



TONBRIDGE & MALLING BOROUGH COUNCIL

EXECUTIVE SERVICES

Chief Executive

Julie Beilby BSc (Hons) MBA

Gibson Building
Gibson Drive
Kings Hill, West Malling
Kent ME19 4LZ
West Malling (01732) 844522

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

Contact: Committee Services
committee.services@tmbc.gov.uk

12 April 2016

To: MEMBERS OF THE CABINET
(Copies to all Members of the Council)

Dear Sir/Madam

Your attendance is requested at an extraordinary meeting of the Cabinet to be held in the Civic Suite, Gibson Building, Kings Hill, West Malling on Wednesday, 20th April, 2016 commencing at 7.30 pm

Yours faithfully

JULIE BEILBY

Chief Executive

A G E N D A

PART 1 - PUBLIC

- | | | |
|----|--------------------------|-------|
| 1. | Apologies for absence | 5 - 6 |
| 2. | Declarations of interest | 7 - 8 |

Executive Non-Key Decisions

- | | | |
|----|---|--------|
| 3. | Review of Funding Arrangements with Parish Councils | 9 - 70 |
|----|---|--------|

- | | | |
|----|------------------------------|---------|
| 4. | Council Tax Reduction Scheme | 71 - 94 |
|----|------------------------------|---------|

Matters submitted for Information

- | | | |
|----|---|-----------|
| 5. | Chancellor of the Exchequer Budget 2016 | 95 - 100 |
| 6. | Urgent Items | 101 - 102 |

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

Matters for consideration in Private

- | | | |
|----|-------------------------------|-----------|
| 7. | Exclusion of Press and Public | 103 - 104 |
|----|-------------------------------|-----------|

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

PART 2 - PRIVATE

- | | | |
|----|--------------|-----------|
| 8. | Urgent Items | 105 - 106 |
|----|--------------|-----------|

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

MEMBERSHIP

Councillor N J Heslop, (Leader)
Councillor Mrs J A Anderson, (Housing and Environment Services)
Councillor M A Coffin, (Finance, Innovation and Property)
Councillor Mrs M F Heslop, (Community Services)
Councillor B J Luker, (Community Safety)
Councillor H S Rogers, (Planning and Transportation)

Members of the Council who are not members of the executive may attend meetings of the Cabinet. With the agreement of the Leader, any such Member may address the Cabinet on any item on the agenda but may not vote.

This page is intentionally left blank

Apologies for absence

This page is intentionally left blank

Declarations of interest

This page is intentionally left blank

TONBRIDGE & MALLING BOROUGH COUNCIL

CABINET

20 April 2016

Report of the Management Team

Executive Non Key Decisions

1 REVIEW OF FUNDING ARRANGEMENTS WITH PARISH COUNCILS

Further to the information report submitted to the Cabinet on 22 March 2016, this report sets out the findings of detailed research into funding for parish councils as commissioned by Cabinet at its meeting on 11 February. Members are asked to consider the findings and are recommended to commence two consultations within the context of an updated timetable. Members are further recommended to give delegated authority to the Chief Executive and Director of Finance & Transformation, in liaison with the Leader and Cabinet Member for Finance Innovation & Property, to agree all detailed aspects of the consultation programmes.

1.1 Introduction

- 1.1.1 At the meeting of Cabinet on 11 February, Members agreed an outline timetable to commence a review of funding to parish councils. Unfortunately, due to the complexity of the review and the research that has been necessary, it was not possible to report to the meeting of Cabinet on 22 March as had been anticipated.
- 1.1.2 Instead, it was agreed that a special meeting should be set up in order to receive and consider the work undertaken by the officer team. This meeting has been convened accordingly.
- 1.1.3 As Cabinet were advised on 22 March, for transparency purposes, parish councils have been kept apprised of progress and are aware that this special meeting has been convened.
- 1.1.4 Due to this early slippage in the programme, the timetable has been adjusted and is set out in paragraph 1.5. We believe that the programme can still be delivered by the ultimate date of 1 November (Full Council).
- 1.1.5 The purpose of the paper is to provide detailed information in order for Cabinet to seek further guidance and/or formulate recommendations for the future.

1.2 Objectives

1.2.1 Members are reminded that funding to parish councils is made up of two streams:

- 1) the Financial Arrangements with Parish Councils (FAPC) Scheme (currently circa £226,000 in total); and
- 2) the Council Tax Reduction Scheme (CTRS) contribution (currently circa £175,000 in total).

1.2.2 In respect of 1) above, it is important to recognise that the reason the Borough Council gives funding through the Scheme is to reflect the fact that, in the unparished area (Tonbridge), the Borough Council provides a variety of 'local services' which are generally provided by parish councils in the parished areas (known as '*concurrent functions*').

1.2.3 At the outset, the main reason for commencing this review is to assist the Borough Council in making savings required through the Savings and Transformation Strategy (STS). This is, therefore, a key objective of this review.

1.2.4 However, there is a risk that simply reducing the funding to parish councils could generate 'inequity' across the borough. This is because '*all other things being equal*', parish councils would need to levy additional precepts on residents in their areas to maintain the status quo; or alternatively cut local service provision to those residents. At the same time, in the unparished area, the Borough Council would continue to provide the 'local services' that it delivers in the absence of a town council; the cost of which is shared across the entire borough.

1.2.5 This point about potential inequity has been touched upon during discussions at Cabinet (11 February – see minute CB16/6) and the recent meeting of the Parish Partnership Panel (PPP) on 18 February (see minute PPP16/8).

1.2.6 It is very important, therefore, that a second objective of this review must be to promote equity in terms of how much residents in different parts of the borough have to pay towards the cost of services.

1.2.7 The key objectives of this review are, therefore, twofold:

- 1) Make savings in the Borough Council's revenue budget; and
- 2) 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.

1.2.8 An officer group has produced a detailed '**Research Paper**' [**Annex 1**] looking into the issues surrounding funding for parish councils. It is important to stress that this is, by its name, a *research paper only* and no recommendations, nor any decisions, have yet been made by any Members of the Council. Furthermore, the financial modelling that has been undertaken within the paper should be treated as indicative only. The purpose of the paper is to provide detailed information in

order for Cabinet to seek further guidance and/or formulate recommendations for the future.

1.3 FAPC Scheme Grants – A Review

- 1.3.1 The overall review of the funding has been split into two parts, with the major piece of work concentrating on the funding awarded to parish councils through the FAPC Scheme and the alternative options that are available.
- 1.3.2 In respect of the FAPC scheme, the research paper appended at **[Annex 1]** sets out the arrangements that currently apply within the borough; the legal framework; and the 'options' that could be pursued together with the 'pros and cons' of each option. The paper includes **indicative** modelling by area to illustrate how cost burdens would shift within an overall 'envelope' if certain options were taken. It is extremely important that this modelling is viewed in that light – i.e. it is indicative only.
- 1.3.3 Within the research paper, reference is made to the DCLG's "Quality Parish and Town Council Scheme" (2003) in which five principles concerning funding of local services - with particular reference to funding arrangements between different 'tiers' of authority – were set out. These principles are still relevant:
- 1) *fairness in the provision of services* (and access to them) by the principal authority between different parts of their area;
 - 2) *simplicity* - to keep administrative costs of operation to a minimum;
 - 3) *transparency* - to help understanding;
 - 4) *democratic control and accountability* - to let local councils support additional services with additional expenditure while ensuring accountability to all those responsible for funding. This means distinguishing between funding by principal authorities (for a service carried out by a local council) and funding raised by local councils themselves (e.g. using their precepting powers); and
 - 5) *finance following function* - where provision of a service is devolved or transferred from a principal authority to a local council, funding is also transferred, with the amount involved being agreed by the principal authority and the parish or town council.
- 1.3.4 The reason the Council gives funding through the Scheme is to reflect the fact that in the unparished area (Tonbridge) the Borough Council provides a variety of 'local services' which are provided by parish councils in the parished areas (the '*concurrent functions*'). Our Scheme sets out a list of those *concurrent functions* that are recognised:

- Allotments
- Footpaths
- Parks
- Open Spaces
- Sports Grounds
- Village Halls
- Cemeteries and Churchyards
- Footway Lighting (where applicable).

- 1.3.5 Grants to parish councils through this scheme have followed an agreed 'methodology'. As a result of government cuts to Borough Council funding over the years, in 2012/13 in particular, the overall level of grants to parish councils fell dramatically from its 2011/12 level of some £295,000. In addition, capital grants to parish councils were suspended in 2010 due to funding pressures.
- 1.3.6 To mitigate the ongoing impact of falling Settlement Funding Assessments (SFA), the Council agreed to adapt the methodology to include New Homes Bonus (NHB) in the calculation, and as a result of this change the overall FAPC funding level has effectively stabilised at circa £225,000 (see para 15 of Annex 1). **However, it is important to recognise that, with the latest SFAs, this will not be the case going forward even if we were to retain the current methodology.**
- 1.3.7 At para 21 of the research paper, five different approaches are considered and at para 23 the 'pros and cons' of each are set out. In summary they are:

Option	Pros	Cons	Savings?	Equity?
Continue with FAPC as it currently exists (i.e. no change)	Status quo	No impact on savings targets	x	✓
Liaise with parish councils to remove grants	Contributes towards savings target	Equity issues are significantly compounded	✓	x
Liaise with parish councils to reduce grants by a fixed percentage, e.g. 50%	Contributes towards savings target	Equity issues are compounded.	✓	x
Commence a parish by parish negotiation of grants having regard to the actual functions undertaken	Could contribute to savings target	Divisive. Potentially inequitable. Significant officer time required.	✓	x
Introduce Special Expenses and remove parish council grants	Contributes towards savings target Equity in payments between areas of the council for services provided.	Council Tax levels will shift between parished and unparished areas. The benefits could be difficult to understand	✓	✓

- 1.3.8 Members will note that the paper concludes that, in order to **meet both of the key objectives** set out in paragraph 1.2.7, only one option within the control of the council actually ‘fits the bill’ – i.e. the introduction of Special Expenses and, by default, the cessation of the current FAPC scheme. (The implementation of a scheme of Special Expenses requires a resolution of the Full Council and would override the current FAPC scheme).
- 1.3.9 In practice what would it mean if Members were minded to consider introducing Special Expenses and ceasing the FAPC scheme?
- 1.3.10 **In very simple terms**, the Borough Council would set up a “Special Expenses Account” diverting those costs which are specifically ‘local to certain areas’ into that Account. It would then levy the costs on those parts of the borough where it is providing local services (in the main, the unparished area). Effectively, on the council tax bill, this would look very similar to the ‘extra’ parish council charge.
- 1.3.11 Because the ‘special expenses’ have been diverted into a ‘Special Expenses Account’, this means that the revenue costs to be shared by all households across the entire borough will reduce. In other words, TMBC’s **basic level of council tax** (i.e. for its General Expenses) which is paid by all households, regardless of where they live in the borough, **will go down**. Presently, as Members will be aware, TMBC’s basic level of council tax at band D is £192.51. In our **indicative** modelling, the basic level of council tax for general expenses would reduce by £19.13 across the borough, prior to special expenses being added back – where appropriate.
- 1.3.12 In the parished areas, where the parish councils provide (in the main) the ‘local services’, the parish councils would not receive any funding from the Borough Council through FAPC and, therefore, ‘*all other things being equal*’ would need to increase their precept/level of council tax to counteract the reduction in funding. Therefore, ‘*all other things being equal*’, we have assumed from a modelling point of view that the parish council level of council tax would go up as a result.
- 1.3.13 However, it is important to recognise that, as democratically-elected and sovereign bodies, parish councils will make their own decisions regarding the setting of their precept and level of council tax, so any figures set out within the detailed research paper can only be viewed as ‘potential’ parish council tax levels. Members are, therefore, asked to view these figures within this context.
- 1.3.14 **Generally speaking**, within the **parished areas**, the (potential) increase in parish council band D tax as a result of the withdrawal of FAPC is negated by the reduction in TMBC’s basic level of council tax for its general expenses. In other words, generally speaking, households in the parished areas should not see any increase in the **overall** level of the council tax bill (and in some cases it would be a reduction). Logically this makes sense because we would simply be shifting the burden of cost from one ‘line’ of the council tax bill to another ‘line’.

- 1.3.15 There is a slight complication to this overall logic in that, as set out in the research paper, not all special expenses borne by TMBC are confined to the unparished area. For example, Members will note that TMBC maintains open space and play areas in some parished parts of the borough. If a resolution is made by the Full Council to opt for the levying of special expenses, it would be necessary (and of course equitable) to include all special expenses wherever they are delivered within the borough.
- 1.3.16 In short, this means that **some** parished areas would also see special expenses being levied in addition to their TMBC council tax and that of their parish council. The **indicative** modelling that has been undertaken (see bar chart at para 80 of Annex 1) shows that even **with the implementation of special expenses for some parished areas, the vast majority of those areas see very little change to their overall level of council tax, and indeed some see reductions.**
- 1.3.17 It is clearly no surprise that the indicative modelling shows that it would be the households in the unparished area that would see an increase in the overall level of council tax as the 'burden of cost' is shifted. Members should remember that the unparished area currently pays the lowest level of council tax, and this has led to questions about 'double taxation', and potential inequity, in the past (rightly or wrongly).
- 1.3.18 The **indicative** modelling indicates that the 'special levy' at band D to the households of the unparished area would still be lower than the majority of parish council tax levels. In other words, despite adding special expenses to the overall council tax levy, households in the unparished area would still pay less at Band D than the vast majority of households across the borough.
- 1.3.19 Members will no doubt wish to understand how other neighbouring councils approach this difficult subject. Whether a district is fully parished or not will have a bearing on what happens.
- 1.3.20 Sevenoaks District Council is fully parished and no special expenses have been identified.
- 1.3.21 Maidstone Borough Council has areas that are parished and unparished. The Council does not levy special expenses on the unparished area(s) but give grants by 'negotiation' with individual parish councils.
- 1.3.22 In Tunbridge Wells, the town centre is unparished with the remainder of the district being parished. Tunbridge Wells levies special expenses on households living in the unparished area (Royal Tunbridge Wells) and also levies some special expenses in other pockets of the borough which are parished. In 2016/17, the special levies at Band D range from £2.09 to £107.10 (for Royal Tunbridge Wells).
- 1.3.23 As set out in the research paper, it was reported in the DCLG document "Quality Parish and Town Council Scheme" that the authorities involved in the research and were faced with the 'dilemma' of potential 'double taxation' had found the

special expenses provision to be helpful as it met three of the important principles for financial arrangements (see paragraph 1.3.3) namely: *fairness; transparency; and democratic control and accountability*.

- 1.3.24 Where applicable, the reason some authorities gave for not pursuing this option is that they considered it did not meet another of the principles – i.e. that of *simplicity*. We would suggest that although it is by no means a simple topic, the potential ‘method’ set out in the attached detailed research paper is relatively simple to operate and robust. Our neighbouring council, Tunbridge Wells BC, also adopts this process and manages it successfully.
- 1.3.25 Were the Council to decide that it is not minded to consider adopting a Special Expenses Scheme, it will be essential from a position of equity and to avoid “double taxation”, to ensure that ‘*finance follows function*’ (the final principle set out in paragraph 1.3.3). This would mean that unless a significant ‘cost-cutting review’ was undertaken of the local services provided in the unparished area, Members would, from an equity point of view, need to largely maintain the level of funding provided to parish councils through the FAPC scheme thus making little or no contribution towards the Council’s savings targets in the STS.
- 1.3.26 For this reason, we recommend that Cabinet actively pursues a consultation on the introduction of special expenses. **As set out within the research paper, the introduction of a scheme of special expenses in place of the current FAPC scheme meets both key objectives of this review.**
- 1.3.27 It is appreciated that this ‘concept’ is a significant leap from where we are presently; and from an ‘openness and transparency’ point of view this would need to be the subject of consultation with parish councils, residents and any other relevant stakeholders across the borough. Members may recall that the outline timetable approved at the last Cabinet meeting did allow time for consultation with relevant stakeholders to take place. More detail about potential consultation methods is set out in paragraph 1.5 below.

1.4 CTRS Grants – A Review

- 1.4.1 In April 2013, the national Council Tax Benefit Scheme was replaced by local Council Tax Reduction Schemes (CTRS), the difference being that with the latter, any award is considered to be a discount affecting the Taxbase rather than a transfer of funds.
- 1.4.2 As the discount affected the Taxbase, the Government recompensed Local Government with an additional grant through the Local Government Finance Settlement (being added to Revenue Support Grant (RSG)) equating to 90% of its previous benefit grant. When announcing the settlement for the 2013/14 financial year, the Government published separate indicative amounts on how much grant was in respect of borough services and parish services. In doing so, the (then) Local Government Minister, Kris Hopkins, encouraged billing authorities to pass on grant to parish councils. For the 2013/14 financial year this was £173,111.

- 1.4.3 In subsequent years, no indicative amounts were given by Government although the Minister continued to encourage billing authorities to pass on the sums to their parish councils. Whilst some billing authorities have openly decided not to do so, at TMBC Members agreed that the increase/decrease in the CTRS grant award should follow the increase /decrease in FAPC. Therefore, the overall grant award has since remained fairly stable - the figure due to be paid for 2016/17 is £174,650. The breakdown of funding by parish council is set out in appendix 9 of the research paper.
- 1.4.4 The Council is under no statutory obligation to pass these funds onto parish councils, and many billing authorities have ceased, or are planning to significantly reduce, the payments in response to the significant cuts in government grant funding to local government.
- 1.4.5 Guidance issued by DCLG in November 2012 (referenced in the bibliography in Annex 1) gives the following statement in respect of passing on an element of the grant for CTRS to parishes:
- “Local precept payers are local tax payers within the billing authority area and should not be treated differently to those outside of parish areas”*
- 1.4.6 Logically, therefore, if Members were to agree to the introduction of special expenses which provides an “equalisation methodology” across the borough, to continue to provide this funding would arguably unbalance the equalisation.
- 1.4.7 This is, of course, quite apart from the fact that the funding being passed to district councils from government is being significantly cut. Members are aware from reports during the Budget Cycle that, from 2017/18, TMBC will no longer receive RSG.
- 1.4.8 As with FAPC, if the CTRS grant were to be ceased, the parish councils would, ‘*all other things being equal*’, need to increase their precept/level of council tax to counteract the reduction in funding. Parish councils would ultimately determine how, or whether, this was necessary. **For illustrative purposes only**, the bar chart at para 98 of **[Annex 1]** combines the impacts of both special expenses and CTRS grant on different areas of the borough. Members will note that when compared to the current overall council tax levy, the majority of households in the parished areas are no worse off.
- 1.4.9 For all the reasons set out above and in order to meet our key objectives of the review (see paragraph 1.2.7), it is therefore recommended that formal consultation is undertaken with the parish councils to advise them that having considered the matter, the Council is minded to cease paying the CTRS grant from 2017/18. Subject to Members’ views, this could take the form of a formal letter of ‘intent’ inviting their comments. Undoubtedly, Members will wish to engage with the local branch of Kent Association of Local Councils (KALC) and the PPP in this process (indeed, a commitment was given at the last meeting of the PPP to engage fully).

- 1.4.10 We do not envisage that this consultation need follow the same detailed process as the review of FAPC/special expenses. However, it is recognised that parish councils will wish to view and respond to the issues simultaneously as, depending upon the outcome, both could affect their own budgetary planning

1.5 Timetable and Consultation

- 1.5.1 When changes to the Council's Budget and Policy Framework are proposed, the Council's Constitution requires a formal process to examine that policy prior to its adoption. In summary, the process to be followed is:

- The Cabinet sets out initial proposals for the new policy
- Consultation with 'relevant stakeholders' must be undertaken
- The Cabinet agrees a draft policy having taken account of the results of the consultation
- The draft policy is referred to the Overview and Scrutiny Committee for its independent consideration
- Recommendations of the Overview and Scrutiny Committee are then referred back to the Cabinet and, if appropriate, the Cabinet agrees the new policy with any necessary adjustments
- The new policy needs to be adopted at Full Council

- 1.5.2 As indicated in the report to Cabinet on 11 February, we believe that the review of FAPC/special expenses can be completed over the Summer/Autumn period with the aim of adopting the final policy at Council in November of this year. This would allow for the implications of any new policy to be taken into account by parish councils and the Borough Council in time for the 2017/18 budget setting process. A revised, detailed timetable is set out below:

9 May – 17 June 2016	6-week consultation with stakeholders; including meetings of the PPP/KALC and Tonbridge Forum
July 2016 (date to be agreed)	Special Cabinet considers responses, formulates preferred way forward and commissions new policy to be drafted
July/August 2016	Draw up draft policy
8th September 2016 and 12th September 2016	PPP and Tonbridge Forum updated verbally as to progress
13th September 2016	Overview and Scrutiny Committee (O&S) review draft policy 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 adopts policy for 2017/18
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.

