

TONBRIDGE & MALLING BOROUGH COUNCIL



EXECUTIVE SERVICES

Chief Executive

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

Contact: Committee Services
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31 January 2018

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

Dear Sir/Madam

Your attendance is requested at a meeting of the Cabinet to be held in the Civic Suite, Gibson Building, Kings Hill, West Malling on Thursday, 8th February, 2018 commencing at 7.30 pm

Yours faithfully

JULIE BEILBY

Chief Executive

A G E N D A

PART 1 - PUBLIC

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| 1. | Apologies for absence | 7 - 8 |
| 2. | Declarations of interest | 9 - 10 |

3. Minutes 11 - 14
- To confirm as a correct record the Minutes of the meeting of the Cabinet held on 11 October 2017
4. Matters Referred from Advisory Boards 15 - 36
- The notes of meetings of Advisory Boards are attached, any recommendations identified by an arrow being for determination by the Cabinet. Notices relating to any decisions already taken by Cabinet Members under the arrangements for delegated decision making have previously been circulated.*
5. Matters Referred from Advisory Panels and Other Groups 37 - 60
- The minutes of meetings of Advisory Panels and Other Groups are attached, any recommendations being identified by an arrow.*
- Matters for Recommendation to the Council**
6. Risk Management Strategy 61 - 82
- The report asks Members to review the Risk Management Strategy and to recommend its endorsement by the Council. It also refers to the resourcing pressures in respect of the risk 'Emergency Planning' and adds a new strategic risk in relation to potentially contaminated land.*
7. Treasury Management and Annual Investment Strategy 2018/19 83 - 124
- The report provides details of investments undertaken and return achieved in the first nine months of the current financial year, explores the use of diversified income funds for medium term investment and recommends their inclusion in the 2018/19 Annual Investment Strategy for adoption by the Council.*
8. Setting the Budget 2018/19 125 - 218
- Further to reports to the Finance, Innovation and Property Advisory Board and Overview and Scrutiny Committee earlier in the cycle, the report updates Cabinet on issues relating to the Medium Term Financial Strategy and takes Members through the necessary procedures in order to set the Budget for 2018/19.*
9. Setting the Council Tax 2018/19 219 - 228
- The report takes Cabinet through the process of setting the level of Council Tax for the financial year 2018/19 and seeks its recommendations.*
10. Local Council Tax Reduction Scheme 2018/19 229 - 230
- To approve and recommend to full Council the draft Local Council Tax Reduction Scheme for 2018/19.*

Executive Key Decisions

11. Waste Services Contract Retender 231 - 242
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Item SSE 17/17 referred from Street Scene and Environment Services Advisory Board minutes of 6 November 2017
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Item CH 17/31 referred from Communities and Housing Advisory Board minutes of 13 November 2017
15. Pre-Application Planning Advice Charging Regime and Building Control Application Fees 283 - 292
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16. Review of Fees and Charges 2018/2019 293 - 304
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Executive Non-Key Decisions

18. Select Committee Review of Effectiveness of Local Authority Overview and Scrutiny Committees 327 - 336
Item OS 18/6 referred from Overview and Scrutiny Committee minutes of 23 January 2017
19. Parish Charter 337 - 342
A revised Parish Charter has been drawn up and informally agreed between the parties. Following a resolution to adopt the Charter by KALC, its adoption by the Borough Council is now recommended.

Matters submitted for Information

20. Urgent Items 343 - 344

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

21. Exclusion of Press and Public 345 - 346

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

22. Urgent Items 347 - 348

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

MEMBERSHIP

Councillor N J Heslop, (Leader) and (Economic Regeneration)
Councillor M A Coffin, (Finance, Innovation and Property)
Councillor Mrs M F Heslop, (Community Services)
Councillor D Lettington, (Street Scene and Environment Services)
Councillor P J Montague, (Housing)
Councillor H S Rogers, (Strategic Planning and Infrastructure)

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

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Apologies for absence

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Declarations of interest

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TONBRIDGE AND MALLING BOROUGH COUNCIL

CABINET

Wednesday, 11th October, 2017

Present: Cllr N J Heslop (Chairman), Cllr M A Coffin, Cllr Mrs M F Heslop, Cllr D Lettington and Cllr H S Rogers

Councillors Mrs J A Anderson, O C Baldock, M A C Balfour, M C Base, Mrs P A Bates, R P Betts, P F Bolt, V M C Branson, D J Cure, R W Dalton, D A S Davis, Mrs T Dean, T Edmondston-Low, B T M Elks, R D Lancaster, Mrs S L Luck, P J Montague, L J O'Toole, M Parry-Waller, S C Perry, M R Rhodes, C P Smith, Ms S V Spence, A K Sullivan, M Taylor, Miss G E Thomas, F G Tombolis, B W Walker and T C Walker were also present pursuant to Access to Information Rule No 22.

An apology for absence was received from Councillor Miss S O Shrubsole

PART 1 - PUBLIC

CB 17/52 DECLARATIONS OF INTEREST

Councillor R Betts declared an Other Significant Interest in the item on Leisure Trust – Review of Service Fee/Business Plan on the grounds that he was a member of the Tonbridge and Malling Leisure Trust board. He withdrew from the meeting during its consideration.

CB 17/53 MINUTES


RESOLVED: That the Minutes of the meeting of the Cabinet held on 28 June 2017 be approved as a correct record and signed by the Chairman.

MATTERS FOR RECOMMENDATION TO THE COUNCIL

CB 17/54 STRATEGIC RISK REGISTER

The report of the Management Team presented the updated Strategic Risk Register which had been considered and endorsed by the Audit Committee on 4 September 2017. It was noted that the revised Register had been aligned with the new Corporate Strategy.

The Leader commended the actions of officers during the weekend of the Holborough flats fire and requested that thanks be conveyed to all involved.

RECOMMENDED: That the updated Strategic Risk Register set out at Annex 1 to the report be adopted by the Council. 

***Referred to Council**

CB 17/55 TREASURY MANAGEMENT UPDATE AND MID-YEAR REVIEW

The report of the Director of Finance and Transformation provided an update on treasury management activity undertaken during the period April to July 2017. It also included an update on progress in securing property fund investment and a mid-year review of the Annual Investment Strategy and risk parameters. Members were invited to endorse the action taken by officers in respect of treasury management activity to date, note the progress in respect of property fund investment and retain the current risk parameters.

The report had also been considered by the Audit Committee at its meeting on 4 September 2017 and the action commended for endorsement.

RECOMMENDED: That the following be commended to the Council: 

- (1) the action taken by officers in respect of treasury management activity for the period April to July 2017 be endorsed;
- (2) the progress made in respect of property fund investments be noted; and
- (3) the existing parameters intended to limit the Council's exposure to investment risks be retained.

***Referred to Council**

DECISIONS TAKEN IN ACCORDANCE WITH PARAGRAPH 4, PART 3 OF THE CONSTITUTION

CB 17/56 TO CONSIDER OBJECTIONS TO STATUTORY NOTICE IN RESPECT OF DISPOSAL OF OPEN SPACE LAND AT RIVER LAWN ROAD, TONBRIDGE

Decision Notice D170066CAB

CB 17/57 WASTE SERVICES CONTRACT RETENDER

(Item SSE 17/11 referred from Street Scene and Environment Services Advisory Board of 9 October 2017)

Decision Notice D170067CAB

CB 17/58 THE 2018-19 LOCAL GOVERNMENT FINANCE SETTLEMENT - TECHNICAL CONSULTATION PAPER

Decision Notice D170068CAB

CB 17/59 100% BUSINESS RATES RETENTION PILOTS

Decision Notice D170069CAB

CB 17/60 PARISH CHARTER

(Item PPP 17/12 referred from Parish Partnership Panel minutes of 7 September 2017)

Decision Notice D170070CAB

MATTERS SUBMITTED FOR INFORMATION**CB 17/61 MATTERS REFERRED FROM ADVISORY BOARDS**

The notes of the meetings of the following Advisory Boards were received, any recommendations contained therein being incorporated within the decisions of the Cabinet reproduced at the annex to these Minutes.

Economic Regeneration Advisory Board of 6 July 2017
Communities and Housing Advisory Board of 24 July 2017
Planning and Transportation Advisory Board of 25 July 2017
Economic Regeneration Advisory Board of 6 September 2017
Finance, Innovation and Property Advisory Board of 20 September 2017
Street Scene and Environment Services Advisory Board of 9 October 2017

RESOLVED: That the report be received and noted.

CB 17/62 MATTERS REFERRED FROM ADVISORY PANELS AND OTHER GROUPS

The Minutes of the meetings of the following Advisory Panels and other Groups were received, any recommendations contained therein being incorporated within the decisions of the Cabinet reproduced at the annex to these Minutes.

Parish Partnership Panel of 7 September 2017
Joint Transportation Board of 25 September 2017

RESOLVED: That the report be received and noted.

CB 17/63 EXCLUSION OF PRESS AND PUBLIC

The Chairman moved, it was seconded and

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

MATTERS FOR RECOMMENDATION TO THE COUNCIL**CB 17/64 LEISURE TRUST - REVIEW OF SERVICE FEE/BUSINESS PLAN**

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

(Item CH 17/26 referred from Communities and Housing Advisory Board minutes of 24 July 2017)

The Cabinet received the recommendations of the Communities and Housing Advisory Board at its meeting on 24 July 2017 concerning a new five year Leisure Trust Business Plan and Service Fee from 1 April 2018.

RECOMMENDED: That

- (1) the Tonbridge and Malling Leisure Trust's proposed Business Plan for 2017/2022 be approved;
- (2) the Tonbridge and Malling Leisure Trust's proposed Management Fee of zero from 1 April 2018 be agreed; and
- (3) the proposed variations to the existing Management Agreement, set out within the report, be approved and implemented from 1 April 2018.

***Referred to Council**

The meeting ended at 9.21 pm

Agenda Item 4

The notes of meetings of Advisory Boards are attached, any recommendations identified by an arrow being for determination by the Cabinet. Notices relating to any decisions already taken by Cabinet Members under the arrangements for delegated decision making have previously been circulated.

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TONBRIDGE AND MALLING BOROUGH COUNCIL

STREET SCENE AND ENVIRONMENT SERVICES ADVISORY BOARD

Monday, 6th November, 2017

Present: Cllr M O Davis (Chairman), Cllr D Keeley (Vice-Chairman), Cllr Mrs J A Anderson, Cllr O C Baldock, Cllr M A C Balfour, Cllr S M Hammond, Cllr D Keers, Cllr D Markham, Cllr L J O'Toole, Cllr M R Rhodes, Cllr T B Shaw, Cllr Ms S V Spence, Cllr Miss G E Thomas and Cllr T C Walker

Councillors M C Base, Mrs P A Bates, R P Betts, P F Bolt, V M C Branson, M A Coffin, N J Heslop, D Lettington, Mrs S L Luck, Mrs A S Oakley, M Parry-Waller, H S Rogers, R V Roud and A K Sullivan were also present pursuant to Council Procedure Rule No 15.21.

Apologies for absence were received from Councillors Mrs T Dean and S C Perry

PART 1 - PUBLIC

SSE 17/13 DECLARATIONS OF INTEREST

There were no declarations of interest made in accordance with the Code of Conduct. However, in the interests of transparency, Councillor M Balfour indicated that he was the Cabinet Member for Planning, Highways, Transport and Waste at Kent County Council.

SSE 17/14 MINUTES

RESOLVED: That the notes of the meeting of the Street Scene and Environment Services Advisory Board held on 9 October 2017 be approved as a correct record and signed by the Chairman.

MATTERS FOR RECOMMENDATION TO THE CABINET

SSE 17/15 WASTE SERVICES CONTRACT RETENDER

Further to Decision No. D170067CAB the report of the Director of Street Scene, Leisure and Technical Services provided an update on the retendering of the Waste Services Contract on a partnership basis with Dartford and Tunbridge Wells Borough Councils and Kent County Council. Particular reference was made to the proposed Inter Authority Agreement and the financial disaggregation arrangements between the partners. Details of the proposed procurement process and the evaluation criteria for the award of the contract were also presented. Members thanked the Officer team for the comprehensive report, sought clarification on a number of issues relating to Green/Garden Waste and

acknowledged the potential for improving the service provided while making a significant contribution to the Savings and Transformation Strategy.

RECOMMENDED: That the Cabinet be commended to agree that

- (1) the core principles for the Inter Authority Agreement between this Council and Kent County Council, as outlined in the report, be agreed;
- (2) a final draft Inter Authority Agreement be reported to a future meeting of the Advisory Board for consideration;
- (3) the financial arrangements relating to the new contract, as outlined in the report, and associated financial implications be noted; and
- (4) the approach to the evaluation of the contract tenders, as outlined in the report, be agreed and incorporated within the tender documentation.

***Referred to Cabinet**

SSE 17/16 REVIEW OF CAR PARKING FEES AND CHARGES

The joint report of the Director of Street Scene, Leisure and Technical Services and the Director of Finance and Transformation set out recommendations for car parking fees and charges for implementation from 1 April 2018.

Careful consideration was given to the options set out in the report and Members noted that, whilst the Council regularly reviewed its fees and charges for services provided for the local community, the last review of car parking charges in 2016 had not recommended any increases. Consequently, there had been no increase in any parking charges in the Borough for the last two years.

Additionally, Members were provided with details of the set of guiding principles established by the Council for the setting of fees and charges together with a summary of the level of investment and cost to the Authority of providing the parking service.

RECOMMENDED: That the following proposals be approved by Cabinet with effect from 1 April 2018:

- (1) the schedule of charges for short and long stay parking in Tonbridge, shown in Table 1 to the report, be introduced;

- (2) week day short day parking charges to the car parking bays in the Tonbridge Castle grounds, including the purchase of a new car parking ticket machine, be introduced;
- (3) the schedules of Peak and Off-Peak Season ticket charges in Tonbridge, shown in Tables 2 and 3 to the report, be adopted;
- (4) the Ryarsh Lane, West Malling Annual Season ticket charges be increased to £175;
- (5) the schedule of charges for short stay parking in West Malling, shown in Table 5 to the report, be introduced with the new 4 hour tariff amended to £3.20;
- (6) the schedule of charges for Blue Bell Hill car park, shown in Table 6 to the report, be introduced;
- (7) the schedule of charges for Borough Green Western Road car park, shown in Table 7 to the report, be introduced;
- (8) Residents Permits (Residential Preferential Parking Scheme) be retained at £40 per year;
- (9) the schedule of charges for Business Permits and Dispensations, shown in Table 8 to the report, be introduced;
- (10) Visitor Permits be retained at £12 for a book of 10 permits, the current offer of 10 free Visitor Permits be limited to new applicants for a Residents Permit and the offer of 10 free Visitor Permits on renewal of a Residents Permit be discontinued;
- (11) the schedule of charges for Haysden and Leybourne Lakes country parks, shown in Table 9 to the report, be introduced;
- (12) the schedule of charges for On-Street Pay and Display parking in Tonbridge, shown in Table 10 to the report, be introduced; and
- (13) the potential introduction of On-Street Permit and Pay and Display parking in designated areas of North Tonbridge be investigated.

***Referred to Cabinet**

SSE 17/17 REVIEW OF FEES AND CHARGES

The joint report of the Director of Street Scene, Leisure and Technical Services, the Director of Planning, Housing and Environmental Health and the Director of Finance and Transformation set out proposed fees and charges for the provision of services in respect of household bulky refuse and fridge/freezer collections, "missed" refuse collections, stray dog redemption fees, pest control, condemned food certificates,

exported food certificates, contaminated land monitoring and private water supplies from April 2018.

In bringing forward the proposals for 2018/19, it was noted that consideration had been given to a range of factors including the Council's overall financial position, trading patterns, the current rate of inflation, competing facilities and customer demand.

RECOMMENDED: That Cabinet approve the scale of charges for household bulky refuse and fridge/freezer collection, "missed" refuse collection, stray dog redemption fees, pest control, condemned food certificates, exported food certificates, contaminated land monitoring and sampling private water supplies with effect from April 2018, as detailed in the report to the Advisory Board.

***Referred to Cabinet**

SSE 17/18 AIR QUALITY UPDATE

Decision Notice D170071MEM

The report of the Director of Planning, Housing and Environmental Health summarised the content of the Government's UK plan for tackling roadside nitrogen dioxide concentrations published on 26 July 2017 and made particular reference to the intention to produce a new Clean Air Strategy in 2018 which would address other nitrogen oxides, particulate matter and sulphur dioxide, amongst other, emissions.

Additionally, the report provided an overview of Tonbridge and Malling Borough Council's 2017 Annual Status report in respect of the Borough's 7 Air Quality Management Areas (AQMAs) recently submitted to DEFRA which demonstrated some improvements in nitrogen dioxide levels and assessed the need to vary the boundaries of the Larkfield and Borough Green AQMAs and identified other factors to be taken into account in preparation of the Council's Air Quality Action Plan.

RECOMMENDED: That the retention of all current AQMAs be endorsed and a review of the boundaries of the Larkfield and Borough Green AQMAs be reported to a future meeting of the Advisory Board for consideration.

SSE 17/19 EXCLUSION OF PRESS AND PUBLIC

There were no items considered in private.

The meeting ended at 8.55 pm

TONBRIDGE AND MALLING BOROUGH COUNCIL

COMMUNITIES AND HOUSING ADVISORY BOARD

Monday, 13th November, 2017

Present: Cllr Mrs B A Brown (Vice-Chairman - in the Chair), Cllr Mrs J A Anderson, Cllr V M C Branson, Cllr D J Cure, Cllr R W Dalton, Cllr S M Hammond, Cllr D Keeley, Cllr Mrs S L Luck, Cllr Mrs A S Oakley, Cllr L J O'Toole, Cllr M Parry-Waller and Cllr T B Shaw

Councillors R P Betts, P F Bolt, M A Coffin, Mrs T Dean, Mrs M F Heslop, N J Heslop, D Lettington, P J Montague and H S Rogers were also present pursuant to Council Procedure Rule No 15.21.

Apologies for absence were received from Councillors Miss S O Shrubsole (Chairman), Mrs S M Barker, Mrs S Bell and Ms S V Spence

PART 1 - PUBLIC

CH 17/27 DECLARATIONS OF INTEREST

There were no declarations of interest made in accordance with the Code of Conduct. However, in the interest of transparency, Councillor Mrs Oakley declared that she was a member of Larkfield Parish Council which was a contributor to the Leybourne Lakes Country Park; Councillor Betts advised that he was a Trustee of the Tonbridge and Malling Leisure Trust and Councillor N Heslop advised that he was a member of the Board of The Bridge Trust.

CH 17/28 MINUTES

RESOLVED: That the notes of the meeting of the Communities and Housing Advisory Board held on 24 July 2017 be approved as a correct record and signed by the Chairman.

CH 17/29 PRESENTATION BY JANE ILLEY AND HEATHER GRANT FROM ABBEYFIELD KENT

Jane Illey and Heather Grant gave a detailed presentation of the work undertaken by The Abbeyfield Kent Society which aimed to provide three Extra Care Housing Schemes within the Borough. Particular reference was made to a proposed scheme at Lawson House, Larkfield which aimed to provide accommodation for veterans of the Armed Forces.

CH 17/30 ANNUAL UPDATE FROM MARTIN GUYTON, CHIEF EXECUTIVE OF TONBRIDGE AND MALLING LEISURE TRUST

The Trust's Chief Executive, Martin Guyton, presented a review of the last year and answered questions on a range of performance issues.

MATTERS FOR RECOMMENDATION TO THE CABINET**CH 17/31 REVIEW OF CEMETERY CHARGES 2018/19**

The joint report of the Director of Street Scene, Leisure and Technical Services and the Director of Finance and Transformation outlined the proposed charges for 2018/19 with regard to Tonbridge Cemetery.

***Referred to Cabinet**

RECOMMENDED: That the proposed charges for Tonbridge Cemetery, as detailed at Annex 2 to the report, be agreed and implemented with effect from 1 April 2018. ◀

(In accordance with Council Procedure Rule 8.5 Councillor Cure requested that it be recorded that he had voted against the above recommendation)

CH 17/32 LEISURE FACILITIES - LEISURE TRUST UPDATE

Decision Notice D170072MEM

The report of the Director of Street Scene, Leisure and Technical Services reviewed the recent performance of the Tonbridge and Malling Leisure Trust and provided an update on a number of significant capital schemes.

RECOMMENDED: That the Trust's performance over the first quarter of the Annual Service Delivery Plan and progress with on site capital works be noted.

CH 17/33 LEYBOURNE LAKES COUNTRY PARK - DEVELOPMENT OPPORTUNITIES

Decision Notice D170073MEM

The report of the Director of Street Scene, Leisure and Technical Services outlined the findings of a review of income generation opportunities at Leybourne Lakes Country Park (LLCP) linked to capital investment. The review, undertaken by a specialist consultant, had concluded that the site was strategically and commercially appealing to a range of external partners and recommended that the Council undertake a procurement exercise with a view to developing a potential management partnership in the future.

RECOMMENDED: That

- (1) the option of external management of Leybourne Lakes Country Park (LLCP) linked to capital investment be explored in accordance with the key principles outlined in the report;
- (2) a report on a procurement exercise and timescale, taking into account feedback from consultation, be submitted to the next meeting of the Advisory Board; and
- (3) Oaks Consultancy be approved to assist the Council in preparing for and undertaking a procurement exercise.

CH 17/34 LEYBOURNE LAKES COUNTRY PARK - MANAGEMENT PLAN

Decision Notice D170074MEM

The report of the Director of Street Scene, Leisure and Technical Services brought forward details of comments received as part of the public consultation exercise on the draft Leybourne Lakes Country Park Management Plan. A summary of the comments received and proposed amendments to the Management Plan were set out at Annex 3 to the report.

RECOMMENDED: That the proposed amendments to the draft Management Plan be made and the Management Plan for Leybourne Lakes Country Park be approved.

CH 17/35 WEST KENT HOUSING AND HOMELESSNESS STRATEGY

Decision Notice D170075MEM

The report of the Director of Planning, Housing and Environmental Health provided details of the West Kent Housing and Homelessness Strategy 2016-2021, developed in partnership with Tunbridge Wells Borough Council and Sevenoaks District Council, which set out how the three Authorities would work to meet their statutory duties and responsibilities over the next five years.

RECOMMENDED: That the West Kent Housing and Homelessness Strategy 2016-21 as set out in Annex 1 to the report be endorsed.

MATTERS SUBMITTED FOR INFORMATION**CH 17/36 THE HOMELESSNESS REDUCTION ACT**

The report of the Director of Planning, Housing and Environmental Health summarised the duties placed on local authorities by the Homelessness Reduction Act 2017 scheduled to be enacted in April

2018 and assessed the implications for the Council in meeting these new duties.

CH 17/37 HOUSING SERVICES ACTIVITY 2017/18

The report of the Director of Planning, Housing and Environmental Health provided an update on Housing Service performance for the first and second quarter of the financial year 2017/18.

CH 17/38 HEALTH IMPROVEMENT TEAM UPDATE

The report of the Director of Planning, Housing and Environmental Health provided an update on recent changes in the Home Improvement Team and made particular reference to the West Kent Partnership and the delivery of the One You service.

CH 17/39 COMMUNITY DEVELOPMENT WORK - UPDATE ON PROGRESS

The report of the Chief Executive provided an update on the community development work undertaken in the Borough's three priority communities in East Malling, the Trench Ward in Tonbridge and in Snodland.

CH 17/40 COMMUNITY SAFETY PARTNERSHIP UPDATE

The report of the Director of Central Services and Monitoring Officer provided an update on recent activity within the Community Safety Partnership.

MATTERS FOR CONSIDERATION IN PRIVATE

CH 17/41 EXCLUSION OF PRESS AND PUBLIC

There were no items considered in private.

The meeting ended at 8.56 pm

TONBRIDGE AND MALLING BOROUGH COUNCIL

PLANNING AND TRANSPORTATION ADVISORY BOARD

Tuesday, 5th December, 2017

Present: Cllr D A S Davis (Chairman), Cllr M A C Balfour, Cllr P F Bolt, Cllr V M C Branson, Cllr M O Davis, Cllr B T M Elks, Cllr D Keers, Cllr R D Lancaster, Cllr S C Perry, Cllr R V Roud, Cllr A K Sullivan and Cllr M Taylor

Councillors Mrs J A Anderson, O C Baldock, R P Betts, M A Coffin, D J Cure, N J Heslop, Mrs S L Luck, B J Luker, M R Rhodes, H S Rogers and T B Shaw were also present pursuant to Council Procedure Rule No 15.21.

Apologies for absence were received from Councillors T Edmondston-Low (Vice-Chairman), Mrs S M Barker, Mrs F A Kemp and M Parry-Waller

PE 17/15 DECLARATIONS OF INTEREST

Councillor M Davis declared an Other Significant Interest in items on the agenda relating to the Local Plan on the grounds of his status as a partner of Warners Solicitors. In accordance with the dispensation granted at Minute GP 16/19 (meeting of 20 October 2016), he remained in the meeting and addressed the Advisory Board but took no further part in the discussion or voting.

In the interests of transparency Councillor M Balfour indicated that he was the Cabinet Member for Planning, Highways, Transport and Waste at Kent County Council.

PE 17/16 MINUTES

RESOLVED: That the notes of the meeting of the Planning and Transportation Advisory Board held on 25 July 2017 be approved as a correct record and signed by the Chairman.

MATTERS FOR RECOMMENDATION TO THE CABINET

PE 17/17 PRE-APPLICATION PLANNING ADVICE CHARGING REGIME AND BUILDING CONTROL APPLICATION FEES

Consideration was given to the report of the Director of Planning, Housing and Environmental Health regarding proposed changes to the Pre-application Planning Advice Charging Regime and an overall approach to Building Control Fees. It was noted that detailed monitoring between 1 April and 1 November 2017 indicated that no changes to the Pre-application Protocol were necessary but the fees should be adjusted

in order to recover costs of providing advice, as set out at Annex 1 to the report.

Reference was made to the partnership arrangement with Sevenoaks District Council for provision of building control services, overseen by a Management Board, and to an approach aiming at a fee increase of approximately 3% across the range of application types. Since further detailed work was required to set the precise fee scales, it was suggested that the Director of Planning, Housing and Environmental Health be authorised to agree them within the overall context in liaison with Sevenoaks through the Management Board.

RECOMMENDED: That

- (1) the updated pre-application charging regime for planning, set out at Annex 1 to the report, be approved; and
- (2) the Director of Planning, Housing and Environmental Health be given delegated authority to set the detailed building control application fee scales within a general guide of a 3% increase.

***Referred to Cabinet**

**PE 17/18 PLANNING FOR THE RIGHT HOMES IN THE RIGHT PLACES -
CONSULTATION RESPONSE**

Decision Notice D170077MEM

The report of the Director of Planning, Housing and Environmental Health sought endorsement of a response to a Department for Communities and Local Government (DCLG) consultation which had been submitted by the 9 November deadline. Details were given of the 19 questions on which views had been invited together with the full response to each.

The proposals raised a number of concerns, particularly in relation to the approach to calculating housing needs and questions were raised regarding the sustainability of the targets, delivery of affordability and consistency of approach across the country. It was noted that the consultation introduced delay and uncertainty to the Local Plan process. In view of the importance and high profile of this subject, the response to the consultation had been sent to all Members and a presentation made to the recent meeting of the Parish Partnership Panel. It was requested that an attempt be made to quantify the additional work involved in re-examining the evidence base as a result of the proposals for transmission to the DCLG.

RECOMMENDED: That the comments set out at Annex 1 to the report be endorsed as the Council's formal response to the consultation together with a quantification of the additional work involved.

PE 17/19 LOCAL PLAN: DUTY TO CO-OPERATE

Decision Notice D170078MEM

The report of the Director of Planning, Housing and Environmental Health sought endorsement of a response to a recent Sevenoaks District Council Local Plan consultation required by Regulation 18 of the Town and Country Planning Regulations. Reference was made to the different approaches to addressing unmet housing need in terms of releases of Green Belt land, together with implications of the Government's proposals on standardised methodology. An update was also given on other matters relating to the Duty to Co-operate including the introduction of Statements of Common Ground.

RECOMMENDED: That the contents of the report be noted and the response set out at Annex 1 thereto be endorsed.

MATTERS SUBMITTED FOR INFORMATION

PE 17/20 LOCAL PLAN STATUS AND UPDATE

The report of the Director of Planning, Housing and Environmental Health provided an update on the Local Plan process and the implications for the timetable and five year housing land supply of the Government consultation "Planning for the Right Homes in the Right Places". Reference was made to the concerns expressed regarding incorporation of the Government's proposed new housing need figures into the Local Plan (Minute PE 17/18) and the implications for updating the evidence base and managing the resulting uncertainty. It was anticipated that a revised timetable would be presented to the Advisory Board in January 2018 depending on the conclusion of the consultation being announced.

Members expressed frustration at the delay and uncertainty created by the consultation, particularly as the Council was making good progress in preparation of the Local Plan. It was noted that the standardised methodology would result in an undeliverable level of housing in both of the housing market areas in the Borough and discussions would be held with neighbouring authorities to address unmet need. Some work with the Planning Advisory Service involving the Council and Sevenoaks and Tunbridge Wells Councils becoming a Statement of Common Ground "pilot" was seen as helpful in drawing out these issues. Attention was also drawn to the implications of the London Plan.

PE 17/21 MEDWAY FLOOD MANAGEMENT PARTNERSHIP

The report outlined the direction of the Medway Flood Action Plan launched by the Medway Flood Partnership on 1 December 2017. The

Plan addressed flood risk in the Medway catchment, focusing on three work streams led by partner organisations in respect of capital investment and maintenance, community resilience and natural flood management.

The Advisory Board was updated on the timescale of the project to increase the capacity of the Leigh Flood Storage Area, due for completion in 2023. Members considered that it would be useful for representatives of the Environment Agency and Internal Drainage Boards to attend a future meeting.

PE 17/22 EXCLUSION OF PRESS AND PUBLIC

There were no matters considered in private.

The meeting ended at 8.45 pm

TONBRIDGE AND MALLING BOROUGH COUNCIL

FINANCE, INNOVATION AND PROPERTY ADVISORY BOARD

Wednesday, 3rd January, 2018

Present: Cllr S M King (Chairman), Cllr T Bishop, Cllr J L Botten, Cllr V M C Branson, Cllr Mrs B A Brown, Cllr T I B Cannon, Cllr M O Davis, Cllr R D Lancaster, Cllr A K Sullivan and Cllr F G Tombolis

Councillors Mrs J A Anderson, O C Baldock, M C Base, P F Bolt, M A Coffin, 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 B W Walker (Vice-Chairman), Mrs S Bell, R P Betts and Miss J L Sergison

PART 1 - PUBLIC

FIP 18/1 DECLARATIONS OF INTEREST

Councillor N Heslop declared an Other Significant Interest in the item on Tonbridge Castle - Review of Fees and Charges in respect of concessionary users of the Council Chamber on the grounds of membership of the Board of the Bridge Trust. He withdrew from the meeting during consideration of this matter.

In the interests of transparency, Councillor R Lancaster advised that he was an employee of Fidelity International which was referred to in the Revenue Estimates item in the context of the impact on business rates of its plans to close the Hildenborough office. He also stated that his wife was an employee of the Citizens Advice Bureau, a concessionary user of the Tonbridge Castle Council Chamber.

FIP 18/2 MINUTES

RESOLVED: That the notes of the meeting of the Finance, Innovation and Property Advisory Board held on 20 September 2017 be approved as a correct record and signed by the Chairman.

With reference to Minute FIP 17/30, it was noted that the report back on the option of offering no council tax discount on empty properties was likely to be presented in around 12 months' time.

MATTERS FOR RECOMMENDATION TO THE CABINET

FIP 18/3 REVENUE ESTIMATES 2018/19

The report of the Director of Finance and Transformation referred to the responsibility of the Cabinet under the constitution for formulating initial

proposals in respect of the budget. Reference was made to the role of the Advisory Board in assisting the Cabinet and Council in the preparation of the budget within the context of the Medium Term Financial Strategy (MTFS) and the Council's priorities. An outline was given of the process for referring the Advisory Board's recommendations to the Overview and Scrutiny Committee prior to consideration by the Cabinet on 8 February and thereafter by the Council at its Budget meeting.

The report set out the framework for considering the estimates in terms of the MTFS together with a number of Service specific issues. The report indicated the factors to be taken into account when updating the MTFS and referred to the Savings and Transformation Strategy (STS) which provided a structure and focus for addressing the significant financial challenge facing the Council. Progress was reported on savings achieved and it was noted that the MTFS would continue to be updated as more information became available and the targets and timescales within the STS would be revisited and realigned with the latest projected funding gap during the budget setting process.

The Director of Finance and Transformation introduced the provisional Local Government Finance Settlement including the Council's acceptance of the multi-year settlement to 2019/20. Members were advised that the Secretary of State had increased the threshold for triggering a referendum on council tax increase to the higher of 3% or £5. The favourable position regarding New Homes Bonus funding in 2018/19 was explained and reference made to the successful outcome of the Kent and Medway authorities' bid for pilot status in respect of 100% business rates retention.

Alongside the provisional settlement, the Secretary of State had announced a technical consultation entitled "Fair funding review: a review of relative needs and resources". In view of the timescales involved and the programming of meetings, it was suggested that delegated authority be given for a response to be made.

RECOMMENDED: That

- (1) the draft Revenue Estimates contained in the Booklet be endorsed for consideration by the Cabinet at its special meeting on 8 February 2018;
- (2) the Savings and Transformation Strategy be updated to reflect the latest projected funding gap as part of the budget setting process; and
- (3) delegated authority be given to the Director of Finance and Transformation, in liaison with the Leader and Cabinet Member for Finance, Innovation and Property, to respond to the technical

consultation entitled “Fair funding review: a review of relative needs and resources”.

***Referred to Cabinet**

FIP 18/4 CAPITAL PLAN REVIEW 2017/18

Consideration was given to the report of the Director of Finance and Transformation which reviewed the current position of the existing Capital Plan (List A). It also recommended schemes for addition to List C, some existing List C schemes for deletion or evaluation and schemes for inclusion on List B from those List C schemes previously selected for evaluation. Members were reminded that any aspirations in respect of capital schemes needed to be set within the context of the significant financial challenge facing the Council.

Particular reference was made to the reduction of £50,000 in the Council’s funding of Disabled Facility Grants arising from a review of spending and associated government grant funding. It was noted that this would contribute towards the savings target.

RECOMMENDED: That the following be endorsed for consideration by the Overview and Scrutiny Committee:

- (1) the Capital Plan (List A) position as shown in Annex 2 to the report be endorsed and the contribution to the savings target as a result of the reassessment of Disabled Facility Grant funding noted;
- (2) the amendment of List C as detailed in paragraph 1.5.3 of the report;
- (3) the selection of those List C schemes shown in paragraph 1.6.4 of the report for evaluation or further evaluation as appropriate, including the Haysden Country Park Sewage Treatment Facility for fast track evaluation;
- (4) the transfer of the schemes listed in paragraph 1.7.4 of the report from List C to List B; and
- (5) the draft Capital Strategy as set out at Annex 5 to the report be endorsed for adoption and publication on the Council’s website.

***Referred to Cabinet**

FIP 18/5 REVIEW OF FEES AND CHARGES 2018/2019

The report of the Management Team brought forward for consideration as part of the Budget setting process for 2018/19 proposals in respect of those fees and charges that were the responsibility of the Cabinet Member for Finance, Innovation and Property or not reported elsewhere.

RECOMMENDED: That

- (1) in respect of the recovery of legal fees payable by third parties, the Council's fees continue to follow the Supreme Court guideline hourly rates as set out at paragraph 1.2.1 of the report;
- (2) the proposed scale of fees for local land charges searches and enquiries set out at Annex 1 to the report be adopted with effect from 1 January 2018;
- (3) the current photocopying charges of 10p (inclusive of VAT) for each page of the same document or additional copies of the same page plus postage as appropriate be retained;
- (4) the fee schedule for street naming and numbering set out in section 1.6 of the report be adopted with effect from 1 April 2018; and
- (5) the amount of council tax and business rate Court costs recharged remain as set out at paragraph 1.7.2 of the report for the 2018/19 financial year.

***Referred to Cabinet**

FIP 18/6 TONBRIDGE CASTLE - REVIEW OF FEES AND CHARGES

The report of the Director of Central Services and Monitoring Officer presented a comprehensive review of fees and charges in respect of the variety of services and functions delivered at Tonbridge Castle and made recommendations to increase revenue streams from a number of different areas.

RECOMMENDED: That

- (1) the new pricing model for the Castle Tour at Tonbridge Castle be approved as set out at paragraph 1.4.10 of the report;
- (2) the new pricing model for Schoolchildren Educational Workshops at Tonbridge Castle be approved as set out at paragraph 1.5 of the report;
- (3) the new pricing model for Weddings at Tonbridge Castle be approved as set out at paragraph 1.6.2 of the report;
- (4) authority be delegated to the Director of Central Services and Monitoring Officer for a 12 month trial period to depart from the fixed fee structure at paragraph 1.6.2 of the report where he considers that it is in the financial interests of the Council to do so in a particular case;

- (5) the new pricing model for entries into the Wedding Diary at Tonbridge Castle be approved as set out at paragraph 1.6.6 of the report;
- (6) the list of concessionary users of the Tonbridge Castle Council Chamber set out at Annex 2 to the report and the rate of discount, if any, to be given to any booking by an approved concessionary user be reviewed by the Overview and Scrutiny Committee;
- (7) the new model for hiring out the Council Chamber at Tonbridge Castle be approved as set out at paragraph 1.8.3 of the report;
- (8) the Director of Central Services and Monitoring Officer be authorised to agree Gate House fee charges for special events; and
- (9) authority be delegated to the Director of Central Services and Monitoring Officer to negotiate and agree fees with parties wishing to use Tonbridge Castle for filming purposes.
***Referred to Cabinet**

FIP 18/7 APPLICATIONS FOR DISCRETIONARY RATE RELIEF

Decision Notice D180001MEM

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

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

- (1) 1st Ditton Scout Group, R/O 18 New Road, Ditton – 20% discretionary rate relief be awarded, back dated to 1 April 2017 and time limited to 31 March 2019;
- (2) Carers First, 146A High Street, Tonbridge – 20% discretionary rate relief be awarded, backdated to 13 May 2017 and time limited to 31 March 2019; and
- (3) St Benedict's Centre, 52 Swan Street, West Malling – no discretionary rate relief be granted.

FIP 18/8 RURAL RATE RELIEF - RURAL SETTLEMENT LIST

Decision Notice D180002MEM

The report of the Director of Finance and Transformation referred to the requirement to review the Council's rural settlement list and recommended that the current list be amended to include a new rural settlement for the financial year 2018/19.

RECOMMENDED: That the rural settlement list be amended to include a new settlement for Peter's Village, as shown on the map at Annex 1 to the report, and the amended list remain in force for the year 2018/19.

FIP 18/9 REVENUE AND BENEFITS SHARED SERVICE

Decision Notice D180003MEM

The report of the Director of Finance and Transformation advised that Gravesham Borough Council had decided not to proceed with the Revenue and Benefits Shared Service. However, it was noted that the IT digital and transformation plan for the service would continue to be progressed as set out in the Capital Plan (Minute C 17/56 refers).

RECOMMENDED: That it be noted that:

- (1) at Gravesham Borough Council's behest the Shared Service for Revenue and Benefits will not be progressed;
- (2) existing secondment agreements for the Revenue and Benefits Manager and Principal Revenues Officer will continue as is the current practice;
- (3) the planned IT and digital transformation initiatives in respect of this service will continue to be progressed; and
- (4) the Capital Plan has been updated accordingly.

FIP 18/10 PROCUREMENT STRATEGY

Decision Notice D180004MEM

The report of the Director of Finance and Transformation presented an updated Procurement Strategy for consideration and endorsement. The Strategy provided a framework to ensure the application of good procurement practice throughout the organisation and delivery of cost effective and efficient services.

RECOMMENDED: That the updated Procurement Strategy set out at Annex 1 to the report be endorsed.

MATTERS SUBMITTED FOR INFORMATION

FIP 18/11 IT STRATEGY UPDATE

The report provided an update on the significant progress of projects within the current IT Strategy over the period 2014 to 2017. It was noted that the next strategy for 2018 to 2022 would build on those IT infrastructure improvements with the aim of improving staff efficiency and providing the foundations for effective business transformation and enhanced customer service. It was anticipated that a draft of the new strategy would be presented at the next meeting of the Advisory Board.

FIP 18/12 REVENUES AND BENEFITS UPDATE

The report gave details of recent developments in respect of council tax, business rates, council tax reduction and housing benefits. An update was given on implementation of the three new business rate relief schemes, announcements in the Chancellor's Autumn Budget, including changes to Universal Credit, and the performance and workload of the Benefits Service. It was noted that the Council would continue to administer all housing benefit claims until November 2018 at the earliest.

MATTERS FOR CONSIDERATION IN PRIVATE

FIP 18/13 EXCLUSION OF PRESS AND PUBLIC

The Chairman moved, it was seconded and

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

PART 2 - PRIVATE

MATTERS FOR RECOMMENDATION TO THE CABINET

FIP 18/14 DEBTS FOR WRITE OFF

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

Decision Notice D180005MEM

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

RECOMMENDED: That the 20 items shown in the schedule of amounts over £1,000, totalling £66,119.15 be written-off for the reasons stated within the schedule.

FIP 18/15 BANKING AND MERCHANT ACQUIRER SERVICES CONTRACTS

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

Decision Notice D180006MEM

The report of the Director of Finance and Transformation gave details of the approach taken in progressing new Banking and Merchant Acquirer Services contracts.

RECOMMENDED: That the progress made in renegotiating both the banking and merchant services contracts be noted and authority be delegated to the Director of Finance and Transformation, in liaison with the Cabinet Member for Finance, Innovation and Property, to finalise the negotiations.

The meeting ended at 9.33 pm

Agenda Item 5

The minutes of meetings of Advisory Panels and Other Groups are attached, any recommendations being identified by an arrow.

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TONBRIDGE AND MALLING BOROUGH COUNCIL

PARISH PARTNERSHIP PANEL

Thursday, 16th November, 2017

Present: Cllr N J Heslop (Chairman), Cllr M A Coffin (Vice-Chairman), Cllr Mrs J A Anderson, Cllr Mrs S M Barker, Cllr R P Betts, Cllr R W Dalton, Cllr D Lettington, Cllr B J Luker, Cllr R V Roud and Cllr T B Shaw.

Together with Addington, Aylesford, Birling, Borough Green, Burham, East Malling and Larkfield, East Peckham, Hadlow, Ightham, Kings Hill, Leybourne, Offham, Platt, Plaxtol, Shipbourne, Wateringbury, and Wrotham Parish Councils and County Councillors Mrs S Hohler and Mr H Rayner

Councillors H S Rogers and O C Baldock were also present pursuant to Council Procedure Rule No 15.21.

Apologies for absence were received from Trottiscliffe Parish Council and the Chairman of the Kent Association of Local Councils (Tonbridge and Malling).

PART 1 - PUBLIC

PPP 17/16 MINUTES

RESOLVED: That the Minutes of the meeting held on 7 September 2017 be approved as a correct record and signed by the Chairman.

PPP 17/17 UPDATE ON ACTION IDENTIFIED IN THE LAST MINUTES - PARISH CHARTER

The Chairman referred to Minute Number PPP 17/12 (Parish Charter) and advised that following further discussion with the Kent Association of Local Councils (Tonbridge and Malling) a revised draft had been circulated to all Parish and Town Councils in advance of the meeting. Copies of the revised draft were also tabled for the Borough and County Council Members.

It was hoped that the Parish Charter was now ready to be adopted, subject to informal agreement of the Parish Partnership Panel. The next step would be for the Kent Association of Local Councils (KALC) (Tonbridge and Malling) and the Borough Council to formally adopt the Parish Charter via their own processes. In the case of the Borough Council, it would be up to Cabinet to give final approval.

The Chairman suggested that KALC seek final approval from the Parish/Town Councils in advance of the Borough Council's meeting of

Cabinet on 30 January 2018. It was hoped that an agreed Parish Charter would be formally signed by the Leader of the Borough Council and the Chairman of KALC at the meeting of the Parish Partnership Panel in February 2018.

The Deputy Chairman of KALC expressed appreciation for the work undertaken so far and supported the next steps as set out above.

PPP 17/18 WASTE SERVICES CONTRACT

The Head of Waste Services outlined proposals for the Waste Services Contract for refuse, recycling and street cleansing as the current contract was due to end in February 2019.

Partnership opportunities for the future delivery of these services were currently being developed with neighbouring West Kent authorities and Kent County Council, although the final details were still to be defined and agreed. However, the main aim was to deliver service improvements and efficiencies, greater consistency across the County, increased recycling performance and an operation that represented value for money.

The current proposals being considered included a weekly food waste, fortnightly residual waste, fortnightly dry recycling of paper and card and glass, cans, plastics and cartons kerbside collection model. Proposals also included the introduction of a fortnightly garden waste 'opt in' charged service. It was reported that charges were necessary in underpinning the proposed service improvements.

It was indicated that Tonbridge and Malling Borough Council was in the minority of local authorities across Kent that did not currently charge for the collection of garden waste.

The County Councillor representing Malling North welcomed the opportunity of partnership working with a number of borough/district councils as it offered a more uniform approach across Kent. In addition, the Borough Council were congratulated on the excellent service they currently offered residents.

The Panel supported the introduction of kerbside collection for glass and plastic, whilst recognising the challenge around co-mingling of materials. Members were assured that Kent County Council, as the authority with responsibility for disposal of waste, were actively involved in all discussions regarding co-mingling and their input was greatly appreciated.

There was also some concern expressed that charging for garden waste collection could potentially increase the levels of fly tipping. In response, Members were advised that where charges for green waste had been introduced by other local authorities there was no evidence to show that

levels of fly tipping had increased. It was expected that households already producing significant garden waste would choose to opt in.

Details relating to some services and the introduction of charges for garden waste were yet to be finalised by the Borough Council as some decisions were dependent upon the tender. However, it was noted that the national average charge for garden waste collection was approximately £42 per annum.

The Cabinet Member for Street Scene and Environment Services indicated that the Borough Council had agreed the principle of charging for garden waste but not the final detail. This was a positive opportunity to improve and increase services for residents and represented value for money.

Other areas discussed included the lack of a KCC Household Waste Recycling Centre (HWRC) in the Borough, which meant that some residents were forced to visit other areas; the upgraded facility at Blaise Farm which would accept co-mingled and separated green waste materials, home composting and whether the Saturday bulky collection service would continue to take garden waste. With regard to the latter, options would be reviewed in due course.

If kerbside collection increased it was anticipated that the need to travel to recycling points would reduce and offered a more convenient service to residents. In addition the number of recycling sites across the Borough would reduce although a number would be retained at strategic core sites for those properties not able to receive the new kerbside collection service, such as flats.

Finally, it was noted that good communication, publicity and marketing would be key to resident participation and the success of the new services. The service delivery options around the Waste Services Contract continued and further detail would be forthcoming as the process developed.

PPP 17/19 LOCAL PLAN

The Kent Association of Local Councils (KALC) (Tonbridge and Malling) asked about the potential impacts on the Borough Council's Local Plan arising from the latest consultation on proposed recalculation of housing building requirements.

In reply, the Director of Planning, Housing and Environmental Health advised that a robust and comprehensive response had been submitted setting out the Borough Council's concerns. This response had been shared with the Parish/Town Councils and the local Members of Parliament.

It was reported that Government proposals to introduce a standard methodology for estimating future housing needs, to reduce the number of challenges at the Local Plan Inquiry stage, were unwelcome and could have adverse implications on the Borough Councils' Local Plan programme.

The implications for each Local Planning Authority were published alongside the consultation document. For Tonbridge and Malling the result was an increase of 163 dwellings per year on top of the current estimate of 696, making a total of 859 new homes every year. Over the 20 year plan this equated to an additional 3,260 homes and represented a significant challenge if those figures were confirmed.

The Planning Policy Manager advised that the Borough Council had expressed concerns around deliverability, affordability and consistency of approach. It was noted that as most housing was delivered by the private sector and due to the proximity of London, increasing supply was unlikely to bring prices down. Unfortunately, the Borough Council was not in a position to submit its Local Plan before 31 March 2018, when the new methodology was expected to come into force, and would have to take account of the new housing need proposed.

Tonbridge and Malling Borough Council would continue with its Local Plan as previously set out and remained optimistic that an adoption date in 2019 was still achievable. Further information would be provided to the Planning and Transportation Advisory Board on 5 December 2017.

The Planning Policy Manager advised of the importance of completing the current work and assessments to place the Borough Council in a reasonable position if the proposals proceeded. At the present time it remained unclear how the Government would resolve the key messages arising from the consultation.

The Director of Planning, Housing and Environmental Health indicated that should the proposed figures be adopted it would be inevitable that the density and capacity of identified sites would have to be revisited. In addition, it was likely that previously identified and discounted proposals would have to be re-examined.

Finally, the Chairman, in his capacity as Leader of the Borough Council, reiterated that Tonbridge and Malling was extremely disappointed with the Government's latest consultation.

PPP 17/20 AIR QUALITY - PROPOSED ACTION PLAN FOR REDUCTION OF AIR POLLUTION

The Environmental Protection Team Manager presented an update on air quality matters of relevance to Tonbridge and Malling.

In July 2017, the Government had published a UK Air Quality Plan focused on reducing nitrogen dioxide. As a result, 29 local authorities which were forecast to have the greatest exceedance problem over the next 3-4 years were identified to produce action plans. Whilst the Borough Council was not one of the local authorities identified, the opportunity was being taken to update the Tonbridge and Malling Air Quality Action Plan in line with DEFRA targets.

In updating its Air Quality Action Plan, the Borough Council would explore opportunities to deliver practical change, such as bus retrofitting, provision of cycle routes and provision of electric vehicle charging points, and worked closely with schools and businesses to raise awareness of air quality issues. There would also be a focus on borough wide mitigation, including an infrastructure to support electric vehicles, and an opportunity to work with developers, planners and Kent County Council highways.

Currently within the Borough there were 7 Air Quality Management Areas (AQMAs) in:

- Aylesford
- Borough Green
- Ditton
- Larkfield
- Tonbridge High Street
- Wateringbury
- M20

Monitoring of nitrogen dioxide (NO₂) was being carried out at 52 sites across the Borough and so far there was no exceedance of NO₂ limit levels identified outside of those areas already declared as AQMAs. If Parish Councils wanted further information on these monitoring points Environmental Protection would be pleased to assist.

Borough Green Parish Council made particular reference to particulates, which were a major concern due to the level of traffic movements and other environmental factors in the area, and asked whether the Borough Council would give consideration to any evidence collected by individual parish/town councils if they purchased their own monitoring devices. In response, the Environmental Protection Manager indicated that any results generated in this way would be looked at.

Members encouraged more emphasis on particulate monitoring. The Chief Environmental Health Officer advised that particulate monitoring equipment was a significant investment, although options were being explored with neighbouring authorities. Members were also reminded that although the Borough Council had a duty regarding monitoring of air quality, district authorities had little power to affect and/or implement change. The biggest opportunity to affect change was liaison with planners, developers and the Highway Authority. In addition, it was

noted that Public Health England could put pressure on traffic planners to take account of air quality.

In response to a question related to the M20 slip road at Junction 5, the Director of Planning, Housing and Environmental Health advised that the Borough Council were fully supportive of these proposals. It was also hoped that the introduction of a 'smart' motorway along a stretch of the M20 would have a positive effect on the AQMAs in that vicinity.

A number of significant concerns were raised and noted. These included monitoring air quality at schools; risks to children as a result of NO₂ and particulates; impacts on local schools and communities, especially where concerns had already been expressed; the explanation around 'receptors' (housing) and the requirement for these to trigger an AQMA; the clarification that the M20 AQMA related to the area from the bridge at New Hythe Lane to Hall Road in Aylesford and the need for environmental permits and Local Planning Authority consent before crushing of aggregates.

The Chairman suggested that further questions related to particular sites should be raised out of meeting for Officers to advise further.

PPP 17/21 KENT POLICE SERVICES UPDATE

Inspector Martin provided a verbal update on the achievements made in performance and the neighbourhood policing agenda.

A number of minor staff changes were reported and it was noted that Inspector Martin was Acting Chief Inspector for both Tonbridge and Tunbridge Wells, whilst Andy Gallon was Acting Inspector. In addition, the Community Safety Unit had recently recruited Vulnerable Adult and Vulnerable Youth Officers.

In response to a question from Kings Hill Parish Council, it was confirmed that an active campaign to recruit voluntary Police Community Support Officers (PCSOs) was ongoing.

Recent initiatives and operations included attendance at Remembrance Parades in Snodland, Tonbridge and West Malling; increased patrols over Halloween, especially in East Malling and Kings Hill, had resulted in a reduced number of anti-social behaviour incidents on the previous year; and the use of Dispersal Orders and Anti-social Behaviour Orders in the Borough continued.

Particular reference was made to the increased number of thefts from motor vehicles in Aylesford, Larkfield and Snodland and these continued to be an active investigation.

In addition, Inspector Martin referred to the HMIC (Her Majesty's Inspectorate of Constabulary) annual inspection of police effectiveness,

efficiency and legitimacy which assessed how effective police forces were at keeping people safe and reducing crime. Kent Police had received good results in the first two (effectiveness and efficiency) and the interim feedback suggested a positive result for legitimacy.

Finally, it was noted that contact information and details relevant to individual parishes were available on the Kent Police website. This could be used to identify local PCSOs.

PPP 17/22 KENT COUNTY COUNCIL SERVICES UPDATE

The Kent County Council Community Liaison Officer (Anne Charman) reported on a number of County initiatives and consultations. Further detail was set out in the Kent County Council Services update report attached to the agenda.

Particular reference was made to a number of initiatives and these included:

- Lorry Watch and details on how to set up a scheme were available by emailing freight@kent.gov.uk
- Apprenticeships: KCC had recently launched the 1000 interview campaign and required more employers to register vacancies
- Member Grant Scheme 2017/18 was now opened with £22,000 available to fund both community and highway projects. Tonbridge and Malling County Councillors had a total of £154,000 to allocate in 2017/18. Further information was available from local County Councillors or the Community Liaison Officer

Current consultations included the Draft Budget Strategy 2018/19 and the Community Infant Feeding Support, both of which ended on 3 December 2017. A consultation related to Gypsy and Traveller Pitch Allocations, setting out proposals related to the introduction of service charges, deposit scheme and changes to the application process, had a deadline for responses of 20 December 2017. In addition, the Pharmaceutical Needs Assessment consultation sought views from health and social care professionals, organisations and local communities on the level of pharmacy services. The deadline for responses was 22 January 2018.

All Kent County Council consultations could be viewed online at:

<http://consultations.kent.gov.uk/consult.ti>

Comments from the Panel related to enforcement on HGV parking in light of the recent decision not to progress plans for a lorry park in Kent were noted. The Chairman anticipated that the Joint Transportation

Board would review the potential consequences arising from this decision and the implications for parked HGVs.

PPP 17/23 TONBRIDGE AND MALLING BOROUGH COUNCIL SERVICES UPDATE

The Director of Planning, Housing and Environmental Health provided an update on key points relevant to Tonbridge and Malling. The headline messages included:

- Larkfield Leisure Centre:

Works had commenced to extend the fitness suite and included construction of new dance studios to meet growing demand. The project was anticipated to cost £750,000 and these would be met in full by the Leisure Trust. These facilities could revert to Borough Council ownership at the end of the agreement with the Leisure Trust.

- Leybourne Lakes Country Park:

The Borough Council was looking at options to make the Country Park more financially self-sufficient. There was a focus on income generation linked to capital investment in the facilities, with the potential for a lakeside visitor centre incorporating catering and water sports.

It was reported that the Borough Council had £700,000 of developer contribution funds to invest in the project and was looking to work in partnership with a third party operator. The Panel was pleased to note that there had been strong interest from a number of operations.

