

TONBRIDGE & MALLING BOROUGH COUNCIL



EXECUTIVE SERVICES

Chief Executive

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

Contact: Committee Services
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21 December 2016

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

(Copies to all Members of the Council)

Dear Sir/Madam

Your attendance is requested at a meeting of the Finance, Innovation and Property Advisory Board to be held in the Civic Suite, Gibson Building, Kings Hill, West Malling on Wednesday, 4th January, 2017 commencing at 7.30 pm

Yours faithfully

JULIE BEILBY

Chief Executive

A G E N D A

PART 1 - PUBLIC

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To confirm as a correct record the Notes of the meeting of the Finance, Innovation and Property Advisory Board held on 21 September 2016

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5. Capital Plan Review 2016/17 31 - 50

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MEMBERSHIP

Cllr S M King (Chairman)
Cllr T C Walker (Vice-Chairman)

Cllr Mrs S Bell
Cllr R P Betts
Cllr T Bishop
Cllr J L Botten
Cllr Mrs B A Brown
Cllr T I B Cannon
Cllr D J Cure

Cllr M O Davis
Cllr S R J Jessel
Cllr R D Lancaster
Cllr Miss J L Sergison
Cllr A K Sullivan
Cllr F G Tombolis
Cllr B W Walker

Apologies for absence

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Declarations of interest

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TONBRIDGE AND MALLING BOROUGH COUNCIL

FINANCE, INNOVATION AND PROPERTY ADVISORY BOARD

Wednesday, 21st September, 2016

Present: Cllr S M King (Chairman), Cllr T C Walker (Vice-Chairman), Cllr J L Botten, Cllr Mrs B A Brown, Cllr T I B Cannon, Cllr D J Cure, Cllr M O Davis, Cllr S R J Jessel, Cllr R D Lancaster, Cllr Miss J L Sergison, Cllr A K Sullivan, Cllr F G Tombolis and Cllr B W Walker

Councillors Mrs J A Anderson, O C Baldock, P F Bolt, M A Coffin, N J Heslop, D Lettington and H S Rogers were also present pursuant to Council Procedure Rule No 15.21.

Apologies for absence were received from Councillors Mrs S Bell, R P Betts and T Bishop

PART 1 - PUBLIC

FIP 16/40 DECLARATIONS OF INTEREST

Councillor M Davis declared an Other Significant Interest in the item on Tonbridge and Malling Leisure Trust IT Infrastructure and Support Arrangements on the grounds of being one of the Council's appointees to the Board of the Trust. He withdrew from the meeting during consideration of this item.

FIP 16/41 MINUTES

RESOLVED: That the notes of the meeting of the Finance, Innovation and Property Advisory Board held on 20 July 2016 be approved as a correct record and signed by the Chairman.

MATTERS FOR RECOMMENDATION TO THE CABINET

FIP 16/42 FINANCIAL PLANNING AND CONTROL

Decision Notice D160067MEM

The report of the Director of Finance and Transformation provided information on the Council's key budget areas of salaries, major income streams and investment income. It also gave an update on the variations agreed in relation to the revenue budget and areas identified through revenue budget monitoring, summarised to provide an indicative overall budget position for the year which showed a net favourable variance of £473,050.

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

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

FIP 16/43 APPLICATION FOR DISCRETIONARY RATE RELIEF

Decision Notice D160068MEM

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

RECOMMENDED: That the new application for discretionary relief be determined as follows:

The Air-Britain Trust Ltd, Unit 1A Munday Works, Morley Road, Tonbridge - no discretionary relief be awarded.

FIP 16/44 RURAL RATE RELIEF - RURAL SETTLEMENT LIST

Decision Notice D160069MEM

The report of the Director of Finance and Transformation referred to the requirement to review the Council's rural settlement list and recommended that the current list should be retained unaltered for the financial year 2017/18.

RECOMMENDED: That the current rural settlement list remain in force for the year 2017/18.

FIP 16/45 COUNCIL TAX RECOVERY POLICY

Decision Notice D160070MEM

The report of the Director of Finance and Transformation sought approval of an update to the Council Tax Recovery Policy in the light of the introduction of the Local Council Tax Reduction Scheme and to refer to the ability to make deductions from a person's Universal Credit entitlement. It was noted that the current amount being deducted from a resident's benefit entitlement was insufficient to clear a year's council tax plus court costs. The importance of addressing numerous small debts was recognised and the proposed changes to the policy provided an option to use enforcement agents if necessary.

RECOMMENDED: That the amended Corporate Debt Recovery Policy set out at Annex 1 to the report be approved.

FIP 16/46 REFORMING BUSINESS RATES APPEALS

Decision Notice D160071MEM

The report of the Director of Finance and Transformation referred to a further Department for Communities and Local Government consultation on proposals for reforming the business rates appeals process. It was intended that the reformed system would apply when the new rating list came into effect in April 2017. A suggested response was presented for submission by the 11 October deadline and advocated proportionate fees to discourage speculative appeals.

RECOMMENDED: That the proposed response to the latest consultation on reforming the business rates appeals process, as set out at Annex 1 to the report, be endorsed.

FIP 16/47 TONBRIDGE CASTLE GATEHOUSE CHARGES

Decision Notice D160072MEM

The joint report of the Director of Central Services and Director of Finance and Transformation recommended revised charges for the Tonbridge Castle Gatehouse attraction for implementation from 1 April 2017. The proposals took into account prevailing inflation figures, competitor charges and local market conditions.

RECOMMENDED: That

- (1) the proposed charges for Tonbridge Castle Gatehouse, as set out in the report, be approved for implementation from 1 April 2017; and
- (2) the charges be reflected in the appropriate tourism marketing material.

MATTERS SUBMITTED FOR INFORMATION

FIP 16/48 REVENUES AND BENEFITS UPDATE

The report gave details of recent developments in respect of council tax, business rates, council tax reduction and housing benefits. It was noted that a full report would be presented to the Cabinet on 12 October on the responses to the consultation on the Council's working age council tax reduction scheme. In addition the Department for Work and Pensions had advised that the new levels of benefit cap for non-working households would now begin in mid-November.

FIP 16/49 RIVER WALK IMPROVEMENTS

The report of the Director of Street Scene, Leisure and Technical Services provided an update on planned improvements to River Walk, Tonbridge and confirmed action being taken to grant a licence for works to be progressed on Council owned land. It was noted that the project, being undertaken by Kent County Council in close liaison with officers of the Borough Council, was fully funded by the Local Growth Fund and would significantly enhance the riverside location to encourage visitors and stimulate local growth.

MATTERS FOR CONSIDERATION IN PRIVATE

FIP 16/50 EXCLUSION OF PRESS AND PUBLIC

The Chairman moved, it was seconded and

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

PART 2 - PRIVATE

MATTERS FOR RECOMMENDATION TO THE CABINET

FIP 16/51 DEBTS FOR WRITE OFF

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

Decision Notice D160073MEM

The report of the Director of Finance and Transformation sought approval of the writing-off of debts considered to be irrecoverable. Details were also given of debts under £1,000 which had been written-off in accordance with Financial Procedure Rule 17.2 together with cumulative totals of debts in the current and previous financial years and information on budgeted bad debt provision.

RECOMMENDED: That the 32 items shown in the schedule of amounts over £1,000, totalling £103,038.44 be written-off for the reasons stated within the schedule.

**FIP 16/52 TONBRIDGE AND MALLING LEISURE TRUST
IT INFRASTRUCTURE AND SUPPORT ARRANGEMENTS**

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

Decision Notice D160074MEM

The report of the Director of Finance and Transformation set out the case for a change in responsibility for IT infrastructure and support arrangements to Tonbridge and Malling Leisure Trust. It was concluded that on both financial and operational grounds ownership and replacement of IT equipment, together with IT support, should be the responsibility of the Trust. A capital plan evaluation was presented in support of the proposal.

RECOMMENDED: That

- (1) the proposed change to the IT infrastructure and support arrangements with Tonbridge and Malling Leisure Trust be approved;
- (2) the “lump sum” payment be met from the Invest to Save Reserve; and
- (3) the Capital Plan and Management Agreement be updated accordingly.

FIP 16/53 PROPOSED DISPOSAL OF AMENITY LAND AT ROMAN CLOSE, CHATHAM

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

Decision Notice D160075MEM

The report of the Director of Central Services gave details of an application to purchase an area of amenity land at Roman Close submitted by adjoining property owners together with proposed terms and conditions for such a disposal.

RECOMMENDED: That approval be given for the disposal of the amenity land on the basis of the conditions outlined in the report.

FIP 16/54 PROPOSAL FOR CASTLE LODGE, TONBRIDGE

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

Decision Notice D160076MEM

The report of the Director of Central Services gave details of a proposal to refurbish Castle Lodge to create a modern self-contained office unit for marketing at a commercial rent. It was noted that the cost of refurbishment could be met from the Council’s Building Repairs Expenditure Plan.

RECOMMENDED: That the refurbishment of Castle Lodge be approved and a commercial lease be negotiated with specific terms agreed by the Director of Central Services in consultation with the Cabinet Member for Finance, Innovation and Property.

FIP 16/55 NEW LEASE TO TONBRIDGE INDOOR BOWLS CLUB

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

Decision Notice D160077MEM

The report of the Director of Central Services gave details of a request from Tonbridge Angels Indoor Bowls Club for a new long lease of their site on similar terms and conditions to the current lease.

It was considered that all options should be explored concerning the future lease term and further advice obtained on valuation issues around the land, building and repairing obligations.

RECOMMENDED: That further consideration of the matter be deferred pending advice on future options and clarification of valuation issues.

FIP 16/56 REQUEST BY SIX IN ONE CLUB, TONBRIDGE FOR NEW LONG LEASE

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

Decision Notice D160078MEM

Further to Decision No D160013MEM approving a new 10 year lease to the Six in One Club, the report of the Director of Central Services gave details of a subsequent request by the Club for a new lease of a term of 25 years. An update was given at the meeting following receipt of representations from a local Member.

RECOMMENDED: That a new lease of 25 years be refused but if, as reported, the replacement windows have been contractually commissioned, then a contribution be made towards these previously agreed works applicable under the 10 year lease, up to the Council's budgeted amount and subject to their satisfactory completion.

The meeting ended at 9.09 pm

TONBRIDGE & MALLING BOROUGH COUNCIL

FINANCE, INNOVATION and PROPERTY ADVISORY BOARD

04 January 2017

Report of the Director of Finance and Transformation

Part 1- Public

Matters for Recommendation to Cabinet - Council Decision

<p>NOTE: THE REVISED ESTIMATES FOR 2016/17 AND THE ESTIMATES FOR 2017/18 ARE CONTAINED IN A SEPARATE BOOKLET CIRCULATED WITH THE AGENDA</p>
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1 REVENUE ESTIMATES 2017/18

The Council has a statutory duty to set the level of council tax for the forthcoming financial year by 11 March. Under the Budget and Policy Framework Rules of the Constitution, the Cabinet is responsible for formulating initial draft proposals in respect of the Budget. The role of this Advisory Board is to assist both the Cabinet and the Council in the preparation of the Budget for 2017/18 within the context of the Medium Term Financial Strategy and the Council's priorities.

1.1 Introduction

- 1.1.1 The Cabinet is responsible for formulating initial draft proposals in respect of the Budget for 2017/18. This report is intended as the basis for recommendations from this Board to the Cabinet.
- 1.1.2 The proposals will also be referred to the Overview and Scrutiny Committee for further consideration and advice. The Overview and Scrutiny Committee has a meeting on the 24 January in order to address this responsibility. A special meeting of the Cabinet is scheduled for the 9 February to consider the recommendations of this Board and the Overview and Scrutiny Committee and, in addition, take into account the Council's final grant settlement.
- 1.1.3 At that special meeting on the 9 February, the Cabinet will need to formulate its final proposals in respect of the Budget for 2017/18 and the council tax to be levied in respect of the Borough Council. The Full Council will meet on the 14 February to approve the Budget and set the Council Tax. The Full Council may adopt or amend the Cabinet's proposals.
- 1.1.4 The role of this Advisory Board is to consider in detail both the Revised Estimates for 2016/17 and the Estimates for 2017/18 within the context of the Medium Term

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

1.2 Medium Term Financial Strategy

1.2.1 To recap, the Council's current Medium Term Financial Strategy (MTFS) covers both revenue and capital budgets over a rolling ten-year period, and it is this Strategy that underpins the budget setting process each year and over the strategy period. The aim of the Strategy is to give us a realistic and sustainable plan that reflects the Council's priorities. The MTFS sets out the high level objectives the Council wishes to fulfil over the agreed time span. These are:

- To achieve a **balanced revenue budget** that delivers the Council's priorities by the end of the strategy period.
- To retain a **minimum of £2.0m** in the General Revenue Reserve by the end of the strategy period.
- Seek to set future increases in council tax having regard to the **guidelines** issued by the Secretary of State.
- Continue to **identify efficiency savings** and **opportunities for new or additional income sources** and to **seek appropriate reductions in service costs** in delivery of the Savings and Transformation Strategy approved by Members.
- Subject to there being sufficient resources within the capital reserve, set a **maximum 'annual capital allowance'** each year as part of the budget setting process for all new capital schemes (currently set at £200,000 from the Council's own resources) and give priority to those schemes that generate income or reduce costs.

1.2.2 The MTFS sets out, not only the projected budgets for the period, but also the levels of council tax that are projected to be required to meet the Council's spending plans. Underneath the Strategy for the budget setting year sits detailed estimates formulated in conjunction with Services taking into account past outturn, current spending plans and likely future demand levels / pressures.

1.2.3 Members are fully aware of the significant financial challenge facing the Council as a result of the Government's ongoing budget deficit reduction programme which has resulted in continuing reductions in the financial support it can offer to local government. We believe, however, that our MTFS is resilient and the financial pressures likely to confront us can be addressed in a measured and controlled way, but with ever increasing pressure this is becoming progressively more difficult.

- 1.2.4 Members will recall that when setting the budget for 2016/17 in February 2016 projections at that time suggested a 'funding gap' between expenditure and income of circa £1.825 million. Based on the above projection it was further suggested that we break the savings target into three tranches (tranche one £625,000, tranche two £500,000 and tranche three £700,000 to be achieved by ideally the start of the year 2017/18, 2018/19 and 2021/22).
- 1.2.5 The MTFs will need to be updated and rolled forward as part of the 2017/18 budget setting process. Further information about this, together with the issues that Cabinet will need to address when updating the MTFs are set out later in this report at paragraph 1.10.

1.3 Provisional Local Government Finance Settlement

- 1.3.1 On 15 December 2016, the Secretary of State for the Department for Communities and Local Government, Sajid Javid MP, made a statement to Parliament on the provisional local government finance settlement for 2017/18. The provisional figures are expected to be confirmed in late January/early February 2017.
- 1.3.2 This time last year the government offered any council that wished to take it up a multi-year settlement for the four year period 2016/17 to 2019/20 and provided as a result illustrative allocations up to 2019/20. This Council accepted the offer of a multi-year settlement and as you might expect the provisional Settlement Funding Assessment (SFA) for 2017/18 and illustrative allocations up to 2019/20 are not that dissimilar to the indicative figures set out this time last year.
- 1.3.3 Our provisional SFA (core funding) for the year 2016/17 and 2017/18 and illustrative allocations for 2018/19 and 2019/20 can be seen in the table below. In 2019/20 our SFA is projected to be £1,299,311. This represents a cash decrease of £1,597,085 or 55.1% when compared to the equivalent figure of £2,896,396 in 2016/17.
- 1.3.4 In addition, the outcome of the consultation on New Homes Bonus (NHB) to sharpen the incentive for housing growth and releasing funding for other spending priorities such as adult social care will see:
- 1) The length of NHB payments reduced in length from 6 years to 5 years in 2017/18 and 4 years from 2018/19.
 - 2) The introduction of a national baseline for housing growth of 0.4% below which NHB will not be paid.
- 1.3.5 The Council's NHB for the year 2016/17 and 2017/18 and illustrative figures for 2018/19 and 2019/20 under the revised scheme can also be seen in the table below. In 2019/20 NHB is projected to be £2,556,424 (dependent on growth – a more conservative estimate would be £2,296,134). Using the figures set out in the settlement consultation, this represents a cash decrease of £1,291,456 or

33.6% when compared to £3,847,880 in 2016/17. **However, NHB will continue to fall beyond 2019/20 as the changes work their way through the system such that, by 2021/22, it is estimated that NHB could be in the order of £1.4 million.** It is important to remember that New Homes Bonus is not part of what is termed core funding and as such is in full or in part at risk indefinitely (potential further reductions likely). Unsurprisingly this is of particular concern and I will return to it later.