- 1.5.3 Consultation with stakeholders will be an important part of the process and we must ensure the approach adopted is open and transparent. That said, it is worth noting that there is no specific statutory provision which requires consultation to be carried out and we are, therefore, free to determine how best that consultation is undertaken.
- 1.5.4 We have reviewed the approaches adopted by other councils who have consulted on special expenses and suggest the following way forward.
- 1.5.5 In addition to direct consultation with all parish councils, the local branch of KALC and key stakeholders in Tonbridge, it is suggested that the consultation process should also include the following elements:
- development of a questionnaire (online and hard copy) open to all residents/stakeholders
 - meetings of both the Parish Partnership Panel and Tonbridge Forum to be held during the consultation period
 - a general publicity campaign to raise awareness of the proposal and to promote completion of the questionnaire utilising: the Council's website; news releases; fliers available at public facilities including libraries and leisure centres; social media; and formal notices placed in the Kent Messenger and the Courier
 - liaison with local groups and forums
- 1.5.6 The key aims of the consultation will be to explain the purpose of the proposed special expenses policy and to gather as many views as possible on this issue. This will need to inform the final content of the policy that the Cabinet adopts and refers to the Overview and Scrutiny Committee prior to its formal adoption. We will seek to identify relevant programmed Council meetings to facilitate the above timetable but special meetings might be required.

- 1.5.7 To enable the above programme to be achieved, it is suggested that delegated authority be given to the Chief Executive and Director of Finance & Transformation in liaison with the Leader and Cabinet Member for Finance Innovation & Property, to agree all detailed aspects of the consultation and publicity materials. It is estimated that the costs of the consultation exercise will be a maximum of £5,000 which can be met from the Invest to Save reserve.
- 1.5.8 As mentioned in paragraph 1.4.10, consultation in respect of CTRS should prove to be less complex. Subject to Members' views, we recommend that this is commenced through the issuing of a formal letter of 'intent' to all parish councils seeking their comments. Undoubtedly we would wish to engage with both the local branch of KALC and PPP.

1.6 Legal Implications

- 1.6.1 Detailed legal considerations in respect of special expenses and FAPC are set in in appendix 3 of **[Annex 1]**.
- 1.6.2 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 it may decide to pay under these arrangements.
- 1.6.3 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.
- 1.6.4 There is no statutory requirement for the Council to pass on funding to parish councils in respect of CTRS. It therefore has unfettered discretion in this regard.
- 1.6.5 Should Members be minded to launch the consultations within the timetable set out at paragraph 1.5.2, this will fall within the pre-election period (purdah) for the EU Referendum. Any consultation documentation and publicity will, therefore, need to be mindful of the purdah guidance.

1.7 Financial and Value for Money Considerations

- 1.7.1 One of the key objectives of the review is to generate savings for the Council in relation to the STS. Were Members minded to introduce special expenses and withdraw FAPC grants following the proposed period of consultation, there is potential to save circa £226,000 from the Council's revenue budget from 2017/18.
- 1.7.2 Similarly, if Members were minded to withdraw the CTRS grant following the proposed consultation with parish councils, there is potential to save circa £175,000 from the Council's revenue budget from 2017/18.

- 1.7.3 It is anticipated that the cost of consultation (excluding officer time) will be £5,000 (maximum) which can be met from the Invest to Save Reserve.

1.8 Risk Assessment

- 1.8.1 If consultation is not carried out appropriately, there is a risk of challenge once a decision is taken.
- 1.8.2 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.

1.9 Equality Impact Assessment

- 1.9.1 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.
- 1.9.2 As set out at paragraph 1.3.17, households in the unparished area would see an increase in the overall level of council tax but these households have historically paid the lowest level of council tax which has raised questions about potential inequity in the existing system. The proposal therefore aims to improve equity across the borough in terms of how much residents in different parts of the borough have to pay towards the cost of services.
- 1.9.3 Whilst the impact on protected characteristics is expected to be minimal, an equality impact assessment will be complete, based on data collected via the consultation, to provide a record of any equality considerations that need to be taken into account. The findings will be included in the report to Cabinet together with the results of the consultation, for Members to take into account in formulating a preferred way forward.

1.10 Policy Considerations

- 1.10.1 Customer Contact; Community

1.11 Summary

- 1.11.1 Members are aware that the Council has a significant challenge ahead in delivering the requirements of the Savings and Transformation Strategy. One theme of the Strategy concerns '*partnership funding*', and this review contributes towards that particular element.
- 1.11.2 Having undertaken a detailed piece of research into the funding arrangements, and taking into account the key objectives of the review as set out in paragraph 1.2.7, it is clear that there is only one option which meets both of the objectives.

- 1.11.3 We are effectively now at a 'crossroads' given the dilemmas and challenges we face. Whilst it has been the Council's tradition to address the potential issue of 'double taxation' through the use of grants under s136 of the Local Government Act 1972, entering into discussions with parish councils in order to reduce those grants opens up the potential for inequity. By resolving to use s136 of the 1972 Act, the Council has chosen not to apply Special Expenses under s35 of the Local Government Finance Act 1992.
- 1.11.4 Members can, if they feel that it is now the right time to do so, resolve to take a different course as we move into the future. Our neighbour, Tunbridge Wells Borough Council, already applies Special Expenses to parts of its borough.
- 1.11.5 The issues have been highlighted and considered in depth within the attached Research Paper; but Members are reminded that questions about 'double taxation' have also recently surfaced from external sources. For example, at the meeting of Cabinet on 22 March, Members were apprised of a letter received in relation to the Car Parking charges in West Malling which referred extensively to the absence of an additional levy in Tonbridge, and (quote) the *'much lower rates enjoyed by Tonbridge residents since 1974'*. In addition, this matter was also raised at the last meeting of the PPP (see paragraph 1.2.5).
- 1.11.6 Standing at the 'crossroads', therefore, we are of the view that now is the time to give serious consideration to a potential change of direction. Recognising that this is a significant 'leap' from where we are at present, we recommend that a consultation with the public, parish councils and other relevant stakeholders should commence as soon as possible in respect of the potential introduction of a special expenses scheme (and the consequential cessation of the Financial Arrangements with Parish Councils Scheme).
- 1.11.7 In addition, we are also of the view that consultation should commence as soon as possible with parish councils regarding the potential cessation of grant funding in respect of CTRS.

1.12 Recommendations

1.12.1 Cabinet is **RECOMMENDED** to :

- 1) Endorse the updated timetable set out at paragraph 1.5.2 and give delegated authority to the Chief Executive and Director of Finance & Transformation to set up any special meetings as required;
- 2) Endorse the launch of a consultation with parish councils regarding the potential cessation of grant funding in respect of CTRS with effect from the financial year 2017/18;
- 3) Endorse the launch of a consultation with the public, parish councils and other relevant stakeholders regarding the potential introduction of a Special Expenses Scheme with effect from the financial year 2017/18; and

- 4) Give delegated authority to the Chief Executive and Director of Finance & Transformation, in liaison with the Leader and Cabinet Member for Finance Innovation & Property, to agree all detailed aspects of the consultation programmes and associated publicity materials.

contact: Sharon Shelton
Paul Worden
Robert Styles

As set out in Research Paper

Sharon Shelton
Director of Finance
& Transformation

Robert Styles
Director of Street Scene,
Leisure & Technical Services

Julie Beilby
Chief Executive

For Management Team

TONBRIDGE & MALLING BOROUGH COUNCIL



REVIEW OF FUNDING FOR PARISH COUNCILS A RESEARCH PAPER

This is a research paper and it is important to stress that no recommendations, nor any decisions, have been made by Council Members prior to the consideration of this paper

EXECUTIVE SUMMARY

The Borough consists of 27 parished areas, and 1 unparished area.

The Borough Council is currently looking for savings in order to balance its Medium Term Financial Strategy (MTFS) over the next 10 years. A Savings and Transformation Strategy (STS) has been adopted to assist both officers and members in delivering these savings.

Presently, funding paid to parish councils by the Borough Council is made up of two streams:

- the Financial Arrangements with Parish Councils (FAPC) Scheme (circa £226,000 in total); and
- the Council Tax Reduction Scheme (CTRS) contribution (circa £175,000 in total).

Under section 136 of the Local Government Act 1972, the Borough Council currently pays contributions to the 27 parish councils for the delivery of concurrent services through its “Financial Arrangements with Parish Councils” Scheme (FAPC).

The cost of services provided within the unparished area is treated as general expenses in the Council’s Revenue Account and is shared by all taxpayers within the borough.

Reducing the funding provided under FAPC in liaison with parish councils will generate savings for the Borough Council; but it is recognised that this has the potential to create inequity between the level of council tax paid by households in the parished and unparished areas.

In conducting this review, therefore, two key objectives have been set:

- Make savings in the Borough Council’s revenue budget; *and at the same time*
- 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

As an alternative to FAPC, the Borough Council could resolve to adopt a scheme of Special Expenses under S35 of the Local Government Finance Act 1992. Special expenses would facilitate what is termed ‘finance following the function’ in that local residents will be charged for the local provision of services. Were such a Special Expenses scheme to be adopted, the FAPC scheme would cease.

The main functions/services that would be assigned as ‘Special Expenses’ would be those that the Borough Council recognises as concurrent functions via its FAPC scheme.

Were a Scheme of Special Expenses to be adopted, the Borough Council’s ‘General Expenses’ would be reduced and therefore the Band D council tax associated with those General Expenses would also reduce across the entire borough. However, in the localities where Special Expenses were incurred (e.g. the unparished area), an additional Band D charge would be applicable specifically relating to those Special Expenses.

Any reductions in parish council income through the removal of FAPC grants could be passed onto the local parish taxpayers, increasing the parish element of council tax. However, as sovereign

bodies this would be a decision for individual parish councils and although modelling has been undertaken within this report on the basis of 'all other things being equal', the outcome of this modelling can only be treated as indicative.

The report has looked at other alternatives in reviewing the grants given under the FAPC stream, but has concluded that the introduction of Special Expenses is the only practical option which meets both of the key objectives set.

In respect of the grants paid to parish councils in respect of CTRS, the Borough Council has no statutory obligation to pass these funds on. In order to achieve savings, the Borough Council could cease payment but would need to have regard to the issue of 'equity'. The report has concluded that if Special Expenses were to be implemented as an alternative to FAPC, the issue of borough-wide 'equity' is resolved and the grants paid to parish councils under CTRS could legitimately be removed on the grounds that no funding of this nature is made available to the unparished area.

In summary

There is potential to make savings of circa £400,000 through the withdrawal of grants paid under FAPC and CTRS. To ensure there is borough-wide 'equity', a Scheme of Special Expenses would need to be introduced, and the Council's Revenue Budget would need to be divided into General Expenses and Special Expenses.

Using the 2016/17 estimates and the **indicative modelling** undertaken in this paper, the Borough Council's level of council tax for its 'General Expenses' would reduce by £19.13. In the unparished area, households would incur an additional charge of council tax in respect of the 'Special Expenses'. The indicative modelling shows this would be in the order of £61.16, an overall increase of £42.03 after the reduction in 'General Expenses'. Even with this additional charge, households in the unparished area would still pay lower than the average level of council tax across the entire borough.

Based on the **indicative modelling** in the parished areas, assuming that the parish councils pass on the costs of the loss of both grants through their element of the council tax, households in 20 of the 27 parished areas would see their combined council tax made up of Borough General Expense, Borough Special Expense and Parish Precept reduced from present levels.

Final Considerations

This document is a 'research' paper and does not imply that the Members of TMBC have recommended, nor decided, to take a particular course of action.

The financial modelling that has been undertaken is indicative only.

Were Members of TMBC to consider the option of Special Expenses worthy of further examination, full consultation with relevant stakeholders would need to be commissioned.

At the time of finalising this draft, the research paper is due to be considered by TMBC Cabinet on 20 April 2016.

CONTENTS	PAGE
INTRODUCTION	4
OPTIONS	10
SPECIAL EXPENSES - METHODOLOGY	12
SPECIAL EXPENSES - IMPACT	17
COUNCIL TAX REDUCTION SCHEME GRANTS	22
PROJECT TIMETABLE	25
CONCLUSIONS & RECOMMENDATIONS	26
BIBLIOGRAPHIC AND SOURCES	27
APPENDICES	28
1 Financial Arrangements with Parish Councils - Scheme	29
2 Financial Arrangements to Parish Councils - Grant Awarded 2016/17	33
3 Legal Framework	34
4 Bill of Quantities for Grounds Maintenance Contract 2015 - 2019	38
5 Extract of Bill 9 - Open Spaces Grounds Maintenance	39
6 Extract of Bill 10 - Play Area Grounds Maintenance	42
7 Extract of Annex 15 Grounds Maintenance Contract - Areas covered by Parish	43
8 Summary of Breakdown of Special Expenses	44
9 Council Tax Reduction Scheme - Grant Payments to Parishes 2013 - 2017	46
10 Consultation	47

This is a research paper and it is important to stress that no recommendations, nor any decisions, have been made by Council Members prior to the consideration of this paper

INTRODUCTION

Background

1. For a number of years the Council has seen its central government funding reduce significantly. The Comprehensive Spending Review 2015 has shown that the Settlement Funding Assessment will reduce by 65% over the period 2016 – 2020.
2. At the time of writing, the Council's Medium Term Financial Strategy (MTFS) shows an 'outstanding' savings target of circa £1.8m which is required to balance the books over the next ten years. The Council has developed a Savings and Transformation Strategy (STS) in order to deliver the required savings.
3. This report examines potential changes to the funding awarded by the Borough Council to the parish councils. Funding to parish councils is made up of two streams:
 - a) the Financial Arrangements with Parish Councils (FAPC) Scheme (currently circa £226,000 in total); and
 - b) the Council Tax Reduction Scheme (CTRS) contribution (currently circa £175,000 in total).

Objectives

4. The dilemma is that if funding to parish councils is reduced, particularly in respect of the FAPC Scheme, there is a danger of inequity across the borough. Therefore this research report has two key objectives in formulating options for change:
 - a) Make savings in the Borough Council's revenue budget; *and at the same time*
 - b) 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.

The Borough of Tonbridge & Malling

5. The Borough consists of 27 distinct parished areas and one non-parished area (Tonbridge). Tonbridge and Malling Borough Council provides services (the 'concurrent functions') in Tonbridge that parish councils provide in other areas of the borough. Concurrent functions is the term used to describe services or facilities being provided and maintained at two (or more) tiers of local government.
6. As the principal authority, TMBC has traditionally given grants to parish councils to compensate them for carrying out the concurrent functions. This is done through section 136 of Local Government Act 1972 and we term our funding scheme 'Financial Arrangements with Parish Councils' (FAPC).

7. All of the Borough Council's expenditure is treated as 'general expenses' when setting its budget; including those costs that relate specifically to the unparished area of Tonbridge. This general expense is then divided by the Council's total tax base to obtain a Band D Council Tax for the Borough (£192.51 for the year 2016/17). This means that all households across the entire borough take an equal share of the Borough Council's net revenue expenses irrespective of location.
8. In parished areas, residents pay council tax to the Borough Council in respect of its General Expenses (currently £192.51) plus an additional charge to the relevant parish council. Parish council levies range from £25.00 (Hildenborough) to £123.68 (Wateringbury) in 2016/17.
9. In the unparished area, residents only pay council tax to the Borough Council in respect of its General Expenses (currently £192.51); and therefore pay the lowest amount in the entire borough.

Principles regarding Funding Arrangements

10. The DCLG's "Quality Parish and Town Council Scheme" (2003) set out five principles concerning funding of local services with particular reference to funding arrangements between different 'tiers' of authority in respect of 'concurrent functions'. These principles are:
 - *fairness in the provision of services* (and access to them) by the principal authority between different parts of their area
 - *simplicity* - to keep administrative costs of operation to a minimum
 - *transparency* - to help understanding
 - *democratic control and accountability* - to let local councils support additional services with additional expenditure while ensuring accountability to all those responsible for funding. This means distinguishing between funding by principal authorities (for a service carried out by a local council) and funding raised by local councils themselves (e.g. using their precepting powers)
 - *finance following function* - where provision of a service is devolved or transferred from a principal authority to a local council, funding is also transferred, with the amount involved being agreed by the principal authority and the parish or town council.

Double Taxation

11. Double Taxation is often cited as a potential "issue" in districts such as Tonbridge & Malling where there is a combination of parished and unparished areas.
12. The National Association of Local Councils (NALC) website defines double taxation as follows:

“In this context double taxation is where residents in certain local council areas are paying twice over for particular public services. It can happen because many local services are ‘concurrent functions’ – that is, they can be managed and delivered either by local parish and town councils or by principal local authorities (district, borough, unitary or county councils). Typically double taxation comes about in relation to the most locally delivered services, such as maintaining children’s play areas, closed churchyards, playing fields, open spaces, public conveniences and footpaths”.

13. How is the potential issue of double taxation addressed? There are effectively two ways:

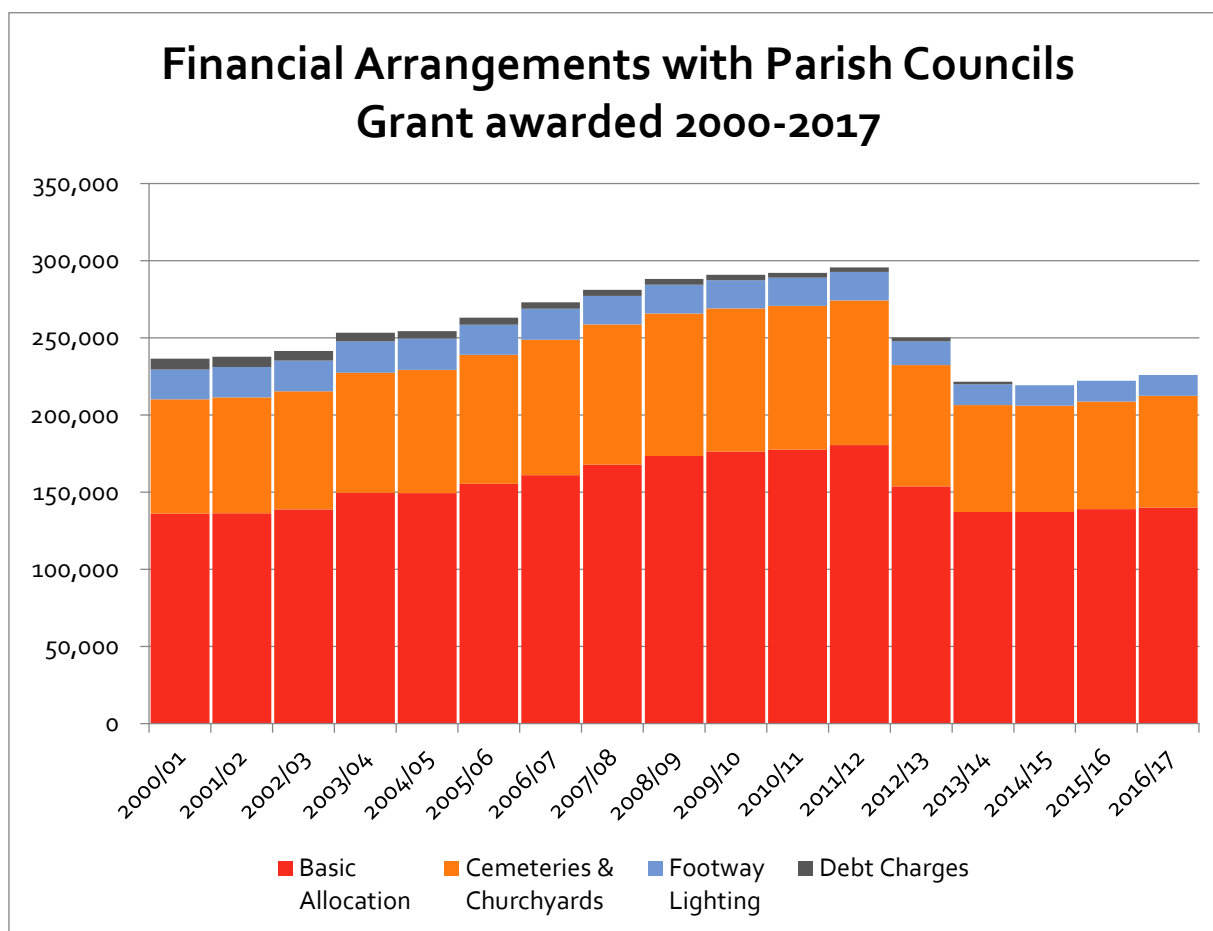
- Giving grants to parish councils to compensate for the costs of the concurrent functions they are providing (under s136 of the Local Government Act 1972); or
- Levying Special Expenses on those parts of the borough for the cost of the concurrent functions which are provided by the parish councils elsewhere (under s35 of the Local Government Finance Act 1992).