The intention was to advertise the opportunity in Spring 2018 after a period of consultation, in which Parish councils were encouraged to participate.

- Financial Planning for Parish Councils

The Chairman advised that the Borough Council was aware that Parish and Town Councils would be preparing their budgets for the next financial year and assured that they would be updated as soon as possible.

The meeting ended at 9.40 pm

TONBRIDGE AND MALLING BOROUGH COUNCIL

JOINT TRANSPORTATION BOARD

Monday, 27th November, 2017

Present: Cllr H S Rogers (Chairman), Mr M Payne (Vice-Chairman), Cllr D A S Davis, Cllr Mrs F A Kemp, Cllr D Lettington, Cllr M Parry-Waller, Mr M Balfour, Mrs T Dean, Mr P Homewood, Mr R Long and Mr H Rayner

Borough Councillors Mrs J A Anderson, O C Baldock, P F Bolt, V M C Branson, M A Coffin, N J Heslop, B J Luker, Mrs A S Oakley, M R Rhodes, R V Roud and A K Sullivan were also present pursuant to Council Procedure Rule No 15.21.

Ms G Goode and Ms W Palmer were also present on behalf of the Kent Association of Local Authorities (KALC)

PART 1 - PUBLIC

JTB 17/19 DECLARATIONS OF INTEREST

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

JTB 17/20 MINUTES

RESOLVED: That the Minutes of the meeting of the Joint Transportation Board held on 25 September 2017 be approved as a correct record and signed by the Chairman.

MATTERS FOR RECOMMENDATION TO THE BOROUGH CABINET

JTB 17/21 PARKING ACTION PLAN - PHASE 9

Decision Notice D170076MEM

The report of the Director of Street Scene, Leisure and Technical Services set out details of the comments received in response to the informal consultation undertaken between 21 October and 12 November 2017 in respect of parking restriction proposals for twenty locations contained in Phase 9 of the Parking Action Plan. In addition, section 1.2.7 of the report set out details of seven locations within Phase 9 which would proceed directly to formal consultation.

RECOMMENDED: That

- (1) the locations detailed in section 1.2.7 of the report be taken forward to formal consultation;

- (2) the schemes listed at Annex 1 to the report proceed to formal consultation subject to
- i. the reduction of the proposals for scheme number 3 (Fairfield Road, Borough Green) by the removal of the double yellow lines in front of 163 Fairfield Road;
 - ii. the abandonment of schemes numbered 4 (Quarry Hill Road, Borough Green; 7 (The Rocks Road, East Malling); and 10 (Coombe Close, Snodland);
 - iii. the investigation of the application of appropriate times of restrictions at scheme number 9 (New Hythe Lane/Laburnum Drive, Larkfield);
 - iv. the amendment of scheme number 20 (School Lane, Burham) to delete the proposed double yellow line to the rear of 218-228 High Street but not to reduce other double yellow lines on the southern side of School Lane;
 - v. the amendment of scheme number 24 (High Street/Walter Burke Avenue, Wouldham) to reduce the length of the double yellow lines to keep the footpath end clear;
 - vi. the amendment of scheme number 25 (School Lane/Wouldham Road, Wouldham) to delete the Disabled Parking Bay as this was no longer required; and
 - vii. the amendment of scheme number 26 (Knowle Road/Cornwall Crescent, Wouldham) to extend the double yellow lines as proposed by Wouldham Parish Council.

MATTERS SUBMITTED FOR INFORMATION

JTB 17/22 HIGHWAY WORKS PROGRAMME 2017/18

The report of KCC Highways and Transportation provided an update on footway and carriageway improvement, drainage repairs and improvements, street lighting, transportation and safety schemes, Developer Funded Works (Sections 278 and 106 works), bridge works and approved traffic schemes. In addition the report provided details of current County Member funded schemes within the Borough.

RESOLVED: That the report be received and noted.

JTB 17/23 TONBRIDGE STATION TRANSPORT INTERCHANGE IMPROVEMENTS AND HIGH STREET REVIEW

The Board received a verbal report from Jamie Watson on the review of the High Street Improvements to be undertaken from January to March 2018. In addition, Tim Middleton, Principal Transport Planner, Kent Highways provided an update on the proposed Tonbridge Station Transport Interchange Improvements and displayed a plan of the proposal arising from the previous consultation in 2016. A number of Members expressed concern about the late submission of the report which had been originally classified as a verbal report, the lack of detail in the presentation and plan and the timescale for the consultation in the absence of this information. For these reasons the Board was unable to approve the recommendation and, therefore,

RESOLVED: That the report and plan be circulated following the meeting and Members be invited to submit any comments to the Principle Transport Planner by no later than 8 December 2017 for incorporation into the consultation documentation.

JTB 17/24 LOCAL WINTER SERVICE PLAN

The report of the Head of Highway Asset, KCC, outlined the arrangements made between the Borough and County Councils to provide a local winter service in the event of an operational snow alert in the Borough.

JTB 17/25 EXCLUSION OF PRESS AND PUBLIC

There were no items considered in private.

The meeting ended at 9.15 pm

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TONBRIDGE AND MALLING BOROUGH COUNCIL

TONBRIDGE FORUM

Monday, 4th December, 2017

Present: Cllr N J Heslop (Chairman), Cllr C P Smith (Vice-Chairman), Cllr Mrs J A Anderson, Cllr O C Baldock, Cllr P F Bolt, Cllr V M C Branson, Cllr D J Cure, Cllr Miss G E Thomas, Cllr F G Tombolis.

Together with County Councillors Mr R Long, Mr M Payne and representatives from:

Tonbridge Area Churches Together	Tonbridge Philharmonic Society
Tonbridge Civic Society	Tonbridge Rotary Club
Tonbridge District Scout Council,	Tonbridge Sports Association,
Tonbridge Line Commuters	Tonbridge Town Team
Tonbridge Lions Club	University of the Third Age and
Tonbridge Music Club	Women's Institute

Councillors D Lettington and H S Rogers were also present pursuant to Council Procedure Rule No 15.21.

Apologies for absence were received from Councillors Mrs P A Bates, Kent Police (Tonbridge) and Society of Friends

TF 17/9 CHAIRMANS' ANNOUNCEMENTS

The Chairman made the following announcements:

- (1) Tribute was paid to Mr Mike Bull OBE who had sadly passed away in November and whose Thanksgiving Service was held earlier in the day. Mr Bull had been a regular attendee and contributor at the Tonbridge Forum and represented both St Johns Ambulance and the Baptist Church.
- (2) The current Chairman of Tonbridge Angels Football Club (Mr Steve Churcher) had announced his retirement from the role that he actively fulfilled for the last eight years.
- (3) Tonbridge Rotary and Tonbridge Lions were congratulated on an excellent Christmas Lights Switch On. The event held over the recent weekend had attracted a large number of people who had participated in various activities.
- (4) Tonbridge Art Group was celebrating its 50th Anniversary and the Forum noted the organisation's contribution to the town.
- (5) Reference was made to the Overview and Scrutiny Committee review undertaken in 2015/16, in consultation with local community

groups and organisations, regarding the format, membership and frequency of the Tonbridge Forum. It was noted that the layout of the evening's meeting had been changed on an experimental basis, and any feedback to Officers would be welcomed. Members were advised that a further consultation into the format, membership and frequency of the meetings would be undertaken by Officers in due course and proposals reported to a future meeting.

TF 17/10 MINUTES

RESOLVED: That the Minutes of the meeting held on 27 February 2017 be approved as a correct record and signed by the Chairman.

TF 17/11 UPDATE ON ANY ACTION IDENTIFIED IN THE LAST MINUTES

The Chairman referred to Minute Number TF 17/7 (Kent County Council Services Update) and asked whether the street lights along the foot/cycle path from the Weir to the entrance of the Memorial Gardens had been reinstated or whether this required further action.

In response, the Director of Street Scene, Leisure and Technical Services was pleased to report that these lights had been reinstated as part of improvement works undertaken by the Borough Council.

TF 17/12 REGENERATION AND INVESTMENT IN TONBRIDGE AND PLANNING UPDATE

The Economic Regeneration Officer, the Head of Leisure and the Planning Policy Manager provided an overview of the regeneration and investment activity in Tonbridge over recent years; advised of upcoming initiatives and updated on progress on the emerging Local Plan.

Projects delivered recently to improve the appearance of the town and transport access included work and investment on the High Street, the Memorial Gardens, Town Lock, River Walk and Haysden Country Park. An expanded range of uses and promotion of mixed use development had seen new investment in leisure facilities, greater choice of food and drink outlets and new retail opportunities provided at Cannon Lane. In addition, a number of events and activities, including the Tonbridge Food and Drink Festival, contributed to the overall character of the town. It was reported that by encouraging sufficient footfall into Tonbridge the business and economic regeneration of the town continued to be supported.

Future investment opportunities included improvements at Tonbridge station, increasing capacity of the Leigh Flood Storage Area to protect homes and business and an ongoing review of the Borough Council's property assets. It was noted that the sale of the Teen and Twenty site had enabled the potential provision of a first class medical facility for the

town. Services previously provided at this site had been successfully moved to the Tonbridge Youth Hub.

With regard to the Local Plan, the first major public consultation had concluded in November 2016 with 1,117 responses and 2,482 representations received. Members of the Borough Council's Planning and Transportation Advisory Board had received regular updates on the detail and progress of the Local Plan.

Particular reference was made to recent Government proposals to introduce a standard methodology for estimating future housing needs in Spring 2018. Unfortunately, these proposals could have adverse implications on the Borough Councils' Local Plan programme.

As a result of this new methodology the housing need for Tonbridge and Malling increased by 163 new homes a year. Over the 20 year plan this equated to an additional 2,360 homes and represented a significant challenge.

The Borough Council would continue to prepare the Local Plan, update any evidence as necessary and look at options for meeting the anticipated housing need. Due to the Government proposals it was expected that public consultation on a draft Plan would be later than originally planned and was likely to be late summer 2018.

In response to a question related to the percentage of housing delivered in Tonbridge it was indicated that this represented approximately 25% of that built throughout Tonbridge and Malling.

A number of organisations, including the Civic Society and Women's Institute, expressed concern about the provision for older persons within the town and felt it was important to reflect the needs of this demographic appropriately. In addition to improving the provision of care homes there was a need to provide smaller accommodation so that people could continue to live independently and downsize.

Particular reference was made to the reduced number of public toilets in the town and the Director of Street Scene, Leisure and Technical Services indicated that general provision of these would be reviewed in due course. One option being explored was for local traders to sign up to a 'community toilet' scheme. Participating businesses would publicise their toilets for public use, which it was hoped would remove the embarrassment some older persons felt when asking to use the facilities.

Members of the Forum asked Kent County Council to consider the following points in relation to Cannon Lane:

- Review traffic movements and consider what traffic control options could be implemented for the safety of pedestrians;

- Improve pedestrian crossings as the introduction of the new retail units had increased footfall to the site;
- Look at opportunities to improve cycling facilities or providing separate cycle lanes

The Women's Institute suggested that two hours free parking could attract extra visitors to the town. In response, the Director of Street Scene, Leisure and Technical Services reminded Members that there was free evening and Sunday parking in Tonbridge. Charges for car parking were also noted as being about managing parking and traffic movement.

Finally, the Tonbridge Town Team commented that events were a good way to encourage visitors to the town and announced that within the town centre it would be organising an English Civil War re-enactment in May 2018. It was hoped that activities of this type would help support the various businesses in the town.

TF 17/13 WASTE SERVICES CONTRACT

The Street Scene Manager outlined proposals for the Waste Services Contract for refuse, recycling and street cleansing as the current contract was due to end in February 2019.

Partnership opportunities for the future delivery of these services were currently being developed with Tunbridge Wells Borough Council, Dartford Borough Council and Kent County Council, although the final details were still to be defined and agreed. However, the main aim was to deliver service improvements and efficiencies, greater consistency across the County, increased recycling performance and financial savings to the Borough Council.

The current proposals being considered included a weekly food waste, fortnightly residual waste, fortnightly dry recycling of paper and card and glass, cans, plastics and cartons kerbside collection model. Proposals also included the introduction of a fortnightly garden waste 'opt in' charged service. It was reported that charges were necessary in underpinning the proposed service improvements.

It was indicated that Tonbridge and Malling Borough Council was in the minority of local authorities across Kent that did not currently charge for the collection of garden waste.

Details relating to some services and the introduction of charges for garden waste were yet to be finalised by the Borough Council as some decisions were dependent upon the outcome of the tendering exercise. However, it was noted that the national average charge for garden waste collection was approximately £42 per annum.

Early engagement with potential contractors had been undertaken prior to the commencement of the formal tender process to gauge level of interest. Approximately, 8 expressions of interest had been received.

With regard to recycling rates, the Borough Council had set a realistic and achievable target of 50% which was in line with that achieved by other local authorities in Kent.

It was reiterated that the improved service would be more expensive and the introduction of charging for green waste would help support the enhancements. As part of the tender and contract renewal process an Equality Impact Assessment would be undertaken and any areas of concern, such as discrimination against elderly residents who did not drive, would be identified. However, the Cabinet Member for Street Scene and Environment Services commented that kerbside collections would be beneficial for all residents and particularly those who could not drive to recycling bring sites.

In addition, it was noted that if a contractor offered an option to collect batteries as part of their tender submission the Borough Council would give this full consideration.

Finally, it was noted that good communication, publicity and marketing would be key to resident participation and the success of the new services. The service delivery options around the Waste Services Contract continued and a further update report presented to the Forum.

TF 17/14 UPDATE ON TONBRIDGE STATION IMPROVEMENTS AND HIGH STREET REVIEW

The Senior Schemes Programme Manager at Kent County Council (Mr Jamie Watson) provided an update on the progress being made on the Tonbridge Station improvements and advised that a review of the recent High Street improvements would be undertaken.

It was reported that funding of £500,000 allocated from the West Kent Local Growth Fund to support this project had to be spent during 2018/19. The aim was to improve interaction between users at the station, provide more space for pedestrian movements and to create an interchange suitable for one of the busiest stations outside London.

Key proposals included relocating the bus lane to allow a wider pedestrian space; a 3 meter wide pedestrian crossing from the station towards Priory Road; 3 way traffic light controls (Waterloo Road, B2260 North and South) to allow safer movement for pedestrians, particularly at peak times; and the existing bus layby outside Lidl to be removed and converted to a new pedestrian area. There were also plans for new bus stops for three buses to be created using some of the existing carriageway space.

Consultation on these proposals for the station would start in January 2018 and finish in March 2018.

In setting out these proposals Mr Watson advised that vehicles would be able to pass buses in both directions along the High Street and a right hand turn would be provided. Local bus operators had confirmed satisfaction with these measures.

A number of points had been raised by residents and included the bus stop outside Café Nero causing traffic delays and the raised table in the High Street being mistaken for a pedestrian crossing. It was reported that a review into the High Street improvements was due to be undertaken in January 2018 and these issues could be revisited as part of this exercise.

Areas of concern raised by the Forum related to the proposed locations for the 'kiss and drop' layby, which was felt to be too distant from the station, the need for disabled parking bays at the station, the raised table in the High Street, the shop fronts at the station and whether bus operators could be encouraged to review their service routes.

In response, Mr Watson explained that:

- The raised table in the High Street was a traffic calming feature intended to encourage drivers to consider their environment. It was confirmed that motorists had priority over pedestrians.
- The shop fronts at the station were not currently part of discussions with Network Rail but could be incorporated.
- Disabled parking bays would be provided by South Eastern at the rear of the station. Details related to these bays would be shared once finalised.
- Bus services and routes could be looked at as part of the High Street review.

Members felt strongly that the current 'kiss and drop' should be retained outside the station as the proposed relocation of the layby to Priory Road was too far and not convenient for travellers. In addition, Members encouraged consideration to be given to improving and supporting taxis.

However, Members also recognised and appreciated that the High Street had been greatly improved and all were encouraged to participate in the consultation.

TF 17/15 TONBRIDGE MUSIC CLUB - RECENT ACTIVITIES

Tonbridge Music Club (Mrs Rena Pope) advised the Forum that the organisation had been founded in 1963. Since that time many excellent and influential international musicians had been welcomed to the town, including 'The Sixteen choir, the pianist Alfred Brendel, the Aeolian Quartet and many others.

The Club hosted six professional concerts a year for residents and visitors to enjoy. In addition, the Club were proud to encourage new talent and hosted a regular series of concerts, named after a former president Clifford Benson, featuring young musicians at the beginning of their music career.

Members were advised that a young bassoon artist, Amy Harman, would be performing on 13 January 2018 and all were invited to attend. The concert would start at 1930 hours in the Parish Church.

Mrs Pope observed that 'the past of Tonbridge Music Club had been marvellous, the present superb and the artists as usual excellent'. However, 'smaller audiences for chamber music and fewer members were making it difficult for Music Clubs to continue'.

Current membership was 150 compared to 350 in 2003 and long serving Members, such as the Treasurer and Secretary, were standing down from their roles. Repeated appeals for new membership had not resulted in people to take on these positions and the Forum was asked to promote not only the concerts but the Music Club. The Chairman, in his capacity as Leader, suggested that the Borough Council's Media and Communications Team could assist with promotion and organisation of a social media campaign.

Tonbridge Town Team referred to the Tonbridge Arts Festival which had covered music, art, literature and theatre and dance and advised that this could be extended to include activities from other organisations. The Town Team were happy to help and support other local community groups.

TF 17/16 KENT POLICE UPDATE

Due to other work commitments Kent Police had submitted their apologies for this meeting.

TF 17/17 KENT COUNTY COUNCIL SERVICES UPDATE

The Kent County Council Community Liaison Officer (Anne Charman) reported on a number of County initiatives and consultations. A Kent County Council Services Update report setting out more details was attached, as a supplement, to the agenda for information.

Particular reference was made to a number of key messages and these included:

- The points made by the Leader of the County Council advising of continuing budget pressures, focusing on the Council's Autumn Statement.
- The Member Grant Scheme 2017/18 was now opened with £22,000 available to fund both community and highway projects. Tonbridge and Malling County Councillors had a total of £154,000 to allocate in 2017/18. Projects previously supported included the 2018 English Civil War re-enactment and the Tonbridge Christmas Festival. Local County Councillors were also considering road crossing improvements and highway schemes.

Further information was available from local County Councillors or the Community Liaison Officer

Recent consultations included the Draft Budget Strategy 2018/19 and the Community Infant Feeding Support, both of which had ended on 3 December 2017. A consultation related to Gypsy and Traveller Pitch Allocations, setting out proposals related to the introduction of service charges, deposit scheme and changes to the application process, had a deadline for responses of 20 December 2017. In addition, the Pharmaceutical Needs Assessment consultation sought views from health and social care professionals, organisations and local communities on the level of pharmacy services. The deadline for responses was 22 January 2018.

A consultation on Socially Necessary Bus Service funding was due to be launched in January. This would assess the future level of subsidy and the timetable alongside possible withdrawals of subsidies which had the potential to impact on the delivery of some bus services.

All Kent County Council consultations could be viewed online at:

<http://consultations.kent.gov.uk/consult.ti>

Local Members expressed concern regarding on-street parking in the centre of Tonbridge for residential properties and asked that the County Council stand by their guidance of 1 parking space for each individual flat/property. County Councillor R Long advised that Kent County Council were fully aware of the concerns raised regarding parking provision in town centres.

Finally, the Tonbridge Town Team referred to air pollution and the impact 'living walls' were having in improving air quality. Kent County Council and Tonbridge and Malling Borough Council were invited to attend a symposium discussing a number of air quality issues early next year. Details would be shared nearer the event date.

TF 17/18 TONBRIDGE AND MALLING SERVICES UPDATE

The headline messages of relevance to Tonbridge and Malling had been covered in depth earlier in the meeting.

The meeting ended at 9.40 pm

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TONBRIDGE & MALLING BOROUGH COUNCIL

CABINET

08 February 2018

Report of the Management Team

Part 1- Public

Matters for Recommendation to Council

1 RISK MANAGEMENT STRATEGY

This report asks Members to review the Risk Management Strategy and to recommend its endorsement by the Council.

Further, it asks Members to note the resourcing pressures in respect of the risk 'Emergency Planning' and adds a new strategic risk in relation to potentially contaminated land.

1.1 Introduction

1.1.1 The Risk Management Strategy sets out the Council's risk management objectives and details the roles and responsibilities of officers, Members and the Council's partners in the identification, evaluation and cost-effective control of risks.

1.1.2 The Council's risk management arrangements are designed to ensure that risks are reduced to an acceptable level or, where reasonable, eliminated thereby safeguarding the Council's assets, employees and customers and the delivery of services to the local community. Examples of risk include budget deficit, cyber/data loss, environmental and reputational.

1.1.3 The Council endeavours to pursue a forward-looking and dynamic approach to delivering services to the local community and will not be averse to taking a degree of commercial risk. However, it will always exercise a prudent approach to risk taking and decisions will be made within the parameters of the Council's internal control arrangements, i.e. Constitution, Procedural Rules, etc. These arrangements will serve to ensure that the Council does not expose itself to risks above an acceptable level.

1.2 Review of the Risk Management Strategy

1.2.1 As part of arrangements in place to ensure risk management maintains a high profile within the Council, the Strategy is subject to annual review and endorsement through the Audit Committee, Cabinet and Council.

- 1.2.2 The Risk Management Strategy, together with the Risk Management Guidance, was reviewed and substantially updated this time last year and this latest review found that no changes were required to the Strategy. The Guidance required minor changes to the Risk Management flow chart at Section 3 and to paragraphs 7.3 and 7.4 to better reflect the current escalation process.
- 1.2.3 A copy of the current Risk Management Strategy and Risk Management Guidance is attached at **[Annex 1]** and **[Annex 2]** respectively.
- 1.2.4 The Audit Committee at its meeting in January endorsed, subject to a few minor amendments, the updated Risk Management Strategy.

1.3 Risk Management Process

- 1.3.1 The risk management escalation process referred to at 1.2.2 has been implemented following approval of the Strategic Risk Register by the Cabinet and Council in October 2017. It is proposed that the Audit Committee receive reports on outcomes from the process bi-annually in July and January. Reporting to commence from July 2018 as the process is at a relatively early stage at this time.
- 1.3.2 With regard to the Strategic Risk Register, however, there are two matters to draw to Members' attention at this stage.
- 1.3.3 Firstly, the identified risk 'Emergency Planning', which is presently coloured 'amber' in the Risk Register, is the subject of particular focus at this time. As Members will be aware, there are ongoing, and indeed increasing, resourcing pressures for the Council to respond to emergency situations within the context of the Civil Contingencies Act. Management Team are of the view that the risk of not being able to respond appropriately may increase if those resourcing pressures are not addressed in the near future. Members are advised of a subsequent report to the General Purposes Committee meeting in January in respect of resourcing requirements.
- 1.3.4 Secondly, a new strategic risk has been identified relating to the monitoring of potentially contaminated land in respect of the Council's duties and responsibilities under the Environmental Protection Act 1990 which is being added to the Strategic Risk Register. A report on this particular issue will be brought to the Street Scene and Environment Advisory Board.

1.4 Legal Implications

- 1.4.1 There is a Health and Safety requirement for effective risk management to be in place and the Strategy supports this requirement.
- 1.4.2 There is also a requirement in the Accounts and Audit Regulations that accounting control systems must include measures to ensure that risk is appropriately managed.

1.5 Financial and Value for Money Considerations

1.5.1 Effective risk management arrangements make a positive contribution to ensuring value for money is provided in the delivery of services.

1.6 Risk Assessment

1.6.1 Sound risk management arrangements aid the Council in effective strategic decision-making. The Council's approach to risk should be reviewed on a regular basis to ensure it is up to date and operating effectively.

1.7 Equality Impact Assessment

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

1.8 Recommendations

1.8.1 Members are asked to:

- 1) **Review** the Risk Management Strategy and subject to any amendment required **recommend** to Council it be adopted;
- 2) **Note** the impact of ongoing resourcing pressures to respond in respect of the identified risk, Emergency Planning and the subsequent report to the General Purposes Committee meeting in January as to resourcing requirements; and
- 3) **Note** the emergence of a new strategic risk in respect of the monitoring of potentially contaminated land which is being added to the Strategic Risk Register.

Background papers:

contact: Samantha Buckland

Nil

Julie Beilby
Chief Executive

Sharon Shelton
Director of Finance and Transformation
on behalf of the Management Team

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RISK MANAGEMENT STRATEGY



January 2018

1. Introduction

- 1.1. The risk management strategy of Tonbridge and Malling Borough Council (the Council) is to adopt best practices in the identification, evaluation, and cost-effective control of risks. This is intended to ensure that risks are reduced to an acceptable level or, where reasonable eliminated, thereby safeguarding the Council's assets, employees and customers and the delivery of services to the local community.
- 1.2. The Council endeavours to pursue a forward-looking and dynamic approach to delivering services to the local community and will not be averse to taking a degree of commercial risk. However, it will always exercise a prudent approach to risk taking and decisions will be made within the parameters of the Council's internal control arrangements, i.e. Constitution, Procedural Rules, etc. These arrangements will serve to ensure that the Council does not expose itself to risks above an acceptable level.

2. Mandate and commitment

- 2.1. This strategy is supported and endorsed by the Management Team and Members of the Audit Committee who will ensure that:
 - The risk management objectives are aligned with the objectives and strategies of the Council
 - The Council's culture and risk management strategy are aligned
 - The necessary resources are allocated to risk management
 - There is a commitment to embedding risk management throughout the organisation, making it a part of everyday service delivery and decision making
 - The framework for managing risk continues to remain appropriate

3. Applicability

- 3.1. This strategy applies to the whole of the Council's core functions. Where the Council enters into partnerships the principles of risk management established by this strategy and supporting guidance should be considered as best practice and applied where possible. We would also expect that our significant contractors have risk management arrangements at a similar level, and this should be established and monitored through procurement processes and contract management arrangements.

4. Objectives

- 4.1. The risk management objectives of the Council are to:
 - Embed risk management into the culture of the Council
 - Apply best practice to manage risk using a balanced, practical and effective approach
 - Manage risks in line with its risk appetite, and thereby enable it to achieve its objectives more effectively

- Integrate the identification and management of risk into policy and operational decisions, anticipating and responding proactively to social, environmental and legislative changes and directives that may impact on delivery of our objectives
- Eliminate or reduce the impact, disruption and loss from current and emerging events
- Harness risk management to identify opportunities that current and emerging events may present and maximise benefits and outcomes
- Ensure effective intelligence sharing and collaboration between risk management disciplines across all Council activities
- Ensure fraud risks are proactively considered and embedded into the organisation's risk management arrangements
- Benefit from consolidating ongoing learning and experience through the collation and sharing of risk knowledge; demonstrate a consistent approach to the management of risks when embarking on significant change activity
- Ensure sound and transparent risk management arrangements are operated in partnership and commissioner / provider situations, underpinned by a culture that supports collaboration and the development of trust, ensuring clear effective lines of communication and the management of relationships.

4.2. The Council shall delegate responsibility to an appropriate officer who shall maintain a programme that sets out the delivery of this strategy, with delivery being assured by the Management Team.

5. Roles and responsibilities

- 5.1. Responsibility for risk management runs throughout the Council; everyone has a role to play. Managers and staff that are accountable for achieving an objective are accountable for managing the risks to achieving it. To ensure that risk management is successful, the roles and responsibilities of key groups and individuals must be clearly identified, see table at 5.3 below.
- 5.2. Other officer groups' deal with related risk specialisms such as Health and Safety; Treasury Management; Emergency Resilience and Business Continuity; Insurance; Information Security; Anti-fraud and corruption etc. These groups are linked into the governance arrangements of the Council so that their work is co-ordinated within the Council's overall risk management framework.
- 5.3. In order to support Members and Officers with their responsibilities, risk management guidance is available.

Group or Individual	Responsibilities
Full Council / Cabinet	Approval of the Risk Management Strategy will be witnessed by the signature of the Leader of the Council.
Audit Committee	The Chairman of the Audit Committee will take a lead role in promoting the application of sound risk management practices across the Council. Training will be provided periodically for all Audit Committee members.

	<p>The Audit Committee will consider the Risk Management process as part of the assurance evidence in support of any Corporate Governance Statement.</p> <p>The Audit Committee will provide independent assurance of the adequacy of the risk management framework and will monitor the effective development and operation of risk management in the Council.</p>
Committees	<p>Responsibility for considering risk when making decisions on behalf of the Council.</p> <p>Promote and demonstrate the behaviours and values that support well-informed and considered risk taking, while maintaining accountability.</p> <p>Encourage open and frank conversations about risks, ensuring appropriate reporting and escalation as required.</p>
Advisory Boards	<p>Promote and demonstrate the behaviours and values that support well-informed and considered risk taking, while maintaining accountability.</p> <p>Encourage open and frank conversations about risks, ensuring appropriate reporting and escalation as required.</p>
Chief Executive	<p>Responsibility for the overall monitoring of strategic risks across the Council, including the endorsement of priorities and management action. Responsible for ensuring that risk management resources are appropriate.</p> <p>Also responsible for counter-signing the Risk Strategy.</p>
Section 151 Officer	<p>Active involvement in all material business decisions to ensure immediate and longer term financial implications, opportunities and risks are fully considered.</p>
Management Team (MT)	<p>To ensure the Council manages risks effectively and actively consider, own and manage key strategic risks affecting the Council through the Corporate Risk Register.</p> <p>Keep the Council's risk management framework under regular review and approve and monitor delivery of the annual risk work programme.</p> <p>Promote and demonstrate the behaviours and values that support well-informed and considered risk taking, while maintaining accountability.</p> <p>Encourage open and frank conversations about risks, ensuring appropriate reporting and escalation as required.</p> <p>Delegate the development and delivery of appropriate training to support the implementation of this policy for Members and Officers.</p>
Service Management Teams (SMT)	<p>Responsibility for the effective management of risk within the directorate, including risk escalation and reporting to the Management Team as appropriate.</p> <p>Briefing sessions will be provided on an as and when basis to senior management.</p>
Internal Audit	<p>Assesses the effectiveness of the risk management framework and the control environment in mitigating risk.</p> <p>Review and challenge risk management arrangements through its audit and fraud prevention activities.</p>
All elected	<p>Identify risks and contribute to their management as appropriate.</p>

Members and staff members	Report inefficient, unnecessary or unworkable controls. Report loss events or near-miss incidents to management.
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6. Review of this strategy

- 6.1. It is the responsibility of the Audit Committee to: ‘On behalf of the Council ensure that Risk Management and Internal Control systems are in place that are adequate for purpose, and are effectively and efficiently operated.’ Internal Audit will support their role in assuring its effectiveness and adequacy.
- 6.2. Information from Internal Audit and from other sources will be used to inform recommended changes to the strategy and framework at least annually. Any changes will be presented to the Audit Committee for approval before publication. The Strategy was last reviewed in January 2018 and will be reviewed next in January 2019.

7. Approval

Signed: _____ Print Name: Nicolas Heslop

Date: _____ Position: Leader of the Council

Signed: _____ Print Name: Julie Beilby

Date: _____ Position: Chief Executive

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TONBRIDGE AND MALLING BOROUGH COUNCIL
RISK MANAGEMENT GUIDANCE

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TONBRIDGE AND MALLING BOROUGH COUNCIL
RISK MANAGEMENT GUIDANCE

1. Introduction

- 1.1. Tonbridge and Malling Borough Council (the Council) has an approved Risk Management Strategy (the Strategy) and this guidance should be read in conjunction with this Strategy. The aim of this guidance is two-fold; to specify how the Council will deliver its objectives as outlined in the Strategy, and provide guidance on how to effectively manage risk.

2. Achieving strategy objectives

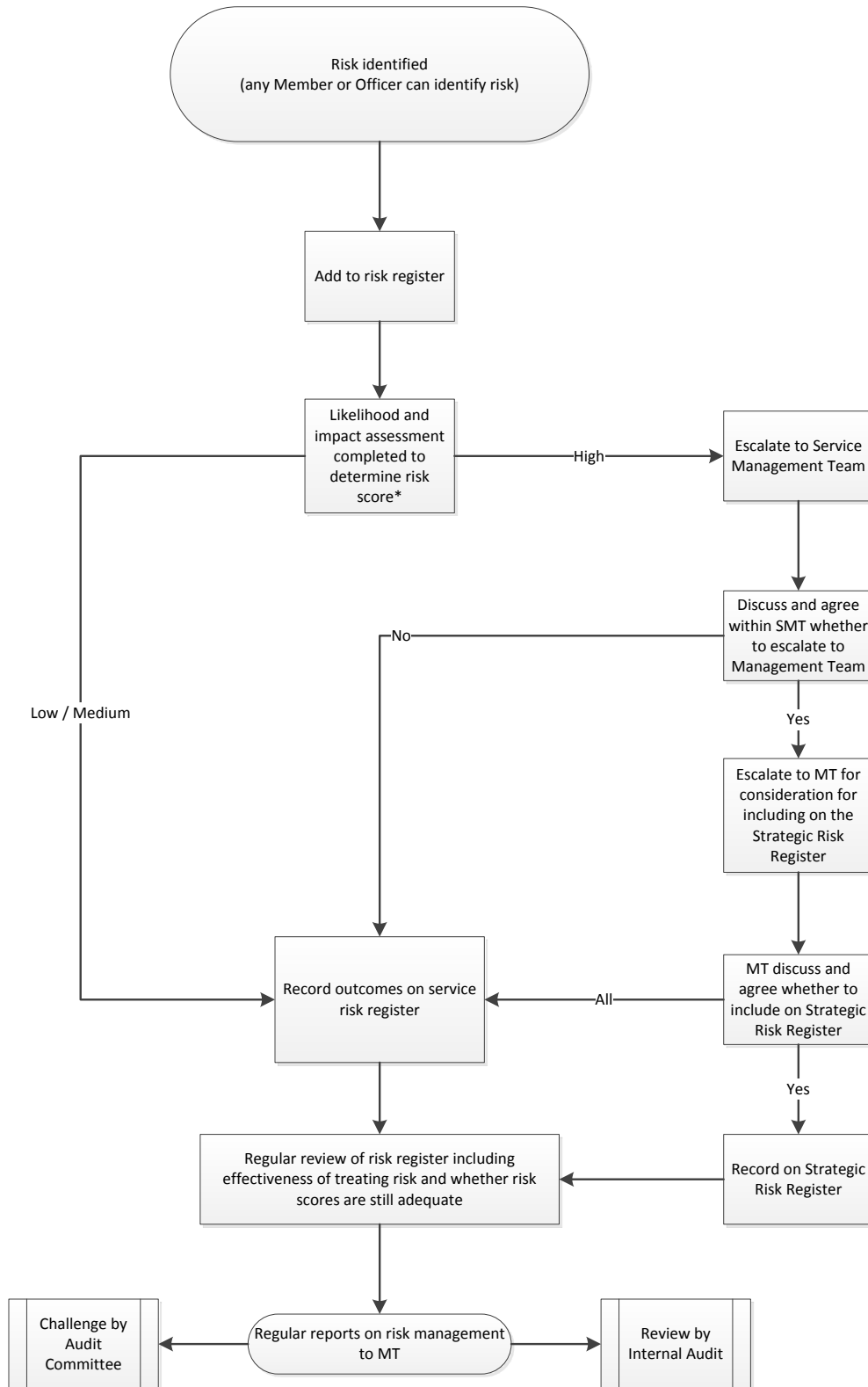
- 2.1. The Council shall achieve its objectives, as outlined in the Strategy, through:
- Integrating effective risk management practices into the Council's management, decision making and planning activities.
 - Maintaining common links between business planning, performance and risk management.
 - Maintaining the frequency and effectiveness of monitoring of key risks.
 - Providing a mix of risk management training, awareness sessions and support for both Officers and Members of the Council.
 - Ensuring links between audit planning and risk management processes to enable assurance on the effectiveness of risk management across the Council.
 - Subjecting the Council's risk framework and practice to annual review to determine the effectiveness of arrangements and level of risk maturity.
 - Ensuring risk management arrangements are embedded within transformation activity.
 - Providing continuous challenge and quality assurance to all elements of the risk management process.
 - Focusing on robust monitoring of mitigating actions to ensure that risks, once identified and assessed, are appropriately managed.
 - Working collaboratively with partners and providers (both internal and external) to develop effective risk ownership and risk sharing arrangements; striking a proportionate balance of oversight of risks of providers / partners without being over-constrictive.
 - Providing guidance on identifying, assessing, managing and reporting on risk, including escalation of risks.

3. Risk management at a glance

- 3.1. The following process flow visually demonstrates the risk management process.

TONBRIDGE AND MALLING BOROUGH COUNCIL

RISK MANAGEMENT GUIDANCE



* A risk assessment form is available at appendix B which can be used to help this part of the process

TONBRIDGE AND MALLING BOROUGH COUNCIL
RISK MANAGEMENT GUIDANCE

4. Identifying risks

- 4.1. Risk is something that might happen, which if it materialises will affect us in some way or other. A risk is a combination of 'likelihood' and 'impact', that is; how likely the risk is to happen and if it did how much would it affect us. As soon as a risk is identified it should be recorded on the Risk Register, see Appendix A. This Register should be continually updated to demonstrate assessment, evaluation, treatment and ongoing review.
- 4.2. Before we can evaluate the level of risk associated with an activity we have to determine what is most likely to trigger the risk or initiate its occurrence and assess what the consequences may be if it did occur i.e. identify the risk event.
- 4.3. Risk assessment looks to determine the key triggers and causes and the likely consequences and impact. Once these are established we can use the assessment to gauge the likelihood of occurrence and impact of the consequences to determine the severity or level of risk.

5. Assessing risks

- 5.1. Identified risks need to be assessed so that they may be evaluated to determine their severity and to present an overall picture of the extent of the combined risks on the achievement of the objectives. The Council recognises 3 levels of risk:

LOW	MEDIUM	HIGH
1 – 4	5 – 12	15 – 24

- 5.2. The scoring of risks will be carried out using a Likelihood & Impact matrix, see table below with accompanying definitions.

Likelihood ↕	Almost inevitable	6	6 Medium	12 Medium	18 High	24 High
	Very likely	5	5 Medium	10 medium	15 High	20 High
	Likely	4	4 Low	8 Medium	12 Medium	16 High
	Unlikely	3	3 Low	6 Medium	9 Medium	12 Medium
	Very Unlikely	2	2 Low	4 Low	6 Medium	8 Medium
	Almost impossible	1	1 Low	2 Low	3 Low	4 Low
			1	2	3	4
Impact ↗			Negligible	Marginal	Significant	Critical

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- 5.3. Each risk identified and recorded may be broken down into its component parts using a Risk Assessment Form – see Appendix B.
- 5.4. The source/cause, risk event and consequences should be listed, together with any controls or actions and their owners. Such controls and actions are used to mitigate the risk level and should be described in a clear and specific manner to enable stakeholders to gain sufficient understanding of them.
- 5.5. Risk assessments should be used to assess the level of risk associated with the objective and inform the process for refreshing risk registers. In some cases, where the details of risks are clear, key risk information can be entered straight onto risk registers.
- 5.6. Key project and partnership risks should be included within this process as they will have their sources of origin in business objectives.

6. Evaluating risks

- 6.1. From the information collated and recorded when assessing the risk it should be possible to estimate and distinguish how likely the risk is to happen – Almost inevitable, very likely, likely, very unlikely, almost impossible. Similarly, from the information collated and recorded it should be possible to distinguish the level of impact the risk would have if the risk occurred now – Negligible, Marginal, Significant or Critical.

For example:

- A risk with an “unlikely” likelihood (3) and “critical” impact (4) would equate to a “Medium” risk level with a score of 12 (3 x 4).
 - A risk that is judged to be “likely” (4) and have a “negligible” impact (1) would equate to a “Low” risk level with a score of 4 (4 x 1).
- 6.2. When determining the risk rating, bear in mind that it is not an exact science. Without significant historical data or mathematical prediction it is, for the most part, a subjective but important estimate. Appendix C provides a couple of guides to help you to estimate likelihood; one in the form of a cross reference table and the second a decision chart.
 - 6.3. For reference, the initial result of an evaluation is known as the ‘inherent risk’, which refers to the exposure arising from a specific risk *before* any action has been taken to manage it. Due to the fact that determining the inherent risk can seem a rather theoretical exercise, there is not a requirement to include this as part of the risk assessment process. The focus is instead on assessing the current level of risk, taking controls in place into account, and setting a realistic target level of risk that you would wish to manage the risk down to.

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7. Escalating risks

- 7.1. It is not uncommon for risks to have knock-on effects for other activities across a risk perspective or in another risk perspective, for example a risk in one operational (perspective) area may be a source of risk to another; similarly a high level risk in a project perspective may need to be highlighted and considered at a strategic perspective.
- 7.2. It is essential that we understand risks and their potential to have knock-on effects. It is equally important that we set out clear rules for escalation of risks.
- 7.3. Any risk evaluated as 'High Risk' (score of 15 or above) will be deemed by the Council to be beyond 'risk tolerance' and to have exceeded its 'risk appetite' and will be escalated immediately. Such risks should be added to the service's risk register and discussed at the earliest opportunity within the Service Management Team (SMT) to inform a decision as to whether this should be escalated to Management Team (MT) by the respective Service Director. Management Team should then consider whether the risk is significant enough for inclusion in the Strategic Risk Register and action this if relevant. A record should be maintained of all 'High' risks discussed at SMTs and MT and the outcome of those discussions.
- 7.4. Similarly risks identified as "Medium Risk" may be escalated to the appropriate Service Management for advice and to ensure they are kept fully aware of the current risks being faced. Risks determined as "Low Risk" should be managed within the service team. It is recommended that SMTs consider periodic review or moderation processes for Service Risk Registers to ensure they are happy with the scores risks have been given and confirm whether there are 'Medium' or 'Low' risks they wish to consider further.
- 7.5. Where 'High' risks are identified in Project and Programme Risk Registers the Project / Programme Manager must check its impact on the relevant division or directorate risk registers.
- 7.6. The target residual rating for a risk is expected to be 'Medium' or lower. In the event that this is not deemed realistic in the short to medium term, this shall be discussed as part of the escalation process, and this position regularly reviewed with the ultimate aim of bringing the level of risk to a tolerable level.
- 7.7. There may be rare occasions where a risk is deemed to be well within risk appetite and therefore could be seen as over-controlled. In this instance a target level of risk could be set that is higher than the current level, as long as it remains within risk appetite.

8. Proximity of risk

- 8.1. Some risks identified may pose an immediate risk whereas others may not be a risk for several months or even years. Establishing risk 'proximity' adds an

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additional dimension especially when planning and prioritising resources to deal with risk actions.

8.2. Proximity may be categorised as follows:

- Immediate – Risk likely to occur / most severe within the next 6 months
- Medium Term - Risk likely to occur / most severe between 6 to 12 months
- Long Term - Risk likely to occur / most severe 12 months plus

9. Summary risk profile

9.1. A summary risk profile is a simple mechanism to increase the visibility of risks. It is a graphical representation of information normally found on an existing risk register.

9.2. It provides a powerful visual snapshot of the collective risk associated with the activity. The summary risk profile makes use of the chart in figure 1 above to plot each of the risks identified. The example below gives an example of a completed Summary Risk Profile.

9.3. Example - Completed Summary Risk Profile

Likelihood	Almost inevitable	6		7	1	5	
	Very likely	5		8	2	6	3
	Likely	4	8	1			
	Unlikely	3	7	2	6	4	
	Very Unlikely	2			3		
	Almost impossible	1	4		5		
			1	2	3	4	
Impact			Negligible	Marginal	Significant	Critical	
			<div style="display: flex; justify-content: space-around; align-items: center;"> <div style="border: 1px solid black; padding: 5px; text-align: center;">○ Current Risk Level</div> <div style="border: 1px solid black; padding: 5px; text-align: center;">■ Target Risk Level</div> </div>				

9.4. In the example, the risk numbers (in white circles) are plotted to show their current risk levels for a series of 8 risks. It suggests that the activity is fairly high risk overall.

9.5. Again, in the example, the risk numbers (in grey squares) are plotted to show the target risk levels for the series of 8 risks. These show the effect that the risk controls and actions should have on the risks if they were successfully applied and completed.

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9.6. Overall it demonstrates how an activity that carries a degree of high risk and potential failure could be made more acceptable. On a cautionary note, the effort and resources to be expended on managing the risk need to be re-factored into plans to ensure the activity in question remains a viable one.

10. Allocating risks and determining actions

10.1. All risks, no matter how they are assessed, should be allocated an owner. The owner shall be responsible for managing the risk to ensure it is appropriately treated. The level of risk will determine who the owner should be:

- High Risk – Management Team
- Medium Risk – Service Management Team
- Low Risk – Head of Service

10.2. Once a risk has been identified, assessed and evaluated, it's important that actions are determined to treat the risk. The extent of any actions will be driven by a number of factors including the overall risk score, risk appetite and desired risk score. All actions should be documented on the Risk Assessment Form.

11. Monitoring Risks

11.1. Risks should be continuously monitored, as unmanaged risks can prevent the Council from achieving its objectives. The extent of monitoring will be driven by the risk rating. For example a risk assessed as High would require more frequent monitoring than a risk assessed as Low.

11.2. As a minimum it is good practice to monitor risks formally on a quarterly basis and record sufficient evidence of this.

**TONBRIDGE AND MALLING BOROUGH COUNCIL
RISK MANAGEMENT GUIDANCE**

Appendix A - Risk Register

Area _____

No	Risk Title	Consequences	Date identified	Likelihood Score	Impact score	Overall inherent risk score	Risk Assessment form completed?	Desired risk score	Mitigating actions to achieve desired risk score	Links to Corporate Objectives / Directorate Business Plans	Risk Owner	Review Date

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Appendix B - Risk Assessment Form

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SECTION 1 – RISK																																																									
Risk Owner:				Service:				Directorate:																																																	
Risk Event:				Source/ cause:				Consequences:																																																	
<table border="1" style="width: 100%; border-collapse: collapse; text-align: center;"> <tr> <td rowspan="6" style="background-color: #d9ead3; writing-mode: vertical-rl; transform: rotate(180deg);">Likelihood F</td> <td>Almost inevitable</td> <td>6</td> <td style="background-color: #fff2cc;">6 Medium</td> <td style="background-color: #fff2cc;">12 Medium</td> <td style="background-color: #f4cccc;">18 High</td> <td style="background-color: #f4cccc;">24 High</td> </tr> <tr> <td>Very likely</td> <td>5</td> <td style="background-color: #fff2cc;">5 Medium</td> <td style="background-color: #fff2cc;">10 medium</td> <td style="background-color: #f4cccc;">15 High</td> <td style="background-color: #f4cccc;">20 High</td> </tr> <tr> <td>Likely</td> <td>4</td> <td style="background-color: #d9ead3;">4 Low</td> <td style="background-color: #fff2cc;">8 Medium</td> <td style="background-color: #fff2cc;">12 Medium</td> <td style="background-color: #f4cccc;">16 High</td> </tr> <tr> <td>Unlikely</td> <td>3</td> <td style="background-color: #d9ead3;">3 Low</td> <td style="background-color: #fff2cc;">6 Medium</td> <td style="background-color: #fff2cc;">9 Medium</td> <td style="background-color: #fff2cc;">12 Medium</td> </tr> <tr> <td>Very Unlikely</td> <td>2</td> <td style="background-color: #d9ead3;">2 Low</td> <td style="background-color: #d9ead3;">4 Low</td> <td style="background-color: #fff2cc;">6 Medium</td> <td style="background-color: #fff2cc;">8 Medium</td> </tr> <tr> <td>Almost impossible</td> <td>1</td> <td style="background-color: #d9ead3;">1 Low</td> <td style="background-color: #d9ead3;">2 Low</td> <td style="background-color: #d9ead3;">3 Low</td> <td style="background-color: #d9ead3;">4 Low</td> </tr> <tr> <td colspan="2"></td> <td></td> <td>1</td> <td>2</td> <td>3</td> <td>4</td> </tr> <tr> <td colspan="2">Impact <input type="checkbox"/></td> <td></td> <td>Negligible</td> <td>Marginal</td> <td>Significant</td> <td>Critical</td> </tr> </table>				Likelihood F	Almost inevitable	6	6 Medium	12 Medium	18 High	24 High	Very likely	5	5 Medium	10 medium	15 High	20 High	Likely	4	4 Low	8 Medium	12 Medium	16 High	Unlikely	3	3 Low	6 Medium	9 Medium	12 Medium	Very Unlikely	2	2 Low	4 Low	6 Medium	8 Medium	Almost impossible	1	1 Low	2 Low	3 Low	4 Low				1	2	3	4	Impact <input type="checkbox"/>			Negligible	Marginal	Significant	Critical	Likelihood score: Impact score: Overall risk score: Accepted?*		
					Likelihood F	Almost inevitable	6	6 Medium	12 Medium	18 High	24 High																																														
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Impact <input type="checkbox"/>			Negligible	Marginal	Significant	Critical																																																			
							* If yes, provide rationale. * If no, go to Section 2.																																																		
SECTION 2 – CONTROLS/ MITIGATING ACTIONS (copy this section for each control/ action)																																																									
Control/ Action Owner:				Service:				Directorate:																																																	
Control/ Action:				Dependencies:				Key Dates: <ul style="list-style-type: none"> ● Implementation: ● Review date: ● Reporting intervals: 																																																	

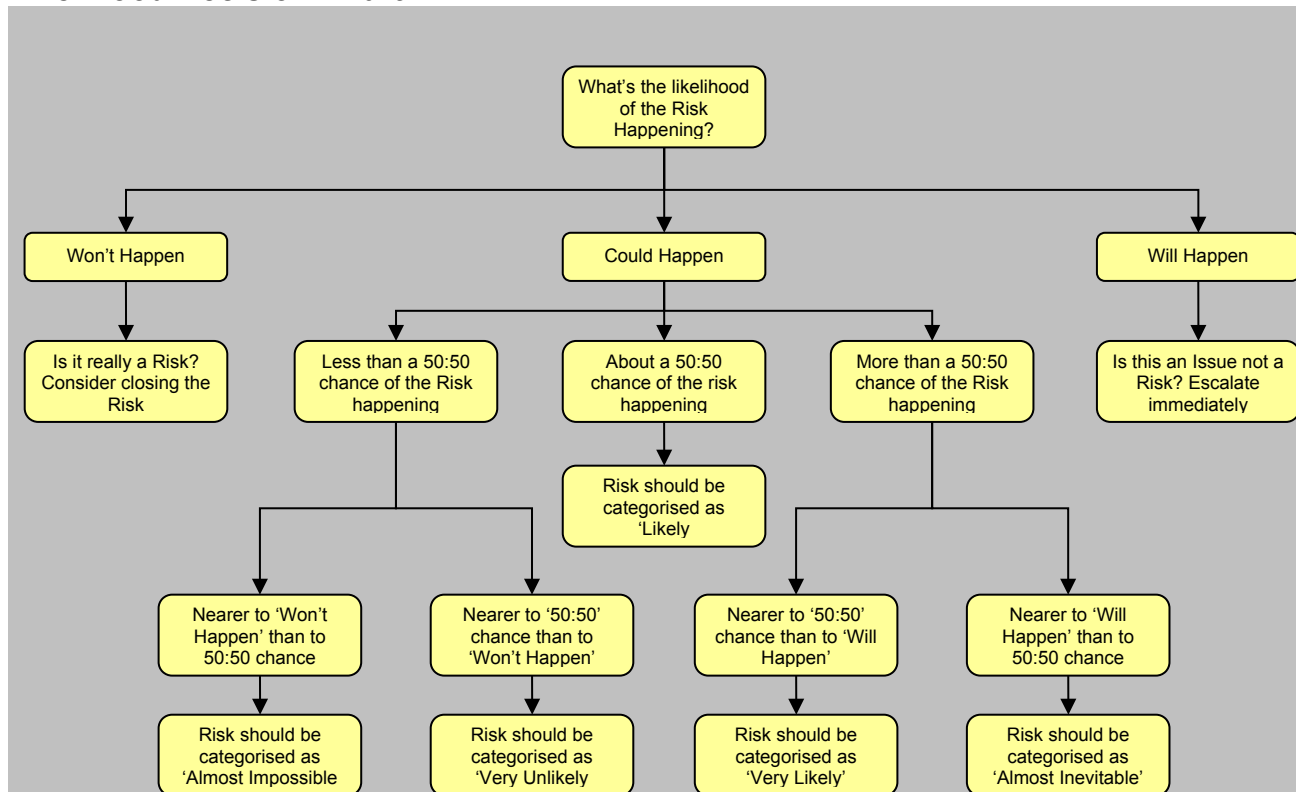
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Appendix C - Determining Likelihood

Likelihood Cross Reference Table

	Likelihood	Indicators
Almost Inevitable	<ul style="list-style-type: none"> Almost certainly will occur 	<ul style="list-style-type: none"> Regular occurrence Circumstances frequently encountered i.e. daily/weekly/monthly The risk is current & is almost certain to happen within the next twelve months
Very Likely	<ul style="list-style-type: none"> More likely to occur than not 	<ul style="list-style-type: none"> Likely to happen at some point within the next 1-2 years Circumstances occasionally encountered (once or twice a year)
Likely	<ul style="list-style-type: none"> Fairly likely to occur 	<ul style="list-style-type: none"> Has happened in past Reasonable possibility it will happen within next 3 years
Very Unlikely	<ul style="list-style-type: none"> Unlikely to occur 	<ul style="list-style-type: none"> May have happened in the past Unlikely to happen in 3+ years
Almost Impossible	<ul style="list-style-type: none"> Extremely unlikely or virtually impossible 	<ul style="list-style-type: none"> Has happened rarely or never before

Likelihood Decision Chart



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TONBRIDGE & MALLING BOROUGH COUNCIL

CABINET

08 February 2018

Report of the Director of Finance & Transformation

Part 1- Public

Matters for Recommendation to Council

1 TREASURY MANAGEMENT AND ANNUAL INVESTMENT STRATEGY 2018/19

1.1 The report provides details of investments undertaken and return achieved in the first nine months of the current financial year. The report explores the use of diversified income funds for medium term investment and recommends their inclusion in the 2018/19 Annual Investment Strategy. Members are invited to recommend adoption of the Strategy to Council.

1.1.1 The Local Government Act 2003 requires the Council to 'have regard to' the Prudential Code and to set Prudential Indicators for the next three years to ensure that the Council's capital investment plans are 'affordable, prudent and sustainable'.

1.1.2 The Act also requires the Council to set out its Treasury Management Strategy for borrowing and to prepare an Annual Investment Strategy. The latter sets out the Council's policies for managing its investments and for giving priority to the **security** and **liquidity** of those investments.

