.
- Where a debtor is on Income Support/JSA (IB)/ESA (IR)/Pension Credit, an arrangement will not be agreed to (unless there are exceptional circumstances) that allows the debtor to pay less than the current recovery amount that can be attached from their state benefit.
- If an arrangement is broken, the debtor will be contacted no later than one month after the default occurs. The debtor will be given the chance to bring the arrangement up-to-date before it is cancelled.
- Where a debtor has defaulted on one arrangement, a further arrangement will not be agreed unless there is a good reason why the original one was broken.

Reminders, final notices and summonses

- Once issued, a reminder, final notice or summons will be withdrawn only for one of the following reasons:
 1. It has been issued in error; or
 2. the issue of the notice has crossed with the taxpayer’s payment (a notice is unlikely to be withdrawn on more than one occasion for this reason); or
 3. a senior officer has agreed the withdrawal; or
 4. it appears that the person will not be liable to pay the amount of the debt shown on the notice, for example because they have moved or they have a pending benefit claim. The notice will be withdrawn only once it has been confirmed that there will be nothing left to pay.
- A final notice may be withdrawn if the taxpayer agrees to change to payment by direct debit (and sets up an instruction).
- Where appropriate, the withdrawal of summonses will be confirmed in writing.
- Debtors in receipt of reminders, final notices and summonses are encouraged to convert to direct debit.

Costs

Costs may be cancelled where:

1. the Magistrates’ Court has ordered their cancellation; or
2. although the issue of the summons was legally correct, the Council has reason to believe that the taxpayer was genuinely unaware of the debt; or
3. there is evidence of extreme hardship; or
4. a senior officer of the Council has agreed to their withdrawal.

The amount of the costs is not negotiable.

Bailiffs/Enforcement agents

- Once the Council has passed a debt to its bailiffs/enforcement agents for collection, the bailiff/enforcement agent will generally be allowed to collect the debt with minimal interference from the Council. Any debtor wishing to make a

Tonbridge & Malling Borough Council

Corporate Debt Recovery Policy

payment arrangement against a debt that is with the bailiff/enforcement agent will be referred to the bailiff/enforcement agent.

- The Council wishes to ensure that its bailiffs/enforcement agents are acting within the law and in accordance with the standards expected by the Council. Any evidence of malpractice by the bailiff/enforcement agent will be investigated by the Council.
- The Council will not seek to interfere with the level of fees charged by the bailiff/enforcement agent unless it appears that they are not legally correct.
- The Council will withdraw a case from the bailiffs/enforcement agents if:
 1. it was sent to the bailiff/enforcement agent in error; or
 2. the Council is collecting another debt from the debtor by means of deductions from income support/JSA (IB)/ESA (IR)/pension credit; or
 3. it would be more effective to use a different recovery method, for example attachment of the debtor's earnings; or
 4. at a senior officer's discretion, the circumstances of the debtor are exceptional for any reason.

Attachment of Earnings Orders (AEOs)

- An AEO is the Council's preferred method of recovery.
- Once an AEO has been issued to an employer of the debtor, it will not be withdrawn without the express agreement of a senior officer.
- Generally employers will be instructed to implement orders strictly in accordance with the legislation.
- Where an employer fails to implement an AEO, the case will be referred to a senior officer who will pursue the matter with the Council's solicitor.

Deductions from Income Support/JSA (IB)/ESA (IR)/Pension Credit

On account of the low income from these payment methods, they are generally used only when it is not possible to secure a higher level of payment from the debtor.

Debt Counselling

- If someone has contacted a debt counselling agency (e.g. CCCS, CAB), we will take a sympathetic line. Where a financial statement has been prepared, and the information supplied has been accepted, any reasonable offer of payment that is based on the statement will be considered and accepted if appropriate.
- If a case is already with the bailiff/enforcement agent by the time the debtor seeks advice, the case will be left with the bailiff/enforcement agent until he has been able to ascertain whether there are sufficient goods on which to levy. The bailiff/enforcement agent will be contacted and made aware of the debtor's circumstances. Having done this, the bailiff/enforcement agent will be requested to cease further action unless it is apparent that the debtor is able to pay the debt.

Tonbridge & Malling Borough Council

Corporate Debt Recovery Policy

Bankruptcy

The Council recognises that sometimes it might have no alternative other than to commence bankruptcy proceedings for the recovery of unpaid council tax. In order to establish whether bankruptcy is the most appropriate method of recovery, the officers of the Council will refer to the Council's document entitled "Guidelines for staff in respect of the use of bankruptcy".

Charging Orders

- A charging order may be made against a dwelling where the owner is subject to a liability order for unpaid council tax, subject to the amount of the liability order plus costs being at least £1,000.
- In deciding whether to apply for a charging order, each case will be considered, on its merits, by a senior officer of the Council. An application for an order is made to the County Court.
- In deciding whether to grant an order, the court must consider all aspects of the case, such as the personal circumstances of the debtor and whether any other person would be unduly prejudiced by the making of an order.
- If the making of a charging order by the Court does not produce payment from the debtor, then the Council will consider asking the Court for an Order for Sale.
- If the debtor's outstanding debts (mortgage, council tax etc.) might exceed the estimate of the likely sale price of the property at auction, we will still proceed in applying for a charging order if the difference between the two were marginal. If the difference were more than marginal, then we might still proceed if other factors were relevant, for example:
 1. the general good of the community, taking into account factors such as the appearance of the area; or
 2. the desire to bring an empty property onto the market and available for occupation; or
 3. the prevention of an ever-accumulating debt.

Committal

- Where all other methods of recovery have either failed or are considered inappropriate, the Council will apply to the Magistrates' Court for a warrant of commitment against the debtor.
- On account of the potentially serious consequences to the debtor of imprisonment, all of the debtor's personal circumstances will be fully considered by a senior officer before pursuing this course of action.

Irrecoverable Debts

- The council may write off the whole, or a proportion, of a debt depending on the circumstances of the particular case. The most common circumstances in which the council will write off a debt are where:
 1. It is uneconomical to pursue recovery; or
 2. There are humanitarian grounds for not pursuing recovery; or
 3. The debtor has died; or
 4. The debtor cannot be traced; or
 5. The debtor has been declared bankrupt.

Tonbridge & Malling Borough Council

Corporate Debt Recovery Policy

ANNEX B - Housing Benefits Overpayment Policy

Foreword

An overpayment is defined under Housing Benefit legislation, as being any payment to which there was no entitlement. This policy is designed to set out guidelines for Benefits staff when dealing with benefit overpayments. It is essential that each case should be reviewed on its merits and that appropriate action be taken only after considering all the facts. Any discretion should be exercised in a fair and reasonable manner. However, this policy is intended to set a framework within which recovery actions can be made.

Policy Aims

The aims of the policy are to:

- maximise the recovery of all overpaid benefit through the measures set out below, and
- recover overpaid benefit in the most cost-effective way.

Affected parties will be notified in accordance with regulations and will be clearly informed of any rights to dispute the Council's decisions.

When identifying that an overpayment has arisen, the following factors need to be determined:

- the cause of the overpayment;
- whether or not the overpayment is recoverable;
- whether or not we should seek to recover the overpayment;
- from whom recovery will be sought;
- the method of recovery and, if the amount is to be recovered by instalments, the periodic amount that is to be recovered.

Housing benefit overpayment staff should negotiate instalment repayment rates at a level that will fully repay the debt within the current financial year when practical to do so. However, where a claimant can show that these levels of recovery will cause undue hardship to themselves or their family, then reduced instalments may be agreed if a financial statement is submitted to the Housing Benefit Overpayment Section.

Causes of overpayments

Benefit overpayments can be caused by any one or combination of the reasons shown below:

- notification of a change of circumstance after the change has occurred;
- failure by a claimant to notify a change of circumstances;

Tonbridge & Malling Borough Council

Corporate Debt Recovery Policy

- the deliberate withholding of information by an interested party (for example a landlord); the provision of incorrect information by a claimant or someone acting on their behalf;
- fraudulent encashment of a benefit payment cheque;
- the death of a claimant, and
- from errors made by staff of the Department of Work and Pensions and/or the Council's own staff. These are known as "official errors".

