

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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14 January 2019

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

Dear Sir/Madam

Your attendance is requested at a meeting of the Overview and Scrutiny Committee to be held in the Civic Suite, Gibson Building, Kings Hill, West Malling on Tuesday, 22nd January, 2019 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 | 5 - 6 |
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3. Minutes 9 - 12

To confirm as a correct record the Minutes of the meeting of the Overview and Scrutiny Committee held on 18 October 2018

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

Matters for Recommendation to the Cabinet

5. Revenue Estimates 2019/20 15 - 32

The Council has a statutory duty to set the level of council tax for the forthcoming financial year by 11 March. Under the Budget and Policy Framework Rules of the Constitution, the Cabinet is responsible for formulating initial draft proposals in respect of the Budget. The role of this Committee is to assist both the Cabinet and the Council in the preparation of the Budget for 2019/20 within the context of the Medium Term Financial Strategy and the Council's priorities.

6. Capital Plan Review 2018/19 33 - 56

The report considers progress on the 2018/19 Capital Plan Review and requests endorsement of recommendations to Cabinet.

7. Brexit Preparedness 57 - 62

To set out a range of initiatives to ensure the Borough Council is prepared to maintain business continuity in the light of possible disruption related to Brexit issues.

Matters submitted for Information

8. Scrutiny Review Programme 2019/20 63 - 64

To set out proposals for future reviews.

9. Urgent Items 65 - 66

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

Matters for consideration in Private

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

PART 2 - PRIVATE

11. Urgent Items

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

MEMBERSHIP

Cllr A K Sullivan (Chairman)

Cllr Mrs A S Oakley (Vice-Chairman) and Cllr F G Tombolis (Vice-Chairman)

Cllr Mrs J A Anderson

Cllr M C Base

Cllr P F Bolt

Cllr J L Botten

Cllr R W Dalton

Cllr S R J Jessel

Cllr D Keers

Cllr Mrs F A Kemp

Cllr Mrs S L Luck

Cllr M R Rhodes

Cllr Miss S O Shrubsole

Cllr Ms S V Spence

Cllr M Taylor

Cllr Miss G E Thomas

Cllr T C Walker

Mr P J Drury

Mr D Still

Apologies for absence

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Declarations of interest

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TONBRIDGE AND MALLING BOROUGH COUNCIL

OVERVIEW AND SCRUTINY COMMITTEE

Thursday, 18th October, 2018

Present: Cllr A K Sullivan (Chairman), Cllr Mrs A S Oakley (Vice-Chairman), Cllr F G Tombolis (Vice-Chairman), Cllr Mrs J A Anderson, Cllr M C Base, Cllr P F Bolt, Cllr J L Botten, Cllr R W Dalton, Cllr D Keers, Cllr Mrs F A Kemp, Cllr Mrs S L Luck, Cllr M R Rhodes, Cllr Ms S V Spence, Cllr M Taylor, Cllr Miss G E Thomas and Cllr T C Walker and Mr P J Drury and Mr D Still (Co-opted Members).

Councillors V M C Branson, N J Heslop and D Lettington were also present pursuant to Council Procedure Rule No 15.21.

Apologies for absence were received from Councillors S R J Jessel and Miss S O Shrubsole

PART 1 - PUBLIC

OS 18/29 DECLARATIONS OF INTEREST

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

OS 18/30 MINUTES

RESOLVED: That the Minutes of the meeting of the Overview and Scrutiny Committee held on 16 August 2018 be approved as a correct record and signed by the Chairman.

MATTERS FOR RECOMMENDATION TO THE CABINET

OS 18/31 ROAD CLOSURES REVIEW

The report of the Chief Executive set out further evidence from key partners regarding the procedures used to implement temporary road closures for community events.

Kent Police provided an overview of the road closure powers available and advised that all events they were notified of would be assessed, including any requirements for traffic management or road closures. It was explained that the decision to issue any traffic order remained with the respective district or county council and the position of Kent Police was to offer advice and guidance to assist event organisers and Safety Advisory Groups.

A statement confirming Kent County Council's support of the procedures used for road closures was attached as Annex 1 to the report. In

addition, the views of all districts on the use of the Town Police Clauses Act (TPCA) for road closures had been sought and these were summarised in Annex 2. It was reported that all the responses received indicated that districts had been using the TPCA for at least some of the road closures, which suggested that their continued use was appropriate for local events.

The financial implications for community groups of not using the TPCA to support local community events involving road closures were outlined. Members noted the potential for the Highway Authority to make a charge of up to £1000 for each event which could prove financially challenging for small organisations.

Members reviewed all the evidence submitted and on balance felt that the approach adopted by the Borough Council in using the Town Police Clauses Act was appropriate. However, the Director of Street Scene, Leisure and Technical Services was invited to liaise with Kent Police, outside the meeting, to clarify what future events might not be covered by the TPCA.

RECOMMENDED: That the continued use of Town Police Clauses Act 1847 for appropriate local community event be confirmed.

OS 18/32 PROVISION OF PUBLIC CONVENIENCES

The Director of Street Scene, Leisure and Technical Services reported that a detailed audit of the Borough Council's current provision of public conveniences had been undertaken. Options considered as part of the review included location and size of facility, facilities provided, opening hours, assessment of current condition and whether there was alternative provision nearby. Also considered were facility closure and retention and potential transfer to Parish/Town Councils.

Attention was drawn to a couple of corrected financial figures summarised below:

- Annual operational cost set out in paragraph 1.1.3 was £135,000
- Existing public convenience cleansing contract set out in paragraph 1.4.1 was valued at £77,500

The reporting error was as a result of misunderstanding around the budget expenditure codes.

Members were advised that a wide range of options were available which reflected that the existing service was of a discretionary nature. A proposed way forward for each existing public convenience within the Borough was attached as Annex 4 to the report and set out identified need or where no suitable alternative facilities were available. In addition, a proposal related to the extension of the current public convenience cleansing contract for 1 year up until 28 February 2020 to

enable adequate time to agree the way forward for each facility was reported.

Finally, the Director of Street Scene, Leisure and Technical Services advised that the review had emphasised the value of and genuine need for public conveniences in local communities.

Members recognised the sensible approach undertaken during the review, based on use, value and cost of the facilities; welcomed the proposals outlined in paragraph 1.5 of the report and felt that transferring costs to communities where possible was a pragmatic approach and supported the proposal to extend the public convenience cleansing contract to ensure that facilities were of a good quality in case of potential transfer of ownership. However, it was commented that if the contract was extended consideration should be given to the frequency of cleansing and increased monitoring of the performance of the contractor.

In addition, Members supported the principle of funding some facilities in Tonbridge via Special Expenses on the grounds of fairness across the Borough, subject to further detail and financial modelling of all options and consideration by the Street Scene and Environment Services Advisory Board.

RECOMMENDED: That

- (1) subject to agreement with the existing contractor, the existing public convenience cleansing contract be extended for 12 months in accordance with current contract conditions;
- (2) meetings be undertaken with individual Parish/Town Councils to agree the transfer of ownership of the Council's public conveniences currently located in their area;
- (3) the existing provision of public conveniences at Leybourne Lakes Country Park, Haysden Country Park, Tonbridge Racecourse Sportsground and Tonbridge Cemetery be retained;
- (4) the existing Priory Road and Castle Grounds public conveniences in Tonbridge be retained;
- (5) the existing Angel Centre public toilets be closed with the public redirected to existing alternative provision;
- (6) further investigation be undertaken into the suitability of alternative toilets in the vicinity of Tonbridge Castle to determine the future provision of Castle Grounds toilets;
- (7) the Building & Estates Manager be requested to bring forward an improvement programme for those facilities to be retained/transferred; and

- (8) future reports be submitted to the Street Scene & Environment Services Advisory Board on the outcome of the review, accompanied by an Equality Impact Assessment and financial appraisal.

MATTERS FOR CONSIDERATION IN PRIVATE

OS 18/33 EXCLUSION OF PRESS AND PUBLIC

There were no items considered in private.

The meeting ended at 8.40 pm

Agenda Item 4

Any Executive Decisions which have been “called in”

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TONBRIDGE & MALLING BOROUGH COUNCIL

OVERVIEW AND SCRUTINY COMMITTEE

22 January 2019

Report of the Director of Finance and Transformation

Part 1- Public

Matters for Recommendation to Cabinet

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

1 REVENUE ESTIMATES 2019/20

The Council has a statutory duty to set the level of council tax for the forthcoming financial year by 11 March. Under the Budget and Policy Framework Rules of the Constitution, the Cabinet is responsible for formulating initial draft proposals in respect of the Budget. The role of this Committee is to assist both the Cabinet and the Council in the preparation of the Budget for 2019/20 within the context of the Medium Term Financial Strategy and the Council's priorities.

1.1 Introduction

1.1.1 The Cabinet is responsible for formulating initial draft proposals in respect of the Budget for 2019/20. This report is intended as the basis for recommendations from this Committee to the Cabinet.

1.1.2 A special meeting of the Cabinet is scheduled for the 14 February to consider the recommendations of this Committee and of the Finance, Innovation and Property Advisory Board and, in addition, take into account the Council's final grant settlement.