1.1.3 The Strategies are set out in a single document at **[Annex 4]** to this report.

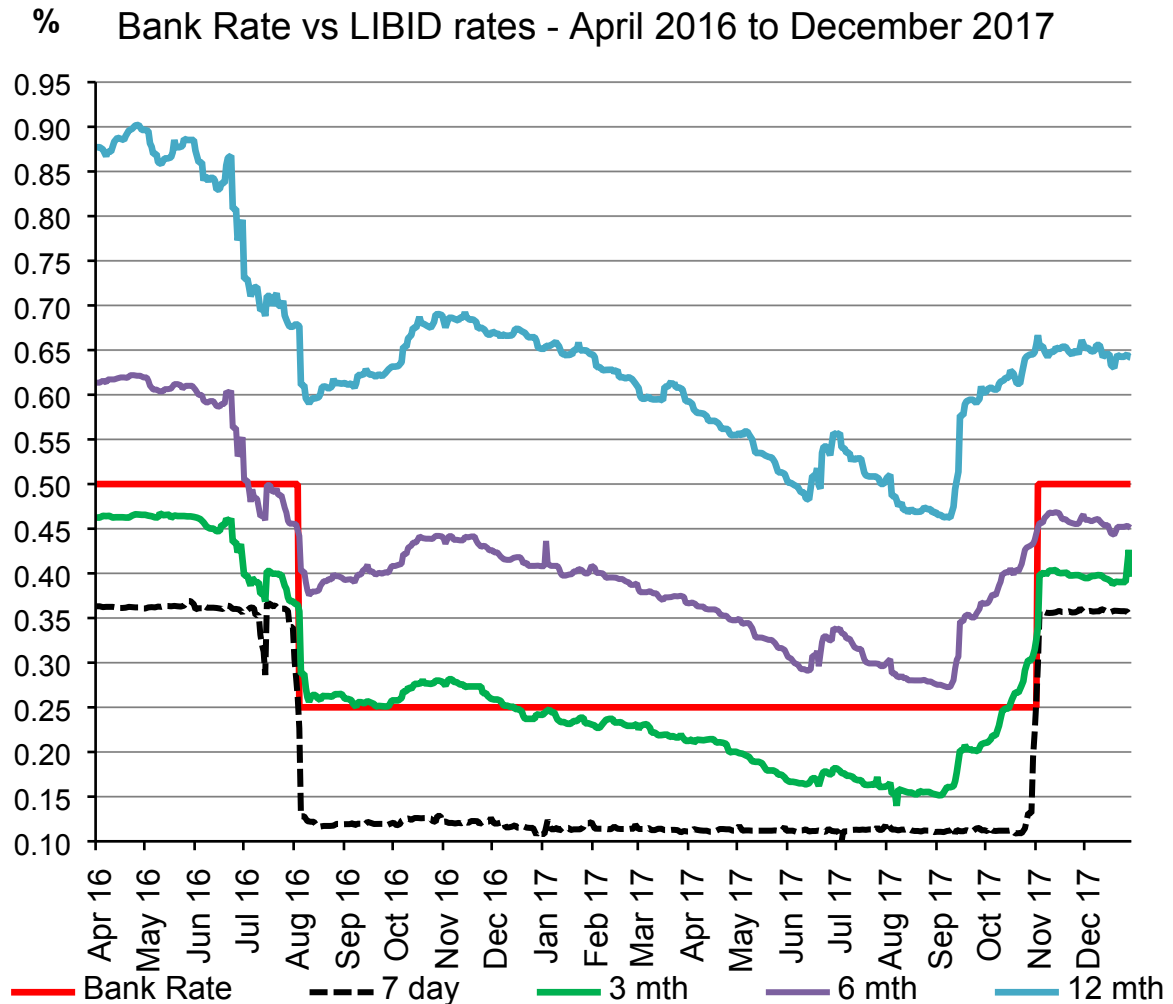
1.1.4 The portfolio of the Audit Committee includes the review of treasury management activities. Accordingly, that Committee reviewed and endorsed the matters covered by this report and **[Annex 4]** at its meeting on 22 January 2018.

1.1.5 The Strategy is a complex technical document and is a specialist area of work, **I should be grateful if Members could raise any queries with the author of this report (Michael Withey ext. 6103) in advance of the meeting** as Michael will not be present on 8 February.

1.2 Treasury Management Update

1.2.1 Having satisfied security and liquidity requirements, the Council aims to optimise the yield on its investments. Since the 2008 financial crisis yields have been low reflecting the 0.5% Bank Rate introduced in March 2009. The Bank Rate having remained at 0.5% for seven years was reduced to 0.25% in August 2016. The reduction by the Bank of England was accompanied by other initiatives to help bolster economic activity which included 'Term Funding' for banks. In November

2017, the Bank of England returned the Bank Rate to 0.5%. The next rise in Bank Rate is not anticipated until the fourth quarter of 2018. The impact these measures have had on investment rates is demonstrated in the chart below.



Source: Link Asset Services

- 1.2.2 The Council's investments are derived from cash flow surpluses, core cash balances and other long term cash balances.
- 1.2.3 Cash flow surpluses are available on a temporary basis and the amount mainly dependent on the timing of council tax and business rates collected and their payment to precept authorities and government. Less significant cash flows relate to receipt of grants, payments to housing benefit recipients, suppliers and staff. Cash flow surpluses build up during the course of a financial year and are spent by financial year end. Thus far in 2017/18 cash flow surpluses have averaged £13.5m.
- 1.2.4 The Authority also has £22m of core cash balances. These funds are for the most part available to invest for more than one year, albeit a proportion is usually transferred to cash flow towards the end of the financial year to top-up daily cash

balances. Core cash includes the Council's capital and revenue reserves which are being consumed over time to meet capital expenditure and 'buy time' to enable the authority to deliver its revenue savings targets. The core cash balance also includes some £6m (down from £8m at the start of the financial year) to meet business rate appeals which are expected to be resolved in the latter part of 2017/18 and during 2018/19.

1.2.5 Long term investment comprises £3m in property fund investments.

1.2.6 A full list of investments held on 31 December 2017 is provided at **[Annex 1]** and a copy of our lending list of 2 January 2018 is provided at **[Annex 2]**. The table below provides a summary of funds invested and interest earned at the end of December.

	Funds invested at 31 Dec 2017 £m	Average duration to maturity Days	Weighted average rate of return %	Interest earned April to December 2017	Gross annualised return %	LIBID benchmark (average since 1 April) %
Cash flow	16.0	27	0.56	45,000	0.44	0.11 (7 Day)
Core cash	22.0	109	0.69	113,600	0.67	0.19 (3 Month)
Sub-total	38.0	75	0.63	158,600	0.58	0.16 (Average)
Long term	3.0			38,000	3.81	
Total	41.0					

Interest on long term investments is based on dividends declared by the Local Authorities' Property Fund and the Lothbury Property Trust to end of December 2017. The Hermes Property Unit Trust dividend for the quarter October to December is not due to be declared until mid-February 2018.

1.2.7 **Cash flow and Core Cash investments.** Interest earned of £158,600 from cash flow surpluses and core cash balances to the end of December is £63,900 better than the original estimate for the same period. The authority also outperformed the LIBID benchmark by 42 basis points. The additional income is due primarily to the higher core cash balance attributed to business rate appeal provisions.

1.2.8 Following the Bank Rate rise in November there has been a noticeable improvement in money market fund returns mirroring the improvement in short duration (sub six month) deposits with banks and building societies. Returns on six to twelve month deposits, where the bulk of the Council's investment income is achieved, has shown little improvement. Nevertheless, investment income from cash flow surpluses and core cash balances is expected to exceed the original estimate for the year as a whole by some £70,000 and this increase is reflected in the revised estimates.

- 1.2.9 The Council takes advantage of Link Asset Services' (formerly Capita) benchmarking facility which enables performance to be gauged against Link's other local authority clients. An extract from the latest benchmarking data is provided in the form of a scatter graph at **[Annex 3]**. The graph shows the return (vertical scale) vs. the credit / duration risk (horizontal scale) associated with an authority's investments. At 30 September 2017, our return at 0.64% (purple diamond) was above the local authority average of 0.46% and relative to the Council's exposure to credit / duration risk that return was above Link's predicted return (above the upper boundary indicated by the green diagonal line). The Council's risk exposure was slightly above the local authority average but not excessive by comparison.
- 1.2.10 **Long term investment.** The availability of cash balances over the longer term (10 years) and the suitability of different types of long term investment (equities, bonds and property) was explored in the report to Audit Committee, January 2017. Of the alternatives, investment in property funds was considered best suited to meet the Council's more immediate funding need (a sustainable, stable income stream). The use of property funds for both existing cash balances and any new money derived from the sale of assets was subsequently approved by Council in February 2017.
- 1.2.11 Link Asset Services were engaged to assist with the detailed analysis required to identify the most appropriate fund(s). The analysis produced a shortlist of four funds who were invited to attend an interview at the Council's offices in late May. The process culminated in three funds being selected for immediate investment.
- 1.2.12 Of the Council's existing cash balances, £2m was identified for long term investment and has been applied to investment in property funds. A further £1m anticipated from the disposal of existing property assets has also been applied now, bringing the total investment in property funds to £3m. Applications were submitted and accepted by each of the: Local Authorities' Property Fund; Hermes Property Unit Trust and the Lothbury Property Trust. Investment was spread equally across the three funds to ensure, as far as is possible, stability of annual income and capital growth over time.
- 1.2.13 From the January Audit Committee report Members will recall that funds issue / redeem primary units at a buy / sell price with the difference between the two prices reflecting the costs associated with buying and selling a property (legal and other fees, stamp duty etc.). The price spread varies from fund to fund but is typically in the region of 8% (6% on entry to a fund and 2% on exit). Where units are traded on a secondary market the impact of the spread can be reduced and delays in the purchase or redemption of units avoided. Secondary market activity in 'quality' funds is currently both limited and when it does arise, units are traded close to the standard entry price.
- 1.2.14 Primary units in the Local Authorities' Property Fund (LAPF) and Lothbury Property Trust (LPT) were acquired at the end of June from the fund managers at

the standard entry price. The sale value of the units acquired was valued below the £1m cash sum paid to each manager by £77,750 for LAPF and £72,300 for LPT. Units in the Hermes Property Unit Trust (HPUT) were acquired at the end of September through an auction of secondary units arranged by the fund manager. The Council's participation in the auction delivered a saving of £7,000 against the standard entry price. At the end of September the sale value of HPUT units was £61,000 below the £1m cash sum paid.

- 1.2.15 The sale value of units in each fund has increased at a steady rate each month since they were acquired. Provided the economy / demand for commercial property continues at its current pace the sale value of units in each fund will exceed the cash sum paid sometime during next financial year (some 12 to 18 months from the start of each investment).
- 1.2.16 In setting the budget for the current financial year no income from property funds was anticipated. Based on recent performance and the timing of each property fund investment, £80,000 (4% return excluding capital appreciation) has been included in this year's revised estimates.

1.3 Annual Investment Strategy for 2018/19

- 1.3.1 In response to actual and anticipated reductions in revenue support from Government, the Council is progressing a Savings and Transformation Strategy. Part of that strategy includes identifying new income streams and enhancing existing ones where feasible. A review in 2016 of the Council's cash balances identified the opportunity to invest up to £2m (circa 20% of expected long term balances) in a higher yield investment. The Council's treasury advisor supported diversification into property as an asset class. Whilst further property fund investment isn't feasible from existing balances the **2018/19 investment strategy includes scope to undertake additional property fund investment** from any 'new money' that may become available. This 'new money' is likely to be derived from the sale of existing property assets but may also arise from other 'windfalls' like the £0.5m funding attributable to the Kent Business Rates Retention pilot.
- 1.3.2 **Medium term investment.** Property investment is considered a long term commitment (10 years) and stems from the high entry and exit costs which need to be recouped and to mitigate the impact of a fall in commercial property values should the economy enter recession. Other investment opportunities are being explored that offer higher returns than our conventional term deposits with banks and building societies but aren't subject to the same time constraints as property. One such opportunity is investment in a diversified income (multi-asset) fund which typically implies a 5 year commitment.
- 1.3.3 Diversified income (multi-asset) funds are pooled vehicles investing in a broad range of asset classes including cash, bonds, property and equity. Risk is diversified via the spread of investments across the different asset classes and portfolios actively managed to reflect the changing economic environment. Funds

typically achieve a return of 3% to 4% per annum and combine this with the potential for capital growth over time. Purchase and redemption of units is generally effected within 3 days. Buy / sell prices are subject to a spread, similar to property funds, but the spread is much lower and is circa 1.5%. Dividends are paid quarterly and annual management fees range from 0.75% to 1.5% per annum.

- 1.3.4 The Council's treasury advisor, Link Asset Services, comment 'that where long term cash is concerned the diversification into multi-asset income funds is appropriate if the risk factors identified are acceptable to the Authority and due diligence is evidenced in the fund manager appointment process'.
- 1.3.5 As with the recent property fund selection process our treasury advisor would be engaged to assist with the detailed work required to ensure a suitable fund was selected that struck the right balance between risk and return. **The 2018/19 annual investment strategy allows up to £2m (circa 20% of expected long term balances) to be invested in a diversified Income (multi-asset) fund or funds.**
- 1.3.6 **Term deposit duration.** Link Asset Services provide a weekly credit update for all banks and building societies whom they deem suitable for local authority investment. That update includes a suggested investment duration. Since 2014 our annual investment strategies have allowed discretion to add 3 months to that suggested duration limit for UK institutions. In approving the 2017/18 investment strategy Members extended that discretion to plus 6 months subject to a number of constraints. Those constraints are: the extended duration is only used to take advantage of an exceptional offer; the standard exposure limit of 20% of funds per institution is reduced to 10% for any deposits in the extended (plus 6 months) duration; the institutions' CDS (credit default swap – market view of risk) at the time of placing the deposit must be below the average CDS for all institutions; and the overall duration of the deposit must not exceed 12 months.
- 1.3.7 Since taking back responsibility for the investment of all core funds from the Council's external fund manager in 2014, performance has always bettered the local authority average. In the quarterly benchmarking exercises undertaken last June and September (the latest two results available) the Council's performance was elevated to top quartile. Those same benchmarking exercises showed the risks (duration / credit quality) associated with our portfolio whilst slightly above the local authority average was not excessive by comparison. **The 2018/19 investment strategy replicates the plus 6 months duration discretion for UK institutions subject to the constraints detailed above.**
- 1.3.8 **Money market fund reform.** A press release (November 2016) announced the European Parliament, Commission and Council, after lengthy negotiation, had agreed regulatory changes to Money Market Funds (MMFs) operating in the European Union (which include those used by this Council). MMFs form a critical component in our daily cash flow management. They provide the same day access to cash as a traditional bank deposit account; allow surplus cash to be

placed in a AAA credit rated product and; ensure our peak monthly cash balances are distributed across a broad range of counterparties.

1.3.9 The regulatory changes include provision for a new class of LNAV (low volatility) fund to be created which will most likely be used by fund providers to replace the existing CNAV (constant net asset value) funds used by the Council. The new funds will be subject to redemption fees and or restrict redemptions at times of heightened market stress. It is expected that the LNAV funds will continue to be credit rated by the rating agencies. Some fund providers may opt to use existing VNAV (variable net asset value) funds as an alternative. Fund providers will need to comply with the regulatory changes during the second half of 2018. **The 2018/19 investment strategy allows LNAV and VNAV funds to be used as a substitute for our existing CNAV money market funds.**

1.3.10 **Risk parameters.** The strategy sets out the parameters that limit the Council's exposure to investment risks by requiring investments to be placed with highly credit rated institutions and that those investments are diversified across a range of counterparties. Except where indicated by ***bold italic*** text, the 2018/19 Annual Investment Strategy [**Annex 4**] adopts the same risk parameters as currently approved. In summary these are :

- Counterparties must be regulated by a Sovereign rated AA- or better as recognised by each of the three main rating agencies (Fitch, Moody's or Standard & Poor's).
- Whilst 100% of funds can be invested in the UK, exposure to non-UK banks is restricted to no more than 20% of funds per Sovereign.
- Exposure to individual counterparties / groups of related counterparty must not exceed 20% of funds.
- In selecting suitable counterparties for overnight deposits and deposits up to 2 years in duration, the Council has adopted Link's credit worthiness methodology. The methodology combines the output from all three credit rating agencies including credit watches / outlooks and credit default swap data to assign a durational band to a financial institution (100 days, 6 months, 12 months, 5 years, etc.). At the time of placing an investment the financial institution must be assigned a durational band of at least 100 days (based on credit ratings alone). This broadly equates to a minimum long term credit rating of Fitch A- (high) and a short term credit rating of Fitch F1 (strong).
- The duration of an investment in a foreign bank must not exceed Link's post CDS recommendation. For UK financial institutions Link's duration recommendation can be enhanced by up to six months subject to the combined duration (Link recommendation plus the enhancement) not exceeding 12 months. The Council's Treasury Management Practices have been modified to ensure that: where duration is being enhanced by more than three months the bank's CDS must be below the average for all other banks at the time of placing the investment; the discretion is only to be applied to take

advantage of an exceptional offer and; counterparty exposure in respect of the additional enhancement (plus 6 months instead of the standard plus three months for a UK institution) will be limited to 10% of cash flow/core cash.

- Money Market funds should be AAA rated and exposure limited to no more than 20% per fund. ***LNAV (low volatility) or VNAV (variable net asset value) funds may be used as an alternative to CNAV (constant net asset value) funds.***
- Enhanced Money Funds should be rated AAA and exposure limited to no more than 10% per fund and 20% to all such funds.
- Exposure to non-credit rated property funds is limited to ***no more than 20% (£2m) of expected long term cash balances.*** No limit applies where invested funds are derived from ***or in anticipation of*** new resources e.g. proceeds from selling existing property.
- ***Exposure to non-credit rated diversified income (multi-asset) funds is limited to no more than 20% (£2m) of expected long term cash balances.***
- The strategy also limits the type of instrument (e.g. fixed term deposits, certificates of deposit, commercial paper, floating rate notes, treasury bills, etc.) that can be used and establishes a maximum investment duration for Gilts of 10 years and 2 years for all other types of investment other than in property funds ***and diversified income funds.***

1.3.11 At the present time an appropriate level of diversification is achieved through access, both directly and via brokers, to an adequate number of high credit rated financial institutions. Our cash flow forecasting aims to ensure the Council has sufficient liquidity to meet payment obligations at all times. Excess liquidity is avoided by using term deposits and other instruments to generate additional yield when daily cash surpluses permit. Cash flow surpluses can and are transferred to core cash to enable longer duration investments to be undertaken than would otherwise be the case.

1.3.12 The 2018/19 strategy [**Annex 4**] reflects the current economic environment, Link Asset Services' latest interest rate forecast and incorporates the risk parameters summarised in paragraph 1.3.10.

1.4 MiFID II.

1.4.1 The Financial Conduct Authority (FCA) implementation of the European Union's second Markets in Financial Instruments Directive (MiFID II) commenced on 3 January 2018. The directive impacts on the way local authorities access financial services provided by banks, advisors, brokers and fund managers.

1.4.2 Under MiFID II, all local authorities are by default classified as 'retail clients' i.e. the same as a private individual. Those authorities that meet certain quantitative and qualitative criteria are able to opt-up to professional status. Professional

status is considered vital to ensure the Council is able maintain adequate market access to ensure diversification, liquidity and yield can continue to be managed effectively.

- 1.4.3 Thirteen opt-up applications were submitted (autumn 2017) to the Council's money market funds, property funds, brokers and some banks. I'm happy to report that thus far nine institutions have responded and all respondents have classified the Council's treasury operation as 'elective professional'.

1.5 Treasury and Prudential Codes of Practice

- 1.5.1 Updated Treasury Management and Prudential codes of practice were published by CIPFA on 21 December 2017. Whilst the codes apply to the 2018/19 financial year, given the timing of their release, CIPFA's Treasury and Capital Management Panel recommend the requirements of both Codes be 'implemented as soon as possible' and acknowledge that they may not be 'fully implemented until' the '2019/20 financial year'.
- 1.5.2 The Codes have been updated to address concerns arising from the Localism Act 2011 (commercialism agenda). The focus of both updates is to ensure the risks associated with investment in '**non-financial assets** which are held primarily for financial returns' are properly evaluated, reported, subject to scrutiny and managed over time. Non-financial assets will include the purchase of property to rent, shares and loans in subsidiaries or other outsourcing structures such as IT or building services providers.
- 1.5.3 The updated Codes will require amendment to the Council's Treasury Management Practices and Capital Strategy. Progress to ensure full compliance will be reported to Audit Committee during 2018.

1.6 Legal Implications

- 1.6.1 Under Section 151 of the Local Government Act 1972, the Section 151 Officer has statutory duties in relation to the financial administration and stewardship of the authority, including securing effective arrangements for treasury management.
- 1.6.2 This report fulfils the requirements of The Chartered Institute of Public Finance & Accountancy's Code of Practice on Treasury Management 2009 and the 2011 update. Any changes to ensure compliance with the Treasury Management and Prudential Codes of practice issued December 2017 will be put in place at the earliest opportunity.

1.7 Financial and Value for Money Considerations

- 1.7.1 Investment income from cash flow and core cash at the end of December 2017 (month nine of the financial year) is £63,900 better than budget for the same period. Additional income for the 2017/18 financial year as a whole of £70,000 has been incorporated in the revised estimates.

- 1.7.2 No provision was included in the current year budget for income from property funds. Reflecting the timing of those investments and based on recent performance, income of £80,000 has been incorporated in the revised estimates.
- 1.7.3 The Bank Rate having remained at a historic low of 0.5% for over seven years was cut to 0.25% in August 2016. In November 2017, the Bank of England returned the Bank Rate to 0.5%. The next rise in Bank Rate is not anticipated until the fourth quarter of 2018.
- 1.7.4 Performance is monitored against a benchmark return and against other local authorities in Kent and the broader local authority pool via Link's benchmarking service.
- 1.7.5 Whilst the annual income stream from a property fund exhibits stability (circa 4% per annum net of management fees) capital values rise and fall with the cyclical nature of economic activity. During a downturn in the economy capital values may fall significantly. The duration of a property fund investment may need to be extended to avoid crystalizing a loss and as a consequence, duration cannot be determined with certainty.
- 1.7.6 Buying and selling property involves significant costs making property unsuitable for short term investment. Buying and selling costs are reflected in the entry fees (circa 6%) and exit fees (circa 2%) a property fund will charge unit holders. These fees are expected to be recouped overtime through capital appreciation.
- 1.7.7 The money being applied to property fund investment from existing resources is expected to be available in perpetuity. Nevertheless, the Council's cash balances will continue to be monitored and due regard had to the potential for a fund to delay payment of redemption requests by up to 12 months. Funds will seek to minimise their own cash balances in favour of holding property and therefore manage redemption requests for the benefit of all fund participants. The Council is only likely to seek redemption to pursue a higher yielding income opportunity should one be identified.

1.8 Risk Assessment

- 1.8.1 Link Asset Services are employed to provide advice on the content of the Treasury Management and Annual Investment Strategy and this, coupled with a regular audit of treasury activities ensures that the requirements of the Strategy and the Treasury Policy Statement adopted by this Council are complied with.
- 1.8.2 Credit ratings remain a key tool in assessing risk. It is recognised that their use should be supplemented with sovereign ratings and market intelligence. Appropriate sovereign, group and counterparty limits are established to ensure an appropriate level of diversification.

1.8.3 In the light of these safeguards and stringent Treasury Management Procedures it is considered that any risks to the authority implicit in the 2018/19 Strategy have been minimised.

1.9 Equality Impact Assessment

1.9.1 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.

1.10 Recommendations

1.10.1 Members are invited to **RECOMMEND** that Council:

- 1) note the treasury management position as at 31 December 2017 and the higher level of income incorporated in the 2017/18 revised estimates;
- 2) increase the Council's exposure to property funds in 2018/19 as additional long term funds become available e.g. from selling existing property;
- 3) endorse the limited use of diversified income funds for medium term investment;
- 4) adopts the Annual Investment Strategy for 2018/19 set out at **[Annex 4]**.

Background papers:

contact: Mike Withey

Link Asset Services Interest Rate Forecast (November 2017) and Economic Commentary

Sharon Shelton
Director of Finance & Transformation

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Tonbridge and Malling Borough Council
Investment Summary as at 31 December 2017

Counterparty	Sovereign	Fitch Credit rating		Link Suggested Post CDS Duration Limit	Investment						Instrument type / Product	Cash Flow Surpluses £	Core Cash Balances £	Long Term Investment Balances £
		Long Term	Short Term		Start Date	End Date	Duration	Amount Invested £	Return %	Proportion of total %				
Bank of Scotland	UK	A+	F1	12 months	23/03/2017	23/03/2018	12 months	500,000	0.80%	6.10%	Fixed Term	1,000,000	500,000	
Bank of Scotland	UK	A+	F1	12 months	25/07/2017	25/07/2018	12 months	1,000,000	0.65%		Fixed Term		1,000,000	
Bank of Scotland	UK	A+	F1	12 months	01/09/2017	31/08/2018	12 months	1,000,000	0.65%		Fixed Term		1,000,000	
Bank of Scotland Total								2,500,000						
Barclays Bank	UK	A	F1	6 months	30/03/2017	21/03/2018	12 months	1,000,000	0.86%	14.63%	CD	1,000,000		
Barclays Bank	UK	A	F1	6 months	11/05/2017	27/04/2018	12 months	1,000,000	0.81%		CD		1,000,000	
Barclays Bank	UK	A	F1	6 months	12/05/2017	12/02/2018	9 months	2,000,000	0.51%		Fixed Term		2,000,000	
Barclays Bank	UK	A	F1	6 months	25/07/2017	25/05/2018	10 months	1,000,000	0.51%		Fixed Term		1,000,000	
Barclays Bank	UK	A	F1	6 months	01/09/2017	17/08/2018	12 months	1,000,000	0.60%		CD		1,000,000	
Barclays Bank Total								6,000,000						
BNP Paribas MMF	n/a	AAA	mmf (Eq)	5 years	29/12/2017	02/01/2018	Overnight	5,853,000	0.40%	14.27%	MMF	5,853,000		
BNP Paribas MMF Total								5,853,000						
Danske Bank	Denmark	A	F1	6 months	31/10/2017	05/03/2018	4 months	1,000,000	0.49%	4.88%	CD	1,000,000		
Danske Bank	Denmark	A	F1	6 months	23/11/2017	05/03/2018	3 months	1,000,000	0.47%		CD	1,000,000		
Danske Bank Total								2,000,000						
Goldman Sachs Int'l Bank	UK	A	F1	6 months	01/06/2017	01/03/2018	9 months	2,000,000	0.73%	14.63%	Fixed Term	2,000,000		
Goldman Sachs Int'l Bank	UK	A	F1	6 months	21/06/2017	21/03/2018	9 months	2,000,000	0.79%		Fixed Term		2,000,000	
Goldman Sachs Int'l Bank	UK	A	F1	6 months	20/09/2017	20/06/2018	9 months	2,000,000	0.83%		Fixed Term		2,000,000	
Goldman Sachs Int'l Bank Total								6,000,000						
Lloyds Bank	UK	A+	F1	12 months	23/03/2017	23/03/2018	12 months	500,000	0.80%	3.66%	Fixed Term		500,000	
Lloyds Bank	UK	A+	F1	12 months	25/07/2017	25/07/2018	12 months	1,000,000	0.65%		Fixed Term		1,000,000	
Lloyds Bank Total								1,500,000						
Morgan Stanley MMF	n/a	AAA	mmf	5 years	29/12/2017	02/01/2018	Overnight	144,000	0.37%	0.35%	MMF	144,000		
Morgan Stanley MMF Total								144,000						
Hermes Property Unit Trust	n/a	n/a	n/a	n/a	29/09/2017	n/a	n/a	1,000,000	To Follow	2.44%	Property Fund			1,000,000
Hermes Property Unit Trust Total								1,000,000						
Local Authorities' Property Fund	n/a	n/a	n/a	n/a	29/06/2017	n/a	n/a	1,000,000	4.56%		Property Fund			
Local Authorities' Property Fund Total								1,000,000						
Lothbury Property Trust	n/a	n/a	n/a	n/a	06/07/2017	n/a	n/a	1,000,000	3.05%	2.44%	Property Fund			1,000,000
Lothbury Property Trust Total								1,000,000						
NatWest Deposit Account	UK	BBB+	F2	12 months	29/12/2017	02/01/2018	Overnight	10,000	0.05%	0.02%	Call	10,000		
National Westminster Bank Total								10,000						
Royal Bank of Scotland	UK	BBB+	F2	12 months	28/03/2017	27/03/2018	12 months	2,000,000	0.73%	9.75%	CD		2,000,000	
Royal Bank of Scotland	UK	BBB+	F2	12 months	28/06/2017	27/06/2018	12 months	1,000,000	0.66%		CD		1,000,000	
Royal Bank of Scotland	UK	BBB+	F2	12 months	25/07/2017	29/06/2018	11 months	1,000,000	0.61%		CD		1,000,000	
Royal Bank of Scotland Total								4,000,000						
Santander Deposit Account	UK	A	F1	6 months	29/12/2017	02/01/2018	Overnight	6,000,000	0.80%	14.63%	Call	3,000,000	3,000,000	
Santander UK Plc Total								6,000,000						
Standard Chartered Bank	UK	A+	F1	6 months	27/04/2017	26/01/2018	9 months	2,000,000	0.54%	9.75%	Fixed Term		2,000,000	
Standard Chartered Bank	UK	A+	F1	6 months	15/11/2017	15/02/2018	3 months	2,000,000	0.46%		CD	2,000,000		
Standard Chartered Bank Total								4,000,000						
Total invested								41,007,000		100.00%		16,007,000	22,000,000	3,000,000

Number of investments	28	Average investment value £			1,465,000
Number of counterparties	14	Average counter party investment £			2,929,000
Group exposures:		Core £	Cash £	Combined £	%
RBS + National Westminster (UK Nationalised 25%)		4,000,000	10,000	4,010,000	9.78
Bank of Scotland + Lloyds (20%)		4,000,000	-	4,000,000	9.75
				£	%
Property Funds Total				3,000,000	7.32

Total non-specified investments should be less than 60% of Core Cash and Long Term Investment balances 12.00%

Notes:

CD = Certificate of Deposit, MMF = Money Market Fund

Property Fund returns are indicative only and based on income distributed since the commencement of the investment. Capital appreciation / depreciation is recorded elsewhere.

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Tonbridge and Malling Borough Council Lending List

Checked against Link's Duration Matrix dated 29/12/17									
Minimum investment criteria is Link's Green (100 days) Duration Band (entry point broadly equates to Fitch A-, F1 unless UK nationalised / semi-nationalised).									
Counterparty	Sovereign	Sovereign Rating [1]	Fitch Long Term	Fitch Short Term	Exposure Limits			Link Duration [2]	
					Cash Flow	Core Fund	Combined	Credit Rating	Post CDS
Bank of Montreal	Canada	AAA	AA-	F1+	£3m	£3m	£6m	12 months	12 months
Toronto Dominion Bank	Canada	AAA	AA-	F1+	£3m	£3m	£6m	12 months	12 months
Danske Bank	Denmark	AAA	A	F1	£3m	£3m	£6m	6 months	6 months
Rabobank (Cooperatieve Rabobank U.A.)	Netherlands	AAA	AA-	F1+	£3m	£3m	£6m	12 months	12 months
ING Bank	Netherlands	AAA	A+	F1	£3m	£3m	£6m	12 months	12 months
Nordea Bank AB	Sweden	AAA	AA-	F1+	£3m	£3m	£6m	12 months	12 months
Svenska Handelsbanken AB	Sweden	AAA	AA	F1+	£3m	£3m	£6m	12 months	12 months
Bank of Scotland (Group limit with BOS and Lloyds of £6m)	UK	AA	A+	F1	£1m	£5m	£6m	12 months	12 months
Barclays Bank	UK	AA	A	F1	£1m	£5m	£6m	6 months	6 months
Goldman Sachs Int'l Bank	UK	AA	A	F1	£2m	£4m	£6m	6 months	6 months
HSBC Bank	UK	AA	AA-	F1+	£3m	£3m	£6m	12 months	12 months
Lloyds Bank (Group limit with BOS and Lloyds of £6m)	UK	AA	A+	F1	£1m	£5m	£6m	12 months	12 months
Santander UK	UK	AA	A	F1	£3m	£3m	£6m	6 months	6 months
Standard Chartered Bank	UK	AA	A+	F1	£2m	£4m	£6m	6 months	6 months
Coventry Building Society	UK	AA	A	F1	£3m	£3m	£6m	6 months	6 months
Nationwide Building Society	UK	AA	A+	F1	£3m	£3m	£6m	6 months	6 months
National Westminster Bank [3] (Group limit with Nat West and RBS of £7.6m)	UK	AA	BBB+	F2	£2.6m	£5m	£7.6m	12 Months	12 Months
The Royal Bank of Scotland [3] (Group limit with Nat West and RBS of £7.6m)	UK	AA	BBB+	F2	£2.6m	£5m	£7.6m	12 Months	12 Months
UK Debt Management Office including Treasury Bills	UK	AA	N/A	N/A	No limit	No limit	No limit	N/A	N/A
UK Treasury (Sovereign Bonds-Gilts)	UK	AA	N/A	N/A	No limit	£7.5 / 15m	£7.5 / 15m	N/A	N/A
UK Local Authorities	UK	AA	N/A	N/A	£3m	£3m	£6m	N/A	N/A

[1] Reflects the lowest of the three rating agencies views (Fitch, Moody's and Standard and Poor's). Strategy requires sovereigns to be rated at least AA-. Non-UK 20% sovereign limit equals combined limit quoted above (£6m).

[2] All deposits overnight unless otherwise approved in advance by the Director of Finance and Transformation AND Chief Financial Services Officer. If other than overnight, duration for non-UK entities must not exceed Link's post CDS duration assessment. For UK entities, duration may be extended by up to three months based on credit ratings alone or six months if CDS is below average subject to a maximum combined duration of 12 months.

[3] UK nationalised / semi-nationalised.

Money Market Funds						
Minimum investment criteria one of AAA-mf, AAmmf or AAAm						
Fund Name	Moody	Fitch	S&P	Exposure Limit		
				Cash Flow	Core Fund	Combined
Blackrock	AAA-mf	-	AAAm	£6m	-	£6m
BNP Paribas	-	-	AAAm	£6m	-	£6m
Goldman Sachs	AAA-mf	AAmmf	AAAm	£6m	-	£6m
Deutsche Fund	AAA-mf	AAmmf	AAAm	£6m	-	£6m
Standard Life (Ignis)	-	AAmmf	AAAm	£6m	-	£6m
Morgan Stanley	AAA-mf	AAmmf	AAAm	£6m	-	£6m
Prime Rate	-	AAmmf	AAAm	£6m	-	£6m
Insight Liquidity Group limit for IL and ILP of £6m	-	AAmmf	AAAm	£6m	-	£6m

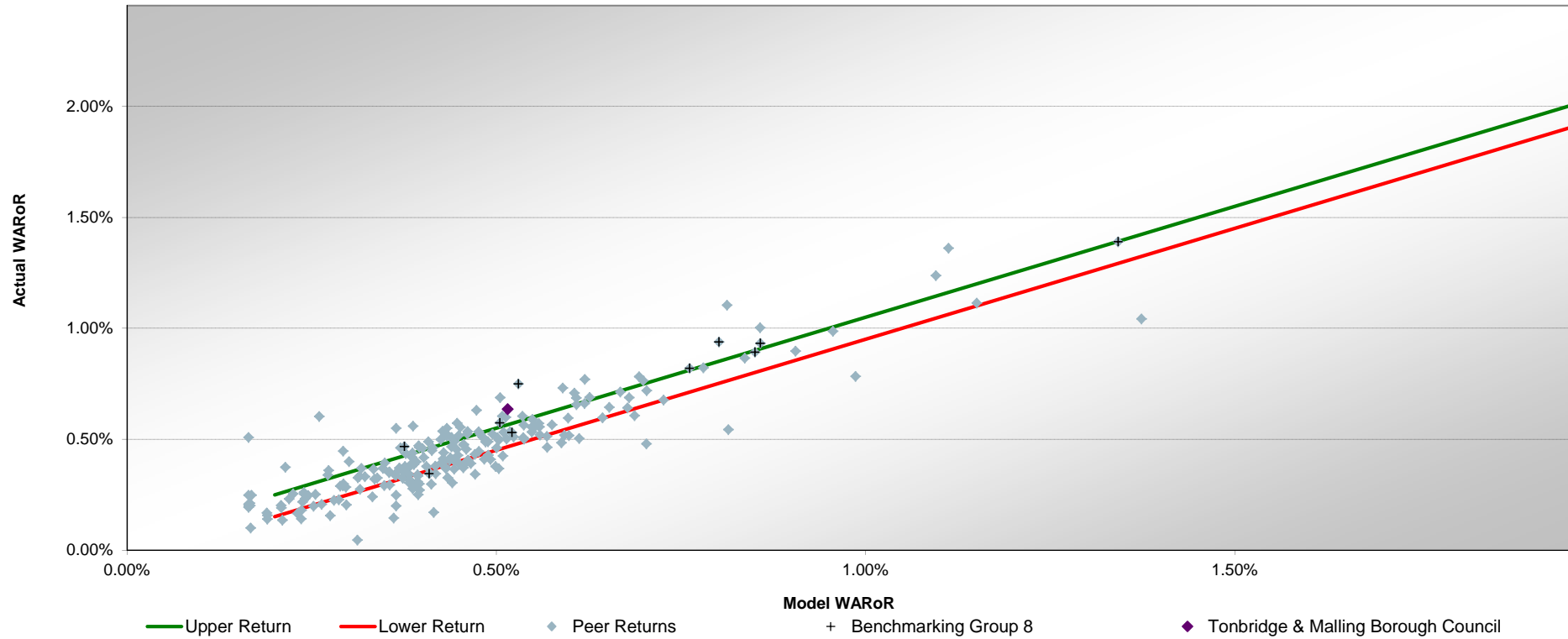
Enhanced Cash Funds						
Minimum investment criteria AAA						
Fund Name	Moody	Fitch	S&P	Exposure Limit		
				Cash Flow	Core Fund	Combined
Insight Liquidity Plus Group limit for IL and ILP of £6m	-	-	AAAf /S1	£1.5m	£1.5m	£3m

Approved by Director of Finance & Transformation
2nd January 2018

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Tonbridge & Malling Borough Council

Population Returns against Model Returns



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	Actual WARoR	Model WARoR	Difference	Lower Bound	Upper Bound	Performance
Tonbridge & Malling Borough Council	0.64%	0.52%	0.12%	0.47%	0.56%	Above

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Treasury Management and Annual Investment Strategy 2018/19

1 Introduction

1.1 Treasury management is defined as:

‘The management of the local authority’s investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks’.

1.2 The strategy covers:

- Statutory and regulatory requirements
- Balanced budget requirement
- Prudential and treasury Indicators
- Borrowing requirement
- Current treasury position
- Prospects for interest rates
- Investment policy
- Creditworthiness policy
- Country, counterparty and group exposure limits
- Cash flow and core fund investment
- Medium and long term investment
- Year end investment report
- Policy on use of external service providers.

2 Statutory and regulatory requirements

2.1 The Local Government Act 2003 (the Act) and supporting regulations requires the Council to ‘have regard to’ the CIPFA Prudential Code and the CIPFA Treasury Management Code of Practice to set Prudential and Treasury Indicators for the next three years to ensure that the Council’s capital investment plans are affordable, prudent and sustainable.

2.2 The Act requires the Council to set out its Treasury Management Strategy for borrowing and to prepare an Annual Investment Strategy

which sets out the Council's policies for managing its investments and for giving priority to the **security** and **liquidity** of those investments.

- 2.3 The Department of Communities and Local Government has issued revised investment guidance which came into effect from 1 April 2010. There were no major changes required over and above the changes already required by the revised CIPFA Treasury Management Code of Practice 2009 (The Code of Practice).
- 2.4 The Code of Practice was adopted by this Council on 18 February 2010. In preparing this strategy due regard has also been given to the Code's 2011 revision.
- 2.5 The primary requirements of the Code are as follows:
- Creation and maintenance of a Treasury Management Policy Statement which sets out the policies and objectives of the Council's treasury management activities.
 - Creation and maintenance of Treasury Management Practices which set out the manner in which the Council will seek to achieve those policies and objectives.
 - Receipt by the full Council of an Annual Treasury Management Strategy, including the Annual Investment Strategy, for the year ahead; a mid-year Review Report; and an Annual Report (stewardship report) covering activities during the previous year.
 - Delegation by the Council of responsibilities for implementing and monitoring treasury management policies and practices and for the execution and administration of treasury management decisions.
 - Delegation by the Council of the role of scrutiny of the Treasury Management Strategy and policies to a specific named body. For this Council the delegated body is the Audit Committee.
- 2.6 The scheme of delegation and role of the Section 151 officer that give effect to these requirements are set out at **[Appendix 1]**.

3 Balanced budget requirement

- 3.1 It is a statutory requirement under Section 33 of the Local Government Finance Act 1992, for the Council to produce a balanced budget. In particular, Section 32 requires a local authority to calculate its budget requirement for each financial year to include the revenue costs that flow from capital financing decisions. This means that increases in

capital expenditure must be limited to a level whereby increases in charges to revenue from:

- increases in interest charges caused by increased borrowing to finance additional capital expenditure, and
- any increases in running costs from new capital projects are limited to a level which is affordable within the projected income of the Council for the foreseeable future.

4 Prudential and treasury indicators

- 4.1 It is a statutory duty under Section 3 of the Act and supporting regulations, for the Council to determine and keep under review how much it can afford to borrow. The amount so determined is termed the 'Affordable Borrowing Limit'. In England and Wales the Authorised Limit represents the legislative limit specified in the Act.
- 4.2 The Council must have regard to the Prudential Code when setting the 'Authorised Limit', which essentially requires it to ensure that total capital investment remains within sustainable limits and, in particular, that the impact upon its future council tax levels is 'acceptable'.
- 4.3 Whilst termed an 'Affordable Borrowing Limit', the capital plans to be considered for inclusion incorporate financing by both external borrowing and other forms of liability, such as credit arrangements. The 'Authorised Limit' is to be set, on a rolling basis, for the forthcoming financial year and two successive financial years.
- 4.4 The Council is also required to indicate if it has adopted the CIPFA Code of Practice on Treasury Management. The original 2001 Code was adopted on 30 September 2003 and the revised 2009 Code was adopted by the full Council on 18 February 2010. Subsequent Code amendments are also complied with.
- 4.5 Prudential and Treasury Indicators relevant to setting an integrated treasury management strategy are set out in **[Appendix 2]**.

5 Borrowing requirement

- 5.1 Other than for cash flow purposes and then within the limits set out at **[Appendix 2]** borrowing will not be necessary. All capital expenditure in 2018/19 will be funded from the Revenue Reserve for Capital Schemes, grants, developer contributions and capital receipts arising from the sale of assets.

- 5.2 The borrowing of monies purely to invest or on-lend and make a return is unlawful and this Council will not engage in such activity.

6 Current treasury position

- 6.1 The Council is debt free and as such the overall treasury position at 31 December 2017 comprised only investments which totaled £41m generating an average return of 0.63% excluding property funds.

7 Prospects for interest rates

- 7.1 The Council has appointed Link Asset Services as treasury advisor to the Council and part of their service is to assist the Council to formulate a view on interest rates. **[Appendix 3]** draws together a number of current City forecasts for short term (Bank Rate) and longer fixed interest rates. Link's expectation for the Bank Rate for the financial year ends (March) is:

- 2017/ 2018 0.50%
- 2018/ 2019 0.75%
- 2019/ 2020 1.00%
- 2020/ 2021 1.25%

- 7.2 As expected, the Monetary Policy Committee (MPC) delivered a 0.25% increase in Bank Rate at its meeting on 2 November. This removed the emergency cut in August 2016 after the EU referendum. The MPC also gave forward guidance that they expected to increase Bank rate only twice more by 0.25% by 2020 to end at 1.00%. The Link Asset Services forecast as above includes increases in Bank Rate of 0.25% in November 2018, November 2019 and August 2020.

- 7.3 The overall longer run trend is for gilt yields and PWLB rates to rise, albeit gently. It has long been expected, that at some point, there would be a more protracted move from bonds to equities after a historic long term trend, over about the last 25 years, of falling bond yields. The action of central banks since the financial crash of 2008, in implementing substantial Quantitative Easing, added further impetus to this downward trend in bond yields and rising bond prices. Quantitative Easing has also directly led to a rise in equity values as investors searched for higher returns and took on riskier assets. The sharp rise in bond yields since the US Presidential election in November 2016 has called into question whether the previous trend may go into reverse, especially now the Federal Reserve has taken the lead in reversing

monetary policy by starting, in October 2017, a policy of not fully reinvesting proceeds from bonds that it holds when they mature.

- 7.4 Until 2015, monetary policy was focused on providing stimulus to economic growth but has since started to refocus on countering the threat of rising inflationary pressures as stronger economic growth becomes more firmly established. The Fed. has started raising interest rates and this trend is expected to continue during 2018 and 2019. These increases will make holding US bonds much less attractive and cause their prices to fall, and therefore bond yields to rise. Rising bond yields in the US are likely to exert some upward pressure on bond yields in the UK and other developed economies. However, the degree of that upward pressure is likely to be dampened by how strong or weak the prospects for economic growth and rising inflation are in each country, and on the degree of progress towards the reversal of monetary policy away from quantitative easing and other credit stimulus measures.
- 7.5 From time to time, gilt yields – and therefore PWLB rates - can be subject to exceptional levels of volatility due to geo-political, sovereign debt crisis and emerging market developments. Such volatility could occur at any time during the forecast period.
- 7.6 Economic and interest rate forecasting remains difficult with so many external influences weighing on the UK. The above forecasts (and MPC decisions) will be liable to further amendment depending on how economic data and developments in financial markets transpire over the next year. Geopolitical developments, especially in the EU, could also have a major impact. Forecasts for average investment earnings beyond the three-year time horizon will be heavily dependent on economic and political developments.
- 7.7 The overall balance of risks to economic recovery in the UK is probably to the downside, particularly with the current level of uncertainty over the final terms of Brexit.
- 7.8 Downside risks to current forecasts for UK gilt yields and PWLB rates currently include:
- Bank of England monetary policy takes action too quickly over the next three years to raise Bank Rate and causes UK economic growth, and increases in inflation, to be weaker than we currently anticipate.
 - Geopolitical risks, especially North Korea, but also in Europe and the Middle East, which could lead to increasing safe haven flows.

- A resurgence of the Eurozone sovereign debt crisis.
- Weak capitalisation of some European banks.
- Political developments in Austria and Czech Republic could provide impetus to other, particularly former Communist bloc countries, to coalesce to create a block to progress on EU integration and centralisation of EU policy. This, in turn, could spill over into impacting the Euro, EU financial policy and financial markets.
- Rising protectionism under President Trump.
- A sharp Chinese downturn and its impact on emerging market countries.

7.9 The potential for upside risks to current forecasts for UK gilt yields and PWLB rates, especially for longer term PWLB rates include: -

- The Bank of England is too slow in its pace and strength of increases in Bank Rate and, therefore, allows inflation pressures to build up too strongly within the UK economy, which then necessitates a later rapid series of increases in Bank Rate faster than we currently expect.
- UK inflation returning to sustained significantly higher levels causing an increase in the inflation premium inherent to gilt yields.
- The Federal Reserve causing a sudden shock in financial markets through misjudging the pace and strength of increases in its Fed. Funds Rate and in the pace and strength of reversal of Quantitative Easing, which then leads to a fundamental reassessment by investors of the relative risks of holding bonds, as opposed to equities. This could lead to a major flight from bonds to equities and a sharp increase in bond yields in the US, which could then spill over into impacting bond yields around the world.

7.10 A more detailed view of the current economic background, provided by Link, is contained in **[Appendix 4]**.

8 Investment policy

8.1 The Council's investment policy has regard to the CLG's Guidance on Local Government Investments (the Guidance) and the CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes (the CIPFA TM Code). The Council's investment priorities will be security first, liquidity second, and then yield.

- 8.2 In accordance with the above guidance from the CLG and CIPFA, and in order to minimise the risk to investments, the Council applies minimum acceptable credit criteria in order to generate a list of highly creditworthy counterparties. The key ratings used to monitor counterparties are the Short Term and Long Term ratings.
- 8.3 Ratings will not be the sole determinant of the quality of an institution; it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To this end the Council will engage with its advisors to maintain a monitor on market pricing such as 'credit default swaps' and overlay that information on top of the credit ratings.
- 8.4 Other information sources used will include the financial press, share price and other information relating to the banking sector in order to establish a robust scrutiny process on the suitability of potential investment counterparties.
- 8.5 Investment instruments identified for use are listed in **[Appendix 5]** under 'specified' and 'non-specified' investment categories. Counterparty limits are detailed in section 10 below.

9 Creditworthiness policy

- 9.1 The creditworthiness service provided by Link has been progressively enhanced over the last few years and now uses a sophisticated modelling approach with credit ratings from all three rating agencies - Fitch, Moody's and Standard and Poor's. The credit ratings are supplemented using the following overlays:
- Credit watches and credit outlooks from credit rating agencies;
 - Credit Default Swap (CDS) spreads to give early warning of likely changes in credit ratings; and
 - Sovereign ratings to select counterparties from only the most creditworthy countries.
- 9.2 This modelling approach combines credit ratings, credit watches and credit outlooks in a weighted scoring system which is then combined with an overlay of CDS spreads for which the end product is a series of colour code bands which indicate the relative creditworthiness of counterparties. These colour codes are also used by the Council to inform the duration of an investment and are therefore referred to as

durational bands. The Council is satisfied that this service now gives a much improved level of security for its investments.

- 9.3 The selection of counterparties with a high level of creditworthiness is achieved by selecting institutions down to a minimum durational band within Link's weekly credit list of potential counterparties (worldwide). Subject to an appropriate sovereign and counterparty rating the Council uses counterparties within the following durational bands:

Yellow/Pink	5 years
Purple	2 years
Blue	1 year (nationalised or part nationalised UK Banks)
Orange	1 year
Red	6 months
Green	100 Days

- 9.4 The Council does not use the approach suggested by CIPFA of using the lowest rating from all three rating agencies to determine creditworthy counterparties. Moody's tends to be more aggressive in giving low ratings than the other two agencies and adopting the CIPFA approach may leave the Council with too few banks on its approved lending list. The Link creditworthiness service uses a wider array of information than just primary ratings and in combination with a risk weighted scoring system undue preponderance is not given to any one agency's ratings.
- 9.5 All credit ratings are reviewed weekly and monitored on a daily basis. The Council is alerted to changes to ratings of all three agencies through its use of the Link creditworthiness service.
- If a downgrade results in the counterparty no longer meeting the Council's minimum criteria its use for new investment is withdrawn immediately.
 - In addition to the use of credit ratings the Council is advised of movements in Credit Default Swap data against the iTraxx benchmark and other market data on a daily basis. Extreme market movements may result in a scaling back of the duration assessment or removal from the Councils lending list altogether.
- 9.6 Sole reliance is not placed on the use of the Link service. In addition the Council uses market information including information on any external support for banks to assist the decision making process.

10 Country, counterparty and group exposure limits

- 10.1 The Council has determined that it will only use approved counterparties from countries with a minimum sovereign credit rating of AA- as determined by all three rating agencies - Fitch, Moody's and Standard and Poor's. The list of countries that qualify using this credit criteria as at the date of this report are shown in **[Appendix 6]**. The list will be amended in accordance with this policy should ratings change.
- 10.2 Avoidance of a concentration of investments in too few counterparties or countries is a key to effective diversification and in this regard the limits set out below are thought to achieve a prudent balance between risk and practicality.

Country, Counterparty and Group exposure	Maximum Proportion of Portfolio
UK Sovereign subject to a minimum rating of AA- .	100%
Each non-UK Sovereign rated AA- or better.	20%
Group limit excluding UK nationalised / part nationalised banks	20%
Each counterparty rated Fitch A-, F1 (green excluding CDS using Link's credit methodology) or better.	20%
Each UK nationalised or part nationalised bank / group.	20%
Each AAA multilateral / supranational bank.	20%
Each AAA rated CNAV, LNAV or VNAV money market fund.	20%
Each AAA rated enhanced cash fund / government liquidity fund / gilt fund subject to maximum 20% exposure to all such funds.	10%
Non-specified investments over 1 year duration.	60%
Each non-rated property fund used for long term investment subject to a maximum £2m (20% of expected long term balances) per fund and across all such funds. No limit applies to new resources made available from, or in anticipation of, the sale of existing property assets or other windfalls.	N/A
Each non-rated diversified income (multi-asset) fund used for medium term investment subject to a maximum £2m (20% of expected long term balances) per fund and across all such funds.	N/A

- 10.3 Cash flow balances vary depending on the timing of receipts and payments during the month and from month to month. The investment limits identified in paragraph 10.2 will be based on an estimate of the expected average daily cash flow balance at the start of the financial year augmented by core cash and other balances.

11 Cash flow and core fund investment

- 11.1 Funds available for investment are split between cash flow and core cash. Cash flow funds are generated from the collection of council tax, business rates and other income streams. They are consumed during the financial year to meet payments to precepting authorities and government (NNDR contributions) and to meet service delivery costs (benefit payments, staff salaries and suppliers in general). The consumption of cash flow funds during the course of a financial year places a natural limit on the maximum duration of investments (up to one year). Core funds comprise monies set aside in the Council's revenue and capital reserves and are generally available to invest for durations in excess of one year.
- 11.2 **Cash flow investments.** The average daily cash flow balance throughout 2018/19 is expected to be £12m with a proportion available for longer than three months. Cash flow investments will be made with reference to cash flow requirements (liquidity) and the outlook for short-term interest rates i.e. rates for investments up to 12 months. Liquidity will be maintained by using bank deposit accounts and money markets funds. Where duration can be tolerated, additional yield will be generated by utilising term deposits with banks and building societies and enhanced cash funds. Cash balances available for more than 3 months may be transferred to the core fund portfolio if a better overall return for the Council can be achieved by doing so.
- 11.3 In compiling the Council's estimates for 2018/19 a return on cash flow investments of 0.55% has been assumed.
- 11.4 **Core fund investments.** Historically the Council's core funds have been managed by an external fund manager. All core funds were returned to the Council for in-house management during 2014/15. The core fund balance is diminishing as a proportion is consumed each year (approximately £2m per annum) to support the Council's revenue budget and capital expenditure plans. The average core fund balance during 2018/19 is expected to be £15m.

- 11.5 The Council will avoid locking into longer term deals while investment rates continue their current low levels unless attractive rates are available with counterparties of particularly high creditworthiness which make longer term deals worthwhile and are within the risk parameters set by the Council.
- 11.6 In compiling the Council's estimates for 2018/19 a return on core fund investments of 0.80% has been assumed. Subject to the credit quality and exposure limits outlined in paragraph 10.2, liquidity and yield will be achieved by a mix of investments using predominantly fixed term deposits and certificates of deposit. Notice accounts and enhanced cash funds will also be used if these offer favourable returns relative to term deposits.

12 Medium and long term investment.

- 12.1 The strategy includes provision (paragraph 10.2 and detailed in Appendix 5) to undertake medium term investment in diversified income (cash, bonds, equity and property) through a collective investment scheme (fund). Investment in such schemes typically implies a 5 year commitment to recoup entry and exit fees and mitigate the impact of a fall in the value of assets under management.
- 12.2 A detailed evaluation of the funds asset quality, market risk, redemption constraints, management and governance arrangements will be undertaken in advance of any investment taking place. Any sums invested will be reported at regular intervals with income received and changes in capital value separately identified.
- 12.3 The strategy includes provision (paragraph 10.2 and detailed in Appendix 5) to undertake long term investment in property through a collective investment scheme (fund). Investment in such schemes typically implies a 10 year commitment to recoup entry and exit fees. To mitigate the risk that capital values may fall due to changes in economic activity, investment duration cannot be determined with certainty at the time the investment commences. As a consequence any cash balances applied to such an investment must be available for the long term and there must be flexibility over the timing of redemption(s) in the future. Sums invested will be reported at regular intervals with income received and changes in capital value separately identified.

13 Year end investment report

- 13.1 At the end of the financial year, the Council will report on its investment activity as part of its Annual Treasury Report.

14 Policy on the use of external service providers

- 14.1 The Council uses Link Asset Services as its external treasury management advisors.
- 14.2 The Council recognises that responsibility for treasury management decisions remains with the Council at all times and will ensure that undue reliance is not placed upon our external service providers.
- 14.3 It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review.

January 2018

Appendices

- 1. Treasury management scheme of delegation
- 2. Prudential and Treasury indicators
- 3. Interest rate forecasts
- 4. Economic background provided by Link Asset Services
- 5. Specified and Non-specified Investments
- 6. Approved countries for investments

Appendix 1 Treasury management scheme of delegation**Full Council**

- Budget approval.
- Approval of treasury management policy.
- Approval of the Annual Treasury Management Strategy and Annual Investment Strategy.
- Approval of amendments to the Council's adopted clauses, Treasury Management Policy and the Annual Treasury Management Strategy and Annual Investment Strategy.
- Approval of the treasury management outturn and mid-year reports.