Deciding if an overpayment is recoverable

When deciding if an overpayment is recoverable all of the pertinent facts, supporting evidence and the Benefit Regulations must be taken account of by the Benefits Section.

Generally, all overpayments are recoverable except when they are the result of an "official error". However, even these are recoverable if it is decided that the claimant could reasonably have been expected to realise that it was an overpayment at the time payment was made.

Due regard of the circumstances relating to the individual case shall be taken into account when deciding if recovery of the overpayment is appropriate.

Deciding if an overpayment should be recovered

Having decided that an overpayment is recoverable a decision then needs to be made on whether or not recovery action is to be taken.

A decision not to recover an overpayment is permissible by law but should only be made in exceptional circumstances under the authorisation of the Director of Finance. The Council's Financial Rules set out the procedures for writing off such debts.

Deciding if non-recovery of recoverable overpayments is appropriate

Where it is believed that the recovery of an overpayment, taking into account social factors, is unreasonable and will cause hardship or significant distress, no recovery shall be sought.

Subject to the approval of the Director of Finance and Transformation, Benefits Overpayment staff will consider not taking recovery action in instances where the claimant's social factors are exceptional and in the following circumstances when known:

- the claimant (or any partner) is terminally ill;
- the claimant is about to enter a residential home; or
- the claimant is suffering from a mental illness.

Tonbridge & Malling Borough Council

Corporate Debt Recovery Policy

Deciding from whom benefit should be recovered

From April 2006 the Regulations state that if an overpayment was caused by misrepresentation or failure to disclose information, the overpayment must be recovered from the person who actually misrepresented or failed to disclose that information.

If the overpayment was caused by an official error it must be recovered from the person who, at the time of receiving the overpayment or any notices relating to the payment, could reasonably have been expected to realise that it was an overpayment.

If neither of the above apply the overpayment can be recovered from:

- the claimant;
- the claimant's partner, if they were members of the same household, both at the time of the overpayment and when it is being recovered; or
- the person to whom the overpayment was paid

Appeals against overpayments and recovery

When the Council receives an appeal, within the allowed time period, against the calculation of an overpayment or the decision as to whom it is recoverable from, by a person entitled to appeal the decision then any action to recover the overpayment should be suspended awaiting the outcome of the appeal.

However, if the debtor wishes to make payments against the debt these will not be refused.

Methods of recovery

Overpayments may be recovered by one or more of the following options provided that no undue hardship is caused to the claimant or former claimant:

- deductions from ongoing benefit;
- deductions from earnings
- the issue of an invoice;
- from ongoing benefit paid by another Council;
- deductions from other benefits paid to the claimant by the Department for Work and Pensions; or
- recovery from payments to a landlord in respect of the benefit due to other tenants where that benefit is paid directly to the landlord. Applies in specific 'blameless tenant' circumstances such as when the tenant has died or moved address.
- Recovery from debt collection agency

Deductions from ongoing benefit

There are two prescribed rates of deduction from ongoing benefit depending on whether the overpayment has arisen as a result of fraud or not. These rates are usually reviewed annually, normally in April. For illustrative purposes with effect from April 2015 the standard rates are:

- a) £18.50 in the case of a claimant having been found guilty of fraud or having made an admission under caution of deception or fraud for the purpose of gaining benefit

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or they have agreed to pay a penalty under Section 45A of the Administration Act and the agreement has not been withdrawn; and

b) £11.10 in other cases.

The following additions may also be made:

- half of any applicable earnings disregard; □
half of any disregarded regular voluntary or charitable payment; and
- half of any war disablement pension or war widow's pension. TMBC has chosen to omit these pensions from its recovery considerations.

These are the maximum mandatory rates of overpayment recovery and may be reduced if individual circumstances warrant such a course of action. Higher rates of recovery are possible if these are arranged with the consent of the person they are being recovered from.

Deductions from earnings

It is now possible, to recover overpaid benefit via direct earnings attachments.

These operate in a very similar way to attachment of earnings orders in respect of unpaid council tax. Previously it was only possible to attach a debtor's earnings in respect of overpaid benefit after a County Court judgment had been obtained. This is no longer the case.

Issue of an invoice

In the case of deceased debtors, invoices will be issued to the estate of the individual. In these instances recovery action will be dependent upon the specific circumstances of each case.

Recovery of overpayments for cancelled claims will be started by the issue of an invoice. In the first instance the aim will be to recover the overpayment by a single payment. However, where the claimant can show that this is unaffordable, payment by instalment may be negotiated. It is at this stage that investigations into recovery via third parties (other local authorities and DWP) may be undertaken.

Where the debtor is no longer entitled to benefit because their income is too high, instalments may be agreed after taking into account their net disposable income and reasonable financial needs (the applicable amount used in the last calculation of benefit subject to changes in respect of dependents). Net disposable income may be estimated without the need for absolute proof.

Repayments must be set at levels that the former claimants can reasonably be expected to pay. As a rule of thumb, instalments should not usually be greater than 50% of the "excess income" as calculated in accordance with the previous paragraph. Instalments can be renegotiated at any time to take account of varying circumstances.

- If the debtor fails to make payment in full or agree an arrangement to pay within 14 days of the invoice being issued (and there is no ongoing dispute) a reminder will be sent.
- If payment in full or an arrangement is not then made within a further 16 days a "Letter before Action" will be issued. This will advise the debtor that legal action

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or referral to a debt collection agency will be commenced if payment is not received in full or an arrangement made within a further 10 days.

- If the debtor fails to respond appropriately within 10 days **further recovery action will be taken.** The decision on which of these actions is to be taken is solely dependent on which one is expected to maximise the amount recovered.

Deductions from benefits paid by another local authority

Where the former claimant fails to repay an invoiced overpayment, and is in receipt of benefit from another Local Authority, that Authority is to be asked to recover the overpayment by weekly deductions.

Recovery by deduction from benefits paid by the DWP

If the former claimant fails to repay an invoiced overpayment, and is in receipt of one of the benefits listed in Regulation 105 of the Housing Benefit Regulations 2006, the appropriate office is to be asked to recover the overpayment from one or more of the benefits received.

Recovery of overpayments from Landlords and Agents

If the debtor continues to be entitled to receive benefit then the recovery will normally be by deduction from ongoing benefit paid to the landlord unless the landlord has agreed to repay the debt in full directly.

However, in instances where the debtor is no longer entitled to receive benefit, the Social Security Administration (Fraud) Act 1997 allows the recovery of an overpayment of benefit to be made from a current tenant of a landlord even though the debt relates to a former tenant of the landlord. This only arises when the landlord was paid direct for the former claimant and an overpayment arose. This method of recovery is exceptional and must only be used in the appropriate circumstances. Recovery is said, in these circumstances, to be being made from “blameless tenants”.

Recovery from a Debt Collection Agency

Debt referred to a debt collection agency shall be on a commission only basis. Such commission shall not be passed on to the debtor nor shall the debt collection agency be empowered to take recovery action, unless authorised by the Director of Finance and Transformation, other than as follows: Reminder letters, Telephone calls, Text messages and Home visits.

Legal Considerations

If, having exhausted all of the above mentioned actions, the debt remains unpaid the Council will consider the appropriateness of other legal action. **The Council will register a HB Overpayment decision as a judgement of the court. This allows the Council to use any of the court's enforcement procedures for recovery of the debt. These can include:**

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- A warrant of execution which gives court enforcement agents the authority to take goods from the debtor's home or business. The county court enforcement agents can only enforce a warrant for debts up to £5,000, For any higher amounts the order will be transferred to the High Court;
- Third party debt order which stops the debtor being able to access their bank accounts;
- A charging order which prevents the debtor from selling their assets such as land and property;
- An order to obtain information can be granted if the Council holds little or no information about the debtor;
- A bankruptcy order where the debtor owes £5,000 or more and an arrangement to pay has not been agreed.