1.1.3 At that special meeting on the 14 February, the Cabinet will need to formulate its final proposals in respect of the Budget for 2019/20 and the council tax to be levied in respect of the Borough Council. The Full Council will meet on the 19 February to approve the Budget and set the Council Tax. The Full Council may adopt or amend the Cabinet's proposals.

1.1.4 The role of this Committee is to consider both the Revised Estimates for 2018/19 and the Estimates for 2019/20 within the context of the Medium Term Financial Strategy and the Council's priorities. For completeness, details of how we are

updating the Medium Term Financial Strategy are contained within this report for information.

- 1.1.5 Copies of the Booklet containing the draft Revenue Estimates has already been circulated to all Members with the agenda for the meeting of the Finance, Innovation and Property Advisory Board. Please bring your copy of the Booklet to this meeting. If Members require further copies, please contact Michael Withey, Principal Accountant on extension 6103 or by e-mail at michael.withey@tmbc.gov.uk
- 1.1.6 Overall, the draft 2019/20 Estimates show an increase over the 2018/19 Original Estimates of £450,368 prior to making a contribution to/from the General Revenue Reserve. Members are referred to the report presented to the meeting of the Finance, Innovation and Property Advisory Board for further details on the Estimates.
- 1.1.7 It is likely that there will need to be changes made to the Estimates as we move through the budget setting process. It is my intention to bring these together for the Cabinet Budget meeting in February, rather than introduce them in a piecemeal fashion.

1.2 Medium Term Financial Strategy

- 1.2.1 To recap, the Council's Medium Term Financial Strategy (MTFS) covers both revenue and capital budgets over a rolling ten-year period, and it is this Strategy that underpins the budget setting process each year and over the strategy period. The aim of the Strategy is to give us a realistic and sustainable plan that reflects the Council's priorities. The MTFS sets out the high level objectives the Council wishes to fulfil over the agreed time span and are currently:
- To achieve a **balanced revenue budget** that delivers the Council's priorities by the end of the strategy period.
 - To retain a **minimum of £2.0m** in the General Revenue Reserve by the end of the strategy period.
 - Seek to set future increases in council tax having regard to the **guidelines** issued by the Secretary of State.
 - Continue to **identify efficiency savings** and **opportunities for new or additional income sources** and to **seek appropriate reductions in service costs** in delivery of the Savings and Transformation Strategy approved by Members.
 - Subject to there being sufficient resources within the capital reserve, set a **maximum 'annual capital allowance'** each year as part of the budget setting process for all new capital schemes (currently set at £200,000 from

the Council's own resources) and give priority to those schemes that generate income or reduce costs.

- 1.2.2 As mentioned in the report to Cabinet on 10 October 2018, it is proposed that the minimum General Revenue Reserve balance **be increased from £2.0m to £3.0m** to recognise the continuing uncertainty and volatility surrounding local government finances with the increased risk of significant variances compared to projections; and the consequent implications on the level of reserves held.
- 1.2.3 The MTFs sets out, not only the projected budgets for the period, but also the levels of council tax that are projected to be required to meet the Council's spending plans. Underneath the Strategy for the budget setting year sits detailed estimates formulated in conjunction with Services taking into account past outturn, current spending plans and likely future demand levels / pressures.
- 1.2.4 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 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 this is becoming progressively more difficult.
- 1.2.5 Members will recall that when setting the budget for 2018/19 in February 2018 projections at that time suggested a funding gap between expenditure and income of circa £1 million. This 'gap' was translated into three savings and transformation contributions of £350,000, £350,000 and £300,000 to be achieved over three consecutive years commencing 2018/19.
- 1.2.6 The new waste services contract was expected to make a substantive contribution towards the funding gap which to all intents and purposes it has. However, for the avoidance of doubt and as was acknowledged at the Cabinet meeting in October, a not insignificant funding gap remains to be addressed over the period of the MTFs.
- 1.2.7 The MTFs will need to be updated and rolled forward as part of the 2019/20 budget setting process. Further information about this, together with the issues that Cabinet will need to address when updating the MTFs are set out later in this report at paragraph 1.10.

1.3 Provisional Local Government Finance Settlement

Settlement Funding Assessment

- 1.3.1 On 13 December 2018, the Secretary of State for the Ministry of Housing, Communities and Local Government, James Brokenshire MP, made a statement to Parliament on the provisional local government finance settlement for 2019/20. The provisional figures are expected to be confirmed in January / February 2019.

1.3.2 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. This Council accepted the offer of a multi-year settlement. The provisional Settlement Funding Assessment (SFA) for 2019/20 is not that dissimilar to that set out in the multi-year settlement **except** for the removal of 'negative RSG' which the government is to meet from their share of business rates income. In our case 'negative RSG' in 2019/20 was circa £998,000 which we would otherwise had to pay over and as such is clearly welcome, **albeit it should be remembered this is a "one-off" adjustment.** Funding beyond 2019/20 **dependent** on the outcome of the 2019 Spending Review and the Fair Funding Review.

1.3.3 Our provisional SFA for the year 2019/20 as shown in the table below is £2,264,850 (budget £1,265,000). This represents a cash decrease of £631,546 or 21.8% when compared to the equivalent figure of £2,896,396 in 2016/17.

New Homes Bonus

1.3.4 The baseline below which New Homes Bonus (NHB) will not be paid is to be held at 0.4% for the year 2019/20. The Council's NHB for the year 2019/20 as shown in the table below is £3,457,428 (budget £2,998,000). This represents a cash decrease of £390,452 or 10.1% when compared to the equivalent figure of £3,847,880 in 2016/17.

1.3.5 Beyond 2019/20, NHB will continue to fall as changes made to the scheme work their way through the system and the recent above average housing delivery falls out of the calculation. It is estimated that by 2023/24 NHB could be around £1.8m assuming no further changes are made to the scheme. This is a dramatic change to the sums we have so far enjoyed and where NHB remains at **risk indefinitely.** It is our ambition to restructure the MTFs so it is not as reliant on NHB or its replacement particularly when read in conjunction with the paragraph below.

1.3.6 Recent comments reported in local government press that the Treasury do not see NHB as having worked could well see its demise from 2020/21. However, this seems to be in sharp contrast to the statement made by the Secretary of State for the Ministry of Housing, Communities and Local Government who said in his statement to the House that he was maintaining the NHB baseline at 0.4% in 2019/20 in order to ensure that the government continues to reward councils for delivering homes. We await developments in this regard.

Overall Grant Funding

1.3.7 Overall, grant funding including NHB for the year 2019/20 as shown in the table below is £5,722,278 (budget £4,263,000). This represents a cash decrease of £1,021,998 or 15.2% when compared to the equivalent figure of £6,744,276 in 2016/17.

| | 2016/17 £ | 2017/18 £ | 2018/19 £ | 2019/20 £ |
|--------------------------------------|------------------|------------------|------------------|------------------|
| Local Share of Business Rates | 2,106,525 | 2,149,532 | 2,214,110 | 2,264,850 |
| Tariff Adjustment ('negative RSG') | | | | |
| Revenue Support Grant | 655,042 | | | |
| Transition Grant | 134,829 | 117,201 | | |
| Settlement Funding Assessment | 2,896,396 | 2,266,733 | 2,214,110 | 2,264,850 |
| Change over SR Period (£) | | | | (631,546) |
| Change over SR Period (%) | | | | -21.8% |
| New Homes Bonus | 3,847,880 | 3,490,134 | 3,334,128 | 3,457,428 |
| Change over SR Period (£) | | | | (390,452) |
| Change over SR Period (%) | | | | -10.1% |
| Overall Grant Funding | 6,744,276 | 5,756,867 | 5,548,238 | 5,722,278 |
| Change over SR Period (£) | | | | (1,021,998) |
| Change over SR Period (%) | | | | -15.2% |

1.3.8 The government in recent years has referred to the increase / (decrease) in an authority's core spending power. Using 2015/16 as the base year the increase in core spending power over the spending review period calculated by the government in cash terms is £872,149 or 5.6%.

1.3.9 The provisional local government finance settlement 2019/20 is subject to consultation. The return date for responses to the consultation was 10 January 2019. A copy of the response submitted in liaison with the Cabinet Member for Finance, Innovation and Property is attached at **[Annex 1]**. The consultation paper can be found at the following link:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/764449/Provisional_local_government_finance_settlement_consultation_2019-20.pdf

1.3.10 Alongside the provisional settlement, the Secretary of State also published two further papers:

- "Review of local authorities' relative needs and resources" seeking views on the approach to measuring the relative needs and resources of local authorities, which will determine new baseline funding allocations for local authorities in England in 2020-21.

- “Business rates retention reform: consultation” seeking views on proposals for sharing risk and reward, managing volatility in income and setting up the reformed business rates retention system.

1.3.11 The return date for responses to both papers is 21 February 2019. 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 Cabinet Member for Finance, Innovation and Property to respond as appropriate.

1.4 Business Rates Retention Pilots

1.4.1 Members will recall the Kent and Medway bid for pilot status in respect of 100% business rates retention for the year 2018/19 was successful and based on the estimates prepared during the bidding process the financial benefit for Kent as a whole could be circa £25m with the sum being divided into two discrete ‘pots’. One for financial sustainability paid at individual council level, and the second for housing and commercial growth paid on a cluster basis.