Current Position at TMBC

14. The Council has resolved, thus far, to award grants to parish councils in order to contribute towards the costs of the concurrent functions. The FAPC Scheme, set out in **[appendix 1]**, has been in operation for many years providing funding for the following concurrent functions:

- Allotments
- Footpaths
- Parks
- Open Spaces
- Sports Grounds
- Village Halls
- Cemeteries and Churchyards
- Footway Lighting (where applicable)

15. The current value of the FAPC Scheme for 2016/17 is £225,927, as shown in **[appendix 2]**. Grants to parish councils through this scheme have followed an agreed ‘methodology’; and because of government cuts to the Borough Council’s funding over the years through Settlement Funding Assessments, in 2012/13 in particular, the overall level of grants to parish councils fell dramatically from its 2011/12 level of some £295,000.



16. To mitigate the ongoing impact of falling Settlement Funding Assessments (SFA), in liaison with the Parish Partnership Panel (PPP), the Council agreed to adapt the methodology to include New Homes Bonus (NHB) in the calculation. As a result of this change, the overall FAPC funding level has effectively stabilised at circa £225,000. **However, it is important to recognise that, with the latest SFA and the uncertain future of NHB, this will not be the case going forward even if we were to retain the current methodology** (see paragraph 1).
17. It is worth noting that, in addition to the annual revenue grant paid to the parish councils, until 2010, parish councils, could also apply for funding through the Council's 'special works projects' grants scheme, which was designed to assist parish councils with the costs of capital projects or the purchase of capital items (e.g. playground equipment). This scheme was ceased in 2010 (as reflected in appendix 1 section 3.3) due to the financial pressures faced by the Council, and the opportunities for supporting capital projects in the parished areas since then have been more limited.

Special Expenses

18. Instead of operating a FAPC scheme, the Council could resolve to introduce a Special Expenses scheme. Special expenses allow a billing authority to make a specific charge for the provision of special items to some parts of the borough. This may be to either parished or unparished areas, or both.
19. Special expense funding makes use of provisions under the Local Government Finance Act 1992 which provide for different amounts of council tax to be calculated for different parts of a district, e.g. parished and unparished areas, depending on what, if any, special items relate to those parts. A special item is an item which relates to only part of the district council's area. Where functions are provided in part of a billing authority's area by a parish council, sections 34 and 35(1)(a) of that Act ensure that only council taxpayers in that parish pay towards the cost of the precept issued by that parish council. A local precept is one 'special item'.

Legal Framework

20. **[Appendix 3]** sets out the legal framework in respect of both grants to parish councils and the levying of special expenses. It demonstrates that the Council is able to follow either option. However, the implementation of special expenses would require a decision of Full Council.

OPTIONS - CONCURRENT FUNCTIONS

What are the options for Tonbridge and Malling Borough Council?

21. There are potentially five different approaches identified for TMBC in reviewing funding arrangements in respect of the concurrent functions. These are:
- a) Continue with FAPC as it currently exists (i.e. no change).
 - b) Liaise with parish councils to remove grants.
 - c) Liaise with parish councils to reduce grants by a fixed percentage, e.g. 50%.
 - d) Commence a 'parish by parish' negotiation of grants having regard to the actual functions undertaken.
 - e) Resolve to introduce a special expenses scheme and thereby cease the FAPC scheme.
22. The objectives of the review set out in paragraph 4 of the Introduction are twofold. Firstly, seeking to make **savings** in the context of the STS; and secondly to ensure that there is **equity** in financing arrangements across the borough.
23. The 'pros' and 'cons' of the five options can be summarised in the table below:

Option	Pros	Cons	Meets Objective of Savings?	Meets objective of Equity?
Continue with FAPC as it currently exists (i.e. no change)	Status quo	No impact on savings targets	x	✓
Liaise with parish councils to remove grants	Contributes towards savings target	Equity issues are significantly compounded	✓	x
Liaise with parish councils to reduce grants by a fixed percentage, e.g. 50%	Contributes towards savings target	Equity issues are compounded.	✓	x
Commence a parish by parish negotiation of grants having regard to the actual functions undertaken	Could contribute to savings target	Divisive. Potentially inequitable. Significant officer time required.	✓	x
Introduce Special Expenses and remove parish council grants	Contributes towards savings target Equity in payments between areas of the council for services provided.	Council Tax levels will shift between parished and unparished areas. The benefits could be difficult to understand	✓	✓

24. One potential variant of option c) “*Liaise with Parish councils to reduce grants by a fixed percentage, e.g. 50%*” would be to reduce the borough council's expenditure on the concurrent functions in the unparished area to 'match' the proposed cut in funding to parish councils.
25. This would help to promote financial equity and the council could make *some* savings. However, in practice this would be very difficult to achieve given that the borough council is already tied into contracts e.g. grounds maintenance. In addition, doing this would create somewhat of an anomaly in equity of choice. Residents of the unparished areas would have no choice about reductions in the 'concurrent' services they receive (even if they were willing to pay for them), whereas those in parished areas could continue to receive the same level of service funded through a potential increase in the parish council precept. In practice, this variant would be extremely difficult to achieve.
26. At paragraph 10, reference was made to the DCLG document “Quality Parish and Town Council Scheme” and the principles concerning the funding of local services. Within that document, it was reported that the authorities involved in the research, who were all faced with the ‘dilemma’ of potential ‘double taxation,’ had found the special expenses provision to be helpful as it met three of the important principles for financial arrangements namely: *fairness; transparency, and democratic control and accountability*. Where applicable, the reason some authorities gave for not pursuing this option is that they considered it did not meet another of the principles – i.e. that of *simplicity*. However, whichever choice is made it is essential that the final principle of ‘*finance follows function*’ is met.
27. ***Of the five options set out above, only one option meets both of the objectives of this review***, this being the introduction of special expenses. This paper, therefore, continues to examine how special expenses could be introduced in practice, and the potential impact on council tax across the borough.

SPECIAL EXPENSES – METHODOLOGY

28. This section explains the methodology that has been used to identify, and determine the division of, special expenses throughout the borough.
29. In order to be considered for special expenses as set out in paragraph 19, the service provision should be of a concurrent nature and provided by one or more parishes within the borough.
30. The areas of expense already identified as being concurrent functions in our FAPC scheme are:
- Allotments
 - Footpaths
 - Parks
 - Open Spaces
 - Sports Grounds
 - Village Halls
 - Cemeteries and Churchyards
 - Footway Lighting (where applicable)
31. In addition, the following areas of expenditure could be included under special expenses. This is because the Borough Council provides these services in the unparished area and similar provision is made within some parished areas by parish councils.
- Hanging Baskets for Tonbridge
 - Christmas Lighting
 - Local Sports and Arts Events
32. Other areas of expenditure were identified as potential special expenses, but subsequently discounted for the reasons given below.

Area	Reason for exclusion as Special Expenses
Haysden Country Park	Both Country Parks have Green Flag status and as such it was felt by officers that these awards singled out the strategic importance of these parks warranting their exclusion. In addition user surveys have indicated a significant 'out of area' usage of the facilities.
Leybourne Lakes Country Park	
CCTV	This service is only provided by the Borough Council and therefore no concurrent service exists and cannot be included in special expenses.
Public Conveniences	This service is only provided by the Borough Council and therefore no concurrent service exists and cannot be included in special expenses.
Car Parks	Car parks are located throughout the borough and provide facilities to businesses and visitors rather than the local residents at large, therefore discounted as strategic importance.

33. Both expenditure and income relating to the provision of the services identified in paragraphs 30 and 31 can be obtained through the Council's financial ledger system. However, the ledger records actual expenditure and income, which by its nature will be a year out of date. For this reason budgeted net expenditure for these service areas will need to be used in order to determine the level of special expenses in line with the setting of the Budget and Council Tax in February each year.
34. For illustrative modelling purposes, the net budgeted expenditure has been taken from the 2016/17 estimates as set by the Council in February 2016.
35. In the case of the functions of *playing fields, play areas and open spaces* further financial information has been taken from the Bill of Quantities for the Grounds Maintenance Contract that commenced in January 2015, shown in **[appendix 4]**. This contract covers the grounds maintenance for the areas under the Borough Council's ownership and responsibility. As the schedule is split down to the major areas within the borough it has been used as the basis of allocation of the total expenditure covered under this heading.

Types of Expenditure incurred

36. Prior to allocating special expenses between the areas in the borough, the types of expenditure incurred and how these could be allocated should to be determined.
37. The budgeted expenditure and income within service cost centres generally falls into three broad categories.
38. *Direct* – these predominantly refer to supplies and services or contract payments
39. *Recharges* – these predominantly cover support service charges from both the service directorate and support services. These charges are reviewed in both proportion and financial terms by service management on an annual basis to reflect the officer time spent on that service.
40. *Capital* – these fall into one of two categories either depreciation or capital expenditure charged to revenue.
 - Depreciation represents charges for the costs of the use of an asset over its estimated life. As the majority of the Council's capital expenditure is, or will be, funded through a charge to Council Tax payers, the annual depreciation should be equated to the cost of replacing said asset over its estimated life.
 - Capital expenditure charged to revenue relates to assets purchased or built by the Council and predominantly transferred to organisations outside of the Council (disabled facility grants being an example).

Apportionment Methods

41. The budgeted costs for the services identified in paragraphs 30 and 31 will need to be apportioned between the unparished and parished areas within the borough.
42. Direct costs where they can be identified will be apportioned using the additional information from the grounds maintenance contract to appropriate locations around the borough.
43. Other direct costs and recharges will then be apportioned on the basis of the above total expenditure.
44. Depreciation will be allocated, where possible, to the individual assets located within the borough.

Playing Fields / Sportsgrounds

45. Playing fields/ sportsgrounds are provided at various locations within the borough. However the costs of running these facilities are met by the organisation with the legal title.
46. The Borough Council's costs for this function have been identified from the sources given above. The grounds maintenance contract has identified the areas of
 - The Racecourse Sportsground (Bill 4)
 - Tonbridge Farm Sportsground (Bill 5)
 - Swanmead Sportsground (Bill 6)
 - Frog Bridge Sportsground (Bill 7).
47. All four of these facilities are located within the unparished area, with a total grounds maintenance cost of circa £221,000 (being the totals of Bills 4 to 7).
48. These grounds maintenance costs are wholly charged against the Sportsgrounds cost centre within the Council's Budget with a total budget of circa £448,000.

Play Areas and Open Spaces.

49. Whilst the sportgrounds included within the Borough Council's Budget are wholly located within the unparished area, some play areas and open spaces are maintained throughout the borough.
50. The costs associated with these facilities are managed through the grounds maintenance contract. (Bills 9 & 10 of the grounds maintenance contract shown in **[appendices 5 and 6]** respectively.)
51. In supporting Bill 9, annex 15b within the Contract documentation identifies the areas covered by the bill. This annex 15b can be broken down between unparished and parished areas where the open space remains the responsibility of the Borough Council rather than the parish council.

52. Annex 15b to the Contract has been summarised within **[appendix 7]** and gives the meterage or number for each of the facilities by parished or unparished area.
53. Appendix 7 has been used to apportion the expenditure incurred on bill 9, **[appendix 5]**. Differences between the amounts shown between appendices 5 and 7 were clarified by the Senior Parks Officer in Leisure Services.
54. Bill 10 **[appendix 6]** setting out the location of play areas have been confirmed by the Senior Parks Officer.
55. As with the playing fields, the costs of capital charges have been identified to individual play areas and open spaces within the borough and added to the costs calculated above.
56. A total of circa £289,000 is chargeable against special expenses.

Hanging Baskets for Tonbridge

57. The Council has a budget for hanging baskets in Tonbridge amounting to £5,000. This has been fully allocated to special expenses.

Cemeteries and Churchyards

58. As part of FAPC the Council currently provides a grant to parish councils covering cemeteries and churchyards in their respective areas.
59. The Borough Council's Budget includes costs of circa £94,000 in relation to the cemetery and two churchyards located within the unparished area and has, therefore, been charged to special expenses.

Allotments

60. The provision of Allotments within the borough falls to either the parishes or outsourced to Tonbridge Allotments and Gardens Association for the unparished area. In respect of the latter a management fee is paid to the Association, and depreciation for infrastructure type assets make up the majority of the budgeted costs.
61. The current budget, including capital charges is £12,000 and has therefore been charged to special expenses.

Events

62. The Council provides some support to events held in various locations within the borough, both within the unparished and parished areas with similar types of events being held or supported by some of the parish councils. The support could be purely financial, purely council officer time or a mixture of both.
63. Broad examinations of the costs involved have been included and **INDICATIVE** figures have been calculated. However, further more detailed work will be required to provide accurate figures for the final calculation if the proposals for special expenses are accepted.

Christmas Lighting

64. The Council maintains two budgets for Christmas Lighting.
65. The first is in respect of the Christmas Lights in Tonbridge High Street amounting to £21,200 (full cost) which could form part of the Special Expenses to the unparished area.
66. The second relates to grants periodically awarded, amounting to £16,000, by application annually, to parish councils or trading bodies for a contribution for the maintenance and erection of Christmas lights in their individual areas.
67. With the inclusion of the amount in paragraph 65 within special expenses for the unparished area, it would no longer be equitable to provide the grants directly to either parish councils or trading bodies. These grants could, in theory, either be included within local special expenses or be withdrawn in full.

Total Charges to Special Expenses Account

68. From the examination of budgeted expenditure above the total amounts chargeable under special expenses are as follows.

Area	Amount £
Playing Fields	447,600
Opens Spaces	235,480
Play Areas	53,230
Hanging Baskets for Tonbridge	5,000
Cemetery and Churchyards	93,550
Allotments	12,000
Events	43,200
Christmas Lighting (Tonbridge)	21,200
Total	911,260

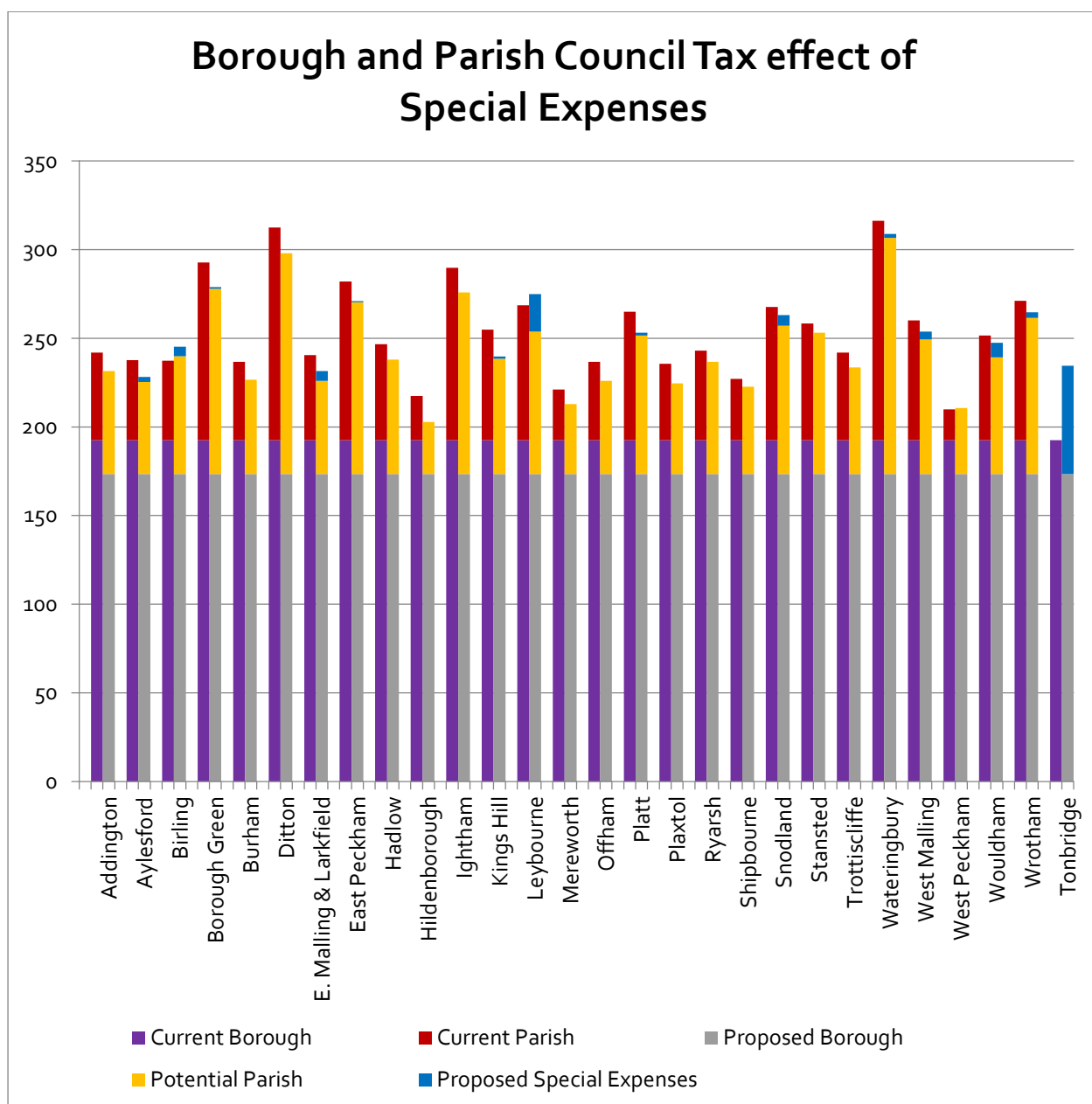
SPECIAL EXPENSES - IMPACTS

69. Implementing a Scheme of Special Expenses means that the Borough Council would split its budget into what is termed GENERAL EXPENSES and what is termed SPECIAL EXPENSES.
70. The Borough Council would set up a "Special Expenses Account" diverting those costs which are specifically 'local to certain areas' into that Account. It would then levy the costs on those parts of the borough where it is providing local services. In the main this would be the unparished area but, there are some costs that relate to parished areas.
71. Because the 'special expenses' have been diverted into a 'Special Expenses Account', this means that the revenue costs to be shared by all households across the entire borough will reduce. In other words, TMBC's basic level of council tax for the GENERAL EXPENSES which is paid by all households regardless of where they live in the borough will go down.
72. The modelling set out in this paper should only be viewed as INDICATIVE, but based on the figures already presented, removing the £911,260 identified in paragraph 68 will reduce this GENERAL EXPENSES requirement from £9,169,057 to £8,257,797.
73. This results in a reduction in the Borough Council's Band D council tax for GENERAL EXPENSES by £19.13 as demonstrated below:

	Total £	Band D £
Council Tax Requirement	9,169,057	192.51
Less Deductions for Special Expenses	- 911,260	- 19.13
Borough Council General Expenses Council Tax Requirement	8,257,797	173.38

74. The effect on individual taxpayers within the borough will vary depending on the level of special expenses incurred in the area that they reside. The areas of the borough where special expenses would apply (based on the above modelling) would be:
- Aylesford
 - Birling
 - Borough Green
 - East Malling & Larkfield
 - East Peckham
 - Kings Hill
 - Leybourne
 - Platt
 - Snodland
 - Watlingbury
 - West Malling
 - Wouldham
 - Wrotham
 - Tonbridge
75. On the withdrawal of the grants under the FAPC scheme, the parish councils would have the ability to pass this reduction in income wholly or partly onto their taxpayers. (Presently, the referendum principles in respect of council tax increases do not apply to parish councils). As sovereign bodies, this is entirely a decision for individual parish councils. For illustrative purposes it has been assumed that the resultant increase in parish council costs will be passed on in full to local taxpayers. This may, or may not, be the outcome at a local level but is not for the Borough Council to determine.
76. **[Appendix 8]** provides a breakdown of the full charges that could be made under special expenses. These are **INDICATIVE** only. Further illustrative examples are given, area by area, in paragraphs 78 and 81 below.
77. Whilst it is clearly recognised that the potential increase in the parish precept (and level of council tax) could be relatively high in % terms, when looking at the overall council tax bill for services provided **by borough and parish together**, the impact is significantly reduced or totally negated.