Write Off Procedure

Outstanding overpayments will be regularly reviewed to identify any debts that are irrecoverable and need to be authorised for write-off by the Director of Finance and Transformation under delegated powers or by the Finance, Innovation and Property Advisory Board. The delegated authority for write offs is as follows and additional information is provided in **[Appendix 1]** to this document:

- The Director of Finance and Transformation may authorise the write-off of debts up to £1,000.
- Debts of over £1,000 need to be authorised for write-off by the Cabinet..

The following are circumstances where a recoverable overpayment might be reasonably considered for write-off:

- the debtor has absconded and cannot be traced via Locta, Experian, CIS etc;
- the debtor has died leaving no estate;
- the debt has been returned by the Magistrates' Court;
- the debt is uneconomical to collect; or
- it is considered inappropriate to recover a debt due to the physical and/or mental condition of the debtor.

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Corporate Debt Recovery Policy

ANNEX C - General Debt Recovery Policy

Introduction

These procedure notes provide guidelines for the recovery of the Council's general debts. General debts are those debts held on the Council's Sales Ledger System and do not include – Council Tax, Business Rates, Car Park Penalty Charge Notices, Housing Benefit Overpayments or Statutory Fines.

Debtors will be notified in accordance with relevant regulations (sewerage schemes, emergency Building Control works etc) and will be clearly informed of any rights they may have to dispute the Council's decisions.

Debt Recovery Process

Invoices are raised on a daily basis and, for debt recovery purposes, a notional 'due by' date of seven days after the date of the invoice is used. If the invoice is not paid within seven days and the debtor has neither queried the charge nor requested payment by instalments (see below) debt recovery proceedings will commence.

- The first reminder letter is issued 18 days after the date of the invoice
- A legal notice is issued 32 days after the date of the invoice
- A Letter Before Action is issued 46 days after the date of the invoice
- The debt is passed to a debt collection company 76 days after the date of the invoice.
- If, after a maximum of 90 days with the debt collection company, the debt has not been recovered in full or an instalment arrangement entered into, the debt is returned to the Council for legal action to be considered.

The Director of Finance & Transformation may amend the timings of each of these actions as appropriate.

Court action should not be instigated solely because of the legal right of the Council to do so, but because it is a reasonable route left open after other means of recovery have been attempted.

Instalment Arrangements

A Chief Officer in consultation with the Director of Finance & Transformation may enter into or agree other payment terms which reflect the ability of the debtor to repay their debt or where there are special circumstances that need to be taken into consideration. Instalment arrangements may usually only be arranged for non-corporate debtors or charities and only after their specific circumstances have been fully considered. In practice the amount of the instalments and term of the arrangement are governed by the debtors' financial situation and their ability to pay.

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If at all possible the arrangement should provide for the debt being repaid as soon as possible and within the current financial year. If the repayment term exceeds 12 months the Council may apply an interest rate where allowable.

If a debtor fails to adhere to an agreed instalment arrangement the debt becomes payable in full as soon as the payment has been missed. However, if the debtor forewarns the Council that they will be unable to make a payment and the reason given is acceptable, the arrangement may be allowed to continue with either the term extended or the value of the missing payment incorporated into the remaining instalments.

Legal Considerations

If, having exhausted all of the above mentioned actions, the debt remains unpaid the Council will consider the appropriateness in taking formal legal action in line with prevailing legal requirements. In such instances guidance will be sought from the Chief Solicitor.

If the debtor owns property it may be possible to place a Land Registry Charge on the property. Again, in such instances, the advice of the Chief Solicitor should be obtained.

Tonbridge & Malling Borough Council

Corporate Debt Recovery Policy

ANNEX D - Parking Penalty Charge Notice Debt Recovery Policy

Foreword

The Council aims to ensure that all monies due to the Council are recovered economically, efficiently and effectively in order for it to continue to provide services and keep the council tax down for everyone who is liable to pay it. In pursuit of that aim, the Council will endeavour to treat all customers equally, and in line with the Council's standards of customer-care, and differentiate between those who can pay, but do not, and those having genuine difficulty in paying. This policy specifically addresses issues relating to the recovery of Penalty Charge Notice debts. However, it must be read in the context of the Council's Corporate Debt Recovery Policy.

Introduction

The recovery process for Penalty Charge Notices is governed, in the main, by legislation. Parts of the process are automated to ensure that each case is treated consistently and that the necessary time scales are respected and achieved. Whenever possible, and within the constraints of the legal process, the Council will consider mitigation, at any stage, in a sympathetic but consistent manner, in line with the adopted policies of the South East Parking Group and national guidelines. Where the driver has not offered mitigation, or it has been rejected, the legal process will proceed to recover the outstanding charge.

Legal enforcement and recovery process

- All drivers are legally entitled to 14 days in which to pay the Penalty Charge Notice at a 50% discounted rate. The system is set to allow a further 3 days for delays in posting and processing before the amount increases to the full charge.
- The discount period is extended for a further 14 days from the date of any reply to representations or mitigation.
- After 30 days, unpaid Penalty Charge Notices will be referred to the DVLA to identify the registered keeper. The law expects the registered keeper to be responsible for unpaid Penalty Charge Notices.
- Statutory Notices and reminders will then be sent, in a timely manner within the guidelines, to the registered keeper informing him/her of the consequences of not making full payment and allowing him/her to make contact with the Council to arrange payment of the outstanding balance or offer fresh mitigation as to why enforcement should not continue. Each communication, including the original Penalty Charge Notice, provides details of the appeals procedure and offers opportunities to contact the Council to resolve the outstanding matter.
- At the relevant stage the case will be prepared for Debt Registration at the Traffic Enforcement Centre where an order for recovery is sought. The opportunity still exists for the registered keeper to make contact and arrange payment or in some circumstances seek an independent review.

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- All cases not subject to a successful payment arrangement (see below), or not subject to an accepted challenge or appeal by the TEC or Traffic Penalty Tribunal, will be sent to the Council's bailiff 36 days after the issue of an Order of Recovery.

Payment arrangements

- Arrangements will not normally be considered when the charge is at the discount stage.
- Requests to make payments by instalments will only be considered if supported by financial evidence.
- Other than in exceptional circumstances, all arrangements will require the debt to be paid within one calendar year.
- The purpose of all arrangements is to achieve payment of the debt in the shortest possible time but at a rate that is realistically affordable by the debtor.
- The debtor will normally be expected to make an immediate initial payment.
- Payment arrangements will be confirmed in writing to the debtor.
- Where more than one Penalty Charge Notice is involved, the arrangement will endeavour to clear cases at the most advanced stage of enforcement first.
- If an arrangement is broken the debtor will be contacted no later than one month after the default occurs and be given the opportunity to bring the arrangement up-to-date. Failure to do so will result in the cancellation of the arrangement and the immediate resumption of the enforcement process.
- Where a debtor has defaulted on one arrangement it is unlikely that a second one will be agreed unless there is a good reason why the original one was broken.
- Once a case has been passed to the bailiff it is only he who can determine and agree any further payment arrangement. It is not the Council's practice to intervene in discussions, between the bailiff and the debtor, as to the collection of the debt although it would expect the Bailiff to show due consideration to any particular circumstances that might justify any arrangement.

Debt Counselling

- The Council will normally adopt a sympathetic view to any approach by a debt counselling agency provided a financial statement is submitted and is accepted. It will endeavour to agree an appropriate sum and rate of repayment in all cases.
- If the approach is made after the case is already with the bailiff then the bailiff will be advised of the circumstances and requested to cease further action until both the Council and the Bailiff have been able to assess the situation and determine what course of action is appropriate.
- This may include continuing with the execution of the distress warrant or returning it, pending the debtor being in a better position to settle the debt.