- 1.3.6 In 2019/20 Total Grant Funding is projected to be £3,855,735. This represents a cash decrease of £2,888,541 or 42.8% when compared to the equivalent figure of £6,744,276 in 2016/17.

	2016/17 £	2017/18 £	2018/19 £	2019/20 £
Local Share of Business Rates	2,106,525	2,149,532	2,218,688	2,297,607
Tariff Adjustment				(998,296)
Revenue Support Grant	655,042			
Transition Grant	134,829	117,201		
Settlement Funding Assessment	2,896,396	2,266,733	2,218,688	1,299,311
Change over SR Period (£)				(1,597,085)
Change over SR Period (%)				-55.1%
New Homes Bonus ##	3,847,880	3,490,234	2,664,362	2,556,424
Total Grant Funding	6,744,276	5,756,967	4,883,050	3,855,735
Change over SR Period (£)				(2,888,541)
Change over SR Period (%)				-42.8%

Note: These are the figures set out in the settlement consultation which we believe are simply projections based on previous growth levels, and should be read in conjunction with paragraph 1.3.5 above.

- 1.3.7 In recent years the government has referred to the increase / (decrease) in an authority's core spending power and this is what tends to be quoted in media coverage. Using 2015/16 as the base year the decrease in core spending power over the spending review period calculated by the government is 8% and in cash terms is £1.25m.
- 1.3.8 The provisional local government finance settlement 2017/18 is the subject of consultation. The return date for responses to the consultation is 13 January 2017. The paper can be found at the following link:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/577947/Provisional_2017-2018_local_government_finance_settlement_consultation.pdf

- 1.3.9 The provisional SFA for 2017/18 and illustrative allocations up to 2019/20 are not that dissimilar to the indicative figures set out this time last year. As a result, it is considered a response on this aspect of the consultation is not required. Other than to again stress highlight the fact that the cumulative change in our SFA between 2016/17 and 2019/20 (excluding transition grant) is 53% compared to 32.4% and 21.6% across shire districts and all authorities respectively. The outcome of the consultation on NHB is a **different matter** on which a response is undoubtedly required.
- 1.3.10 In the short timescale since receiving the provisional settlement, it has not been possible to prepare a draft response by the print deadline for agenda papers. A copy of our proposed response is to be circulated on or before the date of the meeting.
- 1.3.11 In overview, the changes to the NHB scheme bring added funding pressure for district councils and increased risk of financial sustainability. Some particular points to note, and which may be appropriate to include in a response to the consultation, are given below.
- 1) Redistributing funding to authorities with responsibility for adult social care places further financial pressure on those authorities from whom that funding is taken. It, in turn, leads them to have to make significant reductions to the local services they provide and communities rely on; and more than that puts financial sustainability in doubt. First and foremost is this the way to fund local services - i.e. 'robbing Peter to pay Paul'? In recognition of the additional funding pressure this transfers, the council tax referendum principles should be withdrawn or at the very least the higher threshold should apply to district councils too.
 - 2) NHB is no different to business rates in that it is used to fund the provision of local services as was overall grant funding before the introduction of NHB. As a result, I believe we should argue that NHB should be seen as core funding and not at risk indefinitely. In 2010/11, prior to the introduction of NHB, the Council's grant settlement was £5.8m. To this is to be added our grant allocation on the introduction of Local Council Tax Support in April 2013 of £0.8m. Total grant funding £6.6m. As mentioned at paragraph 1.3.5, NHB will continue to fall up to 2021/22 as the changes work their way through the system by which time it is estimated that NHB could be in the order of £1.4m. Income from business rates is also estimated to be around £1.4m at that time. Total grant funding £2.8m. This represents a cash decrease of £3.8m (57.6%) including NHB or £5.2m (78.8%) excluding NHB when compared to the £6.6m received some ten years earlier. **What this demonstrates is that if NHB was to be**

withdrawn and not replaced with a similar level of funding the reduction in grant suffered by the Council would be close to 80% which cannot be right and why it should be part of core funding.

1.3.12 Members are asked to note that for medium term financial planning purposes it is assumed that from 2021/22 the Council will receive via NHB (or its replacement) £1.4m plus an inflationary uplift thereafter. An alternative would be to remove NHB as a funding source within our MTFS; however, the consequential savings targets would be so extreme that it would make achievement of them virtually out of reach.

1.4 Local Referendums to Veto Excessive Council Tax Increases

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

1.4.2 For the year 2017/18 a referendum will be triggered where council tax is increased by the higher of **2%** or **£5**. Referendum principles will not be extended to town and parish councils at this time, but still could be in the future.

1.5 Specific Issues

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

1.5.2 In terms of the council tax base, built into the Medium Term Financial Strategy (MTFS) is an expectation about future growth in the number of band D equivalents over the ten-year period. Members will be aware that this growth (or otherwise) will impact on the level of the New Homes Bonus that the Council **might** receive in the future. It is important, however, to recognise that the scale of development growth both in any one year and over the medium term is very difficult to predict given the market as well as other site specific conditions.

1.5.3 Both the estimates and MTFS reflect the outcome of the triennial valuation of the Pension Fund undertaken in March 2016 which saw an increase in the future service contribution rate, but offset by a decrease in the 'lump sum' (deficit) contribution such that the overall payment in 2017/18 is similar to that in 2016/17. In addition, the annual increase in the deficit contribution is 3.9% (previously 5%) which has had a positive impact on the MTFS.

1.5.4 Recommendations regarding fees and charges are to be considered during this cycle of meetings. Any changes required following consideration of fees and

charges presented to this and other meetings will be incorporated before the Estimates are reported to Cabinet on 9 February.

- 1.5.5 Other than loss of investment income on the capital allowance the draft Estimates presented do not take account of the revenue consequences of new capital schemes to the Capital Plan. At its meeting on 9 February, the Cabinet will need to give consideration to both the Revenue and Capital Estimates in the context of the MTFS and, where appropriate, recommend additions to the Capital Plan.
- 1.5.6 Members are aware of the budgetary pressure on the Building Repairs Reserve and that over time the annual contribution to the Reserve will need to increase to meet ongoing maintenance and repair obligations. Accordingly, there is to be a further stepped increase in the annual contribution to the Building Repairs Reserve from £525,000 to £575,000 from 2017/18. In addition, the contribution in 2016/17 is to be increased from £525,000 to £675,000 as a result of additional / ad hoc works, e.g. Tonbridge Swimming Pool roof repairs and Castle Lodge refurbishment works.
- 1.5.7 Turning to the individual Estimates, particular issues to be drawn to Members attention are set out below:

Corporate Services

- 1.5.8 Particular issues to be drawn to Members attention:
- 1) Revised estimate includes termination payments following changes to the establishment.
 - 2) Increased Business Rates payable in respect of Council Offices based on draft 2017 valuation provided by the Valuation Office Agency.
 - 3) Includes provision for external decoration of Gibson West building.
 - 4) 2017/18 estimate includes the compensation payment due from KCC following termination of the Gateway partnership agreement.

Chief Executive

- 1.5.9 Particular issues to be drawn to Members attention:
- 1) Estimates reflect a reduction in grant support to key voluntary sectors.
 - 2) Economic development revised estimate includes grant funding to support improvements to local retail centres.

Director of Central Services

1.5.10 Particular issues to be drawn to Members attention:

- 1) Land review revised estimate includes a provision to refurbish Castle Lodge with an intention to generate additional rental income in 2017/18.
- 2) The revised estimates also include additional one-off income for granting rights of access over Council owned land.
- 3) Licensing estimates include additional taxi licence income following deregulation and improvement in the economy.

Director of Finance and Transformation

1.5.11 Particular issues to be drawn to Members attention:

- 1) Housing benefits overpayments, which had increased sharply in recent years largely as a result of government initiatives such as data matching and sharing of Real Time Information with HMRC, appear to have steadied.
- 2) 2017/18 estimates assume a further 1% reduction in social housing rents and reducing caseload.
- 3) The estimates reflect a further reduction in the administration grant from the DWP and DCLG in respect of housing benefits and council tax support.
- 4) On the introduction of the Local Council Tax Support Scheme in April 2013 the Council accounted for overpayments/underpayments in respect of the old Council Tax Benefits scheme within the Collection Fund. It has since been established that these should be accounted for within the General Fund.
- 5) Estimates reflect the withdrawal of grants to parish councils in respect of the Council Tax Support Scheme from April 2017.
- 6) The Scheme of Financial Arrangements with Parish Councils will cease on the introduction of the Special Expenses Scheme in April 2017.
- 7) Investment income in 2017/18 reflects the recent cut in the bank rate from 0.50% to 0.25%.

Director of Planning, Housing and Environmental Health

1.5.12 Particular issues to be drawn to Members attention:

- 1) Additional income generated following the review of the pre-planning advice service is higher than originally estimated.
- 2) Expenditure on temporary accommodation continues to increase due to welfare reform.
- 3) Increased grant from the Better Care Fund has allowed the Council to meet the current statutory demand for Disabled Facilities Grants and to provide an enhanced service without the need to contribute from its own resources.
- 4) There is uncertainty over the funding the Council receives from Kent County Council for public health initiatives. The estimates assume funding will be reduced in 2017/18.

Director of Street Scene, Leisure and Technical Services

1.5.13 Particular issues to be drawn to Members attention:

- 1) The budget provisions for contract payments have been increased by 2.5% (RPI) or 1.5% (CPI), reflecting the assumed level of inflation at the time of preparing the estimates.
- 2) Refuse collection, recycling and street scene budgets include provision for growth in new properties.
- 3) Prices for recycled materials remain volatile.
- 4) Tonbridge and Malling Leisure Trust (TMLT) will be responsible for replacement of IT equipment from January 2017.
- 5) Revised estimates include loss of income claims by TMLT.
- 6) Estimates reflect outcome of Overview and Scrutiny review of holiday activity programmes.
- 7) Parking income reflects full implementation of the increase in charges as reported to the Planning and Transportation Advisory Board on 12 January 2016.

1.6 Revised Revenue Estimates 2016/17

1.6.1 Overall, the Revised Estimates show a decrease over the Original Estimates of £391,250 prior to making a contribution to/from the General Revenue Reserve.

1.6.2 The principal variations are given in the table below:

Description	DR £	CR £	
TMLT Loss of Income Claims	208,700		
TMLT IT Infrastructure	200,000		
Building Repairs Reserve	150,000		
Termination Payments	70,200		
Information Technology	32,850		
Recycling Vehicle Repairs	30,000		
Isles Quarry West Developer Contribution		25,350	
Wayleaves		26,000	
Bulky Refuse		35,350	
Revenue Reserve for Capital Schemes		42,700	
Contributions from KCC		65,700	
Housing Benefits (net of subsidy)		93,200	
Salaries & Contributions		160,400	
Major Income Streams		213,850	
Council Tax Benefits Overpayments		245,000	
Other Net Changes		175,450	CR
Total	691,750	1,083,000	391,250

1.7 Revenue Estimates 2017/18

1.7.1 Overall, the draft Estimates for 2017/18 show a decrease over the Original Estimates for 2016/17 of £511,233 prior to making a contribution to/from the General Revenue Reserve.

1.7.2 The principal variations are given in the table below.

Description	DR £	CR £
Revenue Support Grant	655,042	
New Homes Bonus	358,050	
Refuse, Recycling & Street Cleansing	111,100	
Business Rates	84,350	
Investment Income	80,000	
Transport Policy Consultancy	60,000	
Building Repairs Reserve	50,000	
Information Technology	39,000	
Leisure Trust Receipts	33,600	
Business Rates Retention Scheme		27,726
Housing Benefits (net of subsidy)		28,200
Council Tax Benefits Overpayments		35,000
Bulky Refuse		35,350
Telephones / Mobiles		41,550
Revenue Reserve for Capital Schemes		143,000

Salaries & Contributions		143,100	
Parish Councils – CTRS Grant		174,650	
Major Income Streams		204,100	
Financial Arrangements with Parish Councils		225,950	
Invest to Save Reserve		300,000	
Tonbridge Gateway Agreement		537,950	
Other Net Changes		85,799	CR
Total	1,471,142	1,982,375	511,233

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

1.8 Draft Capital Plan

1.8.1 A report elsewhere on this agenda seeks to advise Members of the way forward on the Capital Plan. The criteria established to guide the inclusion of new schemes to List C (holding list of schemes not yet fully worked up) and ultimately the inclusion of schemes on List A (schemes assigned budget provision) are:

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

1.8.2 The Capital Plan review report recommends schemes for inclusion on List B, the short-list of schemes for possible inclusion in the Capital Plan. Members are reminded that the selection from List B, of schemes to be included in the Capital Plan (List A) – if any – will be made at Cabinet on the 9 February for endorsement by Council. With this in mind Members are advised that other than loss of investment income on the capital allowance the revenue consequences of new capital schemes **have yet to be incorporated within the Estimates**.

1.8.3 It is important to ensure that the revenue reserve for capital schemes can continue to fund capital expenditure at least until we reach a position where the annual contribution to the reserve matches the funding required for the replacement of existing assets (vehicles, plant and equipment) as well as recurring capital expenditure.

1.8.4 As a result there is an annual capital allowance for all other capital expenditure. Any 'bids' for capital schemes or discretionary capital grants are to be assessed in the context of the annual allowance. It should be noted, based on current projections, that from 2020/21 the Council will need to borrow to fund such expenditure. For 2016/17 the annual capital allowance was set at £200,000 and it is proposed that the annual allowance continue to be set at that level.

1.9 Consultation with Non-Domestic (Business) Ratepayers

- 1.9.1 Before the Borough Council determines the amount of its total estimated expenditure and makes calculations of its requirements for the ensuing financial year, it consults representatives of its non-domestic ratepayers about its expenditure proposals (including capital expenditure). The consultees, who include the local Chambers of Commerce as well as a group of the larger ratepayers in the Borough, receive on request information and copies of the draft budgets and are invited to make written representations if they deem it appropriate. Any points of clarification required are dealt with by telephone, written correspondence or, if appropriate, an informal meeting with officers.
- 1.9.2 Any comments or representations received from the consultees will be reported to Members during the budget process as appropriate.

1.10 Medium Term Financial Strategy Update

- 1.10.1 When updating the MTFS we need to take into account the following (not exclusive) factors:
- The outcome of the recent Spending Review on the future direction of the public finances.
 - Those factors that have contributed towards addressing the ‘funding gap’ including the pending introduction of special expenses, establishment changes and service change, e.g. holiday activity programmes.
 - Those factors that have taken matters in the ‘wrong’ direction including the termination of the Gateway Agreement by KCC, apprenticeship levy and cut in the bank rate.
 - The level of council tax increase for 2017/18 above which the local authority would be required to seek the approval of their electorate via a local referendum. For the year 2017/18 a referendum will be triggered where council tax is increased by the higher of 2% or £5. For the purposes of updating the MTFS up to 2021/22 an increase of £5 each year has been assumed and thereafter a 3% increase in council tax year on year. To put this into context, 1% currently equates to about £95,000.
 - The ongoing impact of the Business Rates Retention scheme and the Government’s commitment to the introduction of a 100% Business Rates Retention scheme. The Council’s actual business rates income is currently below the baseline set under the scheme and the Council has to meet a share of that shortfall up to a maximum of circa £161,000 in 2017/18. For medium term financial planning purposes beyond 2017/18 we continue to assume that our actual business rates income is equal to the baseline set. More pressing is what will our baseline funding level be on the introduction

of 100% business rates retention and how this compares to that reflected in the MTFS taking into account transfer of any new responsibilities?

- The award of New Homes Bonus (NHB) and continuing uncertainty over its future. NHB is a critical component of our overall government grant funding and what happens to this funding stream is, therefore, of particular interest and concern. The outcome of the consultation will see NHB continue to fall up to 2021/22 as the changes work their way through the system by which time it is estimated that NHB could be in the order of £1.4m and require further savings to be achieved. Further changes will only add to what is already a very difficult financial outlook and at worse put financial sustainability at risk.