78. The chart below shows the effect of the current and proposed changes explained above. To explain the graphic, there are two “bars” for each area of the borough.
79. The left hand bar shows the total council tax paid to the borough council (purple) and the parish council (red).
80. The right hand bar shows how the council tax might shift with the cessation of FAPC and introduction of a scheme of Special Expenses. The council tax would be made up of borough’s general expenses (grey), parish council (orange), and borough council special expenses (blue).



81. The table below shows the chart above in monetary terms. Please note that these figures are **ILLUSTRATIVE** based on the modelling above.

	Current Council Tax			Effect of Special Expenses	Effect of Financial Arrangements	Indicative Council Tax	Net Change	
	Borough £	Parish £	Total £				£	%
Addington	192.51	49.45	241.96	- 19.13	8.60	231.43	- 10.53	-4.35%
Aylesford	192.51	45.08	237.59	- 16.32	6.82	228.09	- 9.50	-4.00%
Birling	192.51	44.78	237.29	- 13.62	21.60	245.27	7.98	3.36%
Borough Green	192.51	100.18	292.69	- 18.26	4.37	278.80	- 13.89	-4.74%
Burham	192.51	44.10	236.61	- 19.13	9.08	226.56	- 10.05	-4.25%
Ditton	192.51	119.85	312.36	- 19.13	4.68	297.91	- 14.45	-4.63%
E. Malling & Larkfield	192.51	47.90	240.41	- 13.66	4.71	231.46	- 8.95	-3.72%
East Peckham	192.51	89.42	281.93	- 18.61	7.53	270.85	- 11.08	-3.93%
Hadlow	192.51	54.07	246.58	- 19.13	10.53	237.98	- 8.60	-3.49%
Hildenborough	192.51	25.00	217.51	- 19.13	4.43	202.81	- 14.70	-6.76%
Ightham	192.51	97.13	289.64	- 19.13	5.24	275.75	- 13.89	-4.80%
Kings Hill	192.51	62.37	254.88	- 17.85	2.68	239.71	- 15.17	-5.95%
Leybourne	192.51	75.99	268.50	2.04	4.33	274.87	6.37	2.37%
Mereworth	192.51	28.60	221.11	- 19.13	10.84	212.82	- 8.29	-3.75%
Offham	192.51	44.23	236.74	- 19.13	8.40	226.01	- 10.73	-4.53%
Platt	192.51	72.44	264.95	- 17.58	5.77	253.14	- 11.81	-4.46%
Plaxtol	192.51	43.03	235.54	- 19.13	8.18	224.59	- 10.95	-4.65%
Ryarsh	192.51	50.48	242.99	- 19.13	12.81	236.67	- 6.32	-2.60%
Shipbourne	192.51	34.47	226.98	- 19.13	14.79	222.64	- 4.34	-1.91%
Snodland	192.51	75.07	267.58	- 13.17	8.66	263.07	- 4.51	-1.68%
Stansted	192.51	65.72	258.23	- 19.13	13.99	253.09	- 5.14	-1.99%
Trottiscliffe	192.51	49.42	241.93	- 19.13	10.71	233.51	- 8.42	-3.48%
Wateringbury	192.51	123.68	316.19	- 16.78	9.45	308.86	- 7.33	-2.32%
West Malling	192.51	67.50	260.01	- 14.69	8.45	253.77	- 6.24	-2.40%
West Peckham	192.51	17.30	209.81	- 19.13	20.00	210.68	0.87	0.41%
Wouldham	192.51	59.08	251.59	- 10.96	6.77	247.40	- 4.19	-1.66%
Wrotham	192.51	78.64	271.15	- 16.12	9.50	264.53	- 6.62	-2.44%
Tonbridge	192.51	-	192.51	42.03	-	234.54	42.03	21.83%

82. As illustrated in both the chart and table, 24 of the 27 parished areas would see a reduction in Council Tax charged when comparing the combined Borough Council Tax, Parish Council Tax and Borough Council Special Expenses against the current combined Borough and Parish Council Tax.
83. The unparished area clearly receives the majority of the costs under special expenses and residents would see their council tax increase as the cost burden shifts. The fact that households in the unparished area pay significantly less than households in parished areas has led to question in the past about 'double taxation' and potential inequity (rightly or wrongly).
84. On the basis of the indicative modelling, the households in the unparished area would see an increase over their current charge, however even with the shift of cost burden this is still below the average council tax for the borough as a whole.

85. If council tax were to be levied in accordance with the above methodology, the council tax bill (for borough and parish only) for three 'example' areas of the borough would be **INDICATIVELY** restated as follows:

Band D Council Tax	Ditton		Leybourne		Tonbridge	
	Current £	Potential £	Current £	Potential £	Current £	Potential £
Borough General Expenses	192.51	173.38	192.51	173.38	192.51	173.38
Parish Precept	119.85	124.53	75.99	80.32	-	-
Borough Special Expenses	-	-	-	21.17	-	61.16
Total	312.36	297.91	268.50	274.87	192.51	234.54

86. If a scheme of special expenses were to be adopted, the Borough Council would need to separately show General Expenses and Special Expenses on the council tax bill and adjust the current Council Tax Resolution presented to Council in order to meet statutory requirements.

Referendum for Council Tax increases

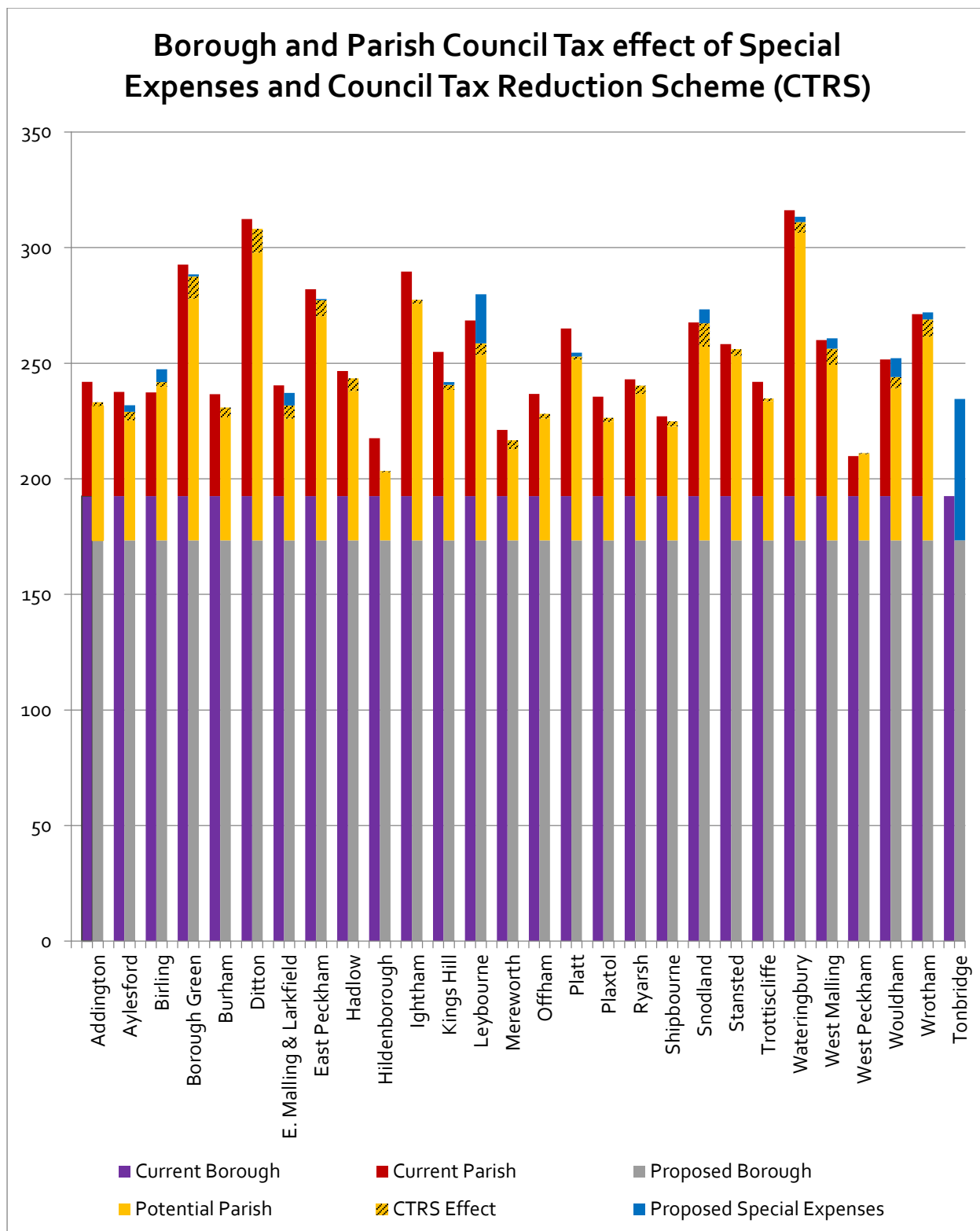
87. The Government has set an increase threshold above which district councils are required to hold a referendum to obtain approval for the increase. Under the referendum principles, and the Government's CTR1 return (which verifies the referendum principle), the Council's average Band D Council Tax used will be the aggregate of the Borough Council's General Expenses and Special Expenses.
88. In order to calculate whether the council is subject to a referendum or not, the total council tax requirement is divided by the Taxbase and compared to the previous year's Band D Council Tax. The calculation is £9,169,057 divided by 47.629.13 being £192.51 for publication purposes.
89. It should be recognised that this is for publication purposes and it is unlikely that any taxpayer will pay that exact amount in respect of the Borough Council's Band D.

COUNCIL TAX REDUCTION SCHEME GRANTS

90. In April 2013, the national Council Tax Benefit Scheme was replaced by local Council Tax Reduction Schemes (CTRS), the difference being that within the latter any award is considered a discount affecting the Taxbase rather than a transfer of funds.
91. As the discount affected the Taxbase, the Government recompensed Local Government with an additional grant through the Local Government Finance Settlement equating to 90% of its previous benefit grant. When announcing the settlement for the 2013/14 financial year, the Government published separate indicative amounts on how much grant was in respect of borough services and parish services. In doing so, the then Local Government Minister, Kris Hopkins, encouraged billing authorities to pass on the grant to the parish councils. For the 2013/14 financial year this was £173,111.
92. In subsequent years, no indicative amounts were given by Government although the Minister continued to encourage billing authorities to pass on the sums to their parish councils. Whilst some billing authorities have openly decided not to do so, at TMBC Members agreed that the increase/decrease in the CTRS grant award should follow the increase /decrease in FAPC. Therefore, as set out in paragraph 15, the overall grant award has remained fairly stable - the figure due to be paid for 2016/17 is £174,650.
93. The Council has no statutory obligation to pass these funds onto parish councils, and many billing authorities have ceased or are now planning to significantly reduce the payments in response to the significant cuts in government grant funding to local government.
94. Guidance issued by DCLG in November 2012 gives the following paragraph in respect of passing on an element of the grant for CTRS to parishes:

“Local precept payers are local tax payers within the billing authority area and should not be treated differently to those outside of parish areas” (page 16)
95. Logically, therefore, if special expenses were introduced providing an “equalisation methodology” across the borough, to continue to provide this funding would arguably unbalance the equalisation.
96. The effect of withdrawing the CTRS grant would again have the potential to increase the net costs to parish councils. As with FAPC, it would be down to the parish councils to decide whether to pass this increase onto their residents.
97. CTRS grant is not spread evenly across parish councils as it is allocated according to caseload. **[Appendix 9]** sets out the allocations paid to parish councils since inception. The largest recipients of CTRS grant are Snodland, East Malling & Larkfield, followed by Ditton, Borough Green and Aylesford.

98. The bar chart below adds a further element for the potential impact of withdrawing CTRS grant. The hatched orange block for the parish council level of tax would be increased to account for the loss of grant.



99. As before the monetary values are shown in the table below. Please note that these figures are ILLUSTRATIVE.

	Current Council Tax (Borough and Parish) £	Indicative Council Tax (incl effect of introduction of Spec Exp) £	Effect of Council Tax Reduction Grant £	Indicative Council Tax £	Net Change £ %	
Addington	241.96	231.43	1.69	233.12	- 8.84	-3.65%
Aylesford	237.59	228.09	3.67	231.76	- 5.83	-2.46%
Birling	237.29	245.27	2.09	247.36	10.07	4.25%
Borough Green	292.69	278.80	9.55	288.35	- 4.34	-1.48%
Burham	236.61	226.56	4.22	230.78	- 5.83	-2.46%
Ditton	312.36	297.91	10.17	308.08	- 4.28	-1.37%
E. Malling & Larkfield	240.41	231.46	5.69	237.15	- 3.26	-1.36%
East Peckham	281.93	270.85	6.86	277.71	- 4.22	-1.50%
Hadlow	246.58	237.98	5.44	243.42	- 3.16	-1.28%
Hildenborough	217.51	202.81	0.60	203.41	- 14.10	-6.48%
Ightham	289.64	275.75	1.60	277.35	- 12.29	-4.24%
Kings Hill	254.88	239.71	2.13	241.84	- 13.04	-5.11%
Leybourne	268.50	274.87	4.89	279.76	11.26	4.19%
Mereworth	221.11	212.82	3.79	216.61	- 4.50	-2.04%
Offham	236.74	226.01	2.05	228.06	- 8.68	-3.67%
Platt	264.95	253.14	1.36	254.50	- 10.45	-3.94%
Plaxtol	235.54	224.59	1.73	226.32	- 9.22	-3.91%
Ryarsh	242.99	236.67	3.57	240.24	- 2.75	-1.13%
Shipbourne	226.98	222.64	2.19	224.83	- 2.15	-0.95%
Snodland	267.58	263.07	10.20	273.27	5.69	2.13%
Stansted	258.23	253.09	2.99	256.08	- 2.15	-0.83%
Trottiscliffe	241.93	233.51	1.26	234.77	- 7.16	-2.96%
Wateringbury	316.19	308.86	4.47	313.33	- 2.86	-0.90%
West Malling	260.01	253.77	7.00	260.77	0.76	0.29%
West Peckham	209.81	210.68	0.39	211.07	1.26	0.60%
Wouldham	251.59	247.40	4.77	252.17	0.58	0.23%
Wrotham	271.15	264.53	7.43	271.96	0.81	0.30%
Tonbridge	192.51	234.54	-	234.54	42.03	21.83%

100. As illustrated by the chart and table, 20 of the 27 parished areas would continue to see a reduction in Council Tax charged when comparing combined Borough Council Tax, Parish Council Tax, Borough Council Special Expenses and effect of the removal of the CTRS grant against the current combined Borough and Parish Council Tax.
101. Households in the unparished area would continue to see an increase over their current charge; however, this is still remains below the average council tax for the borough as a whole.

PROJECT TIMETABLE

102. The Cabinet at its meeting on 11 February 2016 set an indicative timetable in order to progress this research and review. Cabinet felt that it was important to be as open and transparent as possible, and engage with relevant stakeholders at the appropriate times.
103. Consideration of the requirements of consultation are set out in **[Appendix 10]**.
104. Cabinet has expressed the wish to involve the Parish Partnership Panel, the local branch of KALC and members of the public in this review. In terms of the potential cessation of the CTRS grant, the process can be confined to discussion/consultation with parish councils only.
105. Nevertheless, the consultation process would need to commence as soon as possible in order to achieve final resolution before tax bases are set in December 2016.
106. An updated timetable is set out below:

9 th May – 17 th June 2016	6-week consultation with stakeholders; including meetings of the PPP/KALC and Tonbridge Forum
July 2016 (date to be agreed)	Special Cabinet considers responses, formulates preferred way forward and commissions new policy to be drafted
July/August 2016	Draw up draft policy
8 th September 2016 and 12 th September 2016	PPP and Tonbridge Forum updated verbally as to progress
13 th September 2016	Overview and Scrutiny Committee (O&S) review draft policy and make recommendations to Cabinet
12 th October 2016	Cabinet considers policy, including any recommendations from O&S, and makes recommendation to Full Council
1 st November 2016	Full Council adopts policy for 2017/18
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.

CONCLUSIONS

107. The purpose of this research paper has been to examine the potential changes to funding provided by the Borough Council to parish councils through the two primary routes (FAPC and the CTRS grant).
108. The FAPC grants are made in respect of the concurrent services provided by parish councils within parished areas as they are provided directly by TMBC in the unparished area.
109. The CTRS grants are made, as originally required by DCLG, to compensate for the discounts now awarded and affecting the Taxbase following the introduction of the new local CTRS schemes.
110. The objectives set out at the start were to:
 - 1) Make savings in the Borough Council's revenue budget; *and at the same time*
 - 2) 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
111. The review has concluded that **only one option out of the five examined meets both of these objectives** – namely the introduction of a Special Expenses scheme.
112. The establishment of special expenses would allow the Borough Council to withdraw both grants in that;
 - They eliminate the double taxation argument for services provided through the FAPCs; and
 - The awarding of grants to parish councils for CTRS would provide residents in parished areas with additional funding not provided to the residents of the unparished area, unbalancing the equity issue that special expenses seeks to address.
113. The withdrawal of the two grants schemes would reduce the Council's revenue expenditure by circa £400,000, directly contributing to the Council's STS.
114. Further savings could be achieved through the withdrawal of Christmas lighting grants from the Council's general expenses if Christmas lights in Tonbridge were to be included in Special Expenses. Alternatively, grants to trading bodies or parish councils towards the costs of Christmas lights could be included as special expenses to the relevant parished area.

This is a research paper and it is important to stress that no recommendations, nor any decisions, have been made by Council Members prior to the consideration of this paper.