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Corporate Debt Recovery Policy

Bailiffs/Enforcement Agents

- The Council will only use Bailiffs that are members of a recognised professional body and are committed to working in accordance with national guidelines and / or regulations.
- The Council will ensure that its bailiffs are acting within the law and in accordance with the standards expected by the Council. Any evidence of malpractice by the bailiff will be investigated fully by the Council.
- Once the Council has passed a debt to its bailiffs for collection, the bailiff will generally be allowed to collect the debt with minimal interference from the Council. Any debtor wishing to make a payment or an arrangement against a debt that is with the bailiff will be referred to the bailiff.
- The Council will not seek to interfere with the level of fees charged by the bailiff, unless it appears that they are not legally correct. However it will seek their co-operation in minimising their fees in appropriate circumstances.
- The Council will normally only withdraw a case from the bailiff if in the opinion of a Senior Officer there are exceptional circumstances, or on the advice of the Bailiff himself.
- The Council will maintain regular contact with each Bailiff company ensuring that overall performance is satisfactory and that any specific cases do not require an alternative approach. The Council will normally rely upon the professional judgement of the Bailiff in all cases.
- The Council will seek to engage a minimum of two Bailiff Companies to encourage maximum performance and offer flexibility where necessary. Each bailiff will be expected to return unexecuted warrants well within the lifetime (1 year) of that warrant to enable an alternative company to attempting tracing and execution of the warrant.

Bankruptcy

- If a debtor provides a Bankruptcy Order, or any other evidence of insolvency, dated after the issue of the Penalty Charge Notice/s, the Council would write off the Notice. However a claim would be lodged with the receiver in the hope that some payment would be forthcoming.
- Any Penalty Charge Notice issued after any Bankruptcy or Insolvency Order was made, would be payable and dealt with in accordance with the above policy.

Irrecoverable Debts

If a debt appears irrecoverable the Council may write off the whole, or a proportion, of a debt depending on the circumstances of the particular case. The most common circumstances in which the council will write off a Penalty Charge Notice are where:

- The Bailiff considers there are insufficient funds upon which to levy distress
- The debtor cannot be traced
- The debtor has died
- The debtor has been declared bankrupt.
- It is uneconomical to pursue recovery
- There are humanitarian grounds for not pursuing recovery

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Corporate Debt Recovery Policy

ANNEX E - National Non-Domestic Rate Recovery Policy

Foreword

The Council aims to ensure that all monies due to the non-domestic rate pool are recovered economically, efficiently and effectively. In pursuit of that aim, the Council will endeavour to treat all customers equally, and in-line with the Council's standards of customer-care, and differentiate between those who can pay, but do not, and those having genuine difficulty in paying. This policy specifically addresses issues relating to the recovery of non-domestic rate debts. However, it must be read in the context of the Council's Corporate Debt Recovery Policy.

The recovery process

- Reminder notices, final notices and summonses are issued in accordance with the recovery timetable approved each year by the Director of Finance & Transformation.
- Following the hearing of summonses by the Magistrates, pre-bailiff letters will be issued as soon as practicable thereafter.
- All cases not subject to a payment arrangement (see below), or other recovery action, will be sent to the Council's bailiff/enforcement agent 14 days after the issue of pre-bailiff/enforcement agent letters.

Payment arrangements

- Except in exceptional circumstances, all arrangements will require the debt to be paid within the current financial year.
- Arrangements for payment of a debt, where the debt will not be cleared by the end of the current financial year, will be agreed only where there is a proven inability to clear the debt by the end of the year. Unless agreed otherwise by a senior officer, such arrangements will be made only if the debtor completes and returns a financial statement form.
- All payment arrangements will be confirmed in writing to the debtor.
- Once a case has been passed to the bailiff/enforcement agent, it is not the Council's practice to intervene in discussions between the bailiff/enforcement agent and the debtor as to collection of the debt. The Council will intervene in exceptional circumstances, by, for example, coming to a payment arrangement direct with the debtor. However, such payment arrangements will not be made without the express agreement of a senior officer.
- The purpose of all arrangements is to achieve payment of the debt in the shortest possible time, at a rate that is realistically affordable by the debtor. Where possible, a lump sum payment "up front" will be sought from the debtor.
- Where more than one non-domestic rate account is involved (e.g. if the debtor has moved), priority will be given to keeping payments for the current year up-to-date. Debtors will be encouraged to set up a direct debit for the current year's payments.
- If an arrangement is broken, the debtor will be contacted no later than one month after the default occurs. The debtor will be given the chance to bring the arrangement up-to-date before it is cancelled.

Tonbridge & Malling Borough Council

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- Where a debtor has defaulted on one arrangement, a further arrangement will not be agreed unless there is a good reason why the original one was broken.

Reminders, final notices and summonses

- Once issued, a reminder, final notice or summons will be withdrawn only for one of the following reasons:
 1. It has been issued in error; or
 2. the issue of the notice has crossed with the ratepayer's payment (a notice is unlikely to be withdrawn on more than one occasion for this reason); or
 3. a senior officer has agreed the withdrawal; or
 4. it appears that the person will not be liable to pay the amount of the debt shown on the notice, for example because they have moved. The notice will be withdrawn only once it has been confirmed that there will be nothing left to pay.
- A final notice may be withdrawn if the taxpayer agrees to change to payment by direct debit (and sets up an instruction).
- Where appropriate, the withdrawal of summonses will be confirmed in writing.
- Debtors in receipt of reminders, final notices and summonses are encouraged to convert to direct debit.

Costs

- Costs may be cancelled where:
 1. the Magistrates' Court has ordered their cancellation; or
 2. although the issue of the summons was legally correct, the Council has reason to believe that the taxpayer was genuinely unaware of the debt; or
 3. there is evidence of extreme hardship; or
 4. a senior officer of the Council has agreed to their withdrawal.
- The amount of the costs is not negotiable.

Bailiffs/enforcement agents

- Once the Council has passed a debt to its bailiffs/enforcement agent for collection, the bailiff/enforcement agent will generally be allowed to collect the debt with minimal interference from the Council. Any debtor wishing to make a payment arrangement against a debt that is with the bailiff/enforcement agent will be referred to the bailiff.
- The Council wishes to ensure that its bailiffs/enforcement agents are acting within the law and in accordance with the standards expected by the Council. Any evidence of malpractice by the bailiff/enforcement agent will be investigated by the Council.
- The Council will not seek to interfere with the level of fees charged by the bailiff/enforcement agent, unless it appears that they are not legally correct.
- The Council will withdraw a case from the bailiffs/enforcement agents if:
 1. it was sent to the bailiff/enforcement agent in error; or
 2. it would be more effective to use a different recovery method; or
 3. at a senior officer's discretion, the circumstances of the debtor are exceptional for any reason.

Tonbridge & Malling Borough Council

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Debt Counselling

- If someone has contacted a debt counselling agency (e.g. CCCS, CAB), we will take a sympathetic line. Where a financial statement has been prepared, and the information supplied has been accepted, any reasonable offer of payment that is based on the statement will be considered and accepted if appropriate.
- If a case is already with the bailiff/enforcement agent by the time the debtor seeks advice, the case will be left with the bailiff/enforcement agent until he has been able to ascertain whether there are sufficient goods on which to levy. The bailiff/enforcement agent will be contacted and made aware of the debtor's circumstances. Having done this, the bailiff/enforcement agent will be requested to cease action unless it is apparent that the debtor is able to pay the debt.

Insolvency

- The Council recognises that sometimes it might have no alternative other than to commence insolvency proceedings for the recovery of unpaid non-domestic rates. In order to establish whether insolvency is the most appropriate method of recovery, the officers of the Council will refer to the Council's document entitled "Guidelines for staff in respect of the use of bankruptcy".

Security For Unpaid Rates

- If a ratepayer has an interest in a property (occupied or unoccupied), the Council may enter into an agreement that any interest is made the subject of a charge to secure payment.
- In consideration of such a charge, the Council will take no further recovery action for the amount concerned for a period specified in the agreement.
- The agreement may not be made for a period of more than three years. It may extend to further amounts becoming due from the ratepayer and it may provide for the payment of interest on sums outstanding (and for that interest, also to be subject to the charge).

Committal

- Where all other methods of recovery have either failed or are considered inappropriate, the Council will apply to the Magistrates' Court for a warrant of commitment against the debtor.
- On account of the potentially serious consequences to the debtor of imprisonment, all of the debtor's personal circumstances will be fully considered by a senior officer before pursuing this course of action.

