

# TONBRIDGE & MALLING BOROUGH COUNCIL



## EXECUTIVE SERVICES

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**Chief Executive**

Julie Beilby BSc (Hons) MBA

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To: MEMBERS OF THE COUNCIL

Dear Sir/Madam

I hereby summon you to attend a meeting of the Tonbridge and Malling Borough Council which will be held in the Civic Suite, Gibson Building, Kings Hill, West Malling on Tuesday, 1st November, 2016 at 7.30 pm, when the following business is proposed to be transacted:-.

### PART 1 - PUBLIC

- |    |   |         |
|----|---|---------|
| 1. | Apologies for absence   | 5 - 6   |
| 2. | Declarations of interest  | 7 - 8   |
|    | To declare any interests in respect of recommended items                                  |         |
| 3. | Minutes   | 9 - 12  |
|    | To confirm as a correct record the Minutes of the meeting of Council held on 12 July 2016 |         |
| 4. | Mayor's Announcements   | 13 - 14 |
| 5. | Questions from the public pursuant to Council Procedure Rule No 5.6                       | 15 - 16 |
| 6. | Questions from Members pursuant to Council Procedure Rule No 5.5                          | 17 - 18 |
| 7. | Leader's Announcements  | 19 - 20 |

8. Reports, Minutes and Recommendations 21 - 22

To receive and consider reports, minutes and recommendations from the meetings of the Cabinet and Committees set out in the Minute Book and officers' reports on any matters arising from them, and to receive questions and answers on any of those reports. Matters for recommendation to the Council are indicated below at items 9 to 15.

9. Consultations: Fairer Charging in Tonbridge and Malling; and Cessation of Council Tax Reduction Scheme Grant to Parish Councils 23 - 80

Item CB 16/60 referred from extraordinary Cabinet minutes of 28 July 2016

10. Flooding Update: Tonbridge, Hildenborough and East Peckham 81 - 94

Item CB 16/64 referred from extraordinary Cabinet minutes of 6 September 2016

11. Corporate Strategy 95 - 106

Item CB 16/74 referred from Cabinet minutes of 12 October 2016

12. Special Expenses Scheme Policy ('Fairer Charging') and Updated Financial Data 107 - 128

Item CB 16/75 referred from Cabinet minutes of 12 October 2016

13. Review of the Council's Local Council Tax Reduction Scheme 129 - 184

Item CB 16/76 referred from Cabinet minutes of 12 October 2016

Copies of full Council Tax Reduction Scheme and Exceptional Hardship Scheme - to follow

14. Treasury Management Update and Mid-Year Review 2016/17 185 - 208

Item CB 16/77 referred from Cabinet minutes of 12 October 2016

15. Review of Housing Assistance Policy 209 - 218

Item CB 16/78 referred from Cabinet minutes of 12 October 2016

16. Sealing of Documents

219 - 220

To authorise the Common Seal of the Council to be affixed to any Contract, Minute, Notice or other document requiring the same.

JULIE BEILBY  
Chief Executive  
Monday, 24 October 2016

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Apologies for absence

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# Agenda Item 2

Declarations of interest

To declare any interests in respect of recommended items.

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## TONBRIDGE AND MALLING BOROUGH COUNCIL

### COUNCIL MEETING

Tuesday, 12th July, 2016

At the meeting of the Tonbridge and Malling Borough Council held at Civic Suite, Gibson Building, Kings Hill, West Malling on Tuesday, 12th July, 2016

**Present:** His Worship the Mayor (Councillor M R Rhodes), the Deputy Mayor (Councillor R W Dalton), Cllr Mrs J A Anderson, Cllr O C Baldock, Cllr M C Base, Cllr Mrs P A Bates, Cllr Mrs S Bell, Cllr R P Betts, Cllr T Bishop, Cllr P F Bolt, Cllr J L Botten, Cllr V M C Branson, Cllr Mrs B A Brown, Cllr T I B Cannon, Cllr D J Cure, Cllr D A S Davis, Cllr T Edmondston-Low, Cllr B T M Elks, Cllr Mrs S M Hall, Cllr S M Hammond, Cllr Mrs M F Heslop, Cllr N J Heslop, Cllr S R J Jessel, Cllr D Keeley, Cllr Mrs F A Kemp, Cllr S M King, Cllr D Lettington, Cllr Mrs S L Luck, Cllr B J Luker, Cllr D Markham, Cllr P J Montague, Cllr Mrs A S Oakley, Cllr L J O'Toole, Cllr M Parry-Waller, Cllr S C Perry, Cllr H S Rogers, Cllr R V Roud, Cllr Miss J L Sergison, Cllr T B Shaw, Cllr Miss S O Shrubsole, Cllr C P Smith, Cllr Ms S V Spence, Cllr A K Sullivan, Cllr M Taylor, Cllr F G Tombolis, Cllr B W Walker and Cllr T C Walker

Apologies for absence were received from Councillors Ms J A Atkinson, M A C Balfour, Mrs S M Barker, M A Coffin, M O Davis, Mrs T Dean and R D Lancaster

### PART 1 - PUBLIC

#### **C 16/49 MINUTE'S SILENCE**

Before the start of the meeting the Mayor invited the Council to observe a minute's silence in memory of Jo Cox MP who had been murdered while undertaking public office.

#### **C 16/50 DECLARATIONS OF INTEREST**

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

#### **C 16/51 MINUTES**

**RESOLVED:** That the Minutes of the proceedings of the meeting of the Council held on 17 May 2016 be approved as a correct record and signed by the Mayor.

**C 16/52 MAYOR'S ANNOUNCEMENTS**

The Mayor reported that since the Annual Council meeting he had made visits to school fetes, plays and award ceremonies. Other memorable events included the Royal Garden Party, Tonbridge Lions It's a Knockout and the BBC Antiques Roadshow at Ightham Mote. He also commented on the successful Tonbridge and Snodland Carnivals, the Battle of Britain Memorial event and a visit with the Deputy Mayor to Porchlight in New Wharf Road, Tonbridge.

Members were reminded of the Mayor's forthcoming Garden Party at Hadlow College on 13 July and the Civic Service on 24 July. It was noted that the date of the Mayor's Quiz would need to change from 8 October and further details would follow in due course.

**C 16/53 QUESTIONS FROM THE PUBLIC PURSUANT TO COUNCIL PROCEDURE RULE NO 5.6**

No questions were received from members of the public pursuant to Council Procedure Rule No 5.6.

**C 16/54 QUESTIONS FROM MEMBERS PURSUANT TO COUNCIL PROCEDURE RULE NO 5.5**

No questions were received from Members pursuant to Council Procedure Rule No 5.5.

**C 16/55 LEADER'S ANNOUNCEMENTS**

The Leader referred to the election for the Police and Crime Commissioner and the Referendum on the UK's membership of the European Union which had taken place since the last Council meeting. Both required a significant resource during the months of preparation, on the day itself and at the counts, involving 90 per cent of staff. He invited Members to join him in thanking the Chief Executive and those staff who worked on either or both exercises and, especially, to express appreciation to Richard Beesley. In the case of the referendum, if ensuring the smooth running of polling stations and the count was not enough, the severe weather warning received two days prior was an added complication. The Leader thanked Andy Edwards for taking charge of the Council's response to the significant weather situation and staff not on polling duty for ensuring as much business as usual was maintained.

The Leader commented that there was now certainty as to the name of the new Prime Minister and he wished Mrs May well as she took the helm. However, he reflected on the current time of political uncertainty and suggested that local government was best placed to maintain a degree of stability amongst the chaos of national government, being closest to the people and direct deliverers of services to them.

On the previous Friday the Leader had invited Chris Brodie, the Chairman of the South East Local Enterprise Council, to the Borough. Their tour had included a meeting at the East Malling Research Station and a walkabout of Tonbridge High Street. He was pleased to advise that the Council's bids to the third round of the Local Growth Fund were for improvements to the Leigh Flood Storage Area and the East Malling Research Station.

The Leader was grateful for the minute's silence for Jo Cox observed at the start of the meeting. He indicated that this authority had joined others in flying flags at half-mast over its buildings during the weekend after her brutal murder. He commented on living in a tolerant, diverse and accepting community and hoped that it might long remain so.

Members were reminded of the ongoing discussions with the County Council about seeking devolved powers across the County and in respect of a more joined up approach to delivering services across West Kent in partnership with Sevenoaks District Council and Tunbridge Wells Borough Council. The Leader reported that at a recent meeting of the Kent Council Leaders, there had been unanimous agreement that now was not the appropriate time for Kent and Medway to submit a devolution bid to the Government. Whilst a transfer of powers and freedoms from central to local government was considered highly desirable and might eventually bring great benefits to local residents, the current pressures on Government, not least from the need to focus upon EU exit negotiations, meant that devolution was unlikely to be a priority in the medium term. However, efforts would continue to build on the joint working and trusted relationships that had developed whilst working on the devolution agenda. In particular, joint working between clusters of authorities – for example in West Kent – would continue without any formal devolution agreement and would particularly focus on improving the efficiency and effectiveness of existing services.

The Leader then reflected on the numerous summer related activities throughout the Borough including school fetes, carnivals at Snodland and Tonbridge and, most recently, the very successful weekend of Music and Fireworks organised by the Tonbridge Arts Committee and particularly Andy Brett.

Finally, Members were informed that Councillor Martin Coffin, who had given his apologies for absence from the meeting, was celebrating his 30th wedding anniversary and the Leader was pleased to send congratulations to him and his wife Gillian.

## **C 16/56      EQUALITY POLICY STATEMENT AND OBJECTIVES**

Item OS 16/13 referred from Overview and Scrutiny Committee minutes of 14 June 2016

**RESOLVED:** That the recommendations at Minute OS 16/13 be approved.

**C 16/57 HUMAN RESOURCES STRATEGY UPDATE**

Item GP 16/12 referred from General Purposes Committee minutes of 27 June 2016

**RESOLVED:** That the recommendations at Minute GP 16/12 be approved.

**C 16/58 RISK MANAGEMENT STRATEGY**

Item CB 16/48 referred from Cabinet minutes of 29 June 2016

**RESOLVED:** That the recommendations at Minute CB 16/48 be approved.

**C 16/59 TREASURY MANAGEMENT UPDATE AND ANNUAL REPORT FOR 2015/16**

Item CB 16/49 referred from Cabinet minutes of 29 June 2016

**RESOLVED:** That the recommendations at Minute CB 16/49 be approved.

**C 16/60 MULTI-YEAR SETTLEMENT AND ASSOCIATED EFFICIENCY PLAN AND FLEXIBLE USE OF CAPITAL RECEIPTS STRATEGY**

Item CB 16/50 referred from Cabinet minutes of 29 June 2016

**RESOLVED:** That the recommendations at Minute CB 16/50 be approved.

**C 16/61 SEALING OF DOCUMENTS**

**RESOLVED:** That authority be given for the Common Seal of the Council to be affixed to any instrument to give effect to a decision of the Council incorporated into these Minutes and proceedings.

The meeting ended at 7.47 pm

Mayor's Announcements

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# Agenda Item 5

Questions from the public pursuant to Council Procedure Rule No 5.6

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# Agenda Item 6

Questions from Members pursuant to Council Procedure Rule No 5.5

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Leader's Announcements

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# Agenda Item 8

<b>Meeting</b>	<b>Page Nos in Minute Book</b>	<b>Recommendations To Council</b>
30 June: Area 1 Planning Committee - Minute Numbers: AP1 16/14 - 19	5 - 6	
6 July: Area 2 Planning Committee - Minute Numbers: AP2 16/35 - 43	7 - 10	
14 July: Area 3 Planning Committee - Minute Numbers: AP3 16/27 - 31	15 - 16	
18 July: Licensing and Appeals Panel - Minute Numbers: LA 16/55 - 57	17 - 18	
27 July: Licensing and Appeals Panels - Minute Numbers: LA 16/58 – 60 - Minute Numbers: LA 16/61 – 63 - Minute Numbers: LA 16/64 – 66	19 - 24	
28 July: Extraordinary Cabinet - Minute Numbers: CB 16/59 - 61	25 - 28	CB 16/60
17 August: Area 2 Planning Committee - Minute Numbers: AP2 16/44 - 53	29 - 34	
25 August: Area 3 Planning Committee - Minute Numbers: AP3 16/32 – 37	35 - 38	
26 August: Licensing and Appeals Panels - Minute Numbers: LA 16/67 – 69 - Minute Numbers: LA 16/70 – 72 - Minute Numbers: LA 16/73 – 75 - Minute Numbers: LA 16/76 - 78	39 - 46	
5 September: Audit Committee - Minute Numbers: AU 16/40 – 47	47 - 50	
6 September: Extraordinary Cabinet - Minute Numbers: CB16/62 – 68	51 - 52	CB 16/64

13 September: Overview and Scrutiny Committee - Minute Numbers: OS 16/18 – 25	57 – 60	
26 September: Licensing and Appeals Panel - Minute Numbers: LA 16/79 – 81	61 – 64	
28 September: Area 2 Planning Committee - Minute Numbers: AP2 16/54 – 63	65 – 68	
10 October: Licensing and Appeals Committee - Minute Numbers: LA 16/82 – 89	69 – 70	
12 October: Cabinet - Minute Numbers: CB16/69 - 84	71 – 76	CB 16/74 - 78
20 October: General Purposes Committee - Minute Numbers: GP 16/15 -	To Follow	

**NOTE:** These minutes include the following proposals from the Cabinet in relation to the Council's budget and policy framework:

Corporate Strategy (Minute CB 16/74)

Special Expenses Policy (Minute CB 16/75)

Local Council Tax Reduction Scheme (Minute CB 16/76)

## Item CB 16/60 referred from extraordinary Cabinet minutes of 28 July 2016

### **CB 16/60 CONSULTATIONS: FAIRER CHARGING IN TONBRIDGE AND MALLING; AND CESSATION OF COUNCIL TAX REDUCTION SCHEME GRANT TO PARISH COUNCILS**

The report of the Management Team gave details of the responses received in respect of the two consultations launched on 9 May 2016 for a six week period (Decision No D160037CAB). One consultation was with parish councils regarding the potential cessation of the Council Tax Reduction Scheme (CTRS) grant arrangements from 2017/18. The other involved the wider public in relation to “Fairer Charging”, the potential introduction of a Special Expenses Scheme in place of the (section 136) Financial Arrangements with Parish Councils Scheme, also with effect from 2017/18. The Director of Finance and Transformation introduced the report and made a presentation on the responses to each consultation and the suggested way forward.

It was noted in respect of the CTRS consultation that responses were limited in number and were generally accepting of the Borough Council’s financial position and the “discretionary” nature of the grants currently awarded. It was therefore recommended that such grants be withdrawn from April 2017, achieving a saving of £175,000.

Detailed consideration was given to the issues emerging from the Fairer Charging/ Local Charge consultation, the majority of parish councils supporting the approach, albeit with caveats, while the responses from residents were mixed with those from Tonbridge generally not in favour and those from parished areas generally supportive. Members debated the potential service areas to be included in any Special Expenses Scheme in the light of the responses, attention being drawn to a detailed representation received in respect of Tonbridge cemetery, the position concerning open churchyards and a suggested review of Christmas lighting grants by the Overview and Scrutiny Committee. It was noted that if the Council were to adopt a Special Expenses Scheme, savings of around £226,000 per annum could be achieved, subject to a decision on future support for open churchyards.

The report highlighted the outcome of an Equality Impact Assessment of both cessation of CTRS grants to parish councils and the implementation of a Special Expenses Scheme which indicated that there were no disproportionate effects needing to be addressed.

Finally, the Cabinet recorded thanks to the Director of Finance and Transformation and the cross-service officer team involved in preparation for and analysis of responses to the consultations.

#### **RECOMMENDED:** That

- (1) the responses received in respect of the consultation with parish councils regarding the cessation of CTRS grants and any potential equality impacts be noted and the grants be withdrawn from 1 April 2017 and parish councils notified accordingly;

- (2) the responses received in respect of the consultation regarding the potential introduction of Special Expenses and any potential equality impacts be noted and the introduction of such a Scheme from 1 April 2017 be commended to the Council;
- (3) on the basis that a Special Expenses Scheme is to be introduced, the following concurrent services should be incorporated within the Scheme:-
- Closed churchyards
  - Open spaces, parks and play areas maintained by TMBC in parished areas; excluding Leybourne Lakes Country Park (strategic site)
  - Open spaces, play areas, parks and sportsgrounds in Tonbridge; excluding Castle Grounds and Haysden Country Park (strategic sites)
  - Support given to Local Events
  - Allotments;
- and, in accordance with the agreed project timetable, the Overview and Scrutiny Committee review the Scheme, once it is drawn up, at its next meeting;
- (4) information be sought from the church authorities on the capacity status of open churchyards throughout the Borough to enable further consideration of whether grants (under section 214 of the Local Government Act 1972) should continue to be offered to support their maintenance in furtherance of the previous policy in this regard;
- (5) a review be undertaken by the Overview and Scrutiny Committee into the future funding of Christmas Lighting and High Street flower displays in readiness for 2017/18; and
- (6) on the basis that a Special Expenses Scheme is to be introduced, the Scheme of Financial Arrangements cease with effect from 1 April 2017 and parish councils be notified accordingly.

**\*Referred to Council**



# TONBRIDGE & MALLING BOROUGH COUNCIL

## CABINET

28 July 2016

### Report of the Management Team

#### Part 1- Public

#### Matters for Recommendation to Council

#### **1 CONSULTATIONS - FAIRER CHARGING IN TONBRIDGE & MALLING; AND CESSATION OF COUNCIL TAX REDUCTION SCHEME GRANT TO PARISH COUNCILS**

##### **Summary**

The Council launched two consultations on 9 May for a six week period. One of the consultations was with parish councils regarding the potential cessation of the Council Tax Reduction Scheme Grant arrangements from 2017/18. The other was a wider public consultation regarding the potential introduction of a Special Expenses Scheme in place of a (s136) Financial Arrangements with Parish Councils Scheme; again with effect from 2017/18. This report provides details of the responses to both consultations and the suggested way forward.

##### **1.1 Introduction**

- 1.1.1 At the meeting on 20 April 2016, Cabinet agreed to launch two consultations for a six week period.
- 1.1.2 The first consultation was with parish councils only regarding the potential cessation of the council tax reduction scheme (CTRS) grant arrangements from 2017/18.
- 1.1.3 The second consultation was a wider public consultation regarding the potential introduction of a Special Expenses Scheme in place of a Financial Arrangements with Parish Councils (FAPC) Scheme, also with effect from 2017/18.
- 1.1.4 Both consultations commenced on 9 May and closed at noon on 20 June 2016.

##### **1.2 Council Tax Reduction Scheme Grant**

- 1.2.1 As Members may recall from the report to the April meeting, the Council passes over funds to parish councils, from its general government grant as originally specified by Government in 2013.
- 1.2.2 Since 2013, no specific direction as to the amounts to be passed over has been made by Government. As Cabinet were advised at the last meeting, the Council is

under no statutory obligation to pass these funds onto parish councils. Many billing authorities have already ceased, or are planning to cease or significantly reduce, the payments in response to the significant cuts in government grant funding to local government.

- 1.2.3 Following Cabinet's decision in April to launch a consultation with parish councils as to the potential cessation of the arrangement with effect from 2017/18, the Director of Finance & Transformation wrote to all clerks and chairmen of parish councils on 6 May, with "reminders" being issued on 9 and 17 June. A presentation was also given at the special meeting of the Parish Partnership Panel (PPP) on 18 May 2016.
- 1.2.4 Of the 27 parish councils in the borough, we have received specific responses from only 5. Details are set out in **[Annex 1]**.
- 1.2.5 Members will note that, whilst there is some disappointment expressed in the potential cessation of the grant allocation, the majority of the parish councils that have responded understood the Council's position and have not objected to the proposal. It should be noted, however, that some responses from parish councils have linked the two consultations (i.e. this, plus 'fairer charging'), and have suggested that there is a 'plan B' in the event of council tax 'capping' for parish councils. This issue is explored later.
- 1.2.6 It is perhaps also worth noting that the three councils that would be most affected (in terms of how much the cessation of the grant would impact on the parish council tax charge) are:
- Snodland
  - Ditton
  - Borough Green
- 1.2.7 Snodland Town Council responded to the consultation stating that "*because Snodland receive one of the highest grant payments the loss of this grant will mean an increase in the precept which will be higher than anticipated*". Borough Green Parish Council simply "*noted the T&MBC CTR proposal as outlined in the consultation document*". We did not receive a specific response to this particular consultation from Ditton Parish Council.
- 1.2.8 The parish councils which would be 'next in line' in terms of highest impacts are Wrotham, West Malling and East Peckham. None of these parish councils specifically responded to the consultation.

### 1.3 'Fairer Charging' - Background

- 1.3.1 As Cabinet is aware, the 'Fairer Charging' public consultation revolved around the potential introduction of a "Special Expenses Scheme" to replace the arrangements we have in place with parish councils (i.e. the FAPC s136 scheme). Full details were set out in the Cabinet report of 20 April, and the detailed research paper which accompanied that report.
- 1.3.2 Members are reminded that the Council resolved to adopt the FAPC scheme, under s136 of the Local Government Act 1972, some many years ago in recognition of the fact that some areas within the borough are parished (and therefore parish councils operate 'concurrent' services) and the town of Tonbridge is unparished (and so the Borough Council must provide the 'concurrent' services).
- 1.3.3 In simple terms, residents in parished areas receive services such as play areas, sportsgrounds and allotments from their parish council and pay an additional level of council tax to the parish council. Residents in Tonbridge, however, receive those same services directly from the Borough Council because there is no town council to provide them.
- 1.3.4 There is no additional charge on Tonbridge residents and the cost of these '*local Tonbridge*' services is currently shared by all residents across the borough; so, in order to provide some equity, the Borough Council has traditionally given grants to parish councils to contribute towards the cost of the services in parished areas. During the course of the review and consultation, it became clear that the grants do not cover the full costs in parished areas and, therefore, there remains some inequity in any event.
- 1.3.5 That said, it is important to remember that there is no obligation to give grants to parish councils under the s136 power, and the Borough Council has absolute discretion as to the amount, if any, it may decide to pay under these arrangements.
- 1.3.6 Whilst there would be an impact to households across the entire borough in making such a change of policy, clearly the greatest financial impact would be seen in Tonbridge. Members are reminded that Tonbridge residents presently pay the lowest amounts of council tax within the borough as there is no 'additional' levy.
- 1.3.7 As indicated in the last report to the meeting on 20 April, we are now standing at a 'crossroads' with a dilemma. Whilst the Council has admirably addressed the inequity issue in the past by giving s136 grants to parish councils, it is now clear from research undertaken and conversations that have since taken place, that irrespective of this there is still some inequity. This is because the grants do not actually meet the full costs of the local 'parish' services and therefore, logically, residents in parished areas are still paying a higher cost than those residents in Tonbridge. This is despite the fact that, in some parished areas, some services have also been delivered with the assistance of local volunteers (an issue that was highlighted by one parish council in its response).

- 1.3.8 Due to its financial challenges, the Council needs to examine every aspect of its own expenditure; and the amount it awards in grants to others is clearly one of those areas that must be examined. If we cannot look to make savings from money we ‘pay over’ to other organisations, the stark reality is that we are going to have to make cuts to some of our core services. There is some irony in this – services provided by other bodies would be offered some ‘protection’ through the continuation of borough council grant support whereas the Council’s core services would not. In addition to this of course, parish councils are not presently required to limit their precepts or council tax increases under ‘capping’ regulations.
- 1.3.9 Alternatively, if the Council decides to keep the ‘status quo’, it must recognise that there is presently some inequity between parished and unparished areas, and therefore in order to re-create ‘fairness’ may need to examine very carefully the costs of the local services in Tonbridge with a view to scaling them back.
- 1.3.10 Hence, there is a real dilemma here.

#### **1.4 Fairer Charging – the Consultation**

1.4.1 The public consultation was launched on-line on 9 May with a relatively simple questionnaire; a copy of which is attached at **[Annex 2]**. Members will note that in the documentation we used the term ‘*Local Charge*’ in place of the more technical term ‘*Special Expenses*’; although the two terms are interchangeable. The crucial ‘overarching’ issues were :

- 1) Whether a scheme of ‘local charges’ would be fairer
- 2) What functions (if any) should be included in the local charge

Respondents were also given the opportunity to make free-form comments.

- 1.4.2 A short video was recorded and placed on the website explaining both the background and the proposals. The detailed research paper and other information (such as Q and A) was made available via the website to aid transparency and understanding.
- 1.4.3 Leaflets and posters were produced and distributed to a variety of public venues across the borough, including community centres, coffee shops, post offices, village halls, libraries, leisure centres, Poult Wood Golf Centre, Tonbridge Castle Gateway and of course our own office reception at Kings Hill. A few hundred leaflets were also sent out ‘randomly’ accompanying routine correspondence to residents.
- 1.4.4 Half page advertisements were placed in the Kent Messenger and Courier newspapers on 13 May, and digital impressions also appeared on their websites. Our Media team have “tweeted” regularly to remind the public of the consultation.
- 1.4.5 News releases were also produced which resulted in extensive editorial coverage in the KM, Times of Tonbridge and Courier, along with emails being sent to ‘My

Account' holders. The Cabinet Member for Finance, Innovation & Property attended the BBC Radio Kent Studios to record an interview on the consultation at their invitation, but regrettably due to other high profile news, the interview was not broadcast (to our knowledge).

- 1.4.6 The Director of Finance & Transformation wrote to all clerks and chairmen of parish councils on 6 May advising them of the consultation, with "reminders" being issued on 9 and 17 June.
- 1.4.7 Detailed 'visual' presentations were given at special meetings of Tonbridge Forum and PPP on 12 May and 18 May 2016 respectively. Extracts of the minutes of those special meetings are attached at **[Annex 3]** for information.
- 1.4.8 After the PPP meeting, officers assisted individual parish councils with various questions and issues that arose.
- 1.4.9 In total, at the close of the consultation we received:
- 272 responses from the general public to the on-line questionnaire.
  - 1 written comment on a specific issue.
  - 13 responses from parish councils; and 1 further response was received after the close of the consultation.
- 1.4.10 Whilst we did not receive a written response from KALC to the questionnaire, at the meeting of the PPP on 18 May, the KALC representative *'thanked the Borough Council for the honest approach taken with the consultation and the thoughtful timetabling. It was noted that Tonbridge and Malling had continued to support parish councils for as long as possible and that was greatly appreciated.'*

## **1.5 Issues raised by Parish Councils - 'Fairer Charging'**

- 1.5.1 A summary of the responses received from the **parish councils** is attached at **[Annex 4]** for Members' information. 14 of the 27 parish councils responded (including the 1 late response), and of those, it is pleasing to note that the majority appear to be **generally supportive** of the introduction of a scheme of Special Expenses (Local Charge), albeit with some **caveats**. Some parish councils also thanked the Council for the opportunity to express views on these matters and commented on the quality of the exercise.
- 1.5.2 As mentioned in paragraph 1.2.5, some responses from parish councils have linked the two consultations (i.e. this, plus 'council tax reduction scheme grant'), and have suggested that the borough council should consider a 'plan B' in the event of council tax **'capping'** for parish councils in 2017/18.
- 1.5.3 As mentioned at paragraph 1.3.8, parish councils are currently not subject to restrictions in the levying of council tax through the referendum principles (capping). There is however no 'blanket' policy on this, and each year DCLG announces the

'capping' position for all tiers of authority. Whilst it seems very unlikely that DCLG would opt to include parish councils in 'capping' principles (other than perhaps very large ones), it remains the case that the government has the option of making parish councils subject to the referendum principles in future. In terms of the potential impact from a special expenses scheme on parish precepts, the 'risk' is only relevant to 2017/18.

- 1.5.4 It was requested in one of the responses that the Council seek to find out the government's intentions in this regard. Whilst we would not wish to raise this formally with government, informal enquiries will continue to be made. It is appreciated that the prospect of 'capping' is a concern for parish councils, although it remains our view that this is unlikely. Nevertheless we will continue to monitor and assess the situation.
- 1.5.5 Concern was expressed by one parish council as to the potential confusion there may be on the **council tax bill** as the different council tax elements 'move around' in the event of the adoption of a Special Expenses Scheme. We agree, and in response information could be made available on the website, and potentially on the reverse of the bill, to address these concerns.
- 1.5.6 Two responses also raise the issue of **Christmas lighting** grants in the event that, in Tonbridge, these costs are included in Special Expenses. Christmas lighting is discussed later at paragraph 1.7.16, but at this stage we would suggest, on reflection, that any grants continue to be made under Section 137 of the Local Government Act 1972 and are not included in Special Expenses.
- 1.5.7 The issue of funding for **open churchyards** was also raised as a concern in the event that the FAPC scheme is withdrawn. Whilst there is no statutory obligation for the Borough Council to provide funding for open churchyards, it has historically elected to do so through the FAPC scheme in order to provide an incentive to keep churchyards open as long as possible. Some parish councils have understandably expressed concern that they would not be able to continue to provide funding if FAPC grants were withdrawn.
- 1.5.8 If Members feel that retaining 'open churchyards' across the borough remains a significant priority and this concept is not possible without borough council support, then potentially grants could be given directly to Parochial Church Councils (as burial authorities) under s214 of the Local Government Act 1972. Members should note that any grants given in this way could not be treated as a special expense (it is not technically a concurrent function), and discussions would need to take place with the PCCs as to whether the service is open to all residents of the borough, as the power for the Council to give grants under s214 does not apply unless the churchyard is open to all residents within the Borough boundary. Should grants be given in this way, the costs would form part of the Borough Council's general expenditure and therefore would need to be tested against other areas of spend in terms of priority need.

- 1.5.9 The '**disproportionate**' impact of the loss of FAPC (s136) grant to **smaller communities** has also been raised, and a suggestion of 'phasing out' the grants over a 3 to 5 year period was made by one parish council. It is correct that, if FAPC grants were withdrawn, there would be a slightly disproportionate effect on small parish councils because of the way the FAPC scheme works. As Members may be aware, the basic allocation of FAPC grant uses population; but there is a notional minimum population level set which currently benefits smaller parish councils. It is also recognised that some, particularly smaller, parish councils rely on volunteers to assist with the delivery of services (as is pointed out in one response).
- 1.5.10 As we have previously explained at the Cabinet meeting on 20 April, the PPP and the Tonbridge Forum, once a concurrent function is designated as part of an adopted Special Expenses Scheme, we could not make payments in respect of the same concurrent function under s136. In other words, we cannot treat functions as 'Special Expenses', and at the same time 'phase out' the s136 Grant Scheme. Therefore the suggestion made by one parish council in this respect is, unfortunately, not viable.
- 1.5.11 The potential '**transfer of assets**' to parish councils has also been raised as an opportunity during the consultation. The Borough Council owns and maintains small areas of land within parished areas which may, in some cases, be more appropriately managed by parish councils. Discussions would need to take place on a case by case basis, but this opportunity is certainly not ruled out.
- 1.5.12 One parish council felt that the Borough Council should continue to contribute towards the costs of the **upkeep of parks, playgrounds and open spaces** as the facilities are (potentially) used by other visitors and not just local residents. This view was not shared by the other parish councils who responded to the consultation.
- 1.5.13 The parish council raising this issue also disagreed that there should be a **local charge**, although they did agree that Christmas lights, events and allotments should be paid for by local communities. There is a real dichotomy here. Without a 'local charge' (special expenses), we would not be able to charge the cost of Christmas lights, events and allotments to residents of Tonbridge and they would continue to be shared by all taxpayers across the borough.

## **1.6 General Public responses to 'Fairer Charging'**

- 1.6.1 In terms of the 272 responses from the general public, a table summarising the responses to each question is set out below.

Question	Disagree	Agree
Christmas lighting and flower displays should be paid for by the local communities which have those facilities.	120	152
The cost of providing events such as Carnivals and Christmas Fairs should be paid for by the local communities which have those events.	135	137
The net cost of providing allotments should be paid for by the local communities which have those facilities.	128	144
The cost of maintaining playgrounds, playing fields and parks should be paid for by the local communities which have those facilities.	138	134
The cost of looking after cemeteries and churchyards should be paid for by the local communities which have those facilities.	150	122
From April 2017, Council tax bills should include a Local Charge where appropriate	145	127

- 1.6.2 168 (61.8%) of the respondents indicated that they were residents of Tonbridge; 103 respondents (37.9%) from parished areas; and 1 respondent from outside the borough.
- 1.6.3 In terms of the borough-wide 'spread' of households, 27.4% of the borough's taxbase is in Tonbridge with the remaining 72.6% in parished areas. Therefore, the results of the consultation are not entirely representative of the borough as a whole and are skewed towards Tonbridge. This is, of course, not surprising given that the impact is likely to be greater for residents in Tonbridge.
- 1.6.4 In total, more respondents agree than disagree that local communities which have those facilities should pay for:
- Christmas lighting and flower displays
  - Events such as Carnivals and Christmas Fairs
  - The net cost of allotments
- 1.6.5 Conversely, more respondents disagree than agree that local communities which have those facilities should pay for
- Maintenance of playgrounds, playing fields and parks
  - Maintenance of cemeteries and churchyards



- 1.6.6 Finally, more respondents disagree (145) than agree (127) that council tax bills should include a Local Charge (Special Expenses) where appropriate. In terms of the borough-wide split, the data is as follows:

	Disagree	Agree	Total
Tonbridge residents	124 (73.8%)	44 (26.2%)	168 (100%)
Parished areas	21 (20.4%)	82 (79.6%)	103 (100%)
Outside Borough	0 (0.0%)	1 (100%)	1 (100%)

- 1.6.7 As also expressed at paragraph 1.5.13, there is a potential dichotomy in the responses. For example, more agree than disagree that local communities should pay for things such as allotments, Christmas lighting, etc. but overall do not think there should be a 'local charge'. This may be partly due to a misunderstanding of the process, but in getting to the reasoning behind some of the responses, the qualitative 'free-form' comments made at the end of the questionnaire by many respondents are of assistance. A numerical summary of the key 'themes' arising from the comments is attached at **[Annex 5]**.

## 1.7 Fairer Charging – Themes

### ***Allotments***

- 1.7.1 Although the majority of respondents agreed that the net cost of Allotments should be paid for by the local community benefiting from the service, there were a number of 'free-form' comments (37) about allotments. In particular, the comments suggested that the full cost of the Allotment service should be met by the allotment holders, e.g. *"Allotments should be paid for by the individuals that use them"*.
- 1.7.2 For many years the Council's allotments in Tonbridge have been managed on the Council's behalf by the Tonbridge Allotment and Gardens Association (TAGA). The allotment holders pay an annual fee to TAGA in line with market value, and the Council pays TAGA an annual grant of £5,000 to assist with the overall financial costs. The market value is determined by a comparison with allotment charges levied by other local authorities. The approach adopted by the Council and TAGA is in accordance with Section 10 of the Allotments Act 1950.
- 1.7.3 The 1950 Act does restrict the Council's ability to recover the full costs of managing allotments, which has recently been tested by another local authority in the High Court. The decision stated that "when fixing allotment rents under the Allotment Act a local authority should carry out some sort of valuation exercise, ideally by looking at the rents charged by other local authorities or by considering agricultural rents". We believe that the Council should continue to have regard to the decision of the

High Court, and therefore it is likely that there will be a small net cost beyond those recovered through fees.

- 1.7.4 There is no reason, in our view, why allotments as a concurrent function should not be included in a Special Expenses Scheme.

### **Events**

- 1.7.5 Members will note from **[Annex 5]** that 25 comments were received regarding the inclusion of Events/Festivals in a Special Expenses scheme. In particular, it was felt that events attract visitors from a wider catchment area and should be financially supported by local traders, e.g. *“Christmas fairs and carnivals should be mostly self funding, inviting traders to be the biggest contributors”*.
- 1.7.6 More use of ‘voluntary’ groups to keep costs to the public down was also mentioned, e.g. *“The Lions do a marvellous job during these events voluntarily, and other community groups should be encouraged to contribute as well.”*
- 1.7.7 Whilst it is accepted that events do attract people from outside the town or village they are staged in, the core attendance is primarily felt to be of local nature. It is also true to say that any economic benefit generated by the event is felt by the host town/village. The events in question include examples such as Music in Malling, Tonbridge Arts Festival and Tonbridge Medieval Fair.
- 1.7.8 As Members know, the Borough Council over recent years has moved away from the direct provision of events and now supports local community groups which are responsible for the events. The Council’s Events Officer spends approximately 2 days a week throughout the year supporting events run by others (primarily, but not exclusively, in Tonbridge), and a further 1 day a week determining applications for events on Council-owned land.
- 1.7.9 Whilst it is recognised that there is no accurate data on where people live who attend events, it is felt on balance and bearing in mind the relatively small number of people raising the issue, that they should be considered as local in nature and, as a concurrent function, be included in any Special Expenses Scheme.

### **Sportsgrounds /Parks /Open Spaces**

- 1.7.10 15 comments were received from the public regarding the inclusion of Sportsgrounds in Tonbridge in Special Expenses. The comments were primarily in regard to whether the Sportsgrounds should be considered as local, when the facilities are used by residents outside of Tonbridge.
- 1.7.11 For the purposes of the modelling undertaken in the research paper reported to the meeting of Cabinet on 20 April, those sportsgrounds/ parks /open spaces included in ‘Special Expenses’ (being comparable to concurrent functions delivered by parish councils in parished areas) were:

- Tonbridge Racecourse Sportsground
- Tonbridge Farm Sportsground
- Swanmead Sportsground
- Frogbridge Sportsground

1.7.12 Members are reminded that the Castle Grounds were excluded on the basis that they had wider strategic significance. In addition, as reported in the research paper, both Haysden and Leybourne Lakes Country Parks were excluded also on the basis of strategic significance. The costs of all of these facilities would continue to be part of the Borough Council's 'General Expenses' and shared by all taxpayers across the borough.

1.7.13 The Borough Council regularly undertakes User Surveys at its principal open spaces once every 5 years. The most recent (2014) Tonbridge Farm Sportsground survey showed that 67% of users were from Tonbridge and the most recent (2012) Racecourse Sportsground survey showed 74% of users were from Tonbridge. Whilst Swanmead and Frogbridge Sportsgrounds have not had specific User Surveys, these are significantly smaller facilities, and it is suggested that they would have an even greater local focus.

1.7.14 Whilst it is clear that there are users from outside the immediate local area, there is a predominance of local users. This is of course not unique to Tonbridge sites, and was also highlighted by one parish council in its response (see paragraph 1.5.12).

1.7.15 On balance, we do not believe that there is any reason to exclude any of the sites listed in paragraph 1.7.11 from a potential Special Expenses Scheme.

### ***Christmas Lighting /Flower Displays***

1.7.16 Christmas lighting attracted a number of comments in the consultation. Some felt that lights were enjoyed by a wider 'audience' than the immediate local community, but there were also comments about why the full burden of cost was falling on taxpayers, e.g. "*Christmas lights should at least be part funded by traders in the town*".

1.7.17 In the majority of the parished areas where there are Christmas lighting displays, it is the local traders themselves (perhaps in liaison with the parish council) that make the arrangements. The Borough Council's contribution towards the costs, through a separate grant scheme (under Section 137 of the Local Government Act 1972), is capped at 50%. In Tonbridge, the Borough Council presently pays 100% of the costs of Christmas lighting, and takes responsibility for the erection and dismantling, and there is no financial contribution from traders. There is, therefore, an inequity as it stands.

1.7.18 We believe this is an area we should look at further, exploring opportunities perhaps with the Tonbridge Town Team to secure funding from traders and providing more comparability across the borough. **This could equally apply to flower displays on the High Street.** We suggest this might be best progressed through a review by the Overview and Scrutiny Committee, with the intention of having a new system in place for Christmas 2017. If Members were minded to adopt this approach, we suggest that Christmas lighting and flower displays on the High Street are excluded from a potential Special Expenses Scheme.

### **Cemeteries**

1.7.19 A detailed written comment on the subject of the cemetery, in particular, was received in response to the consultation. The letter is reproduced almost in its entirety (albeit anonymised) at **[Annex 6]**, given the professional and expert background of the author. Members will note that the resident argues for the Tonbridge Cemetery to be retained as a strategic service, and not a local one which would then be included in a Special Expenses Scheme. Members are advised that it is a **discretionary** power to provide cemeteries under s214 of the Local Government Act, 1972.