Cabinet

- Budget consideration.
- Approval of Treasury Management Practices.
- Approval of the division of responsibilities.
- Approval of the selection of external service providers and agreeing terms of appointment.
- Acting on recommendations in connection with monitoring reports.

Audit Committee

- Reviewing the Annual Treasury Management Strategy and Annual Investment Strategy and making recommendations to Cabinet and Council.
- Receive reports on treasury activity at regular intervals during the year and making recommendations to Cabinet.
- Reviewing treasury management policy, practices and procedures and making recommendations to Cabinet and Council.

Finance, Innovation and Property Advisory Board

- Receiving budgetary control reports at regular intervals that include treasury management performance.

The S151 (responsible) officer

- Recommending clauses, treasury management policy/practices for approval, reviewing the same regularly, and monitoring compliance.
- Submitting regular treasury management policy reports.
- Submitting budgets and budget variations.
- Receiving and reviewing management information reports.
- Reviewing the performance of the treasury management function.
- Ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function.
- Ensuring the adequacy of internal audit, and liaising with external audit.
- Recommending the appointment of external service providers.

Appendix 2 Prudential and Treasury Indicators

The prudential indicators relating to capital expenditure cannot be set until the capital programme is finally determined and will as a consequence be reported as part of the Setting the Budget for 2018/19 report that is to be submitted to Cabinet on 8 February 2018.

The treasury management indicators are as set out in the table below:

TREASURY MANAGEMENT INDICATORS	2016/17	2017/18	2018/19	2019/20	2020/21
	Actual	Estimate	Estimate	Estimate	Estimate
	£'000	£'000	£'000	£'000	£'000
Authorised Limit for external debt :					
borrowing	Nil	5,000	5,000	5,000	5,000
other long term liabilities	Nil	Nil	Nil	Nil	Nil
TOTAL	Nil	5,000	5,000	5,000	5,000
Operational Boundary for external debt:-					
borrowing	Nil	2,000	2,000	2,000	2,000
other long term liabilities	Nil	Nil	Nil	Nil	Nil
TOTAL	Nil	2,000	2,000	2,000	2,000
Actual external debt	Nil	Nil	Nil	Nil	Nil
Upper limit for fixed interest rate exposure > 1 year at year end	Nil	It is anticipated that exposure will range between 0% to 60%			
Upper limit for variable rate exposure < 1 year at year end	13,098 (43.5%)	It is anticipated that exposure will range between 40% to 100%			
Upper limit for total principal sums invested for over 364 days at year end	Nil (0%)	60% of funds			

Maturity structure of fixed rate borrowing during 2016/17 - 2020/21	upper limit	lower limit
under 12 months	100 %	0 %
Over 12 months	0 %	0 %

Appendix 3 Interest Rate Forecasts – December 2017

Link Asset Services Interest Rate View														
	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21
Bank Rate View	0.50%	0.50%	0.50%	0.50%	0.50%	0.75%	0.75%	0.75%	0.75%	1.00%	1.00%	1.00%	1.25%	1.25%
3 Month LIBID	0.40%	0.40%	0.40%	0.40%	0.60%	0.60%	0.60%	0.70%	0.90%	0.90%	1.00%	1.20%	1.20%	1.20%
6 Month LIBID	0.50%	0.50%	0.50%	0.60%	0.80%	0.80%	0.80%	0.90%	1.00%	1.00%	1.10%	1.30%	1.30%	1.40%
12 Month LIBID	0.70%	0.80%	0.80%	0.90%	1.00%	1.00%	1.10%	1.10%	1.30%	1.30%	1.40%	1.50%	1.50%	1.60%
5yr PWLB Rate	1.50%	1.60%	1.60%	1.70%	1.80%	1.80%	1.90%	1.90%	2.00%	2.10%	2.10%	2.20%	2.30%	2.30%
10yr PWLB Rate	2.10%	2.20%	2.30%	2.40%	2.40%	2.50%	2.60%	2.60%	2.70%	2.70%	2.80%	2.90%	2.90%	3.00%
25yr PWLB Rate	2.80%	2.90%	3.00%	3.00%	3.10%	3.10%	3.20%	3.20%	3.30%	3.40%	3.50%	3.50%	3.60%	3.60%
50yr PWLB Rate	2.50%	2.60%	2.70%	2.80%	2.90%	2.90%	3.00%	3.00%	3.10%	3.20%	3.30%	3.30%	3.40%	3.40%
Bank Rate														
Link Asset Services	0.50%	0.50%	0.50%	0.50%	0.50%	0.75%	0.75%	0.75%	0.75%	1.00%	1.00%	1.00%	1.25%	1.25%
Capital Economics	0.50%	0.50%	0.75%	1.00%	1.25%	1.25%	1.50%	1.50%	1.75%	-	-	-	-	-
5yr PWLB Rate														
Link Asset Services	1.50%	1.60%	1.60%	1.70%	1.80%	1.80%	1.90%	1.90%	2.00%	2.10%	2.10%	2.20%	2.30%	2.30%
Capital Economics	1.70%	1.90%	2.30%	2.60%	2.90%	2.90%	2.90%	2.90%	2.90%	-	-	-	-	-
10yr PWLB Rate														
Link Asset Services	2.10%	2.20%	2.30%	2.40%	2.40%	2.50%	2.60%	2.60%	2.70%	2.70%	2.80%	2.90%	2.90%	3.00%
Capital Economics	2.30%	2.60%	2.80%	3.10%	3.30%	3.30%	3.30%	3.30%	3.30%	-	-	-	-	-
25yr PWLB Rate														
Link Asset Services	2.80%	2.90%	3.00%	3.00%	3.10%	3.10%	3.20%	3.20%	3.30%	3.40%	3.50%	3.50%	3.60%	3.60%
Capital Economics	2.95%	3.15%	3.45%	3.65%	3.90%	3.90%	3.90%	3.90%	3.90%	-	-	-	-	-
50yr PWLB Rate														
Link Asset Services	2.50%	2.60%	2.70%	2.80%	2.90%	2.90%	3.00%	3.00%	3.10%	3.20%	3.30%	3.30%	3.40%	3.40%
Capital Economics	2.80%	3.10%	3.30%	3.60%	3.80%	3.80%	3.80%	3.80%	3.80%	-	-	-	-	-

Appendix 4 Economic Background Provided by Link Asset Services

GLOBAL OUTLOOK. World growth looks to be on an encouraging trend of stronger performance, rising earnings and falling levels of unemployment. In October, the IMF upgraded its forecast for world growth from 3.2% to 3.6% for 2017 and 3.7% for 2018.

In addition, **inflation prospects are generally muted** and it is particularly notable that **wage inflation** has been subdued despite unemployment falling to historically very low levels in the UK and US. This has led to many comments by economists that there appears to have been a fundamental shift downwards in the Phillips curve (this plots the correlation between levels of unemployment and inflation e.g. if the former is low the latter tends to be high). In turn, this raises the question of what has caused this. The likely answers probably lay in a combination of a shift towards flexible working, self-employment, falling union membership and a consequent reduction in union power and influence in the economy, and increasing globalisation and specialisation of individual countries, which has meant that labour in one country is in competition with labour in other countries which may be offering lower wage rates, increased productivity or a combination of the two. In addition, technology is probably also exerting downward pressure on wage rates and this is likely to grow with an accelerating movement towards automation, robots and artificial intelligence, leading to many repetitive tasks being taken over by machines or computers. Indeed, this is now being labelled as being the start of the **fourth industrial revolution**.

KEY RISKS - central bank monetary policy measures

Looking back on nearly ten years since the financial crash of 2008 when liquidity suddenly dried up in financial markets, it can be assessed that central banks' monetary policy measures to counter the sharp world recession were successful. The key monetary policy measures they used were a combination of lowering central interest rates and flooding financial markets with liquidity, particularly through unconventional means such as Quantitative Easing (QE), where central banks bought large amounts of central government debt and smaller sums of other debt.

The key issue now is that that period of stimulating economic recovery and warding off the threat of deflation is coming towards its close and a new period has already started in the US, and more recently, in the UK, on reversing those measures i.e. by raising central rates and (for the US) reducing central banks' holdings of government and other debt. These measures are now required in order to stop the trend of an on-going reduction in spare capacity in the economy, and of unemployment falling to such low levels that the re-emergence of inflation is viewed as a major risk. It is, therefore, crucial that central banks get their timing right and do not cause shocks to market expectations that could destabilise financial markets. In

particular, a key risk is that because QE-driven purchases of bonds drove up the price of government debt, and therefore caused a sharp drop in income yields, this then also encouraged investors into a search for yield and into investing in riskier assets such as equities. This resulted in bond markets and equity market prices both rising to historically high valuation levels simultaneously. This, therefore, makes both asset categories vulnerable to a sharp correction. It is important, therefore, that central banks only gradually unwind their holdings of bonds in order to prevent destabilising the financial markets. It is also likely that the timeframe for central banks unwinding their holdings of QE debt purchases will be over several years. They need to balance their timing to neither squash economic recovery by taking too rapid and too strong action, nor let inflation run away by taking action that was too slow and/or too weak. **The potential for central banks to get this timing and strength of action wrong are now key risks.**

There is also a potential key question over whether economic growth has become too dependent on strong central bank stimulus and whether it will maintain its momentum against a backdrop of rising interest rates and the reversal of QE. In the UK, a key vulnerability is the **low level of productivity growth**, which may be the main driver for increases in wages; and **decreasing consumer disposable income**, which is important in the context of consumer expenditure primarily underpinning UK GDP growth.

A further question that has come to the fore is whether **an inflation target for central banks of 2%**, is now realistic given the shift down in inflation pressures from internally generated inflation, (i.e. wage inflation feeding through into the national economy), given the above mentioned shift down in the Phillips curve.

- Some economists favour a shift to a **lower inflation target of 1%** to emphasise the need to keep the lid on inflation. Alternatively, it is possible that a central bank could simply 'look through' tepid wage inflation, (i.e. ignore the overall 2% inflation target), in order to take action in raising rates sooner than might otherwise be expected.
- However, other economists would argue for a **shift UP in the inflation target to 3%** in order to ensure that central banks place the emphasis on maintaining economic growth through adopting a slower pace of withdrawal of stimulus.
- In addition, there is a strong argument that central banks should **target financial market stability**. As mentioned previously, bond markets and equity markets could be vulnerable to a sharp correction. There has been much commentary, that since 2008, QE has caused massive distortions, imbalances and bubbles in asset prices, both financial and non-financial. Consequently, there are widespread concerns at the potential for such bubbles to be burst by exuberant central bank action.

On the other hand, too slow or weak action would allow these imbalances and distortions to continue or to even inflate them further.

- Consumer debt levels are also at historically high levels due to the prolonged period of low cost of borrowing since the financial crash. In turn, this cheap borrowing has meant that **other non-financial asset prices**, particularly house prices, have been driven up to very high levels, especially compared to income levels. Any sharp downturn in the availability of credit, or increase in the cost of credit, could potentially destabilise the housing market and generate a sharp downturn in house prices. This could then have a destabilising effect on consumer confidence, consumer expenditure and GDP growth. However, no central bank would accept that it ought to have responsibility for specifically targeting house prices.

UK. After the UK surprised on the upside with strong economic growth in 2016, **growth in 2017 has been disappointingly weak**; quarter 1 came in at only +0.3% (+1.8% y/y), quarter 2 was +0.3% (+1.5% y/y) and quarter 3 was +0.4% (+1.5% y/y). The main reason for this has been the sharp increase in inflation, caused by the devaluation of sterling after the EU referendum, feeding increases in the cost of imports into the economy. This has caused, in turn, a reduction in consumer disposable income and spending power and so the services sector of the economy, accounting for around 80% of GDP, has seen weak growth as consumers cut back on their expenditure. However, more recently there have been encouraging statistics from the **manufacturing sector** which is seeing strong growth, particularly as a result of increased demand for exports. It has helped that growth in the EU, our main trading partner, has improved significantly over the last year while robust world growth has also been supportive. However, this sector only accounts for around 10% of GDP so expansion in this sector will have a much more muted effect on the overall GDP growth figure for the UK economy as a whole.

While the Bank of England is expected to give forward guidance to prepare financial markets for gradual changes in policy, the **Monetary Policy Committee, (MPC), meeting of 14 September 2017** managed to shock financial markets and forecasters by suddenly switching to a much more aggressive tone in terms of its words around warning that Bank Rate will need to rise soon. The Bank of England Inflation Reports during 2017 have clearly flagged up that it expected CPI inflation to peak at just under 3% in 2017, before falling back to near to its target rate of 2% in two years' time. The Bank revised its forecast for the peak to just over 3% at the 14 September meeting. (Inflation actually came in at 3.0% in both September and October so that might prove now to be the peak.) This marginal revision in the Bank's forecast can hardly justify why the MPC became so aggressive with its wording; rather, the focus was on an emerging view that with unemployment having already fallen to only 4.3%, the lowest level since 1975, and improvements in productivity being so weak, that **the amount of spare**

capacity in the economy was significantly diminishing towards a point at which they now needed to take action. In addition, the MPC took a more tolerant view of low wage inflation as this now looks like a common factor in nearly all western economies as a result of automation and globalisation. However, the Bank was also concerned that the withdrawal of the UK from the EU would effectively lead to a *decrease* in such globalisation pressures in the UK, and so this would cause additional inflationary pressure over the next few years.

At its 2 November meeting, the MPC duly delivered a 0.25% increase in Bank Rate. It also gave forward guidance that they expected to increase Bank Rate only twice more in the next three years to reach 1.0% by 2020. This is, therefore, not quite the 'one and done' scenario but is, nevertheless, a very relaxed rate of increase prediction in Bank Rate in line with previous statements that Bank Rate would only go up very gradually and to a limited extent.

However, some forecasters are flagging up that they expect growth to accelerate significantly towards the end of 2017 and then into 2018. This view is based primarily on the coming fall in inflation, (as the effect of the effective devaluation of sterling after the EU referendum drops out of the CPI statistics), which will bring to an end the negative impact on consumer spending power. In addition, a strong export performance will compensate for weak services sector growth. If this scenario was indeed to materialise, then the MPC would be likely to accelerate its pace of increases in Bank Rate during 2018 and onwards.

It is also worth noting the **contradiction within the Bank of England** between action in 2016 and in 2017 **by two of its committees**. After the result of the EU referendum, the **Monetary Policy Committee (MPC)** voted in August 2016 for emergency action to cut Bank Rate from 0.50% to 0.25%, restarting £70bn of QE purchases, and also providing UK banks with £100bn of cheap financing. The aim of this was to lower borrowing costs, stimulate demand for borrowing and thereby increase expenditure and demand in the economy. The MPC felt this was necessary in order to ward off their expectation that there would be a sharp slowdown in economic growth. Instead, the economy grew robustly, although the Governor of the Bank of England strongly maintained that this was *because* the MPC took that action. However, other commentators regard this emergency action by the MPC as being proven by events to be a mistake. Then in 2017, we had the **Financial Policy Committee (FPC)** of the Bank of England taking action in June and September over its concerns that cheap borrowing rates, and easy availability of consumer credit, had resulted in too rapid a rate of growth in consumer borrowing and in the size of total borrowing, especially of unsecured borrowing. It, therefore, took punitive action to clamp down on the ability of the main banks to extend such credit! Indeed, a PWC report in October 2017

warned that credit card, car and personal loans and student debt will hit the equivalent of an average of £12,500 per household by 2020. However, averages belie wide variations in levels of debt with much higher exposure being biased towards younger people, especially the 25 -34 year old band, reflecting their lower levels of real income and asset ownership.

One key area of risk is that consumers may have become used to cheap rates since 2008 for borrowing, especially for mortgages. It is a major concern that **some consumers may have over extended their borrowing** and have become complacent about interest rates going up after Bank Rate had been unchanged at 0.50% since March 2009 until falling further to 0.25% in August 2016. This is why forward guidance from the Bank of England continues to emphasise slow and gradual increases in Bank Rate in the coming years. However, consumer borrowing is a particularly vulnerable area in terms of the Monetary Policy Committee getting the pace and strength of Bank Rate increases right - without causing a sudden shock to consumer demand, confidence and thereby to the pace of economic growth.

Moreover, while there is so much uncertainty around the Brexit negotiations, consumer confidence, and business confidence to spend on investing, it is far too early to be confident about how the next two to three years will actually unfold.

EZ. Economic growth in the Eurozone (EZ), (the UK's biggest trading partner), had been lack lustre for several years after the financial crisis despite the ECB eventually cutting its main rate to -0.4% and embarking on a massive programme of QE. However, growth picked up in 2016 and has now gathered substantial strength and momentum thanks to this stimulus. GDP growth was 0.6% in quarter 1 (2.0% y/y), 0.7% in quarter 2 (2.3% y/y) and +0.6% in quarter 3 (2.5% y/y). However, despite providing massive monetary stimulus, the European Central Bank is still struggling to get inflation up to its 2% target and in October inflation was 1.4%. It is therefore unlikely to start on an upswing in rates until possibly 2019. It has, however, announced that it will slow down its monthly QE purchases of debt from €60bn to €30bn from January 2018 and continue to at least September 2018.

USA. Growth in the American economy was notably erratic and volatile in 2015 and 2016. 2017 is following that path again with quarter 1 coming in at only 1.2% but quarter 2 rebounding to 3.1% and quarter 3 coming in at 3.0%. Unemployment in the US has also fallen to the lowest level for many years, reaching 4.1%, while wage inflation pressures, and inflationary pressures in general, have been building. The Fed. has started on a gradual upswing in rates with four increases in all and three increases since December 2016; and there could be one more rate rise in 2017, which would then lift the central rate to 1.25 – 1.50%. There could then be another four increases in 2018. At its September meeting, the Fed. said it would start in October to gradually

unwind its \$4.5 trillion balance sheet holdings of bonds and mortgage backed securities by reducing its reinvestment of maturing holdings.

CHINA. Economic growth has been weakening over successive years, despite repeated rounds of central bank stimulus; medium term risks are increasing. Major progress still needs to be made to eliminate excess industrial capacity and the stock of unsold property, and to address the level of non-performing loans in the banking and credit systems.

JAPAN has been struggling to stimulate consistent significant growth and to get inflation up to its target of 2%, despite huge monetary and fiscal stimulus. It is also making little progress on fundamental reform of the economy.

Brexit timetable and process

- March 2017: UK government notifies the European Council of its intention to leave under the Treaty on European Union Article 50.
- March 2019: initial two-year negotiation period on the terms of exit. In her Florence speech in September 2017, the Prime Minister proposed a two year transitional period after March 2019.
- UK continues as a full EU member until March 2019 with access to the single market and tariff free trade between the EU and UK. Different sectors of the UK economy will leave the single market and tariff free trade at different times during the two year transitional period.
- The UK and EU would attempt to negotiate, among other agreements, a bi-lateral trade agreement over that period.
- The UK would aim for a negotiated agreed withdrawal from the EU, although the UK could also exit without any such agreements in the event of a breakdown of negotiations.
- If the UK exits without an agreed deal with the EU, World Trade Organisation rules and tariffs could apply to trade between the UK and EU - but this is not certain.
- On full exit from the EU: the UK parliament would repeal the 1972 European Communities Act.
- The UK will then no longer participate in matters reserved for EU members, such as changes to the EU's budget, voting allocations and policies.

Appendix 5 Specified and Non-specified Investments

All specified and non-specified Investments will be:

Subject to the sovereign, counterparty and group exposure limits identified in the Annual Investment Strategy.

Subject to the duration limit suggested by Link (+6 months for UK Financial Institutions) at the time each investment is placed.

Subject to a maximum of 60% of funds being held in non-specified investments at any one time.

Sterling denominated.

Specified Investments (maturities up to 1 year):

investment	Minimum Credit Criteria
UK Debt Management Agency Deposit Facility	UK Sovereign AA-
Term deposits - UK local authorities	UK Sovereign AA-
Term deposits - UK nationalised and part nationalised banks	UK Sovereign AA-
Term deposits - banks and building societies	UK / Non-UK Sovereign AA-. Counterparty A-, F1 or Green excluding CDS
Certificates of deposit - UK nationalised and part nationalised banks	UK Sovereign AA-
Certificates of deposit - banks and building societies	UK / Non-UK Sovereign AA-. Counterparty A-, F1, or Green excluding CDS
UK Treasury Bills	UK Sovereign AA-
UK Government Gilts	UK Sovereign AA-
Bonds issued by multi-lateral development banks	AAA
Sovereign bond issues (other than the UK govt)	AAA
Money Market Funds (CNAV, LNAV or VNAV)	AAA
Enhanced Cash and Government Liquidity Funds	AAA

Non-specified Investments (maturities in excess of 1 year and any maturity if not included above):

Investment	Minimum Credit Criteria	Max duration to maturity
Fixed term deposits with variable rate and variable maturities (structured deposits) - UK nationalised and part nationalised banks	UK Sovereign AA-	2 years
Fixed term deposits with variable rate and variable maturities (structured deposits) - banks and building societies	UK / Non-UK Sovereign AA-. Counterparty A-, F1 (Green)	2 years
Term deposits - local authorities	UK Sovereign AA-	2 years
Term deposits - UK nationalised and part nationalised banks	UK Sovereign AA-	2 years
Term deposits – banks, building societies	UK / Non-UK Sovereign AA-. Counterparty A-, F1(Green)	2 years
Certificates of deposit - UK nationalised and part nationalised banks	UK Sovereign AA-	2 years
Certificates of deposit – banks and building societies	UK / Non-UK Sovereign AA-. Counterparty A-, F1 (Green)	2 years
Commercial paper - UK nationalised and part nationalised banks	UK Sovereign AA-	2 years
Commercial paper - banks and building societies	UK / Non-UK Sovereign AA-. Counterparty A-, F1 (Green)	2 years
Floating rate notes issued by multilateral development banks	AAA	5 years
Bonds issued by multilateral development banks	AAA	5 years
Sovereign bond issues (other than the UK Government)	AAA	5 years
UK Government Gilts	UK Sovereign AA-	25% 5 years
Property Funds	N/A	N/A
Diversified Income Funds	N/A	N/A

Accounting treatment of investments. The accounting treatment may differ from the underlying cash transactions arising from investment decisions made. To ensure that the Council is protected from any adverse revenue impact, which may arise from these differences, we will review the accounting implications of new transactions before they are undertaken.

Appendix 6 Approved countries for investments

All counterparties in addition to meeting the minimum credit criteria specified in the Annual Investment Strategy must be regulated by a sovereign rated as a minimum AA- by each of the three rating agencies - Fitch, Moody's and Standard and Poor's.

This list will be reviewed and amended if appropriate on a weekly basis by the Director of Finance and Transformation.

As of 31 December 2017 sovereigns meeting the above requirement which also have banks operating in sterling markets with credit ratings of green or above on the Link Asset Services' Credit Worthiness List were:

AAA	Australia Canada Denmark Germany Luxembourg Netherlands Norway Singapore Sweden Switzerland
AA+	Finland Hong Kong USA
AA	Abu Dhabi (UAE) France UK
AA-	Belgium Qatar

TONBRIDGE & MALLING BOROUGH COUNCIL

CABINET

08 February 2018

Report of the Chief Executive, Director of Finance and Transformation, Leader of the Council and Cabinet Member for Finance, Innovation and Property

Part 1- Public

Matters for Recommendation to Council

1 SETTING THE BUDGET

Further to reports to the meeting of the Finance, Innovation and Property Advisory Board and Overview and Scrutiny Committee earlier in the cycle, this report updates Cabinet on issues relating to the Medium Term Financial Strategy. It also takes Members through the necessary procedures in order to set the Budget for 2018/19.

1.1 Introduction and Foreword

- 1.1.1 At the Full Council meeting on 20 February, Members will determine both the Budget and the level of council tax for 2018/19. The detailed Estimates for 2018/19 prepared by your Officers have been carefully considered by the Finance, Innovation and Property Advisory Board and the Overview and Scrutiny Committee. Details are set out at paragraph 1.4 below.
- 1.1.2 Whilst the primary purpose of this report is for Cabinet to recommend the Budget and resultant level of council tax for 2018/19; as ever, this one year cannot be viewed in isolation. This budget sits within the context of our Medium Term Financial Strategy (MTFS) covering a ten-year period. Financial decisions made in respect of the year 2018/19 will have an impact across the MTFS and upon the savings targets the Council will need to achieve in order to 'balance its books' and we must not lose sight of the scale of this particular challenge.
- 1.1.3 The Localism Act requires a local authority to seek the approval of their electorate via a local referendum if it proposes to raise council tax above the threshold set by the Secretary of State. For the year 2018/19 a referendum will be triggered where council tax is increased by **3%, or more than 3% and more than £5**. The Secretary of State advised that he had increased the threshold to 3% (from 2%) as this was the current level of inflation.
- 1.1.4 Members are aware that our MTFS assumes council tax increases to the higher of the thresholds. Until now, an increase of £5 is the higher threshold for TMBC representing a 2.53% increase in council tax. Increasing council tax by 3% in line

with inflation in 2018/19 generates just shy of a further 0.5% increase over and above our original forecast in the MTFs. For the purposes of preparing the budget papers and updating the MTFs an increase of circa 3% in 2018/19 has been assumed followed by an increase of £5 each year up to 2026/27 and 3% in 2027/28. To put this into context, 1% currently equates to about £100,000.

- 1.1.5 Undoubtedly the Council continues to face a significant financial challenge in respect of identifying and implementing savings over the coming years. When setting the budget for 2017/18 in February 2017 projections at that time suggested a 'funding gap' between expenditure and income of circa £1.6m and set a target of achieving savings of £650,000 this financial year, and this to all intents and purposes has been achieved.
- 1.1.6 However, as Members are aware, there are always other factors that can impact on the MTFs that either takes the 'funding gap' in the right or wrong direction. When these factors are taken into account the **latest projected 'outstanding' funding gap is £1.0m.**
- 1.1.7 This report necessarily touches on a number of related areas (some of which are complex) that the Director of Finance and Transformation is required to draw to Members' attention in order to provide assurance and advice to aid decision making. The report is, therefore, broken down into sections dealing with the following areas:
- Local Government Finance Settlement
 - Fair Funding Review and 'Negative RSG' Consultation
 - Revenue Estimates 2018/19
 - Fees and Charges
 - Capital Plan
 - Treasury Management and Annual Investment Strategy
 - Consultation with Non-Domestic (Business) Ratepayers
 - Medium Term Financial Strategy Update
 - Savings and Transformation Strategy
 - Collection Fund Adjustments
 - Special Expenses and Parish Council Precepts
 - Robustness of Estimates / Adequacy of Reserves
 - Calculation of Borough Council's Tax Requirement

1.2 Local Government Finance Settlement

- 1.2.1 On 19 December 2017, the Secretary of State for the, then, Department for Communities and Local Government, Sajid Javid MP, made a statement to Parliament on the provisional local government finance settlement for 2018/19. At the time of finalising this report for agenda publication, we have not received the final local government finance settlement. **Figures contained within this report are, therefore, based on the provisional settlement.** We do not anticipate there being any significant difference in the 'final' figures. Members will, of course, be updated as appropriate.
- 1.2.2 In 2016 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 as a result provided 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 2018/19 and illustrative allocation for 2019/20 are not that dissimilar to the indicative figures set out in the multi-year settlement.
- 1.2.3 Our SFA for the year 2018/19 and illustrative allocation for 2019/20 can be seen in the table below. In 2019/20 our SFA is projected to be £1,264,921. This represents a cash decrease of £1,631,475 or 56.3% when compared to the equivalent figure of £2,896,396 in 2016/17.
- 1.2.4 In addition, Members are reminded of the changes made this time last year in respect of New Homes Bonus (NHB) which saw:
- 1) The length of NHB payments reduced in length from 6 years to 5 years in 2017/18 and to 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.
- 1.2.5 The Council's NHB for the year 2018/19 and illustrative figure for 2019/20 under the revised scheme can also be seen in the table below.

	2016/17 £	2017/18 £	2018/19 £	2019/20 £
Local Share of Business Rates	2,106,525	2,149,532	2,214,110	2,263,217
Tariff Adjustment ('Negative RSG')				(998,296)
Revenue Support Grant	655,042			
Transition Grant	134,829	117,201		
Settlement Funding Assessment	2,896,396	2,266,733	2,214,110	1,264,921
Change over SR Period (£)				(1,631,475)
Change over SR Period (%)				-56.3%

New Homes Bonus ##	3,847,880	3,490,134	3,334,128	3,401,545
Total Grant Funding	6,744,276	5,756,867	5,548,238	4,666,466
Change over SR Period (£)				(2,077,810)
Change over SR Period (%)				-30.8%

Note: Figures as 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 1.2.7 below.

- 1.2.6 The scale of housing delivery in the 12 month period used to determine NHB allocations for the year 2018/19 was exceptional at around 1,000. To put this into context the historic annual average is between 500 and 600 properties. As a result the Council's NHB for 2018/19 is £3,334,128 compared to £2,666,000 estimated this time last year. On the assumption there are no retrospective changes to the scheme this is a welcome windfall affording the opportunity to set aside monies to fund in part (or in full) particular initiatives – for example capital investment required in respect of the tender of the refuse, recycling and street cleansing contract. However, herein lies the dilemma – the phrase 'subject to no further changes' is very important. The period over which payments are made can be reduced, the baseline increased or both at any time; and worse, the scheme can be withdrawn and the associated funding redistributed in some other way. In other words, NHB is at risk indefinitely and which, unsurprisingly, is of particular concern.
- 1.2.7 That said, in 2019/20 NHB is projected to be £3,401,545 (dependent on growth – a more conservative estimate would be £3.0 million) representing a cash decrease of £446,335 or 11.6% when compared to £3,847,880 in 2016/17. However, NHB will continue to fall beyond 2019/20 as the changes made this time last year work their way through the system and this year's exceptional housing delivery falls out of the calculation such that, by 2022/23, it is estimated that NHB could be in the order of £1.5m based on the current scheme.
- 1.2.8 **Members are asked to note that for medium term financial planning purposes it is assumed that from 2020/21 the scheme will reduce in length to three years and from 2021/22 the Council will receive via NHB and or alternative funding source in the order of £1.3m rising steadily thereafter to around £1.4m by 2027/28.** An alternative 'strategy' 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.
- 1.2.9 In 2019/20 the government project total grant funding to be £4,666,466 representing a cash decrease of £2,077,810 or 30.8% when compared to the equivalent figure of £6,744,276 in 2016/17. The government in recent years 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 in cash terms is £200,000 or 1.2% (based on what are considered to be optimistic council tax income projections and NHB allocations).

1.2.10 **Of the twelve district councils in Kent, Tonbridge & Malling Borough Council receives either the lowest or one of the lowest Settlement Funding Assessments both in total and per head.** A comparison of our Settlement Funding Assessments for 2018/19 and 2019/20 with those of other Kent district councils is provided at **[Annex 1a]**.

1.2.11 Attached at **[Annex 1b]** for Members' information is a copy of the Referendums Principles setting out the level of council tax increase for 2018/19 above which the local authority would be required to seek the approval of their electorate via a local referendum.

1.2.12 Announced alongside the provisional settlement was the outcome of the **bids for pilot status** in respect of 100% business rates retention. Members may recall a proposal for Kent and Medway authorities to put in a bid. A bid was subsequently submitted and I am very pleased to advise Members that the Secretary of State announced in his speech that the Kent and Medway bid has been successful.

1.2.13 In all, 10 pilots were successful. Based on the estimates prepared during the bidding process, it is expected that circa £25 million will come to the Kent and Medway pilot with the sum being divided into two discrete 'pots'. One for financial sustainability paid at individual council level, and the second for economic growth paid on a cluster basis.

1.2.14 In terms of financial stability, and based on the estimates prepared during the bidding process, a sum of circa £500,000 would come to TMBC in 2018/19. The intention is to invest this sum in a property investment fund. Furthermore, an allocation of circa £1.0 million to the West Kent Cluster (Sevenoaks, Tunbridge Wells and Tonbridge & Malling areas) towards supporting housing and commercial growth is anticipated.

1.2.15 This is clearly very good news for Kent and Medway as a whole.

1.3 Fair Funding Review and 'Negative RSG' Consultation

1.3.1 Alongside the provisional settlement, the Secretary of State also announced a technical consultation entitled "*Fair funding review: a review of relative needs and resources*". The paper can be found at the following link:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/669440/Fair_funding_review_consultation.pdf

1.3.2 The consultation will assist the newly named Ministry for Housing, Communities and Local Government (MHCLG) with the development of a new funding allocation mechanism for local government, intended to be in place for 2020/21.

1.3.3 According to the MHCLG's document, the review will:

- **“set new baseline funding allocations** for local authorities;
- deliver an **up-to-date assessment of the relative needs of local authorities**. The Government has been clear that there will continue to be redistribution of business rates between local authorities to take account of relative needs; the review will determine what the redistribution should be;
- **examine the relative resources of local authorities**. The Government will take a fresh look at how council tax income should be taken into account when redistributing business rates at local government finance settlements, and will also consider other potential sources of income available to councils;
- focus initially on the **services currently funded through the local government finance settlement**; and
- be **developed through close collaboration with local government** to seek views on the right approach.”

1.3.4 The consultation commenced on 19 December and will end on 12 March. In view of the timescales involved and the programming of meetings, it is **recommended that delegated authority be given** to the Director of Finance and Transformation in liaison with the Leader and Cabinet Member for Finance, Innovation and Property to respond to the consultation.

1.3.5 In addition, the Secretary of State announced that there will be a consultation taking place in Spring 2018 on the Negative RSG (tariff) adjustments, with the outcome feeding into the 2019/20 local government finance settlement. The Secretary of State stated *“I can confirm that my department will be looking at fair and affordable options for dealing with Negative RSG”*. However, for now, the negative RSG amounts remain within the 2019/20 individual authority figures as can be seen in the table at paragraph 1.2.5.

1.4 Revenue Estimates 2018/19

1.4.1 As mentioned in the Foreword, the draft Revenue Estimates for 2018/19 were presented to the meetings of the Finance, Innovation and Property Advisory Board and the Overview and Scrutiny Committee earlier in the cycle. The role of the Advisory Board and of the Committee is to assist both the Cabinet and the Council in the development of its budget within the context of the Medium Term Financial Strategy and the Council's priorities. Whilst a number of questions were posed by

Members at these meetings, the Revenue Estimates as presented were endorsed.

- 1.4.2 Adjustments made to the Revenue Estimates presented to the Finance, Innovation and Property Advisory Board and the Overview and Scrutiny Committee are detailed in the table below. Adjustments include the investment of the estimated additional income from the Kent and Medway business rates pilot and the estimated loss of income claim in respect of the works to be carried out at Larkfield Leisure Centre funded from the Tonbridge and Malling Leisure Trust Reserve.

	Revised Estimate 2017/18 £	Original Estimate 2018/19 £
Summary Total reported to Finance, Innovation and Property Advisory Board on 3 January 2018	11,366,200	12,096,750
Property Investment Fund Reserve		500,000
Larkfield Leisure Centre Ventilation and Boiler Replacement – Loss of Income Claim		250,000
Establishment Changes		34,100
New Homes Bonus		9,850
Kent Safeguarding Children Board		1,500
Kent Resilience Forum		900
Tonbridge and Malling Leisure Trust Reserve		(250,000)
Management Savings	(116,650)	
Under-indexing Business Rates Multiplier	(27,700)	(46,150)
Investment Income		(15,000)
Grounds Maintenance Contract		(10,000)
Audit Fees		(4,000)
Wayleave Agreement	(1,250)	(1,250)
Current Summary Total	11,220,600	12,566,700

1.5 Fees and Charges

- 1.5.1 During the course of this budget cycle Members have, via the appropriate Advisory Boards, made recommendations regarding the levels of fees and charges to be implemented.
- 1.5.2 Proposals in respect of fees and charges recommended via the appropriate Advisory Boards have been reflected in the Budget. A summary of these recommendations, together with the resolution of Licensing and Appeals Committee in respect of licensing fees is set out at **[Annex 2]**.

1.5.3 Cabinet is accordingly **RECOMMENDED** to endorse the fees and charges set out in **[Annex 2]** as recommended by the appropriate Advisory Boards.

1.6 Capital Plan

1.6.1 The Capital Plan Review process started at the Finance, Innovation and Property Advisory Board on 3 January followed by the Overview and Scrutiny Committee on 23 January.

1.6.2 Members' attention was drawn to the financial challenge faced by the Council and the impact this has on the ability of the Council to invest in capital schemes. It was, however, also acknowledged that some capital projects can have a beneficial effect on the revenue position by either generating additional or new income, or alternatively producing cost savings in due course.

1.6.3 Members were reminded of 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). The criteria are:

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

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

1.6.5 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.

1.6.6 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.

1.6.7 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 2021/22 the Council may 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.

1.6.8 In addition, the Invest to Save Reserve or Transformation 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.

1.6.9 The Finance, Innovation and Property Advisory Board and the Overview and Scrutiny Committee endorsed the recommendations as detailed in the papers. The recommendations were:

- 1) Cabinet be asked to endorse the Capital Plan (List A) position as shown in Annex 2 of the Capital Plan Booklet summarised at **[Annex 3]** and note the contribution to the savings target as a result of the reassessment of Disabled Facilities Grant funding.
- 2) The schemes listed in **[Annex 4]** are added to List C or deleted from List C as detailed.
- 3) The schemes listed in **[Annex 5]** are selected for evaluation over the coming year. On this occasion, one new scheme has been recommended and for Fast-Track evaluation. In addition, there are five schemes selected for evaluation in a previous Review that are either on hold following evaluation, subject to further evaluation or yet to be evaluated as follows:
Tonbridge Farm Sportsground – Provision of Toilets, Tonbridge Racecourse Sportsground – Swimming Pool Bridge, Leybourne Lakes Country Park – Facility Improvements, River Medway – Riverside Lighting, Tonbridge and Financial Services Document Management Software.
- 4) The evaluated List C schemes are progressed in accordance with the recommendation shown in **[Annex 6]**.
- 5) Cabinet be asked to endorse the Capital Strategy at Annex 5 for adoption by Council and publication on the Council's website.

1.6.10 The estimated annual revenue costs of the evaluated List C schemes are given in the table below. The amount and timing of any revenue impact depends on the profiling of the capital expenditure and the timing of any changes in activity levels which generate changes to running costs or income. It can be seen that if the schemes are progressed as recommended the estimated revenue consequences is £10,100 in 2018/19 and £20,200 in subsequent years.

Scheme	Capital Cost £	Revenue Impact	
		2018/19 £	2019/20 £
Larkfield Leisure Centre – Ventilation System and Boiler Replacement	505,000	10,100	20,200
Racecourse Sportsground – Rugby Pitch Drainage Improvements	25,000		
Haysden Country Park – Car Park Extension	30,000		
Haysden Country Park – Sewage Treatment Facility	75,000		
Tonbridge Cemetery – Path Works	15,000		

Tonbridge to Penshurst Cycle Route Refurbishment	60,000		
Total	710,000	10,100	20,200

- 1.6.11 The schemes detailed above, other than the ventilation system and boiler replacement, are to be funded by way of developer contributions. The ventilation system and boiler replacement is to be met in part from the annual capital allowance. The balance is to be met by increasing the contribution to the revenue reserve for capital schemes in 2017/18 funded from the better than budgeted performance reflected in the 2017/18 revised estimates. The revenue consequences exclude an estimated loss of income claim in the sum of £250,000 to be funded from the Tonbridge and Malling Leisure Trust reserve.
- 1.6.12 An updated summary of the Capital Plan incorporating the schemes listed in paragraph 1.6.10 is attached at **[Annex 7]**.
- 1.6.13 A funding statement based on **[Annex 7]** is attached at **[Annex 8]**. The main source of funding is the Revenue Reserve for Capital Schemes and the impact on the Revenue Reserve for Capital Schemes is illustrated in **[Annex 9]**.
- 1.6.14 Accordingly, it is **RECOMMENDED** that:
- 1) Cabinet approves the position of the existing Capital Plan (List A) as summarised at **[Annex 3]** and note the contribution to the savings target as a result of the reassessment of Disabled Facilities Grant funding.
 - 2) Cabinet approves that the schemes listed in **[Annex 4]** are added to List C or deleted from List C as detailed.
 - 3) Cabinet approves the selection of those schemes listed in **[Annex 5]** for evaluation over the coming year. On this occasion, one new scheme has been recommended and for Fast-Track evaluation.
 - 4) Cabinet approves the transfer of schemes detailed in **[Annex 6]** to List A.
 - 5) Cabinet approves the updated Capital Plan (List A) as summarised in **[Annex 7]**.
 - 6) Cabinet endorse the Capital Strategy as presented to the Finance, Innovation and Property Advisory Board on 3 January and Overview and Scrutiny Committee on 23 January.

1.7 Treasury Management and Annual Investment Strategy

- 1.7.1 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).

1.7.2 The Prudential Code requires that the CIPFA Treasury Management Code of Practice (the Code) 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 2018/19.

1.7.3 The approval of the Strategy and determination of the prudential indicators has to be made by Full Council, as do amendments to either the Strategy or indicators during the year.

1.7.4 The Prudential Code under the auspices of the Local Government Act 2003 and subsidiary regulations requires that a number of treasury management prudential indicators are set as follows:

- 1) The capital financing requirement - the extent to which the authority needs to undertake external borrowing to support its capital programme.
- 2) The operational boundary for external debt.
- 3) The authorised limit for external debt.
- 4) The actual external debt.
- 5) The upper limit for fixed interest rate exposure.
- 6) The upper limit for variable rate exposure.
- 7) The upper limit for total principal sums invested for over 364 days.
- 8) The maturity structure for new fixed rate borrowing during 2018/19.

1.7.5 A summary of the indicators appears in the table below.

Treasury Management Prudential Indicators					
Prudential Indicator	2016/17 Actual	2017/18 Revised Estimate	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate
	£'000	£'000	£'000	£'000	£'000
The capital financing requirement	NIL	NIL	NIL	NIL	NIL
The operational boundary for external debt	NIL	2,000	2,000	2,000	2,000
The authorised limit for external debt	NIL	5,000	5,000	5,000	5,000
Actual external debt	NIL	NIL	NIL	NIL	NIL
The upper limit for fixed interest rate exposure >1 year at year end	NIL	It is anticipated that the net exposure will range between 0% to 60%			

The upper limit for variable rate exposure < 1 year at year end	13,098 43.5%	It is anticipated that the net exposure will range between 40% to 100%	
The upper limit for total principal sums invested for over 364 days at year end	NIL 0%	60% of funds	
The maturity structure for new fixed rate borrowing during 2018/19		Upper Limit	Lower Limit
Under 12 months		100%	NIL
Over 12 months		NIL	NIL

- 1.7.6 The capital financing requirement measures the amount of external borrowing that the Council expects to have to undertake in support of its capital programme. A nil figure indicates that no borrowing is required. As this Council is debt free and does not expect to have to borrow to support its capital programme over the period covered, this indicator is nil.
- 1.7.7 The operational boundary is designed to cover all day to day borrowing requirements. As this Council is debt free, borrowing is only undertaken on a short-term basis to cover cash flow management. Experience suggests that an operational boundary of £2.0m will be sufficient to cover all likely contingencies.
- 1.7.8 The authorised limit is intended to provide a degree of headroom above the operational boundary to cover unexpected and unusual borrowing requirements. A limit of £5.0m is estimated to be sufficient to cover such eventualities.
- 1.7.9 The other prudential indicators which we are required to set are shown in the table below.

Prudential Indicators

1.	Ratio of actual and estimated financing costs to the net revenue stream	(Interest payable with respect to borrowing less interest and investment income) ÷ (government grants plus call on local taxpayers) x 100%.						
	2016/17 actual -2.33%	2017/18 estimated -2.34%	2018/19 estimated -2.89%	2019/20 estimated -4.32%	2020/21 estimated -4.83%	2021/22 estimated -5.08%	2022/23 estimated -5.72%	2023/24 estimated -6.24%
2.	Estimates of the incremental impact of capital investment decisions on the council tax	The revenue impact of capital schemes added to the capital plan on the Council Tax Band D equivalent. The figures below show the estimated effect on the Borough Council's Band D equivalent of the addition of List B schemes to list A. A more detailed version of this indicator appears in [Annex 10] .						
	Total	2018/19 estimated £ 0.20	2019/20 estimated £ 0.20	2020/21 estimated £ 0.00	2021/22 estimated £ 0.00	2022/23 estimated £ 0.00	2023/24 estimated £ 0.00	
3.	Actual and	This indicator is based on the updated capital plan						

estimated capital expenditure			position. The figures are based on those shown in [Annex 8].				
2016/17 actual £'000	2017/18 estimated £'000	2018/19 estimated £'000	2019/20 estimated £'000	2020/21 estimated £'000	2021/22 estimated £'000	2022/23 estimated £'000	2023/24 estimated £'000
1,632	2,669	4,336	1,740	2,127	1,364	2,144	1,421

- 1.7.10 We, therefore, **RECOMMEND** that for the financial year 2018/19 the prudential indicators listed in paragraphs 1.7.5 and 1.7.9 be recommended to Council for adoption.
- 1.7.11 A local authority has a statutory duty to “*determine for the current financial year an amount of minimum revenue provision that it considers to be prudent*” in relation to its capital expenditure. It would be impractical to charge the entirety of such expenditure to revenue in the year in which it was incurred and so such expenditure is spread over several years so as to try and match the years over which such assets benefit the local community through their useful life.
- 1.7.12 The spreading of these costs is through what is termed an *annual minimum revenue provision*. As the Council is debt free and, at least in the short term, does not expect to borrow to support its capital programme the minimum revenue provision is nil. Guidance issued by the Government also recommends that a Minimum Revenue Provision Policy Statement be prepared. We propose to prepare such a Statement at a time when our capital expenditure plans cannot be met without recourse to borrowing. Based on current estimates, this is not anticipated to be before 2021/22.
- 1.7.13 Members are asked to NOTE that for the financial year 2018/19 our Minimum Revenue Provision is nil.

1.8 Consultation with Non-Domestic (Business) Ratepayers

- 1.8.1 Representatives of the Council’s Non Domestic Ratepayers have been consulted in respect of the draft revenue budget and capital plan. 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. The deadline given for responses was 19 January 2018. ***Cabinet is advised that no comments have been received.***

1.9 Medium Term Financial Strategy Update

- 1.9.1 To recap, the Council’s 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 for the forthcoming year and over the strategy period. The aim of the MTFS is to give us a realistic and sustainable plan that reflects the Council’s priorities.

- 1.9.2 The Strategy also sets out, based on current financial information, 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.
- 1.9.3 Members are fully aware of the significant financial challenge faced by 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.
- 1.9.4 The MTFs sets out the high level objectives the Council wishes to fulfil over the agreed time span and which 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 (STS) 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.
- 1.9.5 The budget for 2018/19 is, naturally, the starting point for updating the MTFs. Referring to paragraph 1.4.2, Members will note that the Summary Total for the 2017/18 Revised Estimates is £11,220,600; and for the 2018/19 Estimates is £12,566,700 and is used in the budget projections in the Medium Term Financial Strategy at **[Annex 11a]**.
- 1.9.6 When updating the MTFs we need to take into account the following (not exclusive) factors:
- The Local Government Finance Settlement announcement.

- Those factors that have contributed towards addressing the ‘funding gap’ including the renegotiation of the Tonbridge and Malling Leisure Trust service fee, investment return on proceeds from the pending sale of Council owned assets and establishment changes.
- Those factors that have taken matters in the ‘wrong’ direction including pay inflation, resource pressures as a result of legislative changes and extending a council tax increase of £5 each year further into the future than this time last year.
- The level of council tax increase for 2018/19 above which the local authority would be required to seek the approval of their electorate via a local referendum. For the year 2018/19 a referendum will be triggered where council tax is increased by 3%, or more than 3% and more than £5. For the purposes of updating the MTFS an increase of circa 3% in 2018/19 has been assumed followed by an increase of £5 each year up to 2026/27 and 3% in 2027/28. To put this into context, 1% currently equates to about £100,000.
- The ongoing impact of the Business Rates Retention scheme and the proposal to move to a 100% Business Rates Retention scheme. The Council’s actual business rates income has, thus far, been below the baseline set under the scheme and the Council has to meet a share of that shortfall up to a maximum of circa £166,000 in 2018/19 (or would do if we were not part of the 2018/19 Kent and Medway pilot referred to earlier). Current projections suggest we are getting ever closer to the baseline set and at the time of writing assuming all things remain equal, we could find ourselves above baseline at the year-end for 2017/18. Were this to be the case, any achievement above baseline would be reflected in the 2018/19 surplus/deficit calculation. For medium term financial planning purposes it is assumed that from 2021/22 the Council will be above the baseline set and benefitting as a result from additional business rates income. The question remains as to what will our baseline funding level be under an ‘eventual’ 100% Business Rates Retention scheme – (noting that the Secretary of State announced a plan to move to a 75% retention scheme in 2020/21) – and how this then 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. For medium term financial planning purposes it is assumed that from 2020/21 the scheme will reduce in length to three years (reduced from six years to four years previously) and from 2021/22 the Council will receive via NHB and or alternative funding source in the order of £1.3m rising steadily thereafter to around £1.4m by the end of the period. Changes over and above that assumed will only add to what is already a

very difficult financial outlook and at worse put financial sustainability at risk. The question remains as to the extent to which NHB will feature in future government grant funding and if replaced what level of funding would we receive in its place?

- 1.9.7 Members will recall we set ourselves a **savings target for this year of £650,000** and from the Finance Update in September that at that time around half of that sum had been identified. Since then further savings have been identified (e.g. potential investment return on the proceeds of land sales approved by Council; reduction in Council's own contribution to Disabled Facilities Grants; and establishment changes reported to General Purposes Committee in November) and to date **savings in the order of £646,000 have been achieved** (a fraction shy of the target set for the year). This is clearly excellent news given the position we were in in September.
- 1.9.8 **However**, as Members are aware, there are always other factors that can impact on the MTFs that either takes the 'funding gap' in the right or wrong direction. When these factors are taken into account (most of which are outside our control) **net savings in the order of £600,000 have been achieved** when compiling the Revenue Estimates for 2018/19 and the difference of £50,000 will need to be reflected in the MTFs and the revised savings targets this generates.
- 1.9.9 This time last year the projected 'funding gap' was put at £1.6m and a year on, all other things being equal, was expected to be £950,000. **The latest projected 'outstanding' funding gap is £1,000,000** (£1,600,000 - £600,000).
- 1.9.10 As in previous iterations of the MTFs the updated savings target can be broken down into tranches. The proposed scale and timing of each of the savings tranches is given below.
- 1) Tranche 1 - £350,000 to be achieved by April 2019 (previously £700,000).
 - 2) Tranche 2 - £350,000 to be achieved by April 2020 (previously nil).
 - 3) Tranche 3 - £300,000 to be achieved by April 2021 (previously £250,000).
- 1.9.11 One thing is clear – a significant financial challenge remains to be addressed over the medium term.
- 1.9.12 **[Annex 11a]** sets out the picture for the MTFs.

Members will appreciate that there is so much uncertainty that financial planning is becoming increasingly difficult with the increased risk of significant variances compared to projections. The Director of Finance and Transformation is keen to stress (as mentioned at paragraph 1.9.6) that **depending on what happens not least to NHB in the future, further savings could be required.**

- 1.9.13 Cabinet is **RECOMMENDED** to:

- 1) Reaffirm the high level objectives of the MTFS set out at paragraph 1.9.4 above.
- 2) Note and endorse the updated MTFS **[Annex 11a]** including the proposed scale and timing of each of the savings tranches set out at paragraph 1.9.10.
- 3) Give guidance to Full Council as to the best way forward in updating the MTFS for the next ten-year period, and setting the council tax for 2018/19.

1.10 Savings and Transformation Strategy

1.10.1 Alongside the MTFS 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.

1.10.2 When the STS was adopted by Full Council in February 2016, a number of key themes were identified, together with outline targets and timescales which need to be revisited and aligned with the latest projected 'funding gap'.

1.10.3 Before turning to the update of the STS leading us into the period 2018/19 to 2020/21, it is worth reflecting on the cumulative savings that have been achieved since the inception of the Strategy in 2016. **[Annex 11b]** sets out the individual savings achieved in each year, by theme. In summary form, this is as follows:

Theme	Savings Identified by April 2016 £000	Savings Identified by April 2017 £000	Savings Identified by April 2018 £000	Total Savings Identified £000
Income Generation & Cost Recovery	60	146	88	294
In-Service Efficiencies	200	77	50	327
Service Change & Reduction	0	100	3	103
Contracts	0	0	200	200
Organisation Structure Change	15	129	119	263
Partnership Funding	0	431	0	431
Asset Management	0	0	186	186
Total	275	883	646	1804

- 1.10.4 Members will note that just over £1.8m in savings or new income has been identified since inception, averaging £600,000 per year. The most significant items contributing to that total are the outcome of the 'Fairer Charging' project which resulted in the introduction of a Special Expenses Scheme (shown in the summary table above within the 'Partnership' theme) and the significant savings made through service and staffing reviews.
- 1.10.5 The theme that has achieved the least amount of savings is, not surprisingly, 'Service Change & Reduction', given that it has been Members' clear objective to protect services for as long as possible. However, with other areas now perhaps reaching a level of 'exhaustion', Management Team is of the view that this area now needs greater emphasis and challenge, including through the Overview and Scrutiny programme.
- 1.10.6 An updated copy of the STS, recommended by Management Team, including revised outline targets and timescales for each of the themes totalling £1.0m can be found at **[Annex 11c]**. As mentioned in paragraph 1.10.5, greater emphasis has been put on the theme 'Service Change & Reduction' as we move forward. In addition, a significant allocation has been made against the theme 'Contracts' given that we are now in the throes of retendering the Refuse and Recycling contract and that Members have already agreed in principle to introduce a charging system for green waste.
- 1.10.7 Cabinet is requested to endorse the updates made to the STS, and **RECOMMEND** its adoption by Full Council as part of the Budget setting process.
- 1.10.8 Turning back to the specific budget year 2018/19. The budget for 2018/19 includes a contribution to the general revenue reserve of £433,400 and a Summary of the Revenue Estimates Booklet is attached at **[Annex 12]**.

1.11 Collection Fund Adjustments

- 1.11.1 As the billing authority for the area, this Council has responsibility for maintaining the 'collection fund' accounts into which business rates and council tax are paid.
- 1.11.2 Each year before we can finalise our calculations in respect of the tax requirements, we have to:
- Estimate the surplus / deficit on the collection fund for 2017/18 in respect of council tax and then share this between the major precepting authorities (including ourselves).
 - Estimate the surplus / deficit on the collection fund for 2017/18 in respect of business rates and then share this between the relevant parties in accordance with the business rates retention scheme.
- 1.11.3 These are known as collection fund adjustments:

- The **surplus** on the collection fund in respect of council tax is estimated to be £818,893, of which our share is £124,226 [**Annex 13a**].
- The **surplus** on the collection fund in respect of business rates is estimated to be £15,308 of which our share is £6,123 [**Annex 13b**].

1.12 Special Expenses and Parish Council Precepts

1.12.1 A Special Expenses Scheme was introduced on the 1 April 2017 [**Annex 14a**].

1.12.2 Details of the Special Expenses for 2018/19 are set out at [**Annex 14b**]. The basic amount of council tax of £187.73 plus the special expenses Band D charge, where applicable, gives the total Borough Council Band D charge for that area.

1.12.3 When publishing the Borough Council's level of council tax at Band D for "official" purposes in accordance with the prescribed methodology from the Ministry for Housing, Communities and Local Government (MHCLG), we are required to aggregate all expenditure (as if special expenses did not exist) and calculate a **notional** Band D figure. (This is so that the MHCLG can see that the referendum principles have been adhered to).

1.12.4 The resultant published (notional) council tax at Band D for 2018/19 is £203.42, being £5.91 or 2.99% higher than the published Band D council tax for 2017/18. As Members will note, no resident will actually pay this exact amount as the Borough Council's Band D – unless it is by coincidence.