Irrecoverable Debts

- The council may write off the whole, or a proportion, of a debt depending on the circumstances of the particular case. The most common circumstances in which the council will write off a debt are where:
 1. It is uneconomical to pursue recovery; or
 2. There are humanitarian grounds for not pursuing recovery; or
 3. The debtor has died; or
 4. The debtor cannot be traced; or
 5. The debtor has been declared insolvent.

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Corporate Debt Recovery Policy

Appendix 1 - Value based action plan

Amount	Recovery action sequence	Write off action
£0 to £1	No action.	Submit to Director of Finance and Transformation for write off as uneconomic to pursue.
£1.01 to £15	<ul style="list-style-type: none"> • Overpayment notification. • Issue invoice or deduct from on-going benefit. • Issue first reminder. 	Submit to Director of Finance & Transformation for write off as uneconomic to pursue if the debt remains unpaid 35 days after the issue of the first reminder.
£15.01 to £499.99	<ul style="list-style-type: none"> • Overpayment notification. • Issue invoice or deduct from on-going benefit. • Issue first reminder. • Issue Letter before Action. • Check Locta, DWP & Experian. • Refer to debt collection agency. 	Submit to Director of Finance & Transformation for write off as uneconomic to pursue when debt collection agency return the debt as uncollectable (no payment arrangements)
£500.00 to £1,000.00	<ul style="list-style-type: none"> • Overpayment notification. • Issue invoice or deduct from on-going benefit. • Issue first reminder. • Issue Letter before Action. • Check Locta, DWP, Experian • Use tracing agents, proactive telephone calls and home visits. • Refer to debt collection agency. • If no payment arrangement is made with 'agency then if the debtor is working or possesses sufficient assets apply to the County Court for judgement. Utilise Charging orders, consider attachment of earnings, instruct County Court Bailiffs, consider insolvency. 	Submit to Director of Finance & Transformation for write off on return of debt as uncollectable by the debt collection agency or action via the Court proves ineffective or not appropriate (due to case information)
£1,000.01 and greater.	As for over £500.01.	Submit to FI&PAB via Director of Finance & Transformation for write off upon return of debt as uncollectable by the debt collection agency or if action via the Court proves to be either ineffective or not appropriate.

Tonbridge & Malling Borough Council

Corporate Debt Recovery Policy

**Adopted July 2012
Revised May 2014
Revised January 2015**

TONBRIDGE & MALLING BOROUGH COUNCIL

FINANCE, INNOVATION and PROPERTY ADVISORY BOARD

13 January 2016

Report of the Director of Finance and Transformation

Part 1- Public

Matters for Information

1 COUNCIL TAX AND BUSINESS RATES UPDATE REPORT

A report detailing recent developments in respect of council tax and business rates.

1.1 Collection of council tax and business rates

1.1.1 As at 30 November 2015, the collection rate for council tax stood at 74.38%. For the same period in the year 2014/15, the collection rate was 74.04%.

1.1.2 As at 30 November 2015, the collection rate for business rates stood at 75.19%. For the same period in the year 2014/15, the collection rate was 76.31%.

1.1.3 I shall update Members, as to the collection rates for 2015/16, as at 31 December 2015, for both council tax and business rates, on the evening of the meeting.

1.1.4 In respect of the customers receiving a council tax reduction (CTR), approximately 91% of the council tax due for 2013/14 has been paid, and for 2014/15, 85%. For the current financial year, approximately 61% has been paid compared to 57% for the comparative period in the previous financial year.

1.1.5 I am also pleased to advise that the number of recovery notices issued this financial year is still lower than last year, with approximately 12% fewer notices being sent compared to 2014/15 (see **ANNEX 1**).

1.2 Autumn Statement

1.2.1 In respect of business rates specifically, the Chancellor announced the doubling of the Small Business Rate Relief will be extended for a further 12 months until 31 March 2017.

1.3 Council Tax Base for the year 2016/17

1.3.1 I attach, at **ANNEXES 2 and 3**, the council tax base for the financial year 2016/17. This shows that there are 47,629.13 Band D equivalent properties within the Borough.

- 1.3.2 Members should note that, compared to the tax base for the year 2015/16 (46,900.52 Band D equivalent properties), there has been an increase of approx. 1.5% in the overall tax base for the Borough.
- 1.3.3 This increase is a combination of fewer taxpayers claiming Council Tax Reduction and growth in the number of new properties.
- 1.3.4 The Council is required to set its tax base for the forthcoming financial year, and notify it to the major precepting authorities, during the period 1 December to 31 January. Members will recall that, at the time of reporting the tax base for the year 2005/06, they agreed to give me delegated authority to calculate the tax base for subsequent years.

1.4 Legal Implications

- 1.4.1 Nil.

1.5 Financial and Value for Money Considerations

- 1.5.1 The percentage of council tax and business rates collected during the year impacts on the Council's finances and, consequently, on the level of council tax for future years.

1.6 Risk Assessment

- 1.6.1 Nil.

Background papers:

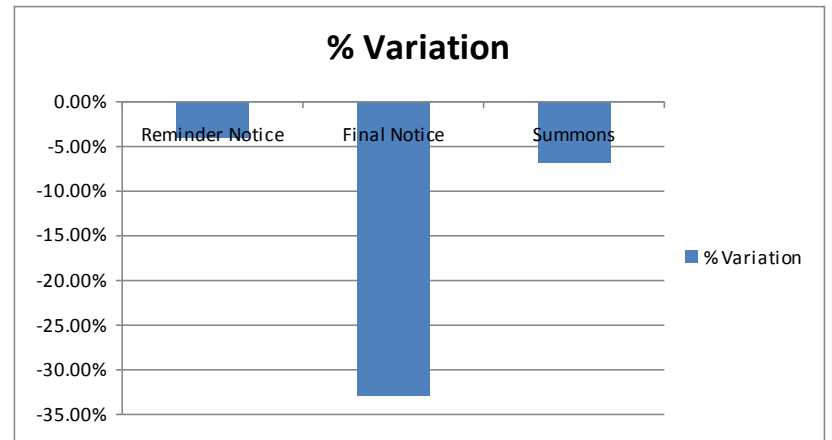
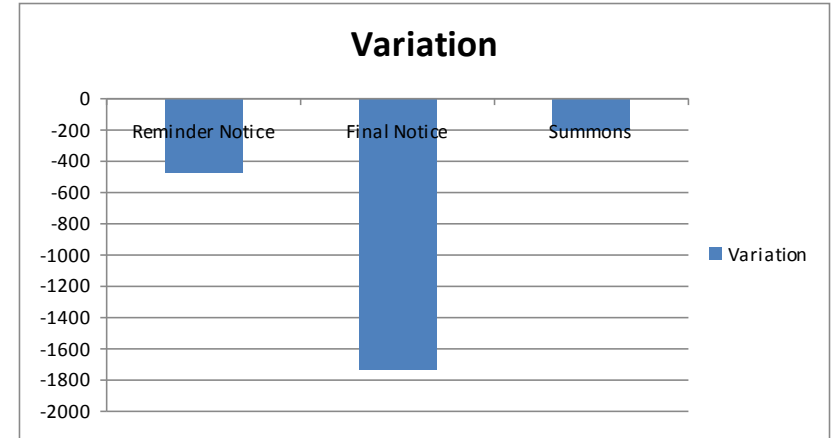
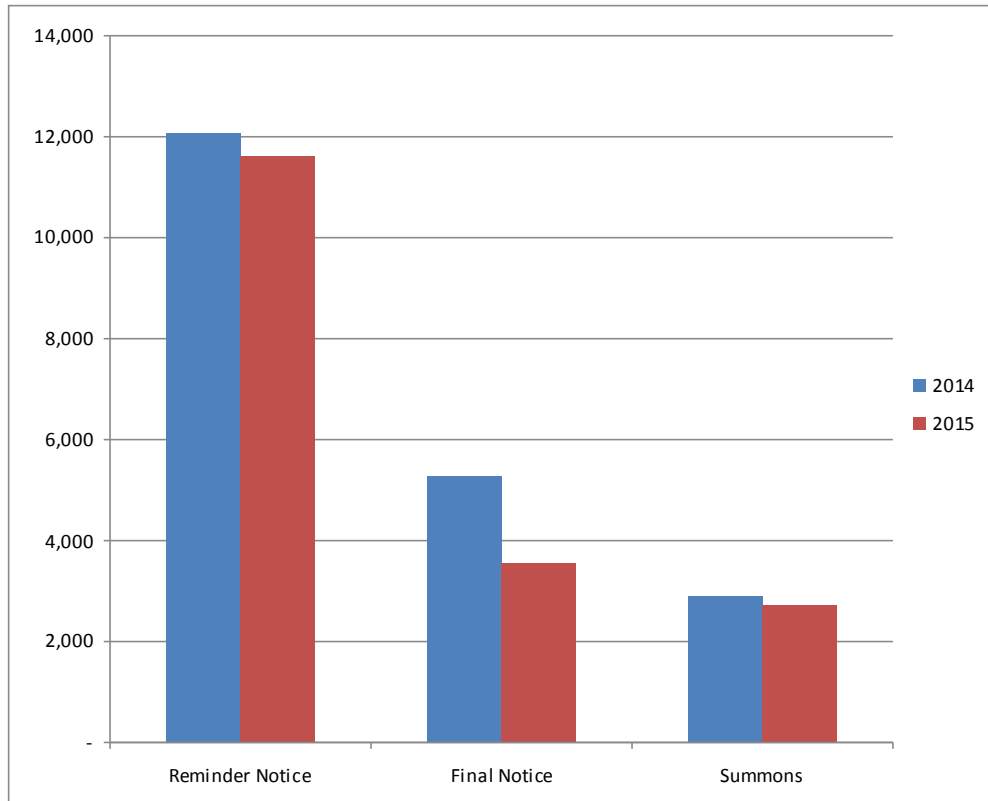
Nil