1.4.2 Again, based on the estimates prepared during the bidding process, in terms of financial sustainability, a sum of circa £500,000 would come to Tonbridge and Malling in 2018/19 and an allocation of circa £1m to the West Kent Cluster (Sevenoaks, Tunbridge Wells and Tonbridge and Malling areas) towards supporting housing and commercial growth. As reported elsewhere, performance to date would suggest the sums set out above could be exceeded, potentially to around £800,000 in respect of financial sustainability and £1.5m in respect of the West Kent Cluster.

1.4.3 An application to pilot 75% business rates retention in 2019/20 was submitted in September 2018 following an invitation from the Secretary of State. 75% business rates retention pilots in 2019/20 have been approved in 15 areas, but regrettably on this occasion the Kent and Medway bid was unsuccessful.

1.5 2019 Spending Review and Fair Funding Review

1.5.1 Beyond 2019/20, the 2019 Spending Review will determine the overall funding envelope for local government over the Spending Review period, the Fair Funding Review detailing how that funding is shaken down to individual councils and, in turn, business rates baselines and baseline funding levels. How we will fair at the end of that process is extremely difficult to predict at this stage. As Members can appreciate this period of ‘limbo’ does little to aid medium term financial planning and it will be some time before the outcome of the above process is known. As a result the year 2019/20 could be seen as a **holding year**.

1.6 Local Referendums to Veto Excessive Council Tax Increases

1.6.1 The Localism Act gives local communities the power to veto excessive council tax increases. The Secretary of State will determine a limit for council tax increases

which has to be approved by the House of Commons. If an authority proposes to raise council tax above this limit they will have to hold a referendum to get approval for this from local voters who will be asked to approve or to veto the rise.

- 1.6.2 For the year 2019/20, a referendum will be triggered where council tax is increased by **3%, or more than 3% and more than £5**.
- 1.6.3 Referendum principles currently do not apply to town and parish councils.

1.7 Partnership Funding Pressures

Disabled Facilities Grants

- 1.7.1 Members may recall central government grant funding made available for disabled facilities grants (DFGs) by way of the Better Care Fund (BCF) was increased a few years ago. The additional funding was used to establish the West Kent Hospital and Handyperson Scheme and secondment of an occupational therapist on the understanding this initiative would need to be scaled back or cease dependent on the funding required to meet mandatory DFGs expenditure. Members will be aware that this scheme has been very well received.
- 1.7.2 Ironically, due to the success of the scheme all of the funding by way of the BCF is required to meet the pressure on the mandatory DFGs budget such that no funding is available for the West Kent Hospital and Handyperson Scheme and secondment of occupational therapist beyond March 2019. Accordingly, based on the understanding made at the time of its introduction, the scheme should cease as of that date unless alternative funding can be identified and secured.
- 1.7.3 However, to give the matter proper consideration it is proposed that the Scheme be the subject of review by the Overview and Scrutiny Committee over the coming months. The costs of the Scheme in 2019/20 only can be funded from an earmarked reserve to provide a breathing space for the review to take place. Clearly, if alternative funding cannot be identified and secured and the Scheme were to continue beyond 2019/20, this would represent budget growth and, in turn, add to the funding gap.

Public Health

- 1.7.4 Similarly, the Council in recent years has and continues to deliver public health initiatives, in the main, for Kent County Council, under a 'commissioning role'. When introduced it was on the understanding that the arrangement would be fiscal neutral (i.e. we would 'cut our cloth' according to the funding provided). The funding provided has reduced over time whilst costs have increased where the Council is now meeting a shortfall in funding from an earmarked reserve established for this purpose.
- 1.7.5 The reserve can 'plug' the shortfall in funding in the short term, but after that the presumption is that we should 'cut our cloth' accordingly as was originally

planned. To give the matter proper consideration it is proposed this service area also be the subject of review by the Overview and Scrutiny Committee over the coming months. Again, if the shortfall were to continue this would represent budget growth and, in turn, add to the funding gap.

Community Safety Partnership

- 1.7.6 In recent years contributions made to the Community Safety Partnership (CSP) by various partners have ceased whereby only two bodies (Tonbridge and Malling Borough Council and Police and Crime Commissioner for Kent) now fund the work of the CSP. The earmarked reserve used to fund the resulting increase in costs to this Council has now been consumed and as such future years' costs represent budget growth.
- 1.7.7 It is proposed that this service area too be the subject of review by the Overview and Scrutiny Committee over the coming months to consider costs and how we might attract / secure third party funding. Alongside it however, the Management Team suggest that consideration of CCTV arrangements also be "rolled in" to this review.
- 1.7.8 In terms of CCTV, Members will be aware that we are in a partnership with Tunbridge Wells Borough Council (TWBC) to provide 'live' CCTV monitoring across the two boroughs. Whilst the benefits are clearly shared by other public sector partners in terms of community safety and crime reduction, it is the borough councils who pay in full for these costs. Members will note the costs on page SSLTS 37 of the revenue estimates booklet.
- 1.7.9 In early 2017, in view of the costs involved TWBC began a review to test whether it would be appropriate to move from 'live' to 'passive' monitoring. This was not supported at the time by TWBC Members; but had it been, Members of this Council as a partner authority would have been asked to consider 'passive' monitoring also.

Management Team has now suggested that if a scrutiny review of CSP funding is to take place, bearing in mind the obvious link with CCTV, this should be rolled into the review also.

1.8 Draft Capital Plan

- 1.8.1 A report elsewhere on this agenda seeks to advise Members of the way forward on the Capital Plan. The criteria established to guide the inclusion of new schemes to List C (holding list of schemes not yet fully worked up) and ultimately the inclusion of schemes on List A (schemes assigned budget provision) are:
- to meet legislative requirements including health and safety obligations;
 - funded from external resources; and

- reduce revenue expenditure and or generate income.

- 1.8.2 The Capital Plan review report recommends schemes for inclusion on List B, the short-list of schemes for possible inclusion in the Capital Plan. Members are reminded that the selection from List B, of schemes to be included in the Capital Plan (List A) – if any – will be made at Cabinet on the 14 February for endorsement by Council. With this in mind Members are advised that, other than loss of investment income and the estimated loss of income claim associated with the proposed major programme of works at Larkfield Leisure Centre, the revenue consequences of new capital schemes **have yet to be incorporated within the Estimates**.
- 1.8.3 It is important to ensure that the revenue reserve for capital schemes can continue to fund capital expenditure at least until we reach a position where the annual contribution to the reserve matches the funding required for the replacement of existing assets (vehicles, plant and equipment) as well as recurring capital expenditure.
- 1.8.4 As a result there is an annual capital allowance for all other capital expenditure. Any 'bids' for capital schemes or discretionary capital grants are to be assessed in the context of the annual allowance. The annual capital allowance is currently set at £200,000. In 2019/20 and for one year only the annual allowance is £525,000 returning to £200,000 over the remainder of the capital plan review period 2020/21 to 2024/25. It should be noted, based on current projections, that from 2025/26 the Council may need to borrow to fund such expenditure.
- 1.8.5 In addition, the Invest to Save Reserve or Transformation Reserve (made up of specific grants received from government in respect of revenues and benefits functions) could be used to fund in full or in part appropriate capital plan schemes.

1.9 Consultation with Non-Domestic (Business) Ratepayers

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

1.10 Medium Term Financial Strategy Update

- 1.10.1 When updating the MTFs we need to take into account the following (not exclusive) factors:

Provisional Local Government Finance Settlement plus New Homes Bonus

- 1.10.2 The provisional Local Government Finance Settlement for 2019/20 is not that dissimilar to that set out in the multi-year settlement **except** for the removal of 'negative RSG' which the government is to meet from their share of business rates income. In our case 'negative RSG' in 2019/20 was circa £998,000 which we would otherwise had to pay over and as such is clearly welcome, **albeit it should be remembered this is a "one-off" adjustment**. Funding beyond 2019/20 **dependent** on the outcome of the 2019 Spending Review and the Fair Funding Review.
- 1.10.3 The baseline below which New Homes Bonus (NHB) will not be paid is to be held at 0.4% for the year 2019/20 giving NHB of circa £3,457,000 (budget £2,998,000). Beyond 2019/20, NHB will continue to fall as changes made to the scheme work their way through the system and the recent above average housing delivery falls out of the calculation. It is estimated that by 2023/24 NHB could be around £1.8m assuming no further changes are made to the scheme. This is a dramatic change to the sums we have so far enjoyed and where NHB remains at **risk indefinitely**. It is our ambition to restructure the MTFs so it is not as reliant on NHB or its replacement particularly when read in conjunction with the paragraph below.
- 1.10.4 As mentioned at paragraph 1.3.6, recent comments reported in local government press that the Treasury do not see NHB as having worked could well see its demise from 2020/21; although in contrast the Secretary of State has sought to 'protect' NHB in 2019/20. For medium term financial planning purposes we have assumed there will continue to be some form of performance funding if NHB was withdrawn, but on a much reduced scale than that received in recent years via NHB.

