

TONBRIDGE & MALLING BOROUGH COUNCIL



EXECUTIVE SERVICES

Chief Executive

Julie Beilby BSc (Hons) MBA

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

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

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

16 January 2017

To: MEMBERS OF THE OVERVIEW AND SCRUTINY COMMITTEE
(Copies to all Members of the Council)

Dear Sir/Madam

Your attendance is requested at a meeting of the Overview and Scrutiny Committee to be held in the Civic Suite, Gibson Building, Kings Hill, West Malling on Tuesday, 24th January, 2017 commencing at 7.30 pm

Yours faithfully

JULIE BEILBY

Chief Executive

A G E N D A

PART 1 - PUBLIC

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

3. Minutes 9 - 12

To confirm as a correct record the Minutes of the meeting of the Overview and Scrutiny Committee held on 13 September 2016

4. Any Executive Decisions which have been 'called in' 13 - 14

Matters for Recommendation to the Cabinet

5. Revenue Estimates 2017/18 15 - 30

6. Capital Plan Review 2016/17 31 - 52

7. Christmas Lights and Hanging Baskets - Recommendations of Scrutiny Panel 53 - 62

Matters submitted for Information

8. Scrutiny Review Programme Update 63 - 64

9. Urgent Items 65 - 66

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

Matters for consideration in Private

10. Exclusion of Press and Public 67 - 68

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

PART 2 - PRIVATE

11. Urgent Items 69 - 70

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

MEMBERSHIP

Cllr A K Sullivan (Chairman)

Cllr Mrs A S Oakley (Vice-Chairman) and Cllr Ms S V Spence (Vice-Chairman)

Cllr Mrs J A Anderson

Cllr M C Base

Cllr P F Bolt

Cllr J L Botten

Cllr T I B Cannon

Cllr R W Dalton

Cllr Mrs S M Hall

Cllr S R J Jessel

Cllr Mrs F A Kemp

Cllr Mrs S L Luck

Cllr P J Montague

Cllr M Taylor

Cllr F G Tombolis

Cllr T C Walker

Mr P J Drury

Mr D Still

This page is intentionally left blank

Apologies for absence

This page is intentionally left blank

Declarations of interest

This page is intentionally left blank

TONBRIDGE AND MALLING BOROUGH COUNCIL

OVERVIEW AND SCRUTINY COMMITTEE

Tuesday, 13th September, 2016

Present: Cllr A K Sullivan (Chairman), Cllr Ms S V Spence (Vice-Chairman), Cllr Mrs J A Anderson, Cllr M C Base, Cllr P F Bolt, Cllr J L Botten, Cllr T I B Cannon, Cllr S R J Jessel, Cllr Mrs F A Kemp, Cllr Mrs S L Luck, Cllr P J Montague, Cllr M Taylor, Cllr F G Tombolis, Mr P J Drury and Mr D Still (Co-opted Members)

Councillors O C Baldock, N J Heslop, D Lettington and M R Rhodes were also present pursuant to Council Procedure Rule No 15.21.

Apologies for absence were received from Councillors Ms J A Atkinson and Mrs S M Hall

PART 1 - PUBLIC

OS 16/18 DECLARATIONS OF INTEREST

There were no declarations of interest made in accordance with the Code of Conduct. However, Councillor M Rhodes referred to the fact that he was the current Mayor.

OS 16/19 MINUTES

RESOLVED: That the Minutes of the meeting of the Overview and Scrutiny Committee held on 14 June 2016 be approved as a correct record and signed by the Chairman.

MATTERS FOR RECOMMENDATION TO THE CABINET

OS 16/20 DRAFT CORPORATE STRATEGY

The report of the Chief Executive advised that the Cabinet had approved an initial draft of the new Corporate Strategy subject to a number of minor textual amendments at its meeting on 29 June 2016. Consideration was given to the revised draft which, it was noted, differed from the previous highly detailed corporate performance plan in comprising a wider vision of the Council's focus over the three year period, supported by some adopted "key values". The strategy indicated how it was intended to meet the challenges being faced by the Council, its commitment to partnership working and some key measures of success. The Committee welcomed the more succinct approach.

RECOMMENDED: That the draft Corporate Strategy set out at Appendix A to the report be commended to the Cabinet for formal adoption by the Council.

OS 16/21 SPECIAL EXPENSES SCHEME POLICY (FAIRER CHARGING)

The report of the Management Team referred to the consultations undertaken in respect of the potential introduction of a Special Expenses Scheme and the outcome of the detailed consideration and debate by the Cabinet at its extraordinary meeting on 28 July 2016 (Minute CB 16/60). In accordance with the recommendations, a draft policy was presented for review by the Committee prior to any final decisions being taken by the Council on 1 November 2016.

The Committee noted that during the consultation, a number of parish councils had suggested that small pockets of Borough Council owned land might be more cost effectively maintained by the parish council in the future rather than being charged as a special expense. Consideration was being given to these suggestions.

In addition to the recommendations specific to the Special Expenses Scheme policy, the Cabinet had also requested the Overview and Scrutiny Committee to undertake a review into the future funding of Christmas Lighting and High Street flower displays in readiness for 2017/18 (reference at subsequent Minute OS 16/23).

RECOMMENDED: That the draft Special Expenses Scheme policy set out at Annex 1 to the report be approved for adoption by the Council.

OS 16/22 REVIEW OF MAYORALTY FUNCTION

Further to Minute OS 16/15, the report of the Director of Central Services presented a comprehensive review of the Mayoralty function which considered the role of the Mayor, Mayoral engagements and fund raising, the role of the Macebearer, Mayoral transport, budget and allowances and, finally, religious involvement in the Mayoralty including appointment of the Mayor's chaplain and the saying of prayers before Council meetings. An Annex containing exempt information relating to costs associated with the Macebearer and chauffeur was included in the private part of the agenda.