contact: Glen Pritchard
01732 876146

Sharon Shelton
Director of Finance and Transformation

	Reminder Notice	Final Notice	Summons	Total
2014	12,080	5,274	2,909	20,263
2015	11,619	3,550	2,716	17,885
Variation	-461	-1724	-193	-2378
% Variation	-3.82%	-32.69%	-6.63%	-11.74%

ANNEX 1



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ANNEX 2

PARISH	TOTAL TAXBASE
HADLOW	1,483.85
HILDENBOROUGH	2,164.42
ADDINGTON	382.75
AYLESFORD	3,934.33
BIRLING	195.89
BOROUGH GREEN	1,531.89
BURHAM	440.86
DITTON	1,738.72
IGHTHAM	1,094.58
LEYBOURNE	1,510.94
EAST MALLING & LARKFIELD	4,849.82
WEST MALLING	1,096.26
MEREWORTH	417.70
OFFHAM	373.70
EAST PECKHAM	1,263.22
WEST PECKHAM	173.32
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
WOULDHAM	468.55
WROTHAM	826.42
KINGS HILL	3,855.49
TONBRIDGE	13,058.49
TOTAL	47,629.13

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Tax Base 2016/2017 - Analysis of Properties

ANNEX 3

BAND	Disab A	A	B	C	D	E	F	G	H	Total
Total Properties	-	1,691	3,865	14,788	13,028	8,718	4,947	4,555	401	51,993
Exempt Properties	-	81	56	111	110	75	28	19	9	485
PCLC100 (Empty)	-	28	41	90	46	30	31	17	1	284
PCLD100 (Uninhabitable)	-	-	8	17	12	10	6	15	1	69
Disabled Relief Additions	3	5	49	74	47	23	34	12	-	247
Disabled Relief Reductions	-	3	5	49	74	47	23	34	12	247
PCLB0 2nd Homes	-	30	21	44	42	29	14	31	8	219
PCLC0 LTE	-	23	65	168	96	53	38	41	7	491
Premium	-	12	19	22	14	12	4	2	2	87
25% Discounts	1	1,105	2,150	5,159	3,507	1,901	765	520	19	15,127
50% Discounts	-	4	3	6	8	6	9	17	2	55
CTR discounts	-	489.89	889.47	1,912.16	838.53	243.12	72.56	22.82	1.38	4,469.93
Properties with full charge	2	410	1,546	9,196	9,166	6,578	4,063	3,871	340	35,176
Total properties (adjusted)	2.75	821.86	2,385.03	11,401.09	11,120.72	7,863.63	4,626.69	4,321.68	371.87	42,919.32
Growth adjustment	-	6.00	31.00	79.00	238.00	137.00	27.00	6.00	-	524.00
Net Total	2.75	827.86	2,416.03	11,480.09	11,358.72	8,000.63	4,653.69	4,327.68	371.87	43,443.32
Ratio to Band D	5/9	6/9	7/9	8/9	9/9	11/9	13/9	15/9	18/9	18/9
Band D Equivalentents	1.53	551.91	1,879.13	10,204.52	11,358.72	9,778.55	6,722.00	7,212.80	743.74	48,452.87
Less 1.7% Losses	0.03	9.38	31.97	173.50	193.09	166.25	114.27	122.60	12.65	823.74
Tax Base	1.50	542.53	1,847.16	10,031.02	11,165.63	9,612.30	6,607.73	7,090.20	731.09	47,629.13

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TONBRIDGE & MALLING BOROUGH COUNCIL

FINANCE, INNOVATION and PROPERTY ADVISORY BOARD

13 January 2016

Report of the Director of Finance and Transformation

Part 1- Public

Matters for Information

1 **BENEFITS UPDATE**

A report advising Members of current issues arising in the benefits field.

1.1 **Performance and Workload of the Benefits Service**

1.1.1 The average number of days taken to process new claims for housing benefit over the financial year is 14.4. Changes in circumstances are taking an average of 7.3 days.

1.1.2 The number of households claiming housing benefit and council tax support has dropped slightly. The shift from 'non-working' claims to 'in-work' claims continues.

1.1.3 The workload for the Service has remained consistent. Since my last report to Members I am pleased to say a new document imaging and workflow computer system has been introduced to replace the former system. At the time of writing this report my Services are still in the throes of the transition, however, the conversion is on track and has caused minimal adverse impact on our customers. The new system will provide much improved integration with the Northgate processing system used across Revenues and Benefits and the ability to enable greater use of digital services in future.

1.2 **Universal Credit**

1.2.1 From 12 October 2015, any single person in the Borough who would have previously made a new claim for Jobseekers Allowance has instead claimed Universal Credit. The benefit is administered by the Department for Work & Pensions (DWP). As expected, numbers have been very low, fewer than 10 at the time of writing.

1.2.2 I am not able to recount any personal experience from claimants going through the Universal Credit claim process yet, however, I can say that the involvement with each claim that my staff have had so far has been complicated, time consuming and of a very manual nature. It would not be possible to scale up the process without considerable additional resource. The DWP intend to rollout their 'digital solution' during 2016 which will streamline the process.

1.2.3 The Council has a role in the administration of Universal Credit; to supply claimants with personal budgeting support where needed and assistance with on-line claiming. I have agreed with the local Citizens Advice service for the organisation to provide budgeting support on behalf of the Council when the DWP identifies such a need.

1.2.4 The DWP recently sent a letter to all Local Authority Chief Executives setting out plans for the rollout of Universal Credit. It is now anticipated that the rollout will be completed by early 2021. I have attached a copy of the letter at **Annex 1**.

1.3 Local Council Tax Reduction Scheme

1.3.1 At our last Board, Members recommended to Cabinet that the current scheme for council tax reduction be 'refreshed' for 2016/17 and that I was authorised to enter into discussions with KCC and district colleagues to review the scheme from 2017/18.

1.3.2 The 2016/17 scheme will be updated on our website and I have had an early stage meeting with my Kent colleagues regarding the development of a scheme from 2017/18 and on. I shall keep Members informed with progress.

1.4 Welfare Reform

1.4.1 At our last meeting in my report to the Board I updated Members on welfare reform measures announced in the Chancellor's Summer Budget. Since that meeting the House of Lords rejected plans for cuts to Tax Credits.