- 1.10.2 Members will recall we set ourselves a savings target for this year of £625,000. To date savings in the order of £883,000 have been achieved. However, after taking into account other factors impacting on the MTFS that either take the 'funding gap' in the right or wrong direction, **net savings in the order of £625,000 have been achieved** when compiling the Revenue Estimates for 2017/18.
- 1.10.3 Although the savings target for this year has been achieved, the second of the remaining two tranches of £500,000 and £700,000 has had to be **brought forward from 2021/22 to 2019/20** largely as a result of the cut in the bank rate and its consequent impact on investment income over the period of the MTFS. In addition, the changes made to the NHB scheme require further savings to be achieved in the order of £400,000 taking the projected 'outstanding' funding gap to £1.6m with potential for further reductions in NHB in the future. The number, scale and timing of each of the savings tranches is the subject of consideration.
- 1.10.4 Clearly, the MTFS will continue to be updated as we move through the 2017/18 budget cycle and as more information becomes available. One thing is clear a significant financial challenge remains to be addressed over the medium term.

1.11 Savings and Transformation Strategy

- 1.11.1 As Members are no doubt aware alongside the MTFS now sits a Savings and Transformation Strategy (STS). The purpose of the Strategy is to provide structure, focus and direction in addressing the significant financial challenge faced by the Council and, in so doing, recognise there is no one simple solution and as a result we will need to adopt a number of ways to deliver the savings within an agreed timetable.
- 1.11.2 A number of key themes have been identified, together with outline targets and timescales which will need to be revisited and aligned with the latest projected 'funding gap' as part of the budget setting process. An updated version of the STS will be presented within the Budget report to Cabinet.

1.12 Legal Implications

- 1.12.1 There are a number of legislative requirements to consider in setting the Budget which will be addressed as we move through the budget cycle.
- 1.12.2 The Localism Act gives local communities the power to veto excessive council tax increases. The Secretary of State will determine a limit for council tax increases which has to be approved by the House of Commons. If an authority proposes to raise council tax above this limit they will have to hold a referendum to get approval for this from local voters who will be asked to approve or veto the rise.

1.13 Financial and Value for Money Considerations

- 1.13.1 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?
- 1.13.2 The impact of 'Brexit' on Council finances / financial assumptions in respect of inflation, interest rates, income levels, etc. and the scale of the impact over the medium term is uncertain and difficult to determine.

1.14 Risk Assessment

- 1.14.1 The Local Government Act 2003 requires the Chief Financial Officer, when calculating the Council Tax Requirement, to report on the robustness of the estimates included in the budget and the adequacy of the reserves for which the budget provides. Consideration will and is given to the risks associated with any budget setting process where various financial and other assumptions have to be made. To mitigate the risks detailed estimates are formulated in conjunction with Services taking into account past outturn, current spending plans and likely future demand levels / pressures and external advice on assumptions obtained where appropriate.
- 1.14.2 The Medium Term Financial Strategy sets out the high level financial objectives the Council wishes to fulfil and underpins the budget setting process for the forthcoming year and over the Strategy period. As the Council's high level financial planning tool the Strategy needs to be reviewed and updated at least annually and in the current climate regularly reviewed by Management Team.
- 1.14.3 The increased uncertainty and volatility particularly in some of our major sources of income (business rates and New Homes Bonus) make financial planning that more difficult with the increased risk of significant variances compared to projections.
- 1.14.4 Any increase in council tax above the relevant threshold, even by a fraction of a percentage point, would require a referendum to be held.

1.14.5 Members are reminded that there are factors not reflected in or throughout the duration of the MTFS, e.g. potential shortfall to be met by the Council in respect of the Business Rates Retention scheme and the impact of Welfare Reform changes (Universal Credit). In addition, beyond 2021/22, the MTFS assumes a 3% increase in council tax year on year whereas the threshold above which a referendum is to be held is currently the higher of 2% and £5.

1.14.6 The projected figures for New Homes Bonus are at risk of further revision downwards which would further add to the savings targets.

1.15 Equality Impact Assessment

1.15.1 Where there is a perceived impact on end users an equality impact assessment has been carried out and as further savings options emerge, further equality impact assessments will need to be carried out as appropriate.

1.16 Recommendations

1.16.1 The Advisory Board is requested to:

- 1) Support the proposed response to the provisional local government finance settlement 2017/18, a copy of which will be circulated on or before the date of the meeting.
- 2) Consider the draft Revenue Estimates contained in the Booklet and make such recommendations, as it considers appropriate, to Cabinet for its special meeting on 9 February.
- 3) Recommend to Cabinet that the Savings and Transformation Strategy is updated to reflect the latest projected 'funding gap' as part of the budget setting process.

Background papers:

Nil

contact: Sharon Shelton
Neil Lawley

Sharon Shelton
Director of Finance and Transformation

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TONBRIDGE & MALLING BOROUGH COUNCIL

FINANCE, INNOVATION and PROPERTY ADVISORY BOARD

04 January 2017

Report of the Director of Finance and Transformation

Part 1- Public

Matters for Recommendation to Cabinet - Council Decision

1 CAPITAL PLAN REVIEW 2016/17

This report:

- Reviews the current position of the existing Capital Plan (List A).
- Recommends schemes to be added to and deleted from List C.
- Recommends schemes from List C for evaluation.
- Recommends schemes for inclusion on List B from those evaluated schemes selected for evaluation this time last year or earlier and in certain circumstances schemes identified for Fast-Track evaluation.

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

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

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

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

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

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

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

1.2 Capital Plan Funding

1.2.1 Members will no doubt be aware of the significant financial challenge facing the Council as a result of the Government's ongoing budget deficit reduction programme which has resulted in continuing reductions in the financial support it can offer to local government.

1.2.2 Capital expenditure is currently funded from the revenue reserve for capital schemes, grants from government and other bodies, developer contributions and from capital receipts derived from the sale of assets.

1.2.3 It is important to ensure that the revenue reserve for capital schemes can continue to fund capital expenditure at least until we reach a position where the annual contribution to the reserve matches the funding required for the replacement of existing assets (vehicles, plant and equipment) as well as recurring capital expenditure.

1.2.4 As a result there is an annual capital allowance for all other capital expenditure. Any 'bids' for capital schemes or discretionary capital grants are to be assessed in the context of the annual allowance. It should be noted, based on current projections, that from 2020/21 the Council will need to borrow to fund such expenditure. The annual capital allowance is set at £200,000 and it is proposed that the annual allowance continue to be set at that level.

1.2.5 In addition, the Invest to Save Reserve, subject to there being sufficient funds available and where deemed appropriate, could be used to fund in part or in full capital plan schemes.

1.3 Capital Plan Review Process

1.3.1 The Capital Plan consists of three main elements:

- List C is a holding list of schemes which ordinarily have not been fully worked up. List C schemes can be in two states – schemes which have been retained on List C for possible future adoption and schemes which have been selected for evaluation, effectively short-listed for adoption.
- List B is a holding list of List C schemes which have been evaluated and not eliminated. The presumption is that, subject to budget guidance, these schemes will be adopted for inclusion in List A.

- List A is the approved capital programme. Schemes will be selected from List B for inclusion in List A in accordance with budgetary guidance. This selection will be carried out in conjunction with the revenue budget process.

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

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

1.3.3 The Overview and Scrutiny Committee on 24 January will also consider the overall Capital Plan position and make recommendations as appropriate to Cabinet on 9 February. Cabinet on 9 February will consider and make recommendations on the transfer of schemes from List B to List A in the light of the overall financial position. Finally, Council on 14 February will consider recommendations from Cabinet.

1.3.4 Capital Plan schemes should emerge from, or be designed to achieve, the Council's strategic priorities and objectives. As part of this review any new schemes being recommended for inclusion on List C are justified by reference to one of the three criteria detailed at paragraph 1.1.2. Elsewhere, Annexes 2, 3 & 4 contain references to the former Key Priorities and Improvement Actions and the key to these appears in **[Annex 1]**.

1.4 Review of the Existing Capital Plan (List A)

1.4.1 Attached at **[Annex 2]** is the existing Capital Plan (List A) in budget book format along with explanatory notes. The following routine adjustments to the 2016/17 Budget Book have been made:

- the outturn for 2015/16 has been taken into account and any slippage still required has been included in 2016/17;
- schemes included in the existing Budget Book which were completed in 2015/16 have been removed;
- in accordance with the policy of having a rolling six year Capital Plan (current year plus six) an additional year, 2022/23, has been added; and

- the profiling of project spend has been reviewed and adjusted where appropriate to reflect the most likely pattern of spend across the plan period.
- 1.4.2 Paragraphs 1.4.3 to 1.4.11 detail specific amendments to the Capital Plan (List A) approved by Council in February 2016.
- 1.4.3 The Haysden Country Park Site Improvement scheme was approved by Cabinet on 1 March 2016. The scheme which is mainly funded by external grant provides for general improvements to the Country Park including works to the western end of Barden Lake.
- 1.4.4 In 2015/16 KCC funded a winter warmth programme to improve the safety and warmth of properties housing vulnerable people. Additional funding from KCC of £18,000 has been received to extend the scheme into 2016/17.
- 1.4.5 The Communities and Housing Advisory Board (25 July 2016) were notified of a significant increase in Government support for disabled facility adaptations in 2016/17 and 2017/18. The level of grant was sufficient to enable the £665,000 mandatory element of the Disabled Facility scheme to be funded in full and the excess grant of £105,000 set aside to fund a new Discretionary Disabled Facility scheme.
- 1.4.6 The Communities and Housing Advisory Board (25 July 2016) also reviewed the level of need for and funding arrangements for Housing Assistance. The gross budget of £90,000 was reduced to £60,000 per annum.
- 1.4.7 Cabinet (6 Sept 2016) approved a contribution of £0.5m to a multi-agency scheme to enhance the Leigh Flood Storage Area. Release of the contribution is not expected until 2020/21.
- 1.4.8 This Advisory Board (21 Sept 2016) agreed a capital grant of £200,000 be paid to TMLT allowing them to take responsibility, both now and in the future, for the replacement of all IT equipment used by the Trust.
- 1.4.9 The Communities and Housing Advisory Board (14 November 2016) sought Cabinet approval to expand the existing Revenues and Benefits Document Image Processing scheme to include the Housing Service. The estimated cost of £40,000 to be funded by way of virement from existing Capital Plan schemes.
- 1.4.10 For reasons outside the Council's control the original scheme with KCC and Maidstone Borough Council (MBC) to evaluate the air quality impacts of retro-fitting buses along the A20 corridor is not to be progressed. A similar scheme led by MBC is expected to take its place and the funding for the original scheme received from DEFRA, KCC and MBC held by this Council is to be transferred to MBC. As a result this scheme has been removed from the Capital Plan (List A).

- 1.4.11 Capital renewals provisions have been extended by a further year to enable the current level of assets (vehicles, plant and equipment) to be maintained. Renewals figures included in 2016/17 and subsequent years incorporate provision for inflation (typically an uplift of 2% per annum). Average renewals spend over the seven-year period of the plan is £875,000 per annum (2016/17 - 2022/23) compared to £762,000 per annum (2015/16 - 2021/22).
- 1.4.12 Provision for recurring expenditure has also been extended by a further year (see table below).

Capital Plan (List A) recurring expenditure		
	2022/23 £'000	Annex 2 Page
Planning, Housing and Environmental Health		
Housing disabled facilities grants (net)	175	CP 14
Housing assistance (net)	30	CP 14
Street Scene, Leisure and Technical Services		
Green waste bins growth / replacement	31	CP 20
Refuse bins growth / replacement	61	CP 20
Leisure community group funding	8	CP 24
Improvements to existing car parks rolling programme	30	CP 26
Corporate		
General IT developments	30	CP 34
Total	365	

- 1.4.13 A number of other minor adjustments to scheme budget provisions have been made. Any budget amendments have been highlighted in bold italics in the detailed scheme notes in **[Annex 2]**.
- 1.4.14 It is **RECOMMENDED** that Cabinet be asked to endorse the Capital Plan (List A) position as shown in **[Annex 2]**.

1.5 List C Update

- 1.5.1 Members are aware of the undoubtedly difficult financial landscape that lies ahead. As a result the focus is on what are seen as priority capital plan schemes or where there is potential for external funding. This includes investment in IT to enable more flexible and different ways of working to be adopted to support and assist delivery of the Savings and Transformation Strategy.
- 1.5.2 It should be noted that a number of List C schemes are dependent on and, will in all likelihood, only proceed if funded in full or in large part by developer

contributions, government grant or other external funding opportunities. An updated schedule of List C schemes is attached at **[Annex 3]**. The update includes schemes which are recommended to be added to List C and schemes to be deleted from List C.

1.5.3 To assist Members a summary of the proposals is detailed in the table below.

List C additions and deletions	
	Annex 3 Page
Schemes to be added to List C	
Street Scene, Leisure and Technical Services	
Angel Centre – Medway Hall Alternative use for Extreme Sports	CP 39
Larkfield Leisure Centre – Gym Extension / New Studio	CP 40
Larkfield Leisure Centre – Ventilation	CP 40
Tonbridge Racecourse Sportsground – Riverside Revetment	CP 43
Tonbridge Racecourse Sportsground – Swimming Pool Bridge	CP 43
Haysden Country Park – Car Park Extension	CP 44
Haysden Country Park – Site Improvements Phase 2	CP 44
Leybourne Lakes Country Park – Car Park Extension	CP 46
Taddington Valley – Woodland Management	CP 46
Tonbridge Cemetery – Path Works	CP 47
Corporate Services	
IT Initiatives – Upgrade to Payment Facilities Software	CP 51
IT Initiatives – Financial Services Document Management Software	CP 52
Schemes to be deleted from List C	
Street Scene, Leisure and Technical Services	
Blossom Bank Development, Tonbridge – New Pedestrian Bridge	CP48

1.5.4 It is **RECOMMENDED** that Cabinet be asked to amend List C as detailed in paragraph 1.5.3.

1.6 Selection of List C Schemes for Evaluation

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

- 1.6.2 It is recognised that the evaluation of schemes imposes a resource requirement and, in consequence, Services have to establish a balance between the evaluation of new schemes and the delivery of existing approved schemes. The recommendations of schemes for evaluation have taken into account this balance. The selection of different schemes for evaluation may upset this balance.
- 1.6.3 The schedule of List C schemes in **[Annex 3]** indicates the schemes which have been recommended for evaluation including two recommended for Fast-Track evaluation. To assist Members, the table below summarises the schemes that have been recommended for evaluation coming out of this Capital Plan Review.
- 1.6.4 In addition, there are five schemes selected for evaluation in a previous Review that are also planned to be evaluated in 2017/18 as follows: Tonbridge Farm Sportsground – Provision of Toilets, Leybourne Lakes Country Park – Facility Improvements, Tonbridge to Penshurst Cycle Route Refurbishment, River Medway – Riverside Lighting, Tonbridge and IT Initiatives – Revenues and Benefits Citizen’s Access.

Schemes selected for evaluation from List C	
	Annex 3 Page
Street Scene, Leisure and Technical Services	
Larkfield Leisure Centre – Ventilation	CP40
Racecourse Sportsground – Rugby Pitch Drainage Improvements	CP42
Racecourse Sportsground – Riverside Revetment (Fast-Track)	CP43
Racecourse Sportsground – Swimming Pool Bridge	CP43
Haysden Country Park – Car Park Extension	CP44
Leybourne Lakes Country Park – Car Park Extension (Fast-Track)	CP46
Tonbridge Cemetery – Path Works	CP47
Corporate Services	
IT Initiatives – Upgrade to Payment Facilities Software	CP51
IT Initiatives – Financial Services Document Management Software	CP52

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

1.7 Evaluation of List C Schemes

- 1.7.1 As part of the 2015/16 and previous Capital Plan reviews a number of schemes were selected for evaluation. The results of those evaluations which have been concluded are given in **[Annex 4]** including those schemes recommended for Fast-Track evaluation.