BIBLIOGRAPHIC AND SOURCES

DCLG's "Quality Parish and Town Council Scheme" (2003) –

<http://webarchive.nationalarchives.gov.uk/20120919132719/http://www.communities.gov.uk/documents/localgovernment/pdf/155163.pdf>

National Association of Local Councils: Managing Double Taxation - A guide for local (parish and town) councils and principal local authorities -

<http://www.nalc.gov.uk/library/our-work/create-a-council-resources/1363-managing-double-taxation/file>

Local Government Act 1972 –

<http://www.legislation.gov.uk/ukpga/1972/70>

Local Government Finance Act 1992 –

<http://www.legislation.gov.uk/ukpga/1992/14/contents>

Tonbridge and Malling Borough Council Estimates 2016/17 -

http://www.tmbc.gov.uk/data/assets/pdf_file/0006/217608/Budget-1617.pdf

Tonbridge and Malling Borough Council Grounds Maintenance Contract 2015 -2019

DCLG: Localising Support For Council Tax. Council tax base and funding for local precepting authorities: Government response to the outcome of consultation

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/15326/Annex_A_Council_tax_base_consultation_response_-_07_Novt_-_v3_4_.pdf

APPENDICES

1. Financial Arrangements with Parish Councils - Scheme
2. Financial Arrangements to Parish Councils - Grant Awarded 2016/17
3. Legal Framework
4. Bill of Quantities for Grounds Maintenance Contract 2015 - 2019
5. Extract of Bill 9 - Open Spaces Grounds Maintenance
6. Extract of Bill 10 - Play Area Grounds Maintenance
7. Extract of Annex 15 Grounds Maintenance Contract - Areas covered by Parish
8. Summary of Breakdown of Special Expenses
9. Council Tax Reduction Scheme - Grant Payments to Parishes 2013 - 2017
10. Consultation

This is a research paper and it is important to stress that no recommendations, nor any decisions, have been made by Council Members prior to the consideration of this paper.

FINANCIAL ARRANGEMENTS WITH PARISH COUNCILS – SCHEME (as amended from 2 January 2008)

1. **Introduction**

- 1.1 The basis of this Scheme was agreed by Members with effect from 1 April 1992. All amendments to the Scheme since that date have been incorporated in these notes.

2. **Objectives of Scheme**

- 2.1 Under the provisions of the Local Government Act 1972, two or more local authorities may make arrangements for defraying any expenditure incurred by one of them in exercising any functions exercisable by both or all of them. The Borough Council accepts that part of the expenses of Parish Councils absolves the Borough Council from incurring direct expenditure in the provision of certain recreational services and in contributing to the expenses of Parish Councils, the Borough Council wishes to pursue the following objectives:

Group (i) **Recreation & Amenity Services and Additional Priorities**

- (a) *Allotments, Footpaths, Parks, Open Spaces, Sports Grounds and Village Halls*
Parish Councils are significant providers and managers of sports facilities, open spaces and village halls. The Borough Council accepts the responsibility for the provision of sports and community facilities which are either of borough-wide significance or are significant to a group of parishes and which could not be provided by any individual Parish Council within those groups. In arriving at financial arrangements by which Parish Councils are encouraged to provide and improve facilities, the Borough Council's view is that it is important to guarantee, as far as possible, that scarce financial resources are applied to those areas and projects which will meet the demands of local people. Against that background, a cohesive approach is required towards the planning of recreation provision. In addition, before resources are expended upon the provision of new facilities, it is important to establish that existing facilities are utilised to their maximum advantage and more co-ordination is achieved.
The Borough Council wishes to achieve its objectives through a close working relationship with Parish Councils on a borough-wide basis, as set out in the Borough Leisure Strategy.
- (b) *The Council's Key Priorities*
Following a scrutiny review of the Scheme of Financial Arrangements with Parish Councils in 2004, this group was extended to include projects covering street Scene, crime and disorder reduction, drug and alcohol abuse reduction and anti-social behaviour reduction.
This was changed to "The Council's Key Priorities" by the Finance and Property Advisory Board in January 2008 so that any changes to the Council's Key priorities are automatically reflected in the scheme.

Group (ii) **Cemeteries and Churchyards**

In regard to the Group (ii) function of Cemeteries and Churchyards, Parish

Councils are the sole local authority providers within the parishes and it is reasonable to reflect this concurrent function within the overall arrangements which the Borough Council has with Parish Councils. The Borough Council wishes to ensure that burial facilities throughout the Borough remain open as long as possible. With the co-operation of Parish Councils, arrangements can be established for the maintenance of both open and closed churchyards, having due regard to any special conservation needs of older churchyards. Opportunities can also be identified to retain open churchyards in continued use.

Group (iii) Footway Lighting

The Borough Council wishes to contribute towards Parish Councils' costs of this concurrent function although costs are not incurred, except to a very minor extent, in the southern part of the Borough. Footway lighting, properly upgraded, can, in many instances, provide both highway and footway lighting. The adoption, by Kent County Council as Highway Authority, of upgraded lighting will mean that future maintenance is at the Highway Authority's expense. The Borough Council wishes to encourage Parish Councils to upgrade footway lighting for adoption. In due course, this will reduce the level of financial commitment at local level to maintaining footpath lighting or footway lighting which serves those footways which cannot be lit in conjunction with highways, but are nevertheless needed for the general safety of the public.

3. **Operation of the Scheme**

3.1 The scheme of Financial Arrangements will be administered by Cabinet. Projects will be subject to technical scrutiny by the appropriate chief officer(s). Applications for grants towards special works projects will be determined by Cabinet, following advice from the Finance and Property Advisory Board, to whom the applications will first be reported.

3.2 In considering the annual budget, the Cabinet may determine a cash limit which will be made available to Parish Councils.

3.3 Financial assistance will be provided to Parish Councils in two ways:-

(a) Annual Allocations

These are intended to assist with the running costs of Groups (i) to (iii).

(b) Special Works Projects **(THIS ASPECT IS SUSPENDED UNTIL FURTHER NOTICE)**

In addition to the annual payments, sums will be allocated towards Special Works. Again, these will be available in respect of Groups (i) to (iii). Projects will be considered for grant aid if the proposed expenditure is not regular annual expenditure and the total exceeds £6,000 or expenditure of £1 per head of parish population, whichever is the less. Grant aid is normally calculated on a percentage scale, to a maximum of £25,000. **(THIS ASPECT IS SUSPENDED UNTIL FURTHER NOTICE)**

3.4 Group (i) Functions

These functions will attract financial assistance towards:-

- (a) Running expenses (basic allocation)
- (b) Debt charges.

(a) Running Expenses (Basic Allocation)

It will be for individual Parishes to decide how the Basic Allocation is spent, as long as it is expended on Group (i) functions. Expenditure not approved by the Borough Council under the heading of special works or debt charges can still be met from the Basic Allocation if Parish Councils so wish.

Distribution of the Basic Allocation to Parish Councils will be based on a rate per head of the electorate of each parish per the Register of Electors as at 1 December preceding the relevant financial year. A notional adult population of 1,250 will be used as a minimum for those parishes with a smaller population.

(b) Debt Charges

Debt charges which are being met under the 1984/85 Scheme will continue to be reimbursed.

3.5 Group (ii) – Cemeteries and Churchyards

Contributions to Parish Councils in respect of the maintenance of Cemeteries and Churchyards were reviewed in 1994. This review introduced a new approach to the calculation of contributions. The transition from the old system to the new has been phased in over a period of five years, commencing in April 1995.

3.6 As for Group (i) functions, Parishes will be able to use this Basic Allocation for financing any work on Cemeteries and Churchyards, including any special works or debt charges which are not specifically approved by the Borough Council.

3.7 Parish Councils are requested to assist the Borough Council in identifying opportunities to extend the life and use of open churchyards for burials.

3.8 Group (iii) – Footway Lighting

The sum allocated towards footway lighting will continue to be distributed as an amount per lighting column to contribute towards the general running expenses of Parishes.

3.9 In order to assist Parish Councils to progress proposals for the installation or upgrading of parish lighting, such schemes will be eligible for special works grants. The Borough Council will meet 50% of the cost of approved schemes, but would not normally wish to see more than one third of the capital element of the Special Works allocation being committed to such schemes. Approved schemes will fall under three categories:-

- (i) The upgrading of existing footway lighting to adoptable standards. The Borough Council continues to encourage Parish Councils to bring forward such proposals, as adoption will mean that future maintenance is at the Highway Authority's expense;
- (ii) The upgrading of existing footway lighting to standards which do not meet the adoption criteria. However, where such lighting systems do not meet the criteria for adoption, the Borough Council will cease to provide revenue support for the relevant lighting columns;

- (iii) The installation or upgrading of footpath lighting. Responsibility for the maintenance of such lighting would remain with the Parish Council.

4. **Administrative Arrangements**

- 4.1 The administrative arrangements will require Parish Councils to certify at the year end that expenditure has been incurred to the value of the allocations made towards the approved functions. If an allocation has not been fully utilised, the underspending will be reimbursable by the Parish Council in the following year. Further, it will be necessary for Parish Councils to supply details of number of footway lighting columns and, if required, estimates of debt charges from the 1984/85 scheme which are subject to reimbursement. It will be necessary for Parish Councils to apply separately for allocations for Special Works Grants.

Financial Services

January 2008

And subsequently updated for Special Works issue

Financial Arrangements with Parish Councils - Grants Awarded 2016/17

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

LEGAL FRAMEWORK

FUNDING FOR CONCURRENT SERVICES

1. Section 136 of the Local Government Act 1972 allows principal local authorities to pay grants to local councils in respect of concurrent functions. Under these provisions, two or more local authorities have discretion to make arrangements for defraying expenses incurred by one of them in exercising any functions exercisable by both of them. The rationale behind this is that a district authority (which is a principal local authority for the purposes of this legislation) may compensate a parish council (referred to under this legislation as a local council) in respect of expenses which that parish council has incurred which absolves the district authority (in part) from incurring direct expenditure in the provision of the same functions. The Principal authority has discretion as to the amount it may decide to pay under these arrangements.

SPECIAL EXPENSES

2. The Provisions relating to “special expenses” are contained in the Local Government Act 1992 (“the Act”) 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.
3. The precept raised by the parish councils falls within these arrangements. Where functions are provided in part of a billing authority’s area by the parish council sections 34 and 35(1)(a) of the Act ensure that only the council tax payers in that parish pay towards the cost of the precept issued by that parish council. This is known as a “special item”.
4. Where there is no Parish Council/Town Council for a particular area, it is not possible to raise a special item to cover the costs of the function related services for that area and therefore the costs associated with such services fall to be paid for by all of the council tax payers across the whole borough even though the areas which have a parish/town council may already be paying for similar services which are local to their own area through their special items. This concept is referred to as double taxation.
5. 'Special expenses' are another 'special item'. The five different types of special expense are listed in section 35(2). The one relevant in this case is:

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.

6. 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.

7. 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.
8. 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.
9. In the past this authority, in common with many others, has not applied the special expenses regime when calculating council tax liability. If it should decide to apply the special expenses regime in the future this would amount to a change in policy for the authority which must to be authorised in accordance with the Council’s Constitution.

CALCULATION OF SPECIAL EXPENSES

10. The district council first calculates an average council tax across the whole of its area under section 33 of the Act. Included in that will be the amounts the district council has to pay to parish councils under their precepts, plus the amounts the district will spend on performing functions which are performed in parts of its area by parish councils.
11. Under section 34, the district council must then deduct the total of any special items. For each part of its area, the district council 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. Treating expenses as special expenses does not affect the overall amount that the district council needs to raise through council tax, and does not, therefore, affect the average amount of council tax across the whole of the district. It simply means that, compared with what would happen if the expenses were not treated by the district council 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 the district council’s costs of performing the function elsewhere; and
 - relatively higher, for areas where the district council performs the concurrent function, as all the district council’s costs of performing the concurrent function must be met by taxpayers in the area where the district council performs it.

CONSTITUTIONAL REQUIREMENTS FOR CHANGES IN POLICY

12. The rules on changing policy and setting the budget are contained in Part 4 of the Constitution in the “Budget and Policy Framework Procedure Rules”. The process for developing the framework is set out in rule 2 and provides for the following stages and procedures to be followed:
- The executive publishing their proposals for the budget and policy framework at least 2 months before it needs to be adopted, having first canvassed the views of local stakeholders as appropriate in a manner consistent with the matter under consideration.
 - Their report should reflect the representations made as a result of that consultation and if the Overview and Scrutiny Committee have reviewed the matter already the report should also make reference to the outcome of that review.
 - The executive’s initial proposals should be referred to Overview and Scrutiny Committee for further advice and consideration. This referral should state the timescale within which their advice is required if the matter is urgent.
 - The Overview and Scrutiny Committee should carry out consultation with local stakeholders as appropriate having regard to the consultation already carried out. The Constitution specifically refers to the need to have particular regard to avoiding duplication in consultation.
 - The Overview and Scrutiny Committee have 6 weeks to respond to the initial proposals unless the executive believe there are special circumstances which make this time scale inappropriate which have been previously notified to the Overview and Scrutiny Committee.
 - The executive should consider the report of the Overview and Scrutiny Committee and may amend its policy if it considers it appropriate before reporting the matter to Council. The report should identify how it has taken account of any recommendations from the Overview and Scrutiny Committee.
 - The Council consider the proposals and can adopt them, amend them, refer them back to the executive for further consideration, or substitute its own proposals in their place.
 - The Council’s decision should be published in accordance with article 4 and dated and shall be effective immediately. (Article 4 does not refer to publishing at all and so this decision should be published in the normal way as a Council decision.)

COUNCIL TAX REDUCTION SCHEME (CTRS)

BACKGROUND

13. In April 2013 the Council tax reduction scheme was introduced which replaced the Council Tax Benefit Scheme.
14. The main difference with CTRS in accounting terms is that any support given to claimants under the new scheme is given by way of a discount rather than a benefit. This means that the tax base for district and parish council's is reduced.
15. To alleviate some of the effects of this, the government gave a grant to Major Precepting authorities. The grant to billing authorities also included an indicative amount for them to pass onto Town and Parish Councils in 2013/14.
16. In subsequent years no specific parish funding was identified within the settlement figures. This led a number of authorities to either cease or significantly reduce the funding passed on to parish councils in recognition of the severe and ongoing cuts in government grant funding.
17. When ministers were pressed on this issue by parish councils they indicated in correspondence that any funding had been included as part of the "overall Settlement Grant". As no specific allocation had been made the money which was provided within the overall settlement can be used for any legal purpose. The district authority therefore has a wide discretion whether to make any payments to parish/Town Councils at all and should they decide to make payments what to pay as there is no formula prescribed for calculating this.
18. Correspondence from government ministers upholds this position and has not identified any specific statutory power which requires a parish/Town Council grant to be paid.
19. In summary there is no statutory provision which requires this Council to pass on grant by virtue of CTRS to Parish or Town Councils.

Bill of Quantities for Grounds Maintenance Contract 2015 - 2019

BILL OF QUANTITIES SUMMARY

Option A Ground Maintenance Services 2015 - 2019

BILL		PRICE PER ANNUM
		£ - p.
TOTAL - BILL NO. 1	TONBRIDGE CASTLE GROUNDS AND ASSOCIATED AREAS	79,916.92
TOTAL - BILL NO. 2	TONBRIDGE CEMETERY	54,912.06
TOTAL - BILL NO. 3	CHURCH YARDS	3,988.85
TOTAL - BILL NO. 4	THE RACECOURSE SPORTSGROUND	137,704.87
TOTAL - BILL NO. 5	TONBRIDGE FARM SPORTSGROUND	57,445.28
TOTAL - BILL NO. 6	SWANMEAD SPORTSGROUND	13,568.88
TOTAL - BILL NO. 7	FROG BRIDGE SPORTSGROUND	11,807.54
TOTAL - BILL NO. 8	HAYSDEN COUNTRY PARK	29,554.96
TOTAL - BILL NO. 9	MAINTENANCE OF PUBLIC OPEN SPACES AND AMENITY AREAS	107,742.33
TOTAL - BILL NO. 10	MAINTENANCE OF CHILDRENS PLAY AREAS	16,866.45
TOTAL - BILL NO. 11	MAINTENANCE OF PUBLIC CAR PARKS	18,966.71
TOTAL - BILL NO. 12	ADDITIONAL WORKS	1,369.28
PERFORMANCE BOND		1,000.00
ANNUAL SUM		534,844.13
(TOTAL OF BILL NOS. 1 TO 12 INCLUSIVE, PLUS PERFORMANCE BOND)		

Extract of Bill 9 - Open Spaces Grounds Maintenance

Option A Ground Maintenance Services 2015 - 2019

a. ITEM		b. UNIT	c. QUANTITY	e. OCCASIONS PER YEAR
1.	GRASS AREA MAINTENANCE			
A.	Public Open Spaces, Amenity Areas, and Children's Play Areas.			
(i)	Mow grass with pedestrian, ride on, or tractor drawn cylinder type mower. Clippings to be allowed to lie where they fall. Commence cutting third week in March and cease cutting first week in November. Grass height to be maintained between 25mm and 75mm.	m ²	373,984	15
(ii)	Strim along path, wall, fence and hedge lines on every mowing occasion. Paths and roads to be swept clean	Lin.m	54,359	15
(iii)	Strim around immobile obstacles on every mowing occasion.	Lin.m	3,622	15
(iv)	Clip with shears grass edges to shrub borders and flower beds on every mowing occasion.	Lin.m	1,850	15
(v)	Reform edges between grass areas and shrub borders and flower beds on one occasion per year.	Lin.m	1,850	1
(vi)	Reform edges adjoining hard areas on one occasion per year.	Lin.m	32,613	1
(vii)	Allow for leaf sweeping on 4 occasions per year.	m ²	3,107	4
B	Conservation Areas.			
a	Mow Grass with ride on or pedestrian rotary type mower. Clippings to be allowed to lie where they fall. Commence cutting third week in March and cease cutting first week in November. Grass height to be maintained between 25mm and	m ²	1,880	15
b	Mow grass with tractor mounted ride on or pedestrian flail or rotary type mower on eight occasions per year. Clippings to be allowed to lie where they fall. Commence cutting third week in March and cease cutting by first week in	m ²	14,857	8
c	Mow grass with tractor mounted ride on, or pedestrian flail or rotary type mower on two occasions per year. Grass clippings to be raked off and removed from site and legally disposed of at the contractors expence. Height of cut to be 100mm.	m ²	31,022	2
d	Strim along path edges on every mowing occasion. Paths and roads to be swept clean.	Lin.m	6,290	15
TOTAL PAGE 1				
Carried Forward to SUMMARY Page 3				

e	Strim around immobile obstacles on every mowing occasion.	No	303	
f	Edge grass areas adjoining paths and roadways on one occasion per year.	Lin.m	1,275	
2.	HEDGE CUTTING			
a	Cut hedges once per year (Hand shears or motorised cutting equipment)	m ²	Nil.	-
b	Cut hedges twice per year (Hand shears or motorised cutting equipment)	m ²	9,999	2
c	Cut hedges once per year (Secateurs)	m ²	Nil.	-
3.	MAINTENANCE OF TREES			
1.	Public Open Spaces Amenity Areas and Children's Play Areas			
A.	Immature Tress			
(i)	Inspect trees twice yearly, recording details. Refix or replace and defective or missing stakes and ties.	No	2,042	2
(ii)	Re-firm any trees loosened after strong winds or frost heave.	Item	-	-
(iii)	Prune trees once per year, during October to March.	No	2,058	1
B.	Mature Trees			
(i)	Inspect mature trees once per year, recording details of condition and safety.	No	1,177	1
4	SHRUB AND SHRUB BED MAINTENANCE			
1	Public Open Spaces Amenity Areas and Children's Play Areas			
(a)	Established and newly planted shrub beds.			
(i)	Weed shrub beds and lightly fork over to a depth of 75mm. During November to February. Arisings to be removed from site and lawfully disposed of.	m ²	6,123	1
(ii)	Supply, apply and maintain a 75mm. Deep mulch of bark.	m ²	6,123	1
(iii)	Allow for maintaining shrub beds in a litter and weed free condition throughout the year, including the supply and application of residual herbicide (established shrub beds only) Arisings	m ²	6,123	9
(b)	Pruning			
(i)	Allow for pruning of shrubs as detailed in the pruning schedule.	No	6,596	1
TOTAL PAGE 2				
Carried Forward to SUMMARY Page 3				