1.7.20 In terms of the cemetery, some of the comments made through the on-line questionnaire also support the request that the cemetery is specified as a strategic service, serving the entire population of Tonbridge and Malling, e.g. *“Facilities such as the cemetery are used by people all over the borough.”* and *“Cemeteries aren’t just used by people in certain areas so it would not be fair to just charge additional council tax to people living local to one”*.

1.7.21 The ‘reality’ of historic usage is, however, a little different. Based on information regarding the number of burials and internment of ashes, the cemetery officer indicates that in the last 2 years, over 75% of the usage was in respect of Tonbridge residents. Nevertheless, access to the service and the fee structure **applies equally** to residents across the borough of Tonbridge and Malling; and as the supply of burial plots decline, there could be a greater demand for plots from outside the immediate Tonbridge area.

1.7.22 The letter at **[Annex 6]** suggests that Tonbridge cemetery *‘is the only cemetery facility within the Council boundaries’*, but Members will be aware that this is not the case. There are 5 other cemetery facilities within the borough boundaries within the parishes of Aylesford, Hadlow, Snodland, Watlington and Wrotham. All of these facilities are maintained by the relevant parish councils with some funding provided through the current s136 FAPC grant scheme. The parish councils do, however, operate a ‘differential’ policy in respect of either the fees charged to residents from outside the parish, or indeed restricted (or no) access to the service. We believe there are only three cemetery facilities (including Tonbridge) that are open to all borough residents (some with differential fee structure).

- 1.7.23 **Clearly, however, there are 22 parished areas where there is no cemetery facility at all** (although there may instead be, currently, an open churchyard). Once an open churchyard is 'full' and an order for closure is obtained by the church, there may be greater demand, borough-wide, for the plots at Tonbridge Cemetery. This potential issue was highlighted by one parish council during the consultation - see Annex 4.
- 1.7.24 Therefore, should the cemetery be retained as a strategic borough-wide service and the costs shared by all taxpayers in the borough? On balance, taking into account the comments made during the consultation and the further reflection on the matter set out above, we now suggest that Tonbridge Cemetery should not be designated as a local service and should not be included as a Special Expense as it can be seen to be of strategic importance for a place for burials for all borough residents.

### **Churchyards**

- 1.7.25 Some of the free-form comments suggested that 'churches' should pay for the upkeep of churchyards, e.g. "*A church yard should be funded by the church not the council*". Unfortunately, although sounding logical, it is not that simple.
- 1.7.26 Firstly, distinction needs to be drawn between open and closed churchyards.
- 1.7.27 **Open** churchyards, are quite appropriately, the responsibility of the Church. As mentioned at paragraph 1.5.7, the Council has historically made funds available **on a discretionary basis** to parish councils to assist PCCs in keeping churchyards open as long as possible (currently £35.5k of the total FAPC grant allocation). There are presently 24 open churchyards in the parished areas which benefit from some borough council funding through this grant scheme. There is, however, no statutory obligation to provide funding for open churchyards and these costs cannot be included in Special Expenses. There are no open churchyards (to our knowledge) in Tonbridge.
- 1.7.28 Responsibility for **closed** churchyards is however, a different matter.
- 1.7.29 As Members may be aware, when a Church of England churchyard is **closed** to further burials in accordance with the Burial Act 1853, responsibility for maintenance may, at the request of the Church, be transferred to the relevant local authority (this may be a parish council, district council, or unitary council). If the request is made, the transfer is compulsory. If the request to transfer responsibility for a closed churchyard is made initially to a parish council, it can seek to pass that responsibility on to the next 'tier' (i.e. the district or unitary council).
- 1.7.30 In Tonbridge & Malling, there are 4 closed churchyards in parished areas. In these cases, the parish councils historically accepted responsibility for maintenance and did not choose to pass on the responsibility to the Borough Council. As mentioned, the Council does provide grants to those parish councils (totalling £5k) through the s136 FAPC scheme.

- 1.7.31 In Tonbridge, the two closed churchyards are maintained by, and are the responsibility of, the Borough Council.
- 1.7.32 Closed churchyards are, therefore, a concurrent function (i.e. in parished areas they are maintained by the parish council and in Tonbridge they are maintained by the Borough Council) and we firmly suggest that the costs are deemed to be Special Expenses and included as a local charge. It is also reassuring to note that the (expert) resident (see Annex 6) believes that closed churchyards should be treated as a local charge.

### ***Local Representation in Tonbridge***

- 1.7.33 A number of comments (17) refer to the fact that there is no town council in Tonbridge compared to the local level of representation in parished areas, e.g.

*“what Tonbridge needs above all else is a Town Council that will act for the residents....”*

*“If we have a local charge we should also have the equivalent to a parish council so we get a say in where it is spent”*

*“if Tonbridge residents are to be loaded to the tune of £42 + per year then there should be a town council to take responsibility for these functions as per the rest of the Borough via parish councils”.*

- 1.7.34 The 15 borough councillors elected for the Tonbridge wards effectively perform dual roles – i.e. the ‘local’ one in lieu of a separate town council, and the borough-wide role.
- 1.7.35 The Council also established the **Tonbridge Forum**, the terms of engagement for which were recently reviewed by Overview and Scrutiny Committee. During the review, Members confirmed continued support for the Tonbridge Forum and emphasised the aspiration of making it relevant with an active and participating local membership. All borough councillors from Tonbridge wards regularly attend Tonbridge Forum to engage with local organisations and residents.
- 1.7.36 If Tonbridge residents feel strongly about the need for a town council, the option is there to seek a community governance review through appropriate petition.

### ***Use of Facilities***

- 1.7.37 A large number of comments (53) were made about the fact that residents from across the borough (and outside the borough) can use facilities, for example:

*“...the whole community benefits from facilities provided”*

*“people from the entire district come into town to use these facilities, thus costs should remain as is”*

1.7.38 This point was also made by one parish council.

1.7.39 Whilst this is of course true, it does not resolve the fact that residents in parished areas must pay directly for the costs of facilities (net of any grant made by the Borough Council) in their area. If FAPC grants are withdrawn from parish councils due to financial pressures on the Borough Council, the inequity is exacerbated.

1.7.40 This particular problem cannot be resolved totally whatever system is in place.

### ***Other Issues***

1.7.41 A number of other issues were recorded in the free-form comments section that were not directly related to the consultation. We include them here to give Members a flavour of the issues, although some of these points are not in the Council's 'gift' to address:

- Unnecessary numbers of layers of government
- Problems with Tonbridge High Street Regeneration
- Comments about services provided by other tiers of government
- Improvements needed to recycling and general waste collection etc.
- Should be looking to make savings in other ways / should have been more frugal in the past / just increase council tax
- Council Tax Support ('benefit') already cut and this would cause more pressure

1.7.42 In addition, some felt that the consultation had not been publicised enough or was not sufficiently clear. A few comments were made about the difference between living in a town and in a rural location, and the fact that some residents feel a premium should be paid by the latter group.

## **1.8 A Local Charge?**

1.8.1 As Members will see from the statistics provided earlier in the report, there is, unsurprisingly, a mixed response to the potential introduction of a local charge. From those who responded to the consultation, 26.2% of residents from Tonbridge agreed, compared to 79.6% of residents, from parished areas.

1.8.2 Some residents of Tonbridge saw the services being available for anyone who wants to use them and, therefore, costs should be spread evenly across the borough. For example:

*"The town is the central point of the borough and it is much more likely that people from parishes would come into town as opposed to the other way round. There are*

*some collective facilities that should be regarded as a borough resource as they are there for everyone”*

- 1.8.3 Some of the comments opposing the introduction of a local charge were more about expressing concern about the additional financial bill it would bring rather than the concept itself. This is totally understandable and a valid consideration for members in looking at special expenses. Some of the comments include:

*“Council tax is high enough already. Very few people are getting a wage increase - so this is extra money that has to be found.....”*

*“Our council tax bill has just gone up. Another rise would be unmanageable financially for many Tonbridge residents. I feel that residents of Tonbridge would like to see where their existing taxes go....”*

*“I think it is unacceptable for the residents of Tonbridge town to have a much larger increase in council tax than the residents of the parishes..... I do understand that the council needs to increase tax to keep the excellent services - but these should be evenly spread”.*

*“We already pay for these services so why pay more?”*

- 1.8.4 On the other hand, two other Tonbridge residents said:

*“I would not wish to see the level of services deteriorate further and am prepared to pay a little more”*

*“As a resident of Tonbridge, the area affected most with regards to cost under these plans, I am happy to pay an extra amount to maintain the excellent parks and events we have here”.*

A third resident, after commenting that the costs of Christmas lights, events, etc. should be met first of all through other sources said:

*“If every effort has been made to raise funds from those that benefit financially from the local amenities then a local charge can be levied”.*

These are equally valid considerations to those set out in paragraph 1.8.3 above for Members determining whether to introduce special expenses.

- 1.8.5 As can be seen from the statistics at paragraph 1.8.1, conversely (and not unsurprisingly) residents of parished areas predominantly thought that it was only fair that Tonbridge residents should pay for the cost of local services. For example:

*“I would say it is about time Tonbridge residents contributed more fairly. All major leisure facilities are located in Tonbridge and residents in the out-lying parishes have little access to them. If parishes want such facilities they must fund them or find the funds themselves.”*



*“A fair and sensible proposal”*

*“In an increasingly difficult economic outlook, this proposal does seem to be the fairest way of maintaining these services moving forward”.*

*“Great idea, why has it taken so long?”*

1.8.6 A resident of Kings Hill (where there are ‘service charges’ akin to a special expense payable to Liberty as well as a precept to Kings Hill Parish Council) said:

*“Already pay a yearly fee to Liberty for local facilities therefore wouldn't expect to be double charged, however I do expect to be charged my fair share of what my community uses. Not more, not less. I think it is fair that local communities pay for what they use. I agree that local charges seem to be the best way to do it.”*

1.8.7 On balance we cannot see any reason that should deter the Council moving forward with the concept of a Local Charge, through adopting a Special Expenses Scheme, if that is its wish. Of course what is included within that Local Charge is of utmost importance; and as set out in earlier paragraphs, having reflected on the comments from the consultation as well as undertaking further research work, there are two areas that we would recommend are not included. These are Tonbridge Cemetery and Christmas lighting/flower displays, the latter of which we recommend is considered by Overview & Scrutiny Committee.

## **1.9 Summary**

1.9.1 Whilst this report has focused primarily on ‘Fairer Charging’, there were actually two consultations launched in early May.

1.9.2 At paragraph 1.2, we reported on the results of the consultation with parish councils regarding the proposed cessation of the CTRS grants (totalling £175k).

1.9.3 The responses we received were limited in number, but those we did receive were accepting of the Borough Council’s financial position and the ‘discretionary’ nature of the grants that are presently awarded.

1.9.4 We, therefore, recommend that these grants are withdrawn with effect from April 2017, achieving a saving to the Borough Council of £175k.

1.9.5 In respect of the Fairer Charging/Local Charge consultation, the majority of parish councils supported the approach (albeit with caveats), accepting that the FAPC scheme would cease as a result.

1.9.6 The responses from the public were also limited in number and were, of course, mixed with Tonbridge residents generally not favouring the approach, but residents from parished areas generally supporting it.

1.9.7 There were two objectives of the review that launched the consultation – making financial savings and achieving fairness across the borough. As we expressed in

the research paper and report to Cabinet in April, the only way that both objectives can be achieved is to introduce a Special Expenses Scheme and thereby cease the FAPC grants scheme and this remains our view.

- 1.9.8 The consultation has highlighted an issue regarding the inclusion of the Tonbridge Cemetery as a local facility and therefore a “special expense”. Having taken the representations into account, on reflection we feel that Tonbridge Cemetery should NOT be included in a Special Expenses scheme.
- 1.9.9 On a smaller scale, there are also some complications in respect of Christmas lighting and we therefore feel this should be excluded from Special Expenses, along with flower displays in the High Street. However, this should be on the understanding that there is a review undertaken by the Overview & Scrutiny Committee in the short-term exploring opportunities (perhaps in partnership with the Tonbridge Town Team) to secure funding from traders and providing more comparability regarding funding arrangements across the borough.
- 1.9.10 An issue regarding open churchyards was also explored at paragraph 1.5.8. If Members wish to take this forward, it would be outside the Special Expenses scheme and would need to be funded from savings achieved in withdrawing the FAPC scheme. Members are aware that the FAPC scheme presently costs £226k per annum, and the open churchyards element is £35.5k.
- 1.9.11 In summary, if Members are minded to move forward with a Special Expenses Scheme, we recommend that the following services are specified as part of the Scheme:
- Closed Churchyards
  - Open spaces, parks and play areas maintained by TMBC in parished areas; excluding Leybourne Lakes Country Park (strategic sites)
  - Open spaces, play areas, parks, sportsgrounds in Tonbridge; excluding Castle Grounds and Haysden Country Park (strategic sites)
  - Support given to Local Events
  - Allotments
- 1.9.12 We further recommend that if a Special Expenses Scheme is to be introduced, it should come into effect from April 2017.
- 1.9.13 The detailed figures within the research paper and previous report were based on the Cemetery and Christmas lighting/flower displays being included in a potential scheme. By removing them, this would reduce the ‘Local Charge’ for Tonbridge residents from the estimated £42 to around £36. The indicative Borough Council charge applicable to all residents would be £175.65 instead of the £173.38 set out in the research paper.

1.9.14 If Members decide to move ahead with these proposals, further detailed modelling based on 2016/17 data will be presented in the Autumn.

1.9.15 Before deciding on the way forward, Members also need to have regard to the Equality Impact assessments carried out in relation to these consultations. Details are set out at paragraph 1.14.

## 1.10 Timetable and Process

1.10.1 If Members decide to move forward with the cessation of CTRS grants and the introduction of a Special Expenses Scheme, recommendations will ultimately need to be approved by Full Council.

1.10.2 Members endorsed the outline project timetable at its last meeting. The plan would be as follows:

28 July 2016	Special Cabinet considers responses, formulates preferred way forward and, if appropriate, commissions new policy to be drafted in respect of Special Expenses  Special Cabinet decides whether to cease CTRS grants
July/August 2016	Draw up draft policy for Special Expenses
8th September 2016 and 12th September 2016	PPP and Tonbridge Forum updated verbally re: <ul style="list-style-type: none"> <li>• CTRS grants</li> <li>• Special Expenses /FAPC</li> </ul>
13th September 2016	Overview and Scrutiny Committee (O&S) review draft policy for Special Expenses and make recommendations to Cabinet
12th October 2016	Cabinet considers policy, including any recommendations from O&S, and makes recommendation to Full Council
1st November 2016	Full Council: <ul style="list-style-type: none"> <li>• adopts Special Expenses policy for 2017/18 and cessation of FAPC scheme</li> <li>• confirms cessation of CTRS grants for parish councils</li> </ul>
Early December 2016	Write to parish councils with information for budget setting
January 2017	Finance, Innovation and Property Advisory Board considers implications of adopted policy on budget setting process.

1.10.3 Members will note from the above that prior to any consideration by Full Council, as part of the Budget & Policy Framework, the Overview and Scrutiny Committee will be required to review the draft policy.

## **1.11 Legal Implications**

- 1.11.1 Section 136 of the Local Government Act 1972 allows principal authorities to pay grants to local (parish) councils in respect of concurrent functions. The principal authority has discretion as to the amount, if any, it may decide to pay under these arrangements.
- 1.11.2 Provisions relating to special expenses are contained in the Local Government Finance Act 1992 at sections 34 and 35. These sections allow different amounts of council tax to be calculated for different parts of the district, depending on what, if any, special items relate to those parts.
- 1.11.3 The Council currently resolves to pay grants under s136 of the Local Government Act 1972, although the amount it pays is entirely at its discretion. Were the Council to resolve to adopt a Special Expenses Scheme under sections 34 and 35 of the Local Government Finance Act 1992, it would no longer pay grants for those items of special expense under s136 of the 1972 Act.
- 1.11.4 There is no statutory requirement for the Council to pass on funding to parish councils in respect of CTRS. It, therefore, has unfettered discretion to make the decision one way or the other.
- 1.11.5 If the Council wished to continue supporting 'open churchyards, in furtherance of previous policy, this could be achieved using s214 of the Local Government Act 1972.
- 1.11.6 The Council is subject to the Public Sector Equality duty in s149 of the Equality Act 2010. This requires it to have due regard to the need to (i) eliminate unlawful discrimination, harassment, victimisation and other conduct prohibited by the Act, (ii) advance equality of opportunity between people from different groups, and (iii) foster good relations between people from different groups.
- 1.11.7 This requires decision makers to consider the impacts of its policies and processes on the protected characteristics (which are race, sex, age, religion/belief, sexual orientation, pregnancy/maternity, marital or civil partnership status, gender reassignment) when carrying out its public functions. For these purposes tax revenue and collection is a public function and so the impact of the decision on the protected characteristics must be considered in making a change to policy through the proposals set out in this report.
- 1.11.8 Direct discrimination is where a person is treated less favourably than another person and the reason for the less favourable treatment is one of the protected characteristics. For example if female residents were required to pay a higher level of Council tax per se this would be direct discrimination.

1.11.9 Indirect discrimination is where a policy criteria or practise which is applicable to everyone is shown to put those with a relevant protected characteristic at a disadvantage. The relevant protected characteristics for this are age, disability, gender reassignment marriage and civil partnership, race, religion or belief sex and sexual orientation.

1.11.10 It is not believed that the decisions to be made hereunder will result in either direct or indirect discrimination, harassment or victimisation of any persons. The reasoning for this is set out at para 1.14 below for Members to consider.

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

1.12.1 If the Council were to cease the payment of grants to parish councils in respect of CTRS, the saving would be circa £175,000 per annum.

1.12.2 If the Council were to resolve to adopt a Special Expenses Scheme and cease the FAPC grants Scheme as a result, the saving would be circa £226,000 per annum.

1.12.3 If Members decided that a grant scheme should be offered in respect of open churchyards, there would be a cost which would reduce the savings set out above (maximum £35,000), but it is important to note that the churchyards would have to be open to all residents, therefore (potentially) benefiting all borough residents.

1.12.4 If Members decide to move ahead with the cessation of CTRS grants and FAPC grants and instead implement a Special Expenses Scheme, updated modelling based on 2016/17 data will be carried out and will be presented to Cabinet in October.

## **1.13 Risk Assessment**

1.13.1 A full six week consultation has been carried out as described in the report, and significant effort has been made to publicise the public consultation, as well as reminding individual parish councils about both consultations.

1.13.2 A Special Expenses scheme would establish 'equity' across the borough in terms of council tax paid towards the cost of local services. Whilst there is a risk of challenge to the introduction of such a scheme, the principles have been robustly tested.

1.13.3 If decisions are not made within the timescales set out, the Council may not be able to implement savings (if any) in readiness for 2017/18.

## **1.14 Equality Impact Assessment**

1.14.1 Decision-makers are reminded of the requirement under the Public Sector Equality Duty (s149 of the Equality Act 2010) to have due regard to (i) eliminate unlawful discrimination, harassment, victimisation and other conduct prohibited by the Act, (ii) advance equality of opportunity between people from different groups, and (iii) foster good relations between people from different groups.

- 1.14.2 In respect of the cessation of CTRS grants to parish councils, the consultation has not highlighted any specific impacts that need to be taken into account by the Borough Council in taking its decision. It is for individual parish councils to determine whether to increase precepts or reduce services, or a combination of both. Parish councils will carry out their own assessments of the impacts, including those affecting people with protected characteristics, when making those decisions.
- 1.14.3 The Equality Impact Assessment (EQIA) has identified higher proportions of people with protected characteristics in some parish areas and in Tonbridge where council tax charges are likely to increase. However, as the estimated increases in council tax will apply equally to whole populations and the impact will be shared by all of those local residents, we do not believe that there is any disproportionate effect on those specific protected groups. All residents on low incomes are eligible to apply for support with their council tax through the Council Tax Reduction Scheme.
- 1.14.4 Further details of parish demographics and a more detailed summary of consultation responses by demographic, is provided in the EQIA attached at **[Annex 7]**.
- 1.14.5 The consequential increases in council tax as a result of the implementation of a Special Expenses Scheme will be the same for all Tonbridge residents (proportionate to the council tax band) regardless of any protected characteristics.
- 1.14.6 Taking all this into account, we do not believe that there are disproportionate effects that need to be addressed, however we will keep this under review should we become aware of any unforeseen indirect impacts that may arise in future.

## **1.15 Policy Considerations**

- Customer Contact;
- Community;
- Equalities/Diversity

## **1.16 Recommendations**

### **1.16.1 Cabinet is REQUESTED:**

- 1) to **CONSIDER** the responses received in respect of the consultation with parish councils regarding the cessation of CTRS grants and any potential equality impacts, and **RECOMMEND** to Full Council that the grants be withdrawn from 1 April 2017 and parish councils notified accordingly;
- 2) to **CONSIDER** the responses received in respect of the consultation regarding the potential introduction of Special Expenses and any potential equality impacts, and determine whether Full Council should be **RECOMMENDED** to introduce such a Scheme from 1 April 2017;

- 3) on the basis that a Special Expenses Scheme is to be introduced, **RECOMMEND** to Full Council that the following concurrent services should be incorporated within the Scheme:-
- Closed churchyards
  - Open spaces, parks and play areas maintained by TMBC in parished areas; excluding Leybourne Lakes Country Park (strategic site)
  - Open spaces, play areas, parks and sportsgrounds in Tonbridge; excluding Castle Grounds and Haysden Country Park (strategic sites)
  - Support given to Local Events
  - Allotments;
- and **REQUEST** that, in accordance with the agreed project timetable, the Overview & Scrutiny Committee review the Scheme, once it is drawn up, at its next meeting;
- 4) to **CONSIDER** whether grants (s214 of the Local Government Act 1972) should continue to be offered to support the maintenance of open churchyards within the borough in furtherance of previous policy in this regard;
- 5) to **RECOMMEND** a review by the Overview & Scrutiny Committee into the future funding of Christmas Lighting and High Street flower displays in readiness for 2017/18; and
- 6) on the basis that a Special Expenses Scheme is to be introduced, **RECOMMEND** to Full Council that the Scheme of Financial Arrangements cease with effect from 1 April 2017 and parish councils notified accordingly.

Background papers:

Nil

contact: Sharon Shelton  
Paul Worden  
Lynn Francis

Sharon Shelton  
Director of Finance & Transformation

Julie Beilby  
Chief Executive

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## Responses received from Parish Councils in respect of cessation of CTRS grants

Parish	Response	Comment
Addington	No response received.	receives only a small grant of £645 in 2016/17
Aylesford	<p>Firstly the Parish Council would like to thank you for the opportunity to comment on these 2 very significant documents in respect of Parish Councils and their finances. The Council would also thank you for the excellent consultation documents which were quite easy to understand never an easy task in respect of financial matters. The council gave these papers very serious consideration and agreed the following responses to the 2 consultation papers:</p> <p>(a) That the introduction of the Local Charges (Special Expenses) scheme as a replacement for the FPAC scheme be welcomed as a much fairer way of charging for these services for residents of the parished areas and that its introduction from April 2017 be supported;</p> <p>(b) That whilst the Council is disappointed that TMBC are proposing to withdraw their scheme by which they distribute part of the funds they receive through the Government CTR scheme to parish councils , it understands TMBC’s financial problems and with the council gaining as a result of changes to the FAPC scheme would accept the need for the withdrawal of this scheme;</p> <p>(c) That with the changes arising out of (a) and (b) above which while beneficial to Aylesford residents overall shows a very large increase in council Tax rate for the Parish and would wish the reasoning behind this fully explained in the Council Tax bill and accompanying literature thereby minimising the number of enquiries the Council will receive; and</p> <p>(d) That TMBC be asked to continue their efforts in finding out government intentions re Parish Council Tax capping and to have in place a Plan B in case of the hopefully unlikely prospect that capping is extended to Parish Councils as thee changes to both FAPC and the CTR could possibly no longer be viable.</p>	<p>receives a grant of £14,445 in 2016/17.</p> <p>PC accepts need to withdraw scheme given TMBC’s financial pressures and fact that Aylesford residents would marginally gain under ‘Fairer Charging’</p> <p>Capping – see comments in body of report.</p>
Birling	No response received	receives only a small grant of £409 in 2016/17
Borough Green	Thank you for sending the consultation documents on the proposed withdrawal of CTR grants w.e.f April 2017. Borough Green Parish Council has considered this alongside the consultation document for the proposed introduction of a Local Charge (in respect of special expenses) and the cessation of the FAPC grants scheme w.e.f April 2017. This council has noted the T&MBC CTR proposal as outlined in the consultation document	receives a grant of £14,635 in 2016/17. PC notes the proposal and makes no particular comment.

## Responses received from Parish Councils in respect of cessation of CTRS grants

Parish	Response	Comment
Burham	No response received	receives a grant of £1,860 in 2016/17
Ditton	No response received	receives grant of £17,681 in 2016/17
East Malling & Larkfield	No response received	receives a grant of £27,599 in 2016/17
East Peckham	No response received	receives a grant of £8,669 in 2016/17
Hadlow	No response received	receives a grant of £8,072 in 2016/17
Hildenborough	No response received	receives a small grant of £1,288 in 2016/17
Ightham	No response received	receives a grant of £1,755 in 2016/17
Kings Hill	CTR Consultation. Thank you for the information provided for this consultation which has been reviewed by Kings Hill Parish Council. As Kings Hill residents are likely to benefit from the introduction of a "Local Charge" and see a reduction in the overall council tax charged to them, the Council agrees that it has no objections to the proposal.	receives a grant of £8,211 in 2016/17 No objection to proposal.
Leybourne	No response received	receives a grant of £7,386 in 2016/17
Mereworth	No response received	receives a grant of £1,585 in 2016/17
Offham	No response received	receives a small grant of £767 in 2016/17
Platt	No response received	receives a grant of £1,160 in 2016/17

## Responses received from Parish Councils in respect of cessation of CTRS grants

Parish	Response	Comment
Plaxtol	This note represents the view of Plaxtol Parish Council which met yesterday and discussed the proposal that CTR grants be withdrawn from April 2017.  The council supports the proposal	receives a small grant of £993 in 2016/17 Proposal to cease CTR grant supported.
Ryarsh	No response received	receives a grant of £1,010 in 2016/17
Shipbourne	No response received	receives a small grant of £549 in 2016/17
Snodland	A discussion also took place regarding the proposed loss of the Council Tax Reduction Grant and it was noted that because Snodland receive one of the highest grant payments the loss of this grant will mean an increase in the precept which will be higher than anticipated.	receives the highest amount of CTR grant at £34,807 in 2016/17.
Stansted	No response received	receives a small grant of £727 in 2016/17
Trottiscliffe	No response received	receives a small grant of £332 in 2016/17
Wateringbury	No response received	receives a grant of £3,962 in 2016/17
West Malling	No response received	receives a grant of £7,669 in 2016/17
West Peckham	No response received	receives a very small grant of £67 in 2016/17
Wouldham	No response received	receives a grant of £2,235 in 2016/17
Wrotham	No response received	receives a grant of £6,139 in 2016/17

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# Public Consultation

## Fairer Charging in Tonbridge and Malling

Tonbridge & Malling Borough Council is inviting borough residents, parish councils and other key stakeholders to take part in a Public Consultation.

### What is being considered?

The Borough Council is considering changing the way that it charges for the Tonbridge & Malling Borough element of your Council Tax bill from 2017/18 onwards.

### Why are we considering this?

Currently, the cost of providing Borough Council services is shared by all council tax payers in the borough. However, some residents live in areas with several Borough Council-provided facilities and services while others live in areas with fewer because these services are provided by their local parish council. We think it could be fairer if the people who benefit from these local services paid for them via a "Local Charge", in the same way that those who live in parished areas pay through their "Parish precept".

If you live anywhere within the borough other than the town of Tonbridge, you pay an extra parish precept for the local services (such as playgrounds and open spaces) provided by your parish/town council. As Tonbridge is not parished, the Borough Council has to provide services to the residents of Tonbridge.

The Borough Council does not charge any extra council tax to the residents of Tonbridge for these local services because all residents pay a general "Borough precept". So, to help make things fairer to the parishes, the Borough Council gives money to parish councils to help them with the costs of the local services they provide. This allows parish councils to reduce the amount of Council Tax that they charge in their Parish precept.

Cuts in the government funding that the Borough Council receives mean that it needs to save £1.8 million over the next four years. The Borough Council is seeking to make these savings while protecting the services that it provides. One of the areas being reviewed as part of this process is the grants that are made to the parish councils. However, it would be unfair to simply remove the grants to the parish councils without considering the cost of the local services that the Borough Council provides in Tonbridge.

One solution is to introduce a **Local Charge** to pay directly for the **local facilities and services** provided by the **Borough Council**.

The Borough Council is therefore considering introducing a Local Charge which would cover the cost of the following: local parks, playgrounds, allotments, flower displays, events, cemeteries and churchyards.

The majority of Borough Council services, such as waste collection, recycling, street cleansing, environmental health, housing and country parks, are borough-wide and therefore would not form part of a Local Charge.

The way that Council Tax charges are applied for services provided by other organisations such as Kent County Council, Kent Police and Kent Fire & Rescue would be unchanged.

In addition to improving fairness, Local Charges would replace the need to give grants to parish and town councils, saving approximately £226,000 per year.

## What would the Local Charge mean for residents?

As we are considering only a small number of services for a Local Charge, there would only be relatively small changes to individual Council tax bills. Tonbridge residents would see an increase to take account of all the local services they receive. Those with no local services in their areas would most likely see a modest reduction in their Borough precept. Parish councils are likely to need to replace their lost grant income, which may mean a small increase in Parish precept, depending on the area that you live in. We have estimated the changes that residents in each area of the borough are likely to see in their council tax.

The Borough Council's total income from council tax will be unaffected by these changes.

Our Questions and Answers section may help to answer any queries you may have. You may also like to view our video and read the Cabinet report and supporting documents.

### Your chance to comment

We want to hear what you have to say about this proposal. In particular, we want to know whether you agree with this new approach and which services you think should be charged only to the local communities with those facilities or which local services should continue to be shared by the whole borough. The link below will take you to our questionnaire. All responses must be submitted by **noon on Monday 20 June 2016**. The Council will meet later this year to review all comments received and make a decision on the way forward.

### Take part in the questionnaire:

#### Which parish/town do you live in?

Addington		East Peckham		Offham		Tonbridge	
Aylesford & Walderslade		Hadlow		Platt		Trottiscliffe	
Birling		Hildenborough		Plaxtol		Wateringbury	
Borough Green		Ightham		Ryarsh		West Malling	
Burham & Eccles		Kings Hill		Shipbourne		West Peckham	
Ditton		Leybourne		Snodland		Wouldham	
East Malling & Larkfield		Mereworth		Stansted & Fairseat		Wrotham	
Outside Tonbridge and Malling				Other (please specify)			

For each of the following statements, please indicate whether you agree or disagree:

	Agree	Disagree
Christmas lighting and flower displays should be paid for by the local communities which have those facilities.		
The cost of providing events such as Carnivals and Christmas Fairs should be paid for by the local communities which have those events.		
The net cost of providing allotments should be paid for by the local communities which have those facilities.		
The cost of maintaining playgrounds, playing fields and parks should be paid for by the local communities which have those facilities.		
The cost of looking after cemeteries and churchyards should be paid for by the local communities which have those facilities.		
From April 2017, Council tax bills should include a Local Charge where appropriate.		
Any other comments:		
Name:		
Telephone or email address:		

We would like to know if different groups of people in the borough's population have been able to take part in the consultation and identify if any groups have been excluded, or if different groups of people feel differently about the options and proposals. **If you are happy to**, please indicate the following that apply to you:

Your Sex:            Male            Female

Your Age:            18-24            25 – 44            45 – 64            65+

Your Ethnicity:    White            Mixed/Multiple Ethnic Groups            Asian/Asian British

                          Black/African/Caribbean/Black British            Other ethnic group

                          Prefer not to say

Are your day-to-day activities limited because of a health problem or disability which has lasted, or is expected to last, at least 12 months?

Yes    No

**Data Protection Statement:**

Your personal information will be held and used in accordance with the Data Protection Act 1998. A summary of your response to this questionnaire may be published as part of the feedback document regarding the consultation but your name will not be published.

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## **Extract from Minutes of Special Meeting of Tonbridge Forum, 12 May 2016**

### **TF [Public Consultation on 'Fairer Charging' in Tonbridge and Malling \(Presentation\)](#) 16/13 Minutes:**

The Director of Finance and Transformation advised that the Borough Council was considering changing the way it charged for the Tonbridge and Malling Borough element of the council tax bill from 2017/18 onwards. The introduction of a local charge (technically called 'special expenses') to pay for the local facilities and services provided by the Borough Council, such as local parks, playgrounds, allotments, flower displays, events, cemeteries and churchyards, was being considered. This would promote fairness for all residents in different parts of the borough when paying towards the cost of these services, generate savings to offset ongoing reduction in Government funding and protect services.

Members were shown a short video, followed by a presentation focusing on issues relevant to Tonbridge, to explain the proposal regarding fairer charging. It was explained that residents living anywhere within the Borough, other than the town of Tonbridge, paid an extra parish precept for local services such as playgrounds and open spaces provided by the parish/town council. As Tonbridge was not parished services to these residents were provided and funded by the Borough Council. However, to provide some equity, the Borough Council paid grants, totalling just over £225,000 to parish councils to help them with the costs of the local services they provided.

Tonbridge and Malling continued to face significant financial challenges due to cuts in Government funding and needed to make savings of £1.8 million over the next four years, whilst protecting the services that the authority provided. The Council had adopted a Savings and Transformation Strategy to assist with the focusing and delivering of savings from a range of areas. It was noted that the areas being reviewed as part of this process were the grants made to the parish councils. The Director of Finance and Transformation explained that it would be unfair to simply remove the grants to the parish councils without considering the cost of the local services that the Borough Council provided in Tonbridge. Members were advised that the local services provided by the Borough Council in Tonbridge totalled some £800,000 and this could be converted into a local charge which, just like a parish precept, could be charged directly to Tonbridge households.

As part of this proposal, the Borough Council was inviting borough residents, parish councils and other key stakeholders to take part in a Public Consultation. Information could be found on the Borough Council's website, including the questionnaire, the short video shown at the meeting and other supporting information. All Members and organisations were asked to spread the word and encourage residents to participate as all opinions were welcome.

The deadline for responses was **noon on Monday 20 June 2016**. Further information and a questionnaire to complete was available via: [www.tmbc.gov.uk/localcharge](http://www.tmbc.gov.uk/localcharge)

Reference was made to business rates being retained by local authorities and whether this would improve the Borough Council's financial pressures. The Chief Executive explained that the move to full business rate retention was not expected until 2020 and that the final detail was not yet known or understood. The proposals around business rates continued to change which made it difficult to predict and model financial implications. It was noted that grant (Revenue Support Grant) from central government was being reduced further; and, in addition to that, the Council had been expecting earlier in the year to have to pay back to Government some of the rates it currently retained over a four year period. The Chairman advised that the Borough Council had successfully argued for a 'clawback' holiday ensuring that Tonbridge and Malling did not have to pay back rates in years 2-3 of the scheme. However, this was a temporary reprieve as £1M 'clawback' was still required in year 4.

The Chairman also advised that from next year the Borough Council would no longer receive any direct Government grant funding in the form of Revenue Support Grant. This meant that the authority was reliant on business rates retention, New Homes Bonus and fees and charges. All of these issues represented a significant and complex financial challenge for Tonbridge and Malling.

Whilst Members supported the principle being proposed and welcomed the opportunity to comment, it was suggested that communication could be improved as it was difficult to understand the detail. It was commented that the video viewed earlier was a good way to get the message across. The Chief Executive welcomed this feedback and consideration would be given on how to improve the promotion of the video already on the Borough Council's website.

To promote the public consultation there would be significant media coverage in the local press, a BBC Radio Kent interview on Monday morning and leaflets/posters distributed to local libraries and other public places for displaying. Parish councils would be invited to comment at a special meeting of the Parish Partnership Panel on Wednesday 18 May 2016. The use of social media (Twitter and Facebook) was also confirmed, although it was recognised that regular posts and updates would be beneficial to keep the consultation at the top of 'news feeds'.

[Subsequent to the meeting the Borough Council was advised that the BBC Radio Kent interview would be aired on the morning of Tuesday 17 May 2016]

## **Extract from Minutes of Special Meeting of Parish Partnership**

### **Panel, 18 May 2016**

#### **PPP [Funding Arrangements with Parish Councils - options and consultation](#) 16/14 Minutes:**

The Director of Finance and Transformation advised that a six week public consultation on 'fairer charging in Tonbridge and Malling' had started and residents, parish councils and other key stakeholders were invited to participate.

Members were shown a short video to explain the concept of fairer charging. This was followed by a presentation focusing on issues relevant to parish councils.

The Borough Council was considering changing the way it charged for the Tonbridge and Malling element of the council tax bill from 2017/18 onwards. The introduction of a local charge (technically called 'special expenses') to pay for local facilities and services provided by the Borough Council, such as local parks, playgrounds, allotments, flower displays, events, cemeteries and churchyards, was being considered. This would promote fairness for all residents in different parts of the Borough when paying towards the cost of these services, generate savings to offset ongoing reduction in Government funding and protect services.

It was explained that residents living anywhere within the Borough, other than the town of Tonbridge, paid an extra parish precept for local services such as playgrounds and open spaces provided by the parish/town council. As Tonbridge was not parished services to these residents were provided and funded by the Borough Council. However, to provide some equity, the Borough Council paid grants, totalling just over £225,000 to parish councils to help them with the costs of the local services they provided.

Tonbridge and Malling continued to face significant financial challenges due to cuts in Government funding and needed to make savings of £1.8 million over the next four years, whilst protecting the services that the authority provided. The Council had adopted a Savings and Transformation Strategy to assist with the focusing and delivering of savings from a range of areas. It was noted that one of the areas being reviewed as part of this process were the grants made to the parish councils. The Director of Finance and Transformation explained that it would be unfair to simply remove the grants to the parish councils without considering the cost of the local services that the Borough Council provided in Tonbridge. Members were advised that the local services provided by the Borough Council in Tonbridge totalled some £800,000 and this could be converted into a local charge which, just like a parish precept, could be charged directly to Tonbridge households.

As part of this proposal, the Borough Council was seeking comments via a Public Consultation. Information could be found on the Borough Council's website, including the questionnaire, the short video shown at the meeting and other supporting information. All Members and parish councils were asked to spread the word and encourage residents to participate as all opinions were welcome. Copies of documents could be provided in a pdf format for placing on parish notice boards or websites.

It was emphasised that all figures used in the presentation were indicative and these

would be clarified if the proposal went forward. The deadline for responses was **noon on Monday 20 June 2016**. Further information and a questionnaire to complete was available via: [www.tmbc.gov.uk/localcharge](http://www.tmbc.gov.uk/localcharge)

In addition, the Borough Council was undertaking a further consultation with parish councils only seeking views on the potential removal of the Council Tax Reduction Scheme (CTRS). Revenue Support Grant (RSG) for Tonbridge and Malling continued to reduce and from next year (2017) the authority would no longer receive any of this grant funding. Members were advised that there was no obligation for borough/district councils to pass CTRS grant on to parish councils and many neighbouring authorities had already stopped doing so. The Borough Council recognised that parish councils were likely to increase precepts to compensate for the loss of CTRS grant.

**The deadline for responses was also noon on 20 June 2016** and all were encouraged to respond to the letter dated 6 May 2016 with regard to this matter from the Director of Finance and Transformation.

Following the six week consultation period for both of the consultations a Special Cabinet meeting would be held on 28 July 2016 to consider outcomes and options, with a draft policy drawn up in July/August (if appropriate). This revised policy could potentially be effective from next year.

The Director of Finance and Transformation recognised that this was a complex issue, and explained that she and her staff would happily talk through figures with individual parish councils. It was emphasised that the video that had been produced in-house, and could be accessed via the Borough Council's website, should assist in explaining the concept of fairer charging.