1.4.2 The Chancellor's Autumn Statement contained further welfare reform measures:

- Cap housing benefit for social sector (housing association) accommodation to the relevant Local Housing Allowance rate, from April 2018 for tenancies commencing after April 2016
- Cap housing benefit for supported accommodation to the relevant Local Housing Allowance rate.
- Provide more funding to local Councils in discretionary housing payments (DHP) to protect the most vulnerable in supported accommodation
- Limit housing benefit and Pension Credit payments to four weeks for claimants who are outside Great Britain, from April 2016

1.4.3 The limitation of housing benefit to Local Housing Allowance rates in social accommodation should have little impact on our residents. Most social rents are at or below the level of Local Housing Allowance rates, however, this policy does adversely impact on single under 35's. This group would face housing benefit restrictions to a maximum award of the 'shared room rate' which is considerably lower than rents for one bedroom accommodation. There is no detail as yet

regarding how this policy will interact with the current measures of spare room deductions social accommodation. I hope to be in a position to advise Members of more detail in my report to the next meeting.

1.4.4 A cap on housing benefit levels to Local Housing Allowance rates for supported accommodation has the potential for a major impact on many residents in the Borough. Tenants in supported accommodation are amongst the most vulnerable. Again, until more detail is available on the operation of this restriction I cannot entirely assess its impact. However, the increase to DHP will mitigate losses to some extent.

1.4.5 The limit on housing benefit and Pension Credit payments will have a low to medium impact on a small number of claimants.

1.5 Legal Implications

1.5.1 The Council will need to introduce the changes to benefits in accordance with legislation once granted.

1.6 Financial and Value for Money Considerations

1.6.1 Rollout of Universal Credit will be monitored and the impact on staffing considered along the way.

1.6.2 Discussions around a new Council Tax Reduction Scheme will need to consider the balance between the cost of a scheme, the likely impact on collection rates for council tax and the effects of welfare reform measures over the coming years.

1.7 Risk Assessment

1.7.1 Associated risk assessments will be made in the design of any new Local Council Tax Reduction Scheme and at the introduction of new welfare reform measures.

1.8 Policy Considerations

1.8.1 A review of the Council's Discretionary Housing Payments Policy to take place during 2016/17

Background papers:

contact: Andrew Rosevear

Annex 1 Letter from DWP

Sharon Shelton

Director of Finance and Transformation

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Department
for Work &
Pensions

www.gov.uk/dwp

Local Authority Chief Executives
of Great Britain

Neil Couling,
Director General, Universal Credit
Programme
6th Floor, Caxton House
Tothill Street
London
SW1A 9NA

neil.couling@dwp.gsi.gov.uk

08 December 2015

Dear Colleagues,

CONTINUED ROLLOUT OF UNIVERSAL CREDIT FROM MAY 2016 – PLANNING ASSUMPTIONS FOR LOCAL AUTHORITIES AND ADVANCE NOTICE OF THE ANNOUNCEMENT ON TUPE FOR LOCAL AUTHORITY HOUSING BENEFIT TEAMS

1. I am writing to share some information about the rollout of Universal Credit which I hope will be helpful to you in constructing your plans, particularly in 2016/17. You will know that we are still working through the detailed implications of the Spending Review, but I know from talking to many of you that any information I can share will help you and your teams develop better plans.
2. This letter also gives you, in confidence, advance notice of an announcement to Parliament that my Ministers intend to make on 10 December, in order that you can make plans to communicate the Government's position to staff currently working on Housing Benefit. Clearly it is important that Parliament hears this from my Ministers, as protocol demands, but I thought you would appreciate advance notice so that you can prepare your own internal communications to coincide with the announcement.

Implementing the full national Digital Service from May 2016

3. In September 2014 my Secretary of State announced that we expected to begin implementing the full Universal Credit service from May 2016. I am pleased to say that we have made good progress with system development: we started testing the new service in Sutton and have expanded into Croydon and Southwark. Further tests in five other jobcentres are scheduled from now to May and I expect to launch the new service as planned from May 2016.
4. In line with the approach that has served us well to date, and building on the fact that by May we will have established Universal Credit in every Local Authority area, we will begin rolling out the full service in stages. We will begin with five jobcentres a month, accelerating to 50 jobcentres a month from the end of 2016 - with full implementation complete by the middle of 2018.



5. I expect to be able to share further details of the roll out plan – including the locations for 2016/17 offices - in the New Year. In view of the degree of uncertainty this brings to your planning for Housing Benefit services Ministers have agreed to my suggestion that we should not make the planned reductions to the Housing Benefit Administration subsidy for Local Authorities, consequent on Universal Credit, for the 2016/17 year. This means that if you are running a council that is implementing Universal Credit in 2016/17 you retain the financial subsidy whilst losing the work. So every council, when making financial plans for 2016/17 can plan to be delivering Housing Benefit as now without additional financial risk from the implementation of Universal Credit. I hope this is helpful in drawing up your plans.

6. With the Transition phase complete in the middle of 2018 we will then start the final stage: converting the stock of existing claims to Housing Benefit onto Universal Credit – to be complete by early 2021. We will communicate further details in due course, and will work in partnership with Local Authorities, Housing Associations, HMRC and Citizen's Advice.

Administering Housing Benefit during the implementation of Universal Credit

7. In my discussions with some Chief Executives emphasis has been placed on the need for clarity on the position for your people currently administering Housing Benefit. The uncertainty affects decisions you might make about the level of investment and the choices people make. In some areas there is concern about people leaving too fast, and any impact on your ability to maintain a Housing Benefit service, in others there will be anxieties about a lack of ability to redeploy people when Housing Benefit ceases. And some of you have contracted out your services to a third party supplier and need to know what to do about your contract arrangements.

8. I want to emphasise (and you can see from my high level description of our plans I set out above) that we are talking about a three to five year period for the gradual run-down of Housing Benefit delivery for people of working age by Local Authorities. And on present plans we are not proposing to make changes to the delivery of Housing Benefit for pensioners in this period. So there is an on-going requirement to deliver Housing Benefit for the foreseeable future.

9. Clearly any change will inject some uncertainty into your planning - but one uncertainty I can address today is clarifying the Department's position on transfers under the Transfer of Undertakings (Protection of Employment) Regulations 2006 (as amended) more commonly known as TUPE. There has been extensive engagement on this issue, as you would expect, with the Local Authority associations. On the Government side we have reached a firm conclusion that because of the nature of Universal Credit as a new benefit, delivered in a new and fundamentally different way, there would be no "relevant transfer" of staff working on Housing Benefit today. In any event, you will be aware that transfers of administrative functions between public administrative authorities are exempt. We have, in addition, given careful consideration to the Cabinet Office Statement of Practice (COSOP). We do not consider COSOP to apply where, as here, there is no "relevant transfer" for the

purposes of TUPE. In any event, the new and fundamentally different delivery model for Universal Credit makes staff transfers inappropriate.

10. I have told my Ministers that it would help your planning to have the Government's view clearly put. Accordingly they have agreed to make an announcement to Parliament to this effect on 10 December.

11. I know that you will want to lay plans to communicate this to your teams administering Housing Benefit. This is why I am sharing with you advance notice of this announcement – which must not be communicated until the announcement has been made in Parliament.

Managing the financial consequences of phasing out Housing Benefit for Working Age claimants

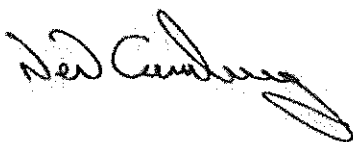
12. As Local Authorities work with us on establishing Universal Credit and phasing out Housing Benefit there will be consequences for the people who currently administer Housing Benefit for people of working age. Working with the Local Authority associations we estimate there could be a full time equivalent number of 4-5,000 affected by this change - over 3 to 5 years.

13. Clearly we will all want to take steps to see if we can ensure that any people affected are redeployed within councils. I am of course aware that you face other financial pressures to manage with implications for staffing. But we very much hope that the phased nature of the change, across a number of years, means that people can be redeployed.