1.12.5 Cabinet is requested to **ENDORSE** the special expenses calculated in accordance with the Special Expenses Scheme and set out in [**Annex 14b**].

1.12.6 Details of Parish Council precepts notified to the Borough Council are given at [**Annex 15**].

1.13 Robustness of Estimates / Adequacy of Reserves

1.13.1 The Council is required to have regard to the level of its balances and reserves before determining its council tax requirement. [**Annex 16**] sets out the projected general fund and general revenue reserve balances based on an increase of £5.91 to the notional council tax level.

1.13.2 The Local Government Act 2003 requires the Chief Financial Officer (in our case the Director of Finance and Transformation) to report to an authority, when making the statutory calculations required to determine its council tax, on the robustness of the estimates included in the budget and the adequacy of the reserves for which the budget provides.

1.13.3 What is required is the professional advice of the Director of Finance and Transformation on these two questions. This responsibility is discharged by way of a certified Statement.

1.13.4 The Director of Finance and Transformation advises that she is satisfied as to the Robustness of the Estimates and the Adequacy of Reserves **on the understanding that the savings target based on latest projections of £1.0m is delivered.**

1.13.5 A Statement covering the points above is appended at **[Annex 17]**. Members will note that overall the Director of Finance and Transformation signifies that, in her professional opinion, the estimates are robust and the level of reserves adequate.

1.13.6 A schedule of the reserves held by the Council at 1 April 2017 and proposed utilisation of those reserves to 31 March 2019 is provided at **[Annex 17]** Table A. As this Council's Chief Finance Officer, the Director of Finance and Transformation has undertaken a review of the earmarked reserves held and is satisfied as to the position depicted and will revisit the position as part of the closedown process for 2017/18.

1.13.7 Members are **RECOMMENDED** to note and endorse the Statement provided by the Director of Finance and Transformation.

1.14 Calculation of Borough Council's Tax Requirement

1.14.1 The Council is required to calculate:

- Its aggregate expenditure which, for this purpose, includes our share of any Collection Fund deficit and the Parish Council precepts.
- Its aggregate income which, for this purpose, includes our share of any Collection Fund surplus and the Local Government Finance Settlement (see paragraph 1.2).
- The amount by which the aggregate expenditure exceeds the aggregate income is to be its council tax requirement for the year.

1.14.2 Assuming Cabinet's concurrence with the recommendations set out in paragraph 1.9.14, the calculation is set out at **[Annex 18]**. It should be noted that, for this purpose, the Borough Council's council tax requirement includes the Parish Council precepts.

1.15 Legal Implications

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

1.15.2 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.

1.16 Financial and Value for Money Considerations

- 1.16.1 Two key questions remain. What will our business rates baseline be under an 'eventual' 100% Business Rates Retention scheme and how this then compares to that reflected in the MTFs taking into account transfer of any new responsibilities; and the extent to which NHB will feature in future government grant funding and if replaced what level of funding would we receive in its place?
- 1.16.2 The impact of current economic conditions on Council finances / financial assumptions in respect of inflation, interest rates, income levels, etc. and the scale of the impact over the medium term are uncertain and difficult to determine.

1.17 Risk Assessment

- 1.17.1 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.
- 1.17.2 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 the Savings and Transformation Strategy regularly reviewed by Management Team. In addition, not identifying and implementing the requisite savings will put at risk the integrity of the MTFs.
- 1.17.3 The increased uncertainty and volatility particularly in some of our major sources of income (business rates and New Homes Bonus) and more recently Brexit make financial planning that more difficult with increased risk of significant variances compared to projections.
- 1.17.4 The projected figures for NHB are at risk of further revision downwards which would further add to the savings target.
- 1.17.5 Members are reminded that there are factors not reflected in or throughout the duration of the MTFs, e.g. the impact of Welfare Reform changes (Universal Credit). In addition, beyond 2026/27, the MTFs assumes a 3% increase in council tax.
- 1.17.6 Failure to endorse a satisfactory Capital Strategy may lead to a capital programme which does not fully support the Council's priorities and corporate objectives.

1.17.7 Any increase in council tax above the relevant threshold, even by a fraction of a percentage point, would require a referendum to be held.

1.17.8 At the time of finalising this report for agenda publication, we have not received the final local government finance settlement. **Figures contained within this report are, therefore, based on the provisional settlement.** We do not anticipate there being any significant difference in the 'final' figures. Members will, of course, be updated as appropriate.

1.18 Equality Impact Assessment

1.18.1 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.

1.19 Summary of Recommendations

1.19.1 Cabinet is **RECOMMENDED** to:

- 1) Endorse the fees and charges set out in **[Annex 2]** as recommended by the appropriate Advisory Boards.
- 2) Update the Capital Plan as set out in paragraph 1.6.14 and recommend that Council adopt the Capital Plan accordingly.
- 3) Endorse the Capital Strategy as presented to the Finance, Innovation and Property Advisory Board on 3 January and the Overview and Scrutiny Committee on 23 January and recommend to Council it be adopted.
- 4) Endorse the prudential indicators listed in paragraphs 1.7.5 and 1.7.9 and recommend to Council that they be adopted.
- 5) Note that for the financial year 2018/19 the Council's Minimum Revenue Provision as set out at paragraph 1.7.12 is nil.
- 6) Reaffirm the high level objectives of the MTFS (paragraph 1.9.4. refers).
- 7) Note and endorse the updated MTFS **[Annex 11a]** including the proposed scale and timing of each of the savings tranches set out at paragraph 1.9.10.
- 8) Give guidance to Full Council as to the best way forward in updating the MTFS for the next ten-year period, and setting the council tax for 2018/19.
- 9) Endorse the updates made to the Savings and Transformation Strategy, and recommend its adoption by Full Council as part of the Budget setting process **[Annex 11c]**.

- 10) Endorse the special expenses calculated in accordance with the Special Expenses Scheme and set out in **[Annex 14b]**.
- 11) Note and endorse the Statement provided by the Director of Finance and Transformation as to the Robustness of the Estimates and the Adequacy of the Reserves.
- 12) Endorse that delegated authority be given to the Director of Finance and Transformation in liaison with the Leader and Cabinet Member for Finance, Innovation and Property to respond to the technical consultation entitled "*Fair funding review: a review of relative needs and resources*".

Background papers:

contact: Sharon Shelton
Neil Lawley

Nil

Julie Beilby
Chief Executive

Sharon Shelton
Director of Finance and Transformation

Nicolas Heslop
Leader of the Council

Martin Coffin
Cabinet Member for Finance, Innovation and Property
and Deputy Executive Leader

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Local Government Finance Settlement 2018/19 to 2019/20

	2018/19				
	Revenue Support Grant	Business Rates Baseline	Tariff Adjustment	Settlement Funding Assessment	Per Head
	£	£	£	£	£
Ashford	-	3,047,605	-	3,047,605	24.16
Canterbury	-	4,889,054	-	4,889,054	30.10
Dartford	-	2,927,325	-	2,927,325	27.74
Dover	-	4,132,436	-	4,132,436	36.18
Gravesham	-	3,048,188	-	3,048,188	28.54
Maidstone	-	3,135,707	-	3,135,707	18.85
Sevenoaks	-	2,216,508	-	2,216,508	18.60
Shepway	-	3,895,563	-	3,895,563	35.04
Swale	-	4,833,661	-	4,833,661	33.33
Thanet	-	5,670,296	-	5,670,296	40.31
Tonbridge and Malling	-	2,214,110	-	2,214,110	17.39
Tunbridge Wells	-	2,284,265	-	2,284,265	19.51

	2019/20				
	Revenue Support Grant	Business Rates Baseline	Tariff Adjustment	Settlement Funding Assessment	Per Head
	£	£	£	£	£
Ashford	-	2,829,453	(236,720)	2,592,733	20.55
Canterbury	-	4,608,877	(310,101)	4,298,776	26.47
Dartford	-	2,670,440	(98,083)	2,572,357	24.37
Dover	56,538	3,642,989	-	3,699,527	32.39
Gravesham	-	2,915,178	(243,714)	2,671,464	25.01
Maidstone	-	3,205,255	(1,588,624)	1,616,631	9.72
Sevenoaks	-	2,265,669	(1,082,611)	1,183,058	9.93
Shepway	-	3,670,062	(301,434)	3,368,628	30.30
Swale	113,144	4,218,485	-	4,331,629	29.86
Thanet	97,453	4,969,247	-	5,066,700	36.02
Tonbridge and Malling	-	2,263,217	(998,296)	1,264,921	9.94
Tunbridge Wells	-	2,334,928	(606,086)	1,728,842	14.77

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The Referendums Relating to Council Tax Increases (Principles) (England) Report 2018/19

Legislative background

General

1. Under section 52ZBa of the Local Government Finance Act 1992 (“the 1992 Act”) each billing authority and precepting authority must determine whether its relevant basic amount of council tax^b for a financial year (“the year under consideration”) is excessive. If an authority’s relevant basic amount of council tax is excessive a referendum must be held in relation to that amount.
2. Under section 52ZCc of the 1992 Act the question of whether an authority’s relevant basic amount of council tax is excessive must be decided in accordance with a set of principles determined by the Secretary of State. A set of principles —
 - may contain one principle or two or more principles, and
 - must constitute or include a comparison between the authority’s relevant basic amount of council tax for the year under consideration and its relevant basic amount of council tax for the financial year immediately preceding the year under consideration^d.
3. In setting principles for the year under consideration the Secretary of State may determine categories of authority. If the Secretary of State does so the same principles must be determined for all authorities falling within the same category and if an authority does not fall within any of the categories its relevant basic amount of council tax is not capable of being excessive for the year under consideration^e.
4. If the Secretary of State does not determine categories of authority for the year under consideration, any principles determined for the year must be such that the same set is determined for all authorities^f.
5. The principles for a financial year must be set out in a report which must be laid before and approved by the House of Commons. If the report for a financial year is not approved on or before the date on which the local government finance report for the same year is

^a Section 52ZB was inserted into the 1992 Act by Schedule 5 to the Localism Act 2011.

^b The term “relevant basic amount of council tax” is defined in section 52ZX of the 1992 Act (inserted as above and amended by section 41(1) and (9) to (13) of the Local Audit and Accountability Act 2014).

^c Section 52ZC was inserted into the 1992 Act by Schedule 5 to the Localism Act 2011 and is modified by S.I. 2017/611.

^d Section 52ZC(2) and (3) of the 1992 Act.

^e Section 52ZC(4) of the 1992 Act.

^f Section 52ZC(5) of the 1992 Act.

approved by the House of Commons, no principles have effect for that year and accordingly no authority's relevant basic amount of council tax is capable of being excessive for that year^a.

The Greater London Authority

6. The Greater London Authority ("the GLA") calculates two different basic amounts of council tax for a financial year —
 - an amount which applies to the City of London and which does not include any amount in respect of the Mayor's Office for Policing and Crime, and
 - an amount which applies to all parts of Greater London other than the City of London and which includes an amount in respect of the Mayor's Office for Policing and Crime^b.
7. The GLA's relevant basic amount of council tax is defined by reference to these two amounts. In particular —
 - the relevant basic amount derived from the first of the amounts mentioned in paragraph 6 above is referred to in the 1992 Act as the GLA's unadjusted relevant basic amount of council tax, and
 - the relevant basic amount derived from the second of the amounts mentioned in paragraph 6 above is referred to in the 1992 Act as the GLA's adjusted relevant basic amount of council tax^c.
8. A principle that applies to the GLA, and that constitutes or includes a comparison between the GLA's relevant basic amount of council tax for the year under consideration and the financial year immediately preceding that year, may only provide for —
 - a comparison between unadjusted relevant basic amounts of council tax,
 - a comparison between adjusted relevant basic amounts of council tax, or
 - both^d.

^a See generally section 52ZD of the 1992 Act, inserted as above.

^b Sections 88(2) and 89(3) of the Greater London Authority Act 1999. Section 88(2) was substituted by section 77(1) and (3) of the Localism Act 2011 and section 89(4) (which is mentioned in section 89(3)) was substituted by section 77(1) and (7) of that Act. The Mayor's Office for Policing and Crime was established by section 3 of the Police Reform and Social Responsibility Act 2011.

^c Section 52ZX(4) of the 1992 Act.

^d Section 52ZC(6) of the 1992 Act.

The Report

9. This Report is made by the Secretary of State for Communities and Local Government and laid before the House of Commons under section 52ZD(1) of the 1992 Act.
10. The Report applies to all billing authorities, major precepting authorities falling within section 39 (1) (a), (aa) and (b) to (db) of the 1992 Act and the Greater Manchester Combined Authority^a. Accordingly no principles are specified for local precepting authorities for that year.

Principles for the financial year beginning on 1st April 2018

11. The principles which apply for 2018-19 are set out in Annex A to this Report. If this Report is approved by resolution of the House of Commons the principles will have effect for that financial year.

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

[] 2018

Name
Parliamentary Under Secretary of State
Department for Communities and Local Government

^a The Greater Manchester Combined Authority was created by The Greater Manchester Combined Authority Order 2011, S.I. 2011/908

Principles for the financial year beginning on 1st April 2018

The set of principles determined by the Secretary of State under section 52ZC(1) of the Local Government Finance Act 1992 for the financial year beginning on 1st April 2018 is as follows:

Interpretation

1.—(1) In this set of principles—

“2017-18” means the financial year beginning on 1st April 2017;

“2018-19” means the financial year beginning on 1st April 2018;

“the 1992 Act” means the Local Government Finance Act 1992(a);

“the GLA” means the Greater London Authority;

“a relevant local authority” means-

(a) an authority falling within section 1(4) of the Care Act 2014(b); and

(b) the Council of the Isles of Scilly;

“a shire district council” means a district council for an area for which there is a county council.

(2) In this set of principles any reference to an authority is a reference to a billing authority, a major precepting authority falling within section 39 (1) (a), (aa) and (b) to (db) of the 1992 Act, and the Greater Manchester combined authority.

(3) Terms used in this set of principles which are also used in the 1992 Act have the same meanings as in that Act.

Categories of authority for 2018-19

2. For 2018-19, the Secretary of State determines that the following are categories of authority for the purposes of section 52ZC of the 1992 Act—

(a) any relevant local authority(c);

(b) the GLA;

(c) any shire district council;

(d) any police and crime commissioner;

(e) the Greater Manchester combined authority;(d) and

(f) any other authority.

(a) 1992 c.14.

(b) 2014 c.23. The definition in section 1(4) of the Act covers (a) county councils in England; (b) district councils for an area in England for which there is no county council; (c) London borough councils, and (d) the Common Council of the City of London.

(c) The bodies that are within this category are set out, for information, in Annex B to this Report.

(d) Where the mayor of a combined authority exercises PCC functions Chapter 4ZA of Part 1 of the Local Government Finance Act 1992 is modified by paragraphs 7 to 10 of the Combined Authorities (Finance) Order 2017, S.I. 2017/611.

Principles for 2018-19 for authorities belonging to the category mentioned in paragraph 2(a)

3. For 2018-19, the relevant basic amount of council tax of an authority which belongs to the category mentioned in paragraph 2(a) is excessive if the authority's relevant basic amount of council tax for 2018-19 is 6% (comprising 3% for expenditure on adult social care and 3% for other expenditure), or more than 6%, greater than its relevant basic amount of council tax for 2017-18.

Principles for 2018-19 for the Greater London Authority in paragraph 2(b)

4. For 2018-19, the GLA's relevant basic amount of council tax is excessive if—

- (a) the GLA's unadjusted relevant basic amount of council tax for 2018-19 is 3%, or more than 3%, greater than its unadjusted relevant basic amount of council tax for 2017-18; or
- (b) the GLA's adjusted relevant basic amount of council tax for 2018-19 is more than £12 greater than its adjusted relevant basic amount of council tax for 2017-18.

Principles for 2018-19 for authorities belonging to the category mentioned in paragraph 2(c)

5. For 2018-19, the relevant basic amount of council tax of an authority which belongs to the category mentioned in paragraph 2(c) is excessive if the authority's relevant basic amount of council tax for 2018-19 is—

- (a) 3%, or more than 3%, greater than its relevant basic amount of council tax for 2017-18; and
- (b) more than £5 greater than its relevant basic amount of council tax for 2017-18.

Principles for 2018-19 for authorities belonging to the category mentioned in paragraph 2(d)

6. For 2018-19, the relevant basic amount of council tax of an authority which belongs to the category mentioned in paragraph 2(d) is excessive if the authority's relevant basic amount of council tax for 2018-19 is more than £12 greater than its relevant basic amount of council tax for 2017-18.

Principles for 2018-19 for authorities belonging to the category mentioned in paragraph 2(e)

7. For 2018-19, the PCC component relevant basic amount of council tax of the Greater Manchester combined authority is excessive if the authority's PCC component relevant basic amount of council tax for 2018-19 is more

than £12 greater than its PCC component relevant basic amount of council tax for 2017-18.

Principles for 2018-19 for authorities belonging to the category mentioned in paragraph 2(f)

8. For 2018-19, the relevant basic amount of council tax of an authority which belongs to the category mentioned in paragraph 2(e) is excessive if the authority's relevant basic amount of council tax for 2018-19 is 3%, or more than 3%, greater than its relevant basic amount of council tax for 2017-18.

Local authorities for the following areas fall within the definition of “relevant local authority” in the *Principles for the financial year beginning on 1st April 2018*

(INNER LONDON)

City of London
Camden
Greenwich
Hackney
Hammersmith & Fulham

Islington
Kensington & Chelsea
Lambeth
Lewisham
Southwark

Tower Hamlets
Wandsworth
Westminster

(OUTER LONDON)

Barking & Dagenham
Barnet
Bexley
Brent
Bromley

Croydon
Ealing
Enfield
Haringey
Harrow

Havering
Hillingdon
Hounslow
Kingston-upon-Thames
Merton

Newham
Redbridge
Richmond-upon-Thames
Sutton
Waltham Forest

(GREATER MANCHESTER)

Bolton
Bury
Manchester
Oldham
Rochdale
Salford
Stockport
Tameside

Trafford
Wigan

(MERSEYSIDE)

Knowsley
Liverpool
St Helens
Sefton
Wirral

(SOUTH YORKSHIRE)

Barnsley
Doncaster
Rotherham
Sheffield

(TYNE AND WEAR)

Gateshead
Newcastle-upon-Tyne
North Tyneside
South Tyneside
Sunderland

(WEST MIDLANDS)

Birmingham
Coventry
Dudley
Sandwell
Solihull
Walsall
Wolverhampton

(WEST YORKSHIRE)

Bradford
Calderdale
Kirklees
Leeds
Wakefield

(COUNTY COUNCILS)

Buckinghamshire
Cambridgeshire
Cumbria
Derbyshire
Devon

Dorset
East Sussex
Essex
Gloucestershire
Hampshire

Hertfordshire
Kent
Lancashire
Leicestershire
Lincolnshire

Norfolk
North Yorkshire
Northamptonshire
Nottinghamshire
Oxfordshire

Somerset
Staffordshire
Suffolk
Surrey
Warwickshire

West Sussex
Worcestershire

(UNITARY AUTHORITIES)
Bath & North East Somerset
Bedford
Blackburn with Darwen
Blackpool
Bournemouth

Bracknell Forest
Brighton & Hove
Bristol
Central Bedfordshire
Cheshire East

Cheshire West and Chester
Cornwall
Darlington
Derby
Durham

East Riding of Yorkshire
Halton
Hartlepool
Herefordshire
Isle of Wight Council

Isles of Scilly
Kingston-upon-Hull
Leicester
Luton
Medway

Middlesbrough
Milton Keynes
North East Lincolnshire
North Lincolnshire
North Somerset

Northumberland
Nottingham
Peterborough
Plymouth
Poole

Portsmouth
Reading
Redcar & Cleveland
Rutland
Shropshire

Slough
South Gloucestershire
Southampton
Southend-on-Sea
Stockton-on-Tees

Stoke-on-Trent
Swindon
Telford & Wrekin
Thurrock
Torbay

Warrington
West Berkshire
Wiltshire
Windsor & Maidenhead
Wokingham
York

**Item SSE 17/16 referred from Street Scene and Environment Services
Advisory Board minutes of 6 November 2017**

SSE 17/16 REVIEW OF CAR PARKING FEES AND CHARGES

The joint report of the Director of Street Scene, Leisure and Technical Services and the Director of Finance and Transformation set out recommendations for car parking fees and charges for implementation from 1 April 2018.

Careful consideration was given to the options set out in the report and Members noted that, whilst the Council regularly reviewed its fees and charges for services provided for the local community, the last review of car parking charges in 2016 had not recommended any increases. Consequently, there had been no increase in any parking charges in the Borough for the last two years.

Additionally, Members were provided with details of the set of guiding principles established by the Council for the setting of fees and charges together with a summary of the level of investment and cost to the Authority of providing the parking service.

RECOMMENDED: That the following proposals be approved by Cabinet with effect from 1 April 2018:

- (1) the schedule of charges for short and long stay parking in Tonbridge, shown in Table 1 to the report, be introduced;
- (2) week day short day parking charges to the car parking bays in the Tonbridge Castle grounds, including the purchase of a new car parking ticket machine, be introduced;
- (3) the schedules of Peak and Off-Peak Season ticket charges in Tonbridge, shown in Tables 2 and 3 to the report, be adopted;
- (4) the Ryarsh Lane, West Malling Annual Season ticket charges be increased to £175;
- (5) the schedule of charges for short stay parking in West Malling, shown in Table 5 to the report, be introduced with the new 4 hour tariff amended to £3.20;
- (6) the schedule of charges for Blue Bell Hill car park, shown in Table 6 to the report, be introduced;
- (7) the schedule of charges for Borough Green Western Road car park, shown in Table 7 to the report, be introduced;
- (8) Residents Permits (Residential Preferential Parking Scheme) be retained at £40 per year;

- (9) the schedule of charges for Business Permits and Dispensations, shown in Table 8 to the report, be introduced;
- (10) Visitor Permits be retained at £12 for a book of 10 permits, the current offer of 10 free Visitor Permits be limited to new applicants for a Residents Permit and the offer of 10 free Visitor Permits on renewal of a Residents Permit be discontinued;
- (11) the schedule of charges for Haysden and Leybourne Lakes country parks, shown in Table 9 to the report, be introduced;
- (12) the schedule of charges for On-Street Pay and Display parking in Tonbridge, shown in Table 10 to the report, be introduced; and
- (13) the potential introduction of On-Street Permit and Pay and Display parking in designated areas of North Tonbridge be investigated.

***Referred to Cabinet**

**Item SSE 17/17 referred from Street Scene and Environment Services
Advisory Board minutes of 6 November 2017**

SSE 17/17 REVIEW OF FEES AND CHARGES

The joint report of the Director of Street Scene, Leisure and Technical Services, the Director of Planning, Housing and Environmental Health and the Director of Finance and Transformation set out proposed fees and charges for the provision of services in respect of household bulky refuse and fridge/freezer collections, "missed" refuse collections, stray dog redemption fees, pest control, condemned food certificates, exported food certificates, contaminated land monitoring and private water supplies from April 2018.

In bringing forward the proposals for 2018/19, it was noted that consideration had been given to a range of factors including the Council's overall financial position, trading patterns, the current rate of inflation, competing facilities and customer demand.

RECOMMENDED: That Cabinet approve the scale of charges for household bulky refuse and fridge/freezer collection, "missed" refuse collection, stray dog redemption fees, pest control, condemned food certificates, exported food certificates, contaminated land monitoring and sampling private water supplies with effect from April 2018, as detailed in the report to the Advisory Board.

***Referred to Cabinet**

Item CH 17/31 referred from Communities and Housing Advisory Board minutes of 13 November 2017

CH 17/31 REVIEW OF CEMETERY CHARGES 2018/19

The joint report of the Director of Street Scene, Leisure and Technical Services and the Director of Finance and Transformation outlined the proposed charges for 2018/19 with regard to Tonbridge Cemetery.

RECOMMENDED: That the proposed charges for Tonbridge Cemetery, as detailed at Annex 2 to the report, be agreed and implemented with effect from 1 April 2018.

***Referred to Cabinet**

Item PE 17/17 referred from Planning and Transportation Advisory Board minutes of 5 December 2017

PE 17/17 PRE-APPLICATION PLANNING ADVICE CHARGING REGIME AND BUILDING CONTROL APPLICATION FEES

Consideration was given to the report of the Director of Planning, Housing and Environmental Health regarding proposed changes to the Pre-application Planning Advice Charging Regime and an overall approach to Building Control Fees. It was noted that detailed monitoring between 1 April and 1 November 2017 indicated that no changes to the Pre-application Protocol were necessary but the fees should be adjusted in order to recover costs of providing advice, as set out at Annex 1 to the report.

Reference was made to the partnership arrangement with Sevenoaks District Council for provision of building control services, overseen by a Management Board, and to an approach aiming at a fee increase of approximately 3% across the range of application types. Since further detailed work was required to set the precise fee scales, it was suggested that the Director of Planning, Housing and Environmental Health be authorised to agree them within the overall context in liaison with Sevenoaks through the Management Board.

RECOMMENDED: That

- (1) the updated pre-application charging regime for planning, set out at Annex 1 to the report, be approved; and
- (2) the Director of Planning, Housing and Environmental Health be given delegated authority to set the detailed building control application fee scales within a general guide of a 3% increase.

***Referred to Cabinet**

Item FIP 18/5 referred from Finance, Innovation and Property Advisory Board minutes of 3 January 2018

FIP 18/5 REVIEW OF FEES AND CHARGES 2018/2019

The report of the Management Team brought forward for consideration as part of the Budget setting process for 2018/19 proposals in respect of those fees and charges that were the responsibility of the Cabinet Member for Finance, Innovation and Property or not reported elsewhere.

RECOMMENDED: That

- (1) in respect of the recovery of legal fees payable by third parties, the Council's fees continue to follow the Supreme Court guideline hourly rates as set out at paragraph 1.2.1 of the report;
- (2) the proposed scale of fees for local land charges searches and enquiries set out at Annex 1 to the report be adopted with effect from 1 January 2018;
- (3) the current photocopying charges of 10p (inclusive of VAT) for each page of the same document or additional copies of the same page plus postage as appropriate be retained;
- (4) the fee schedule for street naming and numbering set out in section 1.6 of the report be adopted with effect from 1 April 2018; and
- (5) the amount of council tax and business rate Court costs recharged remain as set out at paragraph 1.7.2 of the report for the 2018/19 financial year.

***Referred to Cabinet**

Item FIP 18/6 referred from Finance, Innovation and Property Advisory Board minutes of 3 January 2018

FIP 18/6 TONBRIDGE CASTLE - REVIEW OF FEES AND CHARGES

The report of the Director of Central Services and Monitoring Officer presented a comprehensive review of fees and charges in respect of the variety of services and functions delivered at Tonbridge Castle and made recommendations to increase revenue streams from a number of different areas.

RECOMMENDED: That

- (1) the new pricing model for the Castle Tour at Tonbridge Castle be approved as set out at paragraph 1.4.10 of the report;

- (2) the new pricing model for Schoolchildren Educational Workshops at Tonbridge Castle be approved as set out at paragraph 1.5 of the report;
- (3) the new pricing model for Weddings at Tonbridge Castle be approved as set out at paragraph 1.6.2 of the report;
- (4) authority be delegated to the Director of Central Services and Monitoring Officer for a 12 month trial period to depart from the fixed fee structure at paragraph 1.6.2 of the report where he considers that it is in the financial interests of the Council to do so in a particular case;
- (5) the new pricing model for entries into the Wedding Diary at Tonbridge Castle be approved as set out at paragraph 1.6.6 of the report;
- (6) the list of concessionary users of the Tonbridge Castle Council Chamber set out at Annex 2 to the report and the rate of discount, if any, to be given to any booking by an approved concessionary user be reviewed by the Overview and Scrutiny Committee;
- (7) the new model for hiring out the Council Chamber at Tonbridge Castle be approved as set out at paragraph 1.8.3 of the report;
- (8) the Director of Central Services and Monitoring Officer be authorised to agree Gate House fee charges for special events; and
- (9) authority be delegated to the Director of Central Services and Monitoring Officer to negotiate and agree fees with parties wishing to use Tonbridge Castle for filming purposes.

***Referred to Cabinet**

LA 17/77 REVIEW OF FEES AND CHARGES 2018/19 - LICENSING FEES

The report of the Director of Central Services and Monitoring Officer set out details of the proposed scale of fees and charges for 2018/19 in respect of Hackney Carriage and Private Hire Licences, Pleasure Boats and Boatmen, Scrap Metal Dealers, Animal Licensing, Street Trading Consents and Sex Establishments.

RESOLVED: That the proposed scale of fees for licences, consents and registrations, as set out in Annex 1 to the report, be adopted with effect from 1 April 2018.

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Capital Plan: List A Service Summary									
	Expenditure To 31/03/17	2017/18 Estimate inc Prior Year Slippage	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate	Scheme Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Capital Plan Schemes									
Planning, Housing & Environmental Health	0	30	30	30	155	155	155	155	710
Street Scene, Leisure & Technical Services	906	329	1,203	130	630	130	130	130	3,588
Corporate	27	405	90	30	30	30	30	30	672
Sub-total	933	764	1,323	190	815	315	315	315	4,970
Capital Renewals									
Planning, Housing & Environmental Health	n/a	1	0	16	0	0	0	13	30
Street Scene, Leisure & Technical Services	n/a	935	725	475	377	229	825	321	3,887
Corporate	n/a	185	598	229	230	165	389	202	1,998
Sub-total	n/a	1,121	1,323	720	607	394	1,214	536	5,915
Total	933	1,885	2,646	910	1,422	709	1,529	851	10,885

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Capital Plan Review 2017/18

Recommendations in respect of List C

	Booklet Annex 3 Page No
Schemes to be added to List C	
Street Scene, Leisure and Technical	
Haysden Country Park – Sewage Treatment Facility	CP 41
Schemes to be deleted from List C	
Street Scene, Leisure and Technical	
Larkfield Leisure Centre: Gym Extension / New Studio	CP 36
Corporate Services	
IT Initiatives: Revenues and Benefits Citizen’s Access	CP 46
IT Initiatives: Upgrade to Payment Facilities Software	CP 46

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Capital Plan Review 2017/18

Schemes selected for evaluation from List C

**Booklet
Annex 3
Page No**

Street Scene, Leisure and Technical

Hayden Country Park – Sewage Treatment Facility (Fast-Track)

CP 41

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Capital Plan Review 2017/18

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				
Larkfield Leisure Centre – Ventilation & Boiler Replacement	505	20	Transfer from List C to List B	CP 49
Racecourse Sportsground – Rugby Pitch Drainage Improv's	25		Transfer from List C to List B	CP 52
Haysden Country Park – Car Park Extension	30		Transfer from List C to List B	CP 54
Haysden Country Park – Sewage Treatment Facility	75		Transfer from List C to List B	CP 56
Tonbridge Cemetery – Path Works	15		Transfer from List C to List B	CP 58
Tonbridge to Penshurst Cycle Route Refurbishment	60		Transfer from List C to List B	CP 60
Total	710	20		

The schemes detailed above, other than the ventilation system and boiler replacement, are to be funded by way of developer contributions. The ventilation system and boiler replacement is to be met in part from the annual capital allowance. The balance is to be met by increasing the contribution to the revenue reserve for capital schemes in 2017/18 funded from the better than budgeted performance reflected in the 2017/18 revised estimates. The revenue consequences exclude an estimated loss of income claim in the sum of £250,000 to be funded from the Tonbridge and Malling Leisure Trust reserve.

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Capital Plan: List A Service Summary									
	Expenditure To 31/03/17	2017/18 Estimate inc Prior Year Slippage	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate	Scheme Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Capital Plan Schemes									
Planning, Housing & Environmental Health	0	30	30	30	155	155	155	155	710
Street Scene, Leisure & Technical Services	906	329	1,708	130	630	130	130	130	4,093
Corporate	27	405	90	30	30	30	30	30	672
Sub-total	933	764	1,828	190	815	315	315	315	5,475
Capital Renewals									
Planning, Housing & Environmental Health	n/a	1	0	16	0	0	0	13	30
Street Scene, Leisure & Technical Services	n/a	935	725	475	377	229	825	321	3,887
Corporate	n/a	185	598	229	230	165	389	202	1,998
Sub-total	n/a	1,121	1,323	720	607	394	1,214	536	5,915
Total	933	1,885	3,151	910	1,422	709	1,529	851	11,390

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Capital Plan Review 2017/18 : Funding the Draft Capital Plan							
	2017/18 Estimate £'000	2018/19 Estimate £'000	2019/20 Estimate £'000	2020/21 Estimate £'000	2021/22 Estimate £'000	2022/23 Estimate £'000	2023/24 Estimate £'000
Capital Plan Schemes							
Capital Renewals	1,121	1,323	720	607	394	1,214	536
Other Recurring Expenditure (net of grants)	236	165	165	290	315	315	315
One-Off Schemes (net of grants & contributions)	528	1,663	25	525			
Capital Plan Totals	1,885	3,151	910	1,422	709	1,529	851
Add back grants / contributions	784	1,185	830	705	655	615	570
Total to be funded	2,669	4,336	1,740	2,127	1,364	2,144	1,421
Funded from:							
Grants							
BCF (Disabled Facilities Grant)	695	800	800	665	615	575	530
EA (Castle River Bank)	2						
DCLG (Revenues & Benefits DIP Grant)	3						
TRCSG - River Bank (Excess EA Castle River Bank)	28						
Developer Contributions Attributed to							
Tonbridge School Athletics Track	11	150					
Open Spaces Site Improvements Phase 2	12						
Memorial Garden Improvement including Trust contrib'n	3						
Racecourse SG Rugby Pitch Drainage		25					
Haysden Country Park Car Park Extension		30					
Haysden Country Park Sewage Treatment Facility		75					
Tonbridge Cemetery Path Works		15					
Tonbridge to Penshurst Cycle Route Refurbishment		60					
Capital and Other Receipts							
DFG Grant Repayments				10	10	10	10
Housing Assistance Grant Repayments	30	30	30	30	30	30	30
Repayment of Mortgages	1	1	1	1			
Balance met from Revenue Reserve for Capital Schemes	1,884	3,150	909	1,421	709	1,529	851
Total funding	2,669	4,336	1,740	2,127	1,364	2,144	1,421

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Capital Plan Review 2017/18 :Revenue Reserve for Capital Schemes							
	2017/18 Estimate £'000	2018/19 Estimate £'000	2019/20 Estimate £'000	2020/21 Estimate £'000	2021/22 Estimate £'000	2022/23 Estimate £'000	2023/24 Estimate £'000
Balance at 1st April	6,748	6,170	4,452	4,205	2,816	3,229	2,838
Contribution from Revenue to meet Capital Renewals and other Annually Recurring Expenditure	500	500	630		1,122	1,138	1,154
Revenue contribution for new Capital Plan Schemes	350	350	350	350			
Less assumed spend			(200)	(200)			
Recycling Bank Revenue Adjustment	(23)	(23)	(23)	(23)			
MS Office Licences to Revenue	(36)	(36)	(36)	(36)			
Revenue element of new IT Storage	(4)	(4)	(4)	(4)			
Green /recycling bin replacement	(12)	(12)	(12)	(12)			
Housing Assistance	(30)	(30)	(30)	(30)			
TMLT (Capital renewals adjustment)	(13)	(13)	(13)	(13)			
South East Water (LLCP Car Park Extension)	10						
Drainage virement	(6)						
Wouldham River Wall Earmarked Reserve		700					
Invest to Save Reserve (Virtual Desktop Infrastructure)	200						
Transformation Reserve (Revenues & Benefits Digital Solution)	65						
Additional contribution for LLC Ventilation / Boiler Scheme	305						
Available for application	8,054	7,602	5,114	4,237	3,938	4,367	3,992
Amount applied to fund capital	(1,884)	(3,150)	(909)	(1,421)	(709)	(1,529)	(851)
Balance at 31st March	6,170	4,452	4,205	2,816	3,229	2,838	3,141

Borrowing for new Capital Plan Schemes is not anticipated before 2021/22.

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<u>Estimates of the incremental impact of capital investment on Band D equivalent Council Tax</u>	2018/19 est. £	2019/20 est. £	2020/21 est. £	2021/22 est. £	2022/23 est. £	2023/24 est. £
Larkfield Leisure Centre: Ventilation System & Boiler Replacement	0.20	0.20				
Racecourse Sportsground: Rugby Pitch Drainage Improvements	0.00					
Haysden Country Park: Car Park Extension	0.00					
Haysden Country Park: Sewage Treatment Facility	0.00					
Tonbridge Cemetery: Path Works	0.00					
Tonbridge to Penshurst Cycle Route Refurbishment	0.00					
Total: (Increase in Band D equivalent Council Tax attributable to new capital schemes)	0.20	0.20				

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Medium Term Financial Strategy

Annex 11a

	Estimate	Projection								
	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000
EXPENDITURE										
Employees	11,280	11,511	11,747	12,010	12,280	12,476	12,739	13,008	13,285	13,563
Transfer Payments	34,590	35,282	35,988	36,708	37,442	19,649	20,042	20,443	20,852	21,269
Other Expenditure	11,999	11,638	11,893	12,155	12,372	12,647	12,930	13,218	13,512	13,813
Capital Charges	2,863	2,949	3,008	3,068	3,129	3,192	3,256	3,321	3,387	3,455
Total Expenditure	60,732	61,380	62,636	63,941	65,223	47,964	48,967	49,990	51,036	52,100
INCOME										
Fees & Charges	(7,818)	(7,898)	(8,125)	(8,253)	(8,522)	(8,614)	(8,734)	(8,805)	(9,084)	(9,224)
Other Specific Grants & Misc	(35,371)	(35,947)	(36,537)	(37,242)	(37,963)	(20,335)	(20,739)	(21,151)	(21,572)	(22,000)
Investment Income	(378)	(513)	(592)	(642)	(745)	(838)	(931)	(956)	(954)	(954)
Total Income	(43,567)	(44,358)	(45,254)	(46,137)	(47,230)	(29,787)	(30,404)	(30,912)	(31,610)	(32,178)
Appropriations										
Capital Renewals	500	630	0	1,122	1,138	1,154	1,171	1,188	1,206	1,223
Provision for new Capital Schemes	232	232	232	0	0	0	0	0	0	0
Other Appropriations	(1,950)	(2,908)	(3,069)	(3,088)	(3,064)	(3,127)	(3,191)	(3,256)	(3,322)	(3,390)
SAVINGS TARGET	0	(350)	(357)	(364)	(371)	(378)	(386)	(394)	(402)	(410)
SAVINGS TARGET	0	0	(350)	(357)	(364)	(371)	(378)	(386)	(394)	(402)
SAVINGS TARGET	0	0	0	(300)	(306)	(312)	(318)	(324)	(330)	(337)
NET BUDGETED SPEND	15,947	14,626	13,838	14,817	15,026	15,143	15,461	15,906	16,184	16,606
FUNDING										
Revenue Reserves	(433)	(216)	(152)	880	678	379	276	293	139	(3)
Government Grant	5,594	4,332	3,122	2,705	2,747	2,789	2,831	2,875	2,919	2,964
Kent & Medway Business Rates Pilot	500	0	0	0	0	0	0	0	0	0
Council Tax	10,156	10,510	10,868	11,232	11,601	11,975	12,354	12,738	13,126	13,645
Collection Fund Adjustment	130	0	0	0	0	0	0	0	0	0
Total Funding	15,947	14,626	13,838	14,817	15,026	15,143	15,461	15,906	16,184	16,606
Council Tax Level at Band D	£203.42	£208.42	£213.42	£218.42	£223.42	£228.42	£233.42	£238.42	£243.42	£250.72
Increase on Previous Year	2.99%	£5.00	£5.00	£5.00	£5.00	£5.00	£5.00	£5.00	£5.00	3.00%
RESERVES BALANCE CARRIED FORWARD	6,940	7,156	7,308	6,428	5,750	5,371	5,095	4,802	4,663	4,666

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Savings Monitoring

Annex 11b

Savings identified since introduction of Savings & Transformation Strategy in February 2016

Theme	Savings Identified by April 2016 £000	Savings Identified by April 2017 £000	Savings Identified by April 2018 £000	Total Savings Identified £000
Income Generation & Cost Recovery	60	146	88	294
Review of Car Parking Fees and Charges (net) [PTAB 12/01/16]	45	85		
Review of Pre-application Planning Procedures and Charging Regime [PTAB 12/01/16]	15			
Bulky Household Waste and Fridge/Freezer Collection Charges [HESAB 22/02/16]		40		
Tonbridge Racecourse Sports Ground Catering Concession		6		
Licensing Income		15		
Property Investment Fund - Core Funds [AC 23/01/17]			13	
Car Parking Options [SSESAB 06/11/17]			75	
In-Service Efficiencies	200	77	50	327
Service Efficiency Savings [MT 15/12/15]	200			
Leisure Services Efficiency Savings		4		
Kent Resilience Forum Partnership		3		
Budget Savings Exercise		60		
Mayor's Transport Allowance [OSC 13/09/2016]		10		
Disabled Facilities Grants [FIPAB 3/01/2018]			50	
Service Change & Reduction	0	100	3	103
Review of Holiday Activity Programmes (includes £16k staff saving) [OSC 26/01/16]		57		
Discretionary Housing Assistance [CHAB 25/07/16]		30		
TMLT IT Infrastructure		13		
Visit Kent / Tourism South East [ERAB 06/07/17]			3	
Contracts	0	0	200	200
Tonbridge and Malling Leisure Trust Service Fee [CHAB 24/07/17]			145	
Insurance Contract [FIPAB 21/06/2017]			55	
Organisation Structure Change	15	129	119	263
Establishment Changes - DSSLTS (Leisure) [GPC 01/02/16]	16			
Establishment Changes - DSSLTS (Waste & Street Scene) [GPC 01/02/16]	(1)			
Establishment Changes - CE & DCS (Election, Admin, Personnel & Legal) [GPC 27/06/16]		27		
Establishment Changes - DCS (Licensing & Community Safety) [GPC 27/06/16]		(15)		
Establishment Changes - DCS (Media & Communications) [GPC 27/06/16]		8		
Establishment Changes - DPHEH (Housing Needs) [GPC 27/06/16]		44		
Establishment Changes - DSSLTS (Technical Services) [GPC 27/06/16]		20		
Establishment Changes - DPEH & DSSLTS (Administration) [GPC 27/06/16]		7		
Establishment Changes - DSSLTS (Outdoor Leisure) [GPC 27/06/16]		(2)		
Establishment Changes - DFT (Exchequer) [GPC 06/03/17]		40		
Establishment Changes - DSSLTS (Waste & Street Scene) [GPC 26/06/17]			23	
Establishment Changes - DPHEH (Planning) [GPC 26/06/17]			1	
Establishment Changes - DPHEH (Planning) [GPC 20/11/17]			(38)	
Establishment Changes - DPHEH (Housing) [GPC 20/11/17]			50	
Establishment Changes - DCS (Customer Services & Licensing) [GPC 20/11/17]			50	
Establishment Changes - DFT (Information Technology) [GPC 20/11/17]			5	
Members Allowances [Council 11/04/17]			28	
Partnership Funding	0	431	0	431
Key Voluntary Sector Bodies - Grant Support [CAB 01/03/16]		23		
Fairer Charging -Introduction of Local Charges (Special Expenses) [Cab 28/07/16]		230		
Fairer Charging - Cessation of Council Tax Support Grant [Cab 28/07/16]		178		
Asset Management	0	0	186	186
Property Investment Fund - potential returns on Sale Proceeds [Cabinet 24/03/15]			30	
Property Investment Fund - potential returns on Sale Proceeds [Cabinet 09/02/17]			76	
Property Investment Fund - potential returns on Sale Proceeds [Cabinet 09/02/17]			80	
TOTAL	275	883	646	1,804
Savings Target	200	625	650	1,475
(Below) / Over Target	75	258	(4)	329

These savings are measured against the targets set each year within the Savings and Transformation Strategy. It should be remembered that overall targets change each year having regard to all the factors that impact on the Council's finances.

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(Updated) Savings & Transformation Strategy 2018/19 – 2020/21

INTRODUCTION & CONTEXT

By way of context, since 2010/11 the Council has seen its local government finance settlement (core funding) decrease by some 67% or £4.4m (from £6.6m in 2010/11 to £2.2m in 2018/19). Indeed there are further cuts planned in future years, with the indicative settlement figure for 2019/20 being some £1.3m.

The fall in core funding is, in part, negated by the grant award under the New Homes Bonus (NHB) scheme which in 2018/19 is around £3.3m. However, NHB funding is expected to fall sharply in future years as the changes made to the scheme in 2017 work their way through the system, and the high levels of housing growth seen in recent years fall out of the calculation. In due course, assuming no further changes are made to the scheme, it is estimated that NHB could be in the order of £1.5m.

We are fortunate that we do not have to make all the savings required in one year and can spread the challenge in ‘tranches’ over a few years, as set out within the Council’s Medium Term Financial Strategy (MTFS). Nevertheless, the Council have acknowledged that we need to balance customer expectations with the need to make these savings and achieve as much as possible in the earlier years to provide the best long-term financial sustainability.

Based on the indicative funding figures provided by the government over the multi-year settlement period 2016/17 to 2019/20 and the impact of the recent changes to the NHB scheme, amongst other things, latest projections point to a ‘funding gap’ between expenditure and income of about £1.0m; and the Strategy ‘refreshed’ to ensure that the new target can be delivered as required.

OBJECTIVES

In developing this strategy, the Council has set the following objectives:

1. To deliver sufficient savings in order to bridge the funding gap identified in the Council’s MTFS, and to deliver those savings as quickly as possible in order to minimise risk to the Council’s finances.
2. To direct resources in line with the principles of the Council’s Corporate Strategy.
3. To maintain the Council’s reputation of good front line service provision.
4. To adopt a ‘mixed’ approach to addressing the funding gap through a series of ‘themes’.

5. To be open to accept 'cultural' change/transformation in the ways we work and offer services to the public in order to release efficiencies and savings.
6. To engage, as appropriate, with stakeholders when determining how savings will be achieved.

THE STRATEGY

It is recognised that there is no one simple solution to addressing the financial challenges faced. The Council will need to embrace transformation in a multitude of ways in order to deliver the savings within an agreed timetable.

This Strategy sets out a measured structure and framework for delivering the necessary savings through a series of 'themes'. Each theme has a deliverable target within a timeframe.

Whilst the framework includes some major areas where savings can be made without direct effect on services, by adopting this Strategy the Council has recognised that it may need to decide that some service areas should change/transform to accommodate saving requirements. That might mean doing things differently, with even greater efficiency – for example, with the help of new technology – and with increased income opportunities where circumstances allow this. It might also mean that services will simply need to be run with fewer resources. All these approaches will require a shift in culture for the organisation so that we can be focused and flexible in the way in which we deliver services to our communities.

The Themes, Targets, and Timeframes for the Strategy are set out in the table below, and will be the subject of review at least annually.

Progress on identifying and implementing savings and transformational opportunities across the various themes will be regularly reported to and reviewed by Management Team and in-year update reports presented to Members as appropriate. The Council is committed to engagement with relevant stakeholders as proposals are brought forward.

Julie Beilby
Chief Executive

Sharon Shelton
Director of Finance & Transformation

Nicolas Heslop
Leader of the Council

Martin Coffin
Cabinet Member for Finance, Innovation
& Property and Deputy Executive Leader

February 2018

Savings & Transformation Strategy 2018/19 - 2020/21

Savings Made in Previous Years of STS £000	Theme	Indicative Years	Target £000	Savings Identified after Setting of 2018/19 Budget £000	Balance of Target to be Achieved £000
294	Income Generation & Cost Recovery	2018 - 2021	75	0	75
327	In-Service Efficiencies	2018 - 2021	50	0	50
103	Service Change & Reduction	2018 - 2021	250	0	250
200	Contracts	2018 - 2021	500	0	500
263	Organisation Structure Change	2018 - 2021	75	0	75
431	Partnership Funding	2018 - 2021	25	0	25
186	Asset Management	2018 - 2021	25	0	25
1,804	TOTAL		1,000	0	1,000

Note: This Strategy will be updated on at least an annual basis to reflect challenges set out in the Medium Term Financial Strategy.

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Cabinet 8 February 2018
General Fund Revenue Estimates 2018/19
SUMMARY

	2017/18 ESTIMATE		2018/19
	ORIGINAL £	REVISED £	ESTIMATE £
Corporate Services	3,721,600	3,531,500	3,841,800
Chief Executive	680,200	701,950	695,450
Director of Central Services	15,150	105,050	35,850
Director of Finance & Transformation	1,659,750	1,557,200	1,612,300
Director of Planning, Housing & Environmental Health	3,478,250	3,181,650	3,321,500
Director of Street Scene, Leisure & Technical Services	7,590,900	7,469,400	7,742,600
Sub Total	17,145,850	16,546,750	17,249,500
Capital Accounting Reversals			
Non-Current Asset Depreciation	(2,619,000)	(2,721,400)	(2,824,800)
Non-Current Asset Impairment	-	(3,900)	-
Contributions to / (from) Reserves			
Building Repairs Reserve			
Withdrawals to fund expenditure	(758,350)	(775,650)	(860,950)
Contribution to Reserve	575,000	900,000	600,000
Earmarked Reserves (see page S 2)			
Contributions from Reserves	(261,050)	(660,400)	(1,190,050)
Contributions to Reserves	70,000	490,350	1,164,300
Property Investment Fund Reserve			
Contribution to Reserve	-	-	500,000
Revenue Reserve for Capital Schemes			
Withdrawals to fund expenditure			
Non-Current Assets	(2,076,000)	(1,793,000)	(3,112,000)
Revenue Expenditure Funded from Capital	(53,000)	(91,000)	(38,000)
Other contributions to / (from) Reserve (net)	932,000	1,306,000	1,432,000
Capital Expenditure Charged to General Fund	2,076,000	1,793,000	3,112,000
Government Grants			
New Homes Bonus	(3,485,050)	(3,485,050)	(3,334,150)
New Homes Bonus Returned In-Year	-	(5,100)	-
Transition Grant	(117,200)	(117,200)	-
Under-indexing Business Rates Multiplier	-	(27,700)	(46,150)
Contributions from KCC	(85,000)	(135,100)	(85,000)
Sub Total	11,344,200	11,220,600	12,566,700
National Non-Domestic Rates			
Share of National Non-Domestic Rates	(21,348,238)	(21,348,238)	(21,713,049)
Tariff / (Top Up)	19,970,635	19,970,635	20,429,168
Levy / (Safety Net)	(88,877)	-	-
Small Business Rate Relief Grant	(521,837)	(563,474)	(835,100)
Other Business Rates Relief & Adjustments	-	(47,240)	(95,129)
Kent & Medway Business Rates Pilot	-	-	(500,000)
Collection Fund Adjustments			
Council Tax (Surplus) / Deficit	(148,267)	(148,267)	(124,226)
National Non-Domestic Rates (Surplus) / Deficit	11,914	11,914	(6,123)
Sub Total	9,219,530	9,095,930	9,722,241
Contribution to / (from) General Revenue Reserve	434,500	558,100	433,400
Balance to be met from Council Tax Payers	9,654,030	9,654,030	10,155,641

Cabinet 8 February 2018
General Fund Revenue Estimates 2018/19
EARMARKED RESERVES

	2017/18 ESTIMATE		2018/19
	ORIGINAL	REVISED	ESTIMATE
	£	£	£
Contributions from Earmarked Reserves			
Borough Signage Reserve	-	(2,050)	-
Business Rates Retention Scheme Reserve	-	(200,000)	-
Community Housing Fund Reserve	-	(6,000)	(3,000)
Economic Development Reserve	-	(17,600)	(25,900)
Homelessness Reserve	-	(16,850)	(122,950)
Housing Assistance Reserve	(10,000)	(10,000)	(10,000)
Housing Survey Reserve	-	(24,000)	-
Housing & Welfare Reform Reserve	-	-	(8,000)
Invest to Save Reserve	(200,000)	(218,400)	(10,000)
Local Development Framework Reserve	(30,000)	(30,000)	(30,000)
Planning Inquiries Reserve	(7,150)	(6,950)	-
Public Health Reserve	-	(6,450)	(9,700)
Repossessions Prevention Fund Reserve	(2,000)	(2,000)	(2,000)
River Wall at Wouldham Reserve	-	-	(700,000)
Social Housing Fraud Initiative Reserve	(1,900)	(1,900)	(1,900)
Supporting People Reserve	-	(53,200)	-
Tonbridge & Malling Leisure Trust Reserve	-	-	(250,000)
Transformation Reserve	-	(65,000)	-
Waste & Street Scene Initiatives Reserve	(10,000)	-	(16,600)
	(261,050)	(660,400)	(1,190,050)
Contributions to Earmarked Reserves			
Community Housing Fund Reserve	-	23,650	-
Election Expenses Reserve	25,000	25,000	25,000
Homelessness Reserve	-	176,000	199,300
Housing & Welfare Reform Reserve	-	53,200	-
Local Development Framework Reserve	45,000	45,000	40,000
Tonbridge & Malling Leisure Trust Reserve	-	100,000	200,000
Transformation Reserve	-	55,000	-
Waste Services Contract Reserve	-	-	700,000
Waste & Street Scene Initiatives Reserve	-	12,500	-
	70,000	490,350	1,164,300

Tonbridge and Malling Borough Council			
Estimate of Collection Fund Surplus / (Deficit) 2017/18 - Council Tax			
	Estimate		
	£		£
Income			
Surplus / (Deficit) Brought Forward			1,108,189
Income from Council Tax Payers (Net of Discounts, CTR and Exemptions)			82,351,113
Total Income for the Year			83,459,302
Expenditure			
Precepts and Demands for 2017/18			
Kent County Council	57,619,401		
Police & Crime Commissioner for Kent	7,681,316		
Kent & Medway Fire & Rescue Authority	3,585,266		
Parishes	2,665,633		
Tonbridge & Malling Borough Council	9,654,030		81,205,646
Provision for Council Tax Non-Collection			445,000
Payments of Estimated Surplus for 2016/17			
Kent County Council	702,534		
Police & Crime Commissioner for Kent	94,324		
Kent & Medway Fire & Rescue Authority	44,638		
Tonbridge & Malling Borough Council	148,267		989,763
Total Expenditure for the Year			82,640,409
Estimated Surplus / (Deficit) for 2017/18			818,893
Allocation of Estimated Surplus / (Deficit) for 2017/18			
	Precepts 2017/18		Surplus / (Deficit)
	£	%	£
Kent County Council	57,619,401	70.95	581,005
Police & Crime Commissioner for Kent	7,681,316	9.46	77,467
Kent & Medway Fire & Rescue Authority	3,585,266	4.42	36,195
Tonbridge & Malling Borough Council	12,319,663	15.17	124,226
Total	81,205,646	100.00	818,893

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Tonbridge and Malling Borough Council		
Estimate of Collection Fund Surplus / (Deficit) 2017/18 - Business Rates		
	Estimate	
	£	£
Income		
Surplus / (Deficit) Brought Forward		(649,649)
Income from Business Rate Payers		55,214,618
Recovery of Estimated Deficit for 2016/17		
Kent County Council	2,681	
Kent & Medway Fire & Rescue Authority	298	
Tonbridge & Malling Borough Council	11,914	
Central Government	14,892	29,785
Total Income for the Year		54,594,754
Expenditure		
Demands for 2017/18 based upon NNDR 1 2017/18		
Kent County Council	4,803,354	
Kent & Medway Fire & Rescue Authority	533,706	
Tonbridge & Malling Borough Council	21,348,238	
Central Government	26,685,297	53,370,595
Allowance for Losses - Bad Debts		500,000
Allowance for Losses - Appeals		442,000
Cost of Collection Allowance		162,575
Transitional Protection Payments		104,276
Total Expenditure for the Year		54,579,446
Estimated Surplus / (Deficit) for 2017/18		15,308
<u>Allocation of Estimated Surplus / (Deficit) for 2017/18</u>		
	Allocation	Surplus / (Deficit)
	%	£
Kent County Council	9	1,378
Kent & Medway Fire & Rescue Authority	1	153
Tonbridge & Malling Borough Council	40	6,123
Central Government	50	7,654
Total	100	15,308

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

1. Introduction

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

2. Objectives of the Scheme

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

3. Function to be included in Scheme

- 3.1 Cabinet, at its meeting on 28 July 2016, recommended that the following concurrent functions are included in the Scheme:
- Closed churchyards
 - Open spaces, parks and play areas maintained by TMBC in parished areas; excluding Leybourne Lakes Country Park (strategic site)
 - Open spaces, play areas, parks and sportsgrounds in Tonbridge; excluding Castle Grounds and Haysden Country Park (strategic sites)
 - Support given to ‘Local’ Events
 - Allotments

4. Calculation of Special Expenses

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

5. Implementation

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

November 2016

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

LEGAL BACKGROUND

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

Section 35(1) defines these items as:

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

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

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

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

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

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

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

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Special Expenses 2018/19

Special Expenses for 2017/18 £	Local Area	Closed Churchyards £	Open Spaces, Parks & Play Areas £	Sports Grounds £	Local Events £	Allotments £	Special Expenses for 2018/19 £	Tax Base	Amount Per Band D Property £
676,448	Tonbridge	10,450	172,586	452,450	46,086	8,300	689,872	13,531.87	50.98
1,752	Addington		1,692				1,692	404.26	4.19
9,173	Aylesford		8,728				8,728	4,272.98	2.04
1,004	Birling		967				967	202.38	4.78
1,240	Borough Green		1,194				1,194	1,649.69	0.72
0	Burham						0	454.19	0.00
1,646	Ditton		520				520	1,787.48	0.29
26,363	E. Malling & Larkfield		22,396				22,396	4,957.54	4.52
610	East Peckham		592				592	1,295.73	0.46
0	Hadlow						0	1,516.67	0.00
0	Hildenborough						0	2,187.02	0.00
0	Ightham						0	1,120.09	0.00
0	Kings Hill						0	3,970.48	0.00
27,970	Leybourne		27,209				27,209	1,825.18	14.91
30	Mereworth		29				29	437.88	0.07
0	Offham						0	379.71	0.00
1,237	Platt		1,205				1,205	884.07	1.36
0	Plaxtol						0	592.24	0.00
0	Ryarsh						0	364.80	0.00
0	Shipbourne						0	257.52	0.00
19,417	Snodland		18,847				18,847	3,624.13	5.20
0	Stansted						0	266.01	0.00
0	Trottiscliffe						0	270.86	0.00
1,938	Wateringbury		1,879				1,879	891.53	2.11
2,828	West Malling		348		2,431		2,779	1,113.20	2.50
0	West Peckham						0	178.63	0.00
3,552	Wouldham		3,456				3,456	597.05	5.79
1,801	Wrotham		1,805				1,805	891.32	2.03
777,009	Total	10,450	263,453	452,450	48,517	8,300	783,170	49,924.51	

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Parish Council Precepts 2018/19

Precept for 2017/18 £	Parish Council	Precept for 2018/19 £	Tax Base	Amount Per Band D Property £	Per Band D Variation %
23,000.00	Addington	23,000.00	404.26	56.89	(4.4)
223,000.00	Aylesford	235,100.00	4,272.98	55.02	1.1
9,262.00	Birling	9,957.74	202.38	49.20	5.3
165,125.00	Borough Green	169,570.00	1,649.69	102.79	0.6
25,061.82	Burham	25,813.68	454.19	56.83	2.0
264,923.00	Ditton	267,880.00	1,787.48	149.86	0.0
282,000.00	E. Malling & Larkfield	294,577.00	4,957.54	59.42	3.9
139,950.00	East Peckham	140,000.00	1,295.73	108.05	(1.2)
110,475.00	Hadlow	111,385.00	1,516.67	73.44	(0.4)
66,441.00	Hildenborough	67,644.00	2,187.02	30.93	1.8
116,949.00	Ightham	123,360.00	1,120.09	110.13	3.0
279,138.00	Kings Hill	292,896.75	3,970.48	73.77	3.2
136,903.00	Leybourne	152,567.00	1,825.18	83.59	0.0
27,520.00	Mereworth	31,120.00	437.88	71.07	11.0
20,415.00	Offham	20,415.00	379.71	53.76	(1.7)
70,000.00	Platt	70,000.00	884.07	79.18	(0.2)
38,229.00	Plaxtol	38,229.00	592.24	64.55	(1.4)
18,926.00	Ryarsh	19,305.00	364.80	52.92	(13.0)
10,195.00	Shipbourne	10,195.00	257.52	39.59	(2.2)
286,535.00	Snodland	293,053.00	3,624.13	80.86	0.0
22,260.00	Stansted	32,260.00	266.01	121.27	40.8
16,500.00	Trottiscliffe	16,500.00	270.86	60.92	(1.5)
77,441.78	Wateringbury	84,625.39	891.53	94.92	8.2
116,089.76	West Malling	118,410.00	1,113.20	106.37	1.8
5,400.00	West Peckham	5,400.00	178.63	30.23	(1.3)
32,154.00	Wouldham	39,423.00	597.05	66.03	(0.0)
81,740.00	Wrotham	86,950.00	891.32	97.55	3.0
2,665,633.36	Total	2,779,636.56	36,392.64		

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GENERAL FUND WORKING BALANCE

	£
Balance at 1.4.2017	1,250,000
	<hr/>
Balance at 31.3.2019	1,250,000
	<hr/>

GENERAL REVENUE RESERVE

	£	£
Balance 1.4.2017		5,948,858
Budgeted to be transferred to the Reserve	434,500	
Decrease on Original Estimate	123,600	
	<hr/>	558,100
		<hr/>
Estimated Balance at 1.4.2018		6,506,958
Contribution to the Reserve 2018/19		433,400
		<hr/>
Estimated Balance at 31.3.2019		6,940,358

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**STATEMENT ON THE ROBUSTNESS OF THE ESTIMATES
AND THE ADEQUACY OF THE RESERVES**

Introduction

This statement is given in respect of the 2018/19 Budget Setting Process for Tonbridge and Malling Borough Council. I acknowledge my responsibility for ensuring the robustness of the estimates and the adequacy of the reserves as part of this process. The budget has been prepared within the context of a Medium Term Financial Strategy (MTFS) spanning a ten-year period.