(c) Fertilising				
(i) Supply and apply approved compound fertilizer during March prior to the mulch application.	m ²	6,596	1	
5. MISCELLANEOUS.				
A Maintenance of Watercourses				
(i) Inspect watercourses once per week and remove litter, rubbish, fallen twigs, branches, loose vegetation and other extraneous material. Ensure that culverts are clear of obstruction. Arisings to be removed from site and lawfully disposed of.	m ²	823	52	
(ii) Cut vegetation on the banks of watercourses once per year, rake up cut vegetation. Arisings to be removed from site and lawfully disposed of.	Lin.m	4,970	1	
B Maintenance of Street and Park furniture.				
(a) Litter Bins.				
(i) Empty litter bins once per week. Arisings to be removed from site and lawfully disposed of.	No	15	52	
(ii) Wash litter bins once per month.	No	15	12	
(b) Seats, Benches and Picnic Tables				
(i) Wash, clean and wipe over seats, benches and tables once per month. Remove grease deposits by spot treatment.	No	16	12	
(ii) Wash clean, rub down with sandpaper, and paint or treat with preservative.	No	16	1	
C Chemical Spraying				
a Supply and apply a total, residual, liquid herbicide to hard surfaced areas during March, April or May.	m ²	440	1	
D Path Maintenance (Public Open Spaces and Amenity Areas).				
(a) Woodchip surfaced paths. Twice per year, cut back side vegetation overhanging or growing across path.	m ²	1,154	2	
TOTAL PAGE 3				
Carried Forward to SUMMARY Page 3				

Extract of Bill 10 – Play Area Grounds Maintenance

Option A Ground Maintenance Services 2015 - 2019

a. ITEM		b. UNIT	c. QUANTITY	e. OCCASIONS PER YEAR
1.	Inspections			
a	Allow for weekly inspection of play equipment and furniture at the Play Areas identified below and in the schedules to the specification, and for the completion and for the return to the supervising officer of the appropriate inspection forms.			
	Sites to be priced separately			
	Play Area - Site Name			
Ref No.				
13.	Masefield Road Play Area	Item	1	52
				Larkfield
14.	Blake Drive Play Area	Item	1	52
				Larkfield
	Royal West Kent Avenue, Tonbridge	Item	1	52
				Tonbridge
	Staleys Acre, Tilton Road Play Area	Item	1	52
				Borough Green
6.	Scothers Field Play Area	Item	1	52
				Tonbridge
7.	Quincewood Gardens BMX Area	Item	1	52
				Tonbridge
10.	Brindles Field Play Area	Item	1	52
				Tonbridge
12.	Arundel Close Play Area	Item	1	52
				Tonbridge
2.	Maintenance Work			
a	Sweep or rake whole surface of Play Area, to remove litter, glass animal fouling or other debris once per week	m ²	4,621	52
b	Empty litter bins once per week	No	19	52
c	Wash litter bins once per week	No	19	52
d	Lubricate equipment once per month	No	48	12
e	Release any twisted or tied swing chains on each weekly visit	No	39	52
f	Allow for cleaning Play Area equipment and seats to remove bird and other fouling	No	127	52
g	Allow for maintaining permanent stock of regularly occurring replacement parts	Item	-	-
TOTAL PAGE 1				
Carried Forward to MAIN SUMMARY Page				

APPENDIX B(15)

Ground Maintenance Services 2015 - 2019
Public Open Spaces & Amenity Areas

Schedule of Sites

<i>Parish</i>	<i>Area of Grass m2</i>	<i>Edge 1 lin. m.</i>	<i>Edge 2 lin.m.</i>	<i>Edge 3 lin. m.</i>	<i>Obs No.</i>	<i>Shrub Bed Area m2</i>	<i>Shrubs No.</i>	<i>Rose Bed Area m2</i>	<i>Hedge Area m2</i>	<i>Hedge Lgth lin.m</i>	<i>Trees Imm. No.</i>	<i>Trees Mat. No.</i>
Aylesford	6,072	1,679	56	1,222	150	469	656	-	-	-	21	31
East Peckham	1,685	275	-	231	29	-	-	-	-	-	10	12
EM & LPC	42,652	6,135	231	3,784	401	558	310	-	145	22	320	82
Kings Hill	3,332	1,031	1	735	33	340	480	-	96	-	10	16
Leybourne	73,417	8,018	447	4,242	888	218	283	7	931	713	548	103
Platt	5,632	280	-	-	6	-	-	-	-	-	-	-
Snodland	49,757	5,702	233	2,365	359	563	501	-	-	-	305	39
Tonbridge	170,631	24,952	681	15,933	1,593	3,794	3,738	-	7,364	2,652	701	879
Water'gbury	1,639	1,037	121	968	14	61	458	-	61	-	7	-
West Malling	9,231	946	80	773	42	120	170	-	-	-	29	15
Wouldham	9,936	4,313	-	2,360	107	-	-	-	-	-	93	-
Total	373,984	54,368	1,850	32,613	3,622	6,123	6,596	7	8,597	3,387	2,044	1,177

Extract of Annex 15 Grounds Maintenance Contract - Areas covered by Parish

Special Expenses Calculations based upon 2016/17 Budget

Parish council	Council Tax				Fin. Arr. with Parish Councils			Special Expenses			New Council Tax		
	Borough	Parish Band	Total Band	Taxbase	Grant	Per Band D	Increase	Reduction	Charge	Increase on	Total Band	Overall Increase	
	Band D	D	D		£	£	%	£	£	Borough	D	£	%
	£	£	£								£		
Addington	192.51	49.45	241.96	382.75	3,290	8.60	17.39%	- 19.13	-	-9.94%	231.43	- 10.53	-4.35%
Aylesford	192.51	45.08	237.59	3,934.33	26,832	6.82	15.13%	- 19.13	2.81	-8.48%	228.09	- 9.50	-4.00%
Birling	192.51	44.78	237.29	195.89	4,232	21.60	48.24%	- 19.13	5.51	-7.07%	245.27	7.98	3.36%
Borough Green	192.51	100.18	292.69	1,531.89	6,694	4.37	4.36%	- 19.13	0.87	-9.48%	278.80	- 13.89	-4.74%
Burham	192.51	44.10	236.61	440.86	4,001	9.08	20.59%	- 19.13	-	-9.94%	226.56	- 10.05	-4.25%
Ditton	192.51	119.85	312.36	1,738.72	8,134	4.68	3.90%	- 19.13	-	-9.94%	297.91	- 14.45	-4.63%
E. Malling & Larkfield	192.51	47.90	240.41	4,849.82	22,852	4.71	9.83%	- 19.13	5.47	-7.09%	231.46	- 8.95	-3.72%
East Peckham	192.51	89.42	281.93	1,263.22	9,513	7.53	8.42%	- 19.13	0.52	-9.67%	270.85	- 11.08	-3.93%
Hadlow	192.51	54.07	246.58	1,483.85	15,624	10.53	19.47%	- 19.13	-	-9.94%	237.98	- 8.60	-3.49%
Hildenborough	192.51	25.00	217.51	2,164.42	9,585	4.43	17.72%	- 19.13	-	-9.94%	202.81	- 14.70	-6.76%
Ightham	192.51	97.13	289.64	1,094.58	5,737	5.24	5.39%	- 19.13	-	-9.94%	275.75	- 13.89	-4.80%
Kings Hill	192.51	62.37	254.88	3,855.49	10,344	2.68	4.30%	- 19.13	1.28	-9.27%	239.71	- 15.17	-5.95%
Leybourne	192.51	75.99	268.50	1,510.94	6,547	4.33	5.70%	- 19.13	21.17	1.06%	274.87	6.37	2.37%
Mereworth	192.51	28.60	221.11	417.70	4,529	10.84	37.90%	- 19.13	-	-9.94%	212.82	- 8.29	-3.75%
Offham	192.51	44.23	236.74	373.70	3,139	8.40	18.99%	- 19.13	-	-9.94%	226.01	- 10.73	-4.53%
Platt	192.51	72.44	264.95	855.89	4,940	5.77	7.97%	- 19.13	1.55	-9.13%	253.14	- 11.81	-4.46%
Plaxtol	192.51	43.03	235.54	573.16	4,686	8.18	19.01%	- 19.13	-	-9.94%	224.59	- 10.95	-4.65%
Ryarsh	192.51	50.48	242.99	283.08	3,627	12.81	25.38%	- 19.13	-	-9.94%	236.67	- 6.32	-2.60%
Shipbourne	192.51	34.47	226.98	250.74	3,708	14.79	42.91%	- 19.13	-	-9.94%	222.64	- 4.34	-1.91%
Snodland	192.51	75.07	267.58	3,413.09	29,570	8.66	11.54%	- 19.13	5.96	-6.84%	263.07	- 4.51	-1.68%
Stansted	192.51	65.72	258.23	243.45	3,405	13.99	21.29%	- 19.13	-	-9.94%	253.09	- 5.14	-1.99%
Trottiscliffe	192.51	49.42	241.93	263.04	2,817	10.71	21.67%	- 19.13	-	-9.94%	233.51	- 8.42	-3.48%
Wateringbury	192.51	123.68	316.19	885.48	8,371	9.45	7.64%	- 19.13	2.35	-8.72%	308.86	- 7.33	-2.32%
West Malling	192.51	67.50	260.01	1,096.26	9,261	8.45	12.52%	- 19.13	4.44	-7.63%	253.77	- 6.24	-2.40%
West Peckham	192.51	17.30	209.81	173.32	3,466	20.00	115.61%	- 19.13	-	-9.94%	210.68	0.87	0.41%
Wouldham	192.51	59.08	251.59	468.55	3,173	6.77	11.46%	- 19.13	8.17	-5.69%	247.40	- 4.19	-1.66%
Wrotham	192.51	78.64	271.15	826.42	7,850	9.50	12.08%	- 19.13	3.01	-8.37%	264.53	- 6.62	-2.44%
Tonbridge	192.51		192.51	13,058.49				- 19.13	61.16	21.83%	234.54	42.03	21.83%
Total				47,629.13	225,927								

Special Expenses Calculation

Parish council	Special Expenses Total									Special Expenses Per Band D								
	Sportsgrds	Open Spaces	Play Areas	Tonbridge in Bloom	Cemetry & Churchyards	Christmas Lighting	Events	Allotments	Total	Sportsgrds	Open Spaces	Play Areas	Tonbridge in Bloom	Cemetry & Churchyards	Christmas Lighting	Events	Allotments	Total
Addington									-	-	-	-	-	-	-	-	-	-
Aylesford		11,040	-						11,040	-	2.81	-	-	-	-	-	-	2.81
Birling		1,080	-						1,080	-	5.51	-	-	-	-	-	-	5.51
Borough Green		-	1,340						1,340	-	-	0.87	-	-	-	-	-	0.87
Burham									-	-	-	-	-	-	-	-	-	-
Ditton									-	-	-	-	-	-	-	-	-	-
E. Malling & Larkfield		20,080	5,710				750		26,540	-	4.14	1.18	-	-	-	0.15	-	5.47
East Peckham		660							660	-	0.52	-	-	-	-	-	-	0.52
Hadlow									-	-	-	-	-	-	-	-	-	-
Hildenborough									-	-	-	-	-	-	-	-	-	-
Ightham									-	-	-	-	-	-	-	-	-	-
Kings Hill		4,950	-						4,950	-	1.28	-	-	-	-	-	-	1.28
Leybourne		31,990							31,990	-	21.17	-	-	-	-	-	-	21.17
Mereworth									-	-	-	-	-	-	-	-	-	-
Offham									-	-	-	-	-	-	-	-	-	-
Platt		1,330							1,330	-	1.55	-	-	-	-	-	-	1.55
Plaxtol									-	-	-	-	-	-	-	-	-	-
Ryarsh									-	-	-	-	-	-	-	-	-	-
Shipbourne									-	-	-	-	-	-	-	-	-	-
Snodland		20,350							20,350	-	5.96	-	-	-	-	-	-	5.96
Stansted									-	-	-	-	-	-	-	-	-	-
Trottiscliffe									-	-	-	-	-	-	-	-	-	-
Wateringbury		2,080							2,080	-	2.35	-	-	-	-	-	-	2.35
West Malling		4,120					750		4,870	-	3.76	-	-	-	-	0.68	-	4.44
West Peckham									-	-	-	-	-	-	-	-	-	-
Wouldham		3,830							3,830	-	8.17	-	-	-	-	-	-	8.17
Wrotham		990					1,500		2,490	-	1.20	-	-	-	-	1.82	-	3.01
Tonbridge	447,600	132,980	46,180	5,000	93,550	21,200	40,200	12,000	798,710	34.28	10.18	3.54	0.38	7.16	1.62	3.08	0.92	61.16
Total	447,600	235,480	53,230	5,000	93,550	21,200	43,200	12,000	911,260									

Council Tax Reduction Scheme - Grant Payments to Parishes 2013 - 2017

Parish / Town Council	2013/14	2014/15	2015/16	2016/17
Addington	611	613	596	645
Aylesford	15,835	14,454	14,642	14,445
Birling	400	368	399	409
Borough Green	12,196	14,120	14,060	14,635
Burham	1,972	2,002	1,880	1,860
Ditton	19,430	18,245	18,012	17,681
East Malling & Larkfield	28,229	25,925	26,002	27,599
East Peckham	8,322	8,539	8,675	8,669
Hadlow	9,103	8,266	8,343	8,072
Hildenborough	1,469	1,320	1,263	1,288
Ightham	1,903	2,245	1,999	1,755
Kings Hill	6,319	6,601	7,569	8,211
Leybourne	6,633	6,218	7,401	7,386
Mereworth	2,002	1,725	1,639	1,585
Offham	930	837	796	767
Platt	1,595	1,462	1,146	1,160
Plaxtol	943	972	1,089	993
Ryarsh	1,344	1,292	1,003	1,010
Shipbourne	507	608	521	549
Snodland	36,846	34,319	35,506	34,807
Stansted	619	677	639	727
Trottiscliffe	330	315	320	332
Wateringbury	2,905	3,025	3,330	3,962
West Malling	7,746	7,550	7,631	7,669
West Peckham	129	113	98	67
Wouldham	2,248	2,269	2,211	2,235
Wrotham	7,203	7,646	7,186	6,139
Total	177,769	171,726	173,956	174,657

CONSULTATION

The need for consultation

1. The requirement to undertake consultation can either be express or implied. Where it is express, this can either be because of a statutory provision requiring it to be carried out or because of the Council's rules of procedure or because the Council has publicly stated that it will carry it out. If there is an express duty to consult then there is no need to consider whether there is an implied duty to consult based on fairness, the express duty should be followed.
2. There is not a specific statutory provision within the legislation governing the subject of this review which requires consultation to be carried out in this context.
3. Our constitutional arrangements do however refer to "relevant stakeholders" being consulted and having their representations taken into consideration. This will be applied whenever there is a change in policy affecting the budget and policy framework which is likely to have a wide ranging or significant impact on the community. This is set out in the Budget and Policy Framework Rules in part 4 of the Constitution and also in Article 13.
4. The rules allow the Council some scope to consider what the effect of the decision will be in assessing the degree to which consultation is required and to formulate the appropriate scale and method of consultation.
5. The relevant stakeholders in the context of special expenses will be those affected by the decision to apply special expenses, that is, the parish and town councils and all council taxpayers who will pay the relevant sums if the policy is put into practise. They are clearly directly affected as if special expenses are introduced some will pay more and others less for the same services in the future.
6. The relevant stakeholders in the context of the CTRS will be the Parish Councils and the Town Council who currently receive grant payments.
7. In applying our own rules the extent of the consultation must be reasonable in all of the circumstances. The legal requirements for consultation have evolved in case law which has established that the factors in deciding how to consult should include:
 - The nature and impact of the decision;
 - The purpose of the decision;
 - The practicalities of the situation (to some extent including the cost of consultation although fairness may require that consultation is still required even though this may be onerous in a particular case);
 - Whether the decision is urgent;
 - Whether the Council has through representations or past practise promised to consult in a certain way

8. There is no legal duty to carry out a particular form of consultation provided that the above principles have been applied in coming to the decision as to the appropriate form of consultation.

Legal principles in connection with Consultation

9. If the Council decides to consult (whether or not required to do so) the consultation must be adequate and fair. From our own constitutional arrangements we are given a wide discretion to decide how to carry out a fair consultation exercise. The guiding principles which have been established through case-law for fair consultation are as follows:

- The consultation must be carried out at a stage when proposals are still at a formative stage.
- Sufficient information on the reasons for the decision must be provided to permit the consultees to carry out intelligent consideration of the issues and to respond.
- Adequate time must be given for consideration and responses to be made.
- The results of the consultation must be properly taken into account in finalising any decision.

10. These principles have been endorsed and applied by the courts in consultation challenges and should be followed whenever consultation is undertaken to ensure legal and fair consultation.

11. Looking at some of these points in more detail:

(a) When to consult:

The reason behind consulting at an early stage is that it allows the views of the consultees to be taken into account before the decision maker is entrenched in their position. However consultation must still be meaningful and therefore sufficient information about the proposal must be provided to enable proper consultation at this early stage.

(b) Information to allow intelligent responses:

The consultation must at least, make clear the proposal and the reasons for it. It is important that it is explained in a way which makes it intelligible to those who are being consulted so that they understand the rationale for the decision being proposed and the likely effect on them of the proposed decision.

(c) Adequate time to respond

The period allowed should be reasonable in all of the circumstances of the case and should take into account the following considerations:

- The size of the group to be consulted.
- The capabilities and resources of the consultees.
- If the matter is urgent.
- The means of consultation and the complexity of the issues

TONBRIDGE & MALLING BOROUGH COUNCIL

CABINET

20 April 2016

Report of the Director of Finance and Transformation

Part 1- Public

Executive Non Key Decisions

1 COUNCIL TAX REDUCTION SCHEME

The report updates Cabinet on the progress that has been made on the review of the Council Tax Reduction Scheme in liaison with other Kent authorities.

Members are asked to agree the broad scheme framework in readiness for public consultation, and give delegated authority to the Director of Finance and Transformation to finalise the consultation material in liaison with the Leader and Cabinet Member for Finance, Innovation & Property.

1.1 Introduction

1.1.1 As Cabinet may recall, Council Tax Reduction Scheme (CTRS) was introduced by the Department for Communities and Local Government (DCLG) in April 2013 as a replacement for the Council Tax Benefit (CTB) scheme administered on behalf of the Department for Work and Pensions (DWP).

1.1.2 As part of its introduction, Central Government set out a number of key elements:

- The duty to create a local scheme for **Working Age** applicants was placed with Billing Authorities;
- **Government funding was reduced** by the equivalent of 10% from the levels paid through benefit subsidy to authorities under the previous CTB scheme; and
- Persons of **Pension Age**, although allowed to apply for Council Tax Reduction (CTR), would be dealt with under regulations prescribed by Central Government and not the authorities' local scheme. In other words, pension age applicants are 'protected'.

1.1.3 Across Kent, a common 'platform' approach was adopted for the design of local schemes, with the new schemes broadly replicating the former CTB scheme but with a basic reduction in entitlement for working age claimants. In Tonbridge & Malling, working age claimants must pay at least 18.5% of the council tax liability. The figure of 18.5% represented the 10% funding loss applied to the working age

caseload across Kent. In other parts of Kent, the % varies. Therefore, although we do have a 'common platform' across Kent, local schemes at district level have been tailored to local needs.

- 1.1.4 Since its introduction in April 2013, our own local scheme has been 'refreshed' annually for data changes, but the core elements remain as were originally agreed.
- 1.1.5 As mentioned above, the scheme is underpinned by the Kent-wide agreement, which recognises that all the Kent districts (as the billing authorities) will seek to have a common 'platform'. In return, the major precepting authorities (Fire, Police and the County) agreed to collectively pay to each district council an 'administration fee' of £125,000 each year, for three years, to assist with the costs of delivering and managing the scheme.
- 1.1.6 The original three year period ceased on 31 March 2016, but as reported to the Finance, Innovation and Property Advisory Board in September 2015, it was agreed with Kent County Council, Kent Police and Kent and Medway Fire & Rescue that the scheme would effectively 'roll on' for one more year (i.e. into 2016/17).