14. Where that does not prove possible, the DWP will meet the full costs of compulsory redundancies, once Local Authorities can show that all redeployment and reassignment activity has been undertaken. I suspect given the phased nature of these changes it will be many years before we are at that point. But you can plan now on the basis that your Local Authority will not face additional financial pressure from redundancy costs arising from this change by Central Government, subject to making best efforts to redeploy people where that is possible.

15. I hope this is helpful to you in planning. I will write again in the New Year to share further detail on the plans for Universal Credit.

Regards,



Neil Couling
Director General
Universal Credit Programme

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TONBRIDGE & MALLING BOROUGH COUNCIL

FINANCE, INNOVATION and PROPERTY ADVISORY BOARD

13 January 2016

Report of the Director of Finance and Transformation

Part 1- Public

Matters for Information

1 IT STRATEGY UPDATE

A report updating Members on key projects within the IT Strategy.

1.1 Background

- 1.1.1 The current IT Strategy was agreed by FIPAB on 24th September 2014. The Strategy consisted of four themes - Service Modernisation, Communications, Website and Self-Service.
- 1.1.2 A key enabler for work emerging from the IT Strategy was a new Storage Area Network (SAN). This procurement took place in November 2014 and a report on the successful outcome of the procurement exercise was provided to FIPAB on 7th January 2015.
- 1.1.3 Following the installation of the SAN, the virtual server clusters for the private and public networks required upgrading. The private cluster was upgraded first to allow progression of the Skype for Business project.
- 1.1.4 During the summer of 2015 the IT Services Technical Support Team suffered a significant amount of staff illness with the three Senior Technical Support Officers responsible for major components in all of the current projects. One member of staff was signed off work for 15 weeks, and two members were signed off work for 11 weeks (at the same time).
- 1.1.5 As a contingency, a member of staff from the helpdesk team who was being trained as a "senior" was temporarily re-assigned to provide cover. Furthermore, the Shared IT Service Manager was allowed by his employer (Gravesham Borough Council) to go "full time" at Tonbridge and Malling in order to provide direct hands on support.
- 1.1.6 Despite having additional assistance there was a significant amount that had to be learnt about our environment and work previously undertaken on the projects. This meant work took longer to complete than it would have done with the original staff members, and we slipped behind schedule in a number of areas. All staff

have now returned to work but there do remain health issues that need to be managed.

- 1.1.7 Following agreement by General Purpose Committee on 5th October 2015 to create a new post of Senior Technical Support Officer, the arrangement with the Helpdesk Officer re-assignment has been made permanent to provide added resilience to this tier in the team.

1.2 e-Billing

- 1.2.1 The objective of the e-Billing project is to provide electronic copies of bills through the website My Account section and reduce postage costs for annual billing. The exiting base My Account functionality of the website is being used to support e-Bills.
- 1.2.2 Several interlinked components are required for this to work which include the sign-up process, address verification, account number verification, storage space for e-Bills, and print re-direction for e-Bills.
- 1.2.3 Whilst a lot of the groundwork has been done and the data lookup and transfer mechanisms put in place, a major hold-up has been providing the storage space for the e-Bills where it is accessible to the public. This required the setup of the public cluster of virtual servers which was delayed during the summer due to staff illness.
- 1.2.4 Whilst there have been delays in one area a number of others have continued at a good pace. These include redesigning the sign-up page to be more user friendly, using the Local Land and Property Gazetteer as the source of address data (ensuring consistency between the Revenues system and the website), implementing the integration required between systems to extract the bill data, and configure the print re-direction process.
- 1.2.5 At the time of writing, the storage for the public cluster is expected to be provided during week commencing 21st December which will enable bills to be displayed in the My Account section of the website.

1.3 Skype for Business and Microsoft Exchange Outlook

- 1.3.1 The Skype for Business project started with a small “proof of concept” stage to ensure the technology would work in our environment successfully. Once this was complete, additional servers were added to increase the amount of users on the system and to transition us into a “live” environment.
- 1.3.2 Our “live” environment has been set up according to Microsoft Best Practice Guidelines and includes load balancers to intelligently route calls to servers that have the capacity to handle them.

- 1.3.3 As new users have been added to the system we have been co-ordinating the installation of software and telephone handsets with classroom based training for staff so they are able to use the new system upon their return to the office.
- 1.3.4 In addition to the staff telephone equipment we have also provided new “common area phones” where handsets are required but no permanent staff work (e.g. meeting and plant rooms).
- 1.3.5 A new contact centre system has also been procured that integrates with Skype for Business (the previous Macfarlane system did not). The contract was awarded to Freedom Communications who have installed a product called Geomant Contact Expert.
- 1.3.6 This is in the final stages of configuration with the training of a pilot set of users (Elections and Licencing) in early January 2016.
- 1.3.7 The Novell Groupwise email system is being replaced with Microsoft Exchange which uses Microsoft Outlook as the desktop client.
- 1.3.8 The Exchange servers have been built according to Microsoft Best Practice Guidelines and take into account the support of mobile devices (tablets), remote access (web mail), spam and email filtering (MIMESweeper), archiving (Netmail), and co-existence with the Groupwise system whilst users are migrated across.
- 1.3.9 An important goal has been to ensure emails that have been received in the Groupwise system are still accessible via Outlook once we have moved. To achieve this we have used email archiving. As well as containing a record of Groupwise emails the archive will also be used going forward to maintain a record of emails received on Exchange, providing a single point of record for all emails received.
- 1.3.10 The email archiving of Groupwise has completed and the Microsoft Exchange system is fully functional. Mail is flowing between Exchange, Groupwise and the outside world. A number of users are testing the system prior to the phased rollout of Outlook. Elections and Licensing will be the first users due to the dependency of Outlook and the Contact Expert system. Training is being provided for staff on the use of the Outlook software via a Computer Based Training program developed by The Knowledge Academy.

During the transition from Groupwise to Exchange the configuration of member’s tablets will need to be updated. This will be planned to coincide with times when members are at the Gibson Building and will be via drop-in sessions. The operation of the tablets to use email will remain the same.

1.4 WiFi

- 1.4.1 The previous WiFi system had been in place for a number of years and pre-dated the wide scale adoption of smartphones and tablets which have built in WiFi. As a

result, the capacity previously catered for and signal speeds available were no longer suitable.

- 1.4.2 WiFi systems now offer a range of access points to deal with varying capacities of users. For high density areas (such as the Council Chamber) there are high to mid-range units, and for office spaces with fewer users there are smaller units.
- 1.4.3 A survey was conducted of our usage and positioning of access points to determine which size of access points were required to provide the capacities in the correct areas. As a result we now have a mixture of high, mid and low density units in the correct areas to meet demand.
- 1.4.4 The newer equipment also operates on the faster 5Ghz band and supports the newest signalling standard (802.11ac) for the fastest possible operation.

1.5 Conclusion

- 1.5.1 As with all projects, there will always be unexpected problems which need to be dealt with. However, over the last year we have experienced an unusually high number from a variety of sources (staff availability, equipment problems, and issues with suppliers to name a few). During this time, our staff have remained positive and committed to obtain the best result for the Council, and despite a number of projects taking slightly longer to progress than expected, they are being delivered without deviation from the original vision.

1.6 Legal Implications

- 1.6.1 None

1.7 Financial and Value for Money Considerations

- 1.7.1 Delivery of e-billing for the 2016/17 annual bills is expected to return £5,000 of savings on postage.

1.8 Risk Assessment

- 1.8.1 Availability of internal staff resources continues to be a concern although the recent appointment of a new Senior Technical Officer will help mitigate this.

1.9 Policy Considerations

Business Continuity/Resilience; Customer Contact; Human Resources

Background papers:

contact: Darren Everden

Nil

Sharon Shelton

Director of Finance & Transformation

Agenda Item 13

Any other items which the Chairman decides are urgent due to special circumstances and of which notice has been given to the Chief Executive.

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Agenda Item 14

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

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

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of the Local Government Act 1972.

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Agenda Item 20

Any other items which the Chairman decides are urgent due to special circumstances and of which notice has been given to the Chief Executive.

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