- 1.7.2 Members are reminded that the Capital Strategy sets out criteria for evaluation. These criteria are the basis for the pro forma structure for reporting on the evaluation which includes screening for equality impacts.
- 1.7.3 Details of the evaluated schemes are summarised below. For information, indicative, estimated annual revenue costs (savings) are also shown. The amount and timing of the revenue impact depends on the profiling of the capital expenditure and the timing of any changes in activity levels which generate changes to running costs or income.

Capital / revenue consequences of evaluated schemes			
	Capital Cost	Annual revenue / renewals cost	Annex 4 Page
	£'000	£'000	
Street Scene, Leisure and Technical Services			
Leybourne Lakes – Car Park Extension	17	(2)	CP 53
Racecourse Sportsground – Riverside Revetment	120	4	CP 55
Corporate Services			
IT Initiatives: Council Chamber Conference System	95	18	CP 57
IT Initiatives: Virtual Desktop Infrastructure	200	27	CP 59
Total	432	47	

- 1.7.4 Two of the schemes detailed above are to be funded in part by way of government grant or external funding totalling £38,000 and the virtual desktop infrastructure project is to be funded from the Invest to Save Reserve; and the balance of £194,000 from the annual capital allowance.
- 1.7.5 Members are reminded that evaluated schemes can be recommended for inclusion on List B, retention on List C for further evaluation, or deletion from the Capital Plan process. Recommendation for inclusion on List B does not commit a scheme to be included in the Capital Plan, but is an expression of “in principle” support. Other than loss of investment income on the capital allowance the figures in the above table have **not** been included in the draft revenue estimates reported elsewhere in these papers.
- 1.7.6 List B schemes will be considered by Cabinet on 9 February alongside the revenue estimates. Schemes may be selected for transfer from List B to the Capital Plan (List A) taking into account the overall budget position.
- 1.7.7 It is **RECOMMENDED** that Cabinet be asked to endorse the transfer of the schemes listed in paragraph 1.7.3 from List C to List B.

1.8 Capital Strategy

- 1.8.1 The Chartered Institute of Public Finance and Accountancy has supplied the following background notes: “The Capital Strategy should describe how the investment of capital resources will contribute to the achievement of the authority’s key objectives and priorities that are detailed in their Performance Plans and Community Plans/Strategies. An authority’s Capital Strategy should be one of the key, overarching strategies that support service plans. The strategy will also determine priorities between the various services and look for opportunities for cross-cutting and joined-up investment. The authority’s Capital Strategy should describe how the deployment of capital resources contributes to the achievement of the described goals. It will also help to ensure that issues around property and other assets are fully reflected in the Council’s planning.”
- 1.8.2 The Capital Strategy **[Annex 5]** is updated annually. This year’s update incorporates the new Corporate Strategy adopted by Council in November 2016.
- 1.8.3 The Strategy has no annexes but includes links to a number of other documents or web pages which are referred to in the text and are available on the Council’s website or the internet.
- 1.8.4 It is **RECOMMENDED** that Cabinet be invited to endorse the Capital Strategy as attached at **[Annex 5]** for adoption by Council and publication on the Council’s website.

1.9 Legal Implications

- 1.9.1 The Local Government Act 2003 and its subsidiary regulations set out the framework for the system of capital controls which applied from 1 April 2004 whereby local authorities must set their own borrowing limits with regard to affordability, prudence and sustainability. Underpinning this is a requirement to follow the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code).

1.10 Financial and Value for Money Considerations

- 1.10.1 The transfer of schemes from List C to List B has no financial impact. The transfer of schemes from List B to List A will be considered by Cabinet on 9 February in the context of the Medium Term Financial Strategy and the overall budget position.
- 1.10.2 The Capital Strategy outlines a capital plan process which follows the CIPFA Prudential Code and in addition to supporting the achievement of the Council’s priorities and corporate objectives, focuses on value for money.

1.11 Risk Assessment

- 1.11.1 Financial implications of new schemes to be considered by Cabinet at the February budget meeting.
- 1.11.2 Failure to endorse a satisfactory Capital Strategy may lead to a capital programme which does not fully support the Council's priorities and corporate objectives.

1.12 Equality Impact Assessment

- 1.12.1 Where there is a perceived impact on end users an equality impact assessment has or will be carried out as schemes progress as appropriate.

1.13 Summary of Recommendations

- 1.13.1 It is **RECOMMENDED** that Cabinet be asked to endorse the Capital Plan (List A) position as shown in **[Annex 2]**.
- 1.13.2 It is **RECOMMENDED** that Cabinet be asked to amend List C as detailed in paragraph 1.5.3.
- 1.13.3 It is **RECOMMENDED** that Cabinet be asked to select those schemes listed in paragraph 1.6.4 for evaluation including two for Fast-Track evaluation.
- 1.13.4 It is **RECOMMENDED** that Cabinet be asked to endorse the transfer of the schemes listed in paragraph 1.7.3 from List C to List B.
- 1.13.5 It is **RECOMMENDED** that Cabinet be asked to endorse the Capital Strategy as attached at **[Annex 5]** for adoption by Council and publication on the Council's website.

Background papers:

Nil

contact: Michael Withey
Neil Lawley

Sharon Shelton
Director of Finance and Transformation

TONBRIDGE AND MALLING BOROUGH COUNCIL

CAPITAL STRATEGY

1 Introduction

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

2 The Financial Context

- 2.1 Key financial statistics are:

Net Budget Requirement 2016/17	£9.93 million
Government Grant / Business rates excluding New Home Bonus 2016/17	£2.90 million
Borough Council Band D Charge 2016/17	£192.51
Capital Plan 2016/17 to 2021/22 (Gross expenditure)	£11.64 million
Fixed Assets at 31 March 2016	£76.08 million
Debt Outstanding at 31 March 2016	Nil
Revenue Reserve for Capital Schemes at 31 March 2016	£6.58 million

- 2.2 The [Medium Term Financial Strategy](#) (MTFS) together with the Council's strategic priorities and objectives along with the established criteria used to guide the inclusion of capital plan schemes and the Prudential Code (see paragraph 3.1) form the basis for any capital investment decisions. The MTFS was used to guide the selection of new Capital Plan schemes in recent years and will continue to be a major influence on the 2016/17 and subsequent

Capital Plan reviews. The MTF5 is updated at least once a year and the latest version is published on the Council's website.

- 2.3 Capital receipts derived from the sale of capital assets (generally land and buildings) can be used to repay debt or used as a source of finance for new capital expenditure. The Council's assets are reviewed on a regular basis to identify the potential for alternative use or disposal.
- 2.4 The demographic and economic features of the Borough give rise to a realistic assessment of very limited opportunities to attract funds from national and regional sources. Nevertheless, the Council will continue to investigate and exploit external funding opportunities.
- 2.5 Capital expenditure is currently funded from the revenue reserve for capital schemes (RRCS) grants from government and other bodies, developer contributions and from capital receipts derived from the sale of assets.
- 2.6 All government support for the Council's capital expenditure is by way of capital grant. Government support through capital grants is usually ring-fenced for specific purposes. It is the Council's intention to try to secure capital grants, wherever possible, for schemes which advance the Council's strategic priorities and objectives.
- 2.7 It is important to ensure that the RRCS can continue to fund capital expenditure at least until we reach a position where the annual contribution to the reserve matches the funding required for the replacement of existing assets (vehicles, plant and equipment) as well as recurring capital expenditure.
- 2.8 As a result there is an annual capital allowance for all other capital expenditure. Any 'bids' for capital schemes or discretionary capital grants are to be assessed in the context of the annual allowance. It should be noted, based on current projections, that from 2020/21 the Council will need to borrow to fund such expenditure. The annual capital allowance is set at £200,000.

3 Legislative Framework and its associated regulations

- 3.1 The legislative framework is set out by the Local Government Act 2003 and its subsidiary regulations. This framework provides for a prudential system based on borrowing limits set by each individual local authority. Under this system, local authorities must have regard to affordability, prudence and sustainability and must follow the "[Prudential Code for Capital Finance in Local Authorities](#)" published by the Chartered Institute of Public Finance and Accountancy (CIPFA).
- 3.2 The Prudential Code requires that the CIPFA Treasury Management Code of Practice is adopted and that a number of prudential indicators are set. Council adopted the December 2009 edition of the Code on 18 February 2010 and due

regard has also been given to subsequent revisions in preparing the Treasury Management and Annual Investment Strategy for 2017/18.

- 3.3 The prudential framework for capital expenditure is intended to encourage local authorities to use resources more flexibly and plan for the longer term; provide more autonomy and accountability, with local authorities having greater responsibility for local capital spending decisions; move towards improved corporate and strategic working, with more effective tackling of cross-cutting issues; and better use and management of assets. Another key element of the legislative framework is the duty to secure economy, efficiency and effectiveness in the Council's use of resources. Achieving value for money is addressed in Section 5 of the Strategy as one of the key principles to be applied in capital investment decisions.

4 Strategic Priorities

- 4.1 Capital plan schemes should emerge from, or be designed to achieve, the Council's strategic priorities and objectives set out in overview in the recently updated [Corporate Strategy](#). The Strategy sets out Our Vision and Our Values guided by the following core values:
- Taking a business-like approach.
 - Promoting Fairness.
 - Embracing Effective Partnership Working.
 - Valuing our environment and encouraging sustainable growth.
- 4.2 The Corporate Strategy is supported by a wide range of Strategies and Plans where specific improvement projects and initiatives are cascaded down into section plans across the Council. These section and other plans also cover a range of other priorities, improvements and indicators that are set and managed by individual services.
- 4.3 The Council's capital investment decisions should be in support of its strategic priorities and objectives along with the established criteria used to guide the inclusion of capital plan schemes, and this is an integral part of the evaluation process for each project under consideration. No project should proceed to inclusion within the Capital Plan unless it furthers achievement of the Council's strategic priorities and objectives.

5 Principles Supporting the Capital Strategy

- 5.1 The key principles that underpin the Council's Capital Strategy are:
- 5.2 **Strategic Priorities.** Establishment of a direct relationship with the Council's strategic priorities and objectives, with a Capital Plan based upon investment needs and prioritised on an authority-wide basis. This demonstrates an explicit link with key strategic planning documents and recognition of the need for a corporate approach to cross-cutting issues such as the environment, social inclusion, affordable housing and community safety.

- 5.3 **Public Consultation.** The use of public consultation is, indirectly, an important part of developing the Capital Plan through its use in setting priorities and developing strategies, which may lead to capital projects coming forward.
- 5.4 **Other Consultation.** As well as individuals communicating directly with Council Officers and Members, other conduits exist for expressing views to the Council. The Parish Partnership Panel, the Tonbridge Forum, the Tonbridge Sports Association, the Disability Working Party, and customer panels at leisure centres allow specific persons or groups of users to express their views.
- 5.5 **Partnerships.** Partnership initiatives are considered in Section 6 including the Tonbridge and Malling Local Strategic Partnership, the West Kent Partnership and the Community Safety Partnership which help shape policy objectives and which aim to deliver projects in conjunction with others.
- 5.6 **Procurement Strategy.** The [Procurement Strategy](#) seeks to ensure that good procurement practice is applied consistently throughout the Council. It sets out how the Council will address procurement and establishes its importance to the Council and the contribution it can make to improved service delivery.
- 5.7 **Support for Regional and National Priorities.** To support, where possible, regional and national priorities, for example urban renaissance, transportation improvements, environmental initiatives such as increased levels of recycling.
- 5.8 **Support for Local Priorities.** The Borough Council has been consistently investing in its car parks to support the local economy through a phased programme of improvements. As a Flood Risk Management Authority, we will maintain our support for the flood defence schemes being developed in the area.
- 5.9 **Availability of External Funding.** In support of the Council's strategic priorities and objectives to monitor and pursue available forms of external partnership and other funding opportunities.
- 5.10 The Council's [Local Development Framework Core Strategy](#), adopted in 2007, supports the Government policy that development should contribute towards the community services and infrastructure that are necessary to support that development. Developer contributions are brought forward by planning conditions or legal agreements on a case by case basis where justified by the application of the statutory tests. These arrangements have brought forward significant contributions to affordable housing, education facilities, children's play, sports pitches, leisure facilities, highway works and transportation services.
- 5.11 The Council has embarked on a new Local Plan for the Borough which will set out development policies and proposals until 2031. The first consultation stage was carried out in October/November 2016 and included a potential development strategy which, in part, was built upon strategic development

options with the capacity to bring forward new infrastructure investment in parallel with planned growth. The programme is for the new Local Plan to be finally adopted by early 2019, following public examination.

- 5.12 As a non-stockholding Housing Authority, the Council has a key role to play in the delivery of the strategic housing function covering policy and enabling, private sector housing, and housing needs. Contained within a number of different strategies the key priorities are to:
- Enable and facilitate the provision of housing across all tenures in order to meet existing and future housing need
 - Prevent and reduce homelessness
 - Support households to live independently in the community
 - Improving conditions across all tenures to achieve safe, warm and healthy homes ensuring good health and wellbeing for our communities.
- 5.13 **Use of the Council's Assets.** Maintenance of an Asset Management Plan and performance measures for the use of Council owned assets to ensure optimum returns and early release of redundant assets in support of strategic investment priorities and to attract inward investment. An updated Asset Management Plan covering the period 2015-2020 is currently being prepared.
- 5.14 **Consideration of the Impact on the Council's Revenue Budget.** To ensure that capital investment decisions are consistent with the Council's Medium Term Financial Strategy, particularly the management of its revenue budget so as to reduce its dependence upon the use of revenue reserves.
- 5.15 **Value for Money.** Each year the Council's external auditor gives an opinion on whether the Authority has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. All of the Capital Plan processes from identification and selection of schemes, through implementation to subsequent review of completed schemes can contribute to achieving value for money.
- 5.16 **Investment in IT** in order to improve efficiency and economy and to meet customer aspirations for self service, particularly via the website; and to enable more flexible and different ways of working to be adopted to support and assist delivery of the Savings and Transformation Strategy.

6 Partnerships

- 6.1 **The Tonbridge and Malling Local Strategic Partnership.** The [Local Strategic Partnership](#) is now well established and has attracted a high level of representation from the public, private, voluntary and faith sectors. Its work focuses on addressing key issues of concern locally such as older people's services, the needs of young people, the local economy, affordable housing and public health issues.
- 6.2 **West Kent Partnership.** The Council is a founding member of the [West Kent Partnership](#), formed on a sub regional rather than district basis, reflecting the degree of economic and social homogeneity across West Kent and a shared

community of interest. The Partnership works with other partners in a joined up fashion for the benefit of the local community with a focus on economic development and infrastructure issues.

- 6.3 **Transportation Partnerships.** The Borough Council has consistently sought to influence the quality of transportation services in its area and increase investment in them by the relevant authorities. These authorities include the local highway authority, (Kent County Council), the strategic road network agency (Highways England), railway operators and Government Departments.
- 6.4 **The Joint Transportation Board,** comprising Members from the Borough and County Councils, provides an overseeing function for the co-ordination of transport investment in the Borough. This ranges from regular reviews of minor improvements, highway maintenance programmes and parking reviews to major investment through key strategies.
- 6.5 The Borough Council's **Rail Manifesto** sets out clearly the service expectations that the Council has for rail services for the Borough. The Manifesto is kept under constant review to reflect the changing demand for rail travel in communities across the Borough.
- 6.6 **Local Enterprise Partnership (LEP).** The South East Local Enterprise Partnership (SELEP) seeks to promote economic growth across Essex, Kent and East Sussex. Given its size, a federated model of operation has been adopted and the Kent and Medway Economic Partnership (KMEP) is the local body which covers Tonbridge and Malling. A key role for both organisations is to bid for Local Growth Fund monies to fund local projects which support our local economy.
- 6.7 **Other Partnerships.** The Council is also part of a partnership that has promoted a bid to the Local Growth Fund to bring forward the much needed improvement to the Leigh Flood Storage area. This is a strategic infrastructure investment required to safeguard many residential and business properties in the southern part of the Borough and to enable future growth and new development to take place.
- 6.8 **Community Regeneration Partnership.** The Council has entered into partnerships which have made a genuine difference to the local community with clear and tangible outcomes.
- 6.9 **The Community Safety Partnership (CSP).** The Crime and Disorder Act 1998 placed an obligation on local authorities and the Police (amongst others) to work together to develop and implement a strategy to tackle crime and disorder in their area. The Tonbridge and Malling CSP vision is: working together to ensure the safety and security of Tonbridge and Malling's residents, businesses and visitors.
- 6.10 **Tonbridge Central Area Action Plan.** The Plan provides the context for partnership projects to attract private sector investment in the town centre and secure transport and environmental improvements. A number of key sites are

allocated that have potential to deliver town centre and mixed use development that can generate increased vitality into the town centre and the High Street in particular.