Reference was made to comments raised by parish councils in advance of the meeting around funding for Christmas lights and the likelihood of council tax capping for parish councils. The Chief Executive responded that the options for Christmas lights would be reviewed and carefully considered following the consultation and all comments would be taken into account. It was therefore important for all parish councils, and residents, to take part in the consultation.

With regard to Government applying capping to parish councils, the Chief Executive advised that extensive investigation did not suggest that this issue was likely to be revisited by central government at the present time. However, it could not be guaranteed that this proposal was ruled out. If the situation changed the Borough Council would have serious and proper discussions with parishes and attempt to identify a way forward. The Borough Council recognised the concerns around council tax capping and the potential implications.

To promote the public consultation in respect of 'fairer charging' there would be significant media coverage in the local press, a BBC Radio Kent interview to be transmitted in the near future and leaflets/posters distributed to local libraries and other public places for displaying. The use of social media was also confirmed, although it was recognised that regular posts and updates would be beneficial to keep the consultation at the top of 'news feeds'.

Members were broadly supportive of the proposals put forward given the Borough Council's difficult financial position and welcomed the concept of fairness for all residents and areas of the Borough. Parishes recognised the potential changes to funding for Christmas lighting and many were happy to explore options with their local retail centres. However, concern remained around the potential for Government to make a late decision regarding the introduction of council tax capping for parish councils.

The Kent Association of Local Councils (Tonbridge and Malling) asked that consideration be given to expressing these concerns around capping to the Department for Communities and Local Government at the earliest opportunity. The Chairman was happy to pursue this on behalf of the parishes, subject to further discussion with local Members of Parliament and in the context of the 4-year settlement.

Detailed discussion followed around the potential transfer of land and/or property assets, how the individual parish figures were estimated, maintaining a flexible approach in achieving savings targets set out in the Savings and Transformation Strategy and the overall difficult and challenging financial position faced by local government.

The Kent Association of Local Councils (Tonbridge and Malling) thanked the Borough Council for the honest approach taken with the consultation and the thoughtful timetabling. It was noted that Tonbridge and Malling had continued to support parish councils for as long as possible and that was greatly appreciated.

The County representative for Malling North also thanked the Borough Council for an intelligent and well-presented explanation of the proposals and appreciated the opportunity for residents to be involved.

The Chairman welcomed these comments and asked that these be submitted formally as part of a consultation response.

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## Responses received from Parish Councils in respect of 'Fairer Charging'

Parish	Response	Comment
Addington	<p>Please find below the response from Addington Parish Council to the (local charge) consultation.</p> <p>Members are disappointed with the proposals and would like T&amp;MBC to explain why the current grant system was put in place. We would also like it noted that unlike many parishes in the area the recreation ground and facilities are currently maintained by volunteers. It was suggested that T&amp;MBC should promote a volunteer based approach across the borough based on the Addington model. Members are disappointed that T&amp;MBC are putting more pressure on the budget of Parish Councils to save T&amp;MBC money and that the Parish Council will be forced to increase their budget if it is to continue supporting the recreation ground, village hall and churchyard. Members would also like to understand whether the Parish Council could benefit from any business rates to offset any loss of funding.</p>	<p>Response sent explaining the background to the grant scheme, and reason for proposal. Also confirmed that Addington residents would be marginally better off under this model. Further response received advising that <i>'Members are fully aware that overall parishioners will not be worse off but if we didn't have our volunteer network we would have to have increased the precept some time ago. Faced with a diminishing volunteer base and a potential loss of this grant we will be forced to make a substantial increase in our precept'</i>.</p>
Aylesford	<p>Firstly the Parish Council would like to thank you for the opportunity to comment on these 2 very significant documents in respect of Parish Councils and their finances. The Council would also thank you for the excellent consultation documents which were quite easy to understand never an easy task in respect of financial matters. The council gave these papers very serious consideration and agreed the following responses to the 2 consultation papers:</p> <ul style="list-style-type: none"> <li>(a) That the introduction of the Local Charges (Special Expenses) scheme as a replacement for the FPAC scheme be welcomed as a much fairer way of charging for these services for residents of the parished areas and that its introduction from April 2017 be supported:</li> <li>(b) That whilst the Council is disappointed that TMBC are proposing to withdraw their scheme by which they distribute part of the funds they receive through the Government CTR scheme to parish councils, it understands TMBC's financial problems and with the council gaining as a result of changes to the FAPC scheme would accept the need for the withdrawal of this scheme;</li> </ul>	<p>Noted general support for introduction on local charge (special expenses).</p> <p>If Members were to adopt a Special Expenses Scheme, information would be made available at billing time to explain the movement in</p>

## Responses received from Parish Councils in respect of 'Fairer Charging'

Parish	Response	Comment
	<p>(c) That with the changes arising out of (a) and (b) above which while beneficial to Aylesford residents overall shows a very large increase in council Tax rate for the Parish and would wish the reasoning behind this fully explained in the Council Tax bill and accompanying literature thereby minimising the number of enquiries the Council will receive; and</p> <p>(d) That TMBC be asked to continue their efforts in finding out government intentions re Parish Council Tax capping and to have in place a Plan B in case of the hopefully unlikely prospect that capping is extended to Parish Councils as these changes to both FAPC and the CTR could possibly no longer be viable.</p>	<p>the overall council tax.</p> <p>'Capping' of parish councils is a risk, but has not to date been brought forward by this Government. See body of report.</p>
Birlinging	<p>Whilst overall the proposed changes to the way the Borough element of the Council Tax bill should be advantageous to the majority Birling Parish Council is concerned that it will have a disproportionate adverse impact on a small number of parishes. From the illustration provided local charging will impact significantly on Birling Parish Council. To replace the income required by the proposed withdrawal of the Financial Allocation to Parish Councils by TMBC, a significant increase in precept would be required despite the fact that this would be offset by a reduced Borough charge. To remain viable Birling Parish Council, based on this year's income, will need to increase the precept from £8772 to £13,413 an increase of £4641 equating to 65%. Whilst recognising this would be offset by the reduction in charging for the Borough element based on Band D charging the example shows that an additional £10.07 would be charged. A further concern is that currently it is unclear whether the government will impose a cap on precept increases determined by Parish Councils. Birling Parish Council objects to the proposals by TMBC to withdraw the FAPC on the grounds that it will be a cost shift to local residents with immediate effect. This has a significant effect in small communities and is too great to bear in a single year thus the proposed timescale is considered unreasonable. This proposal threatens the viability of small parish councils should a cap on precept increases be imposed. For Parishes disproportionately affected Birling Parish Council asks that TMBC consider phasing the withdrawal of the FAPC over a reasonable time period of 3 to 5 years. This proposed compromise would ensure that savings would be achieved in a more reasonable timescale, that parishes significantly affected such as Birling can raise the precept over this period to ease the burden of costs on local residents, reduce the risk to assure income recovery and ensure the long term viability of the Parish. Whilst we note the deadline of the 20th June for consultation and the Parish Council acknowledge the principles behind the scheme it would be helpful to meet TMBC to review details specific to Birling. Leybourne Parish Council have suggested we join the meeting they have requested and we would be happy to do so.</p>	<p>'Capping' of parish councils is a risk, but has not to date been brought forward by this Government. See body of report.</p> <p>Phasing – if a local charge (special expenses) scheme is adopted by the Council, the existing s136 FAPC scheme will consequently fall. Therefore, there could not be a phased withdrawal of s136 FAPC grants alongside the introduction of a special expenses scheme.</p>



## Responses received from Parish Councils in respect of 'Fairer Charging'

Parish	Response	Comment
	<p>In summary: Agree that local communities should pay for :</p> <ul style="list-style-type: none"> <li>• Xmas lighting and flower displays</li> <li>• events such as Carnivals and Xmas Fairs</li> <li>• the net cost of providing allotments</li> <li>• maintaining playgrounds, playing fields and parks</li> </ul> <p>Disagree that local communities should pay for maintenance of cemeteries and churchyards, and disagree that there should be a local charge.</p>	<p>Note that Birling receives £4232 in FAPC grant made up of £2365 Basic Allocation; £1727 for the open churchyard and £140 footway lighting. See comments about churchyards in the body of the report.</p>
Borough Green	<p>Please consider these answers as the official response from Borough Green Parish Council, which is broadly in agreement with proposals to introduce fairer charging.</p> <p>Agree that local communities should pay for :</p> <ul style="list-style-type: none"> <li>• Xmas lighting and flower displays</li> <li>• events such as Carnivals and Xmas Fairs</li> <li>• the net cost of providing allotments</li> <li>• maintaining playgrounds, playing fields and parks</li> <li>• maintenance of cemeteries and churchyard</li> <li>• Agree to the introduction of a local charge</li> </ul> <p>Borough Green Parish Council has considered this alongside the consultation document for the withdrawal of CTR grants w.e.f April 2017. This council has agreed to support the T&amp;MBC review of funding arrangements w.e.f 01.04.17 as outlined in the consultation document and will work with the borough council to introduce fairer charging across the borough.</p>	<p>Noted general support for introduction on local charge (special expenses).</p>
Burham	<p>Agree that local communities should pay for :</p> <ul style="list-style-type: none"> <li>• Xmas lighting and flower displays</li> <li>• events such as Carnivals and Xmas Fairs</li> <li>• the net cost of providing allotments</li> <li>• maintaining playgrounds, playing fields and parks</li> </ul>	<p>Noted general support for introduction on local charge (special expenses).</p>

## Responses received from Parish Councils in respect of 'Fairer Charging'

Parish	Response	Comment
	<ul style="list-style-type: none"> <li>• maintenance of cemeteries and churchyard</li> </ul> <p>Agree to the introduction of a local charge</p>	
Ditton	<p>As Parish Clerk I am responding on behalf of the Parish Council. Members will also respond as individuals. The Parish Council believes that it is fair for the Borough Council to continue to contribute towards the upkeep of playgrounds, playing fields and parks as these facilities are used by many other visitors to the village and not just local residents (for example many TMBC residents drive to our car park and walk their dogs on our rec and Quarry Local Nature reserve. Many TMBC resident children play on our football pitches). Also the church would struggle to keep the churchyard well maintained and provide floodlighting if the contribution from the Borough Council was withdrawn. If the funding for such things is withdrawn by the Borough Council and the Parish Council has to increase its precept to provide these services it will have a considerable impact on what local residents pay.</p> <p>In summary: Agree that local communities should pay for :</p> <ul style="list-style-type: none"> <li>• Xmas lighting and flower displays</li> <li>• events such as Carnivals and Xmas Fairs</li> <li>• the net cost of providing allotments</li> </ul> <p>In summary: Disagree that local communities should pay for:</p> <ul style="list-style-type: none"> <li>• maintaining playgrounds, playing fields and parks</li> <li>• maintenance of cemeteries and churchyards</li> <li>• And disagree that there should be a local charge.</li> <li>•</li> </ul>	<p>Local residents of Ditton would be circa £14.45 better off (based on the modelling in the research paper) if local charge were introduced. Note that this would reduce to £4.28 better off if CTR grant were simultaneously withdrawn.</p> <p>Ditton's FAPC grant in 2016/17 is £8,134 made up of £7,065 Basic Allocation and £1,069 for an open churchyard.</p> <p>See comments about churchyards in the body of the report.</p>
East Malling & Larkfield	<p>The parish council considers in view of the financial circumstances faced by the Borough Council with its impending loss of Government grant it accepts the proposals as fair and reasonable.</p> <p>It is likely that if these changes are agreed we would be increasing the parish council tax for 2017/18 to offset the lost income. However if capping for parish councils were introduced for 2017/18 this would be a problem and therefore our agreement is subject to the matter being urgently reviewed if that happened. In this respect the council is mindful that it feels if capping were introduced it is likely to be applied to larger councils.</p>	<p>Noted general support for introduction on local charge (special expenses).</p> <p>'Capping' of parish councils is a risk, but has not to date been brought forward by this Government. See body</p>

## Responses received from Parish Councils in respect of 'Fairer Charging'

Parish	Response	Comment
	<p>The council would also ask that further consultation take place about the issue of Christmas Lighting for 2017. If Tonbridge Christmas Lighting costs are charged to the Towns Council taxpayers it can understand the Borough wishing look at the position in the Malling area. In our case we understand that the grant you gave for the Martin Square lights in 2015 was £1472 and our parish council tax would have to rise by 0.30p at Band D if it took on the expense. We would ask there be a separate consultation with affected parishes and Chambers of Commerce/Traders on this issue.</p> <p>Lastly I have been asked to say that the council appreciates the consultation exercise with parishes which it regards as excellent.</p>	<p>of report.</p> <p>Christmas lighting is discussed in the body of the report.</p>
East Peckham	I have studied the papers relating to the proposed changes and feel that the proposals should be supported because they are the most equitable solution to the problems facing TMBC.	Noted general support for introduction on local charge (special expenses).
Hadlow	No response received	
Hildenborough	<p>Agree that local communities should pay for :</p> <ul style="list-style-type: none"> <li>• Xmas lighting and flower displays</li> <li>• events such as Carnivals and Xmas Fairs</li> <li>• the net cost of providing allotments</li> <li>• maintaining playgrounds, playing fields and parks</li> <li>• maintenance of cemeteries and churchyard</li> <li>• Agree to the introduction of a local charge</li> </ul>	Noted general support for introduction on local charge (special expenses).
Ightham	<p>Following response received after the deadline:</p> <p>I know that the deadline has passed but at our recent Parish Council meeting I was asked to register our support for the new charges.</p>	Noted general support for introduction on local charge (special expenses).
Kings Hill	Local Charge Consultation. Thank you for the information provided for this consultation which has been reviewed by Kings Hill Parish Council. As Kings Hill residents are likely to benefit from the introduction of a "Local Charge" and see a reduction in the overall council tax charged to them, the Council agrees that it has no objections to the proposal.	Noted general support for introduction on local charge (special expenses).

## Responses received from Parish Councils in respect of 'Fairer Charging'

Parish	Response	Comment
Leybourne	No formal response received, although emailed enquiries were made by Leybourne in respect of different aspects. In one email of enquiry it was noted "We understand the financial situation and accept that the proposals coming forward are best endeavours to achieve a fairer environment".	
Mereworth	No response received	
Offham	No response received	
Platt	No response received	
Plaxtol	<p>This note represents the views of Plaxtol Parish Council which discussed the proposals contained in the public consultation yesterday.</p> <p>We <u>agree</u> that the local communities which have such facilities should pay for:</p> <ul style="list-style-type: none"> <li>• Xmas lighting and flower displays</li> <li>• events such as Carnivals and Xmas Fairs</li> <li>• the net cost of providing allotments</li> <li>• maintaining playgrounds, playing fields and parks</li> <li>• maintenance of cemeteries and churchyards</li> </ul> <p>We also agree that, from April 2017, Council tax bills should include a Local Charge where appropriate.</p>	Noted general support for introduction on local charge (special expenses).
Ryarsh	No response received	
Shipbourne	No response received	
Snodland	<p>At a recent meeting held by Snodland Town Council, the Council agreed that the introduction of a local charge is fairer if the people who benefit from these local services paid for them via a "Local Charge".</p> <p>Agree that local communities should pay for :</p> <ul style="list-style-type: none"> <li>• Xmas lighting and flower displays</li> <li>• events such as Carnivals and Xmas Fairs</li> <li>• the net cost of providing allotments</li> </ul>	Noted general support for introduction on local charge (special expenses).

## Responses received from Parish Councils in respect of 'Fairer Charging'

Parish	Response	Comment
	<ul style="list-style-type: none"> <li>• maintaining playgrounds, playing fields and parks</li> <li>• maintenance of cemeteries and churchyard</li> </ul>	
Stansted	No response received	
Trottscliffe	No response received	
Wateringbury	No response received	
West Malling	<p>Firstly, thank you to you and your teams for their hard work producing this consultation &amp; providing support answering our many questions. Having discussed this at length West Malling Parish Council is broadly in favour of your proposal. We are pleased that Tonbridge residents will now be paying a more realistic council tax level. There are three issues below that we have more detailed comments about and we have detailed them below.</p> <p>Capping of Parish Council Funding -Our response has been based on the assumption that DCLG will not cap Parish Councils preventing them from increasing their funding by more than 2%. Although the transfer of responsibilities would lead to a one off increase in the Parish rate I for WMPC of anything up to 30% our funding, there is an inherent danger that Central Government acts to introduce a cap as has been the case for Borough Councils and County Councils for some time. If this were to happen, we would not be in favour of the proposals in the consultation as we would be unable to raise the required funds to service the additional responsibilities we would be taking on. We are very hopeful that DCLG will not take this course of action, but we thought it prudent to lay out our thinking if this did transpire.</p> <p>Churchyard -The grant given to WMPC for our churchyard is spent by a joint committee of the Parish and Parochial Church Councils. It pays for the level of maintenance required to keep the churchyard open for burials. Rev David Green has advised us that when the grant is withdrawn, he will close the churchyard since the PCC does not have the funds to maintain it. Our understanding is that the PCC is required to pass the responsibility for burials to the Parish Council, who can in turn pass responsibility on to the Borough Council. There are very few open churchyards in the area and it is therefore very likely that the burials would then transfer to Tonbridge and become a cost to Tonbridge residents. WMPC believes therefore that the churchyard grant should continue, recognising that to do otherwise will have the long term effect of increasing burials in Tonbridge and therefore the charges to Tonbridge residents.</p>	<p>Noted general support for introduction on local charge (special expenses).</p> <p>'Capping' of parish councils is a risk, but has not to date been brought forward by this Government. See body of report.</p> <p>The s136 scheme includes (where applicable) grants to parish councils in order to encourage churchyards to remain open for as long as possible, for the benefit of local residents. See body of report.</p>

## Responses received from Parish Councils in respect of 'Fairer Charging'

Parish	Response	Comment
	<p>Christmas Lights - It is easy to see how those Parishes which do not offer a display will choose for the costs to fall on those which do, and their residents benefit freely from the displays provided by others. In West Malling at least two thirds of visitors to the town come from adjoining parishes, whilst the parish rate is drawn from only around 1200 houses. Our ability to raise money to replace the grant is therefore very limited. There should be consultation with the Parish Councils which erect Christmas Lighting displays on the future of this grant.</p> <p>Transfer of Assets - We would like to have a discussion with Tonbridge &amp; Malling Borough Council about the transfer of the assets identified under the 'Local Charge' to us. From discussions with your staff, we have identified these and would welcome the opportunity to take this matter forward.</p> <p>The Parish Council has also had sight of the Borough Council's allocations for events and Festivals. My members were very disturbed to see the overwhelming amount estimated to be spent on Tonbridge events. Only £3,000 was spent on festivals outside Tonbridge compared to £40,200 on Tonbridge events. Whilst we appreciate that the Tonbridge events will attract people from a wider area, this is also true of several events held outside of Tonbridge. If there are to be similar grants in future we would like to see the Borough Council distributing them more evenly across the population of the Borough.</p>	<p>Christmas lighting is discussed in the body of the report.</p> <p>Discussions taking place.</p> <p>Tonbridge events includes allocation of staff time (as there is no Town Council) as well as grants.</p>
West Peckham	No response received	
Wouldham	No response received	
Wrotham	No response received	

**Analysis of Number of Free Form Comments Received through Questionnaire Responses - Key Themes**

Total Number	17	53	15	37	14	25	21		
Comment on	Representation in Tonbridge	Use of some/all facilities by others not living in Tonbridge	Parks	allotments	churchyards/ cemeteries	Events	Xmas lighting		
Comment Number from Survey	16	11	76	48	7	120	7	24	8
	24	14	77	54	23	125	22	40	24
	27	20	82	59	28	127	53	53	40
	30	22	91	64	33	133	61	55	53
	37	23	92	64	42	139	73	59	54
	46	24	98	72	46	147	82	61	59
	50	36	101	74	48	149	83	70	64
	66	37	112	91	50	159	87	73	70
	75	40	116	92	53	162	118	83	82
	81	42	118	127	54	168	125	84	83
	91	47	120	137	60	169	128	91	87
	102	48	122	143	61	173	136	92	91
	106	49	127	149	64		139	94	94
	122	53	128	162	66		149	102	118
	132	54	135	170	70			112	125
	136	55	137		72			118	131
	170	57	139		73			123	137
		58	143		80			127	146
		59	144		82			135	162
		60	146		83			137	165
		64	150		87			146	169
		66	151		91			162	
		68	152		94			165	
		69	162		115			169	
		71	165		118			173	
		72	170						
		74							

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## Letter regarding cemeteries and churchyards

I've read an article in ..... about the consultation surrounding changing the current arrangements for the local precept (and associated subsidy) and introducing a local charge. This could add transparency and provide a fairer distribution of charges. However, the parishes elect parish councillors to decide the level of the precept necessary to provide local services. The consultation doesn't make it clear what mechanism will exist for Tonbridge residents to decide on local services - and there should be something. And it will only be a good thing if the right things are included in the "borough" and "local" provisions.

Specifically, I want to comment on the proposal to make cemeteries and churchyards part of the local charge as I am something of an expert on this area of work. I have over 25 years of experience in cemeteries and crematorium senior management with various authorities ..... In addition, I am a former Director of the Institute of Cemeteries and Crematorium Management which oversees the standards within the industry, professional training of Bereavement Services staff and advises the government on national strategy and legislation for this vital work. ....

Your consultation makes the distinction between local parks and country parks. You should make the same distinction between churchyards and cemeteries, where one is local and the other is a strategic resource. You should fund the cemetery services and Tonbridge Cemetery (and any future cemetery land) from the borough-wide taxation. Tonbridge Cemetery may be located in Tonbridge but it has a borough wide benefit.

I support the inclusion of the closed churchyards within the local charge. If a parish chooses to 'close' the churchyard, the local authority has no choice but to assume responsibility for the maintenance of the churchyard, even if burials still regularly take place in that churchyard. Virtually every parish will have a churchyard which their community is paying for. If the community has transferred responsibility for the maintenance to the local authority, it is fair that they should meet the associated costs. In most local authorities the maintenance of closed churchyards is carried out by the parks department (even if the cemeteries team's expertise is required to undertake the mandatory memorial safety inspections) so it could easily be grouped as "local parks and churchyards".

However, the provision and maintenance of municipal cemeteries should be treated as a strategic resource. Municipal cemeteries, since their inception in the 1850s, serve not only their immediate parish but the wider community as it's impractical to provide cemeteries in multiple parishes. Whilst there is no statutory requirement to provide burial land, it is an essential service with public health implications if there are not adequate facilities for the disposal of the dead and it is illegal to cremate someone against their wishes. It cannot be left to the "discretion" of a specific wards within the borough whether to provide cemetery services. Indeed, there is an argument that rather than being financed at the borough council level that they should be planned and resourced at the County or regional level to ensure a reasonable distribution throughout the geographic area without over or under provision. With many municipal (primarily Victorian cemeteries) reaching capacity, it is a major concern that this could

## Letter regarding cemeteries and churchyards

result in a situation where there is no provision of burial land. The need for regional planning and provision of cemeteries, as a statutory service, was a major focus of the 2004 consultation into "Burial Law and Policy in the 21<sup>st</sup> Century: The need for a sensitive and sustainable approach".

My understanding is that Tonbridge Cemetery, which is the only cemetery (or crematorium) facility within the Council boundaries, currently has something like 15 years burial land provision. Given the 5 year average development timescales, the authority will need to start the work to extend the cemetery within 10 years. The capital costs of providing new burial ground will be extremely expensive given the increased environmental and grey water legislation - probably beyond the costs which could reasonably be met purely by the residents of Tonbridge.

What will happen if whoever sets the local charge for Tonbridge decides that they cannot afford to extend the cemetery? Instead, the capital costs should be met by the wider community of Tonbridge and Malling and not just Tonbridge residents to ensure that there is a local burial facility.

The majority of the running costs of cemeteries is the maintenance of the cemetery where there is a statutory obligation to maintain the cemetery to a good standard in perpetuity. However, the majority of this expense is on graves which were sold in perpetuity between 1858 and 1977, and therefore no income is any longer received. These graves have been used by the wider community and the whole community should pay for the ongoing maintenance.

Until now, the cemetery service has been subsidised from our Council Tax and as such all the residents of Tonbridge and Malling qualify for cemetery fees which are half the fees payable by non-residents. If the funding of Tonbridge Cemetery is to be levied purely on Tonbridge residents, presumably only Tonbridge residents would qualify for resident fees making the costs of burial prohibitive for many non-Tonbridge residents. If residents who live outside of Tonbridge want to bury their loved ones in another authority and can afford the associated double fees, that is their choice. But there should be at least one affordable facility which they can access within the borough.

As a resident of ....., and someone whose relatives all want to be cremated, it is perhaps to my personal disadvantage to argue that the residents of ..... should be contributing to the provision and maintenance of Tonbridge Cemetery. However, there has already been one Select Committee report which branded the chronic under resourcing of the country's cemeteries as a "shame on all the nation". It would be to be a shame on all of us if we no longer contributed to maintaining the resting place of many of our community, or to ensuring that there is an affordable option for those residents who wish to be buried.

Please continue to fund the cemetery service from within the borough wide element of taxation.

## EqIA Template – for DECISIONS

This template should be completed alongside proposals that will be subject to decision by Councillors.

<b>Summary of decision to be made:</b>	Review of funding arrangement with parish councils		
<b>Lead Officer (job title):</b>	Director of Finance and Transformation, Director of Street Scene, Leisure and Technical Services, Chief Executive.		
<b>Date the final decision is due to be made:</b>	01/11/2016	<b>Date this assessment commenced:</b>	15/04/2016
		<b>Updated after consultation</b>	08/07/2016
<b>Is the decision relevant to the aims of the Public Sector Equality Duty?</b>			Yes
Eliminate discrimination, harassment and victimisation			No
Advance equality of opportunity			Yes
Foster good relations			No
<p>If the answer is yes to any of the above, proceed with the assessment. If the answer is no, please say why and summarise any evidence:          At the time of commencing this equality impact assessment, there are two options under consideration:          1. potential cessation of grant funding in respect of the Council Tax Reduction Scheme (CTRS) with effect from the financial year 2017/18; and          2. potential introduction of a Special Expenses Scheme with effect from the financial year 2017/18.          A key objective of the review is to promote 'equity' across the borough in terms of how much residents in different parts of the borough have to pay towards the cost of services. Indicative modelling suggests that 20 of the 27 parished areas would see a reduction in council tax charged. Households in the unparished area would see the largest increase, however this would still be below the average council tax for the borough as a whole.</p>			
<p>For each of the following characteristics, summarise any existing data, consultation activity, interpretation of the impacts and actions that can be taken to reduce or mitigate any negative impacts:</p>			
<b>Characteristic:</b>	<b>Data and impact</b>		
Disability	<p>See Table 1 at the end of this assessment. Households in Tonbridge would see the highest percentage increase in their council tax. 15.4% of the population in the Tonbridge urban area have a disability. This is slightly higher than the borough average of 14.9%. There are other parish areas, which would see smaller percentage increases, which also have a higher proportion of people with disabilities than the borough average. Some of the households within these parish areas will pay a higher amount for the borough, some will pay lower, based on calculation criteria permitted in the Local Government Finance Act.</p> <p>Of 272 responses to the consultation, 30 (11.7%) were from respondents who stated they had a disability. These were evenly split between residents of Tonbridge and residents of parishes (15 in each). The consultation found that 53% of respondents with a disability agreed that Council tax bills should include a local charge. This compares with 47% of respondents overall.</p>		

## EqIA Template – for DECISIONS

Race	<p>See Table 1 at the end of this assessment. Tonbridge would see the highest percentage increase. 5.1% of the population in the Tonbridge urban area are from a Black and Minority Ethnic background. This is slightly higher than the borough average of 4.1%. There are other parish areas, which would see smaller percentage increases, which also have a higher proportion of people from Black and Minority Ethnic backgrounds than the borough average. Some of the households within these parish areas will pay a higher than the average amount for the borough, some will pay lower, based on calculation criteria permitted in the Local Government Finance Act.</p> <p>Of 272 responses to the consultation, 7 (2.6%) were from respondents who stated they were from a Black or Minority Ethnic Background. Due to the small number of responses, we have not been able to analyse any differences in views by ethnicity.</p>
Sex	<p>See Table 1 at the end of this assessment. Tonbridge would see the highest percentage increase. The proportion of males and females in the Tonbridge urban area is equivalent to the proportion of the borough as a whole.</p> <p>Of 272 responses to the consultation, 122 (49%) stated they were male and 128 (51%) stated they were female. The consultation found that 44% of females and 54% of males agreed that Council tax bills should include a local charge. This compares with 47% of respondents overall.</p> <p>84% of male parish residents and 77% of female parish residents agreed that Council tax bills should include a local charge. This compares with 80% of parish residents overall.</p> <p>30% of male residents in Tonbridge and 26% of female residents in Tonbridge agreed that the Council Tax bill should include a local charge. This compares with 26% of Tonbridge residents overall.</p>
Age	<p>See Table 1 at the end of this assessment. Tonbridge would see the highest percentage increase. The proportion of residents in each of the age groups in the Tonbridge urban area is equivalent to the proportion of the borough as a whole.</p> <p>Of 272 responses to the consultation, there were no responses from 18-24 year olds, 89 from 25-44 year olds, 98 from 45-64 year olds and 65 from respondents aged over 65. 29% of those aged 25-44, 55% of those aged 45-64 and 68% of those aged over 65 agreed that Council tax bills should include a local charge. This compares with 47% of respondents overall.</p> <p>Of those who reside in parish areas, 63% of 25-44 year olds, 89% of 45-64 year olds and 87% of those aged over 65 agreed that Council tax bills should include a local charge. This compares with 80% of parish residents overall.</p> <p>Of those who reside in Tonbridge, 17% of 25-44 year olds, 26% of 45-64 year olds and 50% of those aged over 65 agreed that Council tax bills should include a local charge. This compares with 26% of Tonbridge residents overall.</p>

## EqIA Template – for DECISIONS

Religion / Belief	See Table 1 at the end of this assessment. Tonbridge would see the highest percentage increase. The proportion of people with religious beliefs is equivalent to the proportion of the borough as a whole.
Sexual Orientation	Data not collected by the Census 2011.
Pregnancy / Maternity	Data not collected by the Census 2011.
Marital or Civil Partnership Status	Not applicable (i.e. we have not identified that this decision is relevant to the first aim of the duty to eliminate discrimination, harassment and victimisation).
Gender reassignment	Data not collected by the Census 2011.
<b>Summary of impacts :</b>	<p>Council tax is calculated within a framework set by the Local Government Finance Act. We have discretion to amend our funding arrangements with parish councils within this framework. The data indicates that the new funding arrangements would result in small differences to the amount of council tax paid by households in each parish.</p> <p>It will be a matter for individual Parish Councils to assess local financial impacts should special expenses be introduced and the CTRS be withdrawn.</p> <p>The main impact of 'fairer charging' will be on Tonbridge residents who will see the largest increase in their Council tax charge. The characteristics of residents in the Tonbridge urban area are roughly in line with Borough average with the exception of residents from Black and Minority Ethnic Backgrounds, where the proportion is amongst one of the highest in the Borough.</p> <p>The proposed increases in Council Tax will, for each Council Tax Band, be the same for all Tonbridge residents regardless of any of the above protected characteristics.</p> <p>All residents on low incomes are eligible to apply for support with their council tax through the Council Tax Reduction Scheme.</p> <p>On that basis, there will be no disproportionate effect that needs to be addressed via the EQIA.,</p>
Date assessment will be reviewed:	Dependent on decision – to be confirmed.

**Table 1**

Area	Current CTAX £	Special Expenses	Indicative CTAX £*	Increase/Decrease %	Population (number)	Male %	Female %	Disability %	BME %	Age %				Religion %		
										16-24	25-44	45-64	65+	Christian	None	Other
Addington	241.96	No	231.43	-3.65	769	49.9	50.1	12.6	2.5	10.7	18.7	31.5	22.5	70.0	21.7	1.2
Aylesford	237.59	Yes	228.09	-2.46	10660	49.1	50.9	15.8	3.8	10.0	24.5	28.8	18.3	65.0	25.9	2.2
Birling	237.29	Yes	245.27	4.25	437	51.3	48.7	13.5	2.3	8.4	25.2	29.7	15.6	61.8	28.8	2.7
Borough Green	292.69	Yes	278.80	-1.48	3672	48.4	51.6	17.4	4.4	8.9	24.2	25.7	22.6	66.3	25.0	2.9
Burham	236.61	No	226.56	-2.46	1195	48.5	51.5	16.2	2.5	7.4	24.5	29.7	20.2	67.1	25.4	1.2
Ditton	312.36	No	297.91	-1.37	4786	48.5	51.5	16.9	3.9	9.5	24.4	27.7	18.1	67.5	24.2	1.6
East Malling & Larkfield	240.41	Yes	231.46	-1.36	14185	48.9	51.1	14.7	4.2	11.0	27.3	25.7	14.9	63.4	27.8	1.9
East Peckham	281.93	Yes	270.85	-1.50	3306	50.0	50.0	15.9	1.1	9.6	22.4	30.8	18.9	67.7	24.7	0.5
Hadlow	246.58	No	237.98	-1.28	3983	48.6	51.4	16.1	2.8	13.0	19.3	29.3	20.1	62.1	29.1	1.5
Hildenborough	217.51	No	202.81	-6.48	4954	49.8	50.2	14.0	3.5	8.9	21.8	29.9	18.3	67.8	23.0	1.4
Hightham	289.64	No	275.75	-4.24	2084	49.7	50.3	8.9	3.3	7.5	20.3	31.8	16.5	70.7	21.8	1.3
Kings Hill	254.88	Yes	239.71	-5.11	7435	50.1	49.9	6.5	6.5	7.2	33.3	21.5	6.4	63.4	28.1	2.4
Leysbourne	268.50	Yes	274.87	-4.19	3218	48.7	51.3	11.8	2.7	11.1	26.0	29.6	12.8	68.5	24.1	1.6
Mereworth	221.11	No	212.82	-2.04	1068	47.8	52.2	15.0	3.9	12.2	21.3	31.4	14.3	59.7	29.5	2.6
Offham	236.74	No	226.01	-3.67	755	47.8	52.2	16.0	2.9	9.0	15.2	36.6	23.8	69.4	21.1	1.9
Platt	264.95	Yes	253.14	-3.94	1679	48.9	51.1	13.5	4.2	7.3	21.3	28.5	21.6	68.2	22.8	1.0
Plaxtol	235.54	No	224.59	-3.91	1117	51.4	48.6	10.4	3.4	7.3	21.8	30.6	16.9	67.0	26.1	0.9
Ryarsh	242.99	No	236.67	-1.13	696	49.4	50.6	14.2	1.6	7.2	24.7	29.7	17.7	66.4	26.3	1.1
Shipbourne	226.98	No	22.64	-0.95	470	48.3	51.7	14.3	1.3	6.8	18.5	35.3	19.6	68.5	21.7	0.2
Snodland	267.58	Yes	263.07	2.13	10211	48.4	51.6	15.7	2.4	11.5	29.7	24.9	13.9	61.8	30.2	1.1
Stansted	258.23	No	253.09	-0.83	484	50.8	49.2	13.0	1.9	8.1	20.5	33.7	22.1	72.1	19.2	1.5
Trottscliffe	241.93	No	233.51	-2.96	485	48.0	52.0	17.1	1.4	9.3	15.3	35.5	28	68.5	22.9	0.2
Wateringbury	316.19	Yes	308.86	-0.90	2104	49.4	50.6	14.3	3.3	7.9	23.5	30.1	18.1	70.5	21.4	1.5
West Malling	260.01	Yes	253.77	0.29	2590	46.4	53.6	20.6	3.1	8.0	24.6	28.3	24.0	67.5	24.3	1.6
West Peckham	209.81	No	210.68	0.60	350	51.4	48.6	10.3	2.0	7.1	19.7	36.3	13.1	69.4	26.6	1.1
Wouldham	251.59	Yes	247.40	0.23	1497	47.4	52.6	17.7	3.5	9.7	30.7	25.0	15.4	60.1	29.7	1.5
Wrotham	271.15	Yes	264.53	0.30	1921	47.9	52.1	19.8	3.8	8.3	21.3	26.5	21.3	63.9	25.2	2.7
Tonbridge**	192.51	Yes	234.54	21.83	39648	49.2	50.8	15.4	5.1	10.8	24.9	26.0	17.9	61.0	29.0	2.6
Borough	TBC	n/a	TBC	n/a	120805	49.0	51.0	14.9	4.1	10.1	25.4	26.9	16.9	63.7	27.3	2.0

\*Includes reduction in CTRS Grant and effect of Special Expenses

\*\* Tonbridge Urban Area - census data is provided by parish and 'urban areas'. The urban area may overlap with some parish areas.

**Table 1**

\*Includes reduction in CTRS Grant and effect of Special Expenses  
\*\* Tonbridge Urban Area - census data is provided by parish and 'urban areas'. The urban area may overlap with some parish areas.

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## Item CB 16/64 referred from extraordinary Cabinet minutes of 6 September 2016

### CB 16/64 FLOODING UPDATE: TONBRIDGE, HILDENBOROUGH AND EAST PECKHAM

Further to Decision No D140135MEM, the report of the Management Team provided an update on the flood mitigation project relating to the areas of the Borough on the River Medway most vulnerable to flooding. Details were given of the programme and funding of the mitigation schemes and it was noted that a bid had been submitted for funding from the Local Growth Fund by the Borough Council with participation from Kent County Council and the Environment Agency.

Consideration was given to a “fast-tracked” evaluation of the Leigh Flood Storage Area, Hildenborough flood protection bund and East Peckham flood mitigation scheme with a recommendation for a maximum capital grant of £500,000 in 2020/21 as a partnership contribution. Members were advised that public exhibitions of the proposed schemes would be held including one at the Angel Centre, Tonbridge on 20 – 22 October 2016.

#### **RECOMMENDED:** That

- (1) the “fast-tracked” evaluation of the flood mitigation schemes for Leigh, Hildenborough and East Peckham, as evidenced at Annex 2 to the report, be supported; and
  - (2) the Council approve the updating of the existing Capital Plan to reflect a capital grant, as a partnership contribution, towards the project of £500,000 (maximum) in 2020/21.
- \*Referred to Council**

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# TONBRIDGE & MALLING BOROUGH COUNCIL

## CABINET

06 September 2016

### Report of the Management Team

#### Part 1- Public

#### Matters for Recommendation to Council

#### **1 FLOODING UPDATE – TONBRIDGE, HILDENBOROUGH AND EAST PECKHAM.**

**This report provides Members with an important update on the flood mitigation project relating to the areas of the Borough on the River Medway that are most vulnerable to flooding. It recommends that Cabinet supports the ‘fast-tracked’ evaluation of the flood mitigation schemes, and seeks Council’s approval to update the Capital Plan to include a capital grant, as a partnership contribution, of £500,000 (maximum) in 2020/21.**

#### **1.1 Background**

- 1.1.1 Members will recall that over the Christmas and New Year period of 2013/14 there were very significant and damaging flooding events in parts of the Borough. Areas of Tonbridge, Hildenborough and East Peckham were amongst the worst effected locations with hundreds of residential and business properties being severely impacted.
- 1.1.2 The effect of the flooding events were far reaching, had drastic and lasting impacts on communities and the recovery period was very extensive which in turn gave rise to significant costs. The Borough Council’s role during and following the flood events was one of community leadership as well as providing considerable practical support in partnership with other agencies.
- 1.1.3 A report was made to the Planning and Transport Advisory Board in November 2014, outlining the ongoing flood recovery work at that time. A copy of that report is included at **[Annex 1]** for Members awareness. In particular, the Council agreed to contribute £100K towards a partnership approach to develop a project to increase the capacity of the Leigh Flood Storage Area. It was also resolved that “officers continue to liaise closely with the Environment Agency and put forward a clear representation of the Borough Council’s wish to pursue the most robust solutions in the case of all the proposed flood mitigation works”.
- 1.1.4 In recognition of the wider area of flood risk in this part of Kent (for example at Yalding and Collier Street in Maidstone) a comprehensive and partnership-based

project approach was established, also involving the Environment Agency, KCC and Maidstone Borough Council, to examine the feasibility of flood mitigation measures on the Rivers Medway, Teise and Beult. Considerable work has been advanced taking into account updated modelling and looking at the cost and benefit of various options. This is necessary to justify the business case and ultimately the release of funds from the Department of Environment, Food and Rural Affairs (DEFRA) to the Environment Agency to proceed with flood mitigation schemes.