Business Rates Retention Scheme

- 1.10.5 The ongoing impact of the Business Rates Retention Scheme and the proposal to move to an 'interim' 75% Retention Scheme in 2020/21 and an 'eventual' 100% Retention Scheme.
- 1.10.6 Members will recall the Kent and Medway bid for pilot status in respect of 100% business rates retention for the year 2018/19 was successful. Based on the estimates prepared during the bidding process, in terms of financial sustainability, a sum of circa £500,000 would come to Tonbridge and Malling in 2018/19 and an allocation of circa £1m to the West Kent Cluster (Sevenoaks, Tunbridge Wells and Tonbridge and Malling areas) towards supporting housing and commercial growth. Performance to date would suggest the sums set out above should be received, if not exceeded.

1.10.7 Beyond 2019/20, however, the **question remains** as to what will our business rates baseline and baseline funding level be under an 'interim' 75% and '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?

Council Tax Referendum Principles

1.10.8 The MTFS sets out, not only the projected budgets for the period, but also the levels of council tax that are projected to be required to meet the Council's spending plans.

1.10.9 For the year 2019/20, a referendum will be triggered where council tax is increased by **3%, or more than 3% and more than £5**. This time last year the MTFS assumed a council tax increase of £5 representing a 2.5% increase in council tax.

1.10.10 For the purposes of preparing the budget papers and updating the MTFS an **increase of circa 3% in 2019/20** has been assumed followed by an **increase of £5 year on year** thereafter.

2019 Spending Review and Fair Funding Review

1.10.11 Beyond 2019/20, the 2019 Spending Review will determine the overall funding envelope for local government over the Spending Review period, the Fair Funding Review detailing how that funding is shaken down to individual councils and, in turn, business rates baselines and baseline funding levels. How we will fair at the end of that process is extremely difficult to predict at this stage. As Members can appreciate this period of 'limbo' does little to aid medium term financial planning and it will be some time before the outcome of the above process is known. As a result the year 2019/20 could be seen as a **holding year**.

1.10.12 Notwithstanding that, we still need to plan ahead as best we can.

1.10.13 For medium term financial planning purposes, from 2020/21, it is assumed that **overall grant funding** whether that be baseline funding level, some element of growth performance, NHB or its replacement **will add up to around £2.4m**. For comparative purposes in 2010/11 overall grant funding was on or around £6.6m.

1.10.14 This is different to the £2.6m reported to Cabinet in October – Why? Despite statements regarding an end in sight for austerity, the Chancellor's Budget in late October did nothing to suggest an 'easing' in the financial pressures to be faced over the medium term by district councils.

1.10.15 Clearly, if our overall grant funding is less than we had hoped (meeting the commitment made to address 'negative RSG', NHB is withdrawn and not replaced) the funding gap will be higher than that assumed. On the other hand, if our overall grant funding is more than we had hoped the funding gap will be lower than that assumed. To put this into context an outcome could be a funding gap of

say £2.0m or no funding gap further underlining the risk of significant variances compared to projections.

1.10.16 If overall grant funding is in excess of £2.4m which at least in the early years we hope it could be, sums over and above this amount could be used to establish a '**stabilisation reserve**' going forward to assist in meeting future saving and transformation contributions and or help manage risk. This will need to be revisited following the outcome of the 2019 Spending Review and Fair Funding Review.

Waste Services Contract

1.10.17 The outcome of the recent retendering of the waste services contract has caused us to consider the approach to take during and beyond the initial 8 year contract period.

1.10.18 For medium term financial planning purposes it is assumed the inflationary increase in the contract sum over and above CPI is negated by a gradual increase in both the charge and the take-up of the garden waste service; and any potential above inflationary uplift in year 9 is no more than 10%. It should also be noted that the inter-authority agreement with Kent County Council is subject to review beyond the initial 8 year contract period and it is assumed that this will continue in its current form beyond that date.

1.10.19 The MTFS will continue to be updated as we move through the 2019/20 budget cycle and as more information becomes available and in due course presented with the Budget report to Cabinet in February.

1.11 Savings and Transformation Strategy

1.11.1 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 financial challenge faced by the Council. In so doing, it recognises that there is no one simple solution and as a result we will need to adopt a number of ways to deliver the required savings and transformation contributions within an agreed timescale.

1.11.2 A number of key themes have been identified, together with outline targets and timescales which will need to be revisited and aligned with the latest projected funding gap as part of the budget setting process. An updated version of the STS will be presented with the Budget report to Cabinet.

Savings and Transformation Contributions

1.11.3 To recap, this year's savings and transformation contribution was set at £350,000 and to date **net savings in the order of £450,000 have been achieved** when looking across the ten-year period of the MTFS as summarised in the table below.

- 1.11.4 Factors that have contributed towards meeting this year's contribution most notably includes the new waste services contract (including introducing a charge for garden waste) and assumed uplift in the increase in the tax base year on year. Factors that have taken the funding gap in the 'wrong' direction include extending an increase in council tax of £5 each year to the end of the MTFS period, government grant support and widening shortfall between housing benefit payments and subsidy in the case of supported accommodation.

| | £'000 |
|---|--------------|
| | |
| Savings and Transformation Contributions Identified to Date | 650 |
| | |
| Other Factors Impacting on MTFS | (200) |
| | |
| Net Savings and Transformation Contribution | 450 |

- 1.11.5 This time last year the projected funding gap was circa £1m and a year on, all other things being equal, was expected to be £650,000. **The latest projected 'outstanding' funding gap is £550,000** (£1,000,000 - £450,000). The number, scale and timing of requisite future savings and transformation contributions is the subject of consideration.
- 1.11.6 But as mentioned at paragraph 1.10.15, the funding gap could be say £2.0m or no funding gap dependent on the outcome of the 2019 Spending Review and the Fair Funding Review further underlining the risk of significant variances compared to projections.

1.12 Finance, Innovation and Property Advisory Board

- 1.12.1 The draft Revenue Estimates were considered in detail at the meeting of the Finance, Innovation and Property Advisory Board on 9 January where a number of officers were available to answer detailed questions.
- 1.12.2 It is not our intention to replicate the officer representation at this meeting and assume that Members will wish to focus on the strategic aspects of the Estimates rather than the detail. If Members do have detailed questions, please contact Neil Lawley, Chief Financial Services Officer on extension 6095 or by e-mail at neil.lawley@tmbc.gov.uk in advance of the meeting. Where appropriate, he will liaise with the relevant Services and advise accordingly.
- 1.12.3 The Finance, Innovation and Property Advisory Board endorsed the draft Revenue Estimates as presented.

1.13 Legal Implications

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

1.13.2 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.

1.14 Financial and Value for Money Considerations

- 1.14.1 The 2019/20 provisional settlement is relatively positive for TMBC, which is welcome news. However, as I have said, this is a standalone “holding year” and two key questions remain. Firstly, what will our business rates baseline and baseline funding level be under an ‘interim’ 75% and ‘eventual’ 100% Business Rates Retention scheme, and how will this compare to that reflected in the MTFS taking into account transfer of any new responsibilities? Secondly, what is 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?
- 1.14.2 Beyond 2019/20, the 2019 Spending Review will determine the overall funding envelope for local government, the Fair Funding Review detailing how that funding is shaken down to individual councils and, in turn, business rates baselines and baseline funding levels. How we will fair at the end of that process is extremely difficult to predict at this stage. It is worth repeating that this does little to aid medium term financial planning and it will be some time before the outcome of the above process is known.
- 1.14.3 Furthermore, 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 is uncertain and difficult to determine.

1.15 Risk Assessment

- 1.15.1 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.
- 1.15.2 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 and transformation contributions will put at risk the integrity of the MTFS.

- 1.15.3 The continuing uncertainty and volatility surrounding local government finances and more recently Brexit make financial planning that more difficult with the increased risk of significant variances compared to projections; and the consequent implications on the level of reserves held.
- 1.15.4 The projected figures for New Homes Bonus or its replacement are at risk of further revision downwards which would, in turn, increase the required savings and transformation contributions.
- 1.15.5 The Inter Authority Agreement with KCC as part of the Waste Services Contract may not be extended beyond the initial 8 year contract period, albeit this is considered unlikely. The Waste Services Contract also may not be extended beyond the initial 8 year contract period which could then have an adverse financial impact in years 9 and 10 of the Medium Term Financial Strategy dependent on the resulting financial consequences.
- 1.15.6 Members are reminded that there are factors not reflected in the MTFS, e.g. the cost of borrowing for new capital plan schemes when and if required.
- 1.15.7 Any increase in council tax above the relevant threshold, even by a fraction of a percentage point, would require a referendum to be held.

1.16 Equality Impact Assessment

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

1.17 Recommendations

- 1.17.1 The Committee is asked to:

- 1) Note and endorse the proposed increase in the minimum General Revenue Reserve balance from £2.0m to £3.0m.
- 2) Note the response made to the provisional local government finance settlement 2019/20 as set out in **[Annex 1]**.
- 3) Agree that delegated authority be given to the Director of Finance and Transformation in liaison with the Cabinet Member for Finance, Innovation and Property to respond to the two further papers published alongside the provisional settlement as detailed at paragraph 1.3.10.
- 4) Recommend to Cabinet that this Committee be asked to review the service areas, Disabled Facilities Grants, Public Health and Community Safety Partnership, as detailed at paragraph 1.7.

- 5) Consider the draft Revenue Estimates contained in the Booklet and make such recommendations, as it considers appropriate, to Cabinet for its special meeting on 14 February.
- 6) Recommend to Cabinet that the Savings and Transformation Strategy is updated to reflect the latest projected 'outstanding' funding gap as part of the budget setting process.

Background papers:

Nil

contact: Sharon Shelton
Neil Lawley

Sharon Shelton
Director of Finance and Transformation

The 2019-20 Provisional Local Government Finance Settlement Consultation

Preamble

The provisional local government finance settlement did not include Kent as a business rates pilot for 2019/20.

We strongly urge government to reconsider this decision and to include Kent as a pilot for 2019/20.

Firstly, because the Ministry specifically asked for two-tier areas to come forward as pilots in the current year to help them understand how the system could work. Kent & Medway is the largest pilot and was described by officials as an exemplar bid. We have received no feedback explaining why our bid for pilot status in 2019/20, which was previously well received and called strong, was unsuccessful this year. Secondly, Kent is facing unprecedented challenges arising from Brexit and its position as the 'front-line county' with Europe. Even if there is no impact to our trading relationship, we have been significantly affected by preparations for Brexit including both physical disruption and opportunity costs from a lack of investment arising from the uncertainty caused by Brexit and the requirement for staff to be heavily involved in contingency planning.

Summary of Questions and Responses

Question 1: Do you agree with the methodology for allocating Revenue Support Grant in 2019-20?

Agree.

Question 2: Do you agree with the Government's proposed approach to allocating £410 million un-ringfenced funding for adult and children's social care according to the existing Adult Social Care Relative Needs Formula?

Not applicable.

Question 3: Do you agree with the Government's proposal to fund the New Homes Bonus in 2019-20 with the planned £900 million from Revenue Support Grant, with any additional funding being secured from departmental budgets?

Agree.

Question 4: Do you agree with the Government's proposed approach to paying £81 million Rural Services Delivery Grant in 2019-20 to the upper quartile of local authorities based on the super-sparsity indicator?

Not applicable.

Question 5: The Government intends to distribute £180m of the levy account surplus. Do you agree with the proposal to make this distribution on the basis of each authority's 2013-14 Settlement Funding Assessment?

Agree.

Question 6: What are your views on the council tax referendum principles proposed by the Government for 2019-20?

Remain of the view that council tax increases should be a local decision, but if that is not an option support the council tax referendum principles proposed.

Question 7: What are your views on the Government's approach to tariffs and top-ups in 2019-20?

Support the approach to tariffs and top-ups in 2019-20.

Question 8: Do you have any comments on the impact of the 2019-20 local government finance settlement on those who share a protected characteristic, and on the draft equality statement published alongside this consultation document? Please provide supporting evidence.

No comments.

TONBRIDGE & MALLING BOROUGH COUNCIL

OVERVIEW AND SCRUTINY COMMITTEE

22 January 2019

Report of the Director of Finance and Transformation

Part 1- Public

Matters for Recommendation to Cabinet

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

1 CAPITAL PLAN REVIEW 2018/19

This report considers progress on the 2018/19 Capital Plan Review and requests endorsement of recommendations to Cabinet.

1.1 Introduction

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

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

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

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

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

1.1.5 The Capital Plan review process started at the Finance, Innovation and Property Advisory Board on 9 January 2019, where Members considered the following issues:

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

1.2 Capital Plan Funding

1.2.1 Members 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 reductions in the financial support it can offer to local government. Despite statements regarding an end in sight for austerity, the Chancellor's Budget in late October did nothing to suggest an 'easing' in the financial pressures to be faced over the medium term by district councils.

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

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

1.2.4 As a result there is an annual capital allowance for all other capital expenditure. Any 'bids' for capital schemes or discretionary capital grants are to be assessed in the context of the annual allowance. The annual capital allowance is currently set at £200,000. In 2019/20 and for one year only the annual allowance is £525,000 (Annex 4 refers) returning to £200,000 over the remainder of the capital plan review period 2020/21 to 2024/25. It should be noted, based on current projections, that from 2025/26 the Council may need to borrow to fund such expenditure.

1.2.5 In addition, the Invest to Save Reserve or Transformation Reserve (made up of specific grants received from government in respect of revenues and benefits functions) could be used to fund in full or in part appropriate capital plan schemes.

1.3 Recommendations from Finance, Innovation and Property Advisory Board

1.3.1 Details in respect of the existing Capital Plan (List A) can be found in the report to the Finance, Innovation and Property Advisory Board. The position of the existing

Capital Plan (List A) presented to the Board and summarised in **[Annex 1]** was endorsed.

- 1.3.2 As a result of the undoubtedly difficult financial landscape the focus has to be on what are seen as priority capital plan schemes or where there is potential for external funding. The schedule of schemes recommended to be added to and schemes to be deleted from List C **[Annex 2]** was endorsed by the Board.
- 1.3.3 The List C schemes recommended for evaluation **[Annex 3]** was endorsed by the Board. On this occasion two schemes have been recommended and for Fast-Track evaluation. In addition, there are four 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, Leybourne Lakes Country Park – Facility Improvements, River Medway – Riverside Lighting, Tonbridge and Financial Services Document Management Software.
- 1.3.4 The evaluated schemes **[Annex 4]** recommended for transfer from List C to List B and use of the Scape Minor Works Framework, Kier Construction Ltd. being the framework contractor, to procure the planned major programme of works at Larkfield Leisure Centre was endorsed.

1.4 Capital Strategy

- 1.4.1 Updated Treasury Management and Prudential Codes of Practice were published by the Chartered Institute of Public Finance and Accountancy (CIPFA) in December 2017. 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. Full Council noted the new requirements and adopted new clauses to be added to our own Policies when it met on 30 October 2018.
- 1.4.2 The requirements of the updated Codes of Practice have been taken into account and reflected as appropriate in the annual review and update of the Capital Strategy attached at **[Annex 5]**. The Strategy has no annexes but includes links to a number of other documents or web pages which are referred to in the text and are available on the Council’s website or the internet.
- 1.4.3 CIPFA – “The Capital Strategy should describe how the investment of capital resources will contribute to the achievement of the authority’s key objectives and priorities that are detailed in their Performance Plans and Community Plans/Strategies. An authority’s Capital Strategy should be one of the key, overarching strategies that support service plans. The strategy will also determine priorities between the various services and look for opportunities for cross-cutting and joined-up investment. The authority’s Capital Strategy should describe how the deployment of capital resources contributes to the achievement of the

described goals. It will also help to ensure that issues around property and other assets are fully reflected in the Council's planning."

- 1.4.4 The Finance, Innovation and Property Advisory Board endorsed the Capital Strategy as presented.

1.5 Legal Implications

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

1.6 Financial and Value for Money Considerations

- 1.6.1 The transfer of schemes from List C to List B has no financial impact. The transfer of schemes from List B to List A will be considered by Cabinet on 14 February in the context of the Medium Term Financial Strategy and the overall budget position.
- 1.6.2 The Capital Strategy outlines a capital plan process which follows the CIPFA Prudential Code and in addition to supporting the achievement of the Council's priorities and corporate objectives, focuses on value for money.

1.7 Risk Assessment

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

1.8 Equality Impact Assessment

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

1.9 Recommendations

- 1.9.1 It is **RECOMMENDED** that the recommendations to Cabinet by the Finance, Innovation and Property Advisory Board detailed at paragraph 1.3 be endorsed.
- 1.9.2 It is **RECOMMENDED** that Cabinet be invited to endorse the Capital Strategy as attached at **[Annex 5]** for adoption by Council and publication on the Council's website.

Background papers:

Nil

contact: Michael Withey
Neil Lawley

Sharon Shelton
Director of Finance and Transformation

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| Capital Plan: List A Service Summary | | | | | | | | | |
|---|----------------------------|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|-----------------|
| | Expenditure To 31/03/18 | 2018/19 Estimate inc Prior Year Slippage | 2019/20 Estimate | 2020/21 Estimate | 2021/22 Estimate | 2022/23 Estimate | 2023/24 Estimate | 2024/25 Estimate | Scheme Total |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Capital Plan Schemes | | | | | | | | | |
| Planning, Housing & Environmental Health | 0 | 30 | 30 | 155 | 155 | 155 | 155 | 155 | 835 |
| Street Scene, Leisure & Technical Services | 912 | 418 | 1,673 | 129 | 636 | 143 | 1,263 | 159 | 5,333 |
| Corporate | 224 | 258 | 106 | 30 | 30 | 30 | 30 | 30 | 738 |
| Sub-total | 1,136 | 706 | 1,809 | 314 | 821 | 328 | 1,448 | 344 | 6,906 |
| Capital Renewals | | | | | | | | | |
| Planning, Housing & Environmental Health | n/a | 0 | 24 | 0 | 0 | 0 | 13 | 0 | 37 |
| Street Scene, Leisure & Technical Services | n/a | 498 | 935 | 382 | 211 | 594 | 408 | 481 | 3,509 |
| Corporate | n/a | 303 | 487 | 312 | 185 | 274 | 138 | 457 | 2,156 |
| Sub-total | n/a | 801 | 1,446 | 694 | 396 | 868 | 559 | 938 | 5,702 |
| Total | 1,136 | 1,507 | 3,255 | 1,008 | 1,217 | 1,196 | 2,007 | 1,282 | 12,608 |

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Capital Plan Review 2018/19

Recommendations in respect of List C

| | Booklet Annex 2 Page No |
|---|--|
| Schemes to be added to List C | |
| | |
| Planning, Housing and Environmental Health | |
| Air Quality Monitoring Equipment | CP 27 |

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Capital Plan Review 2018/19

Schemes selected for evaluation from List C

| | Booklet Annex 2 Page No |
|---|--|
| Planning, Housing and Environmental Health | |
| Air Quality Monitoring Equipment (Fast-Track) | CP 27 |
| | |
| Street Scene, Leisure and Technical Services | |
| Larkfield Leisure Centre: Pool Hall Roof (Fast-Track) | CP 28 |

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Capital Plan Review 2018/19

Recommendations in respect of evaluated schemes

| | Capital Cost | Estimated Annual Revenue/ Renewals Cost | | Booklet Annex 3 Page No |
|---|--------------|---|--------------------------------|-------------------------|
| | £'000 | £'000 | | |
| Planning, Housing and Environmental Health | | | | |
| Air Quality Monitoring Equipment | 20 | 5 | Transfer from List C to List B | CP 35 |
| | | | | |
| Street Scene, Leisure and Technical Services | | | | |
| Larkfield Leisure Centre: Pool Hall Roof | 450 | 18 | Transfer from List C to List B | CP 37 |
| Tonbridge Racecourse Sportsground: Swimming Pool Bridge | 120 | 2 | Transfer from List C to List B | CP 39 |
| | | | | |
| Total | 590 | 25 | | |

After taking into account funding available by way of developer contributions, the estimated capital cost exceeds the standard annual capital allowance of £200,000 by £325,000. This can be met from 2019/20 New Homes Bonus funding above that anticipated.

Members are also asked to note that the Larkfield Leisure Centre: Pool Hall Roof, if approved, will form part of a major programme of works in 2019/20 over a six month period at a cost estimate of circa £1.65m comprising the pool hall roof, ventilation refurbishment, boiler replacement and space frame painting. A very early estimate of the associated loss of income claim is circa £1.0m to be funded in large part from the removal of 'negative RSG' in 2019/20 (See Revenue Estimates report elsewhere on this agenda). The intention is to procure this work including the design elements through the Scape Minor Works Framework, Kier Construction Ltd. being the framework contractor. This is a national procurement framework which the public sector can utilise to deliver large schemes and which the Council has experience of using.

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TONBRIDGE AND MALLING BOROUGH COUNCIL

CAPITAL STRATEGY

1 Introduction

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

2 The Financial Context

- 2.1 Key financial statistics are:

| | |
|--|-----------------------|
| Net Budget Requirement 2018/19 | £13.00 million |
| Government Grant / Business rates excluding New Homes Bonus 2018/19 | £2.21 million |
| Borough Council Band D Charge 2018/19 | £203.42 |
| Capital Plan 2018/19 to 2023/24 (Gross expenditure) | £13.13 million |
| Fixed Assets at 31 March 2018 | £84.08 million |
| Debt Outstanding at 31 March 2018 | Nil |
| Revenue Reserve for Capital Schemes at 31 March 2018 | £6.81 million |

- 2.2 The Medium Term Financial Strategy (MTFS) together with the Council's strategic priorities and objectives along with the established criteria used to guide the inclusion of capital plan schemes and the Prudential Code (see paragraph 3.1) form the basis for any capital investment decisions. The MTFS was used to guide the selection of new Capital Plan schemes in recent years

and will continue to be a major influence on the **2018/19** and subsequent Capital Plan reviews. The MTFs is updated at least once a year and the latest version is published on the Council's website.

- 2.3 Capital receipts derived from the sale of capital assets (generally land and buildings) can **only** be used to repay debt or finance new capital expenditure. The Council's assets are reviewed on a regular basis to identify the potential for alternative use or disposal. **To assist with the Council's savings and transformation agenda Members agreed, Council February 2017 and 2018, that amounts (revenue resources) equivalent to the disposal proceeds from existing assets and other windfalls may be invested in externally managed property funds. Thus far £6.25m, excluding existing cash balances, has been earmarked for property fund investment.**
- 2.4 The demographic and economic features of the Borough give rise to a realistic assessment of very limited opportunities to attract funds from national and regional sources. Nevertheless, the Council will continue to investigate and exploit external funding opportunities.
- 2.5 Capital expenditure is currently funded from the revenue reserve for capital schemes (RRCS) grants from government and other bodies, developer contributions and from capital receipts derived from the sale of assets.
- 2.6 All government support for the Council's capital expenditure is by way of capital grant. Government support through capital grants is usually ring-fenced for specific purposes. It is the Council's intention to try to secure capital grants, wherever possible, for schemes which advance the Council's strategic priorities and objectives.
- 2.7 It is important to ensure that the RRCS can continue to fund capital expenditure at least until we reach a position where the annual contribution to the reserve matches the funding required for the replacement of existing assets (vehicles, plant and equipment) as well as recurring capital expenditure.
- 2.8 As a result there is an annual capital allowance for all other capital expenditure. Any 'bids' for capital schemes or discretionary capital grants are to be assessed in the context of the annual allowance. **The latest review is likely to see the annual capital allowance set at £525,000 in 2019/20 returning to £200,000 over the remainder of the Capital Plan Review period; and** based on current projections, that from **2025/26** the Council may need to borrow to fund such expenditure. Priority is afforded to schemes that meet legislative requirements, address health & safety concerns, generate income or reduce the Council's revenue costs.

3 Legislative Framework and its associated regulations

- 3.1 The legislative framework is set out by the Local Government Act 2003 and its subsidiary regulations. This framework provides for a prudential system based on borrowing limits set by each individual local authority.**

Under this system, local authorities must have regard to affordability, prudence and sustainability and must follow the “Prudential Code for Capital Finance in Local Authorities 2017 Edition” published by the Chartered Institute of Public Finance and Accountancy (CIPFA).

- 3.2** *The Prudential Code requires that the CIPFA Treasury Management Code of Practice is adopted and that a number of prudential indicators are set. Council adopted the 2017 edition of the Code on 30 October 2018.*
- 3.3** *The objectives of the Prudential Code are to ensure, within a clear framework, that the capital expenditure plans are affordable, prudent and sustainable, and that treasury management decisions are taken in accordance with good professional practice and in full understanding of the risks involved and how these risks will be managed to levels that are acceptable to the Council. The Prudential Code requires authorities to look at capital expenditure and investment plans in the light of overall organisational strategy and resources and ensure that decisions are being made with sufficient regard to the long run financing implications and potential risks to the authority. Effective financial planning, option appraisal, risk management and governance processes are essential in achieving a prudent approach to capital expenditure, investment and debt.*
- 3.4 Another key element of the legislative framework is the duty to secure economy, efficiency and effectiveness in the Council’s use of resources. Achieving value for money is addressed in Section 5 of the Strategy as one of the key principles to be applied in capital investment decisions.

4 Strategic Priorities

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

inclusion within the Capital Plan unless it furthers achievement of the Council's strategic priorities and objectives.

5 Principles Supporting the Capital Strategy

- 5.1 The key principles that underpin the Council's Capital Strategy are:
- 5.2 **Strategic Priorities.** Establishment of a direct relationship with the Council's strategic priorities and objectives, with a Capital Plan based upon investment needs and prioritised on an authority-wide basis. This demonstrates an explicit link with key strategic planning documents and recognition of the need for a corporate approach to cross-cutting issues such as the environment, social inclusion, affordable housing and community safety.
- 5.3 **Public Consultation.** The use of public consultation is, indirectly, an important part of developing the Capital Plan through its use in setting priorities and developing strategies, which may lead to capital projects coming forward.
- 5.4 **Other Consultation.** As well as individuals communicating directly with Council Officers and Members, other conduits exist for expressing views to the Council. The Parish Partnership Panel, the Tonbridge Forum, the Tonbridge Sports Association, and customer panels at leisure facilities allow specific persons or groups of users to express their views.
- 5.5 **Partnerships.** Partnership initiatives are considered in Section 6 including the Tonbridge and Malling Local Strategic Partnership, the West Kent Partnership and the Community Safety Partnership which help shape policy objectives and which aim to deliver projects in conjunction with others.
- 5.6 **Procurement Strategy.** The [Procurement Strategy](#) seeks to ensure that good procurement practice is applied consistently throughout the Council. It sets out how the Council will address procurement and establishes its importance to the Council and the contribution it can make to improved service delivery.
- 5.7 **Support for Regional and National Priorities.** To support, where possible, regional and national priorities, for example urban renaissance, transportation improvements, environmental initiatives such as increased levels of recycling.
- 5.8 **Support for Local Priorities.** The Borough Council has been consistently investing in its car parks to support the local economy through a phased programme of improvements. ***Additional funding from the Business Rates Retention Pilot has been earmarked for economic development within the Borough.*** As a Flood Risk Management Authority, we will maintain our support for the flood defence schemes being developed in the area.
- 5.9 **Availability of External Funding.** In support of the Council's strategic priorities and objectives to monitor and pursue available forms of external partnership and other funding opportunities. Capital schemes are increasingly being funded in full or part by contributions from developers.

- 5.10 The Council's [Local Development Framework Core Strategy](#), adopted in 2007, supports the Government policy that development should contribute towards the community services and infrastructure that are necessary to support that development. The provision of infrastructure by developers as part of a wider project and financial contributions are brought forward by planning conditions or legal agreements on a case by case basis where justified by the application of the statutory tests. These arrangements have brought forward significant provision of and contributions to affordable housing, education facilities, children's play, sports pitches, leisure facilities, highway works and transportation services.
- 5.11 The Council is well advanced on a new Local Plan for the Borough which will set out development policies and proposals until 2031. The potential development strategy is built upon strategic development options with the capacity to bring forward new infrastructure investment in parallel with planned growth. The programme is for the new Local Plan to be finally adopted during 2019, following public examination.
- 5.12 The Council is keen to secure a continuing supply of homes at appropriate and in sustainable locations to meet the needs and demands of the Borough. It has a proven track record in fostering growth in a strategically planned way. A range of housing provides balanced support for economic investment by companies looking to locate and expand in the Borough. The supply of new homes and businesses themselves make a contribution towards the Council tax base, potential new homes bonus funding and the potential income from business rates. So long as the level is consistent with planning policies and good practice the Borough Council will seek to secure levels of growth that assist in sustaining important local services.
- 5.13 As a non-stockholding Housing Authority, the Council has a key role to play in the delivery of the strategic housing function covering policy and enabling, private sector housing, and in identifying and addressing housing needs. Contained within a number of different strategies the key priorities are to:
- Enable and facilitate the provision of housing, especially affordable homes, across all tenures in order to meet existing and future housing need.
 - Prevent and reduce homelessness in-line with new duties under the Homeless Reduction Act.
 - Support households to live independently in the community.
 - Improving conditions across all tenures to achieve safe, warm and healthy homes ensuring good health and wellbeing for our communities.
- 5.14 **Use of the Council's Assets.** Maintenance of an Asset Management Plan and performance measures for the use of Council owned assets to ensure optimum returns and early release of redundant assets in support of strategic investment priorities and to attract inward investment. An updated Asset Management Plan is currently being prepared.

- 5.15 **Consideration of the Impact on the Council's Revenue Budget.** To ensure that capital investment decisions are consistent with the Council's Medium Term Financial Strategy, particularly the management of its revenue budget so as to reduce its dependence upon the use of revenue reserves.
- 5.16 **Value for Money.** Each year the Council's external auditor gives an opinion on whether the Authority has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. All of the Capital Plan processes from identification and selection of schemes, through implementation to subsequent review of completed schemes can contribute to achieving value for money.
- 5.17 **Investment in IT** in order to improve efficiency and economy and to meet customer aspirations for self-service, particularly via the website; and to enable more flexible and different ways of working to be adopted to support and assist delivery of the Savings and Transformation Strategy. ***The IT Strategy 2018 to 2022 has set the direction of travel for transformation projects which includes the introduction of a complementary Digital Strategy, a Website Development Plan and the signing of the Local Digital Declaration.***

6 Partnerships

- 6.1 **The Tonbridge and Malling Local Strategic Partnership.** The [Local Strategic Partnership](#) is now well established and has attracted a high level of representation from the public, private, voluntary and faith sectors. Its work focuses on addressing key issues of concern locally such as older people's services, the needs of young people, the local economy, affordable housing and public health issues.
- 6.2 **West Kent Partnership.** The Council is a founding member of the [West Kent Partnership](#), formed on a sub regional rather than district basis, reflecting the degree of economic and social homogeneity across West Kent and a shared community of interest. The Partnership works with other partners in a joined up fashion for the benefit of the local community with a focus on economic development and infrastructure issues. ***Finance for these initiatives will come in part from the Business Rates Retention Pilot (a partnership comprising all Kent Authorities).***
- 6.3 **Transportation Partnerships.** The Borough Council has consistently sought to influence the quality of transportation services in its area and increase investment in them by the relevant authorities. These authorities include the local highway authority, (Kent County Council), the strategic road network agency (Highways England), railway operators and Government Departments.
- 6.4 **The Joint Transportation Board,** comprising Members from the Borough and County Councils, provides an overseeing function for the co-ordination of transport investment in the Borough. This ranges from regular reviews of minor improvements, highway maintenance programmes and parking reviews to major investment through key strategies.

- 6.5 The Borough Council's Rail Manifesto sets out clearly the service expectations that the Council has for rail services for the Borough. The Manifesto is kept under constant review to reflect the changing demand for rail travel in communities across the Borough.
- 6.6 **Local Enterprise Partnership (LEP).** The South East Local Enterprise Partnership (SELEP) seeks to promote economic growth across Essex, Kent and East Sussex. Given its size, a federated model of operation has been adopted and the Kent and Medway Economic Partnership (KMEP) is the local body which covers Tonbridge and Malling. A key role for both organisations is to bid for Local Growth Fund monies to fund local projects which support our local economy.
- 6.7 **Other Partnerships.** The Council is also part of a partnership that has promoted a bid to the Local Growth Fund to bring forward the much needed improvement to the Leigh Flood Storage area. This is a strategic infrastructure investment required to safeguard many residential and business properties in the southern part of the Borough and to enable future growth and new development to take place.
- 6.8 **Community Regeneration Partnerships.** The Council has entered into partnerships which have made a genuine difference to the local community with clear and tangible outcomes.
- 6.9 **The Community Safety Partnership (CSP).** The Crime and Disorder Act 1998 placed an obligation on local authorities and the Police (amongst others) to work together to develop and implement a strategy to tackle crime and disorder in their area. The Tonbridge and Malling CSP vision is: working together to ensure the safety and security of Tonbridge and Malling's residents, businesses and visitors.
- 6.10 **Tonbridge Central Area Action Plan.** The Plan provides the context for partnership projects to attract private sector investment in the town centre and secure transport and environmental improvements. A number of key sites are allocated that have potential to deliver town centre and mixed use development that can generate increased vitality into the town centre and the High Street in particular. The Action Plan is to be reviewed as part of the new Local Plan.

7 Implementing and Managing the Capital Strategy

- 7.1 The Council has developed a process for considering and evaluating potential capital schemes as an integral part of its Capital Strategy. This process for selecting schemes is described below.
- 7.2 Schemes, subject to some exceptions listed below, are selected by a phased process. For convenience, the stages have been termed List A, List B and List C, with List A being the approved Capital Plan.

- 7.3 As schemes come forward they are stored in a list of schemes (List C) for consideration and possible evaluation. These schemes should emerge from, or be designed to achieve, the Council's strategic priorities and objectives along with a set of criteria used to guide the inclusion of new schemes to List C and ultimately the inclusion of schemes on List A. The criteria are: to meet legislative requirements including health and safety obligations; funded from external resources; and reduce revenue expenditure and or generate income. Justification would need to be provided for any schemes that failed to meet one or more of these criteria in order for them to progress through the capital plan process.
- 7.4 From List C, Members select schemes for evaluation. Evaluations will include:
- Specification of the purpose of the scheme and its relevance to the Council's strategic objectives and any wider national policy objectives, the setting of targets by which the success or otherwise of the project can be judged post-implementation.
 - An outline design to facilitate costing and, where appropriate, consultation.
 - **Identification of milestones and risks to aid project management and decision making.**
 - Consultation, including, where appropriate, public consultation on the scheme's principle.
 - The establishment of a realistic estimated capital cost, incorporating any consultation feedback on design issues.
 - An assessment of the ongoing revenue costs and income generating capacity of the completed scheme including an assessment of the loss of interest from investments and impact on capital renewals provisions.
 - Consideration of partnership and external funding opportunities.
 - Consideration of the time after the end of the project during which the targets and objectives should be reviewed and reported to stakeholders.
 - **An equality impact assessment.**
- 7.5 The evaluation process will reveal the impact of the project on the revenue base budget, enabling Members to compare the value of the scheme with the financial savings required to pay for it or the impact on the council tax requirement. Schemes successfully passing through evaluation will be included in List B.
- 7.6 The Council is conscious that the process of evaluation is a revenue cost in itself; involving in-house staff and resources or the buying in of external resources and which may draw resources away from the implementation of the approved Capital Plan. In order to minimise the resource impact of evaluation it is important that restraint is exercised in selecting schemes for evaluation. A balance is struck each year between deliverability of the programme and the evaluation of new schemes.
- 7.7 Under the constitutional arrangements adopted by the Council, the evaluated schemes will be reported to Finance, Innovation and Property Advisory Board which will advise the budget meeting of Cabinet of those schemes deemed suitable to progress to be included on List B. Prior to the budget meeting of Cabinet that advice will be reviewed by Overview and Scrutiny Committee and

may be updated. By considering all eligible schemes at the same time, a corporate approach can be taken to selecting those schemes deemed suitable to progress. Prioritisation of such schemes will be informed by the wider financial climate, the Medium Term Financial Strategy and the requirements of the CIPFA Prudential Code. Prioritisation will take account of national and regional priorities, the Council's strategic priorities and objectives and the financial consequences arising from the schemes proposed.