7 Implementing and Managing the Capital Strategy

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

resources and which may draw resources away from the implementation of the approved Capital Plan. In order to minimise the resource impact of evaluation it is important that restraint is exercised in selecting schemes for evaluation. A balance is struck each year between deliverability of the programme and the evaluation of new schemes.

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

8 The Capital Plan

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

9 Post Implementation Reviews

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

Strategy Updated December 2016

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TONBRIDGE & MALLING BOROUGH COUNCIL

FINANCE, INNOVATION and PROPERTY ADVISORY BOARD

04 January 2017

Report of the Management Team

Part 1- Public

Matters for Recommendation to Cabinet - Key Decision

1 REVIEW OF FEES AND CHARGES 2017/18

This report brings forward for consideration as part of the budget setting process for 2017/18 proposals in respect of those fees and charges that are the responsibility of the Cabinet Member for Finance, Innovation and Property or not reported elsewhere.

1.1 Introduction

1.1.1 The purpose of this report is to set out for 2017/18 the proposals for those fees and charges which fall within the remit of this Board or which have not been reported elsewhere.

1.1.2 The budgetary guidance issued to Chief Officers for the 2017/18 budget cycle, and approved by Cabinet, reiterated the objective to maximise income subject to market conditions, opportunities and comparable charges elsewhere. In bringing forward proposals officers have paid due regard to the guiding principles for the setting of fees and charges previously approved by this Board and endorsed by Cabinet.

1.1.3 The proposals regarding fees and charges outlined in this report are incorporated within the Revenue Estimates to be found elsewhere on this agenda. Any changes required following this meeting will be incorporated before the Estimates are presented to Cabinet on 9 February 2017. The proposals are set out on a service by service basis with the recommendations at the end of each section.

LEGAL SERVICES

1.2 Legal Fees Payable by Third Parties

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

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

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

1.3 LAND CHARGES

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

1.3.2 This is a volatile area of activity where income can fall, or alternatively increase, quickly. The last year has shown a slight decline in search income although currently there is a slight upturn in search activity.

1.3.3 In bringing this report forward market considerations have been taken into account where permissible within the appropriate legislation and we aim to operate a competitive charging policy where we are able to do so. The current charges have not increased since 2008.

1.3.4 In July 2016 the Local Authority implemented changes to the questions it answered using the new Official Enquiries of Local Authority forms R and O (more commonly known as "Con 29"). This was successfully introduced and has now been in place for just under 6 months. Your officers have been working to ensure that the fees remain appropriate under the new form and random sampling and time recording has taken place to test the level of fees in accordance with the appropriate legislation on charging. The result of this work has shown that the current level of fees remains appropriate. It is not therefore proposed to increase the standard fees which were charged last year.

1.3.5 Local authorities have been having an ongoing dialogue with HMRC who have now confirmed that in future property search fees are to be subject to VAT with effect from 1 January 2017 (save for the official certificate of search and the search of the Land Charges Register) (referred to as "the official LLC search fee"). This decision was previously postponed from February to enable local authorities and their software providers to work on the changes required to respond to the new Official Enquires of Local Authority referred to above to bring that into operation in July 2016.

- 1.3.6 In early December 2016 HMRC confirmed that CON29 would be subject to VAT from 1 January 2017. Given the relatively short notice of this implementation date some software suppliers and the Local Land Charges Institute have made representations to HMRC asking for a further delay until April 2017. As at the time of writing this report no official notification from HMRC has been received to delay the implementation, officers will update members at the meeting. Therefore it should be assumed that VAT will become applicable on charges made after January 2017. The table at Annex 1 shows the fees for land charges searches and enquiries and the VAT element of those proposed to be effective from 1 January 2017.
- 1.3.7 It is not believed that it is appropriate to have any concessionary charges apply to these fees given that the search function supports the sale and purchase of private property. Members are reminded of the requirement under the Public Sector Equality Duty (s149 of the Equality Act 2010) to have regard to the requirement to (i) eliminate unlawful discrimination, harassment, victimisation and other conduct prohibited by the Act, (ii) to advance equality of opportunity between people from different groups and (iii) to foster good relations between people from different groups, it is not believed that these charges will have an adverse impact on any particular group protected by the 2010 legislation. As the charges will be the same for everyone there does not appear to be any disproportionate effect on any of the protected groups.
- 1.3.8 It is **RECOMMENDED** that the proposed scale of fees for local land charges searches and enquiries set out in this report be adopted with effect from 1 April 2017 and that property search fees, are to be subject to VAT as shown in the table at Annex 1 from 1 January 2017 unless HMRC confirms that any element shown as Vatable should not be subject to VAT.

ADMINISTRATIVE SERVICES

1.4 Photocopying Charges

- 1.4.1 A photocopying service is offered for members of the public calling at the council's main offices or requiring copies of Council documents sent by post. The current charges are 10p for each page of the same document or additional copies of the same page plus postage as appropriate.
- 1.4.2 These charges are intended to cover the costs of the photocopy meter charge (including toner), paper and an allowance towards the staff time in looking out documents and postage where appropriate.
- 1.4.3 The level of charge was reduced in 2007/08 after remaining static for a number of years to comply with Freedom of Information requirements. The marginal cost per copy (including paper) is still approximately £0.10 per copy. Comparative charges in neighbouring authorities have been somewhat difficult to ascertain and many appear not to charge for photocopying. However, it is considered appropriate to

retain a charge to avoid requests for multiple copies of pages and to cover cases where documents cannot be provided by email. It is therefore suggested that the current charge be maintained.

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

TONBRIDGE CASTLE

1.5 Tonbridge Castle Hire Charges

- 1.5.1 The Council Chamber is used for a number of purposes, including Member and Officer meetings, weddings, private hire and concessionary use by a number of local organisations.
- 1.5.2 Several years ago a minimal charge was introduced for concessionary users. It is recognised that this concessionary charge is greatly valued by these organisations. It is proposed that a concessionary user charge be retained to reflect ongoing support for local organisations.
- 1.5.3 The list of concessionary users was agreed by Cabinet on 11 February 2016 (D160019CAB) and some amendments are proposed as shown in bold [see **Annex 2**]. Concessionary use is subject to a number of restrictions as shown in [**Annex 3**].
- 1.5.4 The Director of Central Services has brought forward proposed charges for all users of the Chamber, which are set out at [**Annex 4**]. Annual income from the hire of the Chamber is approximately £1000, and it is estimated that the proposed charges will generate additional income of £50.

1.6 Tonbridge Castle Wedding Charges

- 1.6.1 Current wedding charges were agreed by Cabinet on 11 February 2016 (Decision D160019CAB). Members agreed a charge of £800 for weddings in the Chamber and £1200 for weddings in the Gatehouse for 2016/17. Charges of £840 and £1250 respectively were also agreed for 2017/18.
- 1.6.2 The current charges at a number of premises licensed for Civil Marriages are shown in [**Annex 5**]
- 1.6.3 Weddings are often booked more than one year in advance and applications are now being received for 2018/19. It is, therefore, necessary to consider a charge for implementation from 1 April 2018, as Members have already agreed the charges for 2017/18. The Director of Central Services has proposed an increase of around 5% for the following charges in 2018/19, which will generate additional net income of approximately £1500:

	Current Charge 2016/17 (£)	Agreed Charge 2017/18 (£)	Proposed Charge 2018/19 (£)
Weddings			
• Chamber	800	840	900
• Gatehouse	1200	1250	1300
Renewal of Vows/Baby Naming			
• Chamber	560	600	600
• Gatehouse	900	900	900

1.6.4 NB: Non-returnable deposit - £100

1.6.5 To aid Members, all proposed charges are inclusive of VAT where applicable.

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

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

- 1) the proposed charges for Tonbridge Castle Chamber, as set out in Annex 4, be agreed for implementation from 1 April 2017; and
- 2) the proposed charges for Weddings, as outlined in paragraph 1.6.3 above, be agreed for implementation from 1 April 2018.

STREET NAMING & NUMBERING SERVICES

1.7 Street Naming & Numbering - Introduction

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

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

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

- There should be no overall reduction of income to the Council through the SNN function;

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

1.7.4 The changes introduced in the fee structure last year continue to address the five principles set out above.

1.7.5 For the purposes of this year's review we have concentrated on principles 1 and 2 ensuring that the cost of SNN to the Council is recovered where possible through fees and charges.

1.7.6 All Fees have been subject to an inflationary uplift of 2%.

1.7.7 Additional increases have been made to categories 7, 8 and 9 in recognition of the amount of time taken to process these types of registration.

1.8 Proposed Fee scale for Street Naming and Numbering

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

1.8.2 Individual flats are considered as individual plots.

New Properties

Category	Up to three in-fill properties on an existing street	Current Fee 2016/17	Proposed Fee 2017/18
1	Addressing one new in-fill property	£169	£172
2	Addressing two to three in-fill properties	£87 per property	£89 per property
	Where four or more properties are to be named or numbered, the fee for new developments (below) will be levied.		

	Four or more in-fill properties on an existing street, or new properties on a new street		
3	Fee for naming of a street, other than in relation to new property addressing	£205	£209
4	Fee for addressing plots, including street naming if required 1- 4 Units	£205 +£31 per unit	£210 +£32
5	5 – 10 Units	£205 +£26 per unit	£210 +£27
6	11 or more units	£410 +£11 per unit	£418 +£12

Existing Properties

7	Renumbering an existing property	£51	£75
8	Renaming an existing property, not in a current numbering scheme	£51	£75
9	Registering the addition or change or an alias to a numbered property	£51	£75
10	Removing an existing alias from a numbered property	No charge	No charge
11	Rename an existing street	£1,540	£1,570
12	Rename a block of flats	£1,540	£1,570
13	Fee for addressing units (flats) when splitting an existing property	£87 per unit	£89 per unit
14	Fee for addressing a single property when merging separate units	£169	£172

1.8.3 It is **RECOMMENDED** to Cabinet that the above fee Schedule for Street Naming and Numbering be adopted from 1 April 2017.

1.9 Council Tax and Business Rate Court Costs

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

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

Court Costs 2016/17	Council Tax - Costs			Non Domestic Rates - Costs		
	Summons	Liability Order	Total	Summons	Liability Order	Total
Tonbridge & Malling	£55.00	£45.00	£100.00	£120.00	£60.00	£180.00

- 1.9.3 The level of costs is agreed with the Magistrates' Court each year, and following a recent High Court case, evidence must be provided to justify the amount being requested. The Magistrates' Court has accepted our cost evidence during this financial year for the above charges.
- 1.9.4 Our cost base in delivering this function is not expected to increase significantly in 2017/18, and as a result we do not propose to seek the Court's approval to increase the level of costs requested from taxpayers.
- 1.9.5 It is **RECOMMENDED**, therefore, that the amount of costs recharged should remain the same for the 2017/18 financial year.

1.10 Legal Implications

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

1.11 Financial and Value for Money Considerations

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

1.12 Risk Assessment

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

1.13 Equality Impact Assessment

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

1.14 Recommendations

- 1.14.1 Recommendations are set out at the end of each section.

Background papers:

Nil

contact: Adrian Stanfield
Tina Levett
David Partridge

Sharon Shelton

Director of Finance & Transformation on behalf of Management Team

		FEE	VAT	TOTAL
Search Forms (non-commercial):				
Certificate of Search of Register (LLC1) only		£35.00	Nil	£35.00
Fees for completing form CON29R only (standard questionnaire) on RESIDENTIAL properties		£135.00	£27.00	£162.00
Standard search (combined LLC1 and CON29R) for NON-COMMERCIAL properties (discounted rate)	LLC1	£35.00	Nil	£35.00
	CON29R	£113.00	£22.60	£135.60
	Total Payable			£170.60
Additional Parcel (LLC1) only		£10.00	Nil	£10.00
Additional Parcel (CON29R/CON29O)		£10.00	£2.00	£12.00
Search Forms (commercial):				
Certificate of Search of Register (LLC1) only		£35.00	Nil	£35.00
Fees for completing form CON29R only (standard questionnaire) on COMMERCIAL properties		£293.00	£58.60	£351.60
Standard search (combined LLC1 and CON29R) for COMMERCIAL properties (discounted rate)	LLC1	£35.00	Nil	£35.00
	CON29R	£264.00	£52.80	£316.80
	Total Payable			£351.80
Fees for additional services:				
Providing refined CON29 data for questions 3.1, 3.7, 3.8, 3.9, 3.10, 3.11 and 3.12 only in a tailored report. Excludes Highway information		£49.00	£9.80	£58.80
Per each question		£8.00	£1.60	Per Question £9.60
Sight of unrefined CON29 data for question 3.1, 3.7, 3.8, 3.9, 3.10, 3.11 and 3.12 by appointment only, please contact Land Charges office. Excludes information publicly available elsewhere e.g. Highways		Nil	Nil	Nil
Each Printed CON29O (Optional) enquiry		£15.00	£3.00	£18.00
Each Non-standard CON29O (Optional) enquiry		£18.00	£3.60	£21.60
Cancellation charge (fee if notified within 1-2 days of receipt of search application)		£31.00	£6.20	£37.20
Expedition fees (in addition to search fees):				
Search of Register and form CON29R		£49.00	£9.80	£58.80

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**Tonbridge Council Chamber
Concessionary Users 2017/18**

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

Proposed changes are highlighted in bold above-

There have been no further requests in this financial year.

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

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

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

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

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TONBRIDGE CASTLE COUNCIL CHAMBER

PROPOSED CHARGES 2017/18

Hire Charge	Current 2016/17 (£)	Proposed 2017/18 (£)	Current Concessionary Rate 2016/17 (£)	Proposed Concessionary Rate 2017/18 (£)
First 3 hours	100.00	100.00	26.00	30.00
Plus each additional hour or part hour	40.00	40.00	9.00	10.00
Caretaking per hour	30.00	30.00	18.00	20.00
Cleaning charge ^{*(1)}	45.00	45.00	35.00	35.00
Daily rate	200.00	200.00	50.00	75.00
Weekly rate	895.00	895.00	110.00	150.00

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

All charges shown are inclusive of VAT where applicable.

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TONBRIDGE CASTLE WEDDING CHARGES 2016/17
COMPARISON WITH OTHERS

VENUE	PRICE (£)
Tonbridge Castle Chamber	800
Tonbridge Castle Gatehouse	1200
Boughton Monchelsea Place	1000
Registrar's Office (Standard Charge) Tonbridge Wells (for 80 people)	792
Hever Castle (Astor Room)	2250
Chiddingstone Castle	2495
Penshurst Place (Monday-Friday only)	1995

All charges shown are inclusive of VAT.

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TONBRIDGE & MALLING BOROUGH COUNCIL

FINANCE, INNOVATION and PROPERTY ADVISORY BOARD

04 January 2017

Report of the Director of Planning, Housing and Environmental Health and the Director of Finance and Transformation

Part 1- Public

Matters for Recommendation to Cabinet - Key Decision

1 BUILDING REGULATION FEES

Summary

This report recommends an amended charging regime intended to more accurately cover the costs of the fee earning aspects of the Building Control Partnership service as part of our annual review of the fees schedules.

1.1 Background

- 1.1.1 On the 1 October 2010 the Building [Local Authority Charges] Regulations 2010 came into force. The key principle of the Regulations was to ensure optimum cost recovery of the service on a 'user pays' basis, ensuring that the customer pays the cost of the service delivered, no more, no less. Local Authorities are encouraged to cover all of their 'fee earning' costs in this way, recognising that there are other aspects of Building Control activity (such as work related to dangerous structures and enforcement issues) that are not recoverable.
- 1.1.2 As a consequence of this requirement the statutory fee structure was considered no longer fit for purpose. Equally, provision of a dedicated quoting system for every application received would have been a considerable administration burden. Consequently, in 2013 a new fee scheme and schedule was developed and adopted utilising fixed fees for standard work types and enabling fee quotation on larger or more unusual work types.
- 1.1.3 In October 2014 we entered into a Partnership arrangement with Sevenoaks DC to provide the Building Control service for both authorities. The Partnership comprises of a shared BC Manager, team of BC Surveyors and administration officers located across both council offices.
- 1.1.4 It has now been four years since the introduction of the new charging scheme and over two years of operating as a Partnership. The opportunity has been taken to review how the cost of administering applications has worked in practice, in relation to the fees charged. We have carried out some detailed working in order to assess more accurately the costs of our service and the level of fee required to recover the cost on an application by application basis. Consequently, it is

proposed that the charges be amended in accordance with the attached fee schedule to reflect cost recovery, which are set out at **[Annex 1]**.