The MTFS sets out the high level financial objectives the Council wishes to fulfil over the agreed time span. This includes achieving a balanced revenue budget by the end of the strategy period and to retain a minimum of £2m in the General Revenue Reserve by the end of the strategy period. The MTFS also sets out, based on current financial information, 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.

By way of context, since 2010/11 the Council has seen its local government finance settlement (core funding) decrease by some 67% or £4.4m (from £6.6m to £2.2m in 2018/19). Indeed, there are further cuts planned in future years, with the indicative settlement figure for 2019/20 being some £1.3m. The fall in core funding is, in part, negated by the grant award under the New Homes Bonus (NHB) scheme which in 2018/19 is around £3.3m. However, NHB funding is expected to fall sharply in future years as the changes made to the scheme in 2017 work their way through the system, and the high levels of housing growth seen in recent years fall out of the calculation. In due course, assuming no further changes are made to the scheme, it is estimated that NHB could be in the order of £1.5m.

This gives overall grant funding of circa £2.8m compared to the £6.6m received back in 2010/11.

It can be seen from the above that the ongoing reduction in government grant funding has and continues to place ever increasing pressure on the Council's finances and, in turn, financial sustainability. Based on the indicative funding figures provided by the government and the impact of recent changes to the NHB scheme, amongst other things, latest projections point to a 'funding gap' between expenditure and income of about £1.0m to be addressed over the short to medium term. We do believe 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.

It is clear from what is undoubtedly a significant financial challenge some difficult choices will have to be made. Alongside the MTFS sits a Savings and

Transformation Strategy. Its purpose, to provide structure, focus and direction in addressing the significant financial challenge that lies ahead and, in so doing, recognise there is no one simple solution and we will need to adopt a number of ways to deliver the savings within an agreed timetable.

Robustness of Estimates

The aim of the Medium Term Financial Strategy is to give us a realistic and sustainable plan that reflects the Council's priorities and takes us into the future. It is a Strategy that is adopted by Members of the Council alongside the Budget for 2018/19 to provide a forward looking context for the consideration of the budget year ahead. It also provides the Council's Corporate Management Team with a tool for strategic financial planning and decision making.

Underneath the Strategy sits detailed estimates formulated in conjunction with Service Managers who carry responsibility of delivering their area of service within budget provision. The estimates take into account past outturn, current spending plans and likely future demand levels / pressures.

Factors taken into account for the 2018/19 Budget Setting Process and in developing the Strategy are:

Corporate Strategy	The Council's financial plans should be in support of its strategic priorities and objectives set out in overview in the recently updated Corporate Strategy . The Strategy sets out Our Vision: <i>To be a financially sustainable Council that delivers good value services, provides strong and clear leadership and, with our partners, addresses the needs of our Borough</i> guided by the following core values: Taking a business-like approach; Promoting fairness; Embracing effective partnership working; and Valuing our environment and encouraging sustainable growth.
Consultation with Non-Domestic Ratepayers	The Council consults representatives of its non-domestic ratepayers about its expenditure proposals who may make written representations if they deem it appropriate. No such representations have been received.
The level of funding likely from Central Government towards the costs of local services	Our Settlement Funding Assessment (SFA) for 2018/19 is £2,214,110. Indicative figures have also been provided for 2019/20 where our SFA in that year is projected to be £1,264,921, a cash decrease of £1,631,475 or 56.3% compared to 2016/17 (year one of a four-year settlement) . Beyond 2019/20 it is assumed that our SFA will increase by 2% year on year.
New Homes Bonus	Our New Homes Bonus (NHB) for 2018/19 is £3,334,128. NHB funding is expected to fall sharply in future years as the changes made in 2017 work their

	<p>way through the system, and the high levels of housing growth seen in recent years fall out of the calculation such that by 2022/23 it is estimated that NHB could be in the order of £1.5m. For financial planning purposes it is assumed that from 2020/21 the scheme will reduce in length to three years and from 2021/22 the Council will receive either via NHB and or alternative funding source in the order of £1.3m rising steadily thereafter to around £1.4m by 2027/28.</p> <p>Changes over and above that assumed will only add to what is already a very difficult financial outlook.</p>
Business Rates	<p>For financial planning purposes beyond 2018/19 we assume that the business rates baseline attributed to Tonbridge and Malling under the Business Rates Retention Scheme is not notably different to the actual business rates income. If our actual income is less than the baseline set the authority will have to meet a share of that shortfall up to a maximum of circa £166,000 in 2018/19 (or would do if we were not part of the 2018/19 Kent and Medway business rates pilot).</p>
Council Tax Base	<p>The Council Tax Base for 2018/19 is 49,924.51 band D equivalents with an expectation that this will increase by 4,500 over the strategy period, or 500 per year.</p>
Local Referendums to Veto Excessive Council Tax Increases	<p>The Secretary of State will determine a limit for council tax increases which for 2018/19 has been set at 3%, or more than 3% and more than £5. 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. Due regard has been taken of the guidelines issued by the Secretary of State. The MTFs reflects an increase in council tax of 2.99% in 2018/19 followed by an increase of £5 up to 2026/27 and 3% in 2027/28.</p>
The Prudential Code and its impact on Capital Planning	<p>Tonbridge and Malling is a debt-free authority and projections suggest that recourse to borrowing to fund capital expenditure is unlikely before 2021/22. A key objective of the Prudential Code is to ensure, within a clear framework, the capital investment plans of local authorities are affordable, prudent and sustainable.</p>
The Council's Capital Strategy and Capital Plan	<p>Other than funding for the replacement of our assets which deliver services as well as recurring capital expenditure, there is now an annual capital allowance for all other capital expenditure. That allowance is set at £200,000 (maximum) whilst the Council has sufficient funding in its capital reserves.</p>
Treasury Management	<p>A Treasury Management and Annual Investment Strategy is adopted by the Council each year as required by the Local Government Act 2003 as part of the budget setting process. The Strategy sets out the Council's policies for managing its investments and for giving</p>

	<p>priority to the security and liquidity of those investments. Council adopted the December 2009 edition of the CIPFA Treasury Management Code of Practice and Cross-Sectoral Guidance Notes on 18 February 2010 and due regard has also been given to subsequent revisions in preparing the Treasury Management and Annual Investment Strategy for 2018/19.</p>
Interest Rates	<p>Interest returns on the Council's 'core funds' have been set at 0.8% in 2018/19 rising gradually to 3.75% over the medium term. In setting these rates due regard has been taken of the interest rate forecasts of the Council's independent Treasury Adviser, Link Asset Services. To put this into context, 0.25 of a percentage point would currently generate investment income on our 'core funds' of about £55,000. Conversely, a dip in investment returns would have a negative impact on the Council's budget. The Council has chosen to retain a minimum of £2m in its General Revenue Reserve in order to deal with, amongst other things, interest rate volatility.</p>
Property Investment Fund/s	<p>The Council has recently taken the decision to invest in one or more property investment funds with further investment of proceeds from the sale of certain Council owned assets expected in the near future. In order to guard against downward fluctuations in property values a Property Investment Fund Reserve is to be established.</p>
Adequacy of Reserves	<p>At the beginning of 2018/19, we anticipate that the General Revenue Reserve balance will be £6.5m. The Adequacy of Reserves is discussed in more detail below.</p>
Pay and Price Inflation	<p>The estimates provide for a 2% pay award in 2018/19 and each year thereafter. Estimates reflect price inflation of 3% in 2019/20 and 2% in subsequent years.</p>
Fees and Charges	<p>As has been the practice for a number of years now the objective has been to maximise income, subject to market conditions, opportunities and comparable charges elsewhere.</p>
Emerging Growth Pressures and Priorities	<p>The projections within the MTFs include all known and quantified priorities and growth pressures that we are aware of at the present time. New priorities and growth pressures will undoubtedly emerge over the period and in consequence, the Strategy will be updated at least annually.</p>
Financial Management	<p>The Council's financial information and reporting arrangements are sound and its end of year procedures in relation to budget under / overspends clear. Collection rates for council tax and NNDR remain good. Our external auditor (Grant Thornton UK LLP) following the 2017 audit concluded that you have proper arrangements to plan finances effectively to manage the medium term financial position of the Council.</p>
Insurance	<p>Risks identified via the preparation of Service / Section</p>

Arrangements and Business Continuity	Risk Registers have wherever possible been reduced to an acceptable level. Any remaining risk has been transferred to an external insurance provider. In addition, specific arrangements are in place to ensure the continuity of business in the event of both major and minor disruptions to services. As insurance premiums are reactive to the external perception of the risks faced by local authorities and to market pressures, both risks and excess levels are kept under constant review. The Council recognises that not all risks are financial; and takes into account all risks when making decisions.
Corporate Governance and Risk Management	The Council has adopted a Local Code of Corporate Governance Code based upon the requirements of the CIPFA/SOLACE Corporate Governance framework. This incorporates Risk Management and the Council is committed to a Risk Management Strategy involving the preparation of Risk Registers at both strategic and operational levels.
Equality Impact Assessments	Where there are deemed to be equality issues as a result of adjustments to revenue budgets a separate equality impact assessment has or will be undertaken at the appropriate time. In addition, an equality impact assessment is undertaken and reported to Members prior to commencement of a new capital plan scheme.
Partnership Working	The Council is working in partnership with its neighbouring councils with the aim of not only delivering savings through joint working, but also to improve resilience and performance.
Government Led Issues	Continued public sector finance cuts; Welfare Reform and cessation of the administration of housing benefits for working age claimants in the lead up to the introduction of Universal Credit; the sustainability of the NHB scheme and what will follow; the ongoing impact of the localisation of council tax support; the Fair Funding Review and proposed move to 100% Business Rates Retention scheme; Brexit; and proposals to transfer the Land Charges function to HM Land Registry and to devolve the setting of planning fees will impact on the Council's finances in-year and over the medium to longer term. The increased volatility and uncertainty attached to a number of these issues is such that financial planning is becoming increasingly difficult with the increased risk of significant variances compared to projections. As a result we will need to closely monitor the impact of these issues on the Council's finances at regular intervals.
Savings Initiatives	The Council has a significant challenge ahead in respect of delivering savings over the short to medium term with a current projected funding gap of circa £1.0m. It should also be noted depending on what happens to NHB

	<p>further savings could be required. The Council is able to break these savings down into “tranches” to enable more measured steps to be taken in securing these savings. In the coming months, options to deliver a further tranche/s of the required savings will need to be considered, agreed and actioned under the framework set out in the Savings and Transformation Strategy. In addition, the Management Team will continue to seek efficiency savings in the delivery of existing services.</p>
--	--

These assumptions and changing circumstances will require the Strategy to be reviewed and updated at least annually.

Two key questions remain to be answered.

What will our baseline funding level be under an ‘eventual’ 100% Business Rates Retention scheme and how that then compares to that reflected in the MTFs taking into account transfer of any new responsibilities; and

The extent to which NHB will feature in future government grant funding and if replaced what level of funding would we receive in its place?

The answers to these questions are fundamental for the ongoing financial planning for this Council.

Adequacy of Reserves

The minimum prudent level of reserves that the Council should maintain is a matter of judgement. It is the Council’s safety net for unseen or other circumstances. The minimum level cannot be judged merely against the current risks facing the Council as these can and will change over time. The objective is to retain a minimum of £2 million in the General Revenue Reserve by the end of the strategy period and given below are areas of operational and financial risk (not exhaustive) considered in determining the appropriate minimum level.

- Brexit
- Interest Rate volatility
- Income volatility
- Change to Government Grant including New Homes Bonus
- Identified savings not being delivered in the required timescales
- Localisation of council tax support
- Business rates retention scheme and associated volatility of income
- Planning Inquiries

- Partnership Working
- Emergencies
- Economic and world recession
- Poor performance on Superannuation Fund
- Bankruptcy / liquidation of a major service partner
- Closure of a major trading area, e.g. leisure centre for uninsured works
- Problems with computer systems causing shortfall or halt in collection performance
- Government Legislation
- Ability to take advantage of opportunities
- Uninsured risks

Clearly, the minimum General Revenue Reserve balance needs to and will be kept under regular review. The General Revenue Reserve balance at 31 March 2028 is estimated to be £4.666m based on an increase in council tax of 2.99% for 2018/19 with the Council working to a balanced budget.

In addition, a number of Earmarked Reserves exist to cover items that will require short-term revenue expenditure in the near future.

The Revenue Reserve for Capital Schemes is established to finance future capital expenditure. A funding statement illustrates that recourse to borrowing to fund capital expenditure is unlikely before 2021/22. The Revenue Reserve for Capital Schemes balance at 31 March 2024 is estimated to be £3.141m.

A schedule of the reserves held as at 1 April 2017 and proposed utilisation of those reserves to 31 March 2019 is provided in Annex 17 Table A.

Balances held generate interest receipts which support, underpin and contribute towards meeting the objectives of the Strategy.

Opinion

I am of the opinion that the approach taken in developing the 2018/19 budget meets the requirements contained in the Local Government Act 2003 to ensure the robustness of the estimates and the adequacy of the reserves.

Signed: 

Date: 8 February 2018

Director of Finance and Transformation, BSc (Hons) FCPFA

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RESERVES ESTIMATE 2018/19

Annex 17 - Table A

Description	Balance as at	Estimated Contribution		Estimated	Estimated Contribution		Estimated
	1 April 2017	From	To	Balance as at	From	To	Balance as at
	£	£	£	£	£	£	£
General Revenue Reserve	5,948,858		558,100	6,506,958		433,400	6,940,358
Revenue Reserve for Capital Schemes	6,748,236	1,884,000	1,306,000	6,170,236	3,150,000	1,432,000	4,452,236
Building Repairs Reserve	318,414	775,650	900,000	442,764	860,950	600,000	181,814
Property Investment Fund Reserve	0			0		500,000	500,000
Earmarked Reserves							
Democratic Representation	20,145			20,145			20,145
Special Projects	911,463	35,950	36,150	911,663	723,500	700,000	888,163
Local Development Framework	224,731	30,000	45,000	239,731	30,000	40,000	249,731
Homelessness Reduction	0	16,850	176,000	159,150	122,950	199,300	235,500
Election	149,740		25,000	174,740		25,000	199,740
Planning Inquiries	6,953	6,950		3			3
Asset Review	58,981			58,981			58,981
Training & IIP Accreditation	22,813			22,813			22,813
Road Closures	7,362			7,362			7,362
Supporting People	53,200	53,200		0			0
Community Development	4,410			4,410			4,410
Invest to Save	630,709	218,400		412,309	10,000		402,309
Economic Development	43,964	17,600		26,364	25,900		464
Housing & Welfare Reform	0		53,200	53,200	8,000		45,200
Tonbridge and Malling Leisure Trust	301,470		100,000	401,470	250,000	200,000	351,470
Housing Assistance	200,000	10,000		190,000	10,000		180,000
Business Rates Retention Scheme	693,706	200,000		493,706			493,706
Public Health	49,738	6,450		43,288	9,700		33,588
Transformation	148,000	65,000	55,000	138,000			138,000
	3,527,385	660,400	490,350	3,357,335	1,190,050	1,164,300	3,331,585
Total	16,542,893	3,320,050	3,254,450	16,477,293	5,201,000	4,129,700	15,405,993

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Tonbridge & Malling Borough Council**Calculation of Council Tax Requirement for the year 2018/19 including sums required to meet Special Expenses and Parish Council Precepts**

That the following amounts be now calculated by the Council for the year 2018/19 in accordance with Section 31A of the Local Government Finance Act 1992:-

	£
(a) Aggregate of the amounts which the Council estimates for the items set out in Section 31A (2) N.B. Includes Special Expenses and Parish Council Precepts	89,367,455
(b) Aggregate of the amounts which the Council estimates for the items set out in Section 31A (3) N.B. Includes Local Government Finance Settlement	76,432,177
(c) Calculation under Section 31A (4), being the amount by which the aggregate at (a) above exceeds the aggregate at (b) above	----- 12,935,278 -----

<u>Memorandum:-</u>	
	£
Borough Council	9,372,471
Special Expenses	783,170
Parish Council Precepts	2,779,637
Total	----- 12,935,278 -----

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TONBRIDGE & MALLING BOROUGH COUNCIL

CABINET

08 February 2018

Report of the Chief Executive, Director of Finance and Transformation, Leader of the Council and Cabinet Member for Finance, Innovation and Property

Part 1- Public

Matters for Recommendation to Council

1 SETTING THE COUNCIL TAX 2018/19

This report takes Cabinet through the process of setting the level of Council Tax for the financial year 2018/19 and seeks Cabinet's recommendations.

1.1 Introduction

1.1.1 The legislative framework for the setting of Council Tax is Chapter III of the Local Government Finance Act 1992. Section 30 requires that for each financial year and for each category of dwelling in its area, a billing authority shall set an amount of Council Tax.

1.1.2 The amount set will be the aggregate of the amount set by the billing authority under Sections 31A and 36 of the Act and the amounts set by major precepting authorities under Sections 42A, 42B and 45 to 47 of the Act.

1.2 Council Tax Base for 2018/19

1.2.1 The Council is required to set its tax base for the forthcoming financial year, and notify it to the major precepting authorities, during the period 1 December to 31 January.

1.2.2 Attached at **[Annex 1]** is the council tax base for the financial year 2018/19 which has been determined by the Director of Finance & Transformation in accordance with her delegated authority. This shows that there are 49,924.51 Band D equivalent properties within the Borough compared to 48,878.88 in the year 2017/18 (an increase of 2.14%).

1.2.3 All precepting authorities have been notified of the tax base for 2018/19.

1.3 Amounts of Council Tax to be set by the Billing Authority

1.3.1 The process is that, having determined the billing authority's tax requirement, this sum is initially divided by the tax base to determine the overall level of tax, inclusive of special expenses and parish precepts.

- 1.3.2 The resultant figure represents an average charge within the Borough for both Borough and Parish Council requirements. As part of the statutory process, this average is recorded on the Council's council tax resolution, which we refer to later. As Cabinet is aware, however, the average charge does not apply to any of the areas within the Borough other than by coincidence. In order to calculate the levels of tax for each of the areas within the Borough, it is necessary to determine the basic level of Council Tax that will apply to the whole of the Borough, and then calculate the additional charges relating to particular areas. This process determines the tax for Band D properties in each of those areas.
- 1.3.3 The tax for the full range of Band A to H properties is then established by using the ratios for each of the Bands as they relate to Band D. The relevant statutory ratios are as follows:

Table 1 - Band Ratio Relative to Band D

Band	Ratio to Band D
A	6/9
B	7/9
C	8/9
D	9/9
E	11/9
F	13/9
G	15/9
H	18/9

- 1.3.4 The level of tax set by the major precepting authorities, Kent County Council, The Police & Crime Commissioner for Kent and the Kent & Medway Fire & Rescue Authority, is then added to establish the overall tax for each band in each part of the area.

1.4 Kent County Council / The Police & Crime Commissioner for Kent / Kent & Medway Fire & Rescue Precepts

- 1.4.1 The Police & Crime Commissioner for Kent's precept and level of Council Tax is due to be considered at a meeting on 8 February and we await confirmation of the outcome.

- 1.4.2 Kent County Council's Cabinet meeting is due to take place on 5 February, at which a recommendation concerning its precept will be made. The County Council's full Council meeting to confirm the precept is to be held on 20 February.
- 1.4.3 The Kent & Medway Fire & Rescue Authority's precept and level of Council Tax is due to be agreed on 13 February.

1.5 Draft Resolution

- 1.5.1 Attached at **[Annex 2]** is a draft resolution which seeks to identify for Cabinet the processes which have to be undertaken to arrive at the levels of Council Tax applicable to each part of the Borough. The parts in bold type seek to explain each calculation.
- 1.5.2 The resolution itself, incorporating the Borough Council's budget and Parish Council precept information and council tax levels for all major precepting authorities, will be presented to the meeting of the Council on 20 February 2018.

1.6 Legal Implications

- 1.6.1 There are a number of legislative requirements to consider in setting the Budget which will be addressed as we move through the budget cycle.
- 1.6.2 The Localism Act introduced a requirement for council tax referendums to be held if an authority increases its relevant basic amount of council tax in excess of principles determined by the Secretary of State and approved by the House of Commons.

1.7 Financial and Value for Money Considerations

- 1.7.1 As set out above.

1.8 Risk Assessment

- 1.8.1 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 guidance on assumptions obtained where appropriate.
- 1.8.2 Under the provisions of the Localism Act, any increase in the relevant basic amount of council tax above the principles, however small, will require a referendum to be held which is a risk in itself.

1.9 Equality Impact Assessment

1.9.1 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.

1.10 Recommendations

1.10.1 Cabinet is asked to **note** the resolution, and **make recommendations to** Council as appropriate.

Background papers:

contact: Sharon Shelton

Nil

Neil Lawley

Julie Beilby
Chief Executive

Sharon Shelton
Director of Finance and Transformation

Nicolas Heslop
Leader of the Council

Martin Coffin
Cabinet Member for Finance, Innovation and Property
and Deputy Executive Leader

COUNCIL TAX - TAX BASE FOR 2018/19

Parish	Tax Base
	Band D Equivalents
ADDINGTON	404.26
AYLESFORD	4,272.98
BIRLING	202.38
BOROUGH GREEN	1,649.69
BURHAM	454.19
DITTON	1,787.48
EAST MALLING & LARKFIELD	4,957.54
EAST PECKHAM	1,295.73
HADLOW	1,516.67
HILDENBOROUGH	2,187.02
IGHTHAM	1,120.09
KINGS HILL	3,970.48
LEYBOURNE	1,825.18
MEREWORTH	437.88
OFFHAM	379.71
PLATT	884.07
PLAXTOL	592.24
RYARSH	364.80
SHIPBOURNE	257.52
SNODLAND	3,624.13
STANSTED	266.01
TROTTISCLIFFE	270.86
WATERINGBURY	891.53
WEST MALLING	1,113.20
WEST PECKHAM	178.63
WOULDHAM	597.05
WROTHAM	891.32
TONBRIDGE	13,531.87
TOTAL	49,924.51

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COUNCIL TAX**DRAFT RESOLUTION**

Blank version of the Council Tax Resolution (except for Band D equivalents). Explanatory text is provided in Bold Italics.

1. It be noted that on 20th February 2018 the Council calculated:
- (a) the Council Tax Base 2018/19 for the whole Council area as 49,924.51 [Item T in the formula in Section 31B of the Local Government Finance Act 1992, as amended (the "Act")] and,
- (b) for dwellings in those parts of its area to which one or more special items (Special expenses and or a Parish precept) relates as follows:

Tonbridge	13,531.87
Addington	404.26
Aylesford	4,272.98
Birling	202.38
Borough Green	1,649.69
Burham	454.19
Ditton	1,787.48
East Malling & Larkfield	4,957.54
East Peckham	1,295.73
Hadlow	1,516.67
Hildenborough	2,187.02
Ightham	1,120.09
Kings Hill	3,970.48
Leybourne	1,825.18
Mereworth	437.88
Offham	379.71
Platt	884.07
Plaxtol	592.24
Ryarsh	364.80
Shipbourne	257.52
Snodland	3,624.13
Stansted	266.01
Trottscliffe	270.86
Wateringbury	891.53
West Malling	1,113.20
West Peckham	178.63
Wouldham	597.05
Wrotham	891.32

2. £ X,XXX,XXX being the Council Tax requirement for the Council's own purposes for 2018/19 (excluding Parish precepts).

Explanatory Notes

1(a) This figure represents the council tax base expressed in Band D equivalents for the whole Tonbridge and Malling area.

1(b) These figures represent the tax base expressed in Band D equivalents for Tonbridge and each Parish.

The tax base for the whole borough, Tonbridge and for each area (Parish) as determined by the Council's Chief Financial Officer.

2 This figure represents the amount of council tax required to support the Council's revenue budget for the year.

3. That the following amounts be calculated for the year 2018/19 in accordance with Sections 31 to 36 of the Act:

- (a) £ XX,XXX,XXX being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(2) of the Act taking into account all precepts issued to it by Parish Councils.
- (b) £ XX,XXX,XXX being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of the Act.
- (c) £ XX,XXX,XXX being the amount by which the aggregate at 3(a) above exceeds the aggregate at 3(b) above, calculated by the Council in accordance with Section 31A(4) of the Act as its Council Tax requirement for the year. (Item R in the formula in Section 31B of the Act).
- (d) £ XXX.XX being the amount at 3(c) above (Item R), all divided by Item T (1(a) above), calculated by the Council, in accordance with Section 31B of the Act, as the basic amount of its Council Tax for the year including Parish precepts.
- (e) £ X,XXX,XXX being the aggregate amount of all special items (Special expenses and Parish precepts) referred to in Section 34(1) of the Act.
- (f) £ XXX.XX being the amount at 3(d) above less the result given by dividing the amount at 3(e) above by Item T (1(a) above), calculated by the Council, in accordance with Section 34(2) of the Act, as the basic amount of its Council Tax for the year for dwellings in those parts of its area to which no special items relate (this is the Council Tax for General Expenses to which Special expenses and Parish precepts are added as applicable).

(g) <u>Part of the Council's area</u>	Band D £
Tonbridge	XXX.XX
Addington	XXX.XX
Aylesford	XXX.XX
Birling	XXX.XX
Borough Green	XXX.XX
Burham	XXX.XX
Ditton	XXX.XX
East Malling & Larkfield	XXX.XX
East Peckham	XXX.XX
Hadlow	XXX.XX
Hildenborough	XXX.XX
Ightham	XXX.XX
Kings Hill	XXX.XX
Leybourne	XXX.XX
Mereworth	XXX.XX
Offham	XXX.XX
Platt	XXX.XX
Plaxtol	XXX.XX
Ryarsh	XXX.XX
Shipbourne	XXX.XX
Snodland	XXX.XX
Stansted	XXX.XX
Trottscliffe	XXX.XX
Wateringbury	XXX.XX
West Malling	XXX.XX
West Peckham	XXX.XX
Wouldham	XXX.XX
Wrotham	XXX.XX

being the amounts given by adding to the amount at 3(f) above the amounts of the special item or items relating to dwellings in those parts of the Council's area mentioned above divided in each case by the amount at 1(b) above, calculated by the Council, in accordance with Section 34(3) of the Act, as the basic amounts of its council tax for the year for dwellings in those parts of its area to which one or more special items (Special expenses and Parish precepts) relate.

Explanatory Notes

3(a) The Council's gross expenditure including special expenses, parish precepts and any deficit on the Collection Funds brought forward.

3(b) The Council's gross income including the amount of NNDR and Revenue Support Grant the Council will receive, plus any surplus on the Collection Funds brought forward.

3(c) The council tax requirement including special expenses and parish precepts.

3(d) The council tax requirement including special expenses and parish precepts divided by the tax base from 1(a) to give the basic amount of Council Tax. (N.B. This is an average inclusive of special expenses and parish precepts for each part of the borough).

3(e) The total amount of all parish precepts and special expenses.

3(f) The amount of Council Tax excluding parish precepts and special expenses that applies to each part of the borough.

3(g) The amounts of Council Tax which are set for each part of the borough to meet both borough and parish requirements including special expenses.

(h)

Valuation Bands

<u>Part of the Council's area</u>	A £	B £	C £	D £	E £	F £	G £	H £
Tonbridge	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX
Addington	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX
Aylesford	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX
Birling	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX
Borough Green	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX
Burham	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX
Ditton	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX
East Malling & Larkfield	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX
East Peckham	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX
Hadlow	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX
Hildenborough	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX
Ightham	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX
Kings Hill	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX
Leybourne	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX
Mereworth	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX
Offham	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX
Platt	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX
Plaxtol	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX
Ryarsh	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX
Shipbourne	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX
Snodland	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX
Stansted	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX
Trottiscliffe	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX
Wateringbury	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX
West Malling	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX
West Peckham	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX
Wouldham	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX
Wrotham	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX

being the amounts given by multiplying the amounts at 3(g) above by the number which, in the proportion set out in Section 5(1) of the Act, is applicable to dwellings listed in a particular valuation band divided by the number which in that proportion is applicable to dwellings listed in valuation band D, calculated by the Council, in accordance with Section 36(1) of the Act, as the amounts to be taken into account for the year in respect of categories of dwellings listed in different valuation bands.

Explanatory Notes

3(h) The amounts of Council Tax set for each part of the borough, to meet both borough and parish requirements including special expenses.

4. That it be noted that for the year 2018/19 The Police & Crime Commissioner for Kent, the Kent & Medway Fire & Rescue Authority and the Kent County Council have stated the following amounts in precepts issued to the Council, in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of dwellings shown below:

<u>Precepting Authority</u>	<u>Valuation Bands</u>							
	A £	B £	C £	D £	E £	F £	G £	H £
The Police & Crime Commissioner for Kent	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX
Kent & Medway Fire & Rescue Authority	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX
Kent County Council	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX	XXX.XX

5. That, having calculated the aggregate in each case of the amounts at 3(h) and 4. above, the Council, in accordance with Sections 30 and 36 of the Local Government Finance Act 1992, hereby sets the following amounts as the amounts of council tax for the year 2018/19, for each of the categories of dwellings shown below:

<u>Part of the Council's area</u>	<u>Valuation Bands</u>							
	A £	B £	C £	D £	E £	F £	G £	H £
Tonbridge	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX
Addington	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX
Aylesford	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX
Birling	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX
Borough Green	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX
Burham	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX
Ditton	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX
East Malling & Larkfield	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX
East Peckham	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX
Hadlow	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX
Hildenborough	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX
Ightham	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX
Kings Hill	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX
Leybourne	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX
Mereworth	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX
Offham	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX
Platt	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX
Plaxtol	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX
Ryarsh	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX
Shipbourne	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX
Snodland	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX
Stansted	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX
Trottscliffe	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX
Wateringbury	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX
West Malling	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX
West Peckham	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX
Wouldham	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX
Wrotham	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX	X,XXX.XX

Explanatory Notes

- 4 **The Council Tax set by The Police & Crime Commissioner for Kent, Fire Authority and KCC for each band.**
- 5 **The total Council Tax the Borough Council sets for each band in each part of the borough, inclusive of the KCC, KMFR, The Police & Crime Commissioner for Kent, borough and parish requirement.**

TONBRIDGE & MALLING BOROUGH COUNCIL

CABINET

08 February 2018

Report of the Director of Finance and Transformation

Part 1- Public

Matters for Recommendation to Council

1 LOCAL COUNCIL TAX REDUCTION SCHEME 2018/19

A report for Members to approve and recommend to Full Council the draft Local Council Tax Reduction Scheme for 2018/19.

1.1 Background

- 1.1.1 Since the abolition of the national council tax benefit scheme on 31 March 2013, Councils have had a duty to provide local council tax reduction schemes each year to assist households in financial need, by the award of a reduction in their council tax liability. The Government prescribed that the reduction given to pensioners cannot be any less than under previous council tax benefit provisions.
- 1.1.2 Councils have previously been duty bound to agree schemes by 31 January preceding the relevant financial year. For the coming financial year, the Government has amended the date to 11 March, allowing a better fit to councils' budget setting timetables.

1.2 Local Council Tax Reduction Scheme 2018/19

- 1.2.1 As the document runs to over 150 pages, rather than attach to the agenda the draft Tonbridge and Malling Borough Council Local Council Tax Reduction Scheme 2018/19 can be viewed [here](#)
- 1.2.2 Members will be recall that several changes were agreed for the 2017/18 Scheme following public consultation. The draft Scheme for 2018/19 sees little change on that of the previous year. Some minor updates have been made to other benefit rates contained in the Scheme, although most remain frozen, and Government prescribed amendments have been written into the pensioner related regulations.

1.3 Legal Implications

- 1.3.1 The Council has a statutory duty to agree a local council tax reduction scheme effective from 1 April 2018 by 11 March 2018.
- 1.3.2 The finally approved Scheme will be available on the Council's website.

1.4 Financial and Value for Money Considerations

1.4.1 Changes within the Scheme and external factors have been considered in line with relevant budgets.

1.5 Risk Assessment

1.5.1 Changes incorporated into the Scheme pose minimal risks to the Council and residents.

1.5.2 Failure to agree a scheme by the prescribed date may lead to Government intervention.

1.6 Equality Impact Assessment

1.6.1 Changes within the Scheme cause no significant adverse impacts

1.7 Recommendations

1.7.1 Members are asked to

- 1) **APPROVE** the draft local council tax reduction scheme for 2018/19; and
- 2) **RECOMMEND** to Full Council that it is adopted from 1 April 2018 as the Tonbridge and Malling Borough Council Local Council Tax Reduction Scheme 2018/19.

Background papers:

contact: Andrew Rosevear

Nil

Sharon Shelton
Director of Finance and Transformation

Item SSE 17/15 referred from Street Scene and Environment Services Advisory Board minutes of 6 November 2017

SSE 17/15 WASTE SERVICES CONTRACT RETENDER

Further to Decision No. D170067CAB the report of the Director of Street Scene, Leisure and Technical Services provided an update on the retendering of the Waste Services Contract on a partnership basis with Dartford and Tunbridge Wells Borough Councils and Kent County Council. Particular reference was made to the proposed Inter Authority Agreement and the financial disaggregation arrangements between the partners. Details of the proposed procurement process and the evaluation criteria for the award of the contract were also presented. Members thanked the Officer team for the comprehensive report, sought clarification on a number of issues relating to Green/Garden Waste and acknowledged the potential for improving the service provided while making a significant contribution to the Savings and Transformation Strategy.

RECOMMENDED: That the Cabinet be commended to agree that

- (1) the core principles for the Inter Authority Agreement between this Council and Kent County Council, as outlined in the report, be agreed;
- (2) a final draft Inter Authority Agreement be reported to a future meeting of the Advisory Board for consideration;
- (3) the financial arrangements relating to the new contract, as outlined in the report, and associated financial implications be noted; and
- (4) the approach to the evaluation of the contract tenders, as outlined in the report, be agreed and incorporated within the tender documentation.

***Referred to Cabinet**

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TONBRIDGE & MALLING BOROUGH COUNCIL

STREET SCENE and ENVIRONMENT SERVICES ADVISORY BOARD

06 November 2017

Report of the Directors of Street Scene, Leisure & Technical Services, Finance & Transformation and Central Services

Part 1- Public

Matters for Recommendation to Cabinet - Key Decision

1 WASTE SERVICES CONTRACT RETENDER

Summary

The current waste services contract for refuse, recycling & street cleansing is due to end in February 2019 and is being retendered on a partnership basis with Dartford & Tunbridge Wells Borough Council's and Kent County Council.

This report focusses on the proposed Inter Authority Agreement and financial disaggregation arrangements between the partners, and the evaluation criteria for the award of the contract.

1.1 Background

1.1.1 Further to previous reports to this Board, Members will be aware that the Council's Waste Services Contract is due to expire in February 2019 and that Officers are currently working with West Kent colleagues, as well as Kent County Council, to work in partnership on the future delivery of these services. The value of this Council's existing contract for refuse, recycling and street cleansing services is around £3.8m per annum, and provides a refuse and recycling collection service to over 52,000 households and a street cleansing service across the whole Borough.

1.1.2 At the June 2017 meeting of this Board, Officers provided an overview of the tendering process and outlined the proposed recycling & refuse collection arrangements for an enhanced service, known as the "NOM" (Nominal Optimal Method), which include:

- Weekly Food Waste Collection;
- Fortnightly Collection of Residual Waste;
- Alternate Fortnightly Collection of Mixed Dry Recyclate (plastics, metals, cartons and glass) in a wheeled bin with a separate container for paper and card; and

- In addition, the separate fortnightly collection of garden waste (as an “opt in” charged service).

1.1.3 The retendering of the waste services contract together with West Kent partners presents a real opportunity to review current arrangements, with an overall aim of providing:

- service improvements and efficiencies;
- greater consistency across partner authorities;
- increased recycling performance; and
- financial savings.

1.1.4 At the last meeting of this Board Members considered and agreed key policy and service levels relating to the specification for the new contract. This included a range of issues including contract length, design and size of containers, bring sites, street cleansing, high speed roads, green waste collection charges and mobilisation/implementation. In addition to agreeing the service levels Members also agreed that the Inter Authority Agreement, financial arrangements and evaluation criteria for the award of the contract be considered at this meeting.

1.2 Inter Authority Agreement (IAA)

1.2.1 The IAA is a legally binding agreement between this Council as the Waste Collection Authority and Kent County Council (KCC) as the Waste Disposal Authority. The aim of the IAA is to encourage increased levels of recycling by providing this Council with an incentive to maximise kerbside recycling, directly reducing the waste disposal costs for KCC. Where higher levels of recycling are achieved, KCC’s disposal costs are reduced. Accepting that a more comprehensive kerbside collection arrangement will be more expensive for this Council, it is essential that any IAA mutually benefits both authorities.

1.2.2 The IAA will replace all existing arrangements in relation to all payments made by KCC to this Council.

1.2.3 Following recent approval by KCC’s Cabinet Committee a summary of the core principles of the IAA are:-

- both KCC and TMBC will commit themselves to the most economically advantageous and closest coordination reasonably possible of waste services in Tonbridge and Malling.
- TMBC will introduce, provide and maintain the Nominal Optimal Method of collection across its administrative area, reaching the maximum number of households.

- TMBC will deliver waste streams in accordance with the NOM to transfer points and facilities specified by KCC.
- KCC will retain responsibility for the haulage and disposal of all materials.
- TMBC will purchase necessary containers to facilitate the new collection arrangements.
- the IAA shall commence on the commencement date of the new collection contract and will be in force until the expiry of the contract..

The IAA sets out in detail the financial obligations of each partner, which is outlined below in sub-section 1.3. In overview, the Council will receive a recycling support payment from KCC based on its recycling performance, and will retain all income achieved through the levy of a green waste charge. This performance based approach to the sharing of savings achieved is supported by Officers and will provide a real incentive to improve rates of recycling across the borough.

A final draft of the IAA will be produced in advance of the award of the contract and will be presented to this Board for formal approval.

1.3 Financial Arrangements

Waste Disposal Costs

- 1.3.1 Currently, the total waste collected from households in Tonbridge and Malling is around 48,000 tonnes and the associated waste disposal cost to KCC is in the order of £4.2m.
- 1.3.2 With the Nominal Optimal Method of collection the waste disposal cost will reduce. Dependent on take up of the opt-in garden waste collection service and based on anticipated tonnages, our consultants (WCL) estimate that waste disposal costs could reduce by circa £984,000. This figure is indicative and will be dependent on a range of factors including the final contract sum.
- 1.3.3 Under the proposed IAA, this Council will receive a Recycling Support Payment (RSP) equal to 50% of the saving achieved compared to the baseline waste disposal cost (where a saving is not achieved in any one year the RSP is zero and any increase in cost is recovered first from future year's savings).
- 1.3.4 Based on the above this would result in a RSP to this Council of £492,000. The RSP will replace recycling credits and other payments currently paid by KCC (excluding the contribution to the Saturday bulky household collection service) in the sum of £435,000. In addition, under the proposed arrangements this Council will not receive the income from recycled materials currently totalling around £109,000.

Green Waste Charges

- 1.3.5 It is proposed that a chargeable opt-in garden waste collection service be introduced. For illustration the table below gives projected income levels based on a take up rate of 30% and 40% and a charge of £35, £40 and £45. The projected take up rates are based on the performance of other local authorities, with the national average for a charge being iro. £42 p.a. All income achieved from a green waste charge will accrue to this Council.

		Price (£)		
		35	40	45
Take up (%)	30	500,360	571,840	643,320
	40	667,135	762,440	857,745

- 1.3.6 The table above shows the projected income levels range between £500,000 and £858,000 for the various take up rates and level of charge levied. Clearly, there is a balance between the charge set and the subsequent level of take up.

Recycling Bring Sites

- 1.3.7 With the Nominal Optimal Method of collection a wider array of materials will be collected at kerbside. This provides the opportunity to review the number and location of bring sites across the borough. At the last meeting of this Board it was agreed that a number of strategically located bring sites would be retained. If the number of sites were reduced to strategic sites a saving of £73,000 is estimated.

Capital Investment

- 1.3.8 The Nominal Optimal Method of collection will require capital investment on the part of this Council by way of an internal and external food caddy at a cost of circa £300,000. In addition, the purchase of garden waste bins at a cost of circa £400,000 based on a take up rate of 30%.
- 1.3.9 The current annual capital budget provision for new and replacement bins will need to increase on introduction of the arrangements. The required increase in budget provision is estimated to be £25,000. This increase will in part be offset by no longer having to make capital renewals provision for the replacement of the two recycling vehicles owned jointly by this Council and Tunbridge Wells Borough Council.

1.4 Contract Evaluation

- 1.4.1 It is proposed that the evaluation of the tenders will be based upon the most economically advantageous tender known as “MEAT”. This will be assessed on

the basis of the best price-quality ratio with the following weighting: 50% Cost/ 40% Quality with the final 10% awarded for the Interview with the contractor taking into account Added Value which may include environmental and/or social aspects over and above the base specification which are linked to the subject- matter of the service contract. The components which make up the quality score are still being considered by our partners and advice will be sought from Dartford Borough Council procurement team on their inclusion.

- 1.4.2 Members have previously approved the use of the Open Procurement Process. This allows all who wish to do so to submit a tender. In order to manage the evaluation of the tenders more efficiently the process will include a series of threshold criteria which are pass/fail questions so that if these are not met by the tenderers their tender will not be assessed further. These will comprise the mandatory and discretionary exclusions grounds in the government's standard selection questionnaire, a suitable threshold for financial standing, technical and professional ability (based on references and details of previous contracts), compliance with the Modern Slavery Act, a requirement to have or obtain adequate insurances, and such other criteria as are agreed with our partners.
- 1.4.3 The specific areas to be examined in assessing the qualitative aspects of the tenders are still being discussed with our partners but are likely to include the contractor's organisational detail, key personnel and contract execution. The contract execution will include the analysis of a range of method statements produced by the tenderers, including standards of service, customer care, health & safety, compliance with legislation, staff training, communications and continuous improvements.

1.5 Contract Lots and Variant Bids

- 1.5.1 The Public Contract Regulations 2015 require that the Contracting Authorities should consider whether it is possible to split the Contract into Lots with the aim of encouraging smaller contracts for the Small and Medium Enterprises to be able to bid for. The West Kent Partners are of the view that the best service delivery and savings will be achieved by having a single contract with no lots due to our preference for the Nominal Optimal Method.
- 1.5.2 A variant bid allows a contractor to submit their own different solution based on minimum specification being achieved. While variant bids can be useful in "testing" alternative options provided by contractors, they can also make the evaluation process more complicated (with increased risk of challenge). On balance, following feedback during the pre-tender Contractor Engagement sessions, the West Kent Partners concluded that variant bids would not be allowed.

1.6 Legal Implications

- 1.6.1 The Council has a legal duty to provide waste and street cleansing services. Due to the contractual and partnership aspects of this project regular and timely legal

services guidance is essential in taking this forward. The Procurement will be carried out in accordance with all current legislation, including the Public Contract Regulations 2015.

- 1.6.2 A number of legal considerations have been highlighted, are captured on the project timetable and are being led by Tunbridge Wells Borough Council. This includes specific involvement with the Inter Authority Agreement, the Conditions of Contract and the procurement process. Our own Legal Services Officers are represented at TMBC's Officer Project Group and are also included in the WKWPG legal services sub group.
- 1.6.3 The IAA will be entered into with KCC under the powers contained in Part II of the Environment Protection Act 1990, S111 of the Local Government Act 1972, S2 of the Local Government Act 2000 and S1 of the Localism Act 2011.

1.7 Financial and Value for Money Considerations

- 1.7.1 Some of the financial considerations to be taken into account in the retender of the waste services contract are set out at paragraph 1.3. A critical component of course is the contract sum. To all intents and purposes this should be more than the current contract payment and the extent of the increase will only be known when the tenders are opened and evaluated.
- 1.7.2 Members will recall that a number of provisional price options will also be included within the contract tender. These items (including the provision of high speed road cleansing and Saturday bulky waste services) will be reported to Members for consideration following tender submissions.
- 1.7.3 A statement summarising the potential range of revenue implications detailed at paragraph 1.3. is shown at **Annex 1**. **It is important, however, to recognise that the indicative figures provided are based on numerous assumptions not least in respect of the change in pattern of waste disposal, take up of the garden waste collection service and associated charge. Of equal importance is the fact that the potential revenue implications do not reflect any expected increase in the contract sum.** Therefore, any increase in the contract sum as outlined above would need to be deducted from the estimated savings.
- 1.7.4 Without the formal tender prices and experience 'on the ground' following implementation of the new arrangements, at this point it is not possible to predict the overall net savings that might be achieved, and it is therefore very important to stress that figures set out are indicative only. Nevertheless, it is apparent that the financial analysis supports the expectation that the retender of the waste services contract will make a significant contribution to the contract savings target reflected in the Savings and Transformation Strategy.

1.8 Risk Assessment

- 1.8.1 The Council has a duty to provide waste and street cleansing services within the borough. The value, the type of work and the high profile nature of the service give rise to a number of potential risks (financial, health & safety and reputational risks). In addition, there are further potential risks associated with delivering a joint contract in partnership with other authorities.
- 1.8.2 The WKWPG has recognised the need to assess risks and has already drafted a risk management register for the overall delivery of the project. It is envisaged that the key elements will be regularly monitored and reviewed to ensure that the project stays on track.
- 1.8.3 In addition, our Internal Audit Team (also represented in the TMBC Officer Project Group) has highlighted the Waste Services Contract Retender as a key area for focus.
- 1.8.4 There is a potential risk that at the end of the contract period the IAA is not renewed and the Recycling Support Payment (RSP) no longer received. However, this is thought to be unlikely, as the Waste Disposal Authority has a vested interest in achieving the level of performance anticipated by the NOM collection method. If the RSP was withdrawn making the collection method no longer affordable to the Waste Collection Authority, this would jeopardise the joint savings being generated by working in partnership.
- 1.8.5 There is a potential risk that one or more of our Partners may withdraw from the process which will reduce the potential savings which can be achieved by the remaining Partners. This risk is reduced by the Waste Disposal Authority having separate IAAs with each of the Waste Collection Authorities so that any one or more authorities still has the potential to achieve savings through an RSP payment.
- 1.8.6 As set out in paragraph 1.8 above, the financial data included in this report is indicative only.

1.9 Equality Impact Assessment

- 1.9.1 Members are reminded of the requirement, under the Public Sector Equality Duty (section 149 of the Equality Act 2010) to have due regard to (i) eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Equality Act 2010; (ii) advance equality of opportunity between people from different groups; and (iii) foster good relations between people from different groups.
- 1.9.2 There are a number of individual specification and service elements associated with a contract of this size which will deal with protected characteristics under the Equality Act to ensure that the Service adequately affects those person who are affected e.g. a pull out service for those who require assistance such as disabled

residents or those who are frail and elderly etc. Although it is not envisaged that any particular group will be disadvantaged by this contract, the need to carry out a detailed Equality Impact Assessment has been noted by the WKWPG and will be included within the formal contract documents.

1.10 Policy Considerations

1.10.1 Communications

1.10.2 Community

1.10.3 Customer Contact

1.10.4 Procurement

1.11 Recommendations

1.11.1 It is **RECOMMENDED** to Cabinet that:

- i) the core principles for the Inter Authority Agreement between this Council and KCC as outlined in the report be agreed;
- ii) a final draft Inter Authority Agreement be reported to a future meeting of this Board for approval;
- iii) the financial arrangements relating to the new contract as outlined in the report and associated financial implications be noted;
- iv) the approach to the evaluation of the contract tenders as outlined in the report be agreed and incorporated within the tender documentation.

Background papers:

contact: Dennis Gardner

Nil

Robert Styles
Director of Street Scene, Leisure
and Technical Services

Sharon Shelton
Director of Finance and
Transformation

Adrian Stanfield
Director of Central Services and
Monitoring Officer

INDICATIVE FINANCIAL MODELLING

	£35 pa garden waste charge		£40 pa garden waste charge		£45 pa garden waste charge	
	30%	40%	30%	40%	30%	40%
Opt-in Garden Waste Collection Service - Take up	14,296	19,061	14,296	19,061	14,296	19,061
Opt-in Garden Waste Collection Service - Number of Customers						
	£	£	£	£	£	£
Recycling Support Payment	(498,690)	(492,422)	(498,690)	(492,422)	(498,690)	(492,422)
Current Recycling credits and other payments	434,900	434,900	434,900	434,900	434,900	434,900
Current Recycling income	108,700	108,700	108,700	108,700	108,700	108,700
COST/SAVING FROM NOM	44,910	51,178	44,910	51,178	44,910	51,178
New and replacement bins	25,000	25,000	25,000	25,000	25,000	25,000
Garden Waste Charges	(500,360)	(667,135)	(571,840)	(762,440)	(643,320)	(857,745)
SUB TOTAL	(430,450)	(590,957)	(501,930)	(686,262)	(573,410)	(781,567)
Review of Bring Sites	(73,000)	(73,000)	(73,000)	(73,000)	(73,000)	(73,000)
NET SAVING (but see notes below)	(503,450)	(663,957)	(574,930)	(759,262)	(646,410)	(854,567)

NOTES:

These indicative figures do not reflect any expected increase in the contract sum. Figures will need to be reviewed once tenders are received.

The figures provided are based on numerous assumptions not least in respect of the change in pattern of waste disposal, take up of the garden waste collection service and associated charge.

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Item SSE 17/16 referred from Street Scene and Environment Services Advisory Board minutes of 6 November 2017

SSE 17/16 REVIEW OF CAR PARKING FEES AND CHARGES

The joint report of the Director of Street Scene, Leisure and Technical Services and the Director of Finance and Transformation set out recommendations for car parking fees and charges for implementation from 1 April 2018.

Careful consideration was given to the options set out in the report and Members noted that, whilst the Council regularly reviewed its fees and charges for services provided for the local community, the last review of car parking charges in 2016 had not recommended any increases. Consequently, there had been no increase in any parking charges in the Borough for the last two years.