- 7.8 The main exception to this selection procedure is the investment necessary to maintain existing levels of service. This will consist primarily of renewals provisions and some one-off items outside the basic renewal provisions. These provisions are subject to Member scrutiny within List A and application of value for money principles.
- 7.9 Ultimately the selection of new Capital Plan schemes from List B for inclusion in the Capital Plan (List A) will be determined by the Council following recommendations from the Cabinet in the light of advice from the Finance, Innovation and Property Advisory Board and Overview and Scrutiny Committee.
- 7.10 Finance, Innovation and Property Advisory Board will also review existing Capital Plan (List A) schemes, advising Cabinet of the result. This provides an opportunity to review the budget and progress of existing schemes or even to propose their deferment or deletion.

8 The Capital Plan

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

9 Post Implementation Reviews

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

Strategy updated: **December 2018**

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TONBRIDGE & MALLING BOROUGH COUNCIL

OVERVIEW AND SCRUTINY COMMITTEE

22 January 2019

Report of the Management Team

Part 1- Public

Matters for Recommendation to Cabinet – Council Decision

1 **BREXIT PREPAREDNESS**

To set out a range of initiatives to ensure the Borough Council is prepared to maintain business continuity in the light of possible disruption related to Brexit issues.

1.1 **Background**

1.1.1 This report focuses on the need for the Council to be prepared for any disruption to our services related to Brexit and sets out a number of proposed actions to deal with such issues. Government has indicated that six months of disruption might occur following Brexit and that all relevant agencies should be planning for that eventuality.

1.1.2 The key concern for Tonbridge and Malling will be the likely major traffic congestion affecting the M20/A20/M26 corridor and surrounding roads should there be severe delays at Kent ports. Plans are in place (Operation Fennel) to deal with this scenario but the success of such plans have yet to be fully tested. We therefore need to plan for such problems which could have a major impact on staff travel to and from work and other key road-related Council services such as waste collection.

1.2 **The Kent Resilience Forum**

1.2.1 The Kent Resilience Forum (KRF) is made up of representatives from the 'blue light services' and other agencies including Local Authorities, the NHS, KCC and the EA are all defined as category 1 responders in the Civil Contingencies Act.

1.2.2 The KRF has been responsible for the management and production of all current draft Brexit related plans (Operation Fennel). As a Borough we have been engaged in the shaping of these plans through Kent wide strategic and tactical meetings that have been held on a monthly basis.

- 1.2.3 The KRF have established a number of Brexit focused co-ordination groups and sub groups. These groups are focussed on work streams on; traffic management, community resilience, environment and waste, health and social care, business continuity, business resilience, command and control, media and communication and finance and data.
- 1.2.4 The KRF has recently produced a 'Partner Pack' relating to a no-deal scenario and which includes a detailed checklist to help agencies prepare for potential adverse impacts and risks to business continuity. We will be using this checklist to ensure that all possible adverse issues which might arise are addressed.

1.3 Proposed Actions

- 1.3.1 We believe the following matters will need to be addressed:

(a) The need for remote working for staff

We are planning for prospect of most staff to be given full remote access to relevant Council IT systems to enable them to work from home when needed. We have made a bid to the Brexit Contingency Fund (managed by Kent County Council) for funding to purchase a further 100 laptops for officer use along with appropriate licences and funding to assist with the resourcing of this hardware.

(b) Waste Collection Services

Due to likely traffic congestion to the north of the Borough, waste collection services might be disrupted with an impact on service delivery. It is also foreseeable that there may also be difficulties with access to KCC waste transfer stations which could further exacerbate the disposal of household waste. Discussions with the Council's new contractor are being progressed with a view to mitigating any major disruption to the service.

(c) Leisure Facilities

The Council has a management agreement with the Leisure Trust to manage the main leisure facilities. Significant disruption to the road network particularly in the north of the Borough could impact on usage of Larkfield Leisure Centre. Income generation could therefore be affected and could impact the ability of the Trust to meet their financial targets.

(d) Other Council Key Services

Grounds Maintenance – possible delays to some cutting services but not considered critical.

Street Cleansing – given the potential traffic congestion, street cleansing may well be interrupted or deferred to tackle 'hot spot locations'

Tonbridge Cemetery – low number of burials, not considered critical.

Environmental Health - Food officers may need to be involved with imported food issues if a trade deal is not secured. There has been some speculation that officers may be needed at Dover Port to assist, although this is just speculation at this stage. The Food Standards Agency are launching more imported food training for officers early this year so depending on what's agreed we could, as an inland authority be asked to take on more duties. Borough wise, officers could be asked to condemn consignments of food that need to be destroyed, if goods have been held up and are out of temperature control when they arrive in the borough.

(e) Council Meetings

There may be difficulties for Members and key staff to attend council meetings due to congestion. There are a range of possible options:

- Cancel meetings at short notice: need to ensure alerts are provided
- Absence of Quorum on the night of the meeting – adjourn meeting or use emergency arrangements (see below)
- Relocate meetings to other, more accessible premises or having daytime meetings at times of least traffic congestion
- Invoke urgency provisions to allow decisions to be taken and reported subsequently. It is suggested as a contingency that the Council amends the Constitution as soon as possible to deal with decision making 'during a period of serious and/or unexpected disruption'
- Reduce the number of meetings to the minimum required for the exercise of Council business.

(f) Elections

It is possible that there could be disruption to the Local Government elections scheduled for the 2nd May. If the UK voted to stay within the EU, further elections would also take place on 23 May 2019. To counter any disruption, we will be preparing election paperwork in house rather than externally, and we will be assessing where polling station staff and others supporting the elections reside to seek to ensure they attend polling stations near to where they live. We will also consult with neighbouring districts to share staff on a mutual basis where, for example, staff living in the Borough but working at other districts could undertake roles for TMBC and vice-versa. We will also seek to further promote the take up of postal voting to seek to reduce the numbers of voters attending stations.

(g) Communications and Call Handling

Our Media Team are already attending OP Fennel meetings linked to the Kent Resilience Forum. Following the Brexit decision, we anticipate a significant increase in calls/enquiries from residents and local businesses on a wide range of issues particularly if high levels of traffic congestion arise locally. We will seek

to ensure that resources from each of the Council's service teams are in place to deal with this increase, working remotely as and when required. We will monitor the level of calls to our switchboard and visits to our offices at Kings Hill and Tonbridge and will seek to ensure sufficient staff resources are available to deal with those needing help and support. We will also issue regular updates to all Members regarding any issues that arise over the next 6 months period.

(h) Key Additional Resources

In addition to the funding bid relating to the purchase of additional laptops, we believe it to be prudent to seek additional support funding from the Brexit Contingency Programme Fund to help strengthen our staff resources in three areas:

- extra staff time to ensure we are able provide mutual support to key agencies as and when requested;
- additional out of hours resources to help deal with any incidents that arise outside of normal working hours; and,
- a temporary extension of hours worked by the Council's Emergency Planning Officer to ensure he will be available to assist with any Brexit issues arising.

1.4 Legal Implications

- 1.4.1 Any legal matters related to the Council's role in providing mutual assistance and support will be dealt with as such issues arise.

1.5 Financial and Value for Money Considerations

- 1.5.1 As set out above, an initial bid to the Brexit Contingency Programme Fund has been made seeking funding of c £105K to provide for additional remote access facilities for staff and to strengthen key staff resources.

1.6 Risk Assessment

- 1.6.1 We will be utilising the Kent Resilience Forum's Partners Pack to assess possible risks via the checklist which they have provided.

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 That the above issues be noted and that further updates are provided as more information becomes available;

1.8.2 That the Cabinet **be recommended** to extend the current urgency provisions in the Council's Constitution and Policy Framework to include 'arrangements for decision making during a period of serious and/or unexpected disruption'.

Background papers:

Nil

contact:

Mark Raymond

Andy Edwards

Julie Beilby
Chief Executive
on behalf of the Management Team

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TONBRIDGE & MALLING BOROUGH COUNCIL

OVERVIEW AND SCRUTINY COMMITTEE

22 January 2019

Report of the Chief Executive and the Chairman of Overview and Scrutiny Committee

Part 1- Public

Matters for Information

1 SCRUTINY REVIEW PROGRAMME 2019/20

To set out proposals for future reviews.

1.1 The Review Programme

1.1.1 The programme for future reviews for 2019/20 is set out below. Some reviews will be preceded by a scoping report to set out the background for the review, whilst others will be reported direct to the Committee.

14 March 2019 The Induction Process for New Members

20 June 2019 Review of Concessions at Tonbridge Castle

Review of Customer Service Surgeries

29 August 2019 Review of Community Safety including CCTV provision and the role of the Community Safety Unit

10 October 2019 Review of Disabled Facilities Grants

Review of the Council's Public Health function

January 2020 Review of local Domestic Abuse services and associated budgets

March 2020 Review of the Council's Corporate Strategy

Review of Council Marketing

1.1.2 The above list fits with timing/workload issues for relevant services and will provide a meaningful programme of reviews going forward. Members of the Committee will of course have an opportunity to suggest other reviews for consideration for the coming year.

Background papers:

contact: Gill Fox

Nil

Julie Beilby
Chief Executive

Allan Sullivan
Chairman of Overview and Scrutiny

Agenda Item 9

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

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Agenda Item 10

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

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

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Agenda Item 11

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

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