

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: Democratic Services
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11 January 2021

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 online via Microsoft Teams on Tuesday, 19th January, 2021 commencing at 7.30 pm. Information on how to observe the meeting will be published on the Council's website.

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 |
| 2. | Declarations of interest | 7 - 8 |

Members in any doubt about such declarations are advised to contact Legal or Democratic Services in advance of the meeting.

3. Minutes 9 - 14

To confirm as a correct record the Minutes of the meeting of the Overview and Scrutiny Committee held on 3 December 2020.

4. Any Executive Decisions which have been 'called in' 15 - 16

Matters for Recommendation to the Cabinet

5. Revenue Estimates 2021/22 17 - 30

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 2021/22 within the context of the Medium Term Financial Strategy and the Council's priorities.

The Revised Estimates for 2020/21 and 2021/22 (presented to the Finance, Innovation and Property Advisory Board of 6 January 2021 as Annex 1) are attached as a supplement.

6. Capital Plan 2021/22 31 - 52

This report considers progress on the 2020/21 Capital Plan Review and requests endorsement of recommendations to Cabinet.

7. King Hill Parish Council - Request for Advance of Precept Monies 53 - 58

A request has been received from Kings Hill Parish Council for an advance of part of the 2021/22 local precept. Members of the Finance, Innovation and Property Advisory Board (FIPAB) on 6 January recommended to Cabinet, via this Committee, that the request be supported given the exceptional circumstances. Recommendations from both FIPAB and this Committee will be referred to Cabinet on 26 January 2021 for final decision.

8. Urgent Items 59 - 60

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

9. Exclusion of Press and Public 61 - 62

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

10. Urgent Items

63 - 64

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 J L Sergison (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 T Bishop

Cllr J L Botten

Cllr M D Boughton

Cllr C Brown

Cllr R W Dalton

Cllr M O Davis

Cllr M A J Hood

Cllr A P J Keeley

Cllr D Keers

Cllr H S Rogers

Cllr M Taylor

Cllr Miss G E Thomas

Cllr D Thornewell

Apologies for absence

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Declarations of interest

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TONBRIDGE AND MALLING BOROUGH COUNCIL

OVERVIEW AND SCRUTINY COMMITTEE

Thursday, 3rd December, 2020

Present: Cllr J L Sergison (Chairman), Cllr Mrs A S Oakley (Vice-Chairman), Cllr F G Tombolis (Vice-Chairman), Cllr Mrs J A Anderson, Cllr M C Base, Cllr T Bishop, Cllr J L Botten, Cllr M D Boughton, Cllr C Brown, Cllr R W Dalton, Cllr M O Davis, Cllr M A J Hood, Cllr A P J Keeley, Cllr D Keers, Cllr H S Rogers, Cllr M Taylor, Cllr Miss G E Thomas and Cllr D Thornewell.

Councillors Mrs P A Bates, Mrs S Bell, A E Clark, M A Coffin, N J Heslop, D W King, K King, D Lettington, W E Palmer and R V Roud were also present pursuant to Council Procedure Rule No 15.21.

PART 1 - PUBLIC

OS 20/24 DECLARATIONS OF INTEREST

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

For reasons of transparency, Councillor Boughton advised that, in relation to item 5 (Recovery of Voluntary and Community Sector) he was the Borough Councils outside body appointment to the board of Citizens Advice North and West Kent. As this did not constitute an Other Significant Interest on the grounds that no financial support was being considered, he remained in the meeting but did not participate in the discussion and did not vote on this item.

OS 20/25 MINUTES

RESOLVED: That the Minutes of the meeting of the Overview and Scrutiny Committee held on 8 October 2020 be approved as a correct record and signed by the Chairman.

MATTERS FOR RECOMMENDATION TO THE CABINET

OS 20/26 RECOVERY OF VOLUNTARY AND COMMUNITY SECTOR

The Chief Executive provided an update to the scoping report considered at a previous meeting of the Overview and Scrutiny Committee, which had recognised that the voluntary and community sector had been significantly affected by the impact of the pandemic.

Representatives from Kent Community Foundation (KCF), West Kent Mind and Citizens Advice North and West Kent advised what services were being provided, how the organisations had been affected by the pandemic and how services had been adapted.