- 1.1.5 The project work has now reached an important stage and concluded that the improvement of the Leigh Flood Storage Area (FSA) to increase capacity, combined with an embankment scheme to defend Hildenborough will proceed to the next stage of development. The flood alleviation scheme at East Peckham will also proceed.
- 1.1.6 In respect of mitigation measures on the Beult and Teise, no practical flood storage solutions were found that offered significant benefit measured against costs. However, as a separate project the Environment Agency will now be working with partners to consider property and community resilience schemes that could bring greater benefit to communities in those areas.
- 1.1.7 Reaching this stage of clarity in the overall project has taken some time and analysis but is now a welcome milestone that will enable progress to be made on the schemes of most direct interest to communities in Tonbridge and Malling. Taken together the projects for the Leigh FSA, Hildenborough and East Peckham will provide significant levels of defence to approximately 2500 residential and business properties from a 1 in 100 year flood event. In short, the Environment Agency modelling indicates that if the works proposed are successfully implemented they will provide protection from the type of flooding events experienced in 2013/14.

## **1.2 Programme and Funding**

- 1.2.1 In respect of the Leigh FSA and Hildenborough the programme is for a detailed and final business case to be made to DEFRA early next year, in order to release the majority of the funding, followed by detailed design and implementation to enable the works to be completed by 2022. East Peckham would proceed on a similar timetable but as a separate scheme.
- 1.2.2 In terms of funding, the overall costs of the Leigh FSA and Hildenborough projects are currently estimated at £17.1m and the East Peckham scheme at £7.5m; a total cost of £24.6m. The core finance available from DEFRA is likely to be £15.5m and so discussions have recently focussed on partnership funding in order to address the apparent gap.
- 1.2.3 A bid has been submitted for funding from the Local Growth Fund by the Borough Council with participation from KCC and the Environment Agency. Two main planks for successful LGF bids are being able to demonstrate that a project will

lead to or unlock growth and that a partnership approach to funding has been achieved.

- 1.2.4 In the bid we have demonstrated how flood risk has been a practical constraint and a cost burden to new development and investment, particularly in and around central Tonbridge. The bid also portrays how relieving flood risk can assist the Council and its partners to deliver growth objectives through the Local Plan and foster new business investment and the provision of new homes as well as relieve the risk to existing households and firms.
- 1.2.5 The LGF bid has also needed to be as clear as possible about funding. In addition to the DEFRA core finance, the bid includes provision for a partnership contribution of £2.5m from KCC, £0.5m from Tonbridge and Malling, previous contributions to project development of £1m and potential contributions from business and landowners in the region of £0.6m. This leaves a funding gap of £4.5m which has formed the basis of the bid submitted to the LGF. Although that bid remains the subject of approval, the initial assessments and indications are favourable and should that come to fruition then the scheme can proceed as fully funded.
- 1.2.6 The Borough Council's own contribution to this project must, of course, be considered and approved by Council, following a recommendation by Cabinet, within the context of the Capital Plan. In order to move the project this far it has been necessary for a degree of commitment to be indicated, alongside other partners, so that the LGF bid could be realistically advanced and considered. We hope Members will appreciate that this has been done in general terms in order to give the project the best chance of success at this stage. It is, however, now necessary to seek the approval of the Council for a sum of £500,000 (maximum) to be allocated to this capital project.
- 1.2.7 In the normal course of events we would bring forward proposals for capital projects and associated funding to the Cabinet during the Budget cycle (February) so that consideration of potential schemes is not done in isolation. However, given the sensitive and high profile nature of this scheme and the need to confirm a funding commitment (capital grant) to enable other funding 'bids' to progress (see paragraph 1.2.5), it is necessary to bring this to Cabinet outside of the normal timescales as a 'fast-tracked' initiative.
- 1.2.8 Accordingly, a capital plan evaluation template is attached at **[Annex 2]** for Members to consider. Cabinet will note that the capital grant, if approved, is not likely to be required to be paid over until the financial year 2020/21.

### **1.3 Legal Implications**

- 1.3.1 Under the Flood and Water Management Act 2010, Kent County Council are the "lead local flood authority" with responsibility for setting the flood risk management strategy for Kent. TMBC is a "risk management authority", and must carry out its flood risk management functions in accordance with the strategy.

- 1.3.2 By s.111 Local Government Act 1972 a local authority may incur expenditure in order to facilitate, or in a manner which is conducive or incidental to, any of its functions, this would clearly include TMBCs flood risk management functions.
- 1.3.3 Section 1 of the Localism Act 2011 provides a general power of competence for all local authorities, which permits TMBC to do anything, including in this case incurring expenditure, which an ordinary individual might do, but subject to important restrictions. Where the general power overlaps with a pre-existing power, then any limitations imposed upon that pre-existing power also apply to the s.111 power. In the present circumstances, none of the limitations on the s.111 power would apply.

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

- 1.4.1 Members are aware that 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. The reserve is finite, and therefore as part of the Capital Strategy the Council has agreed an 'annual allowance' of £200,000 for capital expenditure (excluding capital renewals and recurring capital expenditure).
- 1.4.2 The proposed capital grant, as the Borough Council's contribution to the flood mitigation project, is in excess of the Council's annual capital allowance. However, Members are advised that we have been able to release some of the existing commitments for funding from the reserve for two main reasons, and therefore this project can be considered outside of normal capital plan review process.
- 1.4.3 Firstly, the Council's own direct funding contribution to the Town Lock project has been reduced following the ability to allocate a greater proportion of developer contributions to the project. Secondly, as reported to the Communities and Housing Advisory Board in July the increased Disabled Facilities Grant allocation through the Better Care Fund will mean that the Council (in the short term at least) will not need to top up the funding received from its own resources.
- 1.4.4 The Director of Finance & Transformation will as a matter of course be reporting on these changes during the budget cycle, but advises that she is satisfied that there is now sufficient scope within the revenue reserve for capital schemes to allocate funding of £500,000 (maximum) as set out above.
- 1.4.5 Support for the fast-tracked evaluation as set out in **[Annex 2]** and the consequential update of the existing Capital Plan is therefore recommended.

#### **1.5 Risk Assessment**

- 1.5.1 The risk to communities of these projects not proceeding is very considerable in terms of severe disruption to households and loss to local business. Equally, the cost of the project and the Council's contribution must be weighed against the very significant recovery costs that could potentially occur should a major flooding event recur.

1.5.2 The risk to the project of the Council (or indeed other partners) not contributing could delay or prevent the success of the LGF bid and the realisation of the project as a whole, which is dependent on the various funds being available as described in this report.

1.5.3 As well as clear and significant benefits to the many homes and business in the local communities, the project would also provide better flood protection to some public leisure facilities, such as Tonbridge Pool, and those premises enjoyed by community clubs, such as Tonbridge Judians and the Bowls Club.

## 1.6 Equality Impact Assessment

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

## 1.7 Conclusions and Recommendations

1.7.1 Taking into account the serious and devastating experience of the effected communities, the number of people and businesses impacted and the ongoing consequences, it is difficult to imagine a more worthy use of resources than to address the issues of flood risk mitigation as outlined in this report.

1.7.2 It is true that financing flood mitigation is not a direct duty of the Borough Council. However, the way in which funding works for such schemes now inevitably requires a significant amount of partnership funding in one form or another. In view of the appropriate level of community leadership taken on by the Borough Council during the floods of 2013/14 it now seems most appropriate for a partnership contribution, in the form of a capital grant, to be made to the proposed project.

1.7.3 Cabinet is, therefore, RECOMMENDED to:

- 1) Support the 'fast-tracked' evaluation of the flood mitigation schemes for Leigh, Hildenborough and East Peckham as evidenced in **[Annex 2]**; and
- 2) Seek Council approval to the updating of the existing Capital Plan to reflect a capital grant, as a partnership contribution, towards the project of £500,000 (maximum) in 2020/21.

Background Papers:  
Report to the Planning and Transport Advisory Board  
November 2014

contact: Steve Humphrey  
Julie Beilby

Steve Humphrey  
Director of Planning, Housing and Environmental Health

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**TONBRIDGE & MALLING BOROUGH COUNCIL**  
**PLANNING and TRANSPORTATION ADVISORY BOARD**

**18 November 2014**

**Report of the Director of Planning, Housing and Environmental Health**

**Part 1- Public**

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

**1 FLOODING UPDATE**

**This is a progress report on flood recovery within our borough following the events over the Christmas/New Year period and presents the Newsletter prepared for residents of these affected communities.**

**1.1 Introduction**

1.1.1 This report provides an update on the aspects and issues relevant to our involvement in the flood recovery and attached to the report is the multi-agency Technical Group Newsletter which is being distributed to residents across the flood affected areas of the borough.

**1.2 Multi-Agency Recovery Strategy**

1.2.1 Members will be aware that we have been participating in the county-wide Strategic and Tactical Recovery Coordinating Groups throughout the year which are chaired by Kent County Council. The aim of these groups is to work in partnership to support affected individuals, communities and organisations to recover from the floods and to return to a state of normality. Many of our residents are now back in their homes however at the start of this month there were still 32 properties where extensive repairs have been needed following the flood damage and are still not complete. These houses remain unoccupied.

**1.3 The Multi-Agency Technical Working Group**

1.3.1 The Technical Working Group was set up in February following the various public engagement meetings across the Borough. It consists of representatives from the organisations with an involvement in flood risk management and has been working consistently throughout the year to ensure that existing flood defence systems are sound and the sewer systems and drains are as functioning as intended.

1.3.2 In addition to this the Environment Agency is working on some key flood defence projects and we have been liaison closely on a range of design matters with them.

When implemented these measures will provide increased protection for local residents and businesses. The schemes are:

- Avebury Avenue, Tonbridge flood defence – this project is in the planning stages and the Environment Agency hope to start construction in early 2015
- Hildenborough flood defence – construction is planned to take place in the summer of 2015
- East Peckham and Little Mill – the Environment Agency hope to be able to progress this project in 2015/16
- Leigh Flood Storage Area – there will be a partnership approach to developing this project which will increase the capacity within the Leigh Flood Storage Area. This will be formed of the Environment Agency, KCC and TMBC. TMBC has agreed to contribute £100k from the “Flood Recovery and Defence” reserve we set up at the end of last year for an assessment of the options and the delivery of an outline design. Maidstone Borough Council will also participate in this project with a view to reducing flood risk at Yalding. We are working on a legal agreement to formalise this approach. The Borough Council will also be party to a bid to the Local Enterprise Partnership (LEP) for capital funding towards this project to ensure that it is constructed as soon as possible.

1.3.3 Further information relating to each of these projects can be found in the Technical Newsletter in **Annex 1**.

## **1.4 Flood Wardens**

1.4.1 A second training session for Flood Wardens was held at Kings Hill on 18 October. This has reinforced the Flood Warden numbers in Hildenborough and East Peckham and we now have six trained Flood Wardens in Tonbridge.

1.4.2 The Wardens for Hildenborough and East Peckham will operate under the parish flood/emergency plans and these are being updated with assistance from the Environment Agency and the Kent Resilience Team as necessary. In Tonbridge we are working closely with the Environment Agency and KCC Emergency Planning to develop a Community Plan for the Tonbridge area. An initial scoping meeting to develop this plan has been held with some of the Tonbridge Flood Wardens and we hope to have firm arrangements in place shortly to ensure that the Flood Wardens operate effectively and in a coordinated way in liaison with our staff and other agencies as appropriate.

1.4.3 All Flood Wardens are provided with a Flood Warden Handbook and basic equipment appropriate for the role.

## **1.5 Legal Implications**

- 1.5.1 A legal agreement will be prepared for our involvement in the Leigh Flood Storage Area project.

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

- 1.6.1 A contribution of £100k will be made to the Environment Agency who are leading on the Leigh Flood Storage Area scheme.

## **1.7 Risk Assessment**

- 1.7.1 Not required.

## **1.8 Equality Impact Assessment**

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

## **1.9 Policy Considerations**

- 1.9.1 Community

## **1.10 Recommendations**

- 1.10.1 Members are asked **TO NOTE** and **ENDORSE** the position set out in the report, including a contribution of £100k from the Flood Recovery and Defence reserve towards an assessment of the options and the delivery of an outline design for the Leigh Flood Storage Area scheme.

The Director of Planning, Housing and Environmental Health confirms that the proposals contained in the recommendation(s), if approved, will fall within the Council's Budget and Policy Framework.

Background papers:

contact: Mike O'Brien

Nil

Steve Humphrey

Director of Planning, Housing and Environmental Health

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## CAPITAL PLAN LIST C – EVALUATIONS

Project Leigh Flood Storage Area(FSA), Hildenborough flood protection bund and East Peckham flood mitigation scheme						
1	<b>Specification:</b>					
	(i)	<b>Purpose of the scheme</b>	To provide flood protection and reduce flood risk to local households and business premises and a range of community and leisure facilities, including those in the ownership of the Council, particularly in central Tonbridge.			
	(ii)	<b>Relevance to National / Council's Strategic Objectives</b>	(a) National: DEFRA strategy to reduce flood risk (b) Council: Council priority (4c) to ' <i>reduce the risk of flooding of residential and commercial properties</i> ' and (3b) <i>promote and support the sustainable development of Tonbridge Town Centre</i> '			
	(iii)	<b>Targets for judging success</b>	Reduced incidence of flood impact on residential and business properties. (Note: the numbers of properties impacted by flooding were recorded following the flood events of 2013/14. These form a very worst case baseline of extraordinary circumstances that the projects are designed to prevent) Overall reduction in flood risk to properties in a 1:100 year flood event.			
2	<b>Description of Project / Design Issues:</b> The project consists of improvements to the Leigh FSA, a flood protection bund around the southern side of Hildenborough and a flood mitigation scheme at East Peckham. Each of the projects has been justified on the basis of updated modelling of the river catchment, have been evaluated against the DEFRA cost/benefit criteria and are now at outline design stage.					
3	<b>Consultation:</b> The project is being led by the Environment Agency supported by a partnership arrangement involving the Borough Council and KCC. The partnership has carried out public consultation via events and newsletters throughout the development of the project.					
4	<b>Capital Cost:</b> The overall project cost is estimated at £24.6m. This is proposed to be funded by DEFRA core funding (£15.5m), KCC (£2.5m), TMBC (£0.5m), private sector and landowner contributions (£0.6m), previous project development contributions (£1m – of which TMBC £100k). A bid has also been submitted by the Borough Council for Local Growth Funding of £4.5m.					
5	<b>Profiling of Expenditure</b> The Borough Council will be expected to enter into a legal agreement in respect of its partnership contribution early in 2017, although it is unlikely that the funds will be drawn down until 2020/2021					
		<b>2017/18 (£'000)</b>	<b>2018/19 (£'000)</b>	<b>2019/20 (£'000)</b>	<b>2020/21 (£'000)</b>	<b>2021/22 (£'000)</b>
					<b>£500,000</b>	
6	<b>Capital Renewals Impact:</b> Not applicable					

## CAPITAL PLAN LIST C – EVALUATIONS

	7	<b>Revenue Impact:</b> Loss of investment income estimated at £25,000 (based on rate used currently for capital plan evaluation purposes)		
	8	<b>Partnership Funding:</b> See capital cost above.		
	9	<b>Post Implementation Review:</b> The overall project is estimated for completion in 2022.		
	10	<b>Screening for equality impacts:</b>		
		<b>Question</b>	<b>Answer</b>	<b>Explanation of impacts</b>
		a. Does the decision being made or recommended through this paper have potential to cause adverse impact or discriminate against different groups in the community?	No	
		b. Does the decision being made or recommended through this paper make a positive contribution to promoting equality?	No	
		c. What steps are you taking to mitigate, reduce, avoid or minimise the impacts identified above?	N/A	
	11	<b>Recommendation:</b> Transfer to Capital Plan (List A)		

## Item CB 16/74 referred from Cabinet minutes of 12 October 2016

### CB 16/74 CORPORATE STRATEGY

Further to Decision No D160044CAB, the report of the Chief Executive indicated that a revised draft Corporate Strategy had been considered by the Overview and Scrutiny Committee at its meeting on 13 September 2016 and commended for adoption by the Council.

**RECOMMENDED:** That the draft Corporate Strategy set out at Annex 1 to the report be commended to the Council for formal adoption.

**\*Referred to Council**

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**TONBRIDGE & MALLING BOROUGH COUNCIL**

**CABINET**

**12 October 2016**

**Report of the Chief Executive**

**Part 1- Public**

**Matters for Recommendation to Council**

**1 CORPORATE STRATEGY**

**To endorse the draft strategy and to recommend its adoption at Full Council.**

**1.1 The draft Corporate Strategy**

1.1.1 A draft of the Corporate Strategy (attached as Annex 1 to this report) was considered by the Overview and Scrutiny Committee at its meeting held on 13<sup>th</sup> September 2016. The Committee resolved to endorse the draft with no further amendment.

**1.2 Legal Implications**

1.2.1 None

**1.3 Financial and Value for Money Considerations**

1.3.1 As set out in the draft Strategy.

**1.4 Equality Impact Assessment**

1.4.1 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.

**1.5 Recommendation**

1.5.1 That the draft Corporate Strategy, as set out in Annex 1 to this report, **BE COMMENDED** to the Council for formal adoption.

Background papers:

contact: Mark Raymond

Nil

Julie Beilby  
Chief Executive

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# ANNEX1

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## ***Tonbridge and Malling Borough Council***

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***Corporate Strategy - DRAFT***

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***2017 – 2019***

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# ***About our Corporate Strategy***

The development of a new Corporate Strategy marks a significant change in approach for Tonbridge and Malling Borough Council when compared to previous years. Our previous Corporate Performance Plan sought to address a wide range of service issues and assessed performance using a myriad of indicators and targets. We now need to be more strategic in our approach. We are facing considerable financial challenges alongside changing and, in some cases, increasing demands on the services we provide. We have made good progress in addressing these challenges to date but we now need to continue to adopt and embed different and smarter ways of working to sustain our progress.

The strategy sets out how we intend to plan and deliver our services in the future and ensure they are relevant to our residents, businesses, visitors to the Borough, and our partners.

This Strategy sets out for the next three years :

- ***Our vision and values***
- ***Meeting the challenges ahead***
- ***The way forward***
- ***A commitment to working in partnership***
- ***Measuring Success.***

# Our Vision and our Values

Our vision for the next three years is:

***To be a financially sustainable Council that delivers good value services, provides strong and clear leadership and, with our partners, addresses the needs of our Borough.***

We will be guided in the delivery of the above vision by the following core values:

- ***Taking a business-like approach*** - focusing on ensuring good value for money, continuously reviewing how our services are provided and funded, focusing our available resources where they will have most beneficial impact, and maximising commercial opportunities.
- ***Promoting Fairness*** - acting transparently at all times and being accountable for what we do, and promoting equality of opportunities.
- ***Embracing Effective Partnership Working*** - achieving more by working and engaging effectively with a wide range of local partners from the private, public, voluntary and community sectors.
- ***Valuing our environment and encouraging sustainable growth*** - keeping our towns, villages and countryside clean and well maintained, planning for our future homes and jobs and seeking investment in economic regeneration and infrastructure.

## ***Meeting the Challenges Ahead***

The Council is facing a period of considerable change and challenge over the next three years and beyond. Reducing financial support from Government will mean we need to target resources on delivering core services. At the same time we have to be agile in the way we manage these services to meet the rapidly changing demands and needs of our residents and businesses.

We have recently adopted a Savings and Transformation Strategy that sets out what we need to do over the next three years in terms of change and financial savings that total £1.8M. There are seven key themes:

- generating new income and cost recovery
- looking at ways of delivering retained services more efficiently
- reviewing discretionary services and delivering mandatory services at a lower cost
- reducing costs when service contracts are renewed and re-tendered
- realignment of services and reviewing our management structures
- reviewing our partnership arrangements and the funding we offer to those bodies
- Investing the proceeds gained from the release of assets.

To deliver this strategy successfully, we need to increase our pace of change and inject further fresh approaches to our business and the way we undertake it.

## ***The Way Forward***

With significant reductions in Government funding support over the next three years and changing demands on our services, we need to decide what is most important in ensuring our adopted vision is achieved and that we fully embrace our agreed values.

Building on our Savings and Transformation Strategy, we will seek to deliver the following **key actions**:

We need to continue to identify additional opportunities to **generate more income** to compensate for reductions in Government grant. This means being more commercial and imaginative about the way we operate than we have been previously, being bolder in our approach and less risk-averse. It could include selling services to others and developing new sources of income, such as our community lottery, and investing our money differently. We will also review how our existing property assets can be used to generate new revenue income streams that can then be invested in service delivery.

New income generation will help us sustain key services, but the scale and pace of change in Government funding will mean that the Council will need to **review some discretionary services and, in some cases, significantly reduce, discontinue, or do them differently**. We will identify annual savings and efficiencies, to supplement the themes set out in the Savings and Transformation Strategy, and set out the proposed changes to our services, the reasons for these changes, and how they will be implemented.

We will also seek to identify **new efficiencies** that could save money and allow key services to be developed. We will look at ways we can transform the organisation, for example, by reorganising our staff structures, adopting a 'one team approach' to meet the best needs of our residents and communities and reviewing how we work to deliver efficient and effective services.

## ***A Commitment to Working in Partnership***

Most of the work we undertake now involves joint working with a wide range of partners. The Borough Council remains fully committed to maintaining the close working relationships we already have in place and to develop stronger and wide-ranging jointly delivered initiatives and actions.

### ***Working with our Borough Partners***

We are committed to retaining and developing our close working relationships with our Borough partners. We will continue to support our Local Strategic Partnership, our main partnership which brings together key local partners from the public, private and voluntary sectors. We will continue to engage with our Parish Councils via a refreshed Parish Partnership Panel led by a new, jointly agreed Parish Charter. In addition, we remain committed to developing our dialogue with local businesses and traders' groups, with local housing providers, and other partners including those for health improvement, sports and recreation, community development and community safety. We will foster relationships with those agencies providing infrastructure to support our communities and facilitate growth where appropriate, working with the private development, investment and commercial sectors.

### ***Working Across West Kent***

The Borough Council works closely with Sevenoaks District Council, Tunbridge Wells Borough Council and Kent County Council. The West Kent Partnership, for example, has enabled us to work jointly on wider economic regeneration and transport issues and has enabled us to have a stronger collective voice helping to secure funding for key infrastructure projects. We now wish to develop those relationships even further. The new approach might include stronger Governance arrangements to underpin a wider range of shared services and closer working relationships between the two tiers of Local Government. Under this new arrangement, there might also be the potential to seek freedoms and flexibilities from Central Government and enable the West Kent authorities to deliver certain national services on a more local basis.



## **Measuring Success**

We will review this corporate strategy each year to evaluate what we have achieved so far and what new and redirected efforts we need to focus on. The key measures we intend to use for this review include the following:

- *Our progress towards meeting our financial targets as set out in the Savings and Transformation Strategy both in terms of the cost savings we have achieved and new income we have generated*
- *Adopting a culture of continuous improvement in change and efficiency through a small set of key indicators covering the core services we provide*
- *Assessing the pace of change we have achieved in rewiring our services to meet customer needs and to identify where positive changes could be accelerated further*
- *Engage with our key partners to challenge us on our progress and achievements*
- *Explore opportunities to receive feedback and comments via consultation with our residents, businesses, visitors, partners and staff.*

To ensure transparency and accountability, we will commit to publishing the results of our annual savings and will be open about the need for continuing change.

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**Item CB 16/75 referred from Cabinet minutes of 12 October 2016**

**CB 16/75 SPECIAL EXPENSES SCHEME POLICY ('FAIRER CHARGING')  
AND UPDATED FINANCIAL DATA**

Further to Minute CB 16/60 of the extraordinary meeting of the Cabinet on 28 July 2016, the report of the Management Team provided an update on progress with the "Fairer Charging" project. It was noted that the recommendations from that meeting would be submitted to the Council on 1 November. In the meantime a Special Expenses Policy, which had been reviewed and commended by the Overview and Scrutiny Committee at its meeting on 13 September, was presented for consideration.

**RECOMMENDED:** That the draft Special Expenses Policy set out at Annex 1 to the report be approved by the Council.

**\*Referred to Council**

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# TONBRIDGE & MALLING BOROUGH COUNCIL

## CABINET

13 October 2016

### Report of the Management Team

#### Part 1- Public

#### Matters for Recommendation to Council

#### **1 SPECIAL EXPENSES SCHEME POLICY ('FAIRER CHARGING') AND UPDATED FINANCIAL DATA**

**A report updating Cabinet on progress with the 'Fairer Charging' project, and seeking Cabinet's recommendation in respect of the Special Expenses Policy which was reviewed and commended by the Overview and Scrutiny Committee at its meeting on 13 September 2016.**

#### **1.1 Introduction**

1.1.1 At the special meeting on 28 July, Cabinet considered a very detailed report setting out the results of two consultations, namely:

- the potential of cessation of council tax reduction (CTR) scheme grants to parish councils from 1 April 2017; and
- the potential introduction of a Special Expenses Scheme and simultaneous withdrawal of the s136 Financial Arrangements with Parish Councils (FAPC) Scheme with effect from 1 April 2017.

1.1.2 Following detailed consideration and debate, Cabinet recommended at **CB 16/60** that:

- 1) *responses received in respect of the consultation with parish councils regarding the cessation of CTRS grants and any potential equality impacts be noted and the grants be withdrawn from 1 April 2017 and parish councils notified accordingly;*
- 2) *the responses received in respect of the consultation regarding the potential introduction of Special Expenses and any potential equality impacts be noted and the introduction of such a Scheme from 1 April 2017 be commended to the Council;*
- 3) *on the basis that a Special Expenses Scheme is to be introduced, the following concurrent services should be incorporated within the Scheme:-*

- *Closed churchyards*
- *Open spaces, parks and play areas maintained by TMBC in parished areas; excluding Leybourne Lakes Country Park (strategic site)*
- *Open spaces, play areas, parks and sportsgrounds in Tonbridge; excluding Castle Grounds and Haysden Country Park (strategic sites)*
- *Support given to Local Events*
- *Allotments;*

*and, in accordance with the agreed project timetable, the Overview and Scrutiny Committee review the Scheme, once it is drawn up, at its next meeting;*

- 4) *information be sought from the church authorities on the capacity status of open churchyards throughout the Borough to enable further consideration of whether grants (under section 214 of the Local Government Act 1972) should continue to be offered to support their maintenance in furtherance of the previous policy in this regard;*
- 5) *a review be undertaken by the Overview and Scrutiny Committee into the future funding of Christmas Lighting and High Street flower displays in readiness for 2017/18; and*
- 6) *on the basis that a Special Expenses Scheme is to be introduced, the Scheme of Financial Arrangements cease with effect from 1 April 2017 and parish councils be notified accordingly.*

## **1.2 Progress**

- 1.2.1 In accordance with the recommendation (3) of the minute above, the Overview and Scrutiny Committee considered a draft Special Expenses Policy at its meeting on 13 September and recommended that it be approved for adoption by the Council. The Policy is attached at **[Annex 1]** for Cabinet to, likewise, review and recommend.
- 1.2.2 Action has not yet been taken in respect of recommendation (4), but it is anticipated that discussions will be commenced by way of the Management Team's meeting with the Rural Deans due to take place before Christmas.
- 1.2.3 In respect of recommendation (5) above, a Panel of the Overview and Scrutiny Committee is due to commence a review of Christmas Lighting and High Street flower displays on 6 October.

- 1.2.4 Updates on progress were given to the Parish Partnership Panel (PPP) and the Tonbridge Forum at their meetings on 8 and 12 September respectively. Extracts from the minutes are attached at **[Annex 2]**.
- 1.2.5 In addition, the Director of Finance and Transformation wrote to all parish council clerks and chairmen on 21 September updating them on the recommendations made and progress so far.
- 1.2.6 As an aside, during the consultation with parish councils, concerns were raised about the potential for parish councils to be included within council tax referendum principles (“capping”). As Members will note from elsewhere on this agenda, a new consultation has been launched by the Department for Communities and Local Government (DCLG) which contains proposals regarding principles in relation to parish councils. It is not expected at this stage that any of the parish councils within Tonbridge and Malling will be affected by the principles at the present time, unless, following the consultation, the DCLG decides to take a different course.

### **1.3 Financial ‘Impact’ Data Update**

- 1.3.1 Members are aware that the financial ‘impact’ data included within the Research Paper presented to Cabinet at its extraordinary meeting on 20 April was badged as ‘indicative’ and subject to change depending upon the results of the consultation exercise. Members are also aware that the financial data related to the 2016/17 financial year.
- 1.3.2 Following the recommendations of the Cabinet at its meeting on 28 July, together with the correction of some minor anomalies that have emerged, the figures relating to 2016/17 have been reworked.
- 1.3.3 It is important to note that the figures relate to how the position might have looked with these recommendations in place during the financial year 2016/17. They do not relate to the forthcoming financial year as budgets have not yet been worked up by either the Borough Council or the parish councils.
- 1.3.4 Had this Scheme been in place as at 1 April 2016, the Borough Council’s general Band D tax would have been £174.98 annually compared to the Band D council tax of £192.51 that was approved by Full Council in February 2016; a reduction of £17.53 per annum. As the Scheme was not in place this ‘revised’ figure is, of course, hypothetical.
- 1.3.5 When publishing the Borough Council’s overall level of council tax at Band D for “official” purposes (i.e. the referendum principles), the council tax will still ‘appear’ as £192.51 due to the prescribed methodology from DCLG. This will inevitably cause some confusion with the public. Members are already aware that Tunbridge Wells Borough Council levies special expenses in parts of its borough and has to address this particular anomaly.

- 1.3.6 The Special Expenses (Local Charge) for Tonbridge hypothetically would have been £55.03, giving a total TMBC charge (Band D) to Tonbridge residents of £230.01, an increase of £37.50 per annum (or 72 pence per week). **[Annex 3]** sets out the makeup of these special expenses charges for Tonbridge residents and the impact on the council tax levy.
- 1.3.7 The picture varies for each of the parished areas. For modelling purposes it has been assumed that the parish councils would have needed to increase their precepts on a pound for pound basis in order to recover the withdrawn grants (FAPC and CTR). This may, or may not, be the case as that is a decision for individual parish councils to make.
- 1.3.8 **[Annex 4]** sets out parish by parish the value of both FAPC grants and CTR grants, and the total amount that would need to be added onto the parish Band D council tax levy on this 'worst case' basis.
- 1.3.9 Some parished areas, as previously explained, will have Special Expenses from Tonbridge & Malling Borough Council applied to the total bill.
- 1.3.10 **[Annex 5]** sets out by parish:
- 1) the 'revised' (hypothetical) parish council tax Band D levy
  - 2) the 'revised' Borough Council Band D levy, and
  - 3) where applicable, the Special Expenses (Local Charge) levy.
- 1.3.11 The final column compares the total of the above with the approved 2016/17 council tax position in each parish. Had the scheme been in place in 2016/17, residents in 20 of the parished areas might have seen a slight annual decrease in council tax ranging from 55 pence to £12.72. Residents in the remaining 7 parished areas might have seen a slight increase in their annual charge ranging from 52 pence to £12.86. In the **worst case scenario**, and bearing in mind that these are hypothetical figures, this would amount to an extra 25 pence per week.

## 1.4 Legal Implications

- 1.4.1 Provisions relating to special expenses are contained in the Local Government Finance Act 1992 at sections 34 and 35. These sections allow different amounts of council tax to be calculated for different parts of the district, depending on what, if any, special items relate to those parts.
- 1.4.2 The Council currently resolves to pay grants under s136 of the Local Government Act 1972, although the amount it pays is entirely at its discretion. Were the Council to resolve to adopt a Special Expenses Scheme under sections 34 and 35 of the Local Government Finance Act 1992, it would no longer pay grants for those items of special expense under s136 of the 1972 Act.



- 1.4.3 There is no statutory requirement for the Council to pass on funding to parish councils in respect of CTR. It, therefore, has unfettered discretion to make the decision one way or the other.

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

- 1.5.1 If the Full Council were to resolve to adopt a Special Expenses Scheme as recommended by Cabinet and cease the FAPC grants Scheme as a result, the saving would be circa £226,000 per annum.
- 1.5.2 Cessation of the grants in respect of Council Tax Reduction would save circa £175,000 per annum.
- 1.5.3 Cessation of the grants above will contribute towards achievement of targets set within the Council's Savings and Transformation Strategy.

## **1.6 Risk Assessment**

- 1.6.1 A full consultation with the public and parish councils has been undertaken, and the results considered and debated in detail by Cabinet at an extraordinary meeting on 28 July.
- 1.6.2 A Special Expenses scheme would establish 'equity' across the borough in terms of council tax paid towards the cost of local services. Whilst there is a risk of challenge to the introduction of such a scheme, the principles have been robustly tested.
- 1.6.3 If decisions are not made within the timescales previously agreed by Cabinet, the Council may not be able to implement savings (if any) in readiness for 2017/18.

## **1.7 Policy Considerations**

- 1.7.1 Community; Equalities/Diversity

## **1.8 Recommendations**

- 1.8.1 The recommendations (CB 16/60) of the Cabinet from its meeting on 28 July, set out in detail at paragraph 1.1.2, will be presented to Full Council for approval on 1 November 2016.
- 1.8.2 The Overview and Scrutiny Committee has now reviewed a draft Special Expenses Policy and had recommended it to Cabinet. Cabinet is now requested to **RECOMMEND** the draft Special Expenses Scheme Policy set out at Annex 1 to Full Council.

Background papers:

contact: Sharon Shelton

Nil

Julie Beilby  
Chief Executive

Sharon Shelton  
Director of Finance and Transformation

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

## **1. Introduction**

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

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

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

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

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

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

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

#### **5. Implementation**

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

November 2016

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

LEGAL BACKGROUND

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

Section 35(1) defines these items as:

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

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

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

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

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

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

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

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**EXTRACTS FROM MINUTES****PARISH PARTNERSHIP PANEL -Thursday, 8th September, 2016  
PPP 16/18 FUNDING ARRANGEMENTS WITH PARISH COUNCILS – UPDATE  
FOLLOWING CONSULTATION**

The Director of Finance and Transformation referred to the two recent consultations on the potential withdrawal of Council Tax Reduction grants to parish councils and the potential introduction of a Special Expenses Scheme (Fairer Charging) in place of the s136 Financial Arrangements with Parish Councils Scheme. The latter was aimed at achieving savings where possible and to provide equity for residents throughout Tonbridge and Malling.

Both consultations had ended on 20 June 2016 and Parish Councils were thanked for their participation. The responses received had been considered by a Special Cabinet meeting held on 28 July and a preferred way forward formulated for recommendation to Council in November.

With regard to Council Tax Reduction grants it was proposed that these grants would be withdrawn with effect from April 2017, subject to Council approval. The Panel was reminded that the Borough Council had no statutory obligation to passport funding to parishes and, in fact, many local authorities had already withdrawn this financial support as a result of the reduction in local government funding from Central Government.

However, the impact on some Parish Councils was recognised and the Director of Finance and Transformation offered to discuss the implications to individual parishes out of meeting.

In respect of Fairer Charging it was proposed to introduce a Special Expenses Scheme from April 2017 and withdraw financial support (through s136 grants) to Parish Councils at the same time, subject to comment from the Overview and Scrutiny Committee in September and final approval of Council in November 2016.

Following responses received from parish councils and residents a number of changes had been made to the initial proposals. The consultation had highlighted an issue regarding Tonbridge Cemetery and after further reflection the Borough Council felt that this should not be included in the Special Expenses Scheme on the grounds that it was a facility that was available equally to all residents in Tonbridge and Malling.

**EXTRACTS FROM MINUTES**

Reference was also made to open churchyards across the borough and, whilst there was no obligation on the Borough Council (or parish councils) to provide financial support, Members had requested that some further work be undertaken. Information was to be sought from the church authorities on the capacity status of open churchyards throughout the Borough to enable further consideration of whether some funding (under section 214 of the Local Government Act 1972) should be offered to Parochial Church Councils to support their maintenance in furtherance of the previous policy in this regard. The Director of Finance and Transformation stressed that this work had not been undertaken and therefore no decisions had yet been made.

At the current time, Christmas lighting was not included in the Special Expenses Scheme although the Borough Council recognised that there was an inequity between Tonbridge and the parished areas of the borough as there were differing funding arrangements in place. With this in mind, the Overview and Scrutiny Committee would undertake a thorough review and explore alternative opportunities. It was hoped that a new system could be adopted for Christmas 2017.

The Director of Finance and Transformation recognised the concerns of Parish Councils regarding the introduction of 'capping' and indicated that the Borough Council continued to make informal enquiries with Government.

Details of the projected timetable for the proposals were available in full on the Borough Council website but summarised below:

- 13 September – Overview and Scrutiny Committee review proposals for Special Expenses and make recommendations to Cabinet
- 12 October – Cabinet considers proposals and any recommendations from Overview and Scrutiny and makes recommendations to Full Council
- 1 November – Full Council considers final proposals and approves/adopts Special Expenses Policy
- December – Parish Councils contacted with information for budget setting



**EXTRACTS FROM MINUTES****TONBRIDGE FORUM – Monday, 12 September, 2016****TF 16/17 FAIRER CHARGING IN TONBRIDGE AND MALLING – UPDATE FOLLOWING PUBLIC CONSULTATION**

The Chief Executive referred to the recent public consultation on the proposals for fairer charging in Tonbridge and Malling by the introduction of a Special Expenses scheme. The proposal aimed to achieve savings where possible and to provide equity for residents throughout Tonbridge and Malling.

The consultation had ended on 20 June 2016 with a good response from residents. These responses had been carefully considered by a Special Cabinet meeting held on 28 July and a preferred way forward formulated for recommendation to Council in November. As a result of those considerations a number of changes had been suggested and it was now recommended that Tonbridge Cemetery be removed from any Special Expenses Scheme on the grounds that it was a facility that was available equally to all residents in Tonbridge and Malling.

At the current time, Christmas lighting was not included in the Special Expenses Scheme although the Borough Council recognised that there was an inequity between Tonbridge and the parished areas of the borough as there were differing funding arrangements in place. With this in mind, the Overview and Scrutiny Committee would undertake a thorough review and explore alternative opportunities. It was hoped that a new system could be adopted for Christmas 2017.

As a consequence of the suggested changes to the Scheme indicative figures for Special Expenses would be lower than originally estimated but the final sums were still being calculated.

Details of the projected timetable for the proposals were available in full on the Borough Council website but summarised below:

**EXTRACTS FROM MINUTES**

- 13 September – Overview and Scrutiny Committee review proposals for Special Expenses and make recommendations to Cabinet
- 12 October – Cabinet considers proposals and any recommendations from Overview and Scrutiny and makes recommendations to Full Council
- 1 November – Full Council considers final proposals and approves/adopts Special Expenses Policy

A question was asked about financial arrangements for Tonbridge and whether local councillors, or a local Member panel, would be granted delegated authority to make decisions regarding local precepts and funding opportunities. The Chief Executive responded that, under current Borough Council arrangements, those councillors elected to represent Tonbridge residents' interests had the opportunity to do so via the Advisory Board system and the standard budget setting process.

Members were encouraged to read the report on Special Expenses considered by Cabinet on 28 July 2016 via the following link:

<https://democracy.tmbc.gov.uk//ieListDocuments.aspx?CId=146&MId=3006&Ver=4>

**Area of the Borough : Tonbridge**  
**Hypothetical Special Expenses and Council Tax 2016/17**

<b>Special Expenses - Total costs</b>	
Sportsgrounds	£447,600
Open Spaces & Play Areas	£196,796
Closed Churchyards	£11,500
Events	£50,775
Allotments	£12,000
	<u>£718,671</u>
Taxbase 2016/17 (Tonbridge)	13058.49
<b>Special Expenses (Local Charge)</b>	<b>£55.03</b>

<b>Total Council Tax levy by TMBC - Tonbridge</b>	
General Band D	£174.98
Add: Special Expenses (Local Charge)	£55.03
Total TMBC levy	<u>£230.01</u>

<b>Total Council Tax including All Preceptors - Tonbridge</b>	
Kent County Council	£1,133.55
Police & Crime Commissioner for Kent	£152.15
Kent & Medway Fire & Rescue Authority	£72.00
Tonbridge & Malling Borough Council - General Expenses	£174.98
Tonbridge & Malling Borough Council - Special Expenses	£55.03
Total levy	<u>£1,587.71</u>

Actual 2016/17 level of Council Tax set in February 2016	£1,550.21
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Hypothetical Increase in Total Bill (2016/17)	£37.50
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Taxbase Band D equivalents	Parished Area of the Borough	FAPC Grant £	CTRS Grant £	Total Grants £	Impact on Parish Band D (increase) £	Revised # Parish Band D £	Revised # Parish Precept £
382.75	Addington	3,290	645	3,935	10.28	59.73	22,861.99
3,934.33	Aylesford	26,832	14,445	41,277	10.49	55.58	218,651.00
195.89	Birling	4,232	409	4,641	23.69	68.47	13,413.00
1,531.89	Borough Green	6,694	14,635	21,329	13.92	114.10	174,795.00
440.86	Burham	4,001	1,860	5,861	13.29	57.39	25,302.82
1,738.72	Ditton	8,134	17,681	25,815	14.85	134.70	234,201.00
4,849.82	EM & Larkfield	22,852	27,599	50,451	10.40	58.30	282,737.00
1,263.22	East Peckham	9,513	8,669	18,182	14.39	103.81	131,133.00
1,483.85	Hadlow	15,624	8,072	23,696	15.97	70.04	103,925.00
2,164.42	Hildenborough	9,585	1,288	10,873	5.02	30.02	64,984.00
1,094.58	Ightham	5,737	1,755	7,492	6.84	103.98	113,809.00
3,855.49	Kings Hill	10,344	8,211	18,555	4.81	67.18	259,022.00
1,510.94	Leybourne	6,547	7,386	13,933	9.22	85.21	128,749.00
417.70	Mereworth	4,529	1,585	6,114	14.64	43.24	18,061.22
373.70	Offham	3,139	767	3,906	10.45	54.68	20,434.75
855.89	Platt	4,940	1,160	6,100	7.13	79.57	68,100.00
573.16	Plaxtol	4,686	993	5,679	9.91	52.94	30,343.00
283.08	Ryarsh	3,627	1,010	4,637	16.38	66.86	18,926.88
250.74	Shipbourne	3,708	549	4,257	16.98	51.45	12,900.00
3,413.09	Snodland	29,570	34,807	64,377	18.86	93.93	320,601.00
243.45	Stansted	3,405	727	4,132	16.97	82.69	20,132.00
263.04	Trottscliffe	2,817	332	3,149	11.97	61.39	16,149.00
885.48	Wateringbury	8,371	3,962	12,333	13.93	137.61	121,849.32
1,096.26	West Malling	9,261	7,669	16,930	15.44	82.94	90,923.00
173.32	West Peckham	3,466	67	3,533	20.38	37.68	6,531.00
468.55	Wouldham	3,173	2,235	5,408	11.54	70.62	33,088.00
826.42	Wrotham	7,850	6,139	13,989	16.93	95.56	78,976.00

Impact on Band D is hypothetical. Parish Council to decide if full loss of grants to be recovered through increase in parish precept and Band D council tax.

Some Rounding issues may occur, so figures are broadly indicative

# revised figures are hypothetical only

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Parished Area of the Borough	2016/17 Hypothetical Parish Band D	2016/17 Hypothetical TMBC Band D general expenses	2016/17 Hypothetical Special Expenses TMBC	2016/17 Hypothetical Parish + TMBC Band D	2016/17 <b>Approved</b> (Parish + TMBC Band D	2016/17 'Variance' Parish + TMBC increase / decrease
	£	£	£	£	£	£
Addington	59.73	174.98	5.23	239.94	241.96	-2.02
Aylesford	55.58	174.98	2.64	233.20	237.59	-4.39
Birling	68.47	174.98	5.86	249.31	237.29	12.02
Borough Green	114.10	174.98	0.93	290.01	292.69	-2.68
Burham	57.39	174.98	0.00	232.37	236.61	-4.24
Ditton	134.70	174.98	1.02	310.70	312.36	-1.66
East Malling & Larkfield	58.30	174.98	6.17	239.45	240.41	-0.96
East Peckham	103.81	174.98	0.55	279.34	281.93	-2.59
Hadlow	70.04	174.98	0.00	245.02	246.58	-1.56
Hildenborough	30.02	174.98	0.00	205.00	217.51	-12.51
Ightham	103.98	174.98	0.00	278.96	289.64	-10.68
Kings Hill	67.18	174.98	0.00	242.16	254.88	-12.72
Leybourne	85.21	174.98	21.17	281.36	268.50	12.86
Mereworth	43.24	174.98	0.08	218.30	221.11	-2.81
Offham	54.68	174.98	0.00	229.66	236.74	-7.08
Platt	79.57	174.98	1.65	256.20	264.95	-8.75
Plaxtol	52.94	174.98	0.00	227.92	235.54	-7.62
Ryarsh	66.86	174.98	0.00	241.84	242.99	-1.15
Shipbourne	51.45	174.98	0.00	226.43	226.98	-0.55
Snodland	93.93	174.98	6.50	275.41	267.58	7.83
Stansted	82.69	174.98	0.00	257.67	258.23	-0.56
Trottiscliffe	61.39	174.98	0.00	236.37	241.93	-5.56
Wateringbury	137.61	174.98	2.50	315.09	316.19	-1.10
West Malling	82.94	174.98	2.61	260.53	260.01	0.52
West Peckham	37.68	174.98	0.00	212.66	209.81	2.85
Wouldham	70.62	174.98	8.67	254.27	251.59	2.68
Wrotham	95.56	174.98	4.77	275.31	271.15	4.16

Some Roundings may occur, so figures are indicative only

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## Item CB 16/76 referred from Cabinet minutes of 12 October 2016

### CB 16/76 REVIEW OF THE COUNCIL'S LOCAL COUNCIL TAX REDUCTION SCHEME

Further to Decision No D160038CAB, the report of the Director of Finance and Transformation provided detailed results arising from the recent council tax reduction scheme (CTRS) consultation process together with the findings of the second stage equality impact assessment (EQIA). Members were reminded of the two main objectives of the review relating firstly to the cost of the scheme in the context of reducing government grants and secondly to targeting support to those most in need. Reference was made to potential arrangements for an exceptional hardship policy and, following Members' agreement of the recommendations, the outcome of discussions by the Kent Finance Officers' group regarding contributions by the major precepting authorities towards the administrative costs of the CTRS.

A more detailed EQIA was circulated before the meeting setting out potential impacts of the various options within the consultation on people with protected characteristics and mitigating actions required in each case. These were taken into account during the careful consideration given to each option and the responses received in the consultation, including those of the statutory consultee, Kent County Council. It was confirmed that the options aligning the scheme to Housing Benefit regulations also included additional protection for certain claimants with protected characteristics. These covered some of the mitigations within the EQIA and additional protection would be provided by the introduction of an exceptional hardship scheme in the revised CTRS.

The Cabinet recorded appreciation of the work of the Director of Finance and Transformation for her work in leading the Kent Finance Officers' group and, along with colleagues, in bringing forward with clarity the outcome of a very challenging review.

Members were advised that the full CTRS together with the exceptional hardship scheme would be presented to the Full Council on 1 November.

#### **RECOMMENDED:** That

- (1) the potential impacts on people with disabilities, carers, women and working age groups be noted together with the following measures to mitigate them:
  - (i) continuing to treat people with disabilities and carers more favourably by disregarding some incomes, thereby giving them a higher entitlement to council tax support;
  - (ii) continuing to make allowances for childcare costs in line with the national scheme;
  - (iii) a further review of the scheme within three years from 1 April 2017 to identify any longer term measures needed to mitigate any ongoing impacts;

- (2) having considered the above, the full consultation results (including the response from the statutory consultee, Kent County Council) and having had due regard to the matters under the Public Sector Equality Duty (as set out in the Equality Impact Assessment), the following options be included in the Council's Council Tax Reduction Scheme from 1 April 2017

Option 1a – reduction of the maximum level of support to 80%;

Option 2 – removal of the Family Premium for all new working age claims (to align with housing benefit rules);

Option 3 – reduction of the period a claim can be backdated to one month (to align with housing benefit rules);

Option 5 – reduction of the period a person can be absent from Great Britain to four weeks to align with housing benefit rules which provide exceptions when receiving medical treatment or being posted overseas as a member of HM Forces or having fled home through fear of violence;

Option 7 – introduction of standard levels of non-dependant deductions of £0.00 and £10 based on the current rules for housing benefit claimants, maintaining the classifications for the £0.00 deduction rate to protect claimants with disabilities and/or care needs;

Option 11 – removal of Second Adult Reduction;

Option 12 – removal of the Work Related Activity Component in the calculation for new Employment and Support Allowance applicants to align with housing benefit rules proposed for April 2017. This would only be introduced if the change goes ahead in the housing benefit scheme;

Option 13 – limit on number of children taken into account on a claim to two to align with changes to housing benefit rules proposed for April 2017. This would only be introduced if the change goes ahead in the housing benefit scheme;

Option 14 – introduction of a targeted protection scheme based on Exceptional Hardship to mitigate the impact of the changes to the 2017/18 CTRS and assist claimants facing exceptional hardship.

**\*Referred to Council**

**TONBRIDGE & MALLING BOROUGH COUNCIL**

**CABINET**

**12 October 2016**

**Report of the Director of Finance & Transformation**

**Part 1- Public**

**Matters for Recommendation to Council**

**1 REVIEW OF THE COUNCIL'S LOCAL COUNCIL TAX REDUCTION SCHEME**

**A report requesting Members to consider findings from the consultation into options for review of the current local council tax reduction (CTR) scheme and to recommend any changes to Council, to take effect from 1 April 2017. The report provides Cabinet with detailed results from the recent council tax reduction scheme consultation process and the findings of the second stage equality impact assessment (EQIA).**

**Members are asked to consider the results of the consultation and the findings of the second stage equality impact assessment (EQIA) to recommend any changes to Council, to take effect from 1 April 2017.**

**1.1 Background**

1.1.1 At the meeting of Cabinet on 20 April this year, I reported on the preparations underway to review the local Council Tax Reduction (CTR) Scheme and sought Cabinet's agreement to going out to public consultation.

1.1.2 As Cabinet may recall, the review of local schemes has been undertaken in liaison with all Kent Districts in order that there remains a 'common approach' across Kent. The objectives all districts signed up to for the review were:

- 1) Having regard to the reductions in government grant and the financial pressures we face, to make the scheme less costly (if possible) and more efficient in terms of its operation; and
- 2) To have regard to the impact such changes may have on vulnerable residents and target support to those in most need.

Members are reminded that the review of the local schemes only affects **working-age** households.

- 1.1.3 As I reported to the last meeting, the services of a specialist consultant were jointly procured by all Kent districts and major precepting authorities and the costs have been shared. A sub-group of officers from the Kent Finance Officers (KFO) has been regularly meeting to lead and coordinate the project.
- 1.1.4 Alongside the review of the schemes, in parallel with the review of the local schemes, representatives from the Kent district councils are working with the major precepting authorities (i.e. Kent County Council, Kent Police & Crime Commissioner and Kent Fire & Rescue) to formulate a new funding 'model' for assistance towards the administrative costs. This is in recognition of the fact that the operation of a scheme, as it stands or with changes, has a cost borne by each billing authority but benefited by the major preceptors through Council Tax receipts.
- 1.1.5 From the report to Cabinet on 20 April, Members endorsed the work on the review up to that point and the proposal to carry out a public consultation over options for change. Members supported the options to go to consultation, having regard to the 'first stage' Equality Impact Assessment.

## **1.2 The Consultation Process**

- 1.2.1 To effect changes to the CTRS, the Council has a legal duty to carry out public consultation and assess the impacts of proposed changes with regards to equalities.
- 1.2.2 There is also an obligation for the Council to consult with major precepting bodies. A meeting was held in late March, in the 'option developmental' phase, between the KFO sub-group, consultant and major preceptors. At this meeting, the representatives of the major preceptors were supportive of the way forward and options being considered for public consultation.
- 1.2.3 At its meeting on 20 April, Cabinet gave delegated authority to me to finalise the consultation material in liaison with the Leader and Cabinet Member for Finance, Innovation & Property. A draft of the video and some of material was shared with Members of the Finance, Innovation & Property Advisory Board on 1 June in order to obtain feedback and make improvements prior to 'launch'.
- 1.2.4 It was agreed that the public should be consulted upon 14 potential options to adjust the existing scheme and 3 'alternative' options. As discussed at the meeting on 20 April, realistic 'alternative' options to changing the CTR Scheme are somewhat limited but the question about alternative funding arrangements still needed to be asked of the public.
- 1.2.5 An on-line questionnaire with the options agreed on 20 April was available on the Council's website from 6 June 2016 until 31 August 2016, a period of over 12 weeks. A short video explaining the need for change, background information and an initial equality impact assessment accompanied the survey on the website.

1.2.6 The documents and the video can be found at:

<http://www.tmbc.gov.uk/services/council-and-democracy/consultations/council-tax-reduction-scheme-201718-consultation>

1.2.7 In the first week a message was tweeted on the Council's Twitter account stating the consultation was taking place and how to take part. The Council has over 2,800 followers on Twitter, including all of our key stakeholders. The message was re-tweeted each week.

1.2.8 An initial press statement was issued by our Media & Communications team to local media. This was followed up by a further statement in August reminding residents of the consultation and the closing date.

1.2.9 In the second week, postcards were sent to all working age households in receipt of council tax reduction as well as a further 2,000 named council tax payers in the Borough, selected at random. The postcards informed residents that the consultation was taking place and how to take part by using a web-link. The cards also offered further information on the subject and the option to request a paper questionnaire by making contact by telephone or email.

1.2.10 Our Customer Services officers at Kings Hill and the Tonbridge Gateway were briefed to promote the consultation and encourage responses from visiting customers throughout the consultation period.

1.2.11 Key stakeholders, such as Circle Housing Russet, other housing associations and North and West Kent Citizens Advice were directly emailed to inform them the consultation was underway.

1.2.12 During the first week of August a further 10,000 postcards were sent to named council tax payers of randomly selected households in the Borough, excluding those who had already been sent one.

1.2.13 From the beginning of August until the close of the consultation postcards promoting the consultation were included with most council tax bills issued by the Council. In addition, one or two Members personally undertook to share consultation postcards with residents in their wards.

### **1.3 Results of Consultation**

1.3.1 The complexity of council tax reduction schemes, as well as the number and technical nature of options did not lend itself well to public consultation. Rules around consulting mean there must be sufficient information supplied to the consultee to enable an informed decision. A questionnaire would take 20 minutes at best to complete and easily twice that for someone wishing to gain a full understanding of the options, complete the 'yes/no' boxes and provide comments. Indeed we received a handful of responses from people only to say they found the consultation too complicated, with too much information to digest.

- 1.3.2 My officers dealt with several calls from residents asking questions relating to the consultation. About 30 paper questionnaires were requested, of which, 22 were returned fully or partially completed. These were recorded on the on-line survey.
- 1.3.3 In total, we received 415 responses to the on-line survey, on top of the 22 paper questionnaires.
- 1.3.4 There was also a written response from John Simmonds MBE, Deputy Leader and Cabinet Member for Finance and Procurement at Kent County Council, on their behalf. The letter is attached as **[Annex 1]**. It should be noted that the response from KCC was a 'generic' one to all district councils and not all of the points made are relevant, or indeed correct, in respect of TMBC's consultation. The Leader of the Council responded to John Simmonds making some of these points and his reply is also attached at **[Annex 1a]** for completeness.
- 1.3.5 Of the on-line responses 33% had a Council Tax Reduction recipient in the household, compared to 67% who did not. A near even number of males to females responded, 20% were pensioners and 20% had a lasting disability or health problem.
- 1.3.6 Although the level of response is somewhat disappointing when taking into account the effort put into the consultation, the number of results allows for a high degree of confidence that we have a representative view from residents of the Borough.
- 1.3.7 The results for each option, together with stand-alone financial effect, equality impact assessment and a balanced view of comments is attached at **[Annex 2]**.
- 1.3.8 The financial effect for each option is designated as 'stand-alone' because it is an estimate of the income generated or cost of the option in full if only that option were selected and applied to the working age caseload. It must only be viewed as a rough indication if multiple options were applied.
- 1.3.9 Some options such as 1, 1a and 1b are exclusive, whereas others can be combined. When options are combined, the financial effect will not be the aggregate of the individual selections due to overlapping impacts. The benefit or loss generated by the options is shared amongst the billing authority and major preceptors in the same way as council tax. Effectively, any option causing a financial change to the scheme reduces or increases the Borough's taxbase.
- 1.3.10 The full responses with all comments from the website survey can be found at: <https://www.surveymonkey.net/results/SM-6ZBKZ8GT/>

## 1.4 Summary of Results

<i>Option 1: Should the Council protect the current Council Tax Reduction Scheme? (Should it continue to reduce Council Tax for eligible claimant in the way it does at the moment?)</i>					
Yes	51%	No	38%	Don't know	11%
<i>Option 1a: Do you agree with reducing the maximum level of support to 80%?</i>					
No	47%	Yes	47%	Don't know	6%
<i>Option 1b: Do you agree with reducing the maximum level of support to 75%?</i>					
No	50%	Yes	43%	Don't know	7%
<i>Option 2: Do you agree with removing the Family Premium for all new working age claims?</i> This option would align the CTRS to recently introduced housing benefit rules.					
Yes	48%	No	40%	Don't know	12%
<i>Option 3: Do you agree with reducing the period a claim can be backdated to 1 month?</i> This option would align the CTRS to recently introduced housing benefit rules.					
Yes	74%	No	20%	Don't know	6%
<i>Option 4: Do you agree with taking a minimum level of income for self-employed earners after 1 year of self-employment?</i>					
Yes	55%	NO	31%	Don't know	14%
<i>Option 5: Do you agree to reduce the period a person can be absent from Great Britain to 4 weeks?</i>					
Yes	87%	No	9%	Don't know	4%
<i>Option 6: Do you agree with the principle that the capital limit should be reduced from £16,000 to £6,000?</i>					
Yes	56%	No	37%	Don't know	7%
<i>Option 7: Do you agree with a standard non-dependant deduction?</i>					
Yes	70%	No	17%	Don't know	13%
<i>Option 8: Do you agree that child maintenance should be counted in full rather than ignored when assessing Council Tax Reduction?</i>					
Yes	59%	No	32%	Don't know	9%
<i>Option 9: Do you agree with the principle that any child benefit paid to the claimant or partner should be counted in full rather than ignored when assessing Council Tax Reduction?</i>					
Yes	61%	No	33%	Don't know	6%
<i>Option 10: Do you agree with limiting the maximum level of Council Tax Reduction payable to a Band D charge?</i>					
Yes	54%	No	33%	Don't know	13%
<i>Option 11: Do you agree with the removal of Second Adult Reduction?</i>					
Yes	57%	No	31%	Don't know	12%

<i>Option 12: Do you agree with the removal of the Work Related Activity Component in the calculation for new Employment and Support Allowance applicants? This option would align the CTRS to recently introduced housing benefit rules.</i>					
Yes	76%	No	10%	Don't know	14%
<i>Option 13: Do you agree with limiting the number of children taken into account on a claim to 2? This option would align the CTRS to the proposed change to housing benefit from 1 April. If Members were to recommend this option then the introduction should only take place if and when it occurs in the housing benefit scheme.</i>					
Yes	79%	No	17%	Don't know	4%
<i>Option 14: Do you agree with the introduction of a targeted protection scheme based on Exceptional Hardship?</i>					
Yes	74%	No	16%	Don't know	10%
<i>As an <u>alternative</u>, should the level of Council Tax be increased to support the CTRS?</i>					
No	72%	Yes	22%	Don't know	6%
<i>As an <u>alternative</u>, should savings be found by cutting other Council Services?</i>					
No	51%	Yes	38%	Don't know	11%
<i>As an <u>alternative</u>, should the Council use its reserves?</i>					
No	47%	Yes	40%	Don't know	13%
<i>If the Council were to choose these other options to make savings, what would be your order of preference?</i>					
		1st	2nd	3rd	
Increase Council Tax		23%	18%	59%	
Use reserves		42%	41%	17%	
Cut services		36%	40%	24%	

#### 1.4.1 Members will note that:

- 51% of respondents were in favour of not changing the current scheme
- An even number of respondents agreed and disagreed to reducing maximum entitlement to 80%.
- Slightly more respondents agreed to reducing maximum entitlement to 75% than disagreed.
- Options 3,5,12 & 13 received the highest support. These are options that would effectively mirror the changes or proposed changes to housing benefit by central Government.
- Option 2, which would also align CTRS to housing benefit showed 48% support and 40% against.



- The majority of respondents did not agree to the alternative ways of funding the scheme, such as increasing council tax, cutting services or using up reserves.
- 74% of respondents agreed there should be a targeted protection scheme for exceptional hardship.

1.4.2 At paragraph 1.2.2, I reported that during the consultation meeting with major preceptors including Kent County Council, there was support for the consultation options. Members will also note that, at paragraph 1.3.3, I draw attention to a letter from John Simmonds MBE on behalf of Kent County Council. The letter raises the following views:

- KCC is disappointed that the consultation has not been set in the wider context of the challenge for local authorities, they ‘...would expect more acknowledgement of the impact on other council services and council tax payers as part of the consultation...’.
- Support for the financial need to change
- Consider reducing the maximum discount to below 80%
- A preferred move towards commonality of schemes across Kent
- Support for a minimum income floor introduced to self-employed assessments
- Synchronization to housing benefit rule changes
- Support for reducing the savings threshold, reducing the period a claim can be backdated, and removing second adult rebate.
- Consider capping awards at Band C rather than D.
- Alternatives to reviewing the CTRS were poor.

1.4.3 These views should of course be considered in the whole, however, as with any response, regard should be taken of the standpoint of the respondent. Members are also referred to paragraph 1.3.4 where I advised Members that the response from KCC was a ‘generic’ one to all districts, and not individually tailored to each council.

## 1.5 Objectives

1.5.1 At the outset of the consultation, two main objectives were agreed (see paragraph 1.1.2). The first of the objectives related to the cost of the scheme in the context of the ever-reducing government grants, and the second in relation to targeting support to those most in need.

- 1.5.2 The support for an Exceptional Hardship policy (option 14) was evident through the consultation which, although effectively a cost to the scheme rather than delivering a saving, would help to satisfy the second objective. The Kent Finance Officers' group had previously agreed that, were such a policy be deemed appropriate following the consultation, it would be facilitated through s13A 1a of the Local Government Finance Act 1992 – i.e. the funding is via the collection fund, and not the district council's general fund.
- 1.5.3 The potential savings that could be delivered through each of the other options (1a –13) are summarised in **[Annex 3]**. Members are advised that the savings shown against each option are based on that option being 'standalone' and relate to savings to the entire Scheme, not to TMBC. TMBC 'share' is approximately 12.7%. As an example, reducing the maximum level of support to 80% from its current level of 81.5% (option 1a) would produce a saving of circa £53k. 12.7% of this would accrue to TMBC – i.e. £6.7k. The bulk of the saving (70.8% - £37.5k) would accrue to Kent County Council.
- 1.5.4 If a combination of options is chosen to be taken forward, the modelling becomes more complex. It is not possible in this report to give Members figures from the vast range of permutations that would be possible. However, in advance of the meeting if Members wish any indicative modelling to be undertaken, they are invited to contact Andrew Rosevear who will be able to undertake the modelling in readiness for the meeting.

## **1.6 Kent-wide Agreement and Incentivisation**

- 1.6.1 Members may recall, at the inception of the local schemes in 2013, that we had agreed (in principle) with all districts in Kent to seek to have a common 'platform' for our schemes. The major precepting authorities (Kent County Council, Kent Police and Fire & Rescue) had agreed that, if districts signed up to this common platform, and the fundamental principles/caveats underlying it, each district council would be paid a sum from an overall grant fund of £1.5m (working out at £125k per district) in order to assist with the costs of processing claims and collecting debts.
- 1.6.2 It has been recognised by the Kent Finance Officers' group that the contributions that the major precepting authorities make towards the administration of the scheme are essential. Changes to the local scheme could potentially lead to a need to collect even more council tax from individuals who may find it difficult to pay; as well as those individuals finding the resultant changes difficult to comprehend and therefore needing more assistance.
- 1.6.3 Therefore, in parallel with the review of the local schemes, representatives from the Kent district councils have been working with the major precepting authorities to formulate a new funding 'model' for assistance towards the administrative costs.

- 1.6.4 The major preceptors have made it clear that they wish to move away from a straightforward 'fixed contribution' model to one where there is recognition for the changes that have actually been brought in at individual district level. In addition, it is clear that there needs to be a greater recognition of the absolute caseload each district is managing, rather than just splitting any grant fund on an equal basis.
- 1.6.5 The exact details of the model are still being progressed. However, it is likely that there will continue to be a grant fund of £1.5m as previously; but in addition there will be a 'new' sum of circa £0.5m available to incentivise those authorities who are introducing more challenging options.
- 1.6.6 The grant fund of £1.5m will be apportioned out in a slightly different way – i.e. a fixed element plus a variable element based on caseload. The payment of this assumes the district will introduce a minimum number of changes to the scheme. Assuming TMBC was to adopt those changes, the payment would likely be circa £110k as our caseload is lower than in some other districts.
- 1.6.7 The new fund of £0.5m would come into play if changes over the minimum were adopted to recognise the additional burden in managing and processing claims.

## **1.7 Legal Implications**

- 1.7.1 The legislative framework for council tax reduction schemes is contained within the Local Government Finance Act 2012.
- 1.7.2 The Council has a statutory duty to consult on a proposed scheme. Case-law has determined the guiding principles for fair consultation, which we have followed.
- 1.7.3 Regard was made to the rules around consultation laid out through the Supreme Court Ruling in the case of R (on the application of Moseley) v London Borough of Haringey (2014) and in particular, the need to set out alternative choices within the consultation.

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

- 1.8.1 The cost of awards made under CTRS impact on the declared taxbase and thereby the council tax yield. If the cost of awards were to be reduced, this would mean that the Council's taxbase could increase and overall council tax income could increase. Any increase to council tax income is shared through the Collection Fund with major preceptors.
- 1.8.2 The costs of undertaking the consultation, including cost of support from the consultant, amounted to £6,000. This was within budget.
- 1.8.3 As outlined in paragraph 1.6, a new model is being formulated with major preceptors to assist with the costs of administrating the scheme.

## **1.9 Risk Assessment**

- 1.9.1 The reduction scheme could be open to challenge if it were considered that we had not consulted properly those who have an interest in the operation of the scheme. However, I believe that our 12 week consultation process has been robust.
- 1.9.2 As Members are aware, some of the options consulted upon were intended to align Council Tax Reduction with the administration of Housing Benefit. During the meeting, taking into account the consultation responses and the Equality Impact Assessment, Cabinet will determine whether to recommend that these 'alignments' are made.
- 1.9.3 Within this context, it is worth noting that, at the present time, the following changes have yet to be made within the Housing Benefit scheme but regulations are expected before the 1st April 2017:
- The limitation of dependents additions to two dependants where a third or subsequent child is born on or after 1st April 2017 (HB and Tax Credits are due to be changed from April 2017); and
  - The removal of the Work Related Activity Component for all new Employment and Support Allowance applicants on or after 1st April 2017

In the unlikely event that these changes are not effected by Central Government by 1st April 2017, Members could resolve to amend the Council Tax Reduction Scheme from April 2018 (should this be an option Members wish to pursue).

## **1.10 Equality Impact Assessment**

- 1.10.1 Decision-makers are reminded of the requirement under the Public Sector Equality Duty (s149 of the Equality Act 2010) to have due regard to (i) eliminate unlawful discrimination, harassment, victimisation and other conduct prohibited by the Act, (ii) advance equality of opportunity between people from different groups, and (iii) foster good relations between people from different groups.
- 1.10.2 The decisions recommended through this paper directly impact on end users. The impact has been analysed and varies between groups of people. Claimant data is based on the lead applicant so the actual impacts will also depend on household composition. Households may consist of single claimants or those with partners. Where there is a partner present, any protected characteristic of the partner has not been included in the impact assessment.
- 1.10.3 Options 1a and 1b were amongst the least popular options with consultation respondents overall, and with respondents with disabilities and males. However, option 1a was more preferable to female respondents than some of the other options. Option 1a was less popular with those aged 35-54. Option 1b was less popular with those aged 25-34 and those aged over 45. Whilst these options

would apply a standard percentage reduction to all existing claimants, who would lose 21 pence per week, on average, people with disabilities would lose 24 pence per week and carers would lose 26 pence per week, on average. As these options would apply a blanket reduction to existing claimants, regardless of their circumstances, the exceptional hardship scheme would be required to mitigate against any potential impacts.

- 1.10.4 The options which relate to aligning the scheme with housing benefit and pension age regulations (options 2, 3, 5, 12, 13) were amongst the most popular options with consultation respondents overall, and with respondents with disabilities, males, females, with the exception of option 2. As these options would apply to new claimants from 2017, it is not possible to predict who may apply and what the impacts will be. There is likely to be differential impact on female claimants and some working age groups should family premium be removed, which was amongst the least supported options in the consultation results and claimant data shows that 82% of current claimants who receive family premium are female.
- 1.10.5 In addition to family premium, a number of other options could affect female claimants and some working age groups, particularly those with children, disproportionately. The majority of consultation respondents overall supported including child maintenance (option 8) and child benefit (option 9) as income. Over 50% of male and female respondents and respondents with a disability, also supported these options. 94% of current claimants who receive child maintenance and 82% of current claimants who receive child benefit are female.
- 1.10.6 The majority of consultation respondents supported the remaining options (4, 6, 7, 10, 11). Of these options, option 4 would affect females (75% of claimants) more than males and those aged 35-44 (36%) more than other age groups, and would lose their full entitlement under this criteria. Option 6 would affect males (60% of claimants) more than females and those aged 45-64 (84%) more than other age groups, and would lose their full entitlement under this criteria. Option 10 would affect those aged 35-64 who would lose more per week, on average than other age groups. Option 11 would affect those aged 45-64 only as there are no claimants aged 44 or under in this category.
- 1.10.7 Option 7 would affect claimants with disabilities (41%) who would lose more per week (£19.01, on average) than people without disabilities (£12.96, on average). Option 7 would also affect carers (23%) who would lose more per week (£18.96, on average) than non-carers (£14.39, on average). Claimants aged 45-54 (48%) would lose more per week (£15.85, on average) than other age groups. Whilst this option was more popular with consultation respondents than other options, it may be necessary to consider possible exemptions for non-dependants with disabilities or who are carers.
- 1.10.8 The potential impacts need to be considered against the potential savings to the Council and the criteria for the exceptional hardship scheme will need to be considered in order to alleviate any disproportionate impacts of any options

introduced. Further detail about the potential impacts will be available to Members prior to the meeting.

## **1.11 Policy Considerations**

1.11.1 Equalities/Diversity;

1.11.2 Communications

## **1.12 Summary**

1.12.1 At the outset of this process, in liaison with the other Kent district councils and major precepting authorities, two key objectives were set in reviewing the local CTR Scheme.

1.12.2 The consultation on potential changes to the Scheme was undertaken for 12 weeks, giving opportunity for all residents to participate.

1.12.3 We received 415 responses to the on-line survey, plus 22 'hard copy' paper questionnaires. We also received a detailed response from Kent County Council as a statutory consultee. We did not receive specific responses from the other statutory consultees (Kent Police & Crime Commissioner and Kent Fire & Rescue), although as reported in paragraph 1.2.2, support had been expressed with regard to the process and options prior to the launch of the consultation.

1.12.4 Approximately one third of the respondents received council tax support, with the other two thirds not receiving any support.

1.12.5 Whilst all Kent districts went out to consultation with similar options around the same time, each district council is a sovereign body, and therefore decisions made by each council could vary. Whilst we hope to retain some 'commonality of approach' across Kent, there is no guarantee of this and it is likely that there will be some variations across the county.

1.12.6 Cabinet is asked to consider all of the information contained within this report (and any supplementary information issued as advised in paragraph 1.10) and make appropriate recommendations to Full Council about how the Scheme should be amended from 1 April 2017.

1.12.7 Once Cabinet has made its recommendation, the Scheme will be prepared and presented to Full Council at its meeting on 1 November 2016. If an Exceptional Hardship Policy is recommended as part of the Scheme, this will also be presented to Full Council.

### 1.13 Recommendations

1.13.1 Cabinet is asked to **NOTE** the potential impacts on people with disabilities, carers, women and working age groups and the following measures to mitigate these:

- 1) Continuing to treat people with disabilities and carers more favourably by disregarding some incomes, thereby giving them a higher entitlement to council tax support:
- 2) Continuing to make allowances for childcare costs, in line with the national scheme;
- 3) A further review of the scheme within three years from 1 April 2017 to identify any longer-term measures needed to mitigate any ongoing impacts.

1.13.2 Having considered the above, the full consultation results (including the response from the statutory consultee, Kent County Council) and Equality Impact Assessment, Cabinet is asked to **RECOMMEND** to Council what options, if any, should be included in the Council's Council Tax Reduction Scheme from 1 April 2017 or other appropriate time.

Background papers:

Consultation Survey full results

<https://www.surveymonkey.net/results/SM-6ZBKZ8GT/>

contact: Andrew Rosevear

Mike Bytheway

Sharon Shelton

Sharon Shelton

Director of Finance & Transformation

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**John Simmonds MBE**  
**Member for Canterbury West**  
**Deputy Leader and Cabinet Member for Finance and Procurement**



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**Ask for:** Dave Shipton  
**Date:** 10 August 2016

## **Local Council Tax Reduction Scheme Consultation**

This response is to the consultation about changes to your local council tax reduction (CTR) scheme. The response is on behalf of Kent County Council which is a statutory consultee on local schemes.

I would like to emphasise at the outset that KCC fully appreciates the close working relationship between district councils and major preceptors, and the efforts that districts make to maximise the council tax base and council tax collection. This excellent relationship and appreciation of district council efforts was noted at a recent meeting of KCC's Policy and Resources committee and once again I would like to formally endorse this.

We are disappointed that this consultation has not been set in the wider context of the financial challenge for local authorities. Responsibility for council tax support transferred from the Department for Work and Pensions (DWP) to local authorities. The initial transfer came in 2013 with a 10% reduction in funding which went into revenue support grant (RSG) and the baseline for the local share of business rates. The majority of the funding was transferred into RSG and has not been protected from the cuts since 2013 or further reductions planned for future years. Whilst the original schemes were financially neutral to compensate for the initial 10% reduction they have not kept pace with the further reductions in RSG. We would not necessarily expect continued financial neutrality to be feasible in light of the scale of RSG reductions, but we would expect more acknowledgement of the impact on other council services and council tax payers as part of the consultation on local reduction schemes. We have consistently made this point to Kent Finance Officers and are disappointed that consultation does not refer to this vitally important context.

We intend to make the same general response to each district covering the following issues:

- Possible protection for existing schemes
- Extent to which working age households should be asked to pay a greater share of council tax
- Changes in the calculation of qualifying income to determine council tax reductions
- Other adjustments to council tax reductions to reflect individual household circumstances
- Other possible changes to council tax outside reduction schemes
- Alternatives to reviewing CTR schemes

#### *Protection for Existing Schemes*

In light of the financial challenge to local authorities through RSG reductions we cannot support protecting existing schemes and some changes are needed to reduce the cost of council tax support discounts and/or increase the council tax base. Whilst KCC recognises that not protecting existing schemes could have an impact on some vulnerable households this should be compensated by making other adjustments to schemes rather than applying blanket protection. Schemes need to evolve to take account of changing circumstances and in particular the reality of on-going reductions in central government funding to local authorities.

#### *Reducing Council Tax Reduction Discounts*

KCC supports the principle of reducing CTR discounts although it is difficult to conclude precisely what % should apply. The changes in the funding arrangements mean there is no straightforward mathematical equation which can be applied along the same lines as the original 18.5%. However, in light of the scale of RSG reductions KCC would have liked to have seen some consideration of even lower CTR discounts as part of the consultation (particularly those authorities that have only consulted on a very small change of 1.5% in contribution). We feel that only proposing one slightly lower rate of discount limits the room for manoeuvre and could end up with even more districts in Kent offering different discount rates rather than the harmonisation of rates we were hoping for.

KCC recognises that reducing CTR discounts is the simplest response to on-going reductions in central government funding. Whilst the council recognises this will be an additional burden for households it is important that schemes are regularly reviewed to ensure they take into account the impact of the financial challenge arising from additional spending demands and reductions in central funding, and that all council tax payers are asked to make a reasonable contribution towards the cost of local services. KCC would like to see a more consistent approach adopted in all districts in Kent and that schemes bear a close resemblance to schemes elsewhere across the country. However, the council also recognises the need to keep schemes flexible to reflect local circumstances. KCC would like to see all Kent districts make progress towards arrangements which collectively increase the council tax base closer towards the implied central funding but recognises that a financially neutral equation is unlikely to be possible or desirable.

### *Changes to the Calculation of Qualifying Income*

The income of the main council tax payer (and their partner) is a key factor in determining which households qualify for CTR discount. KCC fully supports the proposals on a minimum income level for self-employed and the changes to Work-Related Activity in ESA. KCC would also support the principle of changing CTR schemes to be consistent with changes in housing benefit, Universal Credit and other welfare benefits in future. In particular the county council would not want to see a situation where CTR schemes offered additional council tax support as a result of government decisions to reduce or limit welfare benefits. The county council would like to see an automatic adjustment to schemes to ensure they are in line with welfare changes, through a trigger mechanism. If this is not a national condition (currently not) we would like to see this as a condition built into all Kent district schemes. KCC rejects any inclusion of child benefit in household income for CTR schemes. Including child benefit as household income would be contrary to the council's strategic objectives to help children and young people to get the best start in life and to help vulnerable residents. KCC would support more research being undertaken into the impact of including child maintenance in household income. In particular the council can see some merit in exploring including higher levels of child maintenance above a reasonable threshold, provided this does not act as a perverse incentive to reduce or restrict child maintenance awards/agreements. KCC does not agree that child maintenance be included until this research has been fully evaluated.

### *Other Adjustments to the Calculation of CTR Discounts*

This is undoubtedly the most complex area of CTR schemes. We believe these adjustments can best be summarised under 4 main categories:

- Allowances for dependent children and other non-dependent adults
- Allowances for exceptional hardship and household savings
- Capping CTR discounts
- Other adjustments

### Dependent Children and Non-Dependent Adults

Currently there are two adjustments made to CTR discounts based on increasing the discount through an addition for dependent children. The first is the addition of a Family Premium for all households with one or more children other than those whose sole income comes from welfare benefits (Universal Credit, Income Support, JSA, ESA). Most districts are considering whether this premium should be removed to bring CTR into line with housing benefit calculations. The second adjustment relates to families whose sole income is from welfare benefits. Currently household income for these families is effectively increased by £66.90 per dependent child. Most districts are considering capping this addition to a maximum of two children. This would bring CTR schemes in line with housing benefit, Universal Credit and tax credits as announced in the Chancellor's summer 2015 Budget.

KCC's supports the proposals on changes to Family Premium and Dependent Children adjustments. We fully support the principle of changing CTR schemes to be consistent with changes in housing benefit, Universal Credit and other welfare benefits. Although these changes would on the face of it be contrary to the county council's strategic priorities the council believes that the overriding factor is consistency with other welfare benefit changes. This alignment with other welfare benefits should be consistent in all Kent district schemes.

Currently an adjustment is made for other non-dependent adults in the household based on individual circumstances (those earning income but not liable to pay the council tax or their partner). These adjustments can reduce CTR discounts by up to £11.45 a week. Most districts are considering introducing a standard adjustment for all non-dependent adults irrespective of individual circumstances. These deductions range for £10 a week to £15 a week in individual districts.

KCC fully supports standardising deductions for non-dependent adults. This would make schemes simpler and cheaper to administer as well as reducing the impact of CTR discounts on the tax base. We would like to see more authorities consider a higher standard rate than the current £11.45 a week although we recognise some differences may be necessary to reflect local circumstances in individual districts.

#### Allowances for Exceptional Hardship and Household Savings

133 authorities (out of a total of 285 authorities which have introduced local CTR schemes) operate a hardship fund. Currently none of the Kent districts offer such a scheme. We do not have any information how these schemes operate, how much they cost, nor how many households receive additional assistance. Most Kent districts are considering whether they should adopt hardship scheme. Once again we have no detail of what sort of schemes they are considering. In particular districts have not identified a value for a fund (and whether it would be capped), or how it would be funded e.g. would it be offset against tax base/collection fund or would it be part of the district's general fund.

KCC supports the principle of a hardship fund to help families that face exceptional financial difficulties. However, we would need to see further proposals from districts over how such a scheme would operate e.g. which circumstances would trigger support, how the scheme would be funded, and financial modelling of the number of households which may receive financial assistance, before we could agree to the inclusion of any scheme. In particular we would like to see how beneficiaries would be supported to address their financial difficulties so that they do not need further support or default on future council tax demands. Until we have sight of these details it is difficult to make a definitive response to the consultation.

Currently households with savings and investments in excess of £16,000 cannot qualify for any CTR discount. This is consistent with other welfare benefits. 86 authorities (out of 285) have reduced this threshold to £10,000 or £6,000. Most Kent districts are considering making a similar reduction to the savings threshold. KCC supports reducing the savings threshold and accepts that reducing the savings/investment threshold would not present a significant risk of causing financial hardship.

#### Capping CTR Discounts

85 authorities (out of 285) currently apply a cap on CTR discounts. These limit the discount on higher banded properties to the amount that a band C or band D property would receive. Most Kent districts are considering introducing capping discounts to the band D amount.

KCC supports capping CTR discounts but proposes that the cap should generally be applied to all properties above band C. Band C is the most common band in Kent and in most districts the majority of properties are band C or lower. We accept that a higher band D cap should only apply in those districts where less than half the properties are band C or lower i.e. Maidstone, Sevenoaks, Tonbridge & Malling and Tunbridge Wells. Similarly in any district where the majority of properties are band B or lower we think the cap should apply at band B.

#### Other Adjustments

This includes the length of time claims can be backdated for a change in household circumstances (proposals would reduce this from 6 months to 1 month), time limits on temporary absence from homes without affecting CTR discounts (housing benefit has now been changed so that if a person is absent from Great Britain for more than 4 weeks their benefit ceases), and limits on claimants from the European Economic Area who are not habitually Great Britain residents but in receipt of jobseekers allowance.

KCC supports proposals to make changes to these other adjustments particularly where they bring arrangements in line with other welfare benefits. As already indicated KCC supports the principle of bringing CTR schemes into line with housing benefit and other welfare reforms. We would like to schemes include an automatic trigger to allow for future changes. We would like assurances that district councils would be able to cope with the increased workload should reducing the backdating period result in claims being submitted more promptly.

#### *Other Changes to Council Tax Arrangements Outside CTR Schemes*

The second most common change made to council tax in other authorities (after reducing the discount for working age households) is to remove the second adult rebate. This is a discretionary reduction to council tax where a second adult (not the main council tax payer or their partner) lives in the house and is in receipt of welfare benefits or on a low income. All districts are considering abolishing the rebate. KCC's supports abolishing this rebate in all districts.

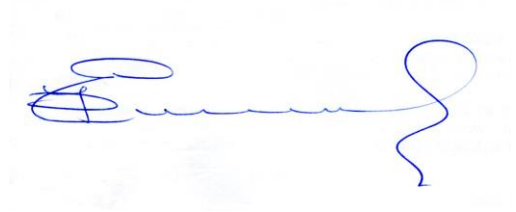
As part of the original CTR schemes all Kent districts agreed to make some reduction in empty property discounts (including second homes). Some abolished the discounts altogether. Further reductions in empty property discounts would continue to be outside CTR schemes (and thus not included in district consultation on their CTR schemes). Nonetheless, KCC would like to take this opportunity to reaffirm its position that we support removing empty property discounts entirely (on the basis that owners of empty properties can generally more easily afford council tax and to act as incentive to bring properties back into use) as a higher priority to responding to RSG reductions than any changes to CTR schemes (albeit we believe empty property discounts and CTR schemes both need to be reviewed).

*Alternatives to Reviewing CTR Schemes*

Generally we feel that these sections in the consultation are poor. In particular the alternatives of increasing council tax or reducing council spending do not include any mention of referendum requirements (in the case of the former) or savings already needed to be considered in councils' budget plans. Whilst it is inevitable that CTR discounts for working age households will need to be subsidised by other council tax payers as RSG is removed this has not been mentioned in the alternatives. We feel this is an oversight in the consultation although accept it can be deduced relatively easily.

I hope you find this response helpful. In conclusion we would be looking for CTR schemes to be consistent with the county council's priorities to support the most vulnerable and give children the best possible start in life but also act help to incentivise individuals into work to help grow the Kent economy. We recognise that at the same time schemes must reflect the financial necessities being placed on local government and inevitably this complex mix can result in some conflicting consequences.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'John Simmonds', with a large, stylized flourish at the end.

**John Simmonds MBE**

Deputy Leader and Cabinet Member for Finance and Procurement



**TONBRIDGE & MALLING  
BOROUGH COUNCIL**

**Nicolas Heslop**

**Leader of The Council**

**Cabinet Member for  
Economic Regeneration**

**Borough Councillor  
for Cage Green Ward**

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7 September 2016

Dear John

**Local Council Tax Reduction Scheme Consultation**

Thank you for your letter of 10 August 2016 setting out Kent County Council's response to our Local Council Tax Reduction Scheme Consultation.

The consultation closed at the end of August, and our officers are now beginning the task of reviewing all the responses received and preparing an Equality Impact Assessment. It is the intention that our Cabinet will consider this at a meeting on 12 October, at which point we will make recommendations to Full Council about how the Scheme should be updated.

At this stage, and until the work has been completed, I am unable to comment specifically on some of the points you have made. However, there are a few points of clarification I would like to make in response.

I note your 'disappointment' that the consultation has '*not been set in the wider context of the financial challenge for local authorities*'. The financial challenge is, of course, a factor and is one of the reasons we are considering more, potentially, radical changes to the scheme. However, this is not the only issue, as you will be well aware. Collecting debts from those who are already financially disadvantaged is becoming increasingly difficult, and we must, therefore, consider the administrative costs and burdens this brings quite apart from the 'moral' issues of continuing to charge more and more to those who are already financially struggling. It is always a balancing act, as I am sure you will acknowledge. The short explanatory video we produced for the consultation (which was on our website) set out the dilemmas we face.

I am perplexed by your statement that 'you would have liked to have seen some consideration of even lower CTR discounts as part of the consultation (particularly those authorities that have only consulted on a very small change of 1.5% in contribution)'. I appreciate your letter is a generic one to all district councils, but I would say that whilst we have consulted on a 1.5% increase (as well as a 6.5% increase), we are already asking our residents to pay the highest amount in Kent (i.e. the 18.5% contribution). Thus, as we are a district applying the highest 'Kent' deduction rate, our options have been formed through the analysis of data displaying a 'tipping point' of collectable debt from low income households. The options, of 1.5% and 6.5% cuts go to the very boundary of the 'tipping point' in our view.

Other proposed options do not take the 'blanket cuts' approach but target areas identified as being potentially more affordable. We firmly believe there is a limit as to how far we can realistically go, having to balance the financial pressures we are collectively facing with the pressures some of our financially disadvantaged residents are personally facing. I believe this is a point that has been repeatedly made by the district finance officers.

In terms of the potential hardship policy which we have consulted on, I understand that this, along with all the other options set out in our consultation documentation, was discussed some time ago with finance officers from the major precepting authorities via the Kent Finance Officers group. My Director advises me that it was clearly stated at the group that, were such a policy be deemed appropriate following the consultation, it would be facilitated through s13A 1a of the Local Government Finance Act 1992 – i.e. the funding is via the collection fund. We did not think it was appropriate to put this level of detail into the consultation documentation itself because the majority of respondents would have no knowledge whatsoever as to what this meant, or how it was funded.

Whilst I do not wish to pre-empt the Cabinet's recommendations regarding the outcomes of the consultation, my Director advises me that it seems very likely, based on the responses, that a new hardship policy will form part of the revisions to our Local CTR scheme (I cannot, of course, speak for others). She is presently working with the Consultant that the Kent District Councils jointly procured in order to draw up a 'draft' which will be shared via the Kent Finance Officers group (at which KCC is represented and can offer any thoughts). Whilst I can appreciate that you have an interest in the potential cost of hardship claims, it is important that we do not put an arbitrary 'cap' on the amount that can be awarded as this could fetter discretion.

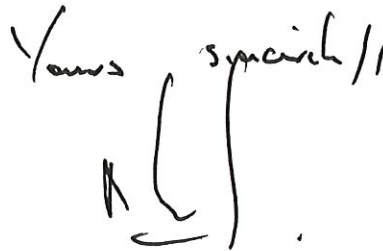
Towards the end of your letter, you comment that you feel that the section regarding alternatives to reviewing the CTR scheme is *poor*. Contrary to what you have stated in your letter, our video and/or consultation documentation did allude to the savings that are already needed in order to achieve a balanced Medium Term Financial Strategy, and did mention that increases in council tax would be subject to referendum limits.



Finally, I would say that when I first read your letter, I had the distinct impression that you felt there had been little or no liaison with Kent County Council prior to the launch of our consultation which I have to say was somewhat unexpected, and disappointing. This somewhat 'jarred' with your positive statement about the close working relationship between district councils and major preceptors. Having discussed this point with my Director, she categorically assures me that finance representatives from Kent County Council (Dave Shipton), Kent Police and Kent Fire have all been party to discussions about the potential revisions to the schemes in the lead up to the public consultation.

Indeed, I understand that a very detailed presentation was given to the major precepting authorities at Sessions House on 24<sup>th</sup> March this year by a small group of district finance officers and the Consultant who has been assisting them. As I understand it, following detailed discussion ensuing from the presentation, the major precepting authority representatives expressed satisfaction with the proposals that were being put forward for consultation. I hope that this gives you some comfort, and confirms the close working relationships you have spoken about.

I am grateful for the responses you have made to our consultation and as I have outlined above, these will be fed into the overall report to Cabinet on 12 October.

Yours sincerely,  


Nicolas Heslop



## Option 1

### Should the Council continue to reduce Council Tax for eligible claimants in the way it does now?

We currently require all working age claimants to make a minimum payment of 18.5% towards their Council Tax.

#### Results of Survey

	Yes	No	Don't know
Overall	51%	38%	11%
Working Age CTR	76%	14%	10%
Other	39%	51%	10%

#### Estimated overall annual saving on the current scheme £Neutral

#### KCC Response

KCC do not support Council's protecting existing schemes

#### Summary

The results suggest that this is a preferred option for working age residents already in receipt of CTR. There would be no savings generated by this option and no impact on equalities, however it would mean the scheme is moving away from the welfare reforms introduced into the housing benefit scheme if no other options were chosen.

#### Sample of Customer Comments (verbatim)

- I should prefer the increased costs of services to be borne by people who earn more rather than less.
- The poorest should not be shouldering the cost of the cuts through no fault of their own.
- It must not charge poor people on low incomes
- YES.....Unless you intend putting half of TONBRIDGE IN COURT/Jail for non payment some people just can't afford it!.....
- It is important that we don't perpetuate poverty for those people who cannot earn enough to take them out of poverty. Especially if we are going to give the children of those families living in poverty a chance to be lifted out of poverty. Council tax is a major recurring household expenditure and non payment of the tax has significant financial impacts on the households immediately future budgets. It is a payment that cannot be avoided unless support is given for those that are most in need of support. As long as the tests to assess the person's ability to pay are robust and fair I am a strong support of the Council Reduction Scheme.
- AS a part-time worker and carer there is little enough margin for change in support. Anymore could result in not having enough money to meet the rent and council tax and result in homelessness. Or at best moving away to a much cheaper area with no friends or family for additional support.
- Most claimants receive other out of work benefits which often works out more than those working who receive nothing.
- I think only paying 18.5% is too low.
- As a person who works and am already struggling to pay council tax as it has gone up again I will be one off the people who will probably have to give up my flat. How about stop helping the dole dossers and help the people who do work!!

## Option 1a

### Do you agree to reducing the maximum level of support to 80%?

We currently require all working age claimants to make a minimum payment of 18.5% towards their Council Tax. This would increase to 20%. Reducing the maximum level of support available is a simple change to the scheme which is easily understood.

### Results of Survey

	Yes	No	Don't know
Overall	47%	47%	6%
Working Age CTR	44%	45%	11%
Other	49%	48%	3%

**Estimated overall annual saving on the current scheme £53,000**

### KCC Response

KCC supports the principle of reducing CTR discounts although and they have stated that the percentage increase should be higher than 1.5%.

**Sample of comments for this option are combined with Option 1b**

### Summary

The results suggest that residents have a split opinion on this option. Reducing the maximum level of support available is a simple change to the scheme which is easily understood and it generates a saving of £53k

## Option 1b

### Do you agree to reducing the maximum level of support to 75%?

We currently require all working age claimants to make a minimum payment of 18.5% towards their Council Tax. This would increase to 25%. Reducing the maximum level of support available is a simple change to the scheme which is easily understood.

### Results of Survey

	Yes	No	Don't know
Overall	43%	50%	7%
Working Age CTR	11%	79%	10%
Other	57%	37%	6%

### Estimated overall annual saving on the current scheme £233,000

### KCC Response

KCC supports the principle of reducing CTR discounts although they have not concluded what percentage should apply.

### Summary

The results suggest that residents are not in favour of this option especially those working age customers directly affected by this. A simple change that is easy to understand and applies equally across the board **but** it increases the amount all working age Council Tax Recipients must pay in Council Tax.

### Sample of Comments (verbatim)

- 1.5% might be feasible, 6.5% is impossible.
- Absolutely not. As a society we must help those who are vulnerable, not target them because it is a simple way to save money! Let those who can afford it pay more.
- hitting those that need it most, helps no-one
- Option 1a represents an 8.5% increase. Option 1b represents a 35% increase which is too much of a jump
- I believe that it should be reduced to 75%, but phase in over 2 to 3 years
- Further cost cutting is vital, a small cut would give a great saving overall
- A 75% reduction still seems generous, people will only have to pay 25% of the full rates
- dont want to penalise workers further
- and what will many of these people do for their ""free"" money. Buy iPhones, smoke cigarettes. You should make them work for their benifit so they understand the value of money.
- As long as there is an effective hardship exemption which is consistently applied and not open to abuse, the maximum level of support for those outside the hardship exemption should apply (otherwise you may struggle to fund the hardship exemption).

## Option 2

### Do you agree to removing the family premium for all new working age claimants?

The removal of family premium from 1 April 2017 for new claims will bring the Council Tax Reduction scheme in line with Housing Benefit. The family premium is part of how we assess the 'needs' of any claimant, which is compared with their income. Family Premium is normally given when a claimant has at least one dependent child living with them. Removing the family premium will mean that when we assess a claimant's needs, it would not include an allowance for the family premium (currently £17.45 per week). This change would **not** affect those on Universal Credit, Income Support, Income Related Employment and Support Allowance or Income Based Jobseeker's Allowance.

### Results of Survey

	Yes	No	Don't know
Overall	48%	40%	12%
Working Age CTR	27%	56%	17%
Other	57%	34%	9%

**Estimated overall annual saving on the current scheme: £30,000**

### KCC Response

KCC supports the principle of changing CTRS to be consistent with changes in Housing Benefit, Universal Credit and other Welfare Benefits.

### Summary

The results suggest that the majority of respondents agree to implementing this option (48%) however not the working age respondents in receipt of CTR. It does generate a saving and it brings the CTRS in line with Housing Benefit scheme

### Sample of Comments (verbatim)

- All families should be treated the same, not just those who claim from the 1st April 2017
- Children cost money, changing the rules isn't going to change that fact
- I don,t think it should be reduced
- I think it would cause hardship to some familys
- If this ties-in with central government changes then it should be taken forward.
- Multiple benefits and exemptions complicate the system and make it more costly to administer.
- Obviously a person with dependent children will have less disposable income than someone who does not.
- This is an awful attack on children.
- This is disgraceful!
- This is great. Good option.

### Option 3

#### Do you agree to reducing backdating of new claims to 1 month?

Currently claims for Council Tax Reduction from working age claimants can be backdated for up to 6 months where an applicant shows they could not claim at an earlier time. Central Government has reduced the period for Housing Benefit claims to 1 month. This option would see the Council's CTRS be aligned with the changes for Housing Benefit.

#### Results of Survey

	Yes	No	Don't know
Overall	74%	20%	6%
Working Age CTR	67%	22%	11%
Other	78%	19%	3%

#### Estimated overall annual saving on the current scheme £20,000

#### KCC Response

KCC supports the principle of changing CTRS to be consistent with changes in Housing Benefit, Universal Credit and other Welfare Benefits.

#### Summary

The results suggest that the majority of respondents (74%) agree to this option. It generates a small saving and it is a simple alteration to the scheme which is easy to understand when claiming Housing Benefit and Council Tax Reduction. It also brings the CTRS in line with Housing Benefit scheme.

#### Sample of Comments (verbatim)

- 3 months might be fairer in some cases, and/or with a proviso to make an exception to extend in extremely compelling circumstances.
- as a general rule yes, in exceptional circumstances, no
- Husband or wife dies, it would be difficult within a month to cover all paperwork
- 1 month maximum or no back dating at all
- 1 month should be plenty of time & make the administration simpler & more efficient
- This could lead to difficulties for the most vulnerable people
- This seems a sensible measure to take as long as residents are made aware of the change.
- There should be some flexibility if the reason is unavoidable
- If finances were pressing then discounts would be taken up promptly. not taking them up for 6 months suggests less financial urgency.
- Backdating is a ridiculous option altogether

## Option 4

### Do you agree to the use of a minimum level of income for self-employed earners after 1 year?

A weekly income figure (for example equivalent to 35 times the hourly rate of the National Living Wage) would be used as full time weekly wages for self-employed claimants declaring incomes below this level. Any income above this amount would be taken into account based on the actual amount earned. Incomes would still be verified and checked. The income would not apply for a designated start-up period of one year from the start of the business. Variations would apply to part-time workers.

#### Results of Survey

	Yes	No	Don't know
Overall	55%	31%	14%
Working Age CTR	38%	40%	22%
Other	62%	28%	10%

#### Estimated overall annual saving on the current scheme £150,000

#### KCC Response

KCC fully supports the proposals of a minimum income level for self-employed earners

#### Summary

The results suggest that the majority of respondents agree to this option (55%) however not working age customers in receipt of CTR. It would generate a significant saving and the treatment of income for self-employed claimants for Council Tax Reduction will be brought broadly into line with Universal Credit and it should encourage self-employed working age applicants to grow their business. KCC also support this change.

#### Sample of Comments (verbatim)

- If they are earning under the living wage after 1 year, business sense would say they need to look at their business case
- Agree you must assume if people go self employed they are doing it earn a decent living not to live on benefits, they pay less NI and less tax in most cases
- Do you know how hard it is to expand a business, I have been self employed for over 28 years and have had no help from local government
- sounds unfair to me ,hard enough being self employed
- There is no evidence that withholding benefits encourages people to increase their working hours. In many cases, claimants would likely like to increase their hours or expand their business but are unable to do so due to the availability of work and / or the economic climate. It is not fair to punish these claimants for reasons that are outside of their control.
- Need to base reductions on fact not on assumption.
- People need to be encouraged not discouraged to self employment. I can't see this helping.
- This is fundamentally wrong. Assessments should only ever be made on actual real income!
- This may encourage people who are struggling to make a go of self-employment to give up and claim benefits instead. We should be supporting those who are our communities best hope of financial growth.
- This would seem to penalise people whose business is struggling.
- Why minimum would it not be fairer to use average income?



## Option 5

### Do you agree to reducing the period which a person can be absent from Great Britain and still receive Council Tax Reduction to 4 weeks?

Within the current scheme, applicants can be temporarily absent from their homes without it affecting the Council Tax Reduction. This replicated the rule within Housing Benefit. Housing Benefit has been changed so that if a person is absent from Great Britain for a period of more than 4 weeks, the benefit will cease. This option reflects the changes in Housing Benefit. There will be exceptions for certain occupations.

#### Results of Survey

	Yes	No	Don't know
Overall	87%	9%	4%
Working Age CTR	83%	12%	5%
Other	90%	7%	3%

#### Estimated overall annual saving on the current scheme £5,000

#### KCC Response

KCC supports the principle of changing CTRS to be consistent with changes in Housing Benefit, Universal Credit and other Welfare Benefits.

#### Summary

The results suggest that the majority of respondents agree to implement this option (87%), the savings generated are minimal however the treatment of temporary absence will be brought into line with the Housing Benefit scheme. KCC also support this change.

#### Sample of Comments (verbatim)

- Completely fair, perhaps there are rare circumstances it might need to be waived, but on the whole extremely fair & sensible
- Four weeks is ample time, however the armed forces should be exempt from this.
- i do agree with this issue as going aboard they don,t need the help in my eyes.
- If a person is low income, what are they doing travelling abroad?
- If they can afford to be away, they can afford to pay! Two weeks would seem far better still!
- if you can afford to be out of the country for more than 4 weeks, you probably don't need help paying council tax.
- Absolutely! Why not 2 weeks? I don't know anyone that is away more than 4 weeks unless they have a second home.
- But I think that if there are exceptional circumstances then they should be able to have it backdated.
- If can afford to be away that long can afford council tax
- May need to take in to consideration why they have left eg for family emergency reasons

## Option 6

### Do you agree to reducing the capital limit from £16,000 to £6,000?

At present, residents with savings, capital and investments of more than £16,000 are not entitled to any Council Tax Reduction. This option would lower that threshold to £6,000.

#### Results of Survey

	Yes	No	Don't know
Overall	56%	37%	7%
Working Age CTR	44%	47%	9%
Other	59%	35%	6%

#### Estimated overall annual saving on the current scheme £34,000

#### KCC Response

KCC supports reducing the savings threshold and accepts that reducing the savings/investment threshold would not present a significant risk of causing financial hardship

#### Summary

The results suggest that the majority of respondents agree to this option (56%) however not working age in receipt of CTR whom it affects most. It does generate a saving however it does not align to the Housing Benefit scheme. KCC support this change.

#### Sample of Comments (verbatim)

- £6,000 is adequate savings to have, if you were to have £16,000 you could use some of that before claiming benefits
- £6,000 at today's value is a very small amount of savings would just about buy a new hip, £16,000 is much more realistic
- £16,000 seems an excessive level of permitted savings under such a scheme
- Again too much of a job too quick. Circa 10,000 more of an acceptable figure
- but maybe drop to £10,000
- If they have the money, they should pay!
- Savings are for a rainy day; if you need to claim benefits, it's raining
- this would appear to discriminate against those who have managed their finances to build some capital
- £6,000 is still a significant level of savings.
- Does not seem fair. Does not follow ESA.

## Option 7

### Do you agree to using a standard level of non-dependant deduction?

Within the current scheme a deduction is made from Council Tax Reduction entitlement for people other than the applicant's partner who are 18 years old or over. That person would be expected to contribute towards payment of Council Tax. At present the weekly deductions range from £0.00 to £11.45 according to weekly income. The deductions would be replaced by a single figure, possibly £10 per week.

### Results of Survey

	Yes	No	Don't know
Overall	70%	17%	13%
Working Age CTR	58%	25%	17%
Other	77%	13%	10%

### Estimated overall annual saving on the current scheme £116,000

### KCC Response

KCC fully supports standardising deductions for non-dependant adults as it would make the scheme simpler as well as reducing the impact of CTR discounts on the tax base.

### Summary

The results suggest that the majority of respondents agree to implementing this option (70%) and it does generate a reasonable saving. It is simple to understand and to administer. KCC fully supports this change.

### Sample of Customer Comments (verbatim)

- My child has severe learning disability. At 18 years plus, he will still be just as dependent, if not more so
- If they are making waste that needs collecting, using roads, pavements etc they should pay like we have to
- Should be based on non dependants income as someone could earn £25,000 whilst another may earn £8000 so this should be reflected
- Yes, but £10 is not enough
- Must include an exemption for cared-for people, such as disabled
- It is an unfair assumption that individuals aged 18+ would be able to make a set contribution, rather than actual affordability
- Again, a massive jump from 0-10. £5 is a more realistic, achievable figure.
- Another form of pole tax
- Creates a simpler and fairer system
- Why not? if you are a non dependant then you should fairly contribute

## Option 8

### Do you agree to including Child Maintenance as income?

Currently any payments of Child Maintenance paid to either an applicant or their partner does not count when working out the household income when assessing entitlement to Council Tax Reduction. This proposal would allow the Council to include any Child Maintenance in the calculation.

#### Results of Survey

	Yes	No	Don't know
Overall	59%	32%	9%
Working Age CTR	50%	40%	10%
Other	63%	30%	7%

#### Estimated overall annual saving on the current scheme £200,000

#### KCC Response

KCC would support more research being undertaken into the impact of including child maintenance in household income therefore they do not agree that it should be changed at present.

#### Summary

The results suggest that the majority of respondents agree to this option being implemented (59%) and it would generate a significant annual saving however it would not be supported by KCC in this scheme.

#### Sample of Customer Comments (verbatim)

- Absolutely not!! It is not income, it is to sustain the child. I was a child whose father had to pay my mum maintenance and I can tell you it is not always paid on time or in full and is used for food, clothing and towards the mortgage - where a larger house is necessary due to there being children! It is the bare minimum for these needs and must not be considered as frivolous income!"
- At the end of the day child maintenance increases the income received, all income should be included for calculation purposes
- CSA has been abolished. Mothers must rely on integrity of the child's father in order to receive child support??? - or pay a collection fee, for payment to be managed. To include child maintenance, in CTR calculations, would result in mothers having to fight for child maintenance payments.
- Discourage payments of child maintenance is not for the Borough Council to worry about but the courts. I would imagine, but don't know, that the maintenance for the child includes their living accommodation and all the services that are needed for a safe environment. Therefore paying Council Tax is part of these services.
- Child maintenance is for the child, to buy clothes, shoes essentials, not to pay the parents bills
- "depends on how much, needs to me set limits and boundaries
- Its an Income, why should it be ignored!
- This is not income for extras, it is to pay for expenses for the child
- All income should be considered
- Child maintenance can be paid erratically.

## Option 9

### Do you agree to including Child Benefit as income?

Currently any payments of Child Benefit paid to either a claimant or their partner does not count when working out the household income when assessing entitlement to Council Tax Reduction. This proposal would allow the Council to include any Child Benefit in the calculation.

### Results of Survey

	Yes	No	Don't know
Overall	61%	33%	6%
Working Age CTR	42%	49%	9%
Other	68%	27%	5%

### Estimated overall annual saving on the current scheme £180,000

### KCC Response

Including child benefit as household income would be contrary to KCC's strategic objectives to help children and young people to get the best start in life and to help vulnerable residents.

### Summary

The results suggest that the majority of respondents agree with this option being implemented (61%) however not working age CTR recipients whom it would affect most. It will generate a significant annual saving however it does go against KCC's policy aims and objectives.

### Sample of Comments (verbatim)

- Again , only the child suffers
- Again, people are using their children to increase their benefit income. It will prevent people from having large families.
- Child benefit are not controlled as to how it is spent , in many instances it is used in other ways to fund activities how related to pure child expenditure
- Child benefit is for the child, not bills
- It's an Income, Why is it not included.
- everyone needs to play their part they should not benefit twice from state help. it feels like double dipping to me. it does not look fair.
- Part only eg 50%
- The money should be used to clothe and feed the children.
- It's for child maintenance - not local Govt
- Include all income

## Option 10

### Do you agree to restricting the maximum level of Council Tax Reduction payable to the equivalent of a Band D charge?

The current scheme uses the full amount of Council Tax charge irrespective of the band of the property. There are eight Council Tax Bands A to H with Band D being the national average. It is proposed that where an applicant lives in a property which is Band E, F, G or H then the Council Tax Reduction will be calculated on the basis of a Band D charge.

#### Results of Survey

	Yes	No	Don't know
Overall	54%	33%	13%
Working Age CTR	43%	37%	20%
Other	58%	33%	9%

#### Estimated overall annual saving on the current scheme £80,000

#### KCC Response

KCC supports capping CTR discounts but proposes that the cap should generally be applied to all properties above band C but accepts this could vary according to the make-up of the district.

#### Summary

The results suggest that the majority of respondents agree to this option being implemented (54%) and it does generate a saving. It would be easy to understand and administer. KCC also agrees to this change.

#### Sample of Comments (verbatim)

- A larger family may need to live in a larger home, and hence should not be penalised for this. Also, council tax bands have become less and less related to the value of properties over time and do not always accurately reflect the size of the property
- As we are limited in houses we can live in as recipients of HB and CTR (due to landlord prejudices), it is going to make finding properties even harder having to ensure that they are Band D or lower or suffering with the financial consequences!
- If people can afford large houses and have big families, then their need for council tax benefits aren't great. Giving people hand outs makes people greedier.
- Larger families usually have more tax credits, child benefit etc so can surely afford to pay a bit more council tax, unless the reason for a larger house is because of a disability which means children needs individual rooms.
- The subsidy should be a benefit, not a means of social-climbing!
- All bands should be considered for fairness.
- All claimants should be treated equally
- I live in a band E house. I can understand why this could work but some people including myself are in a property which is suitable for my needs and not a choice to be a band E could be deemed a rich reduction?
- Seems a bit too close to social cleansing!
- There would need to be flexibility for special hardship.

## Option 11

### Do you agree to removing Second Adult Rebate?

The current Council Tax Reduction scheme can grant a reduction of up to 25% in certain cases where the income of a 'second adult' (not the applicant's partner) who resides with the applicant and is unemployed or has a low income.

### Results of Survey

	Yes	No	Don't know
Overall	57%	31%	12%
Working Age CTR	39%	48%	13%
Other	63%	27%	10%

**For** - It would remove an element of the current scheme where the reduction bears no relationship to the income of the claimant **but** a small number of people who currently receive Second Adult Rebate will receive less support.

**Estimated overall annual saving on the current scheme £10,000**

### KCC Response

KCC supports abolishing this rebate in all districts.

### Summary

The results suggest that the majority of respondents agree with implementing this option (57%) however not working age in receipt of CTR. It will generate a small saving and remove an administrative burden. KCC supports the removal of this rebate.

### Sample of Comments (verbatim)

- again it should be based on total income
- I believe it would depend on whether the person is unemployed on health grounds or too lazy to work
- If there are only a 'small Number of people affected then this is a proposal too far
- Perhaps it could be limited to 3 months to allow for temporary unemployment
- This may affect those with carers who rely on help and seems unfair
- I think that this could really affect 1st time buyers who are just starting out and I know how hard this is
- If it's not the partner/spouse then I think you can remove this reduction.
- All service users should contribute
- If the non-earning non-dependant were not in the household a single person discount would apply. The idea of second adult rebate is surely to mirror this concept.
- No 25% reduction is beneficial particularly to single parents whose children may only work part time and still study.

## Option 12

### Do you agree to removing the Work Related Activity Component in the calculation for new claimants in receipt of Employment & Support Allowance?

From April 2017, all new applicants of Employment and Support Allowance (ESA) who fall within the Work Related Activity Group will no longer receive the component in either their ESA or within the calculation of Housing Benefit.

#### Results of Survey

	Yes	No	Don't know
Overall	76%	10%	14%
Working Age CTR	57%	21%	22%
Other	84%	6%	10%

**For** - Treatment of Employment & Support Allowance would be brought into line with Housing Benefit, it avoids additional costs to the CTRS, **but** some households would not gain entitlement.

**Estimated overall annual saving on the current scheme £2,000**

#### KCC Response

KCC fully supports the proposals to removing the Work Related Activity Component in the calculation for new claimants in receipt of Employment & Support Allowance

#### Summary

The results suggest that the majority of respondents agree to this option being implemented (76%) and the treatment of Employment & Support Allowance would be brought into line with Housing Benefit. It does generate a very small saving. KCC supports this change.

#### Sample of Comments (verbatim)

- people on esa need support
- made simple
- Seems appropriate to bring it into line with HB.
- if there is no drawback then why not do it.
- I see no disadvantages with this .
- I do not know enough about ESA
- How can someone on ESA pay more council tax when they barely get enough to live on
- Many physically/mentally disabled people are being moved into the work related group and receiving a cut in income, this could be an extra pressure on them.
- It would benefit to Council to bring everything into line with other Government benefits, which will make it easier for people to understand, rather than having lots of different systems.
- Council Tax reduction should be based on income, not if someone is on ESA



## Option 13

### Do you agree to restricting the maximum number of dependent children within the assessment of Council Tax Reduction to two?

Within the current scheme, claimants who have children are awarded a dependant's addition of £66.90 per child within their applicable amounts. There is no limit to the number of dependants' additions that can be awarded. From April 2017 Central Government say they will limit dependant's additions in Universal Credit, Housing Benefit and Tax Credits to a maximum of two. This will only affect households who have a third or subsequent child on or after 1 April 2017. It is proposed that the Council's Council Tax Reduction scheme is amended to reflect the changes in Housing Benefit and Central Government Benefits. There would be exceptions where: there are multiple births after 1 April 2017 (and the household is not already at their maximum of two dependants within the calculation), adopted children or where households merge.

### Results of Survey

	Yes	No	Don't know
Overall	79%	17%	4%
Working Age CTR	79%	17%	4%
Other	79%	18%	3%

### Estimated overall annual saving on the current scheme £25,000

#### KCC Response

KCC supports the changes to dependent children adjustments even though it is contrary to their strategic policies because it aligns the CTRS with changes to housing benefit, Universal Credit and other welfare benefits.

#### Summary

The results suggest that the majority of respondents agree to this option being implemented (79%) and it would be easier to understand and bring it into line with Housing Benefit, Universal Credit and Tax Credits. It does generate a saving and KCC agree with this change.

#### Sample of Comments (verbatim)

- Again, it's hiotting children not the work shy
- If a family has more children then you cannot just disregard them, that's insulting at the least.
- If they can afford a third child.....!
- I think there are good safeguards in place and that people choosing to have a 3<sup>rd</sup> child should be thinking if they can afford another child, without everyone else paying
- It should be 0, if people can't afford children they shouldn't have them
- Should a marriage break up the parent caring for the 3+? Children will be struggling to survive
- The family all have to be fed, however many children there are
- As a single person I have a big problem with those who have a lot of children without the ability to afford to keep them
- S as benefits beign cut throughout where do you expect families to get the extra money from?
- This is deeply ridiculous. It suggests people on low incomes should not be allowed to have children and that children themselves should be punished for existing.

## Option 14

### Do you agree to introducing a scheme, in addition to the CTRS, to help applicants suffering exceptional hardship?

The option would introduce a scheme whereby individual cases would be looked at on their own merit and decisions made as to additional help made at the discretion of officers, based on a Council policy. This would:

- Provide greater flexibility to the Council to help those that need it most.
- Enable a safety net for those households suffering exceptional hardship

### Results of Survey

	Yes	No	Don't know
Overall	74%	16%	10%
Working Age CTR	69%	13%	18%
Other	75%	19%	6%

### Estimated overall annual saving on the current scheme: Cost variable

#### KCC Response

KCC supports the principle of a hardship fund to help families that face exceptional financial difficulties however they would like to see further proposals on how such a scheme would operate and how the scheme would be funded.

#### Summary

The results suggest that the majority of respondents agree to this option being implemented (74%) and it would allow us to look at individual households that are affected by any changes to our scheme. It would cost all preceptors to adopt this scheme which would be variable depending on how many successful claims we had. KCC supports the principle but would like more detail.

#### Sample of Comments (verbatim)

- Depends how you define hardship and how the money is awarded
- I support the principle of a safety net but this shouldn't give carte blanche for all reductions to the benefit
- No one know's what misfortune may come upon them ie ill health
- No! the administration of such a scheme would be an expensive nightmare. It would also be putting too much power in the hands of council officials
- Rhe REALLY deserving should be protected, especially children
- There will Always,s be issue,s with what ever is agreed
- This can often be a grey area
- Additional costs would fa outweigh any benefit
- Any safety would be a good thing
- I am astonished that this does not already exist.

## Alternatives to Changing the Scheme

- **Should the level of Council Tax be increased?**

Increasing the level of Council Tax to keep the current Council Tax Reduction Scheme would mean all residents in the Borough paying more. The Council would need to hold a local referendum to ask residents to vote whether or not they would support such an increase as it would be likely that this increase would be more than 2%.

### Results of Survey

	Yes	No	Don't know
Overall	22%	72%	6%
Working Age CTR	20%	65%	14%
Other	22%	75%	3%

**Estimated overall annual saving on the current scheme: A 1% increase in Council Tax would generate a cost to the scheme in the region of £30,000 through increased Council Tax Reduction entitlements.**

### Summary

The majority of respondents do not agree with implementing this option (72%) and the Council would have to invoke a referendum.

- **Should funding be cut to other Council Services?**

If we decide not to change the current Council Tax Reduction Scheme this will mean there is less money to deliver all the other services provided by the Council. Those Services, without exception are already being scrutinised and facing budget cuts wherever possible.

### Results of Survey

	Yes	No	Don't know
Overall	38%	51%	11%
Working Age CTR	52%	30%	18%
Other	33%	59%	8%

**Estimated overall annual saving on the current scheme: £Neutral**

### Summary

The majority of respondents do not agree with implementing this option (38%) and all residents of the Borough would be affected through reduced or stopped services.

- **As an alternative should the Council use its savings to support the current scheme?**

Using savings to protect the CTRS would be a short-term option.

### Results of Survey

	Yes	No	Don't know
Overall	40%	47%	13%
Working Age CTR	57%	27%	16%
Other	34%	56%	10%

**For** – Little impact on recipients of Council Tax Reduction **but** this is not a sustainable options. Reserves would rapidly diminish putting the Council at risk.

**Estimated overall annual saving on the current scheme: £Neutral**

### Summary

The results suggest that the majority of respondents do not agree with this option except for working age CTR recipients.

### Sample of Comments for Alternatives (verbatim)

- Depends on which services you cut, how much you have squirrelled away and how much you want to increase it
- I don't agree with any of these proposals to be frank with you but was asked to chose
- I don't see any penny pinching going on in the council offices, what about stopping the twin town junkets that go on
- I would have no objection to the Council making these changes
- Increasing council tax would mean you would be paying more benefit so a bit pointless
- It would depend on the reserves available
- Many of these options to reduce council tax reduction target the poorest and most vulnerable in our community.
- Need to recognise the very real hardship of benefit level income
- Services are too thin, it would be unfair (to increase the level of council tax)
- Council services have already been reduced to a minimum yet council tax has gone up this year

## SUMMARY OF POTENTIAL SAVINGS/COST TO THE COUNCIL TAX REDUCTION SCHEME, BY OPTION

Option	Suggested Amendment to the Scheme as per Consultation	Saving to the Scheme £'000
1	Keep scheme as is	0
1a	reduce the maximum level of support to 80%	53
1b	reduce the maximum level of support to 75%	233
2*	remove the Family Premium for all new working age claims	30
3*	reduce the period a claim can be backdated to 1 month	20
4	minimum level of income for self-employed earners after 1 year of self-employment	150
5*	reduce the period a person can be absent from Great Britain to 4 weeks	5
6	reduce capital limit from £16,000 to £6,000	34
7	standard non-dependant deduction	116
8	count child maintenance in full in assessment of household income	200
9	count child benefit paid to the claimant or partner in full in assessment of household income	180
10	limit the maximum level of Council Tax Reduction payable to a Band D charge	80
11	remove Second Adult Reduction	10
12*	remove the Work Related Activity Component in the calculation for new ESA applicants	2
13*	limit the number of children taken into account on a claim to 2	25
14	introduce a targeted protection scheme based on Exceptional Hardship (cost to scheme)	-50

NOTES

- a. Options marked \* denote introduction would align with recently introduced HB rules
- b. Options 1a and 1b cannot be introduced at the same time. Could introduce one or the other, or neither.
- c. Savings identified are best estimates of what might be achieved if the option was introduced on a standalone basis
- d. Options may be interdependent and savings cannot simply be added together - more complex modelling required
- e. 'Savings' are savings to the whole Scheme. Approximately 12.7% is attributable to TMBC.

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## Equality Impact Assessment Council Tax Reduction Scheme

Authority:	Tonbridge & Malling Borough Council
Date EqIA commenced:	14 <sup>th</sup> April 2016
Date first stage EqIA finalised for pre-consultation decision:	3 <sup>rd</sup> June 2016
Date second stage EqIA finalised after consultation closed, prior to final decision being taken:	12 <sup>th</sup> October 2016 (Cabinet meeting)
Job titles of officers involved in completing the EqIA:	Director of Finance and Transformation Principal Benefits Officer West Kent Equalities Officer

## Options to change to the scheme from 1<sup>st</sup> April 2017

There are 14 potential options to adjust the scheme. Current claimant data, for each of the options, where available, is provided in Annex 1. Where an option applies to new claimants, we have provided data for current claimants as an indication of the possible impacts as it is not possible to predict who may apply after 1<sup>st</sup> April 2017. A summary of the consultation findings from people with protected characteristics is provided in Annex 2. Findings from the data and consultation are summarised below.

### Disability

There is a potential adverse impact on people of working age with a disability of the following options:

- **Option 1a:** reducing the maximum level of support to 80%.
  - Claimants with disabilities (1149 people) would lose 24 pence per week, on average, compared to claimants without disabilities, who would lose an average of 19 pence per week. Claimants with disabilities would continue to receive £3.26 per week more than claimants without disabilities, on average.
  - This option was one of the least preferred options with people with disabilities who responded to the consultation, with only 34% of respondents with a disability agreeing.
- **Option 1b:** reducing the maximum level of support to 75%.
  - Would affect all working age claimants, of which 30% have a disability.
  - Claimants with disabilities (1149 people) would lose 80 pence per week, on average, compared to claimants without disabilities who would lose an average of 64 pence per week. Claimants with disabilities would continue to receive £3.09 per week more than claimants without disabilities, on average.
  - This was the least preferred option with people disabilities who responded to the consultation, with only 23% agreeing.

**Mitigation (options 1a and 1b):** we would continue to treat people with disabilities more favourably by disregarding income received from certain disability benefits. However, as claimants with disabilities would still see a reduction in their benefit amount it would also be necessary to consider the criteria of the exceptional hardship scheme to ensure their needs continue to be met.

- **Option 7:** Introduce changes to non-dependant deductions
  - 41% of claimants in this category have a disability (284 people). These claimants would stop receiving this reduction, in full (£19.01 per week, on average). This is more than claimants without a disability, who receive non-dependant deductions, who would lose (£12.86 per week, on average).
  - This option was supported by 60% of people with disabilities who responded to the consultation.

**Mitigation:** if this option was introduced it would be necessary to consider exemptions for non-dependants with disabilities.

- **Impact of other options**
  - Smaller proportions of people with disabilities will be affected by options 2, 3, 4, 6, 8, 9 and 10. Option 2 was amongst the least supported options with people with disabilities who responded to the consultation, with only 33% of respondents with a disability agreeing.
  - We do not have data to illustrate the impact of options 5, 12, 13 and 14. Options, 3, 5, 12 and 13 were amongst the most preferred options with people with disabilities who



## Equality Impact Assessment Council Tax Reduction Scheme

responded to the consultation. These options would apply to new claimants from 2017 and relate to aligning the scheme with housing benefit and pension age regulations.

### **Mitigation:**

An exemption for temporary absence (option 5) due to medical treatment would reduce any potential impact on claimants with a disability; a range of other council tax disregards are available for those absent from home to receive or provide care due to ill health.

### **Carers**

There is a potential adverse impact on people of working age who are carers of the following options:

- **Option 1a:** reducing the maximum level of support to 80%.
  - Carers (532 people) would lose 26 pence per week, on average, compared to claimants who are not carers, who would lose 20 pence per week, on average. Carers would continue to receive £4.34 per week more than claimants who are not carers, on average.
  - We did not collect details of carers from the consultation. Any comments relating to carers are included in the report of the consultation findings.
- **Option 1b:** reducing the maximum level of support to 75%.
  - Carers (532 people) would lose 88 pence per week, on average, compared to claimants who are not carers, who would lose 66 pence per week, on average. Carers would continue to receive £4.12 per week more than claimants who are not carers, on average.
  - We did not collect details of carers from the consultation. Any comments relating to carers are included in the report of the consultation findings.

**Mitigation (options 1a and 1b):** we would continue to treat carers more favourably by disregarding income received from certain carer benefits. However, as claimants who are carers would still see a reduction in their benefit amount it would also be necessary to consider the criteria of the exceptional hardship scheme to ensure their needs continue to be met.

- **Option 7:** Introduce changes to non-dependant deductions
  - 23% of claimants in this category are carers (159 people). These claimants would stop receiving this reduction in full (£18.96 per week, on average). This is more than claimants who are not carers, who receive non-dependant deductions, who would lose (£14.39 per week, on average).
  - We did not collect details of carers from the consultation. Any comments relating to carers are included in the report of the consultation findings.

**Mitigation:** if this option was introduced it would be necessary to consider exemptions for non-dependants who are carers.

- **Impact of other options**
  - Although option 10 would affect 21% carers, these claimants would lose less than claimants who are not carers. Comments about carers were received in the consultation, in relation to this option, and are included in the report of the consultation findings.
  - Smaller proportions of carers may be affected by options 2, 3, 4, 6, 8, and 9. We do not have data to illustrate the impact of options 5, 12, 13 and 14.

### **Age**

As claimants of pension age are protected, there is a potential impact on other age groups, of the following options:

- **Option 2:** removing family premium
  - There are a higher proportion of current claimants aged 25-44 under this criteria.

Equality Impact Assessment  
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- We cannot predict what proportion of age groups may apply for Council Tax Reduction in 2017 but all new claimants would receive an average of £3.48 less than current claimants.
- This option was amongst the least preferred options with all age groups who responded to the consultation.
- **Option 4:** introduce minimum income floor for self-employed claimants
  - Affects a higher proportion of those aged 35-44.
  - We do not have data to illustrate how much claimants would lose under this criteria but it is likely that all those affected would lose their full amount under this criteria.
  - Those aged 25-34, who responded to the consultation, were less likely to support this option than other age groups.
- **Option 6:** reduce the capital limit to £6000
  - Of the 25 claimants under this criteria, this option would affect a higher proportion of those aged 45-64. Those aged 35-44 (3 people) would lose more (£20.13 per week, on average) than other age groups under this criteria.
  - We have not identified any issues relating to age from the consultation, in relation to this option.
- **Option 7:** introduce changes to non-dependant deductions
  - Affects a higher proportion of those aged 45-54 who would lose £15.85 per week, on average. Those aged 35-44 would lose more (£16.80 per week, on average) than other age groups under this criteria.
  - We have not identified any issues relating to age from the consultation, in relation to this option.
- **Option 8:** include child maintenance as income
  - Affects a higher proportion of those aged 25-54. Those aged 35-44 would lose more (£13.25 per week, on average) than other age groups under this criteria.
  - Those aged 25-34, who responded to the consultation, were less likely to support this option than other age groups
- **Option 9:** include child benefit as income
  - Affects a higher proportion of those aged 25-54. These age groups would also lose more than other age groups under this criteria.
  - Those aged 25-34, who responded to the consultation, were less likely to support this option than other age groups.
- **Option 10:** restrict the maximum level to the equivalent of a Band D charge
  - Affects a higher proportion of those aged 35-54. Those aged 45-54 would lose more (£8.99 per week, on average) than other age groups under this criteria.
  - Those aged 25-34 and 45-54, who responded to the consultation, were less likely to support this option than other age groups.
- **Option 11:** remove second adult rebate
  - Affects a higher proportion of those aged 45-64. Those aged 55-64 would lose more (£15.13 per week, on average) than other age groups under this criteria.
  - Those aged 45-54, who responded to the consultation, were less likely to support this option than other age groups.
- **Impact of other options**
  - The proportion of age groups affected by options 1a and 1b is in line with the caseload overall. There is a difference of 1 pence in the amounts each age group would lose per week, on average, should the level of support be reduced to 80%. There is a difference

## Equality Impact Assessment Council Tax Reduction Scheme

of 4 pence in the amounts each age group would lose per week, on average, should the level of support be reduced to 75%. Option 1a was less popular with those aged 35-54. Option 1b was less popular with those aged 25-34 and those aged over 45.

- The proportions of those affected by option 3 are roughly in line with the caseload overall. We do not have data to illustrate the impact of options 5, 12, 13 and 14. Options, 3, 5, 12 and 13 were amongst the most preferred options with all age groups who responded to the consultation. These options would apply to new claimants from 2017 and relate to aligning the scheme with housing benefit and pension age regulations.

### **Mitigation** (all options affecting age groups).

As the government has protected pensioners, the impact will fall on working age groups. This impact is as a result of national legislation, and is not within our discretion to mitigate. Within working age groups, although the impact on individual age groups may differ for each option, calculation of council tax reduction is not related to a person's age so it is difficult to mitigate any potential adverse impacts on the basis of age alone. Any differences in entitlement are likely to be as a result of other factors e.g. whether the claimant has a disability, is a carer or has children in the household. Options for reducing the impacts based on these factors have been suggested. However, we can continue to monitor the impact of any changes on age groups to identify whether there are any particular needs relating to age groups that we may need to meet.

### **Sex**

There is a potential adverse impact on working age males and females of the following options:

- **Option 2:** remove family premium
  - There are a higher proportion of females (82%) who currently receive family premium than males. We cannot predict what proportion of females and males may apply for Council Tax Reduction in 2017 but all new claimants would receive an average of £3.48 less than current claimants.
- This option was one of the least preferred options with people who responded to the consultation, with 53% of males and 41% of females agreeing.
- **Option 6:** reduce capital limit
  - Males (60% of claimants, 15 people, in this category) would lose £16.00 per week on average, compared to females who would lose £15.59 per week, on average.
  - 60% of males and 53% of females, who responded to the consultation, agreed with this option.
- **Option 8:** include child benefit as income
  - 94% of claimants in this category are female (145 people)
  - Males (9 people) would lose an average of £19.71 per week, on average, which is more than females who would lose £13.33 per week, on average.
  - 64% of males and 54% of females, who responded to the consultation, agreed with this option.
- **Option 9:** include child maintenance as income
  - 82% of claimants in this category are female (1,939 people).
  - Males (413 people) would lose an average of £15.35 per week, on average, which is more than females who would lose £13.27 per week, on average
  - 69% of males and 51% of females, who responded to the consultation, agreed with this option.

## Equality Impact Assessment Council Tax Reduction Scheme

### ▪ **Impact of other options**

- The proportion of males and females by options 1a and 1b affected is in line with the caseload overall. There is a difference of 1 pence in the amounts males and females would lose per week, on average, should the level of support be reduced to 80%. There is a difference of 3 pence in the amounts each age group would lose per week, on average, should the level of support be reduced to 75%. These options were amongst the least preferred options with male respondents. Option 1a was more preferable to female respondents than some other options.
- Although option 11 would affect 87% females, these claimants would lose less than males.
- The proportion of males and females who may be affected by options 3, 4, 7 and 10 is roughly equivalent to the proportion of males and females in the overall caseload. We do not have data to illustrate the impact of options 5, 12, 13 and 14. Options, 3, 5, 12 and 13 were amongst the most preferred options with males and females who responded to the consultation. These options would apply to new claimants from 2017 and relate to aligning the scheme with housing benefit and pension age regulations.

### **Mitigation**

It may be necessary to consider the criteria of the exceptional hardship scheme to take into account the needs of female claimants with children.

### **Race**

This information is not collected from claimants as it is not relevant to the calculation of council tax reduction. The Census (2011) shows that people from Minority Ethnic backgrounds are more likely to be economically active and less likely to be self-employed, than people from a White background. We received a very small number of responses from people from a Minority Ethnic Background, to the consultation. We have no evidence to indicate that working age people with different ethnic backgrounds would be affected differently.

### **Armed Forces Community**

This is considered in this equality impact assessment as part of the commitments within the Community Covenant. Armed forces personnel deployed on operations overseas, who normally pay council tax, benefit from a tax-free payment on the cost of council tax paid directly by the Ministry of Defence. Following the announcement by the Chancellor in his 2012 Budget statement, Council Tax Relief will be worth just under £600 (based upon 2012/13 council tax) for an average six-month deployment based on the average Council Tax per dwelling in England. This will continue to be paid at a flat rate to all eligible personnel. More information is available at [www.mod.uk](http://www.mod.uk). We also disregard income from war disablement pensions, providing eligible claimants with a higher council tax reduction

### **Other protected characteristics**

We do not collect information about the following characteristics from claimants as it is not relevant to the calculation of council tax reductions:

- Religion or belief
- Sexual orientation
- Gender reassignment
- Marital or civil partnership status
- Pregnancy or maternity

The option to align the regulations of the current council tax reduction scheme with housing benefit and (prescribed) pension age council tax reduction scheme (which includes limiting the number of dependents to two) would affect any female claimants who are pregnant

## Equality Impact Assessment Council Tax Reduction Scheme

before 1<sup>st</sup> April 2017. Otherwise, there is no evidence to indicate that working age people with these protected characteristics would be affected differently to claimants overall.

### Conclusions

All options will result in working age claimants, including those with protected characteristics, paying more towards their Council Tax bill from 2016-17. Pension age claimants, who also have protected characteristics, will not be affected as they are protected from any changes by Central Government.

Some working age claimants will be affected by more than one of the options. It is not possible to model any cumulative impacts but the possibility that some claimants may be adversely affected by more than one option should be taken into account when deciding which options will be taken forward. Some options will affect existing claimants and some will affect new claimants from 2017.

When deciding which options to take forward, the potential severity of impacts on claimants with protected characteristics needs to be weighed up against any potential financial savings to the Council. Options resulting in higher savings to the Council are likely to impact on more claimants or result in some claimants paying higher amount towards their Council Tax bill.

In complying with our obligations under the Public Sector Equality Duty, we must have 'due regard' to the following:

- Eliminate unlawful discrimination, harassment, victimisation and other conduct prohibited by the Act.
  - In deciding which options to take forward, we must ensure that the Council Tax Reduction Scheme does not unlawfully discriminate against any protected characteristics. This can be achieved by using the findings of this equality impact assessment to inform the decision about which options are taken forward.
- Advance equality of opportunity between people from different groups.
  - In deciding which options to take forward, we must consider how we can minimise disadvantage experienced by people with protected characteristics, take steps to meet the needs of people with protected characteristics and encourage people who share a relevant protected characteristic to participate in public life. The public sector equality duty does not prevent us from taking a decision about our Council Tax Reduction Scheme. Should we decide to take forward any options that may put people with protected characteristics at a disadvantage, we should consider taking action to mitigate those impacts. The Equality Act allows us to treat some people more favourably than others in meeting their needs. This would allow us to protect some income received by people with disabilities and carers, provide exemptions for some claimants with protected characteristics or take the needs of people with protected characteristics into account within an exceptional hardship scheme.
- Foster good relations between people from different groups.
  - In deciding which options to take forward, we may wish to consider whether our decision could impact on wider community relations between people with protected characteristics.

Finally, we will monitor the impact of the Council Tax Reduction Scheme on claimants with protected characteristics from 2017. We will provide reports to indicate whether the impacts are in line with our predictions or whether any further action may need to be taken to mitigate any impacts.

## Annex 2 – Consultation findings by protected characteristic

<b>Options affecting existing claimants</b>												
<b>Current claimants (working age only)</b>	All	Disability	No Disability	Carer	Non Carer	Female	Male	18-24	25-34	35-44	45-54	55-64
Number – all claimants	3885	1149	2736	532	3353	2711	1174	207	882	1009	1070	717
Percentage	N/A	30%	70%	14%	86%	70%	30%	5%	23%	26%	28%	18%
Average weekly CTAX reduction	£13.76	£16.09	£12.78	£17.57	£13.16	£13.55	£14.24	£13.96	£13.46	£13.38	£14.11	£14.08
<b>Option 1 - reducing the maximum level of support to 80%</b>												
Estimated average weekly loss	£0.21	£0.24	£0.19	£0.26	£0.20	£0.20	£0.21	£0.21	£0.20	£0.20	£0.21	£0.21
<b>Option 2 - reducing the maximum level of support to 75%</b>												
Estimated average weekly loss	£0.69	£0.80	£0.64	£0.88	£0.66	£0.68	£0.71	£0.70	£0.67	£0.67	£0.71	£0.70
<b>Option 4 - use of a minimum level of income for self-employed earners after 1 year</b>												
Claimants under this criteria (No.)	222	17	205	16	206	167	55	10	56	80	57	19
Claimants under this criteria (%)	6%	8%	92%	7%	93%	75%	25%	5%	25%	36%	26%	9%
Average reduction under this criteria	no data currently available											
Estimated average weekly loss	no data currently available											
<b>Option 6 - reducing the capital limit from £16,000 to £6,000</b>												
Claimants under this criteria (No.)	25	11	14	2	23	10	15	0	1	3	8	13
Claimants under this criteria (%)	1%	44%	56%	8%	92%	40%	60%	0%	4%	12%	32%	52%
Average weekly CTAX reduction under this criteria (current)	£15.84	£16.90	£15.01	£18.94	£15.57	£15.59	£16.00	-	£15.71	£20.13	£16.13	£14.69
Estimated average weekly loss	All claimants in this category would lose the full amount (above) under this criteria.											
<b>Option 7 - using a standard level of non-dependant deduction</b>												
Claimants under this criteria (No.)	692	284	408	159	533	511	181	3	16	139	330	204
Claimants under this criteria (%)	18%	41%	59%	23%	77%	74%	26%	0.4%	2%	20%	48%	29%
Average weekly CTAX reduction under this criteria (current)	£15.44	£19.01	£12.96	£18.96	£14.39	£15.04	£16.55	£13.67	£16.80	£14.07	£15.85	£15.63
Estimated average weekly loss	£10.36	£19.01	£12.96	£18.96	£14.39	£15.04	£16.55	£13.67	£16.80	£14.07	£15.85	£15.63
<b>Option 8 - including Child Maintenance as income</b>												
Claimants under this criteria (No.)	154	14	140	25	129	145	9	3	47	52	47	5
Claimants under this criteria (%)	4%	9%	91%	16%	84%	94%	6%	2%	31%	34%	31%	3%
Average weekly CTAX reduction under this criteria (current)	£13.67	£17.86	£13.25	£16.72	£13.07	£13.33	£19.71	£17.17	£14.25	£13.25	£13.46	£12.35

## Annex 2 – Consultation findings by protected characteristic

<b>Options affecting existing claimants</b>												
<b>Current claimants (working age only)</b>	All	Disability	No Disability	Carer	Non Carer	Female	Male	18-24	25-34	35-44	45-54	55-64
Estimated average weekly loss	£13.67	£13.98	£12.82	£13.99	£13.07	£13.33	£19.71	£12.86	£11.19	£13.25	£11.88	£9.78
<b>Option 9 - including Child Benefit as income</b>												
Claimants under this criteria (No.)	2352	378	1974	379	1973	1939	413	167	754	785	538	108
Claimants under this criteria (%)	61%	16%	84%	16%	84%	82%	18%	7%	32%	33%	23%	5%
Average weekly CTAX reduction under this criteria (current)	£13.64	£18.15	£12.77	£17.62	£12.87	£13.27	£15.35	£14.24	£13.50	£13.46	£13.59	£15.14
Estimated average weekly loss	£5.74	£5.82	£5.74	£5.76	£5.73	£5.74	£5.97	£5.63	£5.84	£5.81	£5.81	£5.57
<b>Option 10 - restricting the maximum level to the equivalent of a Band D charge</b>												
Claimants under this criteria (No.)	245	61	184	52	193	167	78	3	28	83	89	42
Claimants under this criteria (%)	6%	25%	75%	21%	79%	68%	32%	1%	10%	34%	36%	17%
Average weekly CTAX reduction under this criteria (current)	£20.39	£24.67	£18.97	£23.39	£19.58	£20.18	£20.84	£15.38	£18.44	£19.22	£21.79	£21.38
Estimated average weekly loss	£8.46	£7.80	£8.68	£7.80	£8.64	£8.24	£8.95	£6.54	£7.45	£8.25	£8.99	£8.58
<b>Option 11 - removing Second Adult Rebate</b>												
Claimants under this criteria (No.)	15	0	15	0	15	13	2	0	0	0	7	8
Claimants under this criteria (%)	0.4%	0%	100%	0%	100%	87%	13%	0%	0%	0%	47%	53%
Average weekly CTAX reduction under this criteria (current)	£13.62	-	£12.75	-	£12.87	£13.25	£15.33	-	-	-	£13.56	£15.13
Estimated average weekly loss	All claimants in this category would lose the full amount (above) under this criteria											

## Annex 2 – Consultation findings by protected characteristic

<b>Options affecting new claimants from 2017</b> – data for existing claimants within these categories has been provided, where possible, to give an indication of possible impacts. We cannot estimate data for new claimants.												
	All	Disability	No Disability	Carer	Non Carer	Female	Male	18-24	25-34	35-44	45-54	55-64
<b>Option 2 – removing the family premium</b>												
Claimants under this criteria (No.)	2348	373	1975	370	1978	1935	413	169	760	787	530	102
Claimants under this criteria (%)	60%	16%	84%	16%	84%	82%	18%	7%	32%	34%	23%	4%
Average weekly CTAX reduction under this criteria (current)	£13.62	£18.20	£12.75	£17.62	£12.87	£13.25	£15.33	£14.28	£13.52	£13.42	£13.56	£15.13
Estimated weekly loss (new claimants)	£3.48	£3.48	£3.48	£3.48	£3.48	£3.48	£3.48	£3.48	£3.48	£3.48	£3.48	£3.48
<b>Option 3 – reducing backdating to one month</b>												
Claimants under this criteria (No.)	220	143	77	48	172	136	84	15	61	54	58	32
Claimants under this criteria (%)	6%	65%	35%	22%	78%	62%	38%	7%	27%	25%	26%	15%
Estimated weekly loss (new claimants)	Average length of backdating is 3.8 weeks, on average, so there may be minimal impact on new claimants.											
<b>Option 5 - reducing the period which a person can be absent from Great Britain</b>												
No data available												
<b>Option 12 - removing the Work Related Activity Component</b>												
No data available												
<b>Option 13 - restricting the maximum number of dependent children to two</b>												
No data available												
<b>Option 14 - introducing a scheme to help applicants suffering exceptional hardship</b>												
No data available												

Notes: Claimant data is based on the lead applicant so the actual impacts will also depend on household composition. Ethnicity, religion/belief, sexual orientation, pregnancy & maternity, marital and civil partnership and gender reassignment data is not collected from claimants as it is not relevant to the calculation of Council Tax Reduction.



Item CB 16/77 referred from Cabinet minutes of 12 October 2016

**CB 16/77 TREASURY MANAGEMENT UPDATE AND MID-YEAR REVIEW  
2016/17**

The report of the Director of Finance and Transformation provided an update on treasury management activity undertaken during the period April to July 2016/17. It also included a mid-year review of the Annual Investment Strategy and risk parameters. Members were invited to endorse the action taken by officers in respect of treasury management activity to date, to retain the current risk parameters and note the review of the Council's long term cash balances.

The report had also been considered by the Audit Committee at its meeting on 5 September and the action commended for endorsement.

**RECOMMENDED:** That the following be commended to the Council:

- (1) the action taken by officers in respect of treasury management activity for the period April to July 2016 be endorsed;
- (2) the existing parameters intended to limit the Council's exposure to investment risks be retained; and
- (3) the review of the Council's long term cash balances and the use of property funds for subsequent consideration by the Audit Committee in January 2017 be noted.

**\*Referred to Council**

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# TONBRIDGE & MALLING BOROUGH COUNCIL

## CABINET

12 October 2016

### Report of the Director of Finance and Transformation

#### Part 1- Public

#### Matters for Recommendation to Council

#### **1 TREASURY MANAGEMENT UPDATE AND MID-YEAR REVIEW 2016/17**

**A report detailing treasury management activity undertaken during the period April to July of the current financial year was considered by Audit Committee on 5 September. The report also reminded Members of the parameters that define the Council's risk appetite. Cabinet are invited to recommend that Council endorse the action taken by officers in respect of treasury management activity to date, retain the current risk parameters and note the review of the Council's long term cash balances.**

#### **1.1 Introduction**

- 1.1.1 Council adopted the 2009 CIPFA Code of Practice for Treasury Management on 18 February 2010. That Code, and subsequent updates, requires as a minimum that full Council approves an annual strategy prior to the start of the financial year, a mid-year review of that strategy (this report) and an outturn report.
- 1.1.2 Additional reports updating Members on current activity are presented to the Audit Committee and performance is also reported on a regular basis to the Finance, Innovation and Property Advisory Board. The combination of Member reporting and detailed scrutiny of activity ensures this Council complies with best practice.
- 1.1.3 The treasury management report presented to the Audit Committee on 5 September 2016 is replicated in full at **[Appendix 1]**.

#### **1.2 2016/17 Treasury Management Performance**

- 1.2.1 A gross annualised return of 0.75% was generated on investments for the period April to July 2016. In cash terms, investment income of £74,750 is £13,700 better than our profiled budget for the same period. The additional income is attributed to higher than expected cash flow and core fund balances and the opportunity that this created to invest more in higher yielding term deposits.

- 1.2.2 Following the August 2016 cut in Bank Rate (from 0.5% to 0.25%) the pace of income generation will slow as the year progresses such that income for the year as a whole is now expected to return to budget at £206,000.
- 1.2.3 Depending on how the economy performs over the next few months the Bank of England have indicated a further rate cut may be needed to provide added stimulus. If the Bank Rate were to fall to 0.1%, income for the year as a whole is likely to fall below budget by some £20,000.
- 1.2.4 All investments undertaken in 2016/17 complied in full with the requirements of the 2016/17 Annual Investment Strategy including prudential and treasury limits.

### **1.3 Review of Risk Parameters**

- 1.3.1 The 2016/17 Investment Strategy was approved by full Council in February 2016. The Strategy limits the Council's exposure to investment risks via the specification of minimum sovereign and counterparty credit ratings and associated exposure limits. The Strategy also imposes restrictions on the duration of an investment and the type of investment instrument that can be used.
- 1.3.2 A change in Capita's use of Credit Default Swap (CDS) data in November 2015, coupled with volatility in UK Bank CDS prices in the run-up to the referendum, resulted in a number of term deposits due to be placed in March and April of this year being delayed. Audit Committee in June supported an amendment to the Annual Investment Strategy to allow officers, under certain circumstances, to set Capita's post CDS duration assessment to one side and base term deposit duration on credit ratings alone. In undertaking this review no further changes that impact on the Council's risk appetite are proposed.
- 1.3.3 Rather than a cut in Bank Rate, the interest rate forecast presented to Audit Committee in January 2016 (and used in the Council's budget projections) assumed Bank Rate would begin to rise from mid-2016. Whilst the August rate cut and the potential for a second has limited impact on investment income this financial year, the impact over the course of the next few years will be significant. To mitigate some of that impact Officers are reviewing the Council's cash balances with a view to placing surplus funds in a property fund or similar long-term investment. Property funds might also be appropriate for 'new money' the Council was able to generate from the sale of existing land and buildings. The risks and rewards associated with such funds will be considered by Audit Committee in January 2017 when the Annual Investment Strategy for 2017/18 is presented.

### **1.4 Legal Implications**

- 1.4.1 Under Section 151 of the Local Government Act 1972, the Section 151 Officer has statutory duties in relation to the financial administration and stewardship of the authority, including securing effective arrangements for treasury management.

1.4.2 This mid-year review fulfils a requirement in The Chartered Institute of Public Finance & Accountancy's Code of Practice on Treasury Management 2009.

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

1.5.1 As outlined above.

## **1.6 Risk Assessment**

1.6.1 The application of best practice, including the regular reporting and scrutiny of treasury management activity as identified by the CIPFA Code, is considered to be the most effective way of mitigating the risks associated with treasury management.

## **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 Audit Committee endorsed the recommendations contained in the report to them on 5 September 2016 [**Appendix 1**] and as detailed below. Cabinet is invited to **RECOMMEND** that Council:

- 1) Endorse the action taken by officers in respect of treasury management activity for the period April to July 2016.
- 2) Retain the existing parameters intended to limit the Council's exposure to investment risks.
- 3) Note the review of the Council's long term cash balances and the use of property funds for subsequent consideration by Audit Committee in January 2017.

Background papers:

contact: Michael Withey

Nil

Sharon Shelton  
Director of Finance and Transformation

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**TONBRIDGE & MALLING BOROUGH COUNCIL****AUDIT COMMITTEE****05 September 2016****Report of the Director of Finance & Transformation****Part 1- Public****Matters for Recommendation to Cabinet – Council Decision****1 TREASURY MANAGEMENT UPDATE AND MID-YEAR REVIEW 2016/17**

**This report provides an update on treasury management activity undertaken during the period April to July of the current financial year. The report also includes a mid-year review of the current financial year's Annual Investment Strategy and reminds Members of the parameters that define the Council's risk appetite. Members are invited to endorse the action taken by officers in respect of treasury management activity to date, retain the current risk parameters and note the review of the Council's long term cash balances.**

**1.1 Introduction**

1.1.1 The Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management (revised November 2009) was adopted by this Council on 18 February 2010.

1.1.2 The primary requirements of the 2009 Code and its subsequent revisions are as follows:

- Creation and maintenance of a Treasury Management Policy Statement which sets out the policies and objectives of the Council's treasury management activities.
- Creation and maintenance of Treasury Management Practices which set out the manner in which the Council will seek to achieve those policies and objectives.
- Receipt by the full Council of an Annual Treasury Management Strategy Statement, including the Annual Investment Strategy, for the year ahead; a mid-year Review Report (this report) and an Annual Report (stewardship report) covering activities during the previous year.
- Delegation by the Council of responsibilities for implementing and monitoring treasury management policies and practices and for the execution and administration of treasury management decisions.

- Delegation by the Council of the role of scrutiny of treasury management strategy and policies to a specific named body. For this Council the delegated body is the Audit Committee.

1.1.3 This mid-year report has been prepared in compliance with CIPFA's Code of Practice, and covers the following:

- An economic update and revised interest rate forecast.
- Investment performance for April to July of the 2016/17 financial year.
- Use of borrowing.
- Compliance with Treasury and Prudential Limits for 2016/17.
- A review of the risk parameters contained in the 2016/17 Annual Investment Strategy.

## **1.2 Economic Background**

1.2.1 The referendum on the UK's membership of the European Union delivered an unexpected result giving rise to both political and economic uncertainty. That uncertainty resulted in significant volatility in stock and currency markets in the immediate aftermath of the vote. Whilst the political uncertainty has been resolved, economic uncertainty will remain until the UK's trading relationships with the EU and the rest of the world are addressed. This process is expected to take a number of years.

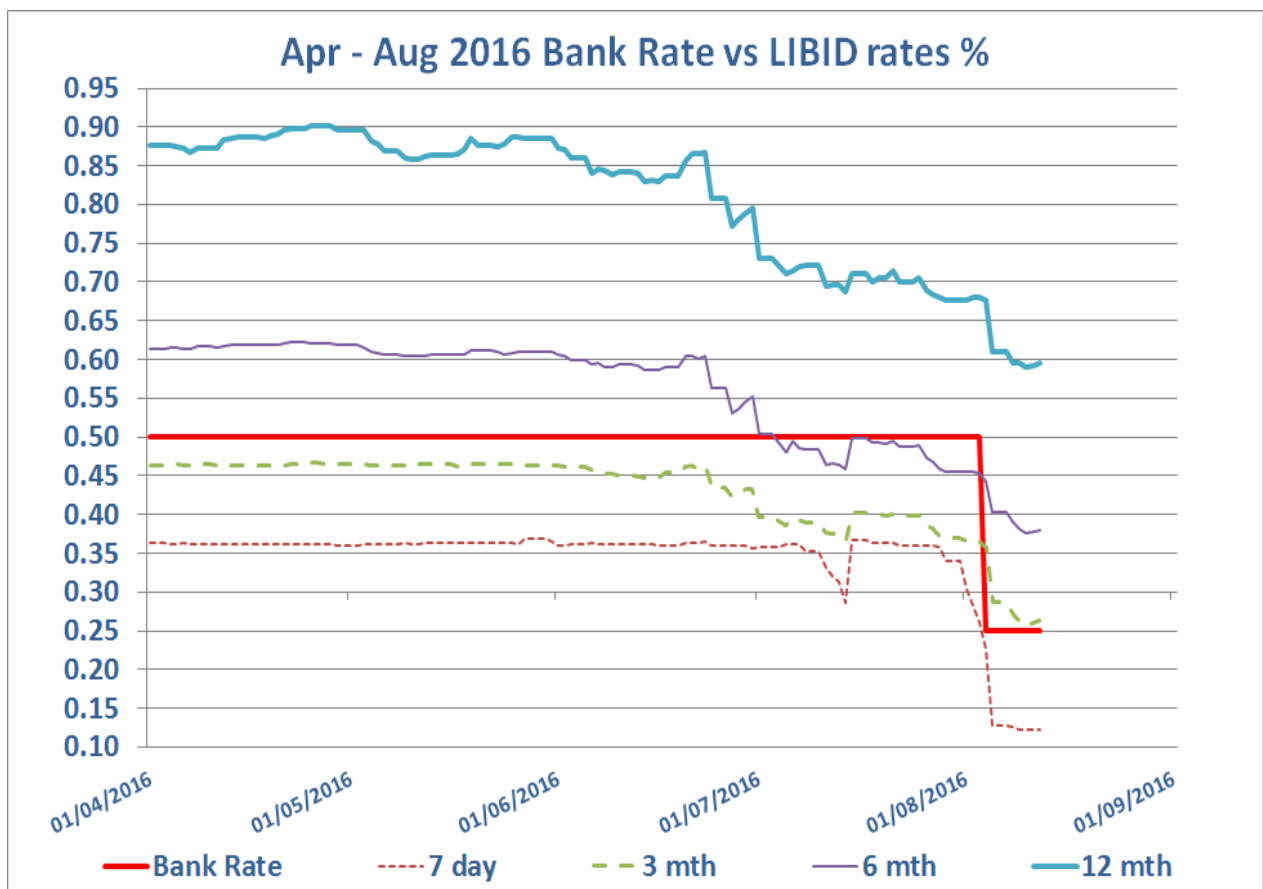
1.2.2 Less than a week after the vote, each of the main rating agencies reviewed their credit assessment of the UK. All three agencies applied a negative outlook whilst Fitch and Standard & Poor's went further with an actual downgrade to AA. The rationale for change included concern over: a slowdown in short term growth as businesses defer investment decisions; an already high budget deficit and the potential for weaker growth in the medium term if trade negotiations become protracted.

1.2.3 Both Moody's and Standard & Poor's also reviewed UK bank and building society credit ratings. Whilst short and long term ratings were affirmed, outlooks have been amended from positive to stable or stable to negative. The rationale points to the likelihood of lower profitability and adverse impacts on asset quality.

1.2.4 The UK economy grew by 2.2% in 2013, 2.9% in 2014 and 1.8% in 2015. The latest Bank of England forecasts (August 2016) anticipate GDP of 2.0% in 2016 but falling significantly relative to pre referendum estimates to 0.8% in 2017 and 1.8% in 2018.



- 1.2.5 Inflation (CPI) in 2015 was around 0% throughout 2015, rose to 0.3% in the year to April and was expected to rise to target (2%) over the course of the next two to three years. Following the post referendum fall in the value of sterling, CPI is now forecast to rise much more rapidly, reaching target mid-2017 and remaining around 2.3% in 2018 and 2019.
- 1.2.6 The Monetary Policy Committee (MPC) at its meeting in August, continued to set aside its remit to manage inflation and introduced a series of substantive measures aimed to support economic growth. The Bank Rate was cut from 0.5% to 0.25% and the Bank's Quantitative Easing (QE) programme was raised from £375bn by £60bn to fund new gilt purchases. Two new programmes were also introduced. £10bn to fund the purchase of corporate bonds and up to £100bn to provide low cost funding to banks (Term Funding Scheme).
- 1.2.7 The Chancellor of the Exchequer has also pledged to do 'whatever is needed' to promote growth. A package of fiscal and or expenditure plans, in support of the BoE's monetary action, is expected in the Autumn Budget Statement. Eliminating the UK's budget deficit is likely to slip further into the future.
- 1.2.8 The impact of the referendum and the subsequent Bank Rate cut on investment returns is demonstrated in the following table.



1.2.9 Elsewhere in the world the Federal Reserve in America raised the Fed Rate (equivalent of our Bank Rate) by 0.25% to 0.50% in December 2015. The rise was the first since 2006. Current market expectation is for the Fed Rate to rise again in the autumn.

1.2.10 The March meeting of the European Central Bank saw an expansion of its programme of quantitative easing and a further cut below zero of the deposit rate. Eurozone activity and business confidence surveys showed improvement in both April and May and deflationary pressures also appeared to be easing. A further tranche of financial support for Greece was also announced in May.

### 1.3 Interest Rate Forecast

1.3.1 The Bank Rate, having remained at an emergency level of 0.5% for the last 7 years, was reduced to 0.25% in August. Capita's July forecast, produced just after the June referendum anticipated the cut in Bank Rate.

July 2016	Now	Sep-16	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18
	%	%	%	%	%	%	%	%	%	%
Bank Rate	0.50	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.50	0.50
3 mth LIBID	0.43	0.30	0.30	0.30	0.30	0.30	0.40	0.50	0.50	0.60
6 mth LIBID	0.55	0.50	0.50	0.50	0.50	0.60	0.60	0.70	0.70	0.70
12 mth LIBID	0.80	0.60	0.60	0.60	0.50	0.70	0.80	0.90	0.90	0.90
25yr PWLB	2.48	2.40	2.40	2.40	2.50	2.50	2.50	2.50	2.60	2.60

1.3.2 Following the BoE meeting in August and the expectation that the Bank would take further action in the autumn if data was in-line with forecast, Capita issued the following revision.

August 2016	Now	Sep-16	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18
	%	%	%	%	%	%	%	%	%	%
Bank Rate	0.25	0.25	0.10	0.10	0.10	0.10	0.10	0.10	0.25	0.25
3 mth LIBID	0.39	0.30	0.20	0.20	0.20	0.20	0.20	0.30	0.30	0.30
6 mth LIBID	0.48	0.40	0.30	0.30	0.30	0.40	0.40	0.50	0.50	0.50
12 mth LIBID	0.70	0.60	0.50	0.50	0.60	0.60	0.70	0.70	0.70	0.80
25yr PWLB	2.31	2.30	2.30	2.30	2.40	2.40	2.40	2.40	2.50	2.50

### 1.4 Investment Portfolio

1.4.1 The Annual Investment Strategy for the 2016/17 financial year was approved by Council on 16 February 2016. The Strategy outlines the Council's investment priorities as follows:

- Security of Capital.

- Liquidity.

- 1.4.2 In addition the Council aims to achieve the optimum return on investments commensurate with the proper levels of security and liquidity. In particular, for 2016/17 the Council will 'avoid locking into longer term deals while investment rates continue their current low levels unless attractive rates are available with counterparties of particularly high creditworthiness which make longer term deals worthwhile'. The Council has adopted Capita's recommended creditworthiness approach which incorporates the credit ratings from each of the three main rating agencies and includes sovereign credit ratings and a market view of risk using credit default swap (CDS) data.
- 1.4.3 A full list of investments held on 31 July 2016 and our lending list in operation on that date are provided in **[Annexes 1 and 2]**.
- 1.4.4 The average level of cash flow funds available for investment to the end of July 2016 was £14.1m. These funds were available on a temporary basis and the amount mainly dependent on the timing of council tax and business rate collection, precept and business rate payments, receipt of grants and progress on the capital programme. Cash flow funds are received and spent during the course of a financial year. The Authority also holds £15.6m of core cash balances. These funds are for the most part available to invest for more than one year, albeit some may need to be recalled towards the end of the financial year to top-up daily cash balances. Core funds comprise the Council's capital and revenue reserves and are being consumed over time to meet capital expenditure and 'buy time' to enable the authority to deliver its revenue savings targets.
- 1.4.5 At the end of July 2016 funds invested and interest earned is set out in the table below.

	<b>Funds invested at 31 July 2016 £m</b>	<b>Average duration to maturity Days</b>	<b>Weighted average rate of return %</b>	<b>Interest earned to 31 July 2016 £</b>	<b>Gross annualised return %</b>	<b>LIBID benchmark %</b>
<b>Cash flow</b>	14.9	84	0.74	32,750	0.69	0.35 (7 Day)
<b>Core funds</b>	15.6	90	0.81	42,000	0.81	0.39 (3 Month)
<b>Total</b>	30.5	87	0.78	74,750	0.75	0.37 (Average)

- 1.4.6 Interest earned of £74,750 is £13,700 more than budget for the same period and 38 basis points above benchmark. The additional income is attributed to

higher than expected cash flow and core fund balances and the opportunity that this created to invest more in higher yielding term deposits. But for the outcome of the referendum and the Bank Rate cut it triggered, the pattern of income generation was expected to be maintained such that income for the year as a whole was likely to be some £30,000 above budget.

- 1.4.7 The cut in Bank Rate from 0.50% to 0.25% in August means this will no longer be possible. However, because the opportunity was taken before the referendum to invest as much as possible for as long as possible in term deposits, a significant proportion of this year's income is essentially locked in. The main impact of the Bank Rate cut will be felt later in the year when the core fund investments begin to mature and are reinvested at lower rates of return. **If the BoE retain the current 0.25% Bank Rate, income for the year as a whole is expected to be in-line with budget at £206,000.**
- 1.4.8 However, the August Bank Rate cut was accompanied by an expectation that a further cut may be needed in the autumn. Capita's August forecast (paragraph 1.3.2 above) anticipates such a scenario and incorporates a further reduction in Bank Rate to 0.1%. A number of term deposits were placed in August to limit the impact should this arise. **If the Bank Rate falls to 0.1%, income for year as a whole is likely to fall below budget by some £20,000.**
- 1.4.9 In autumn 2015, there was an expectation that the economy would grow at a reasonable pace throughout 2016 and beyond. Whilst those expectations were dented in January and February 2016 by stock market falls around the world, the next move in Bank Rate, pre the referendum, was a clear expectation that it would increase. The forecast presented to Audit Committee in January anticipated Bank Rate moving from 0.5% to 0.75% mid-2016 and that rise and others feature in the Council's current financial projections. Whilst the August rate cut and the potential for a second has limited impact on investment income this financial year, the impact over the course of the next few years will be significant. Measures to mitigate some of that impact are explored in paragraphs 1.8.3 and 1.8.4.

## 1.5 Benchmarking

- 1.5.1 The Council takes advantage of Capita's benchmarking facility which enables performance to be gauged against Capita's other local authority clients. An extract from the latest benchmarking data is provided in the form of a scatter graph in **[Annex 3]**. The graph shows the return (vertical scale) vs. the credit / duration risk (horizontal scale) associated with an authority's investments. As at 30 June 2016 our return at 0.8% (purple diamond) was above the average of 0.72% for all other local authorities and relative to the Council's exposure to credit / duration risk that return exceeded Capita's predicted return (just above the upper boundary indicated by the green diagonal line). The Council's risk exposure was just above average.

## **1.6 Use of Borrowing**

1.6.1 It is a statutory duty for the Council to determine and keep under review the 'Affordable Borrowing Limits' by way of the Prudential Indicators (affordability limits) set out in the approved 2016/17 Investment Strategy. The Authority is debt free and uses a combination of reserves and revenue contributions to finance the Capital Plan. Borrowing on a temporary basis using overdraft facilities may be required from time to time to meet liquidity needs. However, no borrowing was undertaken in the period April to July 2016.

## **1.7 Compliance with the Annual Investment Strategy**

1.7.1 Throughout April to July 2016 all of the requirements contained in the 2016/17 Annual Investment Strategy intended to limit the Council's exposure to investment risks (minimum sovereign and counterparty credit rating; durational limits; exposure limits in respect of counterparties, groups of related counterparty and sovereigns; and specified and non-specified investment limits) have been complied with.

1.7.2 In addition the Council has operated within the treasury limits and prudential indicators set out in the 2016/17 Annual Investment Strategy and in compliance with the Council's Treasury Management Practices. The Prudential and Treasury Indicators can be found in **[Annex 4]** to this report.

## **1.8 Review of Risk Parameters**

1.8.1 Members will recall the detailed consideration that was given to the 2016/17 Annual Investment Strategy at the January 2016 meeting of the Audit Committee. The strategy includes the parameters that aim to limit the Council's exposure to investment risks by requiring investments to be placed with highly credit rated institutions and that those investments are diversified across a range of counterparties. More specifically the 2016/17 Annual Investment Strategy requires:

- Counterparties must be regulated by a Sovereign rated AA- or better as recognised by each of the three main rating agencies (Fitch, Moody's or Standard & Poor's).
- Whilst 100% of funds can be invested in the UK, exposure to non-UK banks is restricted to no more than 20% of funds per Sovereign.
- Exposure to individual counterparties / groups of related counterparty must not exceed 20% of funds (25% of funds for part state owned UK Banks).
- In selecting suitable counterparties the Council has adopted Capita's credit worthiness methodology. The methodology combines the output from all three credit rating agencies including credit watches / outlooks

and credit default swap data to assign a durational band to a financial institution (100 days, 6 months, 12 months, 5 years, etc.). At the time of placing an investment the financial institution must be assigned a durational band of at least 100 days. This broadly equates to a minimum long term credit rating of Fitch A- (high) and a short term credit rating of Fitch F1 (strong).

- The duration of an investment in a foreign bank must not exceed Capita's recommendation. For UK financial institutions Capita's duration recommendation can be enhanced by up to three months subject to the combined duration (Capita recommendation plus the enhancement) not exceeding 12 months.
- Money Market funds should be rated Fitch AAmmf or equivalent and exposure limited to no more than 20% per fund.
- Enhanced Money Funds should be rated AAA and exposure limited to no more than 10% per fund and 20% to all such funds.

1.8.2 A change in Capita's use of Credit Default Swap (CDS) data in November 2015, coupled with volatility in UK Bank CDS prices in the run-up to the referendum, resulted in a number of term deposits due to be placed in March and April of this year being delayed. Audit Committee in June supported an amendment to the Annual Investment Strategy to allow officers, under certain circumstances, to set Capita's post CDS duration assessment to one side and base term deposit duration on credit ratings alone. **In undertaking this review no further changes that impact on the Council's risk appetite are proposed.**

1.8.3 The cut in Bank Rate in August and the potential for a further cut in the autumn, will result in a significant reduction in investment income over the next few years. The majority of the Council's investment is with UK institutions. Whilst their credit quality is good, investment duration, even including the additional flexibility referred to above, is typically limited to nine months. Higher quality foreign banks are used when the opportunity arises but Capita's duration assessment invariably limits investment with them to no more than twelve months. Longer duration investments carry higher risk and are rewarded by higher returns. **A review of Capita's duration assessments will be undertaken as part of the preparatory work for the 2017/18 Annual Investment Strategy.**

1.8.4 The Council's long term cash balances will also be reviewed to identify if scope exists to use alternative types of investment e.g. property funds. Property fund Investment typically implies a minimum 5 year period to recoup initial management fees but they do offer the potential for much higher returns. The Council's cash balances are required to meet payment obligations in the short term and the Council's reserves are being consumed

over the medium term whilst the Council grapples with savings targets. As a consequence, surplus monies are likely to be limited. However, even a modest investment in a property fund will help mitigate some of the impact of an extraordinarily low Bank Rate. Property funds might also be appropriate for 'new money' the Council was able to generate from the sale of existing land and buildings. **A detailed explanation of the risks and rewards associated with property funds will be reported to the January 2017 meeting of Audit Committee.**

## **1.9 Legal Implications**

- 1.9.1 Under Section 151 of the Local Government Act 1972, the Section 151 Officer has statutory duties in relation to the financial administration and stewardship of the authority including securing effective arrangements for treasury management. In addition, Capita are employed to provide independent advice on legislative and professional changes that impact on the treasury management function.
- 1.9.2 This mid-year review report fulfils a requirement of the Chartered Institute of Public Finance & Accountancy's Code of Practice on Treasury Management 2009.

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

- 1.10.1 The Bank Rate having remained at a historic low of 0.5% for over 7 years was cut to 0.25% in August 2016. Capita, our treasury advisors, anticipate the bank rate will remain at this level until June 2018. However, dependent on actual economic activity over the next few months the BoE may introduce a further cut in Bank Rate in the autumn. Under this scenario Capita forecast Bank Rate dropping to 0.1% and only rising to 0.25% in June 2018.
- 1.10.2 At the end of July 2016, Investment income is £13,700 more than expected. If the Bank Rate remains at 0.25% throughout this financial year, income for the year as a whole is expected to be in-line with budget at £206,000. Should a further cut in bank rate take place, income is projected to fall below budget by £20,000.
- 1.10.3 The impact of the August Bank Rate cut and the potential for it to be cut again will have a significant impact on the Council's ability to generate investment income over the next few years. The potential to mitigate some of that impact through alternative types of investment e.g. property funds will be explored and reported to the January 2017 meeting of Audit Committee.
- 1.10.4 Investment performance is monitored against relevant benchmarks and compared to other local authorities in Kent and the broader local authority pool via Capita's benchmarking service. At the end of June 2016 the Council's return was above the average for all other local authorities.

## 1.11 Risk Assessment

1.11.1 The application of best practice, including the regular reporting and scrutiny of treasury management activity, as identified by the CIPFA Code is considered to be the most effective way of mitigating the risks associated with treasury management.

## 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 Recommendations

1.13.1 Members are invited to **RECOMMEND** that Cabinet:

- 1) Endorse the action taken by officers in respect of treasury management activity for the period April to July 2016.
- 2) Retain the existing parameters intended to limit the Council's exposure to investment risks.
- 3) Note the review of the Council's long term cash balances and the use of property funds for subsequent consideration by the Audit Committee in January 2017.

Background papers:

contact: Mike Withey

Capita Interest Rate Forecast (July 2016 and August 2016)

Sharon Shelton  
Director of Finance and Transformation



## Investment Summary as at 29 July 2016

Counterparty	Sovereign	Fitch Credit rating		Capita Suggested Post CDS Duration Limit	Investment						Instrument type	Core Fund £	Cash Flow £
		Long Term	Short Term		Start Date	End Date	Duration	Amount Invested £	Return %	Proportion of total %			
Bank of Scotland	UK	A+	F1	6 months	14/01/2016	14/10/2016	9 months	1,000,000	0.85%		Fixed deposit	1,000,000	
Bank of Scotland	UK	A+	F1	6 months	21/01/2016	21/10/2016	9 months	1,000,000	0.85%		Fixed deposit		1,000,000
Bank of Scotland	UK	A+	F1	6 months	25/04/2016	25/01/2017	9 months	1,000,000	0.90%		Fixed deposit	1,000,000	
<b>Bank of Scotland Total</b>								<b>3,000,000</b>		9.85%			
Blackrock MMF	n/a	AAA	mmf (Eq)	5 years	29/07/2016	01/08/2016	n/a	143,000	0.47%		Call - MMF		143,000
<b>Blackrock MMF Total</b>								<b>143,000</b>		0.47%			
BNP Paribas MMF	n/a	AAA	mmf (Eq)	5 years	29/07/2016	01/08/2016	n/a	4,600,000	0.52%		Call - MMF	1,600,000	3,000,000
<b>BNP Paribas MMF Total</b>								<b>4,600,000</b>		15.10%			
Goldman Sachs Int'l Bank	UK	A	F1	6 months	10/12/2015	09/09/2016	9 months	2,000,000	0.87%		Fixed deposit	2,000,000	
Goldman Sachs Int'l Bank	UK	A	F1	6 months	01/06/2016	01/03/2017	9 months	2,000,000	0.87%		Fixed deposit		2,000,000
<b>Goldman Sachs Int'l Bank Total</b>								<b>4,000,000</b>		13.13%			
Standard Life (Ignis) MMF	n/a	AAA	mmf	5 years	29/07/2016	01/08/2016	n/a	367,000	0.48%		Call - MMF		367,000
<b>Ignis MMF Total</b>								<b>367,000</b>		1.20%			
Lloyds Bank	UK	A+	F1	6 months	21/01/2016	21/10/2016	9 months	1,000,000	0.85%		Fixed deposit		1,000,000
Lloyds Bank	UK	A+	F1	6 months	25/04/2016	25/01/2017	9 months	1,000,000	0.90%		Fixed deposit	1,000,000	
Lloyds Bank	UK	A+	F1	6 months	13/07/2016	13/01/2017	6 months	250,000	0.80%		Fixed deposit		250,000
Lloyds Bank	UK	A+	F1	6 months	25/07/2016	25/01/2017	6 months	500,000	0.80%		Fixed deposit		500,000
<b>Lloyds Bank Total</b>								<b>2,750,000</b>		9.03%			
Morgan Stanley MMF	n/a	AAA	mmf	5 years	29/07/2016	01/08/2016	n/a	592,000	0.47%		Call - MMF		592,000
<b>Morgan Stanley MMF Total</b>								<b>592,000</b>		1.94%			
NatWest Bank Call Account	UK	BBB+	F2	1 year	29/07/2016	01/08/2016	n/a	10,000	0.25%		Call		10,000
<b>National Westminster Bank Total</b>								<b>10,000</b>		0.03%			
Nationwide Building Society	UK	A	F1	6 months	16/12/2015	16/09/2016	9 months	1,250,000	0.84%		Fixed deposit	1,250,000	
Nationwide Building Society	UK	A	F1	6 months	29/02/2016	30/11/2016	9 months	1,750,000	0.84%		Fixed deposit	1,750,000	
Nationwide Building Society	UK	A	F1	6 months	11/04/2016	11/01/2017	9 months	2,000,000	0.84%		Fixed deposit		2,000,000
<b>Nationwide Building Society Total</b>								<b>5,000,000</b>		16.41%			
Rabobank	Netherlands	AA-	F1+	1 year	10/03/2016	12/12/2016	9 months	1,000,000	0.74%		CD	1,000,000	
<b>Rabobank Total</b>								<b>1,000,000</b>		3.28%			
Santander UK Plc	UK	A	F1	6 months	29/07/2016	01/08/2016	n/a	6,000,000	0.80%		Call	3,000,000	3,000,000
<b>Santander UK Plc Total</b>								<b>6,000,000</b>		19.70%			
Toronto Dominion Bank	Canada	AA-	F1+	1 year	18/03/2016	17/03/2017	1 year	1,000,000	0.84%		CD	1,000,000	
Toronto Dominion Bank	Canada	AA-	F1+	1 year	14/04/2016	13/04/2017	1 year	1,000,000	0.88%		CD	1,000,000	
Toronto Dominion Bank	Canada	AA-	F1+	1 year	12/05/2016	10/02/2017	9 months	1,000,000	0.80%		CD		1,000,000
<b>Toronto Dominion Bank Total</b>								<b>3,000,000</b>		9.85%			
					<b>Total invested</b>			<b>30,462,000</b>		<b>100.00%</b>		<b>15,600,000</b>	<b>14,862,000</b>

Number of investments	24	Average investment value £		1,269,000	
Number of counter parties	12	Average counter party investment £		2,539,000	
<b>Group exposures:</b>		<b>Core £</b>	<b>Cash £</b>	<b>Combined £</b>	<b>%</b>
RBS + National Westminster (UK Nationalised 25% per fund)		-	10,000	10,000	0.03
Bank of Scotland + Lloyds (20% per fund)		3,000,000	2,750,000	5,750,000	18.88

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

n/c = no colour / no new investment

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## Tonbridge and Malling Borough Council Lending List

Checked against Capita Duration Matrix dated 29/07/16									
Minimum investment criteria is Capita Green (100 days) Duration Band (entry point broadly equates to Fitch A-, F1 unless UK nationalised / semi-nationalised).									
Counterparty	Sovereign	Sovereign Rating [1]	Fitch Long Term	Fitch Short Term	Exposure Limits			Capita Duration [2]	
					Cash Flow	Core Fund	Combined	Credit Rating	Post CDS
Bank of Montreal	Canada	AAA	AA-	F1+	£3.0m	£3.0m	£6m	12 months	12 months
Toronto Dominion Bank	Canada	AAA	AA-	F1+	£3.0m	£3.0m	£6m	12 months	12 months
Deutsche Bank	Germany	AAA	A-	F1	£3.0m	£3.0m	£6m	100 days	n/c
Rabobank (Cooperatieve Rabobank U.A.)	Netherlands	AAA	AA-	F1+	£3.0m	£3.0m	£6m	12 months	12 months
ING Bank	Netherlands	AAA	A+	F1	£3.0m	£3.0m	£6m	6 months	6 months
Nordea Bank AB	Sweden	AAA	AA-	F1+	£3.0m	£3.0m	£6m	12 months	12 months
Svenska Handelsbanken AB	Sweden	AAA	AA	F1+	£3.0m	£3.0m	£6m	12 months	12 months
Bank of Scotland (Group limit with BOS and Lloyds of £3m - £6m)	UK	AA	A+	F1	£3.0m	£3.0m	£6m	6 months	6 months
Barclays Bank	UK	AA	A	F1	£3.0m	£3.0m	£6m	6 months	100 days
Goldman Sachs Int'l Bank	UK	AA	A	F1	£3.0m	£3.0m	£6m	6 months	6 months
HSBC Bank	UK	AA	AA-	F1+	£3.0m	£3.0m	£6m	12 months	12 months
Lloyds Bank (Group limit with BOS and Lloyds of £3m - £6m)	UK	AA	A+	F1	£3.0m	£3.0m	£6m	6 months	6 months
Santander UK	UK	AA	A	F1	£3.0m	£3.0m	£6m	6 months	6 months
Standard Chartered Bank	UK	AA	A+	F1	£3.0m	£3.0m	£6m	6 months	100 days
Coventry Building Society	UK	AA	A	F1	£3.0m	£3.0m	£6m	6 months	6 months
Nationwide Building Society	UK	AA	A	F1	£3.0m	£3.0m	£6m	6 months	6 months
National Westminster Bank [3] (Group limit with Nat West and RBS of £3.8m - £7.6m)	UK	AA	BBB+	F2	£3.8m	£3.8m	£7.6m	12 Months	12 Months
The Royal Bank of Scotland [3] (Group limit with Nat West and RBS of £3.8m - £7.6m)	UK	AA	BBB+	F2	£3.8m	£3.8m	£7.6m	12 Months	12 Months
UK Debt Management Office including Treasury Bills	UK	AA	N/A	N/A	No limit	No limit	No limit	N/A	N/A
UK Treasury (Sovereign Bonds-Gilts)	UK	AA	N/A	N/A	No limit	£7.5 / 15m	£7.5 / 15m	N/A	N/A
UK Local Authorities	UK	AA	N/A	N/A	£3.0m	£3.0m	£6m	N/A	N/A

[1] Reflects the lowest of the three rating agencies views (Fitch, Moody's and Standard and Poor's). Strategy requires sovereigns to be rated at least AA-. Non-UK 20% sovereign limit equals combined limit quoted above (£6m).

[2] All deposits overnight unless otherwise approved in advance by the Director of Finance and Transformation AND Chief Financial Services Officer. If other than overnight, duration for non-UK entities must not exceed Capita's post CDS duration assessment. For UK entities, duration may be extended by up to three months based on credit ratings alone subject to a maximum combined duration of 12 months.

[3] UK nationalised / semi-nationalised.

Money Market Funds						
Minimum investment criteria one of AAA-mf, AAmmf or AAAm						
Fund Name	Moody	Fitch	S&P	Exposure Limit		
				Cash Flow	Core Fund	Combined
Blackrock	AAA-mf	-	AAAm	£3.0m	£3.0m	£6m
BNP Paribas	-	-	AAAm	£3.0m	£3.0m	£6m
Goldman Sachs	AAA-mf	AAmmf	AAAm	£3.0m	£3.0m	£6m
Deutsche Fund	AAA-mf	AAmmf	AAAm	£3.0m	£3.0m	£6m
Standard Life (Ignis)	-	AAmmf	AAAm	£3.0m	£3.0m	£6m
Morgan Stanley	AAA-mf	AAmmf	AAAm	£3.0m	£3.0m	£6m
Prime Rate	-	AAmmf	AAAm	£3.0m	£3.0m	£6m
Insight Liquidity Group limit for IL and ILP of £3m - £6m	-	AAmmf	AAAm	£3.0m	£3.0m	£6m

Enhanced Cash Funds						
Minimum investment criteria AAA						
Fund Name	Moody	Fitch	S&P	Exposure Limit		
				Cash Flow	Core Fund	Combined
Insight Liquidity Plus Group limit for IL and ILP of £3m - £6m	-	-	AAAf / S1	£1.5m	£1.5m	£3m

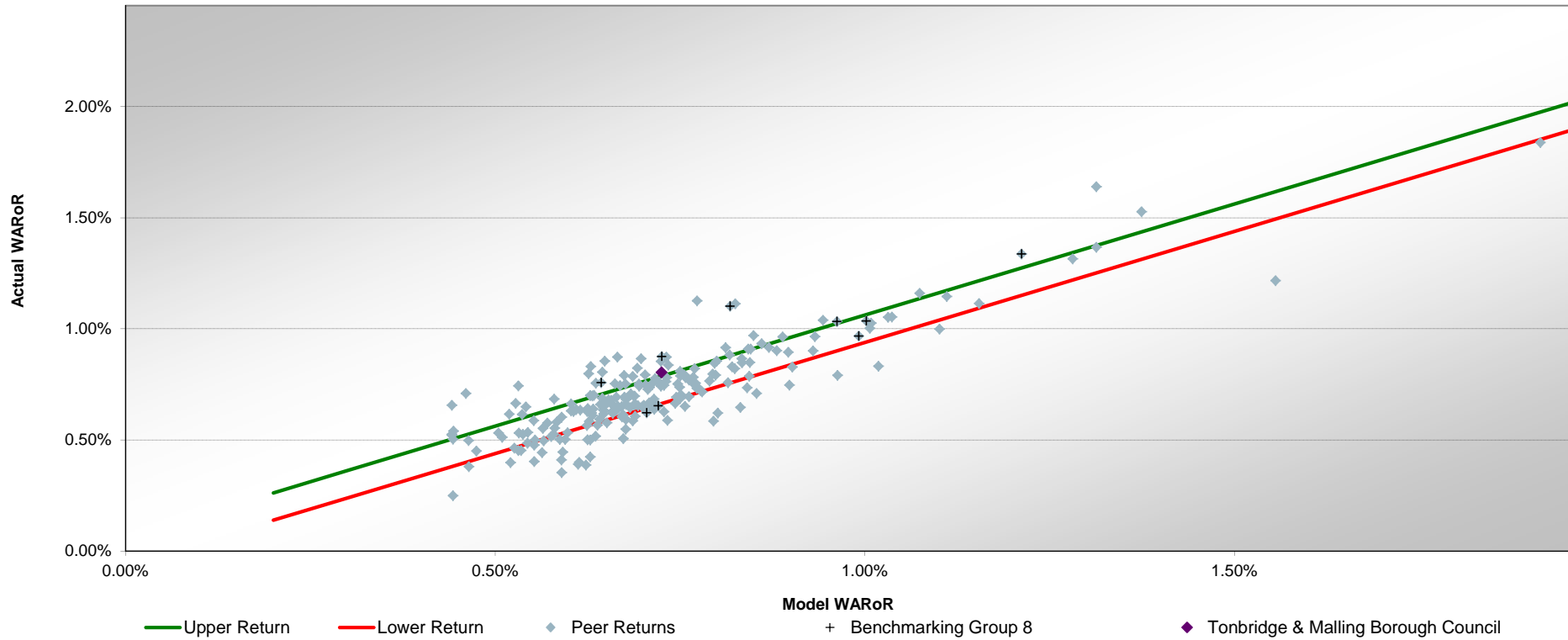
Approved by Director of Finance and Transformation  
1st August 2016

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Tonbridge & Malling Borough Council

Population Returns against Model Returns



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	Actual WARoR	Model WARoR	Difference	Lower Bound	Upper Bound	Performance
<b>Tonbridge &amp; Malling Borough Council</b>	0.80%	0.73%	0.08%	0.66%	0.79%	Above

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**Prudential and Treasury Indicators**

<b>1 Prudential Indicators</b>	2015/16 Actual £'000	2016/17 Estimate £'000	2017/18 Estimate £'000
Capital expenditure	3,287	3,314	1,872
Ratio of financing costs to net revenue stream	-1.90%	-2.07%	-2.53%
Net borrowing requirement:			
Brought forward 1 April	nil	nil	nil
Carried forward 31 March	nil	nil	nil
In year borrowing requirement	nil	nil	nil
Capital financing requirement as at 31 March	nil	nil	Nil
Annual change in capital financing requirement	nil	nil	Nil
Incremental impact of capital investment decisions:			
Increase in Council Tax (Band D) per annum	£0.24	£0.10	£0.00

<b>2 Treasury Management Indicators</b>	2015/16 Actual £'000	2016/17 Estimate £'000	2017/18 Estimate £'000
Authorised limit for external debt:			
Borrowing	nil	5,000	5,000
Other long term liabilities	nil	nil	nil
Total	nil	5,000	5,000
Operational boundary for external debt:			
Borrowing	nil	2,000	2,000
Other long term liabilities	nil	nil	nil
Total	nil	2,000	2,000
Actual external debt	nil	nil	nil
Upper limit for fixed rate exposure over one year at year end	nil	0 – 60%	0 – 60%
Upper limit for variable rate exposure under one year at the year end	13,468 (55.6%)	40 – 100%	40 – 100%
Upper limit for total principal sums invested for over 364 days	nil (0%)	60%	60%

<b>3 Maturity structure of new fixed rate borrowing during 2015/16</b>	Upper limit %	Lower limit %
Under 12 months	100	nil
Over 12 months	nil	nil

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## Item CB 16/78 referred from Cabinet minutes of 12 October 2016

### CB 16/78 REVIEW OF HOUSING ASSISTANCE POLICY

Item CH 16/13 referred from Communities and Housing Advisory Board of 25 July 2016

The Cabinet received the recommendations of the Communities and Housing Advisory Board at its meeting of 25 July 2016 in relation to a review of the Housing Assistance Policy to ensure that it met corporate priorities and reflected current budgetary pressures.

#### **RECOMMENDED:** That

- (1) the proposed amendments to the Housing Assistance Policy and associated budget adjustments be approved;
- (2) the proposed amendments to the Disabled Facilities Grants Policy and associated budget adjustments be approved; and
- (3) a budgetary provision of up to £10,000 be set aside in each of the next three years, fully funded from the Housing Assistance Reserve, in order to modernise the Housing Service.

**\*Referred to Council**

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**TONBRIDGE & MALLING BOROUGH COUNCIL**  
**COMMUNITIES and HOUSING ADVISORY BOARD**

**25 July 2016**

**Report of the Director of Planning, Housing and Environmental Health**

**Part 1- Public**

**Matters for Recommendation to Cabinet - Council Decision**

**1 REVIEW OF HOUSING ASSISTANCE POLICY**

**Summary**

**This report informs Members on the outcomes of the Housing Assistance Policy and Disabled Facilities Grants and seeks approval on amendments to both policies.**

**1.1 Background**

- 1.1.1 Members may recall that the Overview and Scrutiny Committee reviewed the Council's Housing Assistance Policy in January 2014, as a result of changing demand and financial constraint. Following the review, a new Policy and budget was agreed for the two year period 2014/16.
- 1.1.2 Following the review, a carefully designed and targeted assistance programme was established with the aim of ensuring homes are warm, safe and healthy for some of our most vulnerable residents. The programme has focused on small scale works of repair to mitigate a serious hazard that will adversely affect the health and or safety of the applicant.
- 1.1.3 The budget provision was set at £90,000, of which £60,000 was to be met from the Council' own resources and £30,000 by way of grant repayments.
- 1.1.4 A reserve fund was created of £150,000 to accommodate any shortfall from repaid grants. Any annual underspend would be transferred to the Housing Assistance Reserve and the reserve balance capped at £200,000. The reserve balance as at 1 April 2016 stands at £200,000.
- 1.1.5 Over the duration of the Policy average expenditure has been £60,000 and a total of 26 vulnerable households have been assisted with the following outcomes achieved:

<b>Outcomes</b>	<b>Number of Interventions</b>
More warm/energy efficient homes	11
The home is more secure	5
Victims of Domestic Abuse were safely able to remain in their own home	13

\*Please note, one case may cover more than one outcome.

## **1.2 Revisions to the Housing Assistance Policy 2016/2020**

- 1.2.1 The Housing Assistance Policy has worked well over the last two years, helping vulnerable households most in need to remain living safely, warmly and independently in their own homes. Without this intervention some vulnerable households would be left at risk. This is against a backdrop of very little promotion of the Policy.
- 1.2.2 A robust review of the Policy has again been undertaken to ensure corporate priorities continue to be met and budgetary pressures reflected.
- 1.2.3 There are two areas of the Policy that are proposed for amendment. One is on eligibility criteria and the other is the level of budget which is covered in section 1.6. The first amendment is the criteria for accessing help with improving heating and insulation through our Warm Homes Assistance. Currently, the eligibility criteria is that an applicant must be in receipt of a means tested benefit or in an area we are targeting for energy improvements or be a private sector landlord who is working with the Council in accepting nominated tenants. We propose to extend the eligibility criteria to include the following:
- Owner occupier over 65 years of age, living in a cold home who has one of the following medical conditions: cardiovascular, respiratory, pulmonary, mental health, disability, multiple long term conditions (including cancer) as confirmed by their health or social care professional, OR
  - Owner occupier (or partner) living in a cold home and they have a serious long term health condition or they have vulnerable children with respiratory conditions living with them as confirmed by their health or social care professional.
- 1.2.4 This new criteria recognises that residents meeting the above criteria are specifically vulnerable to the cold and form a high percentage of the recorded number of people who die in the colder months. A process is already in place for confirming the health conditions with health and social care professionals and we will continue to use this.

### 1.3 Disabled Facilities Grants

- 1.3.1 In addition to the above the Council has a mandatory duty to administer Disabled Facilities Grants (DFGs) to enable residents to maintain their independence in their own home. Since April 2015 central Government funding for DFGs has come through the Better Care Fund (BCF). The BCF is allocated to upper-tier authorities by government and part of the allocation is ring fenced for DFG provision and passed onto District & Borough Councils. In the 2015 spending review the Government committed to an increase in Disabled Facilities Grant funding nationally from £220m to £394m in 2016/17, rising to £500m by 2019/20.
- 1.3.2 The BCF is a programme spanning both the NHS and local government. It has been created to improve the lives of some of the most vulnerable people, placing them at the centre of their care and support, and providing them with 'wraparound' fully integrated housing, health and social care, resulting in an improved experience and better quality of life.
- 1.3.3 The Department of Health has recently confirmed that *"Following the approach taken in 2015/16, the DFG will again be included within the Better Care Fund (BCF). This is to encourage areas to think strategically about the use of home aids/adaptations, use of technologies to support people in their own homes and to take a joined-up approach to improving outcomes across health, social care and housing"*.
- 1.3.4 For 2016/17 Tonbridge & Malling Borough Council (TMBC) has been awarded £917,000 through the BCF. This is an increase of £427,000 on previous years Government funding. The table below illustrates DFG activity and expenditure in recent years.

	<b>Government Grant</b>	<b>Council Contribution</b>	<b>Total Budget</b>	<b>Number of DFGs completed</b>	<b>Total Expenditure</b>
2012/13	£485,000	£208,000	£693,000	86 (4 Children)	£689,000
2013/14	£415,000	£265,000	£680,000	85 (4 Children)	£666,000
2014/15	£424,000	£228,000	£652,000	62 (3 Children)	£559,000
2015/16	£490,000	£280,000	£770,000	64 (5 Children)	£585,000

- 1.3.5 Members should note that in addition to the above Council expenditure, Circle Housing Russet (CHR) currently allocate a budget of £200,000 to undertake aids and adaptations for their tenants who would otherwise access Disabled Facilities Grants. Whilst this funding has been in place for a number of years, given the changing environment within which Housing Associations are now operating, this may be at risk.

- 1.3.6 Part of the reason for the increase in this year's allocation is due to the inclusion of the Social Care Capital Grant which was £2.1m for Kent County Council in 2015/16. Previously the social care capital grant that was paid to KCC has been used to fund minor equipment, ceiling track hoists and the Home Support Fund. The inclusion of this in the DFG allocation was unexpected and its announcement created a shortfall in funding for KCC of £2.1m to finance commitments for works already in place and a clear demand to justify its continuation. When the announcement regarding the cessation of the social care capital grant was made the following was also advised: *"In order to maximise value for money of central funding the Department of Health has concentrated its social care capital grant funding into the Disabled Facilities Grant, as research suggests it can support people to remain independent in their own homes – reducing or delaying the need for care and support, and improving the quality of life of residents."*
- 1.3.7 In order not to disadvantage the residents of Kent it was agreed across Kent that for 2016/17 the DFG allocation would be top sliced for each District & Borough by 16 per cent to enable KCC to fulfil existing commitments and meet demand for 2016/17 whilst other models of more integrated delivery are explored for future years as outlined in section 1.3.9 below. For us this equates to £147,000, leaving a grant of £770,000 for 2016/17.
- 1.3.8 This year's allocation includes mandatory DFGs but also allows spend on broader capital projects subject to Local Housing Authorities being able to meet their statutory duties in respect of DFGs. It is considered that the £770,000, which is a significant uplift from previous years, is sufficient to meet the statutory demand for DFGs and to provide an enhanced service without the need for the Council to contribute from its own resources.
- 1.3.9 In addition a Kent-wide project has been agreed to consider DFG work across Kent and the wider integration with social care and health around independent living. The key objectives of the project are to:
- Critically review existing interventions and identify options and make recommendations for the most efficient, effective and holistic way to deliver Disabled Facilities Grant in order to improve the customer journey, reduced timescales (waiting and delivery) and to maximise value for money and economies of scale in procurement of equipment and works.
  - Make recommendations for integrated delivery of DFGs and services funded through the SCCG, alongside opportunities to fully exploit technologies.
  - Support health and social care integration and deliver savings by making the most of the part that housing can play in keeping people independent in their homes; helping to prevent, delay or reduce care home placements and/or demand for other social care services, avoiding unnecessary

hospital admissions/readmissions or GP visits and facilitating timely hospital discharge

- Make best practice recommendations based on local and national guidance and successful models.
- Recognise the diverse nature of Kent and the need for services to be responsive to local needs.

#### **1.4 Proposed Amendments DFG Policy**

1.4.1 It is proposed that the Council introduces amendments to the Policy that encompasses discretionary and mandatory provision to enable a broader range of locally identified needs to be met, delivering quicker outcomes for residents through more flexible procedures that are easier to access and introduce local discretion.

1.4.2 It is important that we have both the flexibility and discretion within the grants process to facilitate budget spend and ensure that vulnerable tenants in private sector housing are able to access support.

1.4.3 The introduction of additional discretionary DFG grants alongside the mandatory DFG will increase the range of grant options available and allow TMBC to better tailor grant support to meet individual needs. Additional discretionary DFGs will include:

- Discretionary “top up” to mandatory DFG up to the equivalent of a mandatory DFG
- Relocation Assistance up to £5,000
- Urgent Hospital Discharge Grant up to £5,000
- Extension of the Handyperson Service
- Remove the need for a test of resources on grants less than £5,000

1.4.4 These proposals allow for a comprehensive range of works to deliver the Government’s aim of reducing reliance on primary and secondary care by taking preventative measures that enable people to remain living independently in their homes.

1.4.5 Should demand for these discretionary works exceed the increased allocation the discretionary elements will be scaled back or withdrawn. In other words, the budget for such discretionary works in any one year will be limited to the amount by which the grant allocation exceeds the budgeted mandatory DFG spend. For example, grant allocation £770,000 and budgeted mandatory DFG spend £665,000, budget for discretionary DFG grants £105,000.

## **1.5 Legal Implications**

- 1.5.1 The Council has a mandatory duty to deliver adaptations through the Disabled Facility Grant scheme under the provisions of the Housing, Grants Construction and Regeneration Act 1996. Whilst it is able to offer additional discretionary assistance as provided for in the Regulatory Reform (Housing Assistance) (England and Wales) Order 2002, such discretionary schemes must not disadvantage a person eligible to receive assistance under the mandatory scheme and the Council is required to publish a Policy on how it intends to use the powers under the Regulatory Reform (Housing Assistance) (England and Wales) Order 2002 to provide housing assistance.

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

- 1.6.1 In line with average expenditure over the last two years, it is proposed that an annual budget of £60,000 be set for the Housing Assistance Policy for this and future years, of which £30,000 is to be met from the Council's own resources and £30,000 by way of grant repayments. This represents an annual saving of £30,000. It is proposed, for the time being, that the reserve fund is maintained to cover any shortfall in future grant repayments.
- 1.6.2 It is also proposed that a budget of up to £10,000 be made available each year for the next three years to fund modernisation of the Housing Service in accordance with the recent reorganisation in order to achieve efficiencies and improve customer outcomes, for example, developing existing systems so that they are fit for purpose, developing on line forms, mobile working and digital inclusion initiatives. This expenditure will be met in full from the Housing Assistance reserve. How this will work in practice will be brought forward as part of the forthcoming budget process.
- 1.6.3 With regard to DFGs the current approved 2016/17 budget is £665,000 funded by way of government grant of £490,000 via the Better Care Fund and £175,000 from the Council's own resources.
- 1.6.4 The budgeted mandatory DFG spend of £665,000 for 2016/17 can be met in full from the increased DFG grant allocation of £770,000 (currently the Capital Plan reflects a contribution from the Council's own resources of £175,000). It is proposed that a discretionary DFG budget be established representing the amount by which the grant allocation exceeds the budgeted mandatory DFG spend. As noted at paragraph 1.4.5 the discretionary DFG budget in any one year will be limited to the amount by which the grant allocation exceeds the budgeted mandatory DFG spend. The position is to be reviewed on an annual basis as grant announcements are made.



## **1.7 Risk Assessment**

- 1.7.1 As a statutory Housing Authority the Council has a duty to review and report on the housing conditions in the area. It is important that where funding is offered to improve housing conditions it is spent wisely and to best effect to achieve the desired outcomes.
- 1.7.2 Failure to provide housing assistance to private sector homeowners may contribute to rising levels of poor quality private sector housing and result in households with limited incomes exposed to risks to their health and safety.
- 1.7.3 As noted at paragraph 1.3.5, given the changing environment Housing Associations are now operating, funding allocated by Circle Housing Russet may be at risk.

## **1.8 Policy Considerations**

- 1.8.1 The Housing Assistance Policy changes will make a positive contribution to targeting financial assistance to those most in need to improve their living conditions, thereby impacting the Policy agenda in relation to decent homes, healthy lifestyles, fuel poverty, safeguarding children and vulnerable adults and sustainability.
- 1.8.1 The changes will also contribute to achieving the desired outcomes in the Council's health inequalities action plan and the Council's key corporate priorities. The quality of the home has a significant impact on health and wellbeing. A warm, dry and secure home is associated with better health. The Building Research Establishment (BRE) has calculated that nationally poor housing costs the NHS at least £600 million per year.
- 1.8.2 Whilst it is recognised that the primary responsibility for repairing and maintaining a property rests with the owner, the Council has certain statutory responsibilities to fulfil and should take steps to protect and assist vulnerable members of the community while also providing advice to all residents to help them maintain their own homes.
- 1.8.3 The Care Act 2014 places responsibility on Local Authorities for providing information and advice so that people can make informed choices and for providing services or steps that prevent, delay or reduce the need for care and support. The Act also requires local authorities to co-operate with other local organisations and work to integrate services to promote well-being and improve quality and outcomes.

## 1.9 Recommendations

Cabinet is asked to **RECOMMEND** to Council that:

- 1) The proposed amendments to the Housing Assistance Policy and associated budget adjustments be approved;
- 2) The proposed amendments to the DFG policy and associated budget adjustments be approved; and
- 3) Members note a budgetary provision of up to £10,000 is set aside in each of the next three years, fully funded from the Housing Assistance reserve in order to modernise the Housing Service.

Background papers:

Nil

contact: Satnam Kaur  
Linda Hibbs

Steve Humphrey  
Director of Planning, Housing and Environmental Health

## Sealing of Documents

To authorise the Common Seal of the Council to be affixed to any Contract, Minute, Notice or other document requiring the same.

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