- 1.1.5 The new fees proposed represent an increase in respect of some works but in some areas there is no change. The overall picture represents a fair reflection of the cost of providing the service for each type of project. These costs are met by the beneficiary of the service, which are those developers or private parties undertaking construction work. In overall terms the fee levels are a small fraction of the cost of development projects and in any event it seems appropriate that those directly benefitting from the service are required to pay the properly calculated amount.
- 1.1.6 In setting the fees we have also to be mindful that in Building Control we operate in competition with Approved Inspectors in the private sector who are able to carry out Building Control work. I am satisfied that the proposed fee scales will retain the balance of properly recovering costs against the need to maintain our competitiveness. Some comparison with some other authorities has also been carried out to gauge the general level of fee scales and this puts us in relatively close order, which seems appropriate. Just for reference the current year fees can be found by following this link:
https://www.sevenoaks.gov.uk/_data/assets/pdf_file/0011/179741/Revised-Building-Control-Fees.pdf
- 1.1.7 Whilst reviewing the charging regime, analysis has also been undertaken of other aspects of service provision and how the team must continually adapt to developing threats and opportunities in this service sector such as investing in mobile working technology to bring about improved productivity and customer service. The proposed changes to the charging scheme are just one facet of the continuing service development.
- 1.1.8 In July 2016 a Building Control Surveying Apprentice post (employed by SDC) was created with a view to training and developing a junior officer in readiness for a vacancy, which is likely to occur due to the potential retirement of a Building Control Surveyor over the next 12-36 months. This initiative was pursued in the light of our recent experience of the national shortage of qualified surveyors and concern that we will be unable to recruit a suitably qualified surveyor with the appropriate skills. We propose to recruit to an apprentice in Summer 2017 in line with the academic year and the new fees and charges will cover the cost of the post.
- 1.1.9 I should also make Members aware that the post of Building Control Partnership Manager is soon to be become vacant. The excellent contribution and efforts of our current Manager have been critical to the successful start-up and good performance of the partnership to date. This post is also hosted by Sevenoaks DC and in reviewing recruitment, the job has been re-evaluated resulting in an increased cost of approximately £5000 which will also be covered by the proposed fees and charges.

1.2 Legal Implications

- 1.2.1 The approach to setting fees for Building Control fees is set out in the Building (Local Authority Charges) Regulations 2010.

1.3 Financial and Value for Money Considerations

- 1.3.1 It is critical that the Council continuously reviews how it recovers the cost of services, particularly where provision is specifically made to do so. In this case, assuming that current workload trends remain broadly the same, I estimate that the annual effect of the proposed fee scheme would represent an increase in income in the region of £36,000 across the Partnership which will cover the increase in providing the service. Direct costs associated with the Partnership are pooled and shared between the authorities on the basis of income generated by each authority and equates to a 45:55 split TMBC:SDC.

1.4 Risk Assessment

The risk of not seeking to fully recover costs puts the Council at a financial disadvantage in supporting the resources required to deliver the service. On the other hand we are mindful of the need to retain our market share in the Building Control business.

1.5 Equality Impact Assessment

- 1.5.1 The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act.

1.6 Recommendations

- 1.6.1 It is recommended that the revised Building Control Charges as detailed in **[Annex 1]** be **APPROVED** and **ADOPTED** from 1 April 2017.

Background papers:

Nil

contact: Jane Heeley

Joe Brooks

Steve Humphrey
Director of Planning, Housing
and Environmental Health

Sharon Shelton
Director of Finance and
Transformation

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BUILDING CONTROL PARTNERSHIP



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P.O. Box 561, Argyle Road, Sevenoaks, Kent TN13 9QZ

Building Control Fees

Guidance notes and summary of fees charged (valid from 1 April 2017)

These tables of fees charged and guidance notes are based on Sevenoaks District Council's and Tonbridge & Malling Borough Council Building Control Charge Scheme. The charges scheme has been made under the Building (Local Authority Charges) Regulations 2010, which contains the full statement of law. A copy of Sevenoaks District Council's and Tonbridge & Malling Borough Council's charges scheme is available for viewing on request.

Where Building Regulations apply to your work, you or your Agent will need to submit a Full Plans Application for approval or give a Building Notice.

Full Plans Application

If you submit a Full Plans Application, we will examine your plans and details within 14 days and if we are satisfied that they comply with the Building Regulations, a notice of approval or conditional approval will be issued. Should further information or clarification be required prior to approval, we will ask you to provide this. A 'Submission Charge' is payable with your application. You will be invoiced for the 'Inspection Charge' (where applicable) following the first inspection by Building Control.

Building Notice

If you submit a valid Building Notice you will need to be confident that the work will comply with the Building Regulations as no approval is given for your plans under this procedure. The Building Regulations preclude Building Notices for most work in non-domestic buildings.

Regularisation Application

A Regularisation Application may be submitted when seeking retrospective approval for work, which has been substantially completed. A charge of 150 per cent of the total Full Plans application charge (i.e submission charge + inspection charge) must be paid when the application is submitted. This type of application is, however, exempt from VAT.

Disabled Exemptions

There are no charges payable when the proposed works are to provide access and facilities in an existing dwelling or is an extension to store equipment or provide medical treatment for a disabled person. In order to claim exemption, the appropriate evidence as to the nature of the disabled person's disability must support any application.

Multiple Works

Where other works are carried out at the same time as building work which is described in classes 1 - 10 in Table 2, the total charge payable will be the appropriate charge in Table 2 added to the appropriate charge in Table 3. Please see the appropriate table for further information.

Estimated Cost of Works

The estimated cost of work used to determine the charge in Table 3 should be a reasonable estimate that would be charged by a professional builder to carry out such work (excluding the amount of any VAT).

Electrical Work

Where you choose not to use an electrician who belongs to an approved self-certification scheme, we will carry out inspections of the new electrical work and test it once it has been completed. We will employ qualified electricians for this and there is an additional fee to cover costs. (See Table 2 - Class 9).

Building Control Fees

Table 1 - Standard Charges for the Erection of New Dwellings

The standard charges below relate to creation or construction of new dwellings each unit not exceeding 300m² in floor area, for larger properties please contact Building Control to obtain an individual fee quotation for the work.

VAT applies at the current rate of 20% (except for a Regularisation Application).

No of New Dwellings	Full Plans Submission				Building Notice Charge		Regularisation charge
	Plan Submission Charge		Inspection charge		Exc Vat	Inc Vat	
	Exc Vat	Inc Vat	Exc Vat	Inc Vat			No Vat
1	£240.00	£288.00	£495.00	£594.00	£882.00	£1058.40	£1323.00
2	£300.00	£360.00	£800.00	£960.00	£1320.00	£1584.00	£1980.00
3	£360.00	£432.00	£1050.00	£1260.00	£1692.00	£2030.40	£2538.00
4	£420.00	£504.00	£1295.00	£1554.00	£2058.00	£2469.60	£3087.00
5	£480.00	£576.00	£1420.00	£1704.00	£2280.00	£2736.00	£3420.00

For schemes where the number of units exceed 5 or floor areas of individual units exceed 300m² please contact Building Control to obtain an individual fee quotation for the work.

Note: Where electrical installations are not to be certified by an installer registered with one of the Governments Competent Persons Schemes the additional charge in Table 2 Class 9 will be required for each unit. This is to enable checks and tests on the work to be made by our nominated contractor to establish that the work meets with the requirements of Approved Document P.

Shaded figures indicate that the 'Building Notice' charge exceeds the 'Full Plans' charge by 20%, which reflects the additional work associated with servicing Building Notices for such work compared to work associated with a Full Plans application.

Table 2 - Standard Charges for Extensions & Alterations to Domestic Buildings

VAT applies at the current rate of 20% (except for a Regularisation Application).

Class & Description		Full Plans Submission				Building Notice Charge		Regularisation Charge
		Plan Submission Charge		Inspection charge		Exc Vat	Inc Vat	No Vat
		Exc Vat	Inc Vat	Exc Vat	Inc Vat			
1	Single storey garage up to 60m ²	£120.00	£144.00	£150.00	£180.00	£270.00	£324.00	£405.00
2	Extension less than 6m ²	£120.00	£144.00	£300.00	£360.00	£420.00	£504.00	£630.00
3	Extension 6m ² - 40m ²	£180.00	£216.00	£420.00	£504.00	£600.00	£720.00	£900.00
4	Extension 40m ² - 100m ²	£240.00	£288.00	£480.00	£576.00	£720.00	£864.00	£1080.00
5	Loft conversion up to 40m ²	£240.00	£288.00	£420.00	£504.00	£660.00	£792.00	£990.00
6	Loft conversion 40m ² - 100m ²	£240.00	£288.00	£480.00	£576.00	£720.00	£864.00	£1080.00
7	Conversion of garage to habitable room up to 30m ²	£120.00	£144.00	£220.00	£264.00	£340.00	£408.00	£510.00
8	Recovering of roofs or cladding of walls to single dwellings (renovation of thermal element)	£180.00	£216.00	£0.00	£0.00	£180.00	£216.00	£270.00
9	Electrical/ Gas/ HETAS installation	£200.00	£240.00	£0.00	£0.00	£200.00	£240.00	£240.00
10	Replacement windows	£180.00	£216.00	£0.00	£0.00	£180.00	£216.00	£270.00

For all other works to a single domestic building and extensions/conversions over the floor areas specified above, please refer to Table 3 – Estimated Cost of Works.

For all other works to a single domestic building and extensions/conversions over the floor areas specified above, please refer to Table 3 – Estimated Cost of Works.

Where an extension or loft conversion over 100m² is proposed, the total fee payable will not be less than that specified in Class 4/6 above.

Where more than one extension, or an extension and a loft conversion is proposed, and the work is to be carried out concurrently, the individual fees should be combined and reduced by 30%.

Note: Where electrical installations are not to be certified by an installer registered with one of the Governments Competent Persons Schemes, the additional charge in Table 2 Class 9 will be required for each unit. This is to enable checks and tests on the work to be made by our nominated contractor to establish that the work meets with the requirements of Approved Document P.

Table 3 - Standard Charges for Alterations to Single Domestic Buildings (Other Than Those Specified in Table 2) and All Work to Non – Domestic Buildings

Please note: Building Notices should not be submitted for works to non-domestic buildings.

VAT applies at the current rate of 20% (except for a Regularisation Application).

Estimated Cost of Works Up To:	Plan Submission Charge		Inspection Charge		Building Notice Charge		Regularisation Charge
	Exc VAT	Inc VAT	Exc VAT	Inc VAT	Exc VAT	Inc VAT	No VAT Payable
£2,000	£180.00	£216.00	£0.00	£0.00	£180.00	£216.00	£270.00
£5,000	£250.00	£300.00	£0.00	£0.00	£250.00	£300.00	£375.00
£10,000	£110.00	£132.00	£210.00	£252.00	£320.00	£384.00	£480.00
£15,000	£130.00	£156.00	£252.00	£302.40	£382.00	£458.40	£573.00
£20,000	£150.00	£180.00	£294.00	£352.80	£444.00	£532.80	£666.00
£25,000	£170.00	£204.00	£336.00	£403.20	£506.00	£607.20	£759.00
£30,000	£190.00	£228.00	£378.00	£453.60	£568.00	£681.60	£852.00
£35,000	£210.00	£252.00	£420.00	£504.00	£630.00	£756.00	£945.00
£40,000	£230.00	£276.00	£462.00	£554.40	£692.00	£830.40	£1038.00
£45,000	£250.00	£300.00	£504.00	£604.80	£754.00	£904.80	£1131.00
£50,000	£270.00	£324.00	£546.00	£655.20	£816.00	£979.20	£1224.00

For work exceeding an estimated cost of £50,000 in Table 3 please contact Building Control to obtain an individual fee quotation for the work.

Where domestic alterations up to £10,000 are to be carried out at the same time as work described in categories 2 – 6 of Table 2 the charge payable in Table 3 is reduced by 30%.

Further information

If you have any queries regarding Building Control charges, please telephone 01732 227376 or email; building.control@sevenoaks.gov.uk.

TONBRIDGE & MALLING BOROUGH COUNCIL

FINANCE, INNOVATION AND PROPERTY ADVISORY BOARD

04 January 2017

Report of the Director of Finance and Transformation and Director of Planning, Housing and Environmental Health

Part 1- Public

Matters for Recommendation to Cabinet - Key Decision

1 REVIEW OF PRE-APPLICATION PLANNING CHARGING REGIME

Summary

This report provides an update on the pre-application procedures for planning and reviews the scale of charges.

Introduction

- 1.1.1 A review was carried out on the way that pre-application planning advice was given in December 2015 and a report was presented to the Planning and Transportation Advisory Board (PTAB), proposing a new Pre-Application Advice Protocol and charging regime on 12 January 2016. This proposal was agreed by PTAB and subsequently approved by Cabinet. The new protocol and fee structure was implemented on 1 April 2016.
- 1.1.2 Since the introduction of the fee schedule, detailed monitoring of the costs incurred in providing the pre-application advice service has been undertaken to inform this year's review.

1.2 **The current pre-application process**

- 1.2.1 The Pre-application Protocol and fee structure, introduced on 1 April 2016, identifies five main categories:
1. Householder Development: - proposals to individual houses and flats for residential purposes where the building affected is not a listed building.
 2. Minor Development :- includes advice on alterations to an existing building (excluding individual flats and houses) where there is no increase in floor space or where any increase in floor space is less than 499 sq.m., new or replacement shop fronts, new or replacement advertisements, alterations to a listed building, demolition of an unlisted building within a conservation area, proposals for telecommunications equipment, proposals for air conditioning / Ventilation Equipment, amendments to previously approved schemes, discharge of conditions attached to permissions

3. Medium development: - includes advice on 1 to 9 new residential units or the creation/change of use of up to 999 sq.m. floor space.
4. Major development: - includes advice on 10 to 99 new residential units or for the creation/change of use of 1,000 to 9,999 sq.m.
5. Large/Strategic development: - includes advice on 100 or more new residential units or the creation/ change of use of 10,000 sq.m. or more floor space. It also includes development briefs and master planning

1.2.2 The Pre-Application Protocol identifies two categories where fees will not apply:

- Advice to third parties affected by the development and/or change of use;
- Disabled access improvements;

1.2.3 It also offers a three option system as follows:

- A pre-application written response
- A pre-application meeting at the Council offices, followed by a letter
- A pre-application meeting on site, followed by a letter.

1.2.4 This system allows the prospective applicant to choose what level best suits their needs and budget. All three options have been used by prospective applicants during the monitoring period. The current Protocol and fees schedule can be viewed on the Council's website via the following link:

<https://www.tmbc.gov.uk/services/planning-and-development/planning/planning-advice-and-guidance/pre-application-advice>

1.3 Proposed amendments to the Pre-Application Protocol and charging regime

1.3.1 Our Pre-Application regime has been effective in delivering technical planning advice in a timely way since it was introduced in April 2016. However, mindful that this is a new process, it is important that monitoring is carried out on an annual basis to ensure ongoing effectiveness.

1.3.2 Some detailed monitoring of the current practice was carried out between 25 April and 19 August 2016. Altogether monitoring was produced for 71 enquiries, which comprised a range of category and option types in order to obtain a measured view of time taken and cost.

1.3.3 Feedback from Officers included comments that some queries were not specifically of a pre-application nature, but required technical work that still took time to investigate and provide a written response. Minor amendments to the Pre-Application Protocol are therefore proposed to make provision for this.

- 1.3.4 In addition, Officers have identified the need to provide clarification with regard to submissions of multiple options, amended drawings showing new proposals and new issues raised by the prospective applicant. Again, some minor amendments to provide clarity have been drafted into the Protocol.
- 1.3.5 Feedback from customers has identified the need for clarification around the length of time of a meeting or site visit, together with the type of information that needs to be submitted. Consequently, the charging schedule be amended to clarify site visit and meeting durations. In addition, it is proposed that the Protocol be amended to provide a more straightforward list of information requirements. For clarity the amended Protocol for Pre-Application and Other Technical Planning Advice is attached as **[Annex 1]**.
- 1.3.6 The monitoring exercise included collecting information on the amount of time spent on preparing and providing planning advice. This identified that the existing charging regime was not recovering the full costs of providing advice by some considerable way. The approach adopted in the review of charges seeks to address this, at least in part, and reflect the evidence provided by the recent monitoring exercise. For clarity the proposed Pre-Application Charging Schedule 2017/18' is attached as **[Annex 2]**. A move towards more cost recovery for this part of the planning service is in the context that mandatory planning application fees, which are set nationally at present, are themselves significantly short of providing sufficient funding to sustain the function overall and have been for many years. Although Government have signalled an intention to change that situation nothing has yet emerged formally.
- 1.3.7 The exception to the general approach to the proposed fee regime is in respect of householder development. Although this category does consume a fair amount of time, there is an issue about the customer resistance to a significant increase, which could be unhelpful to the quality of applications and may even have the perverse effect of reducing income from that source. The fees have therefore been pitched at a level to reflect the need for a balance, with the exception of cases where a site meeting is involved. As ever we will need to monitor that category to see what the pattern of take up becomes over the next year.
- 1.3.8 In terms of the types of development, the only change made is to include the development of a single dwelling in the 'minor' rather than 'medium' category as a more accurate reflection of the time generally needed to deal with that type of case.
- 1.3.9 It is intended that the new regime is introduced on 3 April 2017 and as previously we would endeavour to notify the proposed changes in advance to those that may use the service. The Development Control pages of the Council's website would be updated to reflect the amendments.

1.4 Legal Implications

- 1.4.1 The Local Government Act 2003 provides the power for local authorities to charge for discretionary services (as defined in the Local Government Act 1999). Discretionary services are those services that an authority has the power but not a duty to provide. An authority may charge where the person who receives the service has agreed to its provision. The power to charge under this provision does not apply where the power to provide the service in question already benefits from a charging power or is subject to an express prohibition from charging.
- 1.4.2 The Local Government Act 2003 places a duty on authorities to ensure that, taken one year with another, the income from charges for each kind of discretionary service does not exceed the costs of provision. An authority may set charges as it thinks fit, and may, in particular, charge only certain people for a service or charge different people different amounts.
- 1.4.3 Local authorities are required to have regard for any guidance that may be issued by the Secretary of State in terms of carrying out their functions under the 2003 Act. Section 93(7) of the Act provides that certain prohibitions in other legislation preventing authorities from raising money are specifically dis-applied in relation to the exercise of the charging power.
- 1.4.4 Local Planning Authorities therefore have powers to recover the costs of pre-application advice in recognition of the time officers have to spend researching information in order to provide answers to prospective developers or applicants.

1.5 Financial and Value for Money Considerations

- 1.5.1 The current level of cost recovery for providing pre-application advice is currently projected to be circa £50,000 for 2016/17 and this is reflected in Revised Estimates. The amendments to the charging schedule would increase the fees charged for on all types of advice, except Major and Large/Strategic proposals. We have included an income estimate of £55,000 in the Estimates for 2017/18, reflecting the charges set out in this report.

1.6 Risk Assessment

Robust monitoring should be carried out every year to ensure the protocol and charging schedule in place is based on up to date evidence and to review how, if at all, the take up of the service alters in response to fee changes. This will also ensure that we are responsive to the needs of our customers in the service we provide.

1.7 Equality Impact Assessment

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

1.8 Recommendations

1.8.1 It is recommended that Cabinet be asked to::

- 1) Adopt the updated protocol for providing Pre-Application and Other Technical Planning Advice as attached at **[Annex 1]**;
- 2) Adopt the Pre-application Charging Schedule for 2017/18 as attached at **[Annex 2]**.

Background papers:

Nil

contact: Louise Reid
Neil Lawley

Sharon Shelton
Director of Finance and Transformation

Steve Humphrey
Director of Planning, Housing and Environmental Health

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TONBRIDGE AND MALLING BOROUGH COUNCIL

**PROTOCOL FOR PROVIDING PRE-APPLICATION AND OTHER TECHNICAL
PLANNING ADVICE**

December 2016

We are able to provide you with advice and information if you are considering carrying out work and changing the use of buildings or land that may require planning permission or a related consent (e.g. advertisement consent or listed building consent). Advice can also be given where works have taken place but technical planning guidance is sought. We would encourage you to seek advice before commencing development or submitting a formal application in order to help speed up the development process and avoid unacceptable proposals.

The provision of pre-application and technical planning advice is time consuming and costly so we have formalised the procedures for handling this area of work. In most cases we charge a fee for providing advice under the provisions of the Local Government Act 2003. The charges are based on an assessment of the cost in terms of officer time and other related costs for providing the advice. The charging arrangements will help us to sustain and improve the service provided.

The benefits of pre-application and technical planning advice

Pre-application advice and technical planning advice will provide you with the following benefits:

- understanding how our policies will be applied to your proposal
- identifying the need for specialist input at an early stage e.g. for listed buildings, transportation, landscape, noise, health, contaminated land or archaeology
- assisting in the preparation of proposals for formal submission, which, if you follow our advice, should be handled more quickly and be more likely to result in a positive outcome
- helping to reduce the time that you or your professional advisors spend in working up the proposals
- indicating those proposals that are completely unacceptable, so saving you the cost of pursuing a formal application.

Proposals requiring a fee

A fee will be charged for advice on the following types of development:

1. Householder Development

For the purposes of charging for advice this includes proposals relating to individual houses and flats for residential purposes where the building affected is not a listed building. In cases where the house or flat is statutorily listed as being of architectural or historic interest then

the charge will fall within the 'Minor Development' category (Category 2) rather than the Householder Development category (Category 1)

2. Minor Development

Minor development includes advice on:

Alterations to an existing building (excluding individual flats and houses which fall within the Householder Development Category – Category 1) where there is no increase in floor space or where any increase in floor space is less than 499 sq.m.

- New or replacement shop fronts
- New or replacement advertisements
- Alterations to a listed building
- Demolition of an unlisted building within a conservation area
- Proposals for Telecommunications Equipment
- Proposals for Air Conditioning / Ventilation Equipment
- Amendments to Previously Approved Schemes
- Discharge of conditions attached to permissions.
- 1 new residential unit

3. Medium development

Medium development includes advice on 2 to 9 new residential units or the creation/change of use of up to 999 sq.m. floor space. In the case of proposals for large new residential units where the total floor space exceeds 999 sq.m. the charge will fall within the major development category rather than the medium development category

4. Major development

Major development includes advice on 10 to 99 new residential units or the creation/change of use of 1,000 to 9,999 sq.m. In the case of proposals for large new residential units where the floor space exceeds 9999 sq.m. the charge will fall within the large/strategic development category rather than the major development category.

5. Large/Strategic development

Large/strategic development includes advice on 100 or more new residential units or the creation/ change of use of 10,000 sq.m. or more floor space.

Please note for all categories of development:

The charges for advice relate to the submission of one query only. Submissions that include multiple options, amended drawings submitted following a meeting/site visit and any additional matters not included with the original submission will be viewed as new enquiries and will be subject to a separate fee.

Proposals not requiring a fee

There will be no charge for the following:

- General and proportionate advice to third parties affected by development and/or change of use
- Disabled access improvements.

How to make a request for advice that requires a fee

You should make your request for advice about householder or minor development on a Pre-Application Advice Request Form, which is available to complete on our website.

We will acknowledge receipt of your request and the fee.

Following receipt of the correct fee, the relevant information and, where requested, the site visit and/or meeting, we will endeavour to respond to your query within 21 days (from the date of site visit or meeting, if applicable).

Please note that your request for pre-application advice will not be dealt with until we have received the correct fee and all of the necessary supporting information.

Where necessary you should amend the scheme in the light of the comments received and either:

- Proceed to a formal application; or
- if significant alterations to a scheme are required to make the proposal acceptable, then a further round of correspondence and meetings may be needed prior to a formal submission. It is likely that a further fee/s will be required to reflect the additional work required to assess the new information.

Planning Obligations.

Major, large and complex proposals often need to be accompanied by a legal agreement restricting or regulating the development or use of the land; for example, to secure planning obligations that will offset the impact of the new development on the locality.

The completion of legal agreements often delays the issuing of planning permissions, as decision notices are not issued until such time as the legal agreement has been finalised. In some circumstances, planning conditions or unilateral undertakings may offer a satisfactory and speedier alternative to a legal agreement. Negotiations should begin early in the planning process where cases require a legal agreement.

Community Involvement in the Planning Process

For larger development proposals we strongly encourage developers to involve the local community before an application is submitted. This may take the form of a local exhibition, public meetings, circulation of leaflets, or the creation of a well-publicised dedicated website, including a facility to make comments. Community involvement should ideally be sought in two stages:

- Firstly, to seek views from interested groups on what may be appropriate for a site, so that these views can, wherever possible, be taken on board before the proposals are drawn up; and

- Secondly, to explain and seek further views on the evolving proposals before a planning application is submitted, so that changes can be made in response before submission, and also so that people are already aware of the background and the proposals when we later consult them on the application.

Wherever an applicant has arranged some community involvement prior to making a planning application, we request that a supporting report is submitted that sets out:

- what community involvement has been undertaken;
- what views have been expressed;
- what changes have been made by the applicant in response to the views expressed or, if no changes have been made, the report should explain why not.

For smaller development, it is advisable to discuss your proposal with occupiers of adjacent properties likely to be affected by the proposal.

Notes

Decision making

The final decision on applications is made by Council Members or by senior officers. It can only be taken after consultations with adjoining occupiers, those bodies which the Council has a statutory requirement to consult and other interested parties once we have received your application(s) and following detailed assessment of the facts of the case.

You should therefore be aware that the Council's officers cannot give any guarantees about the decision that will be made on your application(s).

Freedom of Information Act 2000

The confidentiality of information held by the Council cannot be guaranteed. We may receive requests under the Freedom of Information Act, and related legislation, to disclose information about pre-application advice requests and the advice that we have provided.

Should you consider your inquiry to be confidential, please provide us with your reasons for this and the time period you consider that the information should remain confidential. Where we receive an application for disclosure, we will take into account requests for confidentiality when deciding whether to release the information.

Information to be provided by the applicant in initial submissions to the Council

For Householder, Minor and Medium advice the minimum information you should submit is:

- A plan identifying your property/site
- Sketches and drawings of your proposal with dimensions indicated
- Photographs of the property/site, in particular showing the relationship with any neighbouring buildings.

For Listed Building advice the above information should be submitted, together with:

- A description of the proposed works and how these may affect the historic fabric and design of the building;
- Photographs of the building, in particular covering the aspect of the building that you wish to change.

For Major and Large Strategic advice the following information should be submitted:

- A scaled plan identifying your site;
- Sketches and scaled drawings of your proposal
- Photographs of the site, in particular showing the site context and its relationship with any neighbouring buildings.
- Description of the scope of proposed development including scale, land uses, schedule of floor space, housing details including tenure and mix.
- Clarification of land ownership if a legal agreement is likely to be required, including details of other relevant interests such as tenancies, mortgages etc.
- List of suggested planning obligations, including a commitment to S106 legal agreement and to paying the Council's legal costs involved in negotiating, preparing and completing the agreement.

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Tonbridge and Malling Borough Council Pre-application charging schedule 2017/18				
	Type of Development	Fee for written advice only	Fee for a meeting at the Council Offices and letter	Fee for a meeting on site and letter
1	Householder development	£78 £65 + VAT	£144 £120 + VAT	£240 £200 + VAT
2	Minor development	£120 £100 + VAT	£240 £200 + VAT	£300 £250 + VAT
3	Medium development	£180 £150 + VAT	£240 £200 + VAT	£300 £250 + VAT
4	Major development	£480 £400 + VAT	£600 £500 + VAT	£660 £550 + VAT
5	Large Scale/Strategic Development/Planning Briefs/Master Planning	Site visit/meeting and written response option only £1,080 £900 + VAT		
Exemptions				
<ul style="list-style-type: none"> • Advice to third parties affected by development proposals • Disabled access 				
Notes				
<ul style="list-style-type: none"> • The charges set out above relate to each separate query submitted to the Council. They include research time on each query • Further queries and variations raised following the issue of advice by the Council will be subject to a new fee, including further meetings and site visits • Fees are calculated on the following time periods for site visits and meetings: <ul style="list-style-type: none"> ○ Categories 1, 2 and 3 – not to exceed 30 minutes ○ Category 4 – not to exceed 60 minutes ○ Category 5 – not normally to exceed 150 minutes 				

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TONBRIDGE & MALLING BOROUGH COUNCIL

FINANCE, INNOVATION and PROPERTY ADVISORY BOARD

04 January 2017

Report of the Director of Finance and Transformation

Part 1- Public

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

1 APPLICATION FOR DISCRETIONARY RATE RELIEF

A report giving details, at paragraph 1.1, of a new application for discretionary rate relief.

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

1.1 New application for discretionary rate relief

1.1.1 Since the last meeting of the Board, I have received a new application for rate relief that has reached a stage where it is ready for Members' consideration. I give below further details of this application.

1.1.2 **Hillsong Church London, The River Centre, Medway Wharf Road, Tonbridge, Kent, TN9 1RE. Rateable Value £26,750**

1.1.3 The applicant is a registered charity and I have therefore granted 80% mandatory rate relief. It is for Members to decide whether discretionary relief should be granted as well.

1.1.4 The aim of the charity is the advancement of the Christian faith for the benefit of the public.

1.1.5 The property is used for Sunday Church services and related weekly activities. A small amount of Bibles, Christian books and music are sold, but only to attending church members with the proceeds used for the purpose of the charity.

1.1.6 As the organisation is a national charity, Members might be inclined to refuse an award of discretionary relief as there does not appear to be any specific benefit to the residents of Tonbridge and Malling over and above the benefit to the residents of other areas in which the charity operates.

1.1.7 However, should Members decide to award the maximum 20% 'top up' relief as a 'special case', the applicant will receive £1,602.65 for the period 24 August 2016 to 31 March 2017.

1.1.8 Members are **REQUESTED** to consider the application and make an appropriate **RECOMMENDATION** to Cabinet regarding discretionary rate relief. If relief is awarded, Members might wish, in view of the uncertainty surrounding Government funding for future financial years, to consider time-limiting any awards of relief, initially, to 31 March 2017.

1.2 Legal Implications

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

1.3 Financial and Value for Money Considerations

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

1.4 Risk Assessment

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

1.5 Equality Impact Assessment

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

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

Background papers:

contact: Glen Pritchard
01732 876146

Applications for relief from the organisations referred to in the main body of the report received since September 2016 and held in Financial Services.

Sharon Shelton
Director of Finance and Transformation

CRITERIA TO BE USED IN DETERMINING APPLICATIONS FOR DISCRETIONARY RATE RELIEF

Part 1 - Non profit-making bodies

Previous awards of discretionary rate relief

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

100% discretionary rate relief granted to:

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

20% top-up relief granted to:

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

Applications where special considerations may apply

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

- caters for special needs (see below for an explanation of this term); or
- supplies facilities that would not otherwise be available in the area; or
- provides a service that supports the Council's core values. For the year 2017/19 these priorities are:
 - Taking a business-like approach
 - Promoting Fairness
 - Embracing Effective Partnership Working
 - Valuing our environment and encouraging sustainable growth

Meaning of 'special needs'

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

Where the applicant body provides such special needs or supplies facilities that would not otherwise be available in the area or supports the Council's key

priorities, the maximum amount of relief will generally be awarded, subject to the following.

Other considerations

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

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

Restrictions on the granting of relief

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

- **National charities**
As a general rule, the Council is unlikely to grant relief to national charities located within the Council's area unless there is some specific benefit to the residents of Tonbridge and Malling over and above the benefit to the residents of other areas in which the charity operates.
- **Charity shops and other premises operated by trading arms of charities**
The Council is unlikely to grant relief to charity shops and other premises operated by the trading arms of charities.
- **Bodies operating in only part of the Council's area**
Where an applicant body is a national organisation but operates only in part of the Council's area, any relief that may be awarded will generally be

reduced pro rata the population of the area of the Borough that receives benefit from that organisation. This restriction will not generally apply if the body is not a national body and has been established to benefit only a part of the Council's area.

- **Bodies operating a restrictive membership policy**

It is not the Council's general policy to grant relief to bodies that operate a restrictive membership policy unless such restrictions are necessary because of the size of the property occupied by the body or in order to ensure a pre-determined level of ability or required standard of achievement for a particular sport or activity.

- **Bodies occupying premises with high rateable values**

The Council, when determining an application for relief will consider the rateable value and location of the applicant's premises. Are the premises of a size, and their location, appropriate to the organisation?

Special cases

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

Affordability

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

Part 2 – Applications not falling within Part 1

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

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

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

Affordability

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

Part 3 - General

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

TONBRIDGE & MALLING BOROUGH COUNCIL

FINANCE, INNOVATION and PROPERTY ADVISORY BOARD

04 January 2017

Report of the Director of Finance and Transformation

Part 1- Public

Matters for Information

1 REVENUES AND BENEFITS UPDATE REPORT

A report detailing recent developments in respect of council tax, business rates, council tax reduction and housing benefits.

1.1 Collection of council tax and business rates

1.1.1 As at 30 November 2016, the collection rate for council tax stood at 74.3%. For the same period in the year 2015/16, the collection rate was 74.38%.

1.1.2 As at 30 November 2016, the collection rate for business rates stood at 75.45%. For the same period in the year 2015/16, the collection rate was 75.19%.

1.1.3 I shall update Members, as to the collection rates for 2016/17, as at 31 December 2016, for both council tax and business rates, on the evening of the meeting.

1.1.4 In respect of the customers receiving a council tax reduction (CTR), approximately 95% of the council tax due for 2013/14 has been paid, with 92% for 2014/15 and 86% for 2015/16. For the current financial year, approximately 61.2% has been paid compared to 60.8% for the comparative period in the previous financial year.

1.1.5 I am also pleased to advise that the number of recovery notices issued this financial year is still lower than last year, with approximately 11% fewer notices being sent compared to 2015/16 (see **ANNEX 1**).

1.2 Autumn Statement

1.2.1 In respect of business rates specifically, the Chancellor announced the doubling of Rural Rate Relief from 1 April 2017. This removes the inconsistency with Small Business Rate Relief, that had previously been announced would be doubled permanently from 1 April 2017.

1.2.2 There will also be a new 100% relief for new full-fibre infrastructure for a 5 year period from 1 April 2017 to support roll out to more homes and businesses.

1.3 Council Tax Base for the year 2017/18

- 1.3.1 I attach, at **ANNEXES 2 and 3**, the council tax base for the financial year 2017/18. This shows that there are 48,878.88 Band D equivalent properties within the Borough.
- 1.3.2 Members should note that, compared to the tax base for the year 2016/17 (47,629.13 Band D equivalent properties), there has been an increase of approx. 2.6% in the overall tax base for the Borough.
- 1.3.3 This increase is a combination of fewer taxpayers claiming Council Tax Reduction, growth in the number of new properties and the forthcoming changes to the Council Tax Support scheme.
- 1.3.4 The Council is required to set its tax base for the forthcoming financial year, and notify it to the major precepting authorities, during the period 1 December to 31 January. Members will recall that, at the time of reporting the tax base for the year 2005/06, they agreed to give me delegated authority to calculate the tax base for subsequent years.

1.4 E-billing

- 1.4.1 The Chancellor announced in his Budget Statement for 2016 that the Government will work with local authorities to ensure that all ratepayers can receive bills online by 1 April 2017.
- 1.4.2 I am pleased to report that my teams have been working hard to ensure this service is available, and that testing is currently under way. I am hopeful that businesses and council taxpayers can be contacted in the New Year so that as many can sign up to the new service before the annual bills are sent in March.
- 1.4.3 I will continue to closely monitor the development of this facility and I will report back to Members when it becomes available for use.

1.5 Performance and Workload of the Benefits Service

- 1.5.1 The average number of days taken to process a new claim for housing benefit so far this year is 15. It takes an average of 6.4 days to process a change in circumstances.
- 1.5.2 The targets for the year are 15 and 6 days. The number of new claims received compared to the same time last year is 200 lower. The number of changes in circumstances is 2,000 higher. So far, just over 2,000 new claims have been made and 30,000 changes in circumstances received.
- 1.5.3 There is a continued reduction in the number of households receiving housing benefit and / or council tax reduction. Since January 2016, there are 230 fewer households receiving housing benefit.

1.6 Universal Credit

- 1.6.1 The Borough saw the introduction of Universal Credit in October 2015. Universal Credit can include housing cost payments to replace housing benefit. To date, there are 43 households with claims for council tax reduction and Universal Credit indicating the slow roll out of the new benefit.
- 1.6.2 Claims are currently limited to single people who would otherwise have claimed Jobseekers Allowance. In November, the DWP issued a timetable for the 'full service' roll out, when all categories of claimant will be included. The completion of the roll out is due for September 2018, with Tonbridge & Malling going live in August 2018. Following roll out, a phased transition of the remaining working age housing benefit caseload is due to take up to 2022.
- 1.6.3 Housing benefit for claimants living in supported accommodation, such as the Royal British Legion Village or Bridge Trust accommodation will be excluded from Universal Credit housing costs, maintaining eligibility to housing benefit regardless of age.

1.7 Benefit Cap

- 1.7.1 The benefit cap places a limit on the maximum amount of benefit that out of work households are entitled to. It does not affect 'in work' households providing there is a claim for Working Tax Credits in payment. The level of the cap was revised from £500 per week to £384.62 per week (£20,000 per annum) from 7 November 2016. There were 21 households capped at the 'old' rate.
- 1.7.2 There are now 106 households with reduced incomes due to the benefit cap. The Department for Work & Pensions had previously indicated there would be approximately 200 cases in the Borough, the lower number is something of a positive.
- 1.7.3 The numbers of households and losses they face per week are represented in the figure below:



1.7.4 Of the households, 84 are housing association tenants, 62 being 'Russet', and 20 are private tenants. All households contain two or more children. Two thirds of households are couples, one third, single parents.

1.7.5 My Service has been working together with the local Jobcentres for several months to provide advice to households affected by the benefit cap. All households received letters warning of the potential financial impact of the cap. Information was passed to landlords, where permitted, for example, Russet was notified of their tenants affected by the cap for whom they receive direct payments. They then carried out a 'door knocking' exercise to advise and assist tenants.

1.8 Discretionary Housing Payments (DHP)

1.8.1 The DHP fund for the year was £171,000 and the balance now stands at £50,000. The additional demand on the fund due to the reduced benefit cap is being carefully managed to stretch the resources through to the end of the financial year.

1.8.2 There have been 406 applications for help from the fund so far, of which, 279 awarded either weekly 'top up' payments or lump sums to assist in clearing rent arrears or downsizing accommodation.

1.9 Local Council Tax Reduction Scheme

1.9.1 Following public consultation and analysis, the Local Council Tax Reduction Scheme for 2017/18 was agreed by Council on 1 November. Details of the scheme and the differences to the current one can be found at:

<https://www.tmbc.gov.uk/services/advice-and-benefits/council-tax/council-tax-reduction-scheme/council-tax-reduction-scheme-20172018>

1.10 Legal Implications

1.10.1 Nil.

1.11 Financial and Value for Money Considerations

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

1.12 Risk Assessment

1.12.1 Performance monitored on an ongoing basis.

Background papers:

1. In respect of the collection of council tax and business rates, data held within Financial Services.

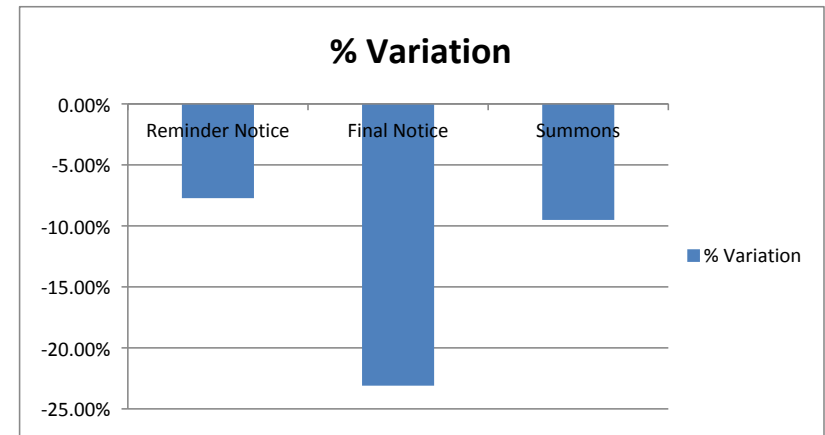
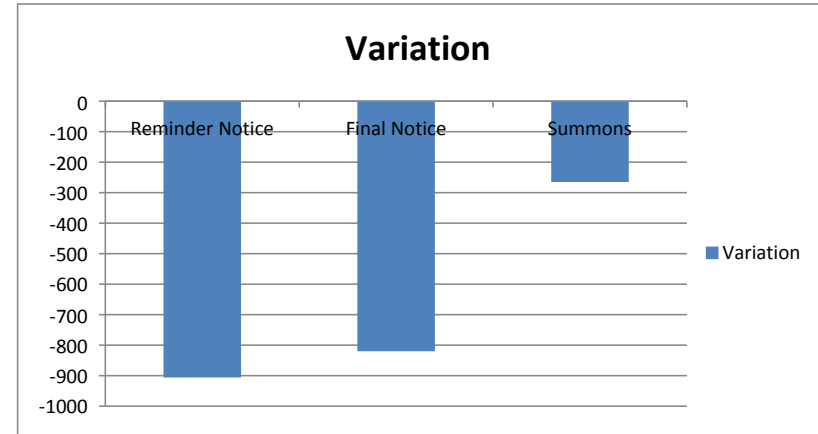
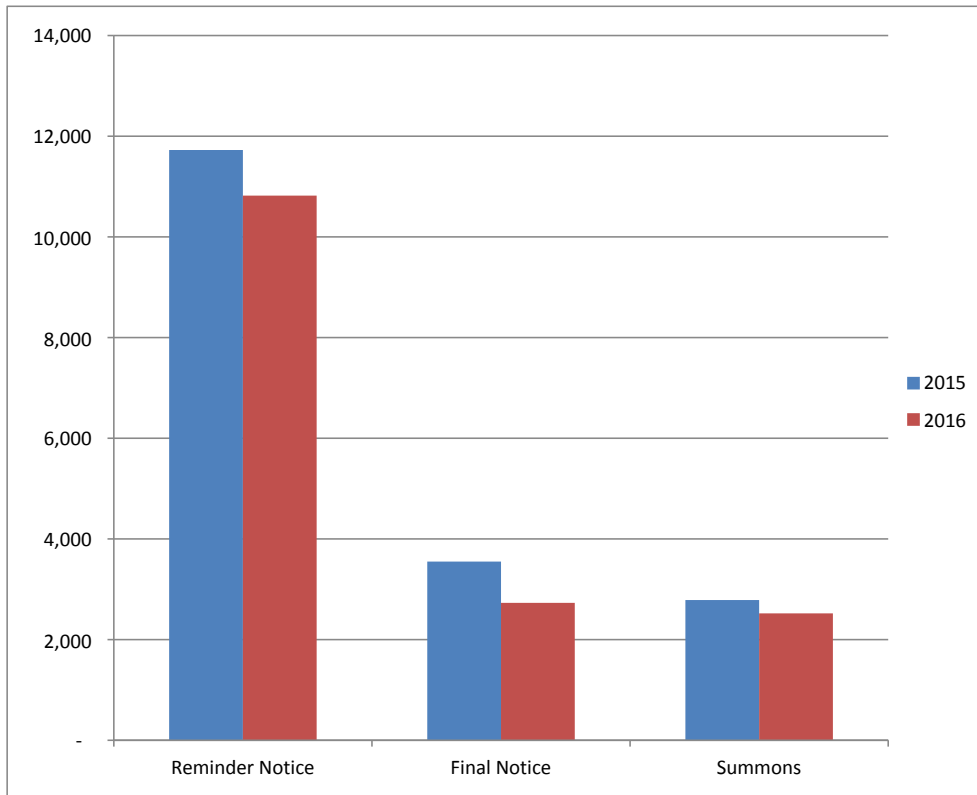
contact: Glen Pritchard
01732 876146
Andrew Rosevear
01732 876143

Sharon Shelton
Director of Finance and Transformation

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	Reminder Notice	Final Notice	Summons	Total
2015	11,726	3,550	2,786	18,062
2016	10,820	2,730	2,521	16,071
Variation	-906	-820	-265	-1991
% Variation	-7.73%	-23.10%	-9.51%	-11.02%

ANNEX 1



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ANNEX 2

PARISH	TOTAL TAXBASE
HADLOW	1,498.29
HILDENBOROUGH	2,186.01
ADDINGTON	386.67
AYLESFORD	4,098.45
BIRLING	198.15
BOROUGH GREEN	1,616.04
BURHAM	450.02
DITTON	1,767.75
IGHTHAM	1,093.73
LEYBOURNE	1,637.81
EAST MALLING & LARKFIELD	4,931.70
WEST MALLING	1,111.40
MEREWORTH	429.67
OFFHAM	373.12
EAST PECKHAM	1,279.50
WEST PECKHAM	176.29
PLATT	882.67
PLAXTOL	584.11
RYARSH	310.98
SHIPBOURNE	251.80
SNODLAND	3,543.42
STANSTED	258.42
TROTTISCLIFFE	266.83
WATERINGBURY	882.45
WOULDHAM	486.88
WROTHAM	863.09
KINGS HILL	3,904.69
TONBRIDGE	13,408.94
TOTAL	48,878.88

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Tax Base 2017/2018 - Analysis of Properties

ANNEX 3

BAND	Disab A	A	B	C	D	E	F	G	H	Total
Total Properties	-	1,704	3,900	15,082	13,139	8,914	5,002	4,667	410	52,818
Exempt Properties	-	79	58	99	115	74	36	17	11	489
PCLC100 (Empty)	-	27	31	75	37	20	12	15	1	218
PCLD100 (Uninhabitable)	-	-	5	6	13	15	5	9	1	54
Disabled Relief Additions	3	8	45	69	47	26	35	10	-	243
Disabled Relief Reductions	-	3	8	45	69	47	26	35	10	243
PCLB0 2nd Homes	-	28	25	39	40	29	15	26	9	211
PCLC0 LTE	-	41	90	185	113	78	42	49	5	603
Premium	-	11	23	29	16	12	8	10	1	110
25% Discounts	1	1,091	2,126	5,193	3,478	1,917	793	525	18	15,142
50% Discounts	-	7	3	9	6	7	8	16	2	58
CTR discounts	-	483.15	876.02	1,788.08	765.43	215.46	64.28	20.55	0.65	4,213.62
Properties with full charge	2	425	1,576	9,471	9,299	6,741	4,092	3,975	352	35,933
Total properties (adjusted)	2.75	849.10	2,445.48	11,849.67	11,322.07	8,091.79	4,695.47	4,446.20	381.35	44,083.88
Growth adjustment	-	8.00	48.00	75.00	208.00	142.00	38.00	5.00	-	524.00
Net Total	2.75	857.10	2,493.48	11,924.67	11,530.07	8,233.79	4,733.47	4,451.20	381.35	44,607.88
Ratio to Band D	5/9	6/9	7/9	8/9	9/9	11/9	13/9	15/9	18/9	-
Band D Equivalentents	1.53	571.40	1,939.37	10,599.71	11,530.07	10,063.52	6,837.23	7,418.67	762.70	49,724.20
Less 1.7% Losses	0.03	9.71	32.97	180.20	196.01	171.08	116.23	126.12	12.97	845.32
Tax Base	1.50	561.69	1,906.40	10,419.51	11,334.06	9,892.44	6,721.00	7,292.55	749.73	48,878.88

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Agenda Item 11

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

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Agenda Item 12

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

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

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Agenda Item 17

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

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