Members listened to the information provided by the invited speakers with interest and expressed appreciation for the good work undertaken by these organisations. A number of points were raised including the recent survey undertaken by KCF which found that voluntary sector organisations had a potential shortfall in income by March 2021 of 27% (£135M); the establishment of a new Voluntary Sector Steering Group for Kent to provide a strategic view and expert opinion on policies affecting the most disadvantaged communities; the increase in stress, anxiety and mental health issues and the positive transition to providing services online and via telephone. It was reported that many of the changes had been positively received and some customers found the new ways of working more accessible and convenient.

RECOMMENDED: That the Borough Council continued to:

- work with voluntary and community sector organisations;
- develop opportunities to support the sector; and
- explore new opportunities to provide assistance where appropriate.

***Referred to Cabinet**

OS 20/27 REVIEW OF CCTV

Careful consideration was given to the provision and operation of CCTV within Tonbridge and Malling. The matter had been previously reviewed by the Overview and Scrutiny Committee on 29 August and 10 October 2019. Updated statistics related to operational analysis and the number of incidents recorded (as set out in Annexes 6 and 7) were provided to aid deliberation.

The responses from the Kent Police and Crime Commissioner, Clarion Housing and Kent Police regarding financial contributions were noted.

Members had detailed discussion on the options set out in the report and recognised the value of CCTV in supporting crime prevention and public safety. However, Members also acknowledged the significant financial pressures faced by the Borough Council and discussed the benefits of live versus passive monitoring; the potential of new technology to reduce costs and which option represented best value for money. It was also recognised that community safety initiatives could be enhanced to maintain residents' confidence, safety and act as a crime deterrent.

RECOMMENDED: That

- (1) a passive only CCTV operation be provided, with a saving of circa £100,000 contributing towards the Borough Council's overall savings target within the Medium Term Financial Strategy. Due to the existing agreement, 2 years written notice was required to be given;
- (2) a further piece of work be undertaken to review the appropriate locations for passive only cameras; and
- (3) a further detailed analysis be undertaken to include any possible exit costs and reported to Cabinet prior to a final decision.

***Referred to Cabinet**

In accordance with CPR 8.6 of the Constitution (Part 4 – Rules) Councillors Boughton, Botten and Hood asked that their vote against the motion be recorded in the Minutes.

DECISIONS TO BE TAKEN BY THE COMMITTEE**OS 20/28 VIRTUAL MEETINGS AND HOMEWORKING - SCOPING REPORT**

The report of the Director of Central Services and Deputy Chief Executive set out the basis for a review of virtual meetings and homeworking. It was noted that any continuation of virtual meetings remained dependent upon Government extending the current temporary regulations beyond May 2021.

A number of options for inclusion in the review were set out for consideration as summarised below and detailed in paragraph 1.9.1 of the report:

- the effectiveness of the adopted protocol for the use of video-conferencing facilities;
- whether post pandemic, the Borough Council wished to continue with virtual Council meetings;
- the feasibility of rationalising the Borough Council's office accommodation at the Gibson Building, with a view to increasing the amount of homeworking to support the Climate Change Strategy and reduce overheads.

Members recognised that the adoption of virtual meetings had been a necessity during the coronavirus pandemic and had meant that the Borough Council business and decision making continued. A number of Members felt that the virtual meeting experience had been positive as the arrangements were efficient, transparent and aided structured debate. Other Members expressed a preference for a return to face to

face meetings. It was suggested that the review should give consideration to hybrid as well fully virtual and fully physical meetings.

In addition, Members supported the continuation of livestreaming meetings so that residents were able to observe proceedings.

With regard to homeworking, Members expressed support for reviewing the feasibility of rationalising office accommodation and the Borough Council's assets. However, Members were mindful of the work/life balance and the potential impact on staff of different working arrangements. The Director of Central Services indicated that the welfare of staff remained a priority for the Borough Council and the review would consider all options carefully.