The Committee decided to proceed with the review without inviting other stakeholders to participate but written representations from the current Macebearer were read out and a number of Members who were past Mayors contributed to the meeting. Considerable discussion ensued during which the value of the Mayor in raising the profile of the Borough and the appreciation of schools, charitable organisations and other recipients of visits by the Mayor was acknowledged. Whilst it was considered that the majority of engagements should take place within or adjacent to the Borough, Members did not favour a prescriptive approach or linking the Mayoral programme with corporate objectives. The knowledge and experience of the current Macebearer were also recognised.

In considering a number of options in respect of the future of Mayoral transport and allowances, the Committee concluded that flexibility should be maintained to enable a chauffeur to be engaged in appropriate circumstances but competitive quotations should be obtained for the service.

Members debated whether there should be religious involvement in the Mayoralty in future and considered that it should remain at the discretion of the incumbent Mayor, subject to clarification of the options open to them. No change was recommended to the current arrangements for saying prayers before full Council meetings although provision should be made for any Member to join the meeting immediately thereafter if they so wished.

RECOMMENDED: That

- (1) no changes be made to the role of the Mayor as set out in the Constitution;
- (2) no change be made to the current approach to Mayoral engagements;
- (3) the Mayor should continue to undertake a fund raising role for one or two chosen charities as at present;
- (4) the role of the Macebearer be retained as at present;
- (5) the current arrangements for Mayoral transport be retained but competitive quotations be sought from three providers to ensure value for money and the budget be limited to £10,000;
- (6) the Joint Independent Remuneration Panel be invited to review the allowances payable to the Mayor and Deputy Mayor;
- (7) the incoming Mayor be given the freedom to decide if they wish to appoint as Chaplain a person from any religion for the purpose of providing spiritual counsel or, alternatively, to make no appointment; and
- (8) no changes be made to the current arrangements for the saying of prayers immediately before Council meetings provided that any Member may choose to join the meeting thereafter if they so wish.

DECISIONS TAKEN BY THE COMMITTEE

OS 16/23 PROPOSED SCRUTINY REVIEW PROGRAMME

The report of the Chief Executive set out further topics for review by the Committee. The first related to a review of Christmas lighting provision

and High Street flower displays arising from the Cabinet's consideration of the introduction of a Special Expenses Scheme (Minute OS 16/21 refers). The other involved a review of the future of the Gibson Building as part of the Savings and Transformation Strategy.

It was proposed that two separate informal panels drawn from the membership of the Overview and Scrutiny Committee be established to progress the reviews. A suggested composition was set out in the report although this was subject to discussion with the Chief Corporate Policy Officer. The following dates had been set for the panel meetings: Christmas Lighting/Flower Displays on 6 October and Gibson Building on 2 November 2016.

Members suggested that prior to the first meeting, officers liaise with the various parish councils and traders' organisations within the parished areas to ascertain their views of the current grant scheme. In addition it was felt that advance liaison with the Town Team and Tonbridge traders would be helpful in order to formulate ideas for future arrangements in Tonbridge.

RESOLVED: That the arrangements for the reviews of Christmas Lighting/High Street Floral Displays and the future of the Gibson Building, as set out in the report, be endorsed.

MATTERS FOR CONSIDERATION IN PRIVATE

OS 16/24 EXCLUSION OF PRESS AND PUBLIC

There were no items considered in private.

PART 2 - PRIVATE

OS 16/25 REVIEW OF MAYORALTY FUNCTION - ANNEX 1

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

LGA 1972 Sch 12A Paragraph 1 – Information relating to an individual)

Annex containing exempt information in respect of item at Minute OS 16/22.

The meeting ended at 10.05 pm

Agenda Item 4

Any Executive Decisions which have been “called in”

This page is intentionally left blank

TONBRIDGE & MALLING BOROUGH COUNCIL

OVERVIEW AND SCRUTINY COMMITTEE

24 January 2017

Report of the Director of Finance and Transformation

Part 1- Public

Matters for Recommendation to Cabinet

MEMBERS ARE ASKED TO BRING WITH THEM THE REVENUE ESTIMATES BOOKLET CIRCULATED WITH THE AGENDA FOR THE MEETING OF THE FINANCE, INNOVATION AND PROPERTY ADVISORY BOARD

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 Committee 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 Committee to the Cabinet.
- 1.1.2 A special meeting of the Cabinet is scheduled for the 9 February to consider the recommendations of this Committee and of the Finance, Innovation and Property Advisory Board 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 Committee is to consider 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.

- 1.1.5 Copies of the Booklet containing the draft Revenue Estimates has already been circulated to all Members with the agenda for the meeting of the Finance, Innovation and Property Advisory Board. Please bring your copy of the Booklet to this meeting. If Members require further copies, please contact Michael Withey, Principal Accountant on extension 6103 or by e-mail at michael.withey@tmbc.gov.uk
- 1.1.6 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. Members are referred to the report presented to the meeting of the Finance, Innovation and Property Advisory Board for further details on the Estimates.
- 1.1.7 It is likely that there will need to be changes made to the Estimates as we move through the budget setting process. It is the intention of the Director of Finance and Transformation to bring these together for the Cabinet Budget meeting in February, rather than introduce them in a piecemeal fashion.

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 1.7.

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 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 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 was the subject of consultation and the return date for responses to the consultation was 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 were not that dissimilar to the indicative figures set out this time last year. As a result, it was considered a response on this aspect of the consultation was not required. Other than to again 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**.
- 1.3.10 **[Annex 1]** sets out the key issues highlighted for Members of the Finance Innovation and Property Advisory Board on 4 January 2017, together with the draft response to the consultation presented to Members of that Board.
- 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 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 Draft Capital Plan

- 1.5.1 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
 - to reduce expenditure and or generate income.
- 1.5.2 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**.

1.5.3 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.

1.5.4 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.

1.6 Consultation with Non-Domestic (Business) Ratepayers

1.6.1 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.

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

1.7 Medium Term Financial Strategy Update

1.7.1 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.

1.7.2 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.

1.7.3 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.

- 1.7.4 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.

1.8 Savings and Transformation Strategy

- 1.8.1 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.

- 1.8.2 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.

1.9 Finance, Innovation and Property Advisory Board

- 1.9.1 The draft Revenue Estimates were considered in detail at the meeting of the Finance, Innovation and Property Advisory Board on 4 January where a number of officers were available to answer detailed questions.
- 1.9.2 It is not our intention to replicate the officer representation at this meeting and assume that Members will wish to focus on the strategic aspects of the Estimates rather than the detail. If Members do have detailed questions, please contact Neil Lawley, Chief Financial Services Officer on extension 6095 or by e-mail at neil.lawley@tmbc.gov.uk in advance of the meeting. Where appropriate, he will liaise with the relevant Services and advise accordingly.
- 1.9.3 The Finance, Innovation and Property Advisory Board endorsed the draft Revenue Estimates as presented.

1.10 Legal Implications

- 1.10.1 There are a number of legislative requirements to consider in setting the Budget which will be addressed as we move through the budget cycle.
- 1.10.2 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.

1.11 Financial and Value for Money Considerations

- 1.11.1 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?
- 1.11.2 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.

1.12 Risk Assessment

- 1.12.1 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.
- 1.12.2 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.
- 1.12.3 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.
- 1.12.4 Any increase in council tax above the relevant threshold, even by a fraction of a percentage point, would require a referendum to be held.
- 1.12.5 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.
- 1.12.6 The projected figures for New Homes Bonus are at risk of further revision downwards which would further add to the savings targets.

1.13 Equality Impact Assessment

1.13.1 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.

1.14 Recommendations

1.14.1 The Committee is requested to:

- 1) 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.
- 2) 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

This page is intentionally left blank

Provisional Local Government Finance Settlement

Suggested responses to Consultation from Tonbridge & Malling Borough Council

Key issues for Members in considering the Response

It is to be welcomed that the provisional 2017/18 Settlement Funding Assessment (SFA) and indicative figures for 2018/19 and 2019/20 are not that dissimilar to those set out as part of the settlement announced this time last year. Having signed up, and been accepted, for the multi-year settlement by DCLG we would of course, expect that to be the case. As a result, it is considered a response on this particular aspect of the consultation is not required.

Members may nonetheless wish to respond to the consultation in order to **reiterate once again that redistributing funding to authorities with responsibility for adult social care places further financial pressure on those authorities from whom that funding is taken**. In essence, by shifting resources around in this way, it forces those 'losing' authorities to have to make rapid and significant reductions to the local services that are relied upon by communities and, coupled with the changes to New Homes Bonus, puts financial sustainability in doubt. Put simply, is this the way to fund local services – i.e. 'robbing Peter to pay Paul'? It is also worth reiterating that Tonbridge & Malling Borough Council's SFA (excluding transition grant) is projected to fall by 53% over the period; the average for shire districts and all authorities being 32.4% and 21.6% respectively.

The funding pressure outlined above is exacerbated and made much more 'stark' by the changes to New Homes Bonus (NHB) which have been introduced in order to transfer further resources to those authorities with responsibility for adult social care. To put this into context our NHB allocation in 2017/18 under the previous scheme would have been about £4m. Under the new scheme, 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, dependent on growth, be in the order of £1.4m. This represents a decrease of £2.6m or 65%, in addition to the reduction in our SFA given above.

NHB is no different to our share of business rates in that, at TMBC, it is used in full to support the provision of local services as was overall grant funding before the introduction of NHB. By way of illustration, in 2010/11, prior to the introduction of NHB, our grant settlement was £5.8m. Added to this is our grant allocation on the introduction of Local Council Tax Support in April 2013 of £0.8m giving total grant funding of £6.6m. Now rolling forward to 2021/22, NHB is, dependent on growth, projected to be about £1.4m and income from business rates is also estimated to be around £1.4m giving total grant funding of £2.8m. Comparing the two sets of figures

illustrates that there is a significant cash decrease of £3.8m or 57.6% in the ten year period.

If NHB was to be withdrawn and not replaced with a similar level of funding, the reduction in total grant funding would be close to 80% which simply cannot be right. It is for this reason that we would argue that NHB, just like business rates, should be part of core funding and not at risk indefinitely. Were NHB to disappear in due course (as it is not deemed part of core funding), this would clearly be of grave concern bringing into doubt the financial sustainability of the Council. These points are very stark, but even if NHB continues into the future, we shouldn't lose sight of the fact that due to the reallocation of NHB funding set out above, our NHB allocation, dependent on growth, is forecast to fall from £4m to £1.4m by 2021/22 in any event.

Two key questions remain that simply have not been addressed in the provisional settlement.

- what will our business rates baseline be on the implementation of 100% business rates retention; and
- where, and to what extent, does NHB feature in future government funding?

These questions are fundamental for the ongoing financial planning for this Council. As set out above, we also argue that NHB (even at its much reduced levels) must be established as part of core funding because the consequences of not doing so for our financial sustainability are so severe.

Provisional Local Government Finance Settlement

Suggested responses to Consultation from Tonbridge & Malling Borough Council

Question 1: Do you agree with the methodology of Revenue Support Grant in 2017- 18?

As one of a small group of authorities not in receipt of revenue support grant from 2017/18 we have no comment. We do, however, continue to disagree with the tariff adjustment to be applied to business rates from 2019/20 onwards.

Question 2: Do you think the Government should consider transitional measures to limit the impact of reforms to the New Homes Bonus?

Our NHB allocation in 2017/18 under the previous scheme would have been about £4m. Under the new scheme, 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, dependent on growth, be in the order of £1.4m. This represents a decrease of £2.6m or 65%, in addition to the reduction in our SFA.

Tonbridge & Malling Borough Council is one of the 15 authorities that lose all its RSG from 2017/18. Our SFA (excluding transition grant) is projected to fall by 53% over the period; the average for shire districts and all authorities being 32.4% and 21.6% respectively. It is therefore no real surprise that all NHB funding, is used to support day to day services for our communities. Thus, NHB is no different to our share of business rates and any reductions to NHB hit our services directly and rapidly. The risk of volatility in NHB, with the greater risk of it being withdrawn at any time, makes it particularly challenging to continue to deliver services to our residents that many have come to rely on.

Rather than transitional measures, we firmly believe that NHB should be adopted as a part of core funding and not at risk indefinitely.

Question 3: Do you agree with the Government's proposal to fund the New Homes Bonus in 2017-18 with £1.16 billion of funding held back from the settlement, on the basis of the methodology described in paragraph 2.5.8?

Agree.

Question 4: Do you agree with the proposal to provide £240 million in 2017-18 from additional savings resulting from New Homes Bonus reforms to authorities with adult social care responsibilities allocated using the Relative Needs Formula?

Redistributing funding to authorities with responsibility for adult social care places further financial pressure on those authorities from whom that funding is taken;

particularly when there are also restrictions on the increases in council tax that can be levied without holding a referendum.

In essence, by shifting resources around in this way, it forces those 'losing' authorities to have to make rapid and significant reductions to the local services that are relied upon by communities and, coupled with the changes to New Homes Bonus, puts financial sustainability in doubt.

We firmly believe that the underfunding of adult social care is one that cannot be resolved by 'robbing Peter to pay Paul'. New money should be found from national taxation.

As an aside, we also believe that the council tax referendum principles should be withdrawn or at the very least the higher threshold should apply to district councils too.

Question 5: Do you agree with the Government's proposal to hold back £25 million to fund the business rates safety net in 2017-18, on the basis of the methodology described in paragraph 2.8.2?

Agree.

Question 6: Do you agree with the methodology for allocating Transition Grant payments in 2017-18?

Agree.

Question 7: Do you agree with the Government's proposed approach in paragraph 2.10.1 of paying £65 million in 2017-18 to the upper quartile of local authorities based on the super-sparsity indicator?

No comment.

Question 8: Do you have any comments on the impact of the 2017-18 local government finance settlement on those who share a protected characteristic, and on the draft equality statement published alongside this consultation document?

No comment.

TONBRIDGE & MALLING BOROUGH COUNCIL

OVERVIEW AND SCRUTINY COMMITTEE

24 January 2017

Report of the Director of Finance and Transformation

Part 1- Public

Matters for Recommendation to Cabinet

MEMBERS ARE ASKED TO BRING WITH THEM THE CAPITAL PLAN BOOKLET CIRCULATED WITH THE AGENDA FOR THE MEETING OF THE FINANCE, INNOVATION AND PROPERTY ADVISORY BOARD

1 CAPITAL PLAN REVIEW 2016/17

This report considers progress on the 2016/17 Capital Plan Review and requests endorsement of recommendations to Cabinet.

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.

1.1.5 The Capital Plan review process started at the Finance, Innovation and Property Advisory Board on 4 January 2017, where Members considered the following issues:

- 1) The position of the existing Capital Plan (List A).
- 2) The addition of schemes to List C and the removal of schemes from List C.
- 3) The selection of schemes from List C to be evaluated.
- 4) Consideration of those schemes which have been evaluated.

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 Recommendations from Finance, Innovation and Property Advisory Board

1.3.1 Details in respect of the existing Capital Plan (List A) can be found in the report to the Finance, Innovation and Property Advisory Board. The position of the existing Capital Plan (List A) presented to the Board and summarised in **[Annex 1]** was endorsed.

1.3.2 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. The schedule of schemes recommended to be added to and schemes to be deleted from List C **[Annex 2]** was endorsed by the Board.

- 1.3.3 The List C schemes recommended for evaluation **[Annex 3]** was endorsed by the Board including two for Fast-Track evaluation. 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.
- 1.3.4 The evaluated schemes **[Annex 4]** recommended for transfer from List C to List B was endorsed.

1.4 Capital Strategy

- 1.4.1 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.”
- 1.4.2 The Capital Strategy **[Annex 5]** is updated annually. This year’s update incorporates the new Corporate Strategy adopted by Council in November 2016.
- 1.4.3 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.
- 1.4.4 The Finance, Innovation and Property Advisory Board endorsed the Capital Strategy as presented.

1.5 Legal Implications

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

1.6 Financial and Value for Money Considerations

- 1.6.1 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.
- 1.6.2 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.

1.7 Risk Assessment

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

1.8 Equality Impact Assessment

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

1.9 Recommendations

- 1.9.1 It is **RECOMMENDED** that the recommendations to Cabinet by the Finance, Innovation and Property Advisory Board detailed at paragraph 1.3 be endorsed.
- 1.9.2 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

CAPITAL PLAN (LIST A) SUMMARY

	Expenditure To 31/03/16	2016/17 Estimate inc Prior Year Slippage	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate	Scheme Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Capital Plan Schemes									
Planning, Housing & Environmental Health	74	30	30	205	205	205	205	205	1,159
Street Scene, Leisure & Technical Services	1,580	148	10	1,143	130	630	130	130	3,901
Corporate	2	270	30	90	30	30	30	30	512
Sub-total	1,656	448	70	1,438	365	865	365	365	5,572
Capital Renewals									
Planning, Housing & Environmental Health	n/a	2	0	0	15	0	0	0	17
Street Scene, Leisure & Technical Services	n/a	468	1,115	222	471	401	259	907	3,843
Corporate	n/a	227	541	352	266	264	214	401	2,265
Sub-total	n/a	697	1,656	574	752	665	473	1,308	6,125
Total	1,656	1,145	1,726	2,012	1,117	1,530	838	1,673	11,697

This page is intentionally left blank

Capital Plan Review 2016/17

Recommendations in respect of List C

Booklet
Annex 3
Page No

Schemes to be added to List C

Street Scene, Leisure and Technical

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

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

Blossom Bank Development, Tonbridge – New Pedestrian Bridge	CP 48
---	-------

This page is intentionally left blank

Capital Plan Review 2016/17

Schemes selected for evaluation from List C

	Booklet Annex 3 Page No
Street Scene, Leisure and Technical	
Larkfield Leisure Centre – Ventilation	CP 40
Racecourse Sportsground – Rugby Pitch Drainage Improvements	CP 42
Racecourse Sportsground – Riverside Revetment (Fast-Track)	CP 43
Racecourse Sportsground – Swimming Pool Bridge	CP 43
Haysden Country Park – Car Park Extension	CP 44
Leybourne Lakes Country Park – Car Park Extension (Fast-Track)	CP 46
Tonbridge Cemetery – Path Works	CP 47
Corporate	
IT Initiatives – Upgrade to Payment Facilities Software	CP 51
IT Initiatives – Financial Services Document Management Software	CP 52

This page is intentionally left blank

Capital Plan Review 2016/17

Recommendations in respect of evaluated schemes

	Capital Cost £'000	Estimated Annual Revenue/ Renewals Cost £'000		Booklet Annex 4 Page No
Street Scene, Leisure and Technical				
Leybourne Lakes Country Park – Car Park Extension	17	(2)	Transfer from List C to List B	CP 53
Racecourse Sportsground – Riverside Revetment	120	4	Transfer from List C to List B	CP 55
Corporate				
IT Initiatives – Council Chamber Conference System	95	18	Transfer from List C to List B	CP 57
IT Initiatives – Virtual Desktop Infrastructure	200	27	Transfer from List C to List B	CP 59
Total	432	47		

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.

This page is intentionally left blank

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

This page is intentionally left blank

TONBRIDGE & MALLING BOROUGH COUNCIL

OVERVIEW AND SCRUTINY COMMITTEE

24 January 2017

Report of the Management Team

Part 1- Public

Matters for Recommendation to Cabinet

1 CHRISTMAS LIGHTS AND HANGING BASKETS – RECOMMENDATIONS OF THE SCRUTINY PANEL

To set out the conclusions and recommendations of the Panel and commend these to the Cabinet.

1.1 Background

1.1.1 The purpose of this review was to assess the current level of support provided by the Borough Council for Christmas lighting displays in some of the parished areas of the Borough, and to review how Christmas lighting displays and High Street Flower displays are currently provided and funded in Tonbridge.

1.1.2 The Panel were advised of the recent 'Fairer Charging' consultation and the subsequent decision of the Cabinet to request the Overview and Scrutiny to reviews whether opportunities existed to secure alternative external funding including contributions from local traders in Tonbridge. The aim would be to meet the costs of both Tonbridge Christmas lighting and the provision of hanging baskets as an alternative to potentially including the full costs of these in the special expenses scheme in the future, chargeable directly to Tonbridge residents.

1.2 Recommendations of the Panel

1.2.1 The Review Panel met on 22nd November 2016 to explore these issues in more detail. A copy of the Panel report is attached as Annex 1. Howard Porter, representing the Tonbridge Town Team, also attended the meeting. The following conclusions were agreed.

(a) Christmas Lighting Displays in the Parished Areas

1.2.2 Details of the current level of support to 7 Parishes in the Borough were provided along with the results of a consultation with the local bodies which organise these schemes. Members noted that the budget for Christmas lighting grants is £16,000. Allocations of grant are made to each trading 'centre' based on the number of units. The Council reimburses 50% of total expenditure up to the maximum

allocation. A condition of the grant award is that match funding is provided by the parish councils and/or traders in those localities. All responses received indicated that the current arrangements were working well and no changes were needed. On that basis, the Panel recommended that the current scheme and levels of grant support for the parished area be retained but that a further review should be undertaken when this is considered necessary.

(b) Tonbridge Christmas Lighting and High Street Floral Displays

- 1.2.3 It was noted that in Tonbridge, the Council directly provides Christmas lighting and hanging baskets with the full cost being borne by on the Council. On average, the annual cost of both functions is £34,000.
- 1.2.4 The Panel considered a number of issues relating to the current funding arrangements for Tonbridge and whether these should be funded in the future via the special expenses scheme or whether contributions should be sought from local traders and income generated via sponsorship etc. Comments received from the public via the 'Fairer Charging' consultation were noted during the Panel's discussion. – i.e. that some members of the public considered that traders should be contributing towards these costs, and some surprise was expressed that they were not already doing so.
- 1.2.5 In summary, the Panel agreed that both hanging basket displays and Christmas lighting in Tonbridge should be retained given the benefits they bring to the overall health of the town centre. Following further discussion regarding future funding options, the Panel agreed that the option of seeking contributions from traders and income from sponsorship etc. should be explored for 2017/18. It was also agreed that any funding generated must be additional to existing sources of income already being achieved or being planned for. *(Officers' note: Members are asked to note that as the Tonbridge Castle Lawn, for example, is deemed to be a strategic site as far as the adopted Special Expenses Scheme is concerned, and the costs are therefore charged to all residents of the borough, it follows that any income generated by the Council from the use of strategic sites should be for the benefit of all residents of the borough).*
- 1.2.6 However, if such options proved to be insufficient, the Panel recommendation was that, as a last resort, Full Council should be asked to review the listed functions within the Council's adopted Special Expenses scheme with a view to including these functions within the scheme from 2018/19. *(Officers' note: if Christmas lighting is included as a function within the Council's Special Expenses Scheme, all payments regarding Christmas lighting would need to be included. Therefore grants awarded to the parished areas of the borough would also need to be charged as a special expense to those relevant areas in order to ensure equity.)*
- 1.2.7 It was suggested that a range of fund raising initiatives should be explored in addition to just seeking direct support from town centre traders. Suggestions included raising income from regular events located on Council-owned land

including various types of markets, food festivals and boot fairs and one-off seasonal events such as a Christmas market and fun fair. In addition, further funding could be sought via sponsorship, commercial advertising and additional street-trading concessions.

- 1.2.8 It was agreed that the target income figure for 2017/18 should be set at 50% of the annual costs of Tonbridge Christmas lights and hanging baskets. – 50% was chosen as it represented the proportion of match funding required in parished areas as set out in paragraph 1.2.2, and this translates into a target of £17,000. The Town Team offered further support to help deliver this income.

1.3 Legal Implications

- 1.3.1 Provisions relating to special expenses are contained in the Local Government Finance Act 1992 at sections 34 and 35. These sections allow different amounts of council tax to be calculated for different parts of the district, depending on what, if any, special items relate to those parts.

1.4 Financial and Value for Money Considerations

- 1.4.1 Financial information is set out in the report.
- 1.4.2 It should be noted that if, in due course, it is recommended that Christmas lighting is included as a function within the Council's Special Expenses Scheme, all payments regarding Christmas lighting would need to be included. Therefore grants awarded to the parished areas of the borough would also need to be charged as a special expense to those relevant areas in order to ensure equity.

1.5 Risk Assessment

- 1.5.1 There is presently a disparity between the parished areas and the town of Tonbridge with regard to the provision of certain local services. This has largely been addressed through the adoption of the Special Expenses Scheme from April 2017. The treatment of Christmas Lighting and High Street floral displays remain to be resolved. If an appropriate way forward is not found, a level of disparity between the parished areas and Tonbridge will remain and could well be challenged.

1.6 Equality Impact Assessment

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

1.7 Recommendations

1.7.1 The Scrutiny Panel commends the following recommendations to the Cabinet :

- (a) No change is made to the current arrangements for Christmas lighting grant support in the parished areas but these should be reviewed again when necessary.
- (b) Alternative funding options for Tonbridge Christmas lights and hanging baskets should be explored for 2017/18. If these options are found not to be viable, as a last resort, then Full Council be recommended to review the listed functions within the Council's adopted Special Expenses Scheme with a view to including the functions within the scheme from 2018/19.
- (c) A range of potential funding options should be explored including seeking direct support from local traders and achieving additional income generation from new events, markets, advertising and street trading concessions. This funding should be additional to any existing income already being generated, or being planned for, in the town centre.
- (d) The target income figure for 2017/18 should be set at £17,000, 50% of the annual costs of both Christmas lights and hanging baskets.
- (e) A review of the progress being achieved with the above initiatives should be undertaken in the 3rd quarter of 2017/18.

Background papers:

contact: Mark Raymond

Nil

Julie Beilby
Chief Executive

TONBRIDGE & MALLING BOROUGH COUNCIL

OVERVIEW AND SCRUTINY COMMITTEE

06 October 2016

Report of the Chief Executive

1 SCRUTINY REVIEW - CHRISTMAS LIGHTING AND HIGH STREET FLOWER DISPLAYS

To set out the key issues to be addressed by the review.

1.1 Background

1.1.1 As reported to the Overview and Scrutiny Committee held on 13th September 2016, the review of Christmas Lighting and High Street flower displays will involve the following:

- A review of current support provided by the Borough Council for Christmas lighting displays in some of the parished areas of the Borough, including consultation with the groups who manage these arrangements;
- A review of how Christmas lighting displays and High Street Flower displays are currently provided in Tonbridge and an assessment of the annual costs of such provision;
- Initial discussions with the Tonbridge Town Team on how best to engage with Tonbridge High Street traders regarding options for local approaches for both Christmas lighting and floral displays.

1.2 'Fairer Charging' Consultation

1.2.1 Members are aware that the impetus for this scrutiny review arose through the consideration of the 'Fairer Charging' consultation (see Cabinet agendas for 20 April and 28 July 2016).

1.2.2 At the outset of the consultation, Christmas lighting and high street floral displays were included in the draft package of 'special expenses' services eligible to be charged to Tonbridge residents. This was because, in the parished areas of the borough, the Borough Council is not directly responsible for providing these services.

1.2.3 In response to the consultation, members of the public questioned why the Borough Council, and therefore the local taxpayer, were meeting the full costs of these services in Tonbridge. Comments included:

- *“Christmas lights should at least be part funded by traders in the town”.*
- *“Christmas lights and flower display attract visitors to the town and should be funded by the businesses that benefit.....”*
- *“Re the Christmas lighting surely this is paid through business rates? As it encourages people to use our high street.....”*
- *“A bid levy should be implemented along high streets for businesses to pay an additional fee each year. This should then be used to fund the lighting, flowers and upkeep of the surrounding parks etc.....”*
- *“The Xmas lights, carnivals etc are a total waste of charge payers’ money and should be funded by those organising them.....”*
- *“Why not allow local businesses to sponsor Christmas markets/lights and carnivals?”*

1.2.4 With these comments in mind, Cabinet agreed that, rather than just including the full costs of the Tonbridge Christmas lights and hanging baskets in a special expenses scheme chargeable directly to Tonbridge residents, further work should be undertaken via a scrutiny review. Cabinet were hopeful that, alongside the Tonbridge Town Team, opportunities could be explored to secure funding from traders and providing more comparability across the borough.

1.3 Support for Christmas Lighting Displays in the Parished Area

1.3.1 A grant scheme to assist with the costs of Christmas Lighting displays in some local centres in the parished area of the Borough has been in place for a number of years and was last formally reviewed by this Committee in 2006. The annual budget available to provide financial support to these centres is £16,000. The key elements of this scheme is as follows:

- (a) retail centres in urban areas to be eligible for grant support must have a minimum of 4,000 sqm of commercial floor space (ie retail and retail services) and at least 12 or more individual units. In rural locations, eligible centres must have a floor space of 300 sqm or more and at least 7 or more individual units which together form a definable village centre;
- (b) the Council reimburses 50% of total expenditure up to the maximum grant. The maximum grants for each centre are set based on the number of units within those centres as follows:

Centre	% of total units located in centre	Maximum grant £	Parish council contribution £	Remaining match-funding required £
West Malling	37.1	5936	200	5736
Martin Square	9.2	1472	300	1172
Snodland	17.5	2800	300	2500
Borough Green	13.1	2096	200	1896
Wrotham	4.4	704	100	604
Hadlow	6.8	1088	200	888
Kings Hill	8.4	1344	300	1044
East Peckham	3.5	560	200	360

[Note Kings Hill has never submitted an application. This has allowed Aylesford to be added to the scheme from 2013 with a maximum grant of £1,000 on the basis that it fulfilled the minimum retail size.]

- (c) actual grants paid are based on the contributions made by each centre up to the maximum. These local contributions can include direct financial support, local fund raising, and volunteer time (currently based on an hourly rate of £9.60).
- (d) Parish Councils must also make at least a minimum financial contribution to the costs based on the parish tax base and this ranges from £100 to £300 as set out above.
- (e) Claims for grant are made by each centre following the Christmas period.
- (f) One off capital grants of £3k each have been made available to all centres over the past 4 years to help upgrade lighting schemes. Each centre has now received a grant and the capital budget is now fully utilised.

1.4 Consultation with Parished Groups

- 1.4.1 The above scheme has worked well over the last 10 years. However, as part of this review, we have consulted with all local groups to explore whether any changes to the scheme are now required. Responses received will be reported to the Panel meeting.

1.5 Tonbridge Christmas Lighting and High Street Floral Displays – Current Arrangements

- (a) High Street Floral Displays

- 1.5.1 Currently the Borough Council provides flowers displays in a number of locations in Tonbridge including the Cannon Lawn, Tonbridge Castle, Tonbridge Cemetery and in the High Street. These displays are undertaken to improve the visual quality of the High Street through the Summer months for the benefits of traders, shoppers and visitors to the town, supporting economic regeneration and tourism. For the purpose of this review consideration is only being given to provision within the High Street. The High Street display consists of hanging baskets from the Quarry Hill Parade Shops to the High Street/Bordyke Road Junction including a section either side of the River below Tonbridge Castle, existing flower troughs at St Stephens Church and outside the NatWest Bank, and 2 new flower troughs at the Botany.
- 1.5.2 The display is annual and is generally installed between May and September. The purchase, installation and maintenance (mainly watering) of all the hanging baskets and two existing flower troughs is undertaken by an external contractor and with quotations being sought each year the potential does exist for both the price and the contractor to vary year-on-year. The 2 Botany planters were installed this year as part on the High Street refurbishment and the maintenance of these lie with the Borough Council. These are planted with permanent displays, as opposed to seasonal bedding, and maintained under the Council's main Grounds Maintenance Contract. It is worth noting that the installation of the hanging baskets is subject to annual approval from Kent Country Council as they are installed on KCC lighting columns.
- 1.5.3 As quotations are sought on an annual basis for the Hanging Baskets, costs have the potential to vary year-on-year (the three quotations received for the Summer 2016 display varied by £3,000) though the annual cost of the display for Summer 2016 was £6,765 and consists of the purchase, installation and maintenance. Replacement baskets are not covered with in this budget and would need to be accounted for separately, if required. In addition to the above the annual cost of maintaining the Botany Planters within the contract is estimated at no more than £100; this is only estimated as the costs for watering will be unknown and will be dependant weather conditions and plant species used if the display is changed. This cost will also be subject to an annual CPI increase in line with the overall contract. In addition costs will also be incurred by the Borough Council in regard to staff costs and Central, Departmental & Technical Support Services though these are not readily available as the costs for the flower displays are shown within a larger budget code (Tonbridge Castle Grounds). If Members are minded to include these costs in the review further work to extract them can be undertaken.

(b) Tonbridge Christmas Lighting Displays

- 1.5.4 Currently the Borough Council provides full financial support and management for the supply and installation of Christmas Lights in Tonbridge from the end of November to the end of December each year. The current display includes the provision of lamp-column mounted and cross street lights from Quarry Hill Parade Shops to the Bordyke Road/High Street Junction. The display also includes

lighting either side of the River below the Castle, the provision, installation and lighting of a Christmas Tree at the Watergate and lighting through a number of Birch trees, also in the Watergate area. As with the hanging baskets, the displays are undertaken to improve the visual quality of the High Street for the benefits of traders, shoppers and visitors to the town, supporting economic regeneration and tourism. The current display also plays a key role in the annual Tonbridge Christmas Festival event.

- 1.5.5 The current lighting display is owned by the Borough Council though is tested, repaired and installed by an external contractor. This contract is subject to competitive quotations and offered for a 3 year period. The current contract expired at the end of 2015 and is therefore due for renewal. Arrangements are being put in place to secure a contractor for the 2016 Christmas display though will not commit the Council beyond this date. As with the hanging baskets the installation of the Christmas Lights is subject to annual approval from Kent Country Council as most are installed on KCC lighting columns.
- 1.5.6 The total estimated cost associated with the provision of this display is £16,000 (as currently shown in the 2016/17 budget book) and includes the testing, repair and installation (mentioned above) though also includes the annual testing of fittings (supporting brackets) in the High Street and the purchase and installation of the Christmas Tree. It should be noted that the costs are subject to external quotations and, therefore, all have the potential to increase/decrease annually. Indeed, the outturn costs for the 2015 display was £21,319 and reflected increased repair costs.
- 1.5.7 As highlighted above the current lighting display is owned by the Borough Council and, therefore, is shown within the Council's Capital Renewals programme. The current full replacement cost attributed to the lights is £30,590 (purchased in 2010/11 for £26,607) with an estimated life expectancy of 7 years before they will need replacement; the lights are next due for replacement in 2017/18. Taking this into consideration it is estimated that there is an annual Capital Renewals cost associated with the lights of £4,370.

(c) Overall Costs

- 1.5.8 As set out above, annual costs for both Christmas lighting and floral displays can vary from one year to the next. However, to assist the review and provide a base on which traders in Tonbridge can be consulted on possible future contributions, the following annual costs are suggested based on an average of the outturn figures from the last three years. These do not include associated staff and on-costs or capital renewal costs.

Tonbridge Christmas Lighting - £18850

Tonbridge High Street Floral Displays - £8500

1.5.9 As a means of comparison, we have consulted Tunbridge Wells BC and Sevenoaks DC on the arrangements they have in place for Christmas lighting. Sevenoaks DC plays no part in the scheme for Sevenoaks High Street as this is a function undertaken by the Town Council. Tunbridge Wells BC currently operate a similar scheme to our own and currently meets all of the costs involved. However, like us, they are also currently exploring possible joint funding with their recently formed Town Centre Partnership.

1.6 Consultation with Tonbridge Traders

1.6.1 Howard Porter, Chairman of the Tonbridge Town Team, will be attending the Panel meeting to discuss how best local traders in Tonbridge can be engaged.

1.6.2 If financial contributions are to be sought from traders, there are a number of options to address:

- (a) Should the Borough Council continue to administer the lighting scheme and all floral displays in Tonbridge but seek contributions from the traders to assist with future funding or, alternatively, should the Borough Council devolve responsibility for both schemes to a constituted local group (if formed) and offer grant support to assist with the costs?
- (b) If the Borough Council retains overall responsibility, should there be different recommended contribution rates for different types and sizes of retail establishments or a single recommended annual fee for all?
- (c) If responsibility is devolved, would it also be appropriate for the ownership of the Tonbridge Christmas lights to be transferred to local ownership?
- (d) Are there other options to achieve support funding, for example, sponsorship from larger retailers/businesses or the generation of additional funding from concessions etc?

1.7 Next Steps

1.7.1 Subject to initial discussions of the Panel on the above issues, it is suggested that a second meeting of the Panel be held in November to review progress and to hear further from the Town Team and traders in Tonbridge High Street regarding the potential to attract financial contributions.

Nil

contact: Mark Raymond
Chief Corporate Policy Officer

Julie Beilby
Chief Executive

TONBRIDGE & MALLING BOROUGH COUNCIL

OVERVIEW AND SCRUTINY COMMITTEE

24 January 2017

Report of the Chief Executive

Part 1- Public

Matters for Information

1 SCRUTINY REVIEW PROGRAMME – UPDATE

To set out proposals for further reviews.

1.1 The Review Programme

1.1.1 A report to the previous meeting of the Committee in September 2016 indicated that two reviews should be undertaken by separate panels:

(a) A review of Hanging Baskets and Christmas Lights provision;

(b) A review of the future of the Gibson Building.

1.1.2 The review of hanging baskets and Christmas lighting has now been completed and the conclusions and recommendations of the Panel are reported elsewhere on this agenda.

1.1.3 The review of the Gibson Building has, however, unfortunately been delayed. The original consultants selected to provide property advice to support the review were unable to proceed due to work pressures. Another consultant, Hartnell Taylor Cook, has now been appointed and a draft report from them should be available in the next few months. As soon as officers have completed an initial review of its findings, a meeting of the Scrutiny Panel, as originally formed to deal with this issue, will be called to take that review forward.

1.1.4 It is now suggested that the same Panel that has reviewed hanging baskets and Christmas lighting should take forward a new review. This will focus on a much needed update of the Council's constitution. The purpose of the review will be to identify key parts of the constitution that need to be revised and updated and to identify opportunities where the Council could adopt more efficient procedures and more streamlined ways of working. It will not need to deal with any minor or purely technical updates.

1.1.5 For information, membership of the Panels are as follows:

Review of the Gibson Building

Cllr Mrs A Oakley (Chairman)
Cllr T I B Cannon
Cllr Mrs S M Hall
Cllr S R J Jessel
Cllr Mrs F A Kemp
Cllr Mrs S L Luck
Cllr P J Montague
Cllr P F Bolt

Review of the Constitution

Cllr Mrs S Spence (Chairman)
Cllr Mrs J A Anderson
Cllr M C Base
Cllr T Walker
Cllr J L Botten
Cllr R W Dalton
Cllr M Taylor
Cllr F G Tombolis

1.1.6 For the future, it has been suggested by the Management Team that a review of our current role in supporting and engaging with youth be undertaken. A scoping report for this review will be prepared and reported to the next meeting of the Committee in June.

Background papers:

contact: Mark Raymond

Nil

Julie Beilby
Chief Executive

Agenda Item 9

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

This page is intentionally left blank

Agenda Item 10

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

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

This page is intentionally left blank

Agenda Item 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.

This page is intentionally left blank