1.2 Scope of Review

- 1.2.1 When the new scheme started in April 2013, for approximately 2,500 households within T&M it meant paying some council tax for the first time. Approximately 500 other households in T&M who received partial assistance saw increases in their bills.
- 1.2.2 Collection of the council tax balances has been challenging; however, as Members are aware through reports to the Finance, Innovation & Property Advisory Board, with focus on these accounts and some changes to recovery procedures, the scheme has been successful. The 'administrative fee' paid by the major precepting authorities has been essential in assisting with the costs of processing applications and in the recovery of debts.
- 1.2.3 The overall level of applicants, both working age and pension age, has fallen since the introduction of the local scheme with 7011 applicants as at March 2016. On 1 April 2013 there were 7551 working and pension age claimants. As a result, therefore, the total cost of the scheme has fallen since inception.
- 1.2.4 **However**, the '90%' funding (see second bullet point of paragraph 1.1.2) that the government passed on to billing authorities through Revenue Support Grant (RSG) to support the costs of local schemes **has effectively been cut with the reductions in local government finance settlements**. Therefore, although the costs have reduced due to a lower claimant base, **the outcome is that a greater share of the cost burden is falling on the billing authorities and the other major precepting bodies**. This outcome has been one of the main catalysts for the review.

- 1.2.5 A group of Finance Officers from the Kent districts and major precepting authorities have been working closely together in setting the objectives of the review, and maintaining a common approach to the design of the local schemes. A consultant has been appointed by Ashford Borough Council on behalf of the Kent districts and major precepting authorities, and the costs are being shared. Thus far, the consultant has been assisting in the evaluation of alternative scheme models and will, in due course, assist us with the public consultation process.
- 1.2.6 The objectives we have collectively agreed are:
- 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.
- 1.2.7 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.
- 1.2.8 Therefore, in parallel with the review of the local schemes, representatives from the Kent district councils are working with the major precepting authorities to formulate a new funding 'model' for assistance towards the administrative costs. At the time of writing the work is at an early stage, but it is likely that the model will include a smaller 'flat rate' grant topped up by a share of any additional proceeds as a result of our taxbase increasing (i.e. incentive based).
- 1.2.9 Clearly, the arrangements will need to be sufficient to incentivise the districts to undertake the additional work, and it will be essential that the arrangement is consistent across all districts and there are long term arrangements to ensure certainty of funding. Discussions are underway in this regard, but Members are assured that the major preceptors are committed to working with the district councils towards a mutually acceptable solution.

1.3 Options for Change to CTRS Scheme

- 1.3.1 In liaison with the consultant, the Kent Finance Officers' group has considered a wide range of options for potential change having regard to the objectives set out at paragraph 1.2.6 and the 'suitability' for Kent. The full options appraisal is contained in tabular form at **[Annex 1]**.

1.3.2 Our conclusion is that the most practical option would be to **maintain a scheme similar to our current scheme** (see option 7 in Annex 1). This is because:

- it is known to our claimants and largely mirrors the housing benefit (HB) system;
- our systems are adapted for this type of scheme and would, therefore, require little additional cost; and
- our staff are familiar with the administration of this type of scheme and, as it is also aligned to HB, we can continue to take advantage of 'economies of scale'.

1.3.3 In respect of the link to HB mentioned above, we cannot overlook the fact that, as we transition towards the full introduction of Universal Credit (UC), the future of HB for working age claimants is unclear. That said, it is difficult to assess the longevity of HB and, therefore, how long councils will need to maintain a 'skill set' for its administration. As Members are probably aware, the roll-out of UC has been further delayed and not likely to be completed until 2021 at the earliest. In addition, there is a strong likelihood that the pensioner caseload will remain on HB (and therefore not move over to UC) for the foreseeable future, which would mean that billing authorities would need to retain a workforce that has the skills to administer the HB scheme.

1.3.4 In order to meet the challenges of funding pressures, some adjustments to the 'current' scheme will inevitably need to be made. Initially, the major precepting authorities had suggested that we seek to reduce the cost of the scheme through the increase in the minimum contribution rate (currently 18.5% for working age claimants in TMBC area) and Members may be aware that Medway Council has recently increased its minimum contribution rate to 35%. However, evidence from around the country suggests that there is a "tipping point" (somewhere between 20% and 25%) after which collection rates are affected significantly. This 'tipping point' tends to affect claimants on low or fixed incomes; particularly single persons and couples with no dependants. Increasing the minimum % that a working age claimant needs to pay beyond a "tipping point" could be counter-productive and unrealistic.

1.3.5 Nevertheless, for the reasons set out in paragraph 1.2, it is important that we seek to reduce the overall costs further whilst maintaining fairness and a sense of 'reality' as to what is feasible. Therefore, it is felt that a combination of, or a selection from, Options 7 (a – h) in **[Annex 1]** built onto the current scheme may be more appropriate in meeting the objectives we have set.

1.3.6 Members will note from option 7e at **[Annex 1]** that, bearing in mind the recent decisions by central government about potential reductions in Personal Independence Payments (PIP), it is not recommended that we consult on the inclusion of Disability Living Allowance (DLA) and PIP in the assessment of total

income. The group, however, does recommend ‘testing the water’ through the consultation process on the inclusion of child benefit and child maintenance in the assessment of total income. Until as recently as 2009, these income sources were not disregarded within the former Council Tax Benefit Scheme, and some councils have reverted to including these income sources in their local CTR schemes. It is recognised that this is potentially controversial in the same way as PIP and DLA, but on balance it is felt that the concept should at least be tested with the public through a consultation.

- 1.3.7 Conscious of the potential impact of changes on vulnerable residents (objective 2 in paragraph 1.2.6), the group believes that it is important that an ‘Exceptional Hardship’ policy is integral to the new scheme. Whilst details of this policy still need to be drawn up, it is anticipated that applications would be accepted where claimants have qualified for CTRS but are in need of further support due to severe financial hardship.
- 1.3.8 Taking all these matters into account, the Kent Finance Officers’ group **recommends retaining a scheme similar to the current one but consulting the public on the potential integration into that scheme of Options 7(a - h) as set out in [Annex 1].**
- 1.3.9 A combination of some, or all, of these possible options may be required in order to achieve the objective of reducing overall costs. It is our intention that the resultant scheme will retain some longevity, certainly until there is more certainty about the full roll-out of UC. Members are also reminded that, as set out in paragraph 1.3.7 above, the group believes that an important feature of the new scheme should be the adoption of an Exceptional Hardship policy to protect vulnerable residents in severe financial hardship. This concept needs to be tested as part of the consultation.

1.4 Other Alternatives to Changing Current Scheme

- 1.4.1 As Members are aware, the Council must find savings of circa £1.8m over the medium term due to cuts in government funding. The Council is restricted by how much it can raise council tax annually without having a local referendum, and our reserves are finite.
- 1.4.2 Through our Medium Term Financial Strategy (MTFS), we already have planned over the medium term to use reserves; and our Savings and Transformation Strategy (STS) sets out targets for releasing savings; recognising that some service areas may need to change, reduce or cease to accommodate this.
- 1.4.3 The MTFS already assumes, in the medium term, that the Council will increase council tax to the maximum it is permitted to do so without triggering a referendum. The Council could increase council tax further, but the costs of holding a referendum would need to be factored in, and the public would need to support the proposed increase.

- 1.4.4 The Council's general revenue reserve is already being used in the MTFS to assist in bridging the funding gap until the STS has delivered the required savings by 2020/21.
- 1.4.5 Members will appreciate, therefore, that realistic alternative options to changing the CTR Scheme are somewhat limited. However, in the light of challenges to local CTR scheme consultations elsewhere, the question about alternative funding arrangements does still need to be asked of the public.
- 1.4.6 Thus, whilst it is not the preferred solution, I recommend that the following questions are posed for completeness. Were any of these options to be supported and implemented, the impact would affect all residents in the Borough.
- Should Council Tax be increased for all Council *Taxpayers (beyond that already planned in the MTFS)* to fund the CTR scheme?
 - Should Council reserves be used up to fund the scheme?
 - Should there be further cuts to Council services (*over and above those already required through the STS*) to fund the scheme?

1.5 Consultation Process

- 1.5.1 During the next few weeks, all of the Kent district councils will report similarly to their Members to seek authority to proceed in the way outlined within this report.
- 1.5.2 Prior to the implementation of any change to CTRS, authorities are required to consult with the public. There have been a number of legal challenges to CTRS consultations and it should be noted that a recent judgement handed down by the Supreme Court has defined what is meant by 'good consultation'.
- 1.5.3 The guiding principles which have been established through case-law for fair consultation are as follows:
- The consultation must be carried out at a stage when proposals are still at a formative stage;
 - Sufficient information on the reasons for the decision must be provided to permit the consultees to carry out intelligent consideration of the issues and to respond;
 - Adequate time must be given for consideration and responses to be made; and
 - The results of the consultation must be properly taken into account in finalising any decision.
- 1.5.4 The Kent Finance Officers' group are currently working closely with the consultant in order to prepare robust and consistent consultation material that can be individually 'branded' by each district council within Kent. Each district council

must consult on its own scheme and ultimately make its own decisions about the 'final' scheme following the consultation.

- 1.5.5 Ideally it is hoped that all district councils will go out to consultation at around the same time. The project timetable agreed by all Kent district councils at the start of the review anticipates consultation commencing in early June and completing at the end of August, thus allowing 12 weeks for members of the public and other relevant stakeholders to comment.
- 1.5.6 At the time of writing, the draft consultation material is not complete and I have not, therefore, been able to bring it to Members for approval. Given the tight timescales we are all working towards, through this report I am seeking **delegated authority for me to finalise the consultation material in liaison with the Leader and Cabinet Member for Finance, Innovation & Property** taking on board any thoughts or observations Members may have.
- 1.5.7 It is anticipated that the consultation will be primarily web-site based, but it will be important to write to all claimants to draw their attention to the consultation and encourage them to participate by providing hard copy documents as appropriate. Additionally, it will be important to involve stakeholder groups such as the CAB, local debt advice agencies, registered social landlords and other organisations with a significant interest, to obtain their views.
- 1.5.8 There is also a duty to consult with the major preceding authorities (County Council, Fire and Police) who are statutory consultees. As mentioned at paragraph 1.2.5, work has already commenced with the major precepting authorities and will continue throughout the project. At the time of writing, all major precepting authorities have advised that they are content with the proposals so far.

1.6 Legal Implications

- 1.6.1 The Council has a statutory duty to consult on a proposed scheme. As mentioned at paragraph 1.5.3, case-law has determined the guiding principles for fair consultation which we will follow.
- 1.6.2 Regard needs to be 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. Members are referred to paragraph 1.4.

1.7 Financial and Value for Money Considerations

- 1.7.1 The cost of consultancy has been shared by all Kent authorities. TMBC's share of this cost is under £500.
- 1.7.2 It is anticipated that there will be some (limited) direct costs associated with the consultation process which will be funded from the Council Tax Support budget.

- 1.7.3 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 Risk Assessment

- 1.8.1 If consultation is not carried out appropriately, there is a risk of challenge once a decision is taken.
- 1.8.2 Whilst I am working with all Councils in Kent towards a common framework, ultimately individual schemes could be different (as they are currently).

1.9 Equality Impact Assessment (EQIA)

- 1.9.1 At this stage in the process, the decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. However, a 'first stage' EQIA has been drafted which will be available alongside the consultation. The draft is attached for information at **[Annex 2]**.
- 1.9.2 Prior to a final decision being taken by the Cabinet, a full EQIA will be prepared.

1.10 Policy Considerations

- 1.10.1 Equalities/Diversity; Communications

1.11 Summary and Recommendations

- 1.11.1 As outlined within the report, Kent district councils are working together in order to achieve a common framework in respect of the review of the local CTR schemes.
- 1.11.2 Each district council needs to individually agree the terms for consultation. If any significant issues arise through the 'group approach', I shall seek further guidance from Cabinet.
- 1.11.3 Cabinet is **RECOMMENDED** to :
- 1) **NOTE** the work undertaken thus far within Kent collectively, the resultant Options Appraisal set out in **[Annex 1]** and the Kent Finance Officers' group recommendation that any new CTR Scheme should be based on the current scheme but with a series of potential modifications upon which we should consult;
 - 2) **LAUNCH** a consultation on the potential introduction of a range of modifications to the current CTR scheme for working age claimants as follows:

- a. Increasing the minimum contribution rate for working age claimants to 20% or (up to) 25%;
 - b. Introducing a band cap at a band D;
 - c. Removing Second Adult Rebate;
 - d. Reducing the capital limit to £6,000;
 - e. Including Child Benefit and Child maintenance in the assessment of income;
 - f. Introducing a standard non-dependant deduction of £10 per week;
 - g. Introducing a Minimum Income Floor for self-employed claimants (based upon the living wage at 35 hours per week for full time or 16 hours a week for part-time workers);and
 - h. Aligning regulations of the current CTR scheme with HB and (prescribed) Pension Age CTR scheme.
- 3) Through the consultation, **SEEK** views as to whether an Exceptional Hardship Policy should be incorporated as part of the scheme;
 - 4) Through the consultation, **SEEK** views on other ways of meeting the demands highlighted through the report other than changing the existing Council Tax Reduction Scheme (as set out in paragraph 1.4.6);
 - 5) **NOTE** the 'first stage' EQIA, and **CONFIRM** that a full EQIA will be prepared and considered prior to any final decisions being taken; and
 - 6) **ENDORSE** the proposed arrangements in respect of consultation and, subject to there being no significant changes required to the above proposals following the outcome of approvals by other Kent district councils, give delegated authority to the Director of Finance and Transformation to finalise the consultation material in liaison with the Leader and Cabinet Member for Finance, Innovation & Property.

Background papers:

contact: Sharon Shelton

Nil

Sharon Shelton

Director of Finance & Transformation

This page is intentionally left blank

Review of Council Tax Reduction Scheme
Options Considered by Kent Finance Officers' Group

	Option	Commentary/Context	Recommended for consultation?
1	Maintain current scheme (no change)	Does not meet objective of cost savings. In addition, there are changes in HB coming which would mean the CTR and Pension Age CTR / HB schemes would diverge.	X
2	Increase the level of support available to Working Age claimants to previous Council Tax Benefit Levels (up to 100% for all applicants)	Would be easier to administer and collect but severely exacerbates funding issues. Does not meet objective of cost savings and there may be divergence with HB system as above unless this is addressed. Over 70 authorities nationally still allow up to 100% support for working age claimants. Major preceptors would not support this option.	X
3	Total Income Discount (Banded) Scheme	Calculate total income of applicant and partner (where applicable) and put in an income 'band'. Bands to be determined. Would make it simpler from claimants point of view, and there could be less ongoing changes to entitlement. Currently no authority has a similar scheme in operation. Would require additional information to be gathered from claimants. Would need to pay for software changes (could be expensive).	X
4	Passported and Income Discount (Banded) Scheme	Identical to the previous scheme, however any applicant who receives a 'passported' benefit from DWP will automatically be placed in most generous band, cutting down on administration. Only one scheme like this in operation nationally. Relatively simple to understand. However as a high proportion of claimants would receive a passported benefit so automatically default to a single band the attractions of this scheme are diluted.	X
5	Simplified Means Test leading to a Discount Band	As current system but translate means test into a discount band. Thus if claimant were to change their earnings they may remain in the same band and changes to entitlement would not be needed. Potential to reduce some administration costs. Unclear whether software can be adapted. If it can, likely to be costly. No other council running this scheme.	X

	Option	Commentary/Context	Recommended for consultation?
6	Total Household Income scheme	<p>Include all non-dependant (e.g. adult child) income in means test based on ethos that the whole household should contribute towards Council Tax.</p> <p>One authority has implemented a similar scheme.</p> <p>More complicated to administer as details of all household incomes would need to be collected. Software currently would not allow for this information to be entered automatically and so this would become a manual process. Thus more administration for staff.</p> <p>However potential for more income to be included in the means test - and thus likely to deliver savings within total scheme cost.</p>	x
7	Retain Current Scheme but make changes viz:		.
a	Increase the minimum % payable	<p>TMBC currently requires working age claimants to pay a minimum of 18.5% towards council tax.</p> <p>Level of contribution varies significantly over the country. 76 councils having a nil contribution rate with 52 schemes having rates over 20%. Medway Council will be highest in Kent at 35% for 2016/17.</p> <p>Evidence there is a “tipping point” somewhere between 20% and 25% after which collection rates are affected significantly. ‘Tipping point’ severely affects applicants on low or fixed incomes particularly single persons and couples with no dependants. Increasing the minimum % that a working age claimant needs to pay beyond a “tipping point” could be counter-productive and unrealistic.</p> <p>Consider option of increasing minimum % to 20-25%</p>	✓
b	Introduce maximum Council Tax band level within scheme	<p>Any claimant living in a property with a higher Band that is set within the scheme would be limited to that band as far as any CTR support is concerned. For example, if maximum level is set at Band D, a claimant from house banded E,F,G or H would be limited in support they receive to equivalent of Band D.</p> <p>A number of authorities have adopted this option with the banding that is used ranging from a band D to as low as a band A. Within Kent, Band D would seem more appropriate as making this too low could disadvantage larger families.</p> <p>Consider option of introducing a maximum band cap at Band D</p>	✓

	Option	Commentary/Context	Recommended for consultation?
c	Remove Second Adult Rebate	<p>A taxpayer can presently apply for up to 25% reduction on their liability when an adult moves into their home who is on a low income. The applicant would lose their single person discount but could apply for this reduction instead. The reduction is assessed on the income of the second adult and not that of the taxpayer who could have any level of income or capital.</p> <p>This has been removed in a number of authorities across the country and in East Kent. There is a limited number of cases in T&M so impact small.</p> <p>Consider option of removing Second Adult Rebate</p>	✓
d	Reduce Capital limit	<p>Currently claimants are allowed to have capital (excluding property) of up to £16,000 and still be eligible to claim. This limit could be reduced and it is suggested that this should be reduced to £6,000 or roughly 4 years' worth of council tax. Used in a number of schemes around the country and is relatively simple to administer and is compliant with the system. Will have the effect of removing the entitlement of some claimants.</p> <p>Consider option of reducing capital limit to £6,000</p>	✓
e	Include currently disregarded incomes in calculation of total income	<p>Certain incomes are currently disregarded in full when calculating entitlement for CTR. These include Child Benefit, Child Maintenance, Disability Living Allowance and Personal Independence Payments.</p> <p>Child Benefit and Child Maintenance were included (i.e. were not disregarded) within Council Tax Benefit Schemes until as recently as 2009. Nationally twenty two schemes have reverted to including this income within the assessment.</p> <p>Disability Living Allowance (DLA) and Personal Independence Payments (PIP). These incomes are currently considered when calculating discretionary housing payments but not included within the calculation of Housing Benefit and Council Tax Support. There has however been recent controversy at a national level in respect of the government's proposal to curb PIP in order to deliver savings, and the proposal has been withdrawn. Could also impact on vulnerable groups.</p> <p>Consider option of including child benefit and child maintenance payments in the assessment of income</p>	✓

	Option	Commentary/Context	Recommended for consultation?
f	Introduce changes to non-dependant charges	<p>Introduce a standard charge for non-dependants who live in a property. Currently, non-dependant deductions can vary from £0.00 to £11.45 depending on level of income. A standard charge would be easier to administer and could contribute to savings within the scheme. Suggestion from group is £10 per week.</p> <p>Consider option of introducing a standard of £10 per week for non-dependant deduction</p>	✓
g	Introduce Minimum income floor for self-employed claimants	<p>Currently self-employed claimants are asked to declare their own level of income, and it is not unheard of for it to be declared as nil (or close to nil) after taking into account expenses. Claims are difficult to administer and challenging self-declared income levels can be protracted and time consuming.</p> <p>The Universal Credit assessment criteria includes a clause whereby a self-employed claimant is allowed to declare nil income in their first year of operation and then after that initial period to establish the business they are then assessed at either their declared income or at a minimum income floor calculated at 35 hours per week times the living wage. It may be necessary to consider an alternative for people who are unable to work full time (primarily single parents with young children).</p> <p>Consider introducing a minimum income floor for self-employed claimants (after a start-up period of say one year) based upon the living wage at 35 hours per week for full time or 16 hours a week for part-time workers</p>	✓

	Option	Commentary/Context	Recommended for consultation?
h	Align Scheme with HB and Pension Age CTR changes	<p>Central Government has announced significant changes to HB including the removal of certain premiums, a limitation on the number of dependants that can be included in the calculation, and the limiting of backdating.</p> <p>If we are to retain a scheme similar to the current one, it will be important to ensure it is aligned with HB as far as possible to aid understanding as well as efficiency of processing. These changes will form part of the prescribed requirements for the Pension Age CTR scheme.</p> <p>Consider option of aligning regulations of 'base' CTR scheme with HB and (prescribed) Pension Age CTR scheme</p>	✓
i	Change income tapers to incentivise work	<p>The current taper for assessing CTR claims is 20%, consistent with the previous CTB scheme. Changing this would affect all claimants and would be similar to increasing the minimum % payable.</p> <p>Would also would mean changing the software to accommodate this which could be costly</p>	✗

This page is intentionally left blank

TONBRIDGE & MALLING BOROUGH COUNCIL

**‘First Stage’ Equality Impact
Assessment**

**Council Tax Reduction Scheme
2017/18**



Table of Contents

Proposed Changes to the Council Tax Reduction Scheme for 2017/18	3
• The Aims, Objectives and Expected Outcomes	3
• Changes since 2013	3
• The Proposed Scheme for 2017/18	3
Scope of the Equality Impact Assessment	6
Method of Consultation	6
Analysis and Assessment	6
First Stage – Potential Impacts	7

Proposed Changes to the Council Tax Reduction Scheme for 2017/18

- **The Aims, Objectives and Expected Outcomes**

Since 1st April 2013, the Council has maintained a local Council Tax Reduction scheme. This replaced the national Council Tax Benefit scheme, which ended on 31st March 2013. Council Tax Reduction helps provide support to council taxpayers who have a low income. It supports the taxpayers by providing a reduction in the actual amount in Council Tax payable.

The Council has the ability to determine the level of support given to working age applicants only. The scheme for pension age applicants is determined by Central Government and therefore the ability of the Council to vary that part of the scheme is limited and can only enhance the national scheme in any event.

When Council Tax Reduction was first introduced in 2013, Central Government provided a specified level of grant, which was approximately 10% lower than the amounts previously given (pre 1st April 2013). This has now been replaced by a general duty to provide a scheme and funding is not separately identified within the grants given to the Council.

After the original consultation, the Council decided to introduce a Council Tax Reduction scheme that differed from the original Council Tax Benefit in that instead of granting a maximum level of support of 100% it would limit the maximum support to 81.5%.

- **Changes since 2013**

Since the introduction of Council Tax Reduction, the overall scheme adopted by the Council has remained broadly the same, with only applicable amounts and non-dependant charges being uprated as well as minor changes being made to mirror changes to the Housing Benefit scheme. Central Government has also continued to uprate changes to applicable amounts for pension age applicants, again to mirror the changes in Housing Benefit.

- **The Proposed Scheme for 2017/18**

It has now been decided by the Council that a full review should be undertaken as to the effectiveness of the current Council Tax Reduction scheme; and a public consultation should be undertaken to gather views as to whether the current scheme should be changed. The Council is minded to make changes to the working age scheme to meet the following:

- The more accurate targeting of support to those working age applicants who most need it;
- The need to change the scheme, not only to align with proposed changes to Housing Benefit, but also to align the scheme with the approach taken by the Department for Work and Pensions in the creation, introduction and roll out of Universal Credit; and
- To address potential shortfalls in funding due to the continued reduction in Central Government grants.

Through work undertaken by the Kent Finance Officers' Group, the Council has identified a number of proposed changes to the current scheme and these will form part of an extensive public consultation. Please note that the changes, if made, would only apply to

the working age scheme although the consultation will be open to all Council Taxpayers and other stakeholders.

Contextually, the Council is restricted by how much it can raise council tax annually without having a local referendum and must find savings of circa £1.8m over the medium term due to cuts in government funding. The Council's reserves are finite. The Council has already have planned over the medium term to use reserves, reduce services and increase council tax and other income in order to balance the budget. Realistic alternative options to changing the Council Tax Reduction Scheme are, therefore, somewhat limited.

However, the Council will seek feedback through the consultation as to whether further increases in council tax, cuts to services and use of limited savings should be considered as an alternative to changing the Council Tax Reduction Scheme. Changes such as those in points 1 to 3 below may affect all residents in the Borough and across Kent.

1. Should Council Tax be increased for all Council Taxpayers, beyond that already planned in the Council's Medium Term Financial Strategy, to fund the Council Tax Reduction scheme?
2. Should Council reserves be used to fund the scheme?
3. Should there be further cuts to Council services, beyond those already required through the Council's Savings & Transformation Strategy, to fund the scheme?
4. The Council proposes to maintain a similar methodology as in the past, save some changes. Any changes, if adopted, will be effective from 1st April 2017. The proposed options to change the scheme, subject of the consultation, will be as follows:
 - a. Should an increase be made in the minimum payment of Council Tax made by recipients of Council Tax Reduction? Views will be obtained as to whether the current minimum payment of 18.5% should be increased to 20% or 25%.
 - b. Should the amount of Council Tax Reduction granted be limited to a maximum council tax band? The consultation will include the proposal to limit the maximum Council Tax Reduction award to Band D level.
 - c. Should Second Adult Rebate be removed? Second Adult Rebate is a reduction assessed on the income of another adult residing in the property regardless of the income or capital of the person liable for Council Tax.
 - d. Should the Council Tax Reduction scheme have a maximum level of capital at £6,000? Currently the limit is set at £16,000;
 - e. Should Child Benefit and Child Maintenance payments which are currently disregarded in the calculation of CTR be included as income?
 - f. Should a standard charge of £10 for non-dependants who live in a property be introduced? Currently deductions range from £0.00 to £11.45.

- g. Should the scheme set a minimum level of income for all Self Employed claimants (after a start up period of one year)? This could be equivalent to National Minimum (Living) Wage multiplied by 35 hours per week (16 hours for part-time workers) or similar.
 - h. Should the scheme be amended to align with Housing Benefit Regulations and the Pension Age Council Tax Reduction scheme? Namely that:
 - i. Family Premium will not be granted for all new claims and for any 'new' families;
 - ii. The backdating for claims should be limited to a maximum of one month;
 - iii. The 'temporary absence rules' should be introduced where an applicant leaves Great Britain for a period of greater than 4 weeks? (certain exceptions would be applied for armed forces personnel, mariners, and for certain cases where an applicant is receiving care);
 - iv. the number of dependant additions granted in the calculation should be restricted to a maximum of two (This change will have specific exceptions and will only affect those applicants who have a third or subsequent child on or after 1st April 2017);
 - v. The Work Related Activity Component, enhancing Employment Support Allowance will not be granted when calculating Council Tax Reduction.
5. The Council proposes that the scheme should include a targeted Exceptional Hardship policy that would provide applicants with the ability to request additional Council Tax Reduction if they can demonstrate that they are suffering exceptional hardship. Do you agree that there should be the ability to apply for additional assistance in the case of exceptional hardship?

Scope of the Equality Impact Assessment

A full Equality Impact Assessment will be produced after consultation and will examine the potential effects of each of the changes if any of the options were to be considered by the Council.

Please note that Pensioner protection will be achieved by keeping in place national rules, which broadly replicate the current council tax benefit scheme, which existed prior to 1st April 2013.

The Council must give consideration to the effects of the options on working age claimants, in particular, vulnerable groups.

Central Government has not been prescriptive in how it does this but points to the Council's existing responsibilities including the Child Poverty Act 2010, the Disabled Person Act 1986 and the Housing Act 1996 as well as the public sector equality duty in section 149 of the Equality Act 2010.

Method of Consultation

The Council will use the following methods to obtain the view of taxpayers.

Stakeholders	Methodology
1. Existing claimants (both working age and pensionable age)	Web based questionnaire Claimants to be directly notified of consultation Hard copy documents to be provided as necessary
2. Council taxpayers and service users generally	Web based questionnaire Hard copy documents to be provided as necessary
3. Interested organisations and groups.	Web based questionnaire Organisations with significant interest to be notified directly Hard copy documents to be provided as necessary
General Awareness	
Provision of information and awareness raising of changes and proposals	News releases Face to face communication at customer service points Information in libraries/surgeries and other public venues The Council's Website and Social Media

Analysis and Assessment

A full analysis and assessment will be made after public consultation. Details of responses will also be provided as part of the second stage Equality Impact Assessment.

First Stage – Potential Impacts

Area of impact	Is there evidence of negative, positive or no impact?	Could this lead to adverse impact and if so why?	Can this adverse impact be justified on the grounds of promoting equality of opportunity for one group or any other reason?	Please detail what measures or changes you will put in place to remedy any identified impact (NB: please make sure that you include actions to improve all areas of impact whether negative, neutral or positive)
Age	Negative Impact	There may be a reduction in support given to certain working age groups based on the changes. This will be subject of public consultation	<p>The Council will ensure that it operates within a lawful and balanced way. The financial impact on the Council due to the reduction in the grants received from central government require the Council to adopt a local scheme that takes into account the need to protect the most vulnerable in our community and all local taxpayers.</p> <p>The introduction of changes will provide the Council with the opportunity to apply the principles to ensure that the Council meets the public sector equality duty under the Equality Act 2010.</p> <p>The reduction in financial support is necessary to protect the interests of taxpayers in general and to preserve the ability for the provision of key services.</p>	<p>Should any of the proposals be adopted there will need to be safeguards. This will take the following forms:</p> <ul style="list-style-type: none"> The existing means tested scheme will be maintained and the most support will be given to those on lowest income. Certain groups will continue to receive additional help under the scheme through the provision of premiums and allowances, e.g. Disability Premium, Severe Disability Premium, Enhanced Disability Premiums etc.; The Council is proposing the adoption of an exceptional hardship policy which would be available for those claimants in most severe financial need
Disability	Negative Impact	Certain applicants may experience a reduction in overall support (as with other working age applicants) due to the changes in the scheme		<p>The Council is under no obligation to offer protection to those of working age who are in receipt of any disability benefits.</p> <p>However, the Council's preferred option is to implement a local scheme that continues to provide additional premiums to disabled persons.</p> <p>All applicants will have access to the exceptional hardship policy should they experience exceptional hardship.</p>
Gender Reassignment	No impact	Other than that for working age claimants generally		

Area of impact	Is there evidence of negative, positive or no impact?	Could this lead to adverse impact and if so why?	Can this adverse impact be justified on the grounds of promoting equality of opportunity for one group or any other reason?	Please detail what measures or changes you will put in place to remedy any identified impact (NB: please make sure that you include actions to improve all areas of impact whether negative, neutral or positive)
Marriage & Civil Partnership	No impact	Other than that for working age claimants generally		
Pregnancy & Maternity	No impact	Other than that for working age claimants generally		
Race	No impact	Other than that for working age claimants generally		
Religion / Belief	No impact	Other than that for working age claimants generally		
Sex (male or female)	No impact	Other than that for working age claimants generally		
Sexual Orientation	No impact	Other than that for working age claimants generally		
HR & workforce issues	Not known at this stage		The Council will, in any event, monitor the overall impact of work and resource accordingly if the preferred scheme is adopted and undertake a full EQIA screening on the impact of HR workforce issues.	
Human Rights implications if relevant	n/a			

TONBRIDGE & MALLING BOROUGH COUNCIL

CABINET

20 April 2016

Report of the Director of Finance and Transformation

Part 1- Public

Matters for Information

1 CHANCELLOR OF THE EXCHEQUER BUDGET 2016

This report highlights the main issues affecting local authorities contained within the Budget 2016 announcement. It also appends some information regarding the impact on small businesses in the borough.

1.1 Introduction

- 1.1.1 The Chancellor of the Exchequer made his Budget 2016 announcement to the House of Commons on 16 March 2016.

1.2 Overview

- 1.2.1 Detailed below is an overview of the announcement, with emphasis on areas relevant to the public sector and more specifically local government.

Government Spending

- 1.2.2 The Chancellor has committed to a revised level of public spending with the aim of achieving a budget surplus of over £10bn by 2019/20.

- 1.2.3 Forecasts suggest that this will require a further £3.5bn of savings from public spending in 2019/20. What is unknown is how much of the additional savings required will fall on the Department for Communities and Local Government and, in turn, local authorities. It also brings into question how the recent offer of a multi-year settlement for the four-year period 2016/17 to 2019/20 is to work as a result.

- 1.2.4 The Chancellor also announced a reduction to the public service pension scheme discount rate which will increase the contributions employers pay to the schemes from 2019/20 onwards.

Business Rates

- 1.2.5 There will be a number of changes to business rates. The main changes are:

- 1) From April 2017 permanently doubling Small Business Rate Relief (SBRR) from 50% to 100%. Local authorities currently receive a grant to make up for the lost revenue (as their NDR Baseline assumed the relief would only be at 50%).
- 2) From April 2017 increasing the thresholds to benefit a greater number of businesses. Businesses with a property with a rateable value (RV) of £12,000 and below will receive 100% relief. Businesses with a property with a RV between £12,000 and £15,000 will receive tapered relief.
- 3) From April 2017 increasing the threshold for the standard business rates multiplier from an RV of £18,000 to a RV of £51,000.
- 4) From April 2020 indexation of business rates will switch from RPI to CPI.

1.2.6 Clearly, this is good news for businesses in the area, and in particular small businesses. Whilst we have not yet received the detailed regulations in respect of the 2017 changes above, my staff have calculated how many businesses they anticipate will benefit, **based on the current rating list**. Information regarding the RVs of (small) business premises is set out in **[Annex 1]**, split out over the different areas of the borough. By way of context, the total number of business premises, as recorded on the business rates system at the time of writing, is also provided (3,588, excluding those with £0 RV).

1.2.7 As Members are aware, currently small business occupying premises with a RV of £6,000 or under are eligible for 100% rate relief and therefore pay no rates at all. Under the new proposals, eligibility would increase to those small businesses occupying premises of £12,000 RV or less. As Members will note from the table at **[Annex 1]**, based on the current rating list, the number of businesses who would pay no rates at all would increase from 588 to 965 (an increase of 377). In summary:

- 965 businesses in the borough would pay no rates at all from April 2017 (representing 26.9% of the total);
- 46 businesses would receive 'tapered' relief from April 2017;
- 906 businesses with RV of less than £51,000 would pay the small business rate multiplier of currently 48.4 p in the £ (compared to the standard rate multiplier of currently 49.7p in the £) from April 2017.

1.2.8 Based on the total number of businesses within the borough at the time of writing and based on the current rating list, from **[Annex 1]** it can be seen that 1,917 businesses (53.4%) will qualify for either small business relief or be eligible for the small business multiplier. Members are reminded that the Valuation Office Agency is in the process of updating the rateable values of all business properties through the '2017 Revaluation' process. The Revaluation to be effective from 2017/18 and therefore these figures can only be treated as indicative.

- 1.2.9 The Government are to compensate local government for the loss of income as a result of the business rates measures above and the impact will be considered as part of the consultation on the implementation of 100% business rates retention.
- 1.2.10 The government also announced changes to the administration of business rates including an aim to introduce more frequent business rate revaluations and to transform business rates billing and collection.

Education

- 1.2.11 All schools are expected to become academies by 2020, or to have an academy order in place to convert by 2022. Academies are entitled to 80% mandatory relief, and as a result business rates income will reduce as a result of this proposal.

Other

- 1.2.12 Housing – the government will provide technical and financial support to areas that want to establish garden villages and market towns of between 1,500 to 10,000 homes.
- 1.2.13 Planning – the government announced measures to speed up the planning process including minimising the delays caused by planning conditions and ensuring the delivery of local plans by 2017.
- 1.2.14 Insurance – insurance premium tax will be increased by 0.5% to 10%. The additional revenue will be used to fund an extra £700m for flood defences up to 2019/20.
- 1.2.15 Apprenticeships – as announced at the Autumn Statement 2015, an apprenticeship levy will be introduced in April 2017 which together with the apprenticeship scheme proposals brings with it further budgetary pressure.
- 1.2.16 Competition – the government will consult on new rules requiring local authorities to be transparent about the cost of in-house services they provide, and whether there could be savings from using competitive external providers.

1.3 Summary - implications for the Council

- 1.3.1 The Chancellor made reference to delivering stability, but after the Budget announcements this feels further away than ever for local government.
- 1.3.2 It is not clear where the further £3.5bn of savings from public spending in 2019/20 will fall, but experience suggests local government would be in the 'frame'. It was only a few months ago local government was offered the "certainty" of a four-year funding settlement (for which we are being asked to "sign up" by October 2016). The question this begs is how does this now sit with the need for additional savings from public spending in 2019/20?

- 1.3.3 On the implementation of 100% business rates retention the Government will need to continue to compensate local government for the loss of income as a result of the business rates measures set out above. If this is not the case the overall business rates 'take' to be shared out to local government will be less than previously forecast.
- 1.3.4 Two key questions remain, what will our business rates baseline be on the implementation of 100% business rates retention; and where, and to what extent, does New Homes Bonus feature in future government funding? We do not, yet, know the answers to these questions.

1.4 Legal Implications

- 1.4.1 None.

1.5 Financial and Value for Money Considerations

- 1.5.1 As set out above.

1.6 Risk Assessment

- 1.6.1 The Medium Term Financial Strategy sets out the high level financial objectives the Council wishes to fulfil and underpins the budget setting process for the forthcoming year and over the Strategy period. As the Council's high level financial planning tool the Strategy needs to be reviewed and updated at least annually and in the current climate regularly reviewed by Management Team.
- 1.6.2 There is so much uncertainty and volatility particularly in some of our major sources of income that financial planning is becoming increasingly difficult with the increased risk of significant variances compared to projections. The Budget 2016 announcement serving to further highlight that uncertainty.

Background papers:

Nil

contact: Neil Lawley
Paul Worden
Glen Pritchard

Sharon Shelton
Director of Finance and Transformation

BUSINESS PREMISES IN TMBC AREA BY RATEABLE VALUE

	Number of business premises in area #	Eligible small businesses with RV of £0-6k	Eligible small businesses with RV of 6-12k	Businesses with RV of £12-15k	Businesses with RV of £15-£51k
Addington	34	5	4	1	10
Aylesford	417	34	28	6	147
B.Green	142	30	22	2	42
Birling	20	6	3	0	4
Burham	17	6	2	0	2
Ditton	148	28	12	0	21
E.Malling/Larkfield	216	36	19	3	53
E.Peckham	138	22	14	3	50
Hadlow	92	18	17	2	16
Hildenborough	103	21	10	0	26
Ightham	40	10	3	0	6
Kings Hill	295	30	5	3	31
Leybourne	22	2	5	0	4
Mereworth	129	54	17	0	14
Offham	28	5	2	1	9
Platt	62	5	4	0	22
Plaxtol	27	10	6	0	4
Ryarsh	23	8	3	0	5
Shipbourne	8	2	0	0	2
Snodland	157	25	21	1	22
Stansted	42	18	6	0	5
Tonbridge	1004	109	116	14	326
Trottiscliffe	6	0	1	0	0
Wateringbury	85	32	9	0	12
W.Malling	189	45	19	6	36
W.Peckham	10	5	1	0	2
Wouldham	42	3	15	1	10
Wrotham	92	19	13	3	25
TOTAL	3,588	588	377	46	906

Note: # not including any properties with a £0 RV.

CURRENT SCHEME	NEW SCHEME (from April 2017)
Small businesses with RV of £0-6k receive 100% relief	Small businesses with RV of £0-12k receive 100% relief
Small businesses with RV of £6-12k receive tapered relief	Businesses with RV of £12-15k receive taper relief
Businesses with RV less than £18k pay small business rate multiplier	Businesses with RV less than £51k pay small business rate multiplier

This page is intentionally left blank

Agenda Item 6

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

This page is intentionally left blank

Agenda Item 7

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

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

This page is intentionally left blank

Agenda Item 8

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

This page is intentionally left blank