Additionally, Members were provided with details of the set of guiding principles established by the Council for the setting of fees and charges together with a summary of the level of investment and cost to the Authority of providing the parking service.

RECOMMENDED: That the following proposals be approved by Cabinet with effect from 1 April 2018:

- (1) the schedule of charges for short and long stay parking in Tonbridge, shown in Table 1 to the report, be introduced;
- (2) week day short day parking charges to the car parking bays in the Tonbridge Castle grounds, including the purchase of a new car parking ticket machine, be introduced;
- (3) the schedules of Peak and Off-Peak Season ticket charges in Tonbridge, shown in Tables 2 and 3 to the report, be adopted;
- (4) the Ryarsh Lane, West Malling Annual Season ticket charges be increased to £175;
- (5) the schedule of charges for short stay parking in West Malling, shown in Table 5 to the report, be introduced with the new 4 hour tariff amended to £3.20;
- (6) the schedule of charges for Blue Bell Hill car park, shown in Table 6 to the report, be introduced;
- (7) the schedule of charges for Borough Green Western Road car park, shown in Table 7 to the report, be introduced;
- (8) Residents Permits (Residential Preferential Parking Scheme) be retained at £40 per year;
- (9) the schedule of charges for Business Permits and Dispensations, shown in Table 8 to the report, be introduced;

- (10) Visitor Permits be retained at £12 for a book of 10 permits, the current offer of 10 free Visitor Permits be limited to new applicants for a Residents Permit and the offer of 10 free Visitor Permits on renewal of a Residents Permit be discontinued;
- (11) the schedule of charges for Haysden and Leybourne Lakes country parks, shown in Table 9 to the report, be introduced;
- (12) the schedule of charges for On-Street Pay and Display parking in Tonbridge, shown in Table 10 to the report, be introduced; and
- (13) the potential introduction of On-Street Permit and Pay and Display parking in designated areas of North Tonbridge be investigated.

***Referred to Cabinet**

TONBRIDGE & MALLING BOROUGH COUNCIL

STREET SCENE and ENVIRONMENT SERVICES ADVISORY BOARD

06 November 2017

**Report of the Director of Street Scene, Leisure & Technical Services and
the Director of Finance & Transformation**

Part 1- Public

Matters for Recommendation to Cabinet - Key Decision

1 REVIEW OF CAR PARKING FEES AND CHARGES

Summary

This report brings forward recommendations for car parking fees and charges for implementation from 1st April 2018.

1.1 Introduction

Fees and charges for parking in the Borough are regularly reviewed in the context of current and planned service improvements and the operational management of the parking service.

In bringing forward the proposals in this report, consideration has been given to the set of guiding principles for the setting of fees and charges established by the Council. The guiding principles can be summarised as follows:

- Fees and charges should have due regard to the Council's Medium Term Financial Strategy and should reflect the Council's key priorities.
- If there is to be a subsidy from the Council tax payer to the service user this should be a conscious choice.
- The Council should look to maximise income subject to market conditions, opportunities and comparable charges elsewhere, in the context of its key priorities and other corporate aims and priorities.
- Fees and charges should be reviewed at least annually (unless fixed by statute or some other body).
- Fees and charges should not be used to provide a subsidy from the Council tax payer to commercial operators.
- There should be consistency between charges for similar services.

In addition to the above, consideration also needs to be given to a number of specific principles relating to the provision of a successful car parking service. In summary the Council should:-

- Seek to optimise the availability of parking.

- Manage assets in a fair, commercial and efficient manner.
- Implement an appropriate charging regime taking into account the cost of the parking service
- Balance the management of the car parks to meet the needs of all users
- Have in place suitable inspection and maintenance regimes to ensure it provides safe and well maintained opportunities for the public to park their vehicles.

This report considers current and future fees and charges for parking, and following careful consideration of the aforementioned principles, brings forward a number of proposals. In summary the proposals are as follows:

- Short stay parking charges in Tonbridge to increase by 10p per hour including a 10p increase to the 30 min tariff. Introduction of short stay parking charges in the Castle grounds car park on weekdays.
- Residential preferential parking permits be retained at £40 across the whole Borough with new applicants continuing to receive 10 visitor permits free of charge. Free of charge visitor permits to existing holders renewing their permits to be discontinued.
- Visitor permits be retained at £12 for 10 permits.
- Country parks – an increase from £1 to £1.20 for the first 4 hours, and the retention of season tickets for regular users.
- Long stay parking in Tonbridge to increase by 10p per hour, capped to a maximum of £5.90.
- Blue Bell Hill car park – revised charges to reflect the quality and convenience of facilities provided and the cost of the provision to the Council.
- West Malling – an increase in short stay parking charges by 10p per hour including a 10p increase to the 30p minimum tariff. An introduction of a 4 hour tariff in the short stay car park. An increase in Season ticket charges in Ryarsh Lane to reflect the quality and convenience of facilities provided and the cost of the provision to the Council.
- Borough Green – charges in the Western Road car park to increase by 10p.
- On-street permit and pay & display parking in designated areas of North Tonbridge to be investigated.
- Evening and Sunday charging – to continue to be free of charge.
- Peak and Off-Peak Season tickets – increases to reflect market conditions/demand.

- Business permits/dispensations for on-street – increases applied with the exception of permits for carers.

It is important for Members to note that the annual review of car parking charges in 2016 did not recommend any increases or other changes. **Consequently there has been no increase in any parking charges in the Borough for the last 2 years.**

1.2 Investment in the Parking Service

1.2.1 The review seeks to achieve a balance between proactively managing parking on behalf of residents and businesses and an appropriate charging regime taking into account the cost of the parking service. Many items contribute to this cost, such as maintenance of the car parks, enforcement, business rates, lighting, security measures, renewal of signs and lines and a considerable investment in the Parking Action Plan to improve the management and convenience of parking throughout the Borough. Members will also note that car parking charges paid by users are subject to VAT. It is also true to say that many of the Council's car parks are potentially valuable land assets were they not to be given over for parking purposes, representing an 'opportunity cost' to the Council.

1.2.2 Over the period since the previous major review report to the Planning & Transportation Advisory Board in January 2016, the Council has implemented a significant number of parking management initiatives. In the context of this review of fees and charges, it is worth setting these out so that Members as well as local residents and businesses can understand the totality of the parking service beyond the purely financial considerations and obtain a better perspective on the positive impacts that the parking service has on local parking conditions.

- Approximately £60,000 has been invested since April 2016 on a range of on- street parking measures across the Borough.
- Improvement works to the value of £100,000 have been carried out at a number of car parks including the refurbishment of the retaining wall and railings in the Upper Castle Field Car Park, drainage improvements to Wateringbury car park.
- The Council's Capital Plan includes a provision for renewal of equipment in car parks. Earlier this year the Council replaced all the ticket machines to bring them up to an appropriate standard and to be capable of accepting the new £1 coinage. The cost of the new machines was £115,000.
- The improvement work is underpinned by a continuing and consistent programme of maintenance work to keep the car parks safe and convenient for our customers. This programme also includes work on-street to keep all the signs and lines in the

Borough clear and legible to support the enforcement work of the Civil Enforcement Officers (CEO). Annual provision for this programme of maintenance work is £100,000. Business Rates are around £260,000 each year and to round off this section on maintenance and safety, CCTV provision amounts to £200,000 each year to keep the car parks safe and secure.

- The enforcement service, including the CEOs has seen a growth in resource with 10 full time CEO's now in employment. This coupled with a change to the shift patterns has resulted in a more effective deployment of the CEOs. In real terms staff are patrolling until 8pm at locations across the whole Borough and income from Penalty Charge Notices has increased as a result. The CEO team are critical to promoting a well ordered parking environment in the Borough that is responsive to local needs and pressures. It is also relevant to note that as demand for parking grows and charges increase, the expectations from the public in terms of levels of enforcement grow as well.
- There is also a need to invest in IT systems to assist both in the effectiveness and responsiveness of our CEOs and the back office IT parking management systems. Mobile technology has advanced and part of the evolving role of the CEOs now includes enforcing 'pay by mobile' systems. It is vital that the handheld devices used by the CEOs are fit for purpose and are renewed and updated to enable them to be as efficient as possible and to limit any errors.
- In addition, there is also a staff cost associated with implementing Local Parking Plans and the phased programme of more ad hoc parking interactions. This is integrated with other transportation related work but the input in an average year comes to about £60,000

1.2.3 Taking all these elements together, they amount to a significant investment by the Borough Council in seeking to provide a comprehensive and integrated parking service on behalf of residents and businesses, and provide an important context for the review of parking fees and charges that follows.

1.3 Comparative Charges

1.3.1 Comparison with the parking fees and charges of other Kent districts and private sector operators should not be the main driver of what might be appropriate in this Borough, since local circumstances, such as the availability of short and long-stay parking, the convenience of the car park locations, and any "through the till" refunds offered by nearby businesses (such as Sainsburys, Waitrose and

Iceland in Tonbridge) are critical in such considerations. However, comparative charges do act as a guide and can be viewed by the public as to what might be considered the 'going rate' for parking. In addition, it is important to note that this Council does not currently charge at times that are now routinely charged for in many other districts such as charging on Sundays, public holidays and evenings. For these and other local reasons comparisons of charges outside the Borough and even within must be carefully qualified.

- 1.3.2 The scope of the review exercise covers consideration of all existing services and charges and includes an assessment of whether current circumstances justify them being maintained as they are or increased. In overview, a comparison of parking charges levied by neighbouring authorities would indicate the proposals are generally in line with others, although it is anticipated that most other Council's will be bringing forward increases in the next financial year.

1.4 Off-Street Parking in Tonbridge – Daily Short and Long Stay Charges

- 1.4.1 Detailed in Table 1 below are the current and proposed charges for daily short and long stay car parking charges in Tonbridge.

TABLE 1

Short Stay		
Period – Hours	Current Charge	Proposed Charge
30 minutes	£0.60	£0.70
1 hour	£1.20	£1.30
2 hour	£2.10	£2.30
3 hour	£2.80	£3.10
4 hour	£3.40	£3.80
Long Stay		
1 hour	£1.20	£1.30
2 hour	£2.10	£2.30
3 hour	£2.80	£3.10
6 hour	£4.10	£4.70
All day	£5.50	£5.90

- 1.4.2 The proposals represent an uplift in charges by a minimum of 10p (the lowest denomination the pay and display machines accept), and 10p per hour increase on each tariff, with the exception of the all-day tariff. Members are reminded that the current charges have remained unchanged for the last 2 years. This level of increase recognises the balance between the costs of provision and management of the Council's primary parking stock and the desire to support the economic sustainability of the town centre.

- 1.4.3 The all-day tariff is not recommended to exceed £5.90 as this is linked to the current all-day rate in the privately operated Tonbridge railway station car park.
- 1.4.4 At the present time pay & display parking in the Castle grounds is only offered on a Saturday. It is proposed that this be extended to weekdays, to utilise spare capacity in the car park not being utilised by staff. The proposal will maximise use of the car park, generate additional income and create additional parking for the public close to the high street, supporting local businesses in this area of the town. Staff will be consulted and their views sought. The proposal will require the purchase and installation of a new ticket machine at a one-off cost of £4,000.

1.5 Season Tickets, Tonbridge

- 1.5.1 The Council currently offers Season Tickets to park all-day in the Sovereign complex (Sovereign Way East, Sovereign Way North and Vale Road) and Lower Castle Fields car parks. They are available on a monthly, quarterly, half-yearly and yearly basis.
- 1.5.2 The take-up of Season Tickets is good, and we currently have 963 issued. The most popular way of paying is annually (86.4% of current season tickets), then half-yearly (9.4%), then quarterly (2.4%) and the remainder (1.8%) are monthly.
- 1.5.3 The current Season Ticket tariff provides an incentive to purchase annually, with shorter periods being weighted to reflect the additional administration required. The price of the Season Tickets take into careful consideration the charges applied at the Railway Station car park which has the advantage of being located immediately next to the Station. The current price of the Tonbridge Station season ticket is £1160.00.

TABLE 2

Season Tickets, Tonbridge		
	Current Charge	Proposed Charge
Monthly	£100	£110
Quarterly	£275	£300
Half-yearly	£500	£550
Annual	£900	£950

1.6 Off-Peak Season Ticket, Tonbridge

- 1.6.1 The Council offers an “Off-Peak Season Ticket” in Tonbridge that allows anyone to park between 4pm and 9am the next day (and all day Saturdays) for £260 per year in any of the Council’s car parks. The off peak availability of parking is of particular use to residents living in central Tonbridge. Members will note from Table 3 below that it is the intention to make an appropriate increase in the charge to £270 per year.

TABLE 3

Off Peak Season Ticket, Tonbridge		
	Current Charge	Proposed Charge
Off-peak season ticket (4pm-9am & Saturdays)	£260	£270

1.7 Off Street Parking in West Malling – Daily Short and Long Stay Charges

- 1.7.1 The current Season Ticket for the Ryarsh Lane car park is set at £150 per year. Privately managed, alternate long-stay parking is available relatively nearby at West Malling station. Although it is recognised that this is less convenient for the town, the comparative cost of the parking is shown below in Table 4.

TABLE 4

West Malling Long Stay Parking				
Parking provider	Daily Charge	Off peak Charge	Saturday Charge	Annual Charge
South-eastern (West Malling Station)	£4.70	£4.20	£2.60	£807.50 (£3.17 per day)
Kenden (West Malling Station)	£4.00	£4.00	£1.50	£640 (£2.50 per day)
Ryarsh Lane car park	Not available	Not available	Free	£150 (60p per day)

- 1.7.2 Despite an increase from £50 to £150 in May 2016, demand for permits in Ryarsh Lane continues to exceed supply and there remains a tendency for businesses to retain permits even when not always required. The relative low cost of the permits seems to make this practice worthwhile and prevents spaces to be resold to those on the waiting list. It is, therefore, suggested that the

season ticket price be increased. The proposal is to increase the cost of the season ticket to £175.

1.7.3 Members will I am sure recall that in May 2016 the Council introduced charges to the short stay car park in West Malling for the first time. The aim of the charges was twofold:-

- Firstly the charges were introduced to assist in the management of the car park. Setting charges was felt to allow more flexibility in the management of the car park, focussing on encouraging short stay and relatively quick turnover of spaces to optimise availability.
- The second aim was to generate income to address the costs of running the car park and the car parking service.

The introduction of the charges generated significant interest from the general public with a petition against the proposal considered by Members at full Council. Members of the public, the local Parish Council and traders were concerned about the potential impact on local businesses, congestion in the High street and visitors parking in surrounding residential roads where parking is free. It is felt that the introduction of the charges has met the Borough Council's original aims and the concerns of the public, local Parish Council and traders have not had the significant impact they feared.

A meeting to review the charges has taken place with the local Parish Council, representatives from businesses and the Cabinet Member for Street Scene & Environment Services which raised a number of issues. It has been agreed that the Borough Council's original proposal to include a 4 hour tariff in the short stay car park should be introduced as soon as is possible. This it is hoped will assist a number of specific traders in the High Street. It is also recognised that there is significant over demand from traders for staff parking. The local Parish Council are pursuing the identification of land to provide a new long stay car park and are in liaison with the Council's forward planning department.

The traders and local Parish Council have requested that the first hour of parking becomes free to help those people "just popping into" the town. This is not felt appropriate in operational terms and would in our view, be a major backward step with regard to parking management within the town. Members will also be aware that the parking bays in the High Street are free of charge to support the businesses. It is recognised, however, that any action to make it easier for visitors to pay would be welcome and it has been agreed to investigate the introduction of contactless card payment in the short stay car parks on a trial basis. With regard to enforcement there has been a significant increase in enforcement hours since the charges were introduced. It has also been agreed with the traders to meet to discuss priority areas for enforcement to help ensure that our resources are used most efficiently.

The Parish Council did organise a survey of local traders in the town. Of the 26 responses received the majority did indicate a loss of trade compared to before the charges were introduced. It is recognised that there is a wide range of factors that can impact on trading and Members will note that the 26 responses only represent the views of 14% of traders in the town.

- 1.7.4 The proposed parking charges for the High Street car park to operate Monday to Saturday, 8am to 6.00pm are shown in Table 5.

TABLE 5

West Malling Short Stay		
Period	Current Charge	Proposed Charge
30 minutes	£0.30	£0.40
1 hour	£0.60	£0.70
2 hours	£1.20	£1.40
3 hours	£1.80	£2.10
4 hours	£2.40	£2.80

- 1.7.5 Following liaison with Shepherd Neame, one of the freeholders of part of the car park, we have had to release 11 spaces within their ownership for the sole use of their business.

1.8 Blue Bell Hill Car Park

- 1.8.1 Blue Bell Hill car park is a commuter car park in the north of the Borough that is easily accessible and has good onward coach links towards London via the M2. The car park is 'Park Mark' accredited and as such it offers high-quality parking opportunities with a good surface, lighting and CCTV.
- 1.8.2 Parking charges apply, Monday to Saturday. The existing charges are relatively low and act as an incentive for commuters to use the car park rather than to park in nearby residential areas. However, since the establishment of the car park there has still been some on-street commuter parking in nearby residential areas, and to assist the Council has introduced on-street parking controls to deter this.
- 1.8.3 The proposed charges are shown in Table 6 below.

TABLE 6

Blue Bell Hill Car Park		
	Current Charge	Proposed charge
Daily	£2.40	£2.50
Weekly	£8.40	£10
Monthly	£32	£35
Quarterly	£85	£100
6 Monthly	£150	£180
Annual	£265	£300

1.9 Borough Green Western Road Car Park

1.9.1 The proposed charges for the Western Road car park are detailed below in Table 7 and represent a 10p increase on each tariff.

TABLE 7

Borough Green Western Road Car Park		
	Current Charge	Proposed charge
Up to 30 minutes	£0.10	£0.20
30 minutes to 1 hour	£0.20	£0.30
1 to 2 hours	£0.40	£0.50
2 to 4 hours	£0.90	£1.00
4 to 6 hours	£1.40	£1.50
6 to 9 hours	£2.00	£2.10
All day	£5.10	£5.20

1.10 Residential Preferential Parking Scheme (Residents Permits)

1.10.1 Residents permits across the Borough are currently set at £40 per year.

1.10.2 Having compared our existing charge to other local authorities and taking into account the £5 increase in 2016, it is not proposed to make any change to this charge.

1.11 Business Permits and Dispensations

1.11.1 The Council offers a variety of “business permits” and dispensations shown below in Table 8.

TABLE 8

Business Permits & Dispensations		
Permit type	Current charge	Proposed charge
Business permit (for businesses located within a permit scheme)	£150	£160
Carers permit	£50	£50
Dispensations		
Property Maintenance	£150	£160
Property Maintenance (with yellow lines)	£150	£160
Tonbridge High Street (Banking)	£150	£160
On-street dispensation (for building works etc.)	£10 for 2 weeks	£10 per day, £30 per week

1.11.2 Members will note that it is the intention to increase the cost of the permits/dispensations with the exception of Carers, to recognise the service they provide to vulnerable members of the community. A substantial increase in charges for builders parking on street is also proposed. This is to reflect that our existing charge is significantly below the market rate for this dispensation.

1.12 Visitor Permits

1.12.1 The Council has a system of issuing Visitor Permits to holders of Residents permits to enable their visitors to park within the restricted area. The Visitor Permits effectively operate as one-day permits.

1.12.2 Visitor Permits currently cost £12 per sheet of 10 permits, and every permit holder is given a free sheet of 10 permits when they take out or renew their permit.

1.12.3 It is proposed that the charge for Visitor Permits be retained at £12 for 10 permits, the offer of 10 free Visitor Permits for new applications be retained, but the offer of 10 free Visitor Permits for renewals be discontinued.

1.13 Leybourne and Haysden Country Park Car Parks

1.13.1 Members will be aware that charging is in place for car parking at both of the Council's Country Parks. The last increase was applied in 2016 with charges rising from 80p to £1.00 for up to four hours and from £3.00 to £4.00 for over four hours.

1.13.2 In addition to the charges above, an annual season ticket can also be purchased which provides parking at both Country Parks. The season ticket was introduced in 2008 at an annual charge of £25 and was increased to £30 in 2016.

The existing charges, together with the proposed charges, are detailed below in Table 9.

TABLE 9

Haysden/Leybourne Lakes Country Parks		
Period	Current Tariff	Proposed Tariff
0-4 Hours	1.00	1.20
4+ Hours	4.00	4.00
Annual Season Ticket	30.00	40.00

1.13.3 Members may be interested to note that the current charging structure in relation to Kent County Council's (KCC) Country Parks is:

- £1.50 to £2.00 (park dependent) flat rate Monday to Friday
- £2.00 to £3.00 (park dependent) flat rate weekend and Bank Holidays
- £40 season ticket (covers eight sites across Kent)

1.13.4 It can, therefore, be seen that in comparison to the charges applied by KCC, this Council's proposed charges continue to offer excellent value for money in terms of the market.

1.14 Tonbridge On-Street Pay and Display

1.14.1 The Council currently operates some very limited on-street pay and display parking in Tonbridge up to a maximum stay of 3 hours. The purpose of on-street pay and display is to provide relatively short stay parking that is convenient to customers of local businesses, with a regular turn-over of spaces.

1.14.2 The proposed on-street pay and display parking charges are shown in Table 10 below.

TABLE 10

On-Street Pay & Display		
	Current Charge	Proposed charge
Up to 30 minutes	£0.60	£0.70
Up to 1 hour	£1.20	£1.30
Up to 2 hours	£2.10	£2.30
Up to 3 hours	£2.80	£3.10

1.15 Charging Period

1.15.1 With the exception of the two Country Parks, the current charging times within the Council's car parks do not extend beyond 6pm or apply on Sundays or Bank Holidays. No changes to this policy are proposed.

1.16 Legal Implications

1.16.1 The powers allowing the Borough Council to carry out parking management activity are contained in the Road Traffic Regulation Act 1984, supplemented by formal agreement with Kent County Council as the Local Highway Authority, in respect of its powers under the Traffic Management Act 2004. In particular, section 122 of the Road Traffic Regulation 1984 Act imposes a general duty on local authorities exercising functions under the Act to secure the expeditious, convenient and safe movement of vehicular and other traffic

(including pedestrians) and the provision of safe and adequate parking facilities on and off the highway.

1.16.2 Changes to parking charges should be made via an Amendment Orders to the Council's on and off-street parking Traffic Regulation Orders, using the procedures set out in the Local Authorities' Traffic Orders (Procedure) (England and Wales) Regulations 1996.

1.16.3 Part 2 of The Civil Enforcement of Parking Contraventions (England) General (Amendment) Regulations 2015 introduced a statutory requirement for a 10 minute "grace" period to time limited parking, whether on-street or off-street, including Pay and Display, regardless of the intended duration of stay, effectively adding the facility to park for an additional 10 minutes to all parking periods.

1.17 Financial and Value for Money Considerations

1.17.1 This review has examined parking fees and charges within the context of a set of guiding principles, the cost of parking service to the Council and ongoing investment in the parking management service. It is anticipated that the recommendations outlined in this report will generate additional income of £210,000, net of VAT and refunds. This estimate is based on the assumption that current usage and refund levels remains constant and that ticket sales remain uninfluenced by price increases and that there is a similar distribution of tickets in each pricing band. As outlined in sub-section 1.4.4. a new ticket machine will be required for the Castle grounds at a one-off cost of £4,000.

1.18 Asset management

1.18.1 It is worthy of note that many of the Council's car parks represent a significant asset in terms of resale and for development. It is essential given the context of the Medium Term Financial Strategy that the Council seeks to ensure that the assets are managed in the most economically advantageous way and may in some cases include disposal of the asset.

1.19 Risk Assessment

1.19.1 The estimated additional income is modelled on predicted future parking patterns and demand matching what currently takes place. It does not reflect any potential adverse customer reaction or the possibility of increased take up of the dual ticketing arrangement in Angel and Botany car parks.

1.20 Equality Impact Assessment

1.20.1 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.

1.21 Policy Considerations

1.21.1 Asset Management

1.21.2 Community

1.21.3 Customer Contact

1.22 Recommendations

1.24.1 It is recommended to Cabinet that it **APPROVE** the following proposals with effect from 1st April 2018;

- 1) Introduce the schedule of charges for short and long stay parking in Tonbridge shown in Table 1.
- 2) Introduce week day short stay car parking charges to the car parking bays in the Tonbridge Castle grounds, including the purchase of a new car parking ticket machine.
- 3) Adopt the schedules of Peak and Off-Peak Season ticket charges in Tonbridge shown in Tables 2 and 3.
- 4) Increase Ryarsh Lane annual season ticket charges to £175.
- 5) Introduce the schedules of charges for short stay parking in West Malling shown in Table 5, including a new 4 hour tariff.
- 6) Introduce the schedule of charges for Blue Bell Hill car park shown in Table 6.
- 7) Introduce the schedule of charges for parking in Borough Green Western Road car park shown in Table 7.
- 8) Retain Residents permits at £40.
- 9) Introduce the schedule of charges for business permits and dispensation shown in Table 8.
- 10) Visitor permits to be retained at £12 for a book of 10 permits, with the current offer of 10 free permits limited to new applicants only.
- 11) Introduce the schedule of charges for Haysden and Leybourne Lakes country parks shown in Table 9.
- 12) Introduce the schedule of charges for on-street pay & display parking in Tonbridge shown in Table 10.
- 13) Investigate the potential introduction of on-street permit and pay & display parking in designated areas of North Tonbridge.

The Director of Street Scene, Leisure & Technical Services confirms that the proposals contained in the recommendation(s), if approved, will fall within the Council's Budget and Policy Framework.

Background papers:

contact: Andy Edwards

Nil

Robert Styles

Director of Street Scene, Leisure & Technical Services

Sharon Shelton

Director of Finance & Transformation

Item SSE 17/17 referred from Street Scene and Environment Services Advisory Board minutes of 6 November 2017

SSE 17/17 REVIEW OF FEES AND CHARGES

The joint report of the Director of Street Scene, Leisure and Technical Services, the Director of Planning, Housing and Environmental Health and the Director of Finance and Transformation set out proposed fees and charges for the provision of services in respect of household bulky refuse and fridge/freezer collections, “missed” refuse collections, stray dog redemption fees, pest control, condemned food certificates, exported food certificates, contaminated land monitoring and private water supplies from April 2018.

In bringing forward the proposals for 2018/19, it was noted that consideration had been given to a range of factors including the Council’s overall financial position, trading patterns, the current rate of inflation, competing facilities and customer demand.

RECOMMENDED: That Cabinet approve the scale of charges for household bulky refuse and fridge/freezer collection, “missed” refuse collection, stray dog redemption fees, pest control, condemned food certificates, exported food certificates, contaminated land monitoring and sampling private water supplies with effect from April 2018, as detailed in the report to the Advisory Board.

***Referred to Cabinet**

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TONBRIDGE & MALLING BOROUGH COUNCIL

STREET SCENE and ENVIRONMENT SERVICES ADVISORY BOARD

06 November 2017

**Joint Report of the Director of Street Scene, Leisure and Technical Services,
Director of Planning, Housing and Environmental Health and
Director of Finance and Transformation**

Part 1- Public

Matters for Recommendation to Cabinet - Key Decision

1 REVIEW OF FEES AND CHARGES

Summary

This report sets out the proposed fees and charges for the provision of services in respect of household bulky refuse & fridge/freezer collections, "missed" refuse collections, stray dog redemption fees, pest control, food certificates, contaminated land monitoring and private water supplies from April 2018.

1.1 Introduction

1.1.1 In bringing forward the charging proposals for 2018/19 consideration has been given to a range of factors, including the Council's overall financial position, market position, trading patterns, the current rate of inflation and customer feedback.

1.1.2 The proposed charges for 2018/19 have also taken into account the set of guiding principles for the setting of fees and charges approved by Members of the Finance, Innovation and Property Advisory Board and reproduced below for the benefit of the Board:

- 1) Fees and charges should reflect the Council's key priorities and other corporate aims and priorities recognising there may be trade-offs as these are not mutually exclusive.
- 2) Fees and charges should have due regard to the Council's Medium Term Financial Strategy.
- 3) If there is to be a subsidy from the council tax payer to the service user this should be a conscious choice.
- 4) The Council should look to maximise income subject to market conditions, opportunities and comparable charges elsewhere, in the context of its key priorities and other corporate aims and priorities.

- 5) Fees and charges should normally be reviewed at least annually (unless fixed by statute or some other body).
- 6) Fees and charges should not be used to provide a subsidy from the Council tax payer to commercial operators.
- 7) There should be consistency between charges for similar services.
- 8) Concessions for services should follow a logical pattern so as not to preclude, where appropriate, access to Council services on the grounds of ability to pay.

1.2 Household Bulky Refuse & Fridge/Freezer Collection Service

- 1.2.1 Following a full review, a new pricing structure for these services was introduced in April 2016. A two tier fee was introduced with £50 for up to six items of bulky refuse and £25 for up to two fridge/freezer only collections. The new fee structure also included a concession charge for those receiving Council Tax Support. This new arrangement has been running for 18 months with minimal complaints.
- 1.2.2 The review included £40,000 savings as part of the Savings & Transformation Strategy from a combination of increased income and reduced service costs. This saving has been achieved and is ongoing.
- 1.2.3 While Councils are not able to make a profit from the collection of a “prescribed” household waste (such as our bulky collection service), the legislation does allow us to recover the associated collection costs together with reasonable administration costs.
- 1.2.4 This service is included within the retendering of the Waste and Street Scene contract in partnership with Dartford and Tunbridge Wells Borough Council. All three authorities have agreed to move towards the same pricing structure as Tonbridge & Malling Borough Council.
- 1.2.5 The current fee structure of our neighbouring authorities (2017/18) is outlined below.

Maidstone B.C.	Sevenoaks D.C.	Tun. Wells B.C.
5 - 8 items, £34 Fridge Freezer, £20	1 item - £17 2 items - £28 3 to 4 items - £38 5 to 10 items £50 White goods - £17 each	£37.20 per item
No Concessions	No Concessions	1 free collection per month.

- 1.2.6 It is proposed that the full fee price is increased in line with inflation, with no change to the £10 fee for those receiving Council Tax Reduction.

Service	Current Full Charge	Proposed Full Charge 2018/19	Concession Charge	Est. Income 2018/19
Household Bulky Refuse Collection (up to six items)	£50.00	£52.00	£10.00	£84,500
Separate item Fridge/Freezer Collection	£25.00	£26.00	£10.00	

1.3 “Missed” refuse collection charge

- 1.3.1 On occasion the Waste Services team receive requests from customers to empty wheeled bins where the customer has not placed their bin out and “missed” the collection. In general, where it is the resident’s error the contractor is not obliged to return. On these occasions the team are often asked by the customer if they can pay for a “one off” return collection.
- 1.3.2 A collection charge to cover these circumstances was introduced in April 2015. It covers the contract cost of returning and includes a small administration fee. To date there have been no concerns raised by customers. Although very low numbers of requests have been made, this does allow our Waste Services staff to offer an alternative solution when discussing a “missed bin” or “bin not put out by the resident”.
- 1.3.3 It is proposed to increase this charge to £18.00 in April 2018 to reflect our increased contract costs and to include a small administration fee.

Service	Current Charge	Proposed Charge 2018/19	Income Full Year 2018/19
“Missed” Refuse Collection Charge	£17.00	£18.00	£600

1.4 Stray Dog Redemption fee

- 1.4.1 The Environmental Protection Act 1990 prescribes that a person claiming to be the owner of a dog seized as a stray by the Council shall not be entitled to the return of the dog unless all the expenses incurred by reason of its detention, and such further amount as is for the time being prescribed, are met. The

Environmental Protection (Stray Dogs) Regulations 1992 set down a prescribed redemption fee of £25 and provides for local authorities to recover its other reasonable expenses, in addition to any other expenses incurred, such as kennelling costs.

- 1.4.2 Where a dog is taken to kennels we charge the owner for the other reasonable expenses, associated with the costs of providing our Dog Warden contract and admin costs. This is presently set at £60. The total fee charged by the Council is therefore £85. We recommend that the contract & administration fee be increased this year to £63 with no formal waiver or discount, but we will continue to exercise discretion to allow payment by instalments. Daily kennelling costs are paid direct to the kennels by the owner when collecting their dog.

Service	Current Charge	Proposed Charge 2018/19	Income Full Year 2018/19 (assuming number of claimed /returned)
Stray Dog Redemption Fee - Return Direct to owner	£25 (Statutory fee)	£25 (Statutory fee)	£100
Stray Dog Redemption Fee - Kenneling required	£85 (including statutory fee, but not including daily kennelling costs).	£88 (including statutory fee, but not including daily kennelling costs).	£8,700

- 1.4.3 The proposed total charge of £88 is still within the range of those of neighbouring councils as below (2017/18 prices for illustration):

Maidstone B.C.	Sevenoaks D.C.	Tun. Wells B.C.
£52 within office hours £80 out of office hours (including statutory fee, but not including kennelling costs)	£87 (including statutory fee, but not including kennelling costs)	£90 within office hours £125 out of office hours (including statutory fee, but not including kennelling costs)
No return direct to owner - all dogs taken to kennels	£25 return direct	No return direct to owner – all dogs taken to kennels

- 1.4.4 At present, where the Dog Warden returns a stray dog to the owner without the need for kennelling, a charge is made at the prescribed fee of £25. This rate was introduced, after agreement by this Board, in July 2009 and we do not recommended changing this set fee.

1.5 Pest Control

- 1.5.1 The Council has a statutory duty to inspect the borough for the incidence of rats and mice and to take action where an infestation is found. This function is supported by statutory powers to serve notice on owners of land to take action to destroy rats and mice and/or prevent conditions likely to provide harbourage for pests.
- 1.5.2 The pest control service was reviewed and retendered in 2012 as a joint contract with Tunbridge Wells Borough Council. The current service provides a free treatment of rats, mice, cockroaches and bedbugs to those on Council Tax support only.
- 1.5.3 In all other cases, customers may be referred to Monitor Environmental Services to carry out a charged treatment. Alternatively, customers may arrange treatment direct with their own pest control company.
- 1.5.4 Numbers of service requests from those on Council Tax support are very small, with an estimated overall cost to the Council of £2,000 per annum. In the interests of public health and with very small numbers of service requests, it is not considered appropriate to change this arrangement. The current contract is due to end in November 2018 and a review of the contract will take place in the Spring to consider the available option of extending for a further 12 months.

1.6 Condemned Food Certificates

- 1.6.1 This is a service available to food businesses in the borough which properly controls the safe surrender and disposal of food deemed by environmental health staff as unfit for human consumption. The service continues to reflect legislative requirements for stricter controls and is based on total cost recovery. The proposed charges, as set out below, continue to reflect this approach and to reflect the Council's Budget Strategy.
- 1.6.2 Recent years have seen a significant decline in the number of certificates requested. The lower income rate is reflected in estimated full year income.

Service	Current Charge	Proposed Charge 2018/19	Income Full Year 2017/18
For each Condemned Food Certificate issued	£140 for first hour plus £140 for each additional hour plus VAT	£145 for first hour plus £145 for each additional hour plus VAT	£145

1.7 Exported Food Certificates

- 1.7.1 This is a service provided by the Council for food exporters who export food outside the European Union. In this instance, authorising officers of the Borough Council certify that the food products being exported have been manufactured and

held under hygienic conditions in accordance with the requirements of Regulation (EC) 852/2004 and The Food Safety & Hygiene (England) Regulations 2013. The premises are subject to regular inspection by Food and Safety Officers.

- 1.7.2 The level of demand for Exported Food Certificates has remained low and steady over the last few years with an average of 30 per year.
- 1.7.3 There is some variance across the County in fees charged for this service, we are most closely in line with Dartford and Sevenoaks who charge £65, Dover £50 and Ashford £55 while Tunbridge Wells and Maidstone charge £82.
- 1.7.4 We propose to apply a small increase to the current charge to reflect costs in responding to these certificate requests.

Service	Current Charge	Recommended Charge	Income Full Year 2017/18
For each Exported Food Certificate issued	£50 plus VAT per certificate	£55 plus VAT per certificate.	£1000

1.8 Contaminated Land

- 1.8.1 The Environmental Protection Act 1990 Part 2A requires local authorities to implement a system for the identification and remediation of land where contamination is causing a risk to human health or the wider environment because of historic or current uses.
- 1.8.2 The Environmental Protection Team provides a contaminated land information service or assessment of risk for which it currently makes a charge of £55 per hour in responding to these requests for information.
- 1.8.3 Guidance from the Information Commissioner advises that local authorities can make a reasonable charge. We have assumed that a reasonable charge includes the hourly rate of the Officer responsible for providing information, on-costs and an administration charge.
- 1.8.4 The fee has been derived based upon comparison with other Kent local authorities. Dartford £105, Sevenoaks charge £50 while Maidstone and Tunbridge wells currently charge £25 per hour. There is no maximum fee under the legislation.
- 1.8.5 We propose to apply a small increase to the current charge to reflect costs in responding to these requests for information.

Service	Current Charge	Proposed Charge 2018/19	Income Full Year 2018/19
Responding to requests for information relating to contaminated land	£55.00 per hour (1 hour minimum charge)	£60.00 per hour (1 hour minimum charge)	£2,000

1.9 Private Water Supplies

- 1.9.1 The Private Water Supplies Regulations 2009 introduced a statutory and more onerous regime for the risk assessment and sampling of private water supplies.
- 1.9.2 In a report to this Board on 28 February, 2011 it was agreed to introduce a charge to recover the cost of Officer's time. In addition, owners of private water supplies and private distribution networks will be charged for the cost of sample analysis.
- 1.9.3 We have reviewed the cost of providing this service and propose to apply a small increase to £55 per hour, plus the cost of sample analysis.
- 1.9.4 The fee has been derived based upon comparison with other Kent local authorities. Tunbridge Wells BC, Sevenoaks DC (£35), Medway, Dartford and Gravesham BC currently charge between £35 and £60 per hour. These charges are subject to a maximum limit which is set out under the Private Water Supplies (PWS) Regulations 2009.
- 1.9.5 As each private water supply is very different, the Officer time for each visit/ risk assessment is difficult to quantify. We have seen a decline in this service over recent years which is reflected in the estimated full year income.

Service	Current Charge	Proposed Charge 2018/19	Income Full Year 2018/19
Carrying out sampling and risk assessment of private water supplies	£50.00 per hour (1 hour minimum charge) plus VAT	£55.00 per hour (1 hour minimum charge) plus VAT	£750

1.10 Legal Implications

- 1.10.1 The Council has lawful authority to set fees which allow recovery of its reasonable costs.

1.11 Financial and Value for Money Considerations

1.11.1 The increase in fees proposed is intended to ensure that the income derived covers the costs to the Council in providing a service.

1.12 Risk Assessment

1.12.1 A decision is required now on the proposed fee structure for these activities to ensure that the Council has timely and up-to-date arrangements in place to administer service requests when received

1.13 Equality Impact Assessment

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

1.14 Recommendations

1.14.1 Cabinet is **RECOMMENDED to APPROVE** the scale of charges for household bulky refuse & fridge/freezer collections, “Missed” refuse collections, stray dog redemption fees, pest control, food certificates, contaminated land monitoring and private water supplies from April 2018 as detailed in the report.

The Directors confirms that the proposals contained in the recommendation(s), if approved, will fall within the Council's Budget and Policy Framework.

2

Background papers:

contact: Darren Lanes
Jane Heeley

Nil

Robert Styles

Director of Street Scene, Leisure
and Technical Services

Steve Humphrey

Director of Planning, Housing
and Environmental Health

Sharon Shelton

Director of Finance & Transformation

Item CH 17/31 referred from Communities and Housing Advisory Board minutes of 13 November 2017

CH 17/31 REVIEW OF CEMETERY CHARGES 2018/19

The joint report of the Director of Street Scene, Leisure and Technical Services and the Director of Finance and Transformation outlined the proposed charges for 2018/19 with regard to Tonbridge Cemetery.

RECOMMENDED: That the proposed charges for Tonbridge Cemetery, as detailed at Annex 2 to the report, be agreed and implemented with effect from 1 April 2018.

***Referred to Cabinet**

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TONBRIDGE & MALLING BOROUGH COUNCIL
COMMUNITIES and HOUSING ADVISORY BOARD

13 November 2017

**Report of the Director of Street Scene, Leisure & Technical Services and the
Director of Finance & Transformation**

Part 1- Public

Matters for Recommendation to Cabinet - Key Decision

1 REVIEW OF CEMETERY CHARGES 2018/19

Summary

This report outlines charging proposals for 2018/19 in regard to Tonbridge Cemetery.

1.1 Introduction

1.1.1 In bringing forward the charging proposals for Tonbridge Cemetery consideration has been given to the set of guiding principles for the setting of fees and charges approved by Members of the Finance, Innovation and Property Advisory Board and reproduced below for the benefit of the Board:

- 1) Fees and charges should reflect the Council's key priorities and other corporate aims and priorities recognising there may be trade-offs as these are not mutually exclusive.
- 2) Fees and charges should have due regard to the Council's Medium Term Financial Strategy.
- 3) If there is to be a subsidy from the council tax payer to the service user this should be a conscious choice.
- 4) The Council should look to maximise income subject to market conditions, opportunities and comparable charges elsewhere, in the context of its key priorities and other corporate aims and priorities.
- 5) Fees and charges should normally be reviewed at least annually (unless fixed by statute or some other body).
- 6) Fees and charges should not be used to provide a subsidy from the Council tax payer to commercial operators.
- 7) There should be consistency between charges for similar services.

- 8) Concessions for services should follow a logical pattern so as not to preclude, where appropriate, access to Council services on the grounds of ability to pay.

1.2 Tonbridge Cemetery – Proposed Charges 2018/19

1.2.1 In bringing forward the proposed charges for Tonbridge Cemetery a number of specific key principles have been taken into consideration:

- The Council's overall financial position. A number of themes will need to be considered to achieve the Council's savings target. One of these themes is to generate additional income from services the Council provides and levies a charge.
- The need to move towards a position of covering more of the costs associated with the management of the Cemetery.
- The need to compare costs with other local authority cemeteries in Kent **[Annex 1]**. It should, however, be noted that direct comparison with other cemeteries is difficult as pricing brackets, services and available grave space differ.
- The need for the charging strategy to support the management of the remaining capacity in the Cemetery and take into account the decreasing availability of new graves.

1.2.2 The principles referred to above have been applied to the existing charges and are reflected in the proposed charges shown at **[Annex 2]**. It is proposed that all charges be increased, with the exception of the burial of stillborn to one year olds.

1.2.3 A general 3% increase is proposed in-line with predicted increases in Grounds Maintenance costs. It is anticipated that these proposals will generate additional net income of approximately £2,100, which will be reflected in the draft 2018/19 revenue estimates.

1.3 Future Capacity

1.3.1 Members will note from sub-section 1.2.1 that one of the key principles guiding charges is the remaining capacity within the Cemetery and the decreasing availability of new graves. A number of years ago a review of future capacity of grave space at the Cemetery was undertaken and this work is being updated in the light of current demand. It is envisaged that this piece of work will be complete by the end of the calendar year and the outcome reported back to Members at the next meeting of this Board in February 2018.

1.4 Legal Implications

- 1.4.1 The Council's Financial Rules require that all fees and charges must be reviewed at least once a year, and be reported to the appropriate Advisory Board.

1.5 Financial and Value for Money Considerations

- 1.5.1 The 2016/17 revenue budget (Provisional Outturn) for the management and maintenance of Tonbridge Cemetery was £146,423, with income from the same year totalling £67,317.
- 1.5.2 Charges for the Cemetery are exempt of VAT.

1.6 Risk Assessment

- 1.6.1 As highlighted in paragraph 1.1 to this report, the proposed charges take into account a range of factors.

1.7 Equality Impact Assessment

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

1.8 Policy Considerations

- 1.8.1 Asset Management and Business Continuity/Resilience.

1.9 Recommendation

- 1.9.1 It is, therefore, **RECOMMENDED TO CABINET** that the proposed charges for Tonbridge Cemetery as detailed at **[Annex 2]** be agreed and implemented with effect from 1 April 2018.

Background papers:

contact: Darren Lanes

Nil

Robert Styles
Director of Street Scene, Leisure
and Technical Services

Sharon Shelton
Director of Finance & Transformation

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TONBRIDGE CEMETERY PROPOSED CHARGES 2018/19
COMPARISON WITH OTHER KENT DISTRICTS

		Maidstone ¹	Medway ¹	Dover ¹	Gravesham ¹	TMBC ¹ Current	TMBC ² Proposed
Purchase (£)	Baby	0.00	0.00	0.00	0.00	1.00	1.00
	Child	N/A	*871.00	0.00	0.00	147.00	151.00
	Adult	1,600.00	*1286.00	675.00	950.00	964.00	993.00
Single grave	Adult	1,600.00	Not listed	N/A	475.00	497.00	512.00
Interment (£)	Baby	0.00	0.00	57.00	0.00	0.00	0.00
	Child	260.00	0.00	250.00	390.00	195.00	201.00
	Adult	670.00	692.00	960.00	940.00	634.00	653.00
Single grave	Adult	560.00	692.00	835.00	780.00	634.00	653.00
Combined Interment and Purchase (£)	Baby	0.00	0.00	55.00	0.00	1.00	1.00
	Child	260.00	871.00	250.00	390.00	342.00	352.00
	Adult	2,270.00	1,978.00	1,635.00	1,890.00	1,598.00	1646.00
Single grave	Adult	2,160.00			1,255.00	1,131.00	1165.00
Period of Lease (years)		60 years	50 years	50 years	60 years	60 years	60 years
Memorial Permit (£)	Small	145.00	195.00	174.00	230.00	140.00	144.00
	Large	290.00	446.00	385.00	370.00	280.00	288.00
Chapel (£)		250.00	85.00	155.00	155.00	142.00	146.00
Search Fees (£)		£10-35	£18 (per name)	57.50 (over 1hr)	20.00 (per name)	51.00 (per 5 names)	53.00 (per 5 names)
Interment of Ashes (£)		225.00	150.00	192.00	310.00	152.00	157.00
Memorial Wall Plaque (£)		N/A	N/A	91.00	N/A	152.00	157.00

¹ 2017/18 charges

² 2018/19 proposed charges

* Price includes memorial permit

NOTE: Costs are based on comparable services where available. **All charges shown are exempt of VAT**

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TONBRIDGE CEMETERY CHARGES
PROPOSED CHARGES 2018/19

- Please Note:**
1. For burials in graves at Tonbridge Cemetery the fee payable will normally be both Section 1 and Section 2 charges.
 2. All charges apply where the person to be buried or the person leasing the grave, etc., are residents of the Borough. Residents of the Borough who have moved into a home or hospital outside the Borough prior to death are charged as residents.
 3. All charges are doubled for non-residents.

Section 1:	Exclusive right of burial in a grave for 60 years	Current (£)	Proposed (£)
	(a) Stillborn – 1 year (inclusive) Children's Plot only	1.00	1.00
	(b) 2 – 12 years (inclusive) – Children's Plot only	147.00	151.00
	(c) Over 12 years	964.00	993.00
	(d) Plot 23 – single graves	497.00	512.00
Section 2:	Interment (including digging of grave)		
	(a) Stillborn – 1 year (inclusive)	NIL	NIL
	(b) 2 – 12 years (inclusive)	195.00	201.00
	(c) Over 12 years	634.00	653.00
	(d) Ashes (Memorial Wall or Grave, where exclusive right has been granted)	152.00	157.00

Please note: These charges apply to interments taking place between 0900 hours – 1500 hours (Monday – Thursday) and 0900 hours – 1300 hours (Friday). In other cases, the Council's additional costs may be payable. A fee of £50 per hour may be charged for late arrivals.

Section 3:	Permits for Monuments, Memorials & Inscriptions	Current (£)	Proposed (£)
	(i) Memorial not exceeding 1 metre in height and occupying an area not exceeding 2' x 4'	140.00	144.00
	(ii) Memorial larger than specifications in (i)	280.00	288.00
	(iii) For each additional inscription after the first	91.00	94.00

Please note: Permits will only be approved in accordance with the Cemetery Regulations.

		Current (£)	Proposed (£)
Section 4:	Memorial Garden		
	(i) Memorial tablet and vase block (to include plaque, inscription, 20 year lease and scattering of ashes if required)	528.00	544.00
	(ii) Double Underground Vault, Memorial Tablet and Vase Block. (To include plaque, inscription, 20 year lease and interment of up to 2 urns)	1015.00	1045.00
	(iii) Double Overground Vault, Memorial Tablet and Vase Block (To include plaque, inscription up to 80 letters, 20 year lease and interment of up to 2 urns)	995.00	1025.00
	(iv) Additional Inscriptions	188.00	194.00
	(v) Sanctum Panorama Vault and Memorial Tablet (To include plaque, inscription up to 80 letters, 20 year lease and interment of up to 3 urns)	995.00	1025.00
	Optional bronze vase container	34.00	35.00
	(vi) Photo plaque or design on plaque for Sanctum 2000 Overground Vault or Sanctum Panorama	Individually priced	
	(vii) Additional cost for inscriptions for Sanctum 2000 and Panorama over 80 letters	£1.50 per gilded letter	£1.50 per* gilded letter
Section 5:	Chapel Area – Memorial Wall		
	(i) Memorial Plaque. (Includes supply and installation of plaque, 20 year lease and scattering of ashes if required)	152.00	157.00
	(ii) Additional Inscription. (Includes new plaque, installation and scattering of ashes, if required)	152.00	157.00
Section 6:	Miscellaneous		
	(i) Use of Chapel	142.00	146.00
	(ii) Transfer of Burial Rights/admin fee	81.00	83.00
	(iii) Entry in Book of Remembrance	At Cost + Admin Fee	
	(iv) For up to and including five searches for names by one applicant	51.00	53.00
Notes:	(i) Other services/options may be available and charged on an “at cost” basis plus an administration fee. Please discuss any items with the Cemetery Registrar		
	(ii) A copy of the Cemetery Regulations is available free of charge from the Cemetery Registrar		

* Price set by external contractor

- (iii) For the repurchase of burial rights for unused graves by T&MBC the Council will pay:
The current purchase price times the remaining duration of the exclusive right less the Council's administration fee ruling at the time

All charges shown are exempt of VAT

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Item PE 17/17 referred from Planning and Transportation Advisory Board minutes of 5 December 2017

PE 17/17 PRE-APPLICATION PLANNING ADVICE CHARGING REGIME AND BUILDING CONTROL APPLICATION FEES

Consideration was given to the report of the Director of Planning, Housing and Environmental Health regarding proposed changes to the Pre-application Planning Advice Charging Regime and an overall approach to Building Control Fees. It was noted that detailed monitoring between 1 April and 1 November 2017 indicated that no changes to the Pre-application Protocol were necessary but the fees should be adjusted in order to recover costs of providing advice, as set out at Annex 1 to the report.

Reference was made to the partnership arrangement with Sevenoaks District Council for provision of building control services, overseen by a Management Board, and to an approach aiming at a fee increase of approximately 3% across the range of application types. Since further detailed work was required to set the precise fee scales, it was suggested that the Director of Planning, Housing and Environmental Health be authorised to agree them within the overall context in liaison with Sevenoaks through the Management Board.

RECOMMENDED: That

- (1) the updated pre-application charging regime for planning, set out at Annex 1 to the report, be approved; and
- (2) the Director of Planning, Housing and Environmental Health be given delegated authority to set the detailed building control application fee scales within a general guide of a 3% increase.

***Referred to Cabinet**

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TONBRIDGE & MALLING BOROUGH COUNCIL
PLANNING and TRANSPORTATION ADVISORY BOARD

05 December 2017

Report of the Director of Planning, Housing and Environmental Health

Part 1- Public

Matters for Recommendation to Cabinet - Key Decision

1 PRE-APPLICATION PLANNING APPLICATION CHARGING REGIME AND BUILDING CONTROL APPLICATION FEES

This report recommends some changes to the Pre-application Planning advice Charging Regime and an overall approach to Building Control Fees.

1.1 Introduction

- 1.1.1 The current Pre-Application Planning Advice Protocol and Charging regime was introduced on 1 April 2016 and updated again on 1 April 2017, following a detailed monitoring period and review process.
- 1.1.2 Further detailed monitoring has been carried out from 1 April 2017 to 1 November 2017, which includes a breakdown of time spent on all tasks associated with giving pre-application advice.

1.2 The current pre-application process

- 1.2.1 The Pre-application Protocol and fee structure, introduced on 1 April 2016 and updated on 1 April 2017, identifies five main categories:

1. Householders: - includes proposals relating to individual houses and flats for residential purposes where the building affected is not a listed building.
2. Minor development:- includes alterations to an existing building (not householder) where there is no increase in floor space, increase in floor space less than 499 sq.m., new or replacement shop fronts, new or replacement advertisements, alterations to a listed building, demolition of an unlisted building within a conservation area, proposals for Telecommunications Equipment, proposals for Air Conditioning / Ventilation Equipment, amendments to Previously Approved Schemes, discharge of conditions attached to permissions and 1 new residential unit.
3. Medium development: - includes advice on 2 to 9 new residential units or the creation/change of use of up to 999 sq m floor space.

4. Major development: - includes advice on 10 to 99 new residential units or the creation/change of use of 1,000 to 9,999 sq m.
 5. Large/Strategic development: - includes advice on 100 or more new residential units or the creation/ change of use of 10,000 sq m or more floor space.
- 1.2.2 The charges for advice relate to the submission of one query only. Submissions that include multiple options, amended drawings submitted following a meeting/site visit and any additional matters not included with the original submission are viewed as new enquiries and are subject to a separate fee.
- 1.2.3 The Pre-Application Protocol identifies two categories where fees will not apply:
- Advice to third parties affected by the development and/or change of use
 - Disabled access improvements
- 1.2.4 The current Pre-Application Protocol offers a three option system as follows:
- A pre-application written response
 - A pre-application meeting at the Council offices, followed by a letter
 - A pre-application meeting on site, followed by a letter.
- 1.2.5 This system allows the prospective applicant to choose what level best suits their needs and budget. All three options have been used by prospective applicants during the monitoring period.
- 1.3 Proposed amendments**
- 1.3.1 The Pre-Application Protocol has been effective in delivering technical planning advice in a timely way since it was introduced in April 2016. Monitoring carried out this year has illustrated that the amendments implemented to the Protocol in April 2017 have been effective in addressing some of the minor issues experienced during the first year. Therefore no changes are proposed to the current Pre-Application Protocol at this time, but further monitoring will be carried out during 2017-2018 to ensure it works effectively, is kept up to date and meets the needs of the customers.
- 1.3.2 However, the monitoring carried out from April 2017 indicates that the fees should be adjusted in order to recover the full costs of providing advice, and it is therefore proposed that the Pre-Application Charging Schedule be amended to reflect this. For clarity the proposed Pre-Application Schedule for 2018-2019 is attached as Annex 1 and the existing Pre-Application Schedule is attached as **[Annex 2]**.
- 1.3.3 Should the proposed changes to charging schedule be considered acceptable, then they could be introduced on 1 April 2018.

1.4 Building Control Application Fees

- 1.4.1 Fees for building control applications should generally be set to cover the cost of fee earning elements of the service. The applications fees were last reviewed earlier this year and there is an ongoing review taking place to make an assessment of the most appropriate range of detailed fee charges moving forward. In setting fees we also need to be mindful that building control services are in direct competition with Approved Inspectors in the private sector and issues around maintaining market share are important considerations.
- 1.4.2 Members will also be aware that our building control services are provided through a partnership arrangement with Sevenoaks District Council, overseen by a Management Board. At present it is considered that the most prudent approach might be to aim at a fee increase amounting to approximately a 3% increase across the range of application types, but at this stage further detailed work is needed to set the precise fee scales. Consequently it is suggested that the Director of Planning, Housing and Environmental Health is given delegated authority to agree the detailed fee scales within this overall context in liaison with Sevenoaks through the Management Board.

1.5 Legal Implications

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

- 1.5.5 As far as Building Control is concerned the Council should set fees at a level to cover reasonable costs in providing the fee earning elements of providing the service.

1.6 Financial and Value for Money Considerations

- 1.6.1 The current level of cost recovery for providing pre-application planning advice is projected to be £62,490 for 2017/18, based on actual cost recovery of £31,245 for April to September, which breaks down to an average cost recovery of £5,207 per month. This is a notable increase on the costs recovered in £2016/17, which was £52,100, equivalent to an average of £4,342 per month.
- 1.6.2 The projected cost recovery on pre-application fees is still considerably below the £100,000 estimated cost for delivering this service. However, the cost of providing advice to third parties makes up a notable proportion of the shortfall and, mindful of their position, it is considered inappropriate to introduce a charging regime for them.
- 1.6.3 It is appropriate to review the protocol and charging schedule every year, to ensure the evidence base is up to date. This will ensure that we are responsive to the needs of the customer and that the charging schedule is fairly applied

1.7 Risk Assessment

- 1.7.1 Robust monitoring should be carried out every year to ensure the protocol and charging schedule in place is based on up to date evidence

1.8 Equality Impact Assessment

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

1.9 Recommendations

- 1.9.1 It is recommended to Cabinet to **APPROVE** the updated Pre-application charging regime for planning at [**Annex 1**]
- 1.9.2 The Director of Planning, Housing and Environmental Health be given authority to set the detailed building control application fee scales, within a general guide of a 3 % increase.

Background papers:

contact: Louise Reid

Nil

Steve Humphrey
Director of Planning, Housing and Environmental Health

Annex 1

Tonbridge and Malling Borough Council Pre-application charging schedule 2018/2019				
	Type of Development	Fee for written advice only	Fee for a meeting at the Council Offices and letter	Fee for a meeting on site and letter
1	Householder development	£96 £80 + VAT	£156 £130 + VAT	£252 £210 + VAT
2	Minor development	£126 £105 + VAT	£252 £210 + VAT	£312 £260 + VAT
3	Medium development	£228 £190 + VAT	£252 £210 + VAT	£312 £260 + VAT
4	Major development	£498 £415 + VAT	£618 £515 + VAT	£684 £570 +VAT
5	Large Scale/Strategic Development	Site visit/meeting and written response option only £1,116 £930 + VAT		
Exemptions				
<ul style="list-style-type: none"> • Advice to third parties affected by development proposals • Disabled access 				
Notes				
<ul style="list-style-type: none"> • The charges set out above relate to each separate query submitted to the Council • Further queries and variations raised following the issue of advice by the Council will be subject to a new fee 				

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Annex 2

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

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Item FIP 18/5 referred from Finance, Innovation and Property Advisory Board minutes of 3 January 2018

FIP 18/5 REVIEW OF FEES AND CHARGES 2018/2019

The report of the Management Team brought forward for consideration as part of the Budget setting process for 2018/19 proposals in respect of those fees and charges that were the responsibility of the Cabinet Member for Finance, Innovation and Property or not reported elsewhere.

RECOMMENDED: That

- (1) in respect of the recovery of legal fees payable by third parties, the Council's fees continue to follow the Supreme Court guideline hourly rates as set out at paragraph 1.2.1 of the report;
- (2) the proposed scale of fees for local land charges searches and enquiries set out at Annex 1 to the report be adopted with effect from 1 January 2018;
- (3) the current photocopying charges of 10p (inclusive of VAT) for each page of the same document or additional copies of the same page plus postage as appropriate be retained;
- (4) the fee schedule for street naming and numbering set out in section 1.6 of the report be adopted with effect from 1 April 2018; and
- (5) the amount of council tax and business rate Court costs recharged remain as set out at paragraph 1.7.2 of the report for the 2018/19 financial year.

***Referred to Cabinet**

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TONBRIDGE & MALLING BOROUGH COUNCIL
FINANCE, INNOVATION and PROPERTY ADVISORY BOARD

03 January 2018

Report of the Management Team

Part 1- Public

Matters for Recommendation to Cabinet - Key Decision

1 REVIEW OF FEES AND CHARGES 2018/19

This report brings forward for consideration as part of the budget setting process for 2018/19 proposals in respect of those fees and charges that are the responsibility of the Cabinet Member for Finance, Innovation and Property or not reported elsewhere.

1.1 Introduction

1.1.1 The purpose of this report is to set out for 2018/19 the proposals for those fees and charges which fall within the remit of this Board or which have not been reported elsewhere.

1.1.2 The budgetary guidance issued to Chief Officers for the 2018/19 budget cycle, and approved by Cabinet, reiterated the objective to maximise income subject to market conditions, opportunities and comparable charges elsewhere. In bringing forward proposals officers have paid due regard to the guiding principles for the setting of fees and charges previously approved by this Board and endorsed by Cabinet.

1.1.3 The proposals regarding fees and charges outlined in this report are incorporated within the Revenue Estimates to be found elsewhere on this agenda. Any changes required following this meeting will be incorporated before the Estimates are presented to Cabinet on 30 January 2018. The proposals are set out on a service by service basis with the recommendations at the end of each section.

LEGAL SERVICES

1.2 Legal Fees Payable by Third Parties

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

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

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

1.3 LAND CHARGES

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

1.3.2 This is a volatile area of activity where income can fall, or alternatively increase, quickly. The last year has shown a slight decline in search income this may be associated with the uncertainty around Brexit.

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

1.3.4 In July 2016 the Local Authority implemented changes to the questions it answered using the new Official Enquiries of Local Authority forms R and O (more commonly known as "Con 29"). This was successfully introduced and has now been in place for just under 18 months. Your officers have undertaken random sampling and time recording using the new form to test the level of fees in accordance with the appropriate legislation on charging. It is not proposed to increase the standard fees which were charged last year.

1.3.5 The table at Annex 1 shows the fees for land charges searches and enquiries and the VAT element of those proposed to be effective from 1 April 2018.

1.3.6 It is not believed that it is appropriate to have any concessionary charges apply to these fees given that the search function supports the sale and purchase of private property. Members are reminded of the requirement under the Public Sector Equality Duty (s149 of the Equality Act 2010) to have regard to the requirement to (i) eliminate unlawful discrimination, harassment, victimisation and other conduct prohibited by the Act, (ii) to advance equality of opportunity between people from different groups and (iii) to foster good relations between people from different groups, it is not believed that these charges will have an adverse impact on any particular group protected by the 2010 legislation. As the charges will be

the same for everyone there does not appear to be any disproportionate effect on any of the protected groups.

- 1.3.7 It is **RECOMMENDED** that the proposed scale of fees for local land charges searches and enquiries set out in this report be adopted with effect from 1 April 2018.

ADMINISTRATIVE SERVICES

1.4 Photocopying Charges

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

STREET NAMING & NUMBERING SERVICES

1.5 Street Naming & Numbering - Introduction

- 1.5.1 The requirement to provide a Street Naming & Numbering service is derived from the Towns Improvement Clauses act 1847, the Public Health Acts Amendment Act 1907 and the County of Kent Act 1981. The TMBC Street Naming & Numbering Policy sets out the framework under which the service is delivered in this authority
- 1.5.2 The IT GIS Team are responsible for delivery of this service. The actual cost of service delivery has been calculated by recording staff processing time, software costs and postage costs.

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

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

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

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

1.5.6 All fees have been uplifted by circa 3%, in line with the current CPI inflation level.

1.6 Proposed Fee scale for Street Naming and Numbering

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

1.6.2 Individual flats are considered as individual plots.

New Properties

Category	Up to three in-fill properties on an existing street	Current Fee 2016/17	Proposed Fee 2017/18
1	Addressing one new in-fill property	£172	£177
2	Addressing two to three in-fill properties	£89 per property	£92 per property
	Where four or more properties are to be named or numbered, the fee for new developments (below) will be levied.		

	Four or more in-fill properties on an existing street, or new properties on a
--	---

new street			
3	Fee for naming of a street, other than in relation to new property addressing	£209	£215
4	Fee for addressing plots, including street naming if Required 1- 4 Units	£210 +£32	£216 +£33
5	5 – 10 Units	£210 +£27	£216 +£28
6	11 or more units	£418 +£12	£431 +£12

Existing Properties

7	Renumbering an existing property	£75	£77
8	Renaming an existing property, not in a current numbering scheme	£75	£77
9	Registering the addition or change or an alias to a numbered property	£75	£77
10	Removing an existing alias from a numbered property	No charge	No charge
11	Rename an existing street	£1,570	£1,617
12	Rename a block of flats	£1,570	£1,617
13	Fee for addressing units (flats) when splitting an existing property	£89 per unit	£92 per unit
14	Fee for addressing a single property when merging separate units	£172	£177

1.6.3 It is **RECOMMENDED** to Cabinet that the above fee Schedule for Street Naming and Numbering be adopted from 1 April 2018.

1.7 Council Tax and Business Rate Court Costs

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

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

Court Costs 2017/18	Council Tax - Costs			Non Domestic Rates - Costs		
	Summons	Liability Order	Total	Summons	Liability Order	Total
Tonbridge & Malling	£55.00	£45.00	£100.00	£120.00	£60.00	£180.00

- 1.7.3 The level of costs is agreed with the Magistrates' Court each year, and following a recent High Court case, evidence must be provided to justify the amount being requested. The Magistrates' Court has accepted our cost evidence during this financial year for the above charges.
- 1.7.4 There is also pressure from organisations such as the Money Advice Trust and the Citizens Advice Bureau about the costs incurred by residents due to the use of enforcement action by Local Authorities.
- 1.7.5 Our cost base in delivering this function is not expected to increase significantly in 2018/19, and as a result of this and the impact on our residents we do not propose to seek the Court's approval to increase the level of costs requested from taxpayers.
- 1.7.6 It is **RECOMMENDED**, therefore, that the amount of costs recharged should remain the same for the 2018/19 financial year.

1.8 Legal Implications

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

1.9 Financial and Value for Money Considerations

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

1.10 Risk Assessment

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

1.11 Equality Impact Assessment

- 1.11.1 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.

1.12 Recommendations

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

Background papers:

Nil

contact: Adrian Stanfield
David Partridge

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

Annex 1

Proposed Land Charges Search fees 2018/19

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

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Item FIP 18/6 referred from Finance, Innovation and Property Advisory Board minutes of 3 January 2018

FIP 18/6 TONBRIDGE CASTLE - REVIEW OF FEES AND CHARGES

The report of the Director of Central Services and Monitoring Officer presented a comprehensive review of fees and charges in respect of the variety of services and functions delivered at Tonbridge Castle and made recommendations to increase revenue streams from a number of different areas.

RECOMMENDED: That

- (1) the new pricing model for the Castle Tour at Tonbridge Castle be approved as set out at paragraph 1.4.10 of the report;
- (2) the new pricing model for Schoolchildren Educational Workshops at Tonbridge Castle be approved as set out at paragraph 1.5 of the report;
- (3) the new pricing model for Weddings at Tonbridge Castle be approved as set out at paragraph 1.6.2 of the report;
- (4) authority be delegated to the Director of Central Services and Monitoring Officer for a 12 month trial period to depart from the fixed fee structure at paragraph 1.6.2 of the report where he considers that it is in the financial interests of the Council to do so in a particular case;
- (5) the new pricing model for entries into the Wedding Diary at Tonbridge Castle be approved as set out at paragraph 1.6.6 of the report;
- (6) the list of concessionary users of the Tonbridge Castle Council Chamber set out at Annex 2 to the report and the rate of discount, if any, to be given to any booking by an approved concessionary user be reviewed by the Overview and Scrutiny Committee;
- (7) the new model for hiring out the Council Chamber at Tonbridge Castle be approved as set out at paragraph 1.8.3 of the report;
- (8) the Director of Central Services and Monitoring Officer be authorised to agree Gate House fee charges for special events; and
- (9) authority be delegated to the Director of Central Services and Monitoring Officer to negotiate and agree fees with parties wishing to use Tonbridge Castle for filming purposes.

***Referred to Cabinet**

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TONBRIDGE & MALLING BOROUGH COUNCIL
FINANCE, INNOVATION and PROPERTY ADVISORY BOARD

03 January 2018

Report of the Director of Central Services and Monitoring Officer

Part 1- Public

Matters for Recommendation to Cabinet - Key Decision

1 TONBRIDGE CASTLE – REVIEW OF FEES AND CHARGES

1.1 Executive Overview

- 1.1.1 This review has taken a business-like-approach and has focussed on how Tonbridge Castle fees and charges have been set in the past and makes recommendations to increase revenue streams from a number of different areas.
- 1.1.2 Tonbridge Castle is used to deliver a variety of different services and functions. These include the Kent County Council funded Gateway; Tourist Information Centre; Attraction i.e. the Castle tour; Meeting Rooms; the Castle Lawn and offices (occupied by the Borough Council and Citizens Advice Bureau) which all have revenue streams attributed to them for a myriad of different activities.
- 1.1.3 Many of the different revenue streams covered in this report have long lag factors, where revenue can only be realised by ensuring there is a strong business plan which encompasses the key Marketing strategies, resulting in people interested to use Tonbridge Castle. Many people visiting Wedding Fairs are looking at finding venues for 2019 and 2020.
- 1.1.4 At the Castle the Borough Council arranges and facilitates many types of events, from music concerts on the Castle Lawn, art exhibitions in the Castle Chamber and weddings in the Castle Chamber and Gatehouse.
- 1.1.5 It is essential to have a strong working relationship between the different Directorates who manage different activities at the Castle to utilise this most valuable and historic asset. Leisure services organise many established mature events on the Castle Lawn which attract many visitors from the surrounding areas.
- 1.1.6 The main revenue streams from Tonbridge Castle are from the Attraction (Castle Tours), school visits, weddings and shop.

1.2 Visitors to the Castle

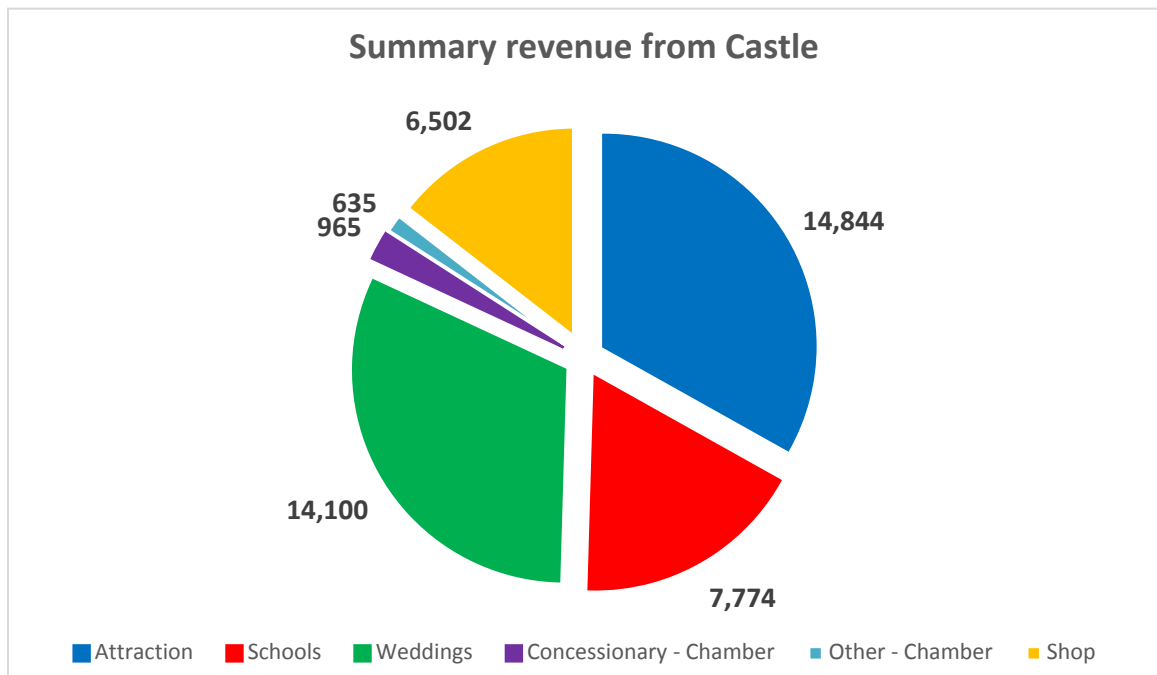
1.2.1 People visit the Castle for a wide range of services and needs seven days a week through the year.

1.2.2 The top ten customer services interactions (not including the Tourist Information Centre) are set out below:

Castle Footfall		
No	Description	Number 2016
1	Benefit	5,129
2	Parking	3,685
3	Housing	2,095
4	Council Tax	1,876
5	Self Help Kiosk & Computers	1,191
6	Toilet	757
7	Bus & Train Timetables	729
8	Waste Enquiries	438
9	Electoral Roll	279
10	Planning	276

Kings Hill; Castle and Surgeries		
No	Description	Number 2016
1	Benefits	14,129
2	Housing	5,160
3	Council Tax	4,722
4	Parking	4,126
5	Payments	3,833
6	Licensing	2,785
7	Post/Deliveries	2,322
8	KCC	1,092
9	Waste	855
10	Planning	796

1.3 Castle – Summary of Income Year-to-date 2017-18 (“£”)



Revenue Stream	Revenue (£) YTD
Attraction (Castle Tours)	14,844
Weddings	14,100
Schools – Visits and Educational workshops	7,774
Castle Tourist Information Centre Shop	6,502
Castle Chamber – Concessionary bookings	965
Castle Chamber – bookings (Not weddings/schools)	635

1.4 Tonbridge Castle - proposed fees

1.4.1 For many of the activities at the Castle, particularly weddings and castle tours, the Borough Council trades in a competitive commercial market and therefore needs to attract high footfall of businesses, tourists and residents alike to ensure a healthy revenue stream.

1.4.2 I am therefore proposing three levels of fees to accommodate the commercial environment we are trading in:

Type 1 "Fixed rate"	Type 2 "Discount / commission when criteria is met"	Type 3 "Events"
<p>Examples</p> <ul style="list-style-type: none"> • Attraction Tickets (Castle Tours) • Vast Majority of Weddings • Wedding Directory (Partners can advertise their service to prospective couples.) 	<p>Examples</p> <ul style="list-style-type: none"> • Attraction Tickets (Castle Tours – e.g. discount for groups) • School parties (1 place free in 10) • Castle event partners (Partners who book Weddings / Events) 	<p>Examples</p> <ul style="list-style-type: none"> • Events where different levels of commission or fees are negotiated between TMBC and Event Organiser for events on: • Castle Lawn and grounds (where the Chamber is booked as part of a package) • Gatehouse (Where Partners enter in to an agreement to hold functions and the income to TMBC will vary)

Attraction (Castle Tours) – Gatehouse Charges

1.4.3 The attraction has been open since 2001 and has attracted thousands of visitors with the first class tour of the Gatehouse and Castle Grounds.

1.4.4 There are many different Castles open to the public in Kent with varying admission prices

2017/18	Tonbridge	Rochester	Upnor	Hever	Leeds	Dover
Adult	£8.90	£6.40	£6.40	£16.90	£24.90	£19.40
Concessions	£5.50	£4.00	£4.00	Free to £14.70	Free to £21.90	£17.50
Student	£5.50	£4.00	£4.00	£14.20	£21.90	£17.50
Child 5 – 15	£5.50	£4.00	£4.00	£9.75	£16.90	£11.60
Senior 60+	£5.50	£4.00	£4.00	£14.70	£21.90	£17.50
Family Ticket	£24.00	£16.80	£16.80	£44.50	n/a	£50.40
Season Ticket Adult	£20.00	As part of English Heritage Membership	As part of English Heritage Membership	£42.25	As above	As part of English Heritage Membership
Season Ticket Concession	£15.00			£23.75 to £36.75	As above	

Example of recent promotions

Leeds Castle – Groupon £10 from £20

Tonbridge – 1 free in groups of 10

Rochester Castle – 01.04.2017 – 31.12.2017 --- 2 for the price of 1

Hever Castle – 2 for the price of 1 one full paying adult (only 2 persons allowed per voucher)

Upnor Castle – Groups of 10+ receive a 15% discount

Number of visitors to attraction

	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Total
2017/18	343	455	431	361	435	2,250	377	154					
2016/17	383	369	343	372	343	133	194	151	119	134	316	423	3280
2015/16	406	390	490	391	483	2,057	337	130	105	170	325	470	5754
2014/15	282	354	406	566	490	2,321	263	277	190	134	320	536	6139

1.4.5 In September each year as part of the Heritage weekend TMBC opens part of the attraction up free for members of the general public to look around. In 2016/17 this was done by strict appointment only, hence the reduced numbers.

Revenue from Attraction (Castle Tours) – Adult “£”

	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Total
2016/17	467	659	673	560	1240	574	645	609	248	602	694	673	7644
2017/18	682	749	823	816	927	534	682	445					

Revenue from Attraction (Castle Tours) – Child / concession “£”

	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Total
2016/17	458	362	433	596	828	413	375	242	88	228	438	354	4815
2017/18	779	403	532	977	894	481	537	329					

Revenue from Attraction (Castle Tours) – Family “£”

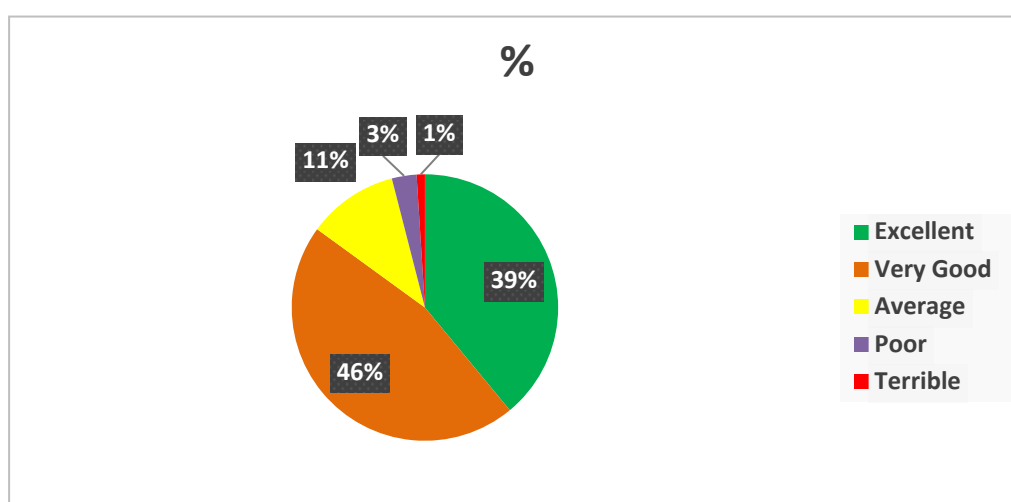
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Total
2016/17	115	153	249	249	518	134	326	43	115	177	153	153	2385
2017/18	260	240	220	220	480	120	420	80					

Revenue from Attraction (Castle Tours) – Total “£”

	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Total
2016/17	1040	1174	1355	1405	2586	1121	1346	894	451	1007	1285	1180	14844
Cum	1040	2214	3569	4974	7560	8681	10027	10921	11372	12379	13664	14844	
2017/18	1721	1392	1575	2013	2301	1135	1639	854					
Cum	1721	3113	4688	6701	9002	10137	11776	12630					
= / - Year on Year	681	899	1119	1727	1442	1456	1749	1709					

Trip Advisor

1.4.6 At Tonbridge Castle we have received very positive feedback on the Trip Advisor Website. Looking at the Trip Advisor website on 1 December 2017 there were 162 reviews shown:



Attraction (Castle Tours) Exhibits

- 1.4.7 Since the attraction has been open the exhibits in the attraction have been in place for 16 years, without any specific replacement programme to refresh or replace them.
- 1.4.8 Some are looking tired and some have been damaged and repaired.
- 1.4.9 I am proposing that 50p form each admission price is ring-fenced to be spent on replenishing and ensuring the attraction exhibits are well maintained and refreshed with additional appropriate and interesting items.

Year	2016/17	2017/18	2018/19
Adult	£8.50	£8.90	£9.00
Concessions Jun/OAP/Student/Leisure	£5.00	£5.50	£5.85
Family Ticket	£23.00	£24.00	£25.00
Season Ticket Adult*	£20.00	£20.00	£25
Season Ticket Concession	£15.00	£15.00	£16.00

* Only one season ticket sold during 2016 –17, none so far during 2017-18.

Recommendation

- 1.4.10 **That the new pricing model for the Castle Tour at Tonbridge Castle be approved as set out at paragraph 1.4.10 above.**

1.5 Schoolchildren

Number of Schoolchildren and Education workshops 2017/18

	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Total

Children	84	225	172	30		60	96	45					712
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Revenue Schoolchildren visiting attraction

	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
2016/17	0	705	951	930	0	748	117	150	127	104	300	901
Cum	0	705	1656	2586	2586	3334	3451	3601	3728	3832	4132	5033
2017/18	0	552	1351	371	24	0	678	476				
Cum	0	522	1903	2274	2298	2298	2976	3452				

Revenue School Education workshops

	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
2016/17	0	195	417	0	46	0	130	130	650	588	195	390
Cum	0	195	612	612	658	658	788	918	1568	2156	2351	2741
2017/18	0	205	560	70	0	0	210	210				
Cum	0	205	765	835	835	1045	1255					

Total Revenue School Children Education workshops

	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
2016/17	0	900	1368	930	46	748	247	280	777	692	495	1291
cum	0	900	2268	3198	3244	3992	4239	4519	5296	5988	6483	7774
2017/18	0	757	1911	441	24	0	888	686				
Cum	0	757	2668	3109	3133	3133	4021	4707				
= / - Year on Year	0	-143	400	-89	-111	-859	-218	188				

Proposed fees

Year	2016/17	2017/18	2018/19
Adult	£8.50	£8.90	£9.00
School Children	£5.00	£5.50	£5.85
Education Facilities includes toys, dressing up clothes, games, paper, pens and 2 tour guides (1 teacher free per 10 children. For special needs groups, carers admitted free as required)	65.00	70.00	75.00

Recommendation

- 1.5.1 That the new pricing model for Schoolchildren Educational workshops at Tonbridge Castle be approved as set out at paragraph 1.5 above.

1.6 Weddings

Number of weddings 2017/18

	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Total
Chamber		1	3		2	3	1		1				11
Great Hall				2		2			1				5

Revenue from Weddings 2017/18 (Including deposits (£100))

Fees	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Total
Chamber	2080	1180		740	1480	740		1890					8110
Great Hall			1150	2300			100	100					3650

Revenue from Weddings 2016/17 (Including deposits (£100))

Fees	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Total
Chamber	1500	1500	1200	400	3700	0	460	300	0	940	0	1300	11300
Great Hall	0	200	1100	1100	100	100	200						2800

Cost of hiring venue for ceremonies - current fee model agreed at the Finance, innovation and property advisory board 04.01.2017.

	2016/17	2017/18	2018/19
Weddings			
• Chamber	800	840	900
• Gatehouse	1200	1250	1300
Renewal of Vows/Baby Naming			
• Chamber	560	600	600
• Gatehouse	900	900	900

- 1.6.1 There are no current bookings for any renewal of Vows or baby naming.

- 1.6.2 It is proposed that we adopt a new pricing model to reflect the competitive market we are operating in. A table showing comparative costs at other wedding venues is attached as **Annex 1**.

Proposed new fee model - Chamber

	2018/19	2019/20	2020/21
Weddings -			
Monday - Thursday	800	840	880
Friday	840	880	920
Saturday	900	940	980
Sunday	900	940	980
Renewal of Vows/Baby Naming -			
Monday - Thursday	300	315	330
Friday	400	420	440
Saturday	500	525	550
Sunday	500	525	550

Proposed new fee model - Gatehouse

	2018/19	2019/20	2020/21
Weddings -			
Monday - Thursday	1000	1050	1075
Friday	1200	1250	1300
Saturday	1300	1350	1400
Sunday	1300	1350	1400
Renewal of Vows/Baby Naming -			

	2018/19	2019/20	2020/21
Monday - Thursday	600	630	660
Friday	600	630	660
Saturday	700	735	770
Sunday	700	735	770

A particular challenge relating to weddings is the current inability to offer a discount to prospective bookers in appropriate circumstances. It is therefore proposed that authority be delegated to the Director of Central Services to depart from the fixed fee structure above where he considers that it is in the financial interests of the Council to do so in a particular case.

Director of Central Services and Monitoring Officer to have the ability to discount (Partners / last minute bookings etc.)

Recommendations

1.6.3 **(a) That the new pricing model for weddings at Tonbridge Castle be approved as set out at paragraph 1.6.2 above.**

(b) That authority be delegated to the Director of Central Services to depart from the fixed fee structure set out at paragraph 1.6.2 above where he considers that it is in the financial interests of the Council to do so in a particular case

1.6.4 **Wedding Directory**

1.6.5 This directory will enable partners to advertise their service associated with a Wedding.

1.6.6 The cost for each partner to feature on this register will be £100 with a renewal fee for the second year of £50

	2018/19
Wedding Directory	
Cost to register	£100
Cost of renewal	£50

Recommendation

1.6.7 **That the new pricing model for entries into the Wedding Directory at Tonbridge Castle be approved as set out at paragraph 1.6.6 above.**

1.7 Council Chamber bookings – Concessionary Users

- 1.7.1 There are currently 30 Concessionary Users who can book the Council Chamber at Tonbridge Castle at a discount, payment ranges from between 16.76 – 66.67 % of fixed rate. The current booking fees are shown at 1.8.2.
- 1.7.2 The current designated concessionary users are set out at **Annex 2**: Members are invited to review the list of concessionary users.
- 1.7.3 Out of the 30 Concessionary Users only 8 have booked the Chamber during 2017/18 so far this year.
- 1.7.4 These bookings have generated a total revenue of £965.

Recommendations

- 1.7.5 **Members are invited to review the list of concessionary users and confirm the rate of discount to be given to any booking by an approved concessionary user.**

1.8 Council Chamber bookings – other Users

1.8.1 The other users fall into the following categories:

- Tonbridge organisations which hold regular meetings in the evening for which there has been no charge.
- User Panels, such as Haysden Country Park for which there has been no charge.
- Organisations that hold events on the Castle Lawn, where the Chamber has been made available to them during the event at no additional charge (e.g. The Tonbridge Lions – Tonbridge Carnival; Illyria).
- Paying users, such as Election Services; Private family functions etc.

1.8.2 Current Model

Hire Charge	Current 2016/17 £	Current 2017/18 £	Current Concessionary Rate 2016/17 £	Current Concessionary Rate 2017/18 £

First 3 hours	100.00	100.00	26.00	30.00
Plus each additional hour or part hour	40.00	40.00	9.00	10.00
Caretaking per hour	30.00	30.00	18.00	20.00
Cleaning charge *1	45.00	45.00	35.00	35.00
Daily rate	200.00	200.00	50.00	75.00
Weekly rate	895.00	895.00	110.00	150.00

1.8.3 Proposed new model - Current fee model agreed at the Finance, Innovation and Property Advisory Board 04.01.2017.

Hire Charge	Fixed Price		Concessionary	
	Current 2017/18 £	Current 2018/19 £	Current Concessionary Rate 2017/18 £	Proposed Concessionary Rate 2018/19 £
Monday – Friday – AM (09:00 – 13:00)		100.00		35.00
Monday – Friday – PM (14:00 – 17:00)		100.00		35.00
Monday – Friday – PM (18:00 – 21:00) NB: outside normal caretaker hours		100.00 (plus caretaker costs)		35.00 (plus caretaker costs)
Saturday – AM or PM (09:00 – 13:00) (14:00 – 17:00)		100.00		35.00
Saturday (18:00 – 23:00) NB: outside normal caretaker hours		200.00 (plus caretaker costs)		200.00 (plus caretaker costs)
Sunday – 10:00 – 16:00		120.00		120.00

Cleaning charge *1	45.00	45.00	45.00	45.00
Weekly rate Monday - Friday		Contact Castle for pricing		Members direction sought
Weekly rate Saturday - Friday		Contact Castle for pricing		Members direction sought

1.8.4 It is proposed to investigate whether it is possible to save or reduce the set £150 (minimum 5 hours rate) it currently costs from our current Caretaker/security provider to lock up the Castle after functions.

Recommendation

1.8.5 That the new pricing model for hiring out the Council Chamber at Tonbridge Castle be approved as set out at paragraph 1.8.3 above

1.9 Great Hall Banquet Charges

- 1.9.1 The Great Hall is a great asset for Tonbridge & Malling Borough Council and is currently used to generate revenue through weddings.
- 1.9.2 Earlier this Summer we held a test event to understand the practicalities of holding a sit down dinner in the Great Hall. This was run by the Tonbridge Old Fire Station and proved to be a huge success.



- 1.9.3 Given the success of the above event, we would now like to propose to hire out the Great Hall under strict supervision to a chosen partner(s) for a series of sit down meals.
- 1.9.4 It is envisaged that these events for the season for 2018/19 would not be set at a fixed fee, however would be on a shared profit basis.

Recommendation

- 1.9.5 **That the Director of Central Services and Monitoring Officer be authorised to agree Gate House fee charges for special events.**

1.10 Tourist Information Centre (TIC) Shop

1.11 Tic Shop revenue

	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Total
2016/17	699	620	677	575	841	573	472	338	320	381	530	478	6502
Cum	699	1319	1996	2571	3412	3985	4457	4795	5115	5496	6026	6504	
2017/18	604	824	548	650	704	608	533	461					
Cum	604	1428	1976	2626	3330	3938	4471	4932					
= / - Year on Year	-95	109	-20	55	-82	-47	14	137					

1.12 TIC Shop revenue Walk Cards*

	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Total
2016/17	6	17	6	0	2	10	3	0	2	0	0	7	
2017/18	2	2	0	4	13	7	10	6					

*Walk cards are a folder containing 15 cards of individual local walks that people can follow.

1.13 Filming at the Castle

- 1.13.1 The Castle offers a great opportunity for film companies to film adverts, documentaries and use the Castle as a back drop for different media projects.

However, at the moment there is no fee structure for such events, so it is proposed that authority be granted to the Director of Central Services and Monitoring Officer to negotiate and agree fees with parties wishing to use the Castle for filming purposes.

Recommendation

- 1.13.2 **That authority be delegated to the Director of Central Services and Monitoring Officer** to negotiate and agree fees with parties wishing to use the Castle for filming purposes

1.14 Legal Implications

- 1.14.1 None

1.15 Financial and Value for Money Considerations

- 1.15.1 These proposals are in accordance with the guidance in the Council's budget strategy.
- 1.15.2 Feedback from customers identifies that the charging regime provides value for money for casual visitors as well as group visits.

1.16 Risk Assessment

- 1.16.1 There is a risk that excessive increases in charges could deter visitors and lead to a fall in overall income.

1.17 Equality Impact Assessment

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

1.18 Policy Considerations

- 1.18.1 Community
- 1.18.2 Young People

1.19 Recommendations

- 1.19.1 Recommendations are laid out within the report.

Background papers:

contact: Anthony Garnett

Nil

Adrian Stanfield
Director of Central Services and Monitoring Officer

Annex 1

Wedding venues – comparisons with Tonbridge Castle

Venue	Type	Time hours	Cost	Registry Office / Fees	No Guests allowed	2018	2019	2020	2021	Discount available
Tonbridge Castle Chamber	historic building	2	£900	Direct to KCC	> 80	£840	£900			
Tonbridge Castle Great Hall	historic building	2	£1,300	Direct to KCC	> 32	£1,250	£1,300			
Chiddingstone Castle	historic building	3/4	£2,495	Direct to KCC	> 120	£2,495				Discount Available Thursday 30% Friday 20% as well as during 'Off Season'
Penshurst Place Fri-Sun	historic building	3	£1,995	Direct to KCC	> 200	£1,995	£2,250			
Penshurst Place Mon-Thurs	historic building	3	£1,500	Direct to KCC	> 200	£1,500	£1,750			
Braybourne House E.Malling	historic building	1	£3,360							£2000 Out Season Nov-Mar
The Knowle	historic building	1								
Nettlestead Place Maidstone	historic building	2	£1,600	Direct to KCC	>120	£1,600				November-February ONLY for Just Ceremony
Spa Hotel Tunbridge Wells	Hotel	2	£1,200	Direct to KCC	> 45	£1,200				Mon-Fri £600 plus £15 per head compulsory charge for Drink or Canopy
Mansion House TW Regency	Registry Office	1	£667		> 80	£667	£667	£667	£667	Monday-Friday £553
Mansion House TW Wells Room	Registry Office	1	£327		> 16	£327	£327	£327	£327	Monday-Friday £215
Archbishops Maidstone Undercroft Room	Registry Office	1	£440		> 40	£440	£440	£440	£440	Monday-Friday £327
Maidstone The Great Hall	Registry Office	1	£1,071		> 100	£1,071	£1,071	£1,071	£1,071	Monday-Friday £801
Maidstone Solar Room	Registry Office	1	£667		> 50	£667	£667	£667	£667	Monday-Friday £553
Bexley Sir John Boyd's Room	Registry Office	1	£667		> 45	£667	£667	£667	£667	Monday-Friday £553
Dartford Anne of Cleves	Registry Office	1	£440		> 30	£440	£440	£440	£440	Monday-Friday £327
Bexley The Library & Dining Room	Registry Office	1	£1,071		> 65	£1,071	£1,071	£1,071	£1,071	Monday-Friday £801
Bexley The Salon	Registry Office	1	£667		> 45	£667	£667	£667	£667	Monday-Friday £553
Dartford Lord Irvine Suite	Registry Office	1	£667		>100	£667	£667	£667	£667	Monday-Friday £553

Annex 2

The current designated concessionary users are:

Bridge Trust

Citizens Advice Bureau

Guide Dogs for the Blind

Home Start West Kent

KCC Walking Bus

Lyons Commuters Tonbridge

Mencap

Police

Platonic Arts now 4 arts

Relate

Royal British Legion –Tonbridge Branch

Slade Residents Association

Small Businesses Federation

Tonbridge Adult Education Centre

Tonbridge Access Group

Tonbridge Allotments and Garden Association

Tonbridge Arts Group

Tonbridge Camera Group

Tonbridge Creative Art Group

Tonbridge Civic Society

Tonbridge Historical Society

Tonbridge Memorial Gardens

Tonbridge Model Engineering Society

Tonbridge Sports Association

Tonbridge Lions Club

Tonbridge Town Lands & Richard Mylls Charity

Voluntary Action within Kent –VAWK and West Kent Chamber of Commerce & Industries

West Kent Community Health Forum

West Kent Victim Support.

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Item OS 18/6 referred from Overview and Scrutiny Committee minutes of 23 January 2018

OS 18/6 SELECT COMMITTEE REVIEW OF EFFECTIVENESS OF LOCAL AUTHORITY OVERVIEW AND SCRUTINY COMMITTEES

The report of the Chief Executive summarised the Select Committee review of the effectiveness of local authority overview and scrutiny committees and considered the recommendations arising. Reference was made to the Council's approach to the overview and scrutiny function and it was noted that three of the five Select Committee recommendations were already implemented. The remaining recommendations advocated overview and scrutiny matters being reported to full Council rather than the Executive and that service users and the public should be more involved in the scrutiny process.

Members suggested that the circumstances and process for referring recommendations to the Council be considered fully during the review of the Constitution.

RECOMMENDED: That

- (1) the recommendations of the Select Committee regarding the effectiveness of Overview and Scrutiny Committees be noted; and
- (2) further consideration be given to
 - (i) the introduction of a process whereby recommendations of the Overview and Scrutiny Committee which are not accepted by Cabinet can then be referred to full Council;
 - (ii) where appropriate to the review being undertaken, opportunities to engage service users and the public be explored to assist with that review.

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TONBRIDGE & MALLING BOROUGH COUNCIL

OVERVIEW AND SCRUTINY COMMITTEE

23 January 2018

Report of the Chief Executive

Part 1- Public

Executive Non Key Decisions

1 SELECT COMMITTEE REVIEW OF THE EFFECTIVENESS OF LOCAL AUTHORITY OVERVIEW AND SCRUTINY COMMITTEES

To report on the above review and to consider the recommendations.

1.1 The Select Committee Review

1.1.1 A Select Committee review of local authority overview and scrutiny committees has recently been published. A summary of the review is attached as Appendix 1 to this report. The key issues identified via the review include the following:

- The overall 'culture' the local authority and whether this embraces a positive approach to its overview and scrutiny function;
- The role of Council Members from both the administration and opposition, and senior officers in setting the right tone which welcomes constructive challenge;
- The need to achieve parity between the executive and scrutiny functions;
- The key, positive role of the Scrutiny Committee Chairman in promoting and championing the scrutiny process;
- Having sufficient officer staffing support for the function;
- The scope to undertake reviews of wider public services in an Authority's area and not just of Council-run services.

1.2 Review Recommendations

1.2.1 The Select Committee agreed the following recommendations:

- (1) Overview and Scrutiny Committees should report to the Full Council meeting rather than the Executive;

- (2) Members of Scrutiny Committees should be clearly separate with executive councillors only attending meetings as formal witnesses;
- (3) Scrutiny Committees should have open access to the financial and performance data held by the Authority and access to the expertise of senior officers;
- (4) Scrutiny Committees should be supported by Officers that are able to operate with independence and offer impartial advice;
- (5) Members of the public and service users should be able to participate in the scrutiny process.

1.3 The Overview and Scrutiny Function at Tonbridge and Malling

- 1.3.1 It is clear from the Select Committee report that some Councils operate their overview and scrutiny functions very differently from that operated at Tonbridge and Malling. The recommendations therefore, although largely presented as appropriate to all local councils, has potentially focused more on dealing with those authorities whose overview and scrutiny role is more confrontational, suffers from marginalisation and perhaps lacks constructive challenge.
- 1.3.2 The Tonbridge and Malling approach on overview and scrutiny has, since, its inception in 2002, not suffered from these failings. Our approach has been to ensure that whilst the overview and scrutiny function has been clearly made separate from the Council's executive function, there is a positive and collaborative approach to formulating recommendations for change via the reviews which have been undertaken. Rarely have recommendations from a scrutiny-led review, following their thorough consideration by the Overview and Scrutiny Committee, not been accepted by the Cabinet.
- 1.3.3 Of the five recommendations arising from the Select Committee review, nos (2), (3) and (4) as set out above are already implemented fully at this Council and it is suggested that no further action is therefore required.
- 1.3.4 Recommendation (1) suggests that overview and scrutiny matters should always be reported to Full Council rather than to the Cabinet. Presumably this is to ensure that, for some Councils, such recommendations are not then summarily dismissed by the Executive without full debate. Whilst this is clearly not the case at Tonbridge and Malling, we could introduce a referral process whereby the Chairman of the Overview and Scrutiny Committee has the right to require any recommendation which is not accepted by the Cabinet to be referred to Full Council for wider debate. **Members views on this are invited.**
- 1.3.5 Recommendation (5) suggests that service users and the public should be more involved in the scrutiny process. The Borough Council has sought such involvement when undertaking a number of reviews in the past, particularly where these reviews have focused on services provided by external partners rather than

those operated by the Council. At the current time, the reviews undertaken have largely focused on council services. However, there is potential in the future to look again at key services provided by external agencies. This would then provide greater opportunity to widen the range of participants and formal witnesses to ensure a full assessment of the issues being addressed is included as part of those reviews.

1.4 Recommendations

1.4.1 That the recommendations of the Select Committee regarding the effectiveness of Overview and Scrutiny Committees **BE NOTED**;

1.4.2 That further consideration **BE GIVEN** to

(1) the introduction of a process whereby recommendations of the Overview and Scrutiny Committee which are not accepted by Cabinet can then be referred to Full Council;

(2) that, where appropriate to the review being undertaken, opportunities to engage service users and the public are explored to assist with that review.

Background papers:

contact: Mark Raymond

Nil

Julie Beilby
Chief Executive

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Effectiveness of local authority overview and scrutiny committees**Summary**

Overview and scrutiny committees were introduced by the Local Government Act 2000 and were tasked with acting as a counterweight to the increased centralised power of the new executive arrangements. Whilst some authorities were not covered by the changes brought in by the Act, the Leader and Cabinet system is the predominant model of governance in English local authorities. However, since the Localism Act 2011, councils have had the option of reverting to the committee system of governance. Some authorities that have chosen to do so have expressed dissatisfaction with the new executive arrangements, including concern at the limited effectiveness of scrutiny. Noting these concerns, and that there has not been a comprehensive assessment of how scrutiny committees operate, we decided to conduct this inquiry. The terms of reference placed an emphasis on considering factors such as the ability of committees to hold decision-makers to account, the impact of party politics on scrutiny, resourcing of committees and the ability of council scrutiny committees to have oversight of services delivered by external organisations.

We have found that the most significant factor in determining whether or not scrutiny committees are effective is the organisational culture of a particular council. Having a positive culture where it is universally recognised that scrutiny can play a productive part in the decision-making process is vital and such an approach is common in all of the examples of effective scrutiny that we identified. Senior councillors from both the administration and the opposition, and senior council officers, have a responsibility to set the tone and create an environment that welcomes constructive challenge and democratic accountability. When this does not happen and individuals seek to marginalise scrutiny, there is a risk of damaging the council's reputation, and missing opportunities to use scrutiny to improve service outcomes. In extreme cases, ineffective scrutiny can contribute to severe service failures.

Our inquiry has identified a number of ways that establishing a positive culture can be made easier. For example, in many authorities, there is no parity of esteem between the executive and scrutiny functions, with a common perception among both members and officers being that the former is more important than the latter. We argue that this relationship should be more balanced and that in order to do so, scrutiny should have a greater independence from the executive. One way that this can be achieved is to change the lines of accountability, with scrutiny committees reporting to Full Council meetings, rather than the executive. We also consider how scrutiny committee chairs might have greater independence in order to dispel any suggestion that they are influenced by partisan motivations. Whilst we believe that there are many effective and impartial scrutiny chairs working across the country, we are concerned that how chairs are appointed can have the potential to contribute to lessening the independence and legitimacy of the scrutiny process.

Organisational culture also impacts upon another important aspect of effective scrutiny: access of committees to the information they need to carry out their work. We heard about committees submitting Freedom of Information requests to their own authorities and of officers seeking to withhold information to blunt scrutiny's effectiveness. We believe that there is no justification for such practices, that doing so is in conflict with the principles of democratic accountability, and only serves to prevent scrutiny committees from contributing to service improvement. We have particular concerns regarding the overzealous classification of information as being commercially sensitive.

We also considered the provision of staff support to committees. Whilst ensuring that sufficient resources are in place is of course important, we note that if there is a culture within the council of directors not valuing scrutiny, then focussing on staff numbers will not have an impact. We are concerned that in too many authorities, supporting the executive is the over-riding priority, despite the fact that in a time of limited resources, scrutiny's role is more important than ever. We also consider the skills needed to support scrutiny committees, and note that many officers combine their support of scrutiny with other functions such as clerking committees or executive support. It is apparent that there are many officers working in scrutiny that have the required skills, and some are able to combine them with the different skill set required to be efficient and accurate committee clerks. However, we heard too many examples of officers working on scrutiny who did not possess the necessary skills. Decisions relating to the resourcing of scrutiny often reflect the profile that the function has within an authority. The Localism Act 2011 created a requirement for all upper tier authorities to create a statutory role of designated lead scrutiny officer to promote scrutiny across the organisation. We have found that the statutory scrutiny officer role has proven to be largely ineffective as the profile of the role does not remotely reflect the importance of other local authority statutory roles. We believe that the statutory scrutiny officer position needs to be significantly strengthened and should be a requirement for all authorities.

We believe that scrutiny committees are ideally placed and have a democratic mandate to review any public services in their area. However, we have found that there can sometimes be a conflict between commercial and democratic interests, with commercial providers not always recognising that they have entered into a contract with a democratic organisation with a necessity for public oversight. We believe that scrutiny's powers in this area need to be strengthened to at least match the powers it has to scrutinise local health bodies. We also call on councils to consider at what point to involve scrutiny when it is conducting a major procurement exercise. It is imperative that council executives involve scrutiny at a time when contracts are still being developed, so that all parties understand that the service will still have democratic oversight despite being delivered by a commercial entity. We also heard about the public oversight of Local Economic Partnerships (LEPs), and have significant concerns that public scrutiny of LEPs seems to be the exception rather than rule. Therefore, we recommend that upper tier councils, and combined authorities where appropriate, should be able to monitor the performance and effectiveness of LEPs through their scrutiny committees.

We recognise that the mayoral combined authorities are in their infancy, but given the significance of organisational culture in effective scrutiny, it is important that we included them in our inquiry to ensure that the correct tone is set from the outset. We are therefore concerned by the evidence we heard about an apparent secondary role for scrutiny in combined authorities. Mayors are responsible for delivering services and improvements for millions of residents, but oversight of their performance is currently hindered by limited resources. We therefore call on the Government to ensure that funding is available for this

purpose. We also argue that when agreeing further devolution deals and creating executive mayors, the Government must make it clear that scrutiny is a fundamental part of any deal and must be adequately resourced and supported.

Proposed revisions to Government guidance on scrutiny committees

- That overview and scrutiny committees should report to an authority's Full Council meeting rather than to the executive, mirroring the relationship between Select Committees and Parliament.
- That scrutiny committees and the executive must be distinct and that executive councillors should not participate in scrutiny other than as witnesses, even if external partners are being scrutinised.
- That councillors working on scrutiny committees should have access to financial and performance data held by an authority, and that this access should not be restricted for reasons of commercial sensitivity.
- That scrutiny committees should be supported by officers that are able to operate with independence and offer impartial advice to committees. There should be a greater parity of esteem between scrutiny and the executive, and committees should have the same access to the expertise and time of senior officers and the chief executive as their cabinet counterparts.
- That members of the public and service users have a fundamental role in the scrutiny process and that their participation should be encouraged and facilitated by councils.

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TONBRIDGE & MALLING BOROUGH COUNCIL

CABINET

08 February 2018

Report of the Chief Executive

Part 1- Public

Executive Non Key Decisions

1 PARISH CHARTER

1.1 Background

1.1.1 Following discussions with the Kent Association of Parish Councils (KALC) and further consideration via the Parish Partnership Panel, a revised Parish Charter has been drawn up and informally agreed between the parties. KALC has recently resolved to adopt the Charter and its adoption by the Borough Council is now the recommendation of this report. A copy of the new Parish Charter is attached as Appendix 1 to this report.

1.2 Legal Implications

1.2.1 As addressed by in the Charter.

1.3 Financial and Value for Money Considerations

1.3.1 n/a

1.4 Risk Assessment

1.4.1 n/a

1.5 Equality Impact Assessment

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

1.6 Recommendation

1.6.1 That the revised Parish Charter **BE ADOPTED**.

Background papers:

contact: Mark Raymond

Nil

Julie Beilby
Chief Executive

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Tonbridge and Malling Parish Charter

PURPOSE

This revised Charter has been drawn up jointly by Tonbridge and Malling Borough Council (TMBC) and the Kent Association of Local Councils (KALC) who represent the twenty seven Town and Parish Councils within Tonbridge and Malling.

Its key purpose is to set out how the Borough Council and local Town and Parish Councils (**named Local Councils for the purposes of this Charter**) agree to work together to deliver efficient services that meet local needs. By working in partnership, all parties, which includes Members, Councillors, Officers and their staff, will aim to avoid duplication of effort, achieve close co-operation over issues of mutual concern and develop a shared focus on addressing and resolving issues of most importance to our residents, local businesses and visitors.

Within such a partnership, the parties will recognise that each has statutory and other duties it will need to fulfil. Where possible the parties will strive towards agreed outcomes on a range of issues of common interest.

THE PARISH PARTNERSHIP PANEL

The main forum for formal discussions between the parties will be via the Parish Partnership Panel, which will normally meet every three months. If there is insufficient business, the meeting will be cancelled. However, extra meetings might be called if there are urgent matters for discussion.

The Borough Council will give sufficient notice to Local Councils (normally six weeks) to enable them to put forward agenda items. The Borough Council will also ensure any items relating to Borough Council business of relevance to Local Councils will also be placed on the agenda. All agenda items must be of relevance to at least two Local Councils, or where there is a resolution by T&M KALC that it wants the item to go forward. The Panel will be chaired by the Leader of TMBC supported by other senior Members and Officers as required. Local Councils should each nominate at least one representative, normally a councillor, to attend Panel meetings or provide an alternative representative if he/she is unable to attend.

The format of Panel meetings will be kept under review to ensure there continues to be an effective exchange of views and information and that all participants feel able to take a full part in Panel discussions.

In addition to meetings of the Parish Partnership Panel, the Borough Council may attend meetings of the main KALC Area Committee for Tonbridge and Malling when invited to do so.

INFORMAL COMMUNICATIONS AND INFORMATION SHARING

In addition to formal /statutory consultations, both parties will undertake to share information on an informal basis and to provide mutual assistance when the need arises and whenever practicable. Where relevant, Members of the Borough Council will be encouraged to attend meetings of their Local Council.

FORMAL CONSULTATIONS

Critical to the success of the Parish Charter arrangement is a culture of mutual trust and openness between the Borough and Local Councils and agreement that the structures and processes for working together are reasonable and effective. At the time of ratifying this Charter, there is general agreement that, for the most part, the relationship works well.

To retain those effective relationships, the Borough and Local Councils will ensure that any significant changes to existing arrangements have the benefit of prior consultation and discussion. To facilitate this, the Borough Council will undertake to involve Local Councils in assessing options for change prior to any formal decision being taken.

When either party decides there is a need for formal consultation, or a statutory duty to consult arises, they will endeavour to ensure that sufficient time is allowed for the other party to consider and respond fully to such consultations, either by way of statutory timetable or, where none exists, a period of normally at least 6 weeks. If a shorter period is required then the party undertaking the consultation will explain the reasons why.

When undertaking a formal consultation with Local Councils, the Borough Council will acknowledge all responses received, (within two working days) liaise with Local Councils over any issues that need to be clarified, and will inform Local Councils of the decisions within seven days of the decision being taken. Similarly, Local Councils should aim to adopt a similar approach to any formal consultations of their own which require a formal response from the Borough Council.

All parties recognise that there will be other formal consultations that need to follow statutory processes and time scales, such as consultation on planning applications and Traffic Regulation Orders (TROs).

The Borough Council undertakes to produce and regularly update, a diagrammatic organisational structure showing direct contact details of relevant Borough officers and staff to assist timely priority access for Local Councillors and their Clerks.

STANDARDS AND CODE OF CONDUCT

The Borough Council and Local Councils share a joint legal responsibility to ensuring that the highest standards of conduct are promoted and maintained for both elected and co-opted Members and to this end have formed a Joint Standards Committee. The statutory responsibilities in relation to the investigation and determination of standards complaints rest with the Borough Council. The Borough Council will, however, engage with Local Councils on how to discharge this function. The Borough Council and Local Councils will each be responsible for adopting and reviewing their own individual codes of conduct.

RESOURCES AND LEGAL ISSUES

On-going cuts to Local Government funding will mean that financial resources available are likely to be significantly reduced year-on-year. This will affect both the Borough Council and Local Councils. All parties should therefore work together to address such issues and respect the financial challenges faced by all. Funding arrangements between the Borough Council and Local Councils will

therefore need to be kept under review and any proposed changes will be the subject of full and open consultation between the parties prior to any formal changes being agreed.

The Borough Council and Local Councils will be responsible for dealing separately with their own legal issues. However, each party may from time to time wish to share examples of best practice via the Parish Partnership Panel with regard to common legal issues which might arise.

MONITORING AND REVIEW OF CHARTER

This Charter will be kept under review to ensure it remains relevant to the issues that need to be addressed jointly by the Borough Council and Local Councils. A review of the Charter will initially be undertaken after twelve months and subsequently be undertaken every four years, or earlier should this be necessary. Reviews will be jointly led by KALC on behalf of Local Councils and by the Leader of Tonbridge and Malling. The KALC will consult all Local Councils on any review in accordance with the terms as set out above.

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Agenda Item 20

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

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Agenda Item 21

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

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

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Agenda Item 22

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

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