RESOLVED: That

- (1) the contents of the report be noted;
- (2) the review include all of the options set out in paragraph 1.9.1 of the report, as summarised above, subject to the inclusion of exploring options for
 - hybrid meetings
 - fully virtual meetings
 - fully physical meetings; and
 - the continuation of livestreaming meetings even if the current regulations were not extended; and
- (3) a further report with final recommendations and associated financial implications be reported to a future meeting of the Overview and Scrutiny Committee.

MATTERS FOR INFORMATION

OS 20/29 LOCAL GOVERNMENT AND SOCIAL CARE OMBUDSMAN - ANNUAL REVIEW LETTER

The annual report of the Local Government and Social Care Ombudsman regarding complaints received and dealt with for the period 1 April 2019 to 31 March 2020 was presented for information.

Members noted that 16 formal complaints had been received during the period and 1 complaint had been upheld.

MATTERS FOR CONSIDERATION IN PRIVATE

OS 20/30 EXCLUSION OF PRESS AND PUBLIC

There were no items considered in private.

PART 2 - PRIVATE

MATTERS FOR INFORMATION

OS 20/31 REVIEW OF CCTV

(Reason: LGA 1972 – Sch 12A Paragraph 7 – Prevention, investigation or prosecution of criminal offences)

The reports to the Overview and Scrutiny Committee of 29 August and 10 October 2019 were attached for information and noted by Members.

The meeting ended at 10.10 pm

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Agenda Item 4

Any Executive Decisions which have been “called in”

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TONBRIDGE & MALLING BOROUGH COUNCIL

OVERVIEW AND SCRUTINY COMMITTEE

19 January 2021

Report of the Director of Finance and Transformation

Part 1- Public

Matters for Recommendation to Cabinet

1 REVENUE ESTIMATES 2021/22

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 2021/22 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 2021/22. 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 11 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 11 February, the Cabinet will need to formulate its final proposals in respect of the Budget for 2021/22 and the council tax to be levied in respect of the Borough Council. The Full Council will meet on the 23 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 2020/21 and the Estimates for 2021/22 (see **[Annex 1]** to the report presented to the meeting of the Finance, Innovation and Property Advisory Board) 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 Overall, the draft 2021/22 Estimates show an increase over the 2020/21 Original Estimates of £247,532 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 and subsequent recommendations.

1.1.6 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 £3.0m** 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 £250,000 from the Council's own resources) and give priority to those schemes that generate income or reduce costs.

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

1.2.3 The Council has for many years been working to address the significant financial challenge faced following the 2007 banking crisis and the subsequent

Government's budget deficit reduction programme which resulted in reductions in the financial support offered to local government. Over this period our MTFs has proved to be resilient allowing the financial pressures likely to confront us to be addressed in a measured and controlled way, but with ever increasing pressure was becoming progressively more difficult.

- 1.2.4 When setting the budget for 2020/21 in February 2020, projections at that time suggested that there was a funding gap between expenditure and income of circa £320,000. This 'gap' was translated into two savings and transformation contributions of £20,000 and £300,000 to be achieved by the start of the year 2021/22 and 2024/25 respectively.
- 1.2.5 Members will, however, be fully aware that progress made in addressing the funding gap has been seriously overshadowed by the Covid-19 pandemic, and measures taken in response. The pandemic has and continues to have a significant adverse impact on the Council's finances and, in turn, on the scale and timing of the savings and transformation contributions required to 'balance the books'.
- 1.2.6 A report to Cabinet earlier in the year suggested a projected funding gap of **£875,000** split into three savings tranches of £100,000, £100,000 and £675,000 to be achieved **by** April 2021, April 2022 and April 2024. Adding to this sum those initiatives already built into the MTFs totalling in excess of **£500,000** gave a rather daunting figure of **£1.375m** to be found and delivered within the next four years.
- 1.2.7 The MTFs will need to be updated and rolled forward as part of the 2021/22 budget setting process. Further information about this including the **latest projected funding gap** is discussed later in this report at paragraph 1.8.

1.3 Provisional Local Government Finance Settlement

Settlement Funding Assessment (Core Funding)

- 1.3.1 On 17 December 2020, the Secretary of State for the Ministry of Housing, Communities and Local Government, Robert Jenrick MP, made a statement to Parliament on the provisional local government finance settlement for 2021/22. The provisional figures are expected to be confirmed in January / February 2021.
- 1.3.2 Not unsurprisingly the Settlement Funding Assessment (SFA) is for one year only (2021/22) and the Fair Funding Review deferred a further year. Again prolonging the period of 'limbo' which does little to aid medium term financial planning. Furthermore, Business Rates Reforms and the proposed move to a 75% Business Rates Retention Scheme have also been deferred a further year.
- 1.3.3 Our provisional SFA for the year 2021/22 as shown in the table below is £2,301,752, the same as that received in 2020/21 with the Government again funding what has been referred to as 'Negative RSG'. To put this into context in our case 'Negative RSG' is around £1m and, in turn, giving a SFA of either £1.3m

or £2.3m. However, it is important to stress that **funding beyond 2021/22 will be dependent** on the outcome of the expected multi-year settlement to follow and the Fair Funding Review.

New Homes Bonus

- 1.3.4 Last year legacy payments plus an allocation for the year 2020/21 was paid under the New Homes Bonus (NHB) scheme. This approach has again been adopted comprising legacy payments of £1,849,051 plus an allocation for the year 2021/22 of £360,767 giving a total sum awarded of £2,209,818. This represents a cash decrease of £1,165,245 or 34.5% when compared to the equivalent figure of £3,375,063 in 2020/21.
- 1.3.5 The future of NHB or a replacement remains the subject of discussion, but at the very least will not continue in its current form leaving one of two options. The scheme is withdrawn and not replaced or is replaced, but where the funding stream and sum awarded is much reduced (our working assumption).

Lower Tier Services Grant (LTSG)

- 1.3.6 This is a new (one-off) grant allocation in the sum of £665,485 to ensure no council sees a year on year reduction in core spending power as calculated by the government.

Government Grant Funding (SFA + NHB + LTSG)

- 1.3.7 Government grant funding for the year 2021/22 as shown in the table below is £5,177,055, a cash decrease of £499,760 or 8.8% when compared to the equivalent figure of £5,676,815 in 2020/21.

	2020/21 £	2021/22 £	Cash Increase/ (Decrease)	
			£	%
Local Share of Business Rates (baseline)	2,301,752	2,301,752	-	-
Tariff Adjustment ('negative RSG')				
Settlement Funding Assessment	2,301,752	2,301,752	-	-
New Homes Bonus	3,375,063	2,209,818	(1,165,245)	(34.5)
Lower Tier Services Grant	-	665,485	665,485	-
Government Grant Funding	5,676,815	5,177,055	(499,760)	(8.8)

- 1.3.8 In addition, the payment for the under indexing of the business rates multiplier is £119,931 in 2021/22 compared to £92,255 in 2020/21.

- 1.3.9 The provisional local government finance settlement 2021/22 is subject to consultation. The return date for responses to the consultation is 16 January 2021. The response when drafted to be agreed by the Cabinet Member for Finance, Innovation and Property prior to submission. The consultation paper can be found at the following link:

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/945484/Provisional Settlement 2021-22 Consultation Document.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/945484/Provisional_Settlement_2021-22_Consultation_Document.pdf)

1.4 Kent Business Rates Pool

- 1.4.1 The Council is a member of the Kent Business Rates Pool in 2020/21, and previously was a member of the “one-off” Business Rates Pilot. However, as reported to Cabinet in October, the pandemic and the consequent economic upheaval brought into question whether the Council should continue to be in the official Kent-wide pool for 2021/22.
- 1.4.2 Adopting a risk based approach and considering the wider Kent position the view of officers was that the Council should not be part of the formal Kent Business Rates Pool in 2021/22 and subsequently endorsed by Cabinet at the meeting in October.
- 1.4.3 Business Rates Reforms and the proposed move to a 75% Business Rates Retention Scheme have been deferred a further year.

1.5 Local Referendums to Veto Excessive Council Tax Increases

- 1.5.1 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.
- 1.5.2 For the year 2021/22, a referendum will be triggered where council tax is increased by **2%, or more than 2% and more than £5**.
- 1.5.3 Referendum principles currently do not apply to town and parish councils.

1.6 Draft Capital Plan

- 1.6.1 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.
- 1.6.2 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 11 February for endorsement by Council. With this in mind Members are advised that, other than loss of investment income, the revenue consequences of new capital schemes **have yet to be incorporated.**
- 1.6.3 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) and recurring capital expenditure. The annual contribution is expected to match the funding required for the replacement of existing assets and recurring capital expenditure in 2021/22.
- 1.6.4 There remains an annual capital allowance for all other capital expenditure not least in light of the current economic climate and challenging financial outlook. 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 £250,000 and it is proposed that the annual allowance continue to be set at that level.
- 1.6.5 It should be noted, based on current projections, that from 2027/28 the Council may need to borrow to fund such expenditure. This does not however, preclude a decision to borrow in order to fund in full or in part capital investment opportunity that meets the Council's strategic priorities and objectives, achieves value for money and delivers a financial return. Any such opportunity to be considered on a case by case basis as appropriate.
- 1.6.6 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) amongst other Reserves could be used to fund in full or in part appropriate capital plan schemes.

1.7 Consultation with Non-Domestic (Business) Ratepayers

- 1.7.1 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.

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

1.8 Medium Term Financial Strategy Update

1.8.1 When updating the MTFS we need to take into account the following (not exclusive) factors:

Covid-19 Pandemic

1.8.2 The one issue overshadowing everything else is the impact of Covid-19 on the Council's finances and the consequent increase in the funding gap.

1.8.3 We will not know the full extent of the impact on the Council's finances for some time. Much will depend on the extent and speed of the recovery, impact of current and further 'lockdown' measures, societal changes brought about by the response to the pandemic and financial support provided by central government.

1.8.4 The revised estimates suggest the net adverse impact in 2020/21 has not been as severe as had been assumed earlier in the year, albeit this can change at short notice. This can in part be attributed to increased government grant funding in various forms, e.g. income compensation scheme, sharing of business rates and council tax losses, national leisure recovery fund where an assessment/ notional allocation as to the grant funding to be received has had to be made. Furthermore, the measures introduced by the government to support businesses and jobs may have only deferred some of the adverse impact to a later date. As a result the sum of £3.5m is to be transferred to a budget stabilisation reserve as originally intended, albeit over the two-year period 2020/21 to 2021/22. To be used in the first instance to support the budget dependent on how things 'play out' over the coming year where some or all of this sum is found to be required.

1.8.5 It is also **important to note** that in arriving at the latest projected funding gap it is assumed that:

- sources of income will in large part return to pre Covid-19 levels over the next two years – the question is will income return to the levels and in the timescale assumed?
- the marked increase in homelessness caseload and the associated increased net cost will be pulled back to pre Covid-19 levels over the next four years – the question is will costs be pulled back to the extent and in the timescale assumed?

1.8.6 What is certain is we need to be prepared to take corrective action if and when required as the situation becomes clearer/unfolds.

Government Grant Funding (Settlement Funding Assessment + NHB)

- 1.8.7 **Funding beyond 2021/22 will be dependent** on the outcome of the expected multi-year settlement to follow and the Fair Funding Review. Notwithstanding the continuing uncertainty and volatility surrounding local government finances with the increased risk of significant variations compared to projections, we still need to plan ahead as best we can. To put this into context at one end of the spectrum overall government grant funding could be £1.5m and at the other £3.2m.
- 1.8.8 In the latest iteration of the MTFS it is assumed overall government grant funding will reduce from circa £4.4m in 2021/22 to £2.4m in 2023/24 uplifted for inflation year on year thereafter. A cash decrease of £2.0m or 45.5% over the period.
- 1.8.9 A hypothetical example of how the assumed overall government grant funding of £2.4m in 2023/24 might be made up is business rates baseline (£1.5m) business rates growth (£200,000) and NHB replacement (£700,000).

Business Rates Retention Scheme

- 1.8.10 Business Rates Reforms and the proposed move to an 'interim' 75% and an 'eventual' 100% Business Rates Retention Scheme.
- 1.8.11 Beyond 2021/22, however, the **question remains** as to what will our business rates baseline and baseline funding level be under a revamped 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

- 1.8.12 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.
- 1.8.13 For the year 2021/22, a referendum will be triggered where council tax is increased by **2%, or more than 2% and more than £5**. This time last year the MTFS assumed a council tax increase of £5 representing a 2.3% increase in council tax.
- 1.8.14 For the purposes of preparing the budget papers and updating the MTFS an **increase of £5 in 2021/22** has been assumed and each year thereafter.

Funding Gap

- 1.8.15 As we know, the funding gap is not static and constantly changes in response to both internal and external factors.
- 1.8.16 It goes without saying that the Council's finances are under severe pressure where the latest projected funding gap stands at **£475,000**. Adding to this sum those initiatives already built into the MTFS totalling in excess of **£500,000** gives

an updated daunting figure of **£975,000** to be found and delivered within the next four years. **Not forgetting**, amongst other things, the assumptions highlighted at paragraph 1.8.5 which are in themselves challenging.

1.8.17 The initiatives already built into the MTFS include:

- Transfer of ownership and responsibility for public conveniences to the relevant town or parish council or sale if that not the case;
- Annual increase in car park charges from April 2021 and introduction of car parking charges in 2022 and 2023;
- Sale of River Walk Offices and River Lawn;
- Garden waste annual increases moving towards Kent average;
- Scaling down of office accommodation and associated costs to reflect increased home working by 2023.

1.8.18 The MTFS will continue to be updated as we move through the 2021/22 budget cycle and as more information becomes available and in due course presented with the Budget report to Cabinet in February.

1.9 Savings and Transformation Strategy

1.9.1 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.

1.9.2 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

1.9.3 Management Team and endorsed by Cabinet imposed an 'Essential Spend Only' policy for the year 2020/21 and set a one-off savings target of £500,000 to be delivered as a result of the policy. A high level review of the 2020/21 revised estimates suggest the policy has delivered one-off savings of £547,000.

1.9.4 Cabinet in June also set an ongoing savings target of £100,000 to be delivered by April 2021. To date ongoing savings in the order of £132,000 have been identified. The movement in the savings target reported to Cabinet in October and the latest projected funding gap is detailed below.

	£	£
Savings Target – Cabinet October 2020		875,000
Ongoing Savings Identified in Year	(132,000)	
Disabled Facilities Grants	(71,000)	
Establishment Changes	(58,000)	
Garden Waste Charge	(53,000)	(314,000)
Sub-total		561,000
Other Factors Impacting on MTFS		
Recycling Performance Payment	100,000	
Investment Income	50,000	
Garden Waste Service Take-up	(30,000)	
Contractual and General Inflation	(76,000)	
Pay Inflation	(111,000)	
Other Factors	(19,000)	(86,000)
Latest Projected Funding Gap		475,000
Initiatives Already Built into the MTFS		500,000
Total		975,000

1.10 Finance, Innovation and Property Advisory Board

1.10.1 The draft Revenue Estimates are to be considered in detail at the meeting of the Finance, Innovation and Property Advisory Board on 6 January where a number of officers will be available to answer detailed questions.

1.10.2 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@tmhc.gov.uk in advance of the meeting. Where appropriate, he will liaise with the relevant Services and advise accordingly.

1.11 Legal Implications

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

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

1.11.3 The Local Government Finance Act 2012 and regulations that followed introduced the current Business Rates Retention Scheme.

1.12 Financial and Value for Money Considerations

1.12.1 The scale of the financial challenge places financial sustainability at increased risk.

1.12.2 The expected multi-year settlement to follow, the Fair Funding Review and Business Rates Reforms brings further uncertainty in addition to the adverse impact of the Covid-19 pandemic.

1.12.3 The 2021/22 provisional local government finance settlement is relatively positive for TMBC, which is welcome news. However, this is a “further” 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?

1.12.4 In addition, 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.

1.13 Risk Assessment

1.13.1 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.

1.13.2 The Medium Term Financial Strategy sets out the high level financial objectives the Council wishes to fulfil and underpins the budget setting process for the forthcoming year and over the Strategy period. As the Council’s high level financial planning tool the Strategy needs to be reviewed and updated at least annually and in the current climate regularly reviewed by Management Team. In addition, not identifying and implementing the requisite savings and transformation contributions will put at risk the integrity of the MTFS.

1.13.3 The pandemic has and continues to have a significant adverse impact on the Council’s finances and, in turn, on the scale and timing of the savings and

transformation contributions required to 'balance the books'. The scale of the financial challenge places financial sustainability at increased risk.

- 1.13.4 The continuing uncertainty and volatility surrounding local government finances does not aid financial planning with the increased risk of significant variations compared to projections; and the consequent implications on the level of reserves held.
- 1.13.5 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.
- 1.13.6 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 may also not be extended beyond the initial 8 year contract period with potential significant adverse budget implications.
- 1.13.7 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.
- 1.13.8 Any increase in council tax above the relevant threshold, even by a fraction of a percentage point, would require a referendum to be held.

1.14 Equality Impact Assessment

- 1.14.1 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.

1.15 Policy Considerations

- 1.15.1 Business Continuity/Resilience
- 1.15.2 Community

1.16 Recommendations

- 1.16.1 The Committee is asked to:
 - 1) Consider the draft Revenue Estimates (see **[Annex 1]** to the report presented to the meeting of the Finance, Innovation and Property Advisory Board) and make such recommendations, as it considers appropriate, to Cabinet for its special meeting on 11 February.
 - 2) Recommend to Cabinet that the Savings and Transformation Strategy is updated to reflect the latest projected funding gap as part of the budget setting process.

Background papers:

Nil

contact: Neil Lawley

Sharon Shelton

Sharon Shelton

Director of Finance and Transformation

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TONBRIDGE & MALLING BOROUGH COUNCIL

OVERVIEW AND SCRUTINY COMMITTEE

19 January 2021

Report of the Director of Finance and Transformation

Part 1- Public

Matters for Recommendation to Cabinet

1 CAPITAL PLAN REVIEW 2020/21

This report considers progress on the 2020/21 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 is to be reported to the Finance, Innovation and Property Advisory Board on 6 January 2021, where Members will consider 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 aware of the financial challenge faced by the Council and in particular more recently as a result of the Covid-19 pandemic and consequent adverse impact on the Council's finances and reserve balances.
- 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) and recurring capital expenditure. The annual contribution is currently planned to match the funding required for the replacement of existing assets and recurring capital expenditure in 2021/22.
- 1.2.4 There remains an annual capital allowance for all other capital expenditure not least in light of the current economic climate and challenging financial outlook. 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 £250,000 and it is proposed that the annual allowance continue to be set at that level.
- 1.2.5 It should be noted, based on current projections, that from 2027/28 the Council may need to borrow to fund such expenditure. This does not however, preclude a decision to borrow in order to fund in full or in part a capital investment opportunity that meets the Council's strategic priorities and objectives, achieves value for money and delivers a financial return. Each such opportunity to be considered on a case by case basis as appropriate.
- 1.2.6 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) amongst other Reserves could be used to fund in full or in part appropriate capital plan schemes.

1.3 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) recommended for endorsement is summarised in **[Annex 1]**.

- 1.3.2 As a result of the challenging financial outlook 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 is attached at **[Annex 2]**.
- 1.3.3 The List C schemes recommended for evaluation is attached at **[Annex 3]**. On this occasion, three schemes have been recommended including one for Fast-Track evaluation. In addition, there are three schemes selected for evaluation in a previous Review that are either on hold following evaluation, subject to further evaluation or yet to be evaluated as follows: Tonbridge Farm Sportsground – Provision of Toilets, Tonbridge Racecourse Sportsground – Improvement Works Phase 3 and River Medway – Riverside Environmental Improvements, Tonbridge.
- 1.3.4 The evaluated schemes recommended for transfer from List C to List B is attached at **[Annex 4]** where only the scheme recommended for Fast-Track evaluation has been evaluated as part of this year’s capital plan review process.

1.4 Capital Strategy

- 1.4.1 The requirements of the 2017 edition of both the Treasury Management and Prudential Codes of Practice published by the Chartered Institute of Public Finance and Accountancy (CIPFA) 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.
- 1.4.2 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.”

1.5 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 11 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 strategic priorities and 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 strategic priorities and 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 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

**Capital Plan: List A
Service Summary**

	Expenditure To 31/03/20	2020/21 Estimate inc Prior Year Slippage	2021/22 Estimate	2022/23 Estimate	2023/24 Estimate	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate	Scheme Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Capital Plan Schemes									
Planning, Housing & Environmental Health	1,453	736	155	84	84	84	84	84	2,764
Street Scene, Leisure & Technical Services	1,803	900	1,107	143	1,265	159	159	159	5,695
Corporate	83	202	30	90	30	30	30	30	525
Sub-total	3,339	1,838	1,292	317	1,379	273	273	273	8,984
Capital Renewals									
Planning, Housing & Environmental Health	n/a	0	0	0	13	0	0	0	13
Street Scene, Leisure & Technical Services	n/a	205	1,277	571	370	358	231	506	3,518
Corporate	n/a	228	237	190	169	382	337	182	1,725
Sub-total	n/a	433	1,514	761	552	740	568	688	5,256
Total	3,339	2,271	2,806	1,078	1,931	1,013	841	961	14,240

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Capital Plan Review 2020/21

Recommendations in respect of List C

	Annex 2 Page
Schemes to be added to List C	
Street Scene, Leisure and Technical Services	
Larkfield Leisure Centre – Sports Hall Roof Renewable Energy Technology	CP 26
Swanmead Sportsground – Flood Alleviation Works	CP 33
Corporate Services	
Electric / Hybrid Pool Car	CP 34

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Capital Plan Review 2020/21

Schemes selected for evaluation from List C

	Annex 2 Page
Street Scene, Leisure and Technical Services	
Larkfield Leisure Centre – Sports Hall Roof Renewable Energy Technology	CP 26
Tonbridge Castle – Site Improvements	CP 31
Corporate Services	
Electric / Hybrid Pool Car (Fast-Track)	CP 34

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Capital Plan Review 2020/21

Recommendations in respect of evaluated schemes

	Capital Cost	Estimated Annual Revenue/ Renewals Cost		Annex 3 Page
	£'000	£'000		
Corporate Services				
Electric / Hybrid Pool Car	24	5	Transfer from List C to List B	CP 35
Total	24	5		
The estimated capital cost to be met from the annual capital allowance of £250,000.				

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TONBRIDGE AND MALLING BOROUGH COUNCIL

Draft 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 2020/21	£14.64 million
Government Grant / Business rates excluding New Homes Bonus 2020/21	£2.3 million
Borough Council Band D Charge 2020/21	£214.50
Capital Plan 2020/21 to 2025/26 (Gross expenditure)	£15.89 million
Fixed Assets at 31 March 2020	£99.64 million
Debt Outstanding at 31 March 2020	Nil
Revenue Reserve for Capital Schemes at 31 March 2020	£7.46 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 **2020/21** 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. **£5.125m**, excluding existing cash balances, has been earmarked for property fund investment **of which £2m has been invested thus far. A further £3m, drawn from existing resources, has also been invested in externally managed property funds.**
- 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 annual capital allowance **is currently** set at £250,000 **per annum**. Based on current projections the Council may need to borrow to fund such expenditure from **2027/28 onwards**. Priority is afforded to schemes that meet legislative requirements, address health & safety concerns, generate income or reduce the Council's revenue costs.
- 2.9 This does not, however, preclude a decision to borrow **at any time** in order to fund in full or in part **capital** investment **if deemed appropriate**.

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 ***A one-year addendum to the Corporate Strategy was agreed by Cabinet in June 2020 to provide a framework within which to consider a wide range of issues in response to the Covid-19 pandemic. The addendum was underpinned by three themes of review, re-orientation and recovery.***
- 4.3 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.

- 4.4 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, economic regeneration 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. The Economic Development strategy sets out broader economic development priorities. 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 new TMBC Local Plan sets out development policies and proposals until 2031. The development approach is built upon strategic development options with the capacity to bring forward new infrastructure investment in parallel with planned growth.
- 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 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, covering a four year period, **was approved** by Members in January 2020.
- 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 along with the Digital Strategy 2019 to 2023 has set the direction of travel for the transformation programme.

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). A Number of strategic priorities have benefited from the Local Growth Fund.
- 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 **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. TMBC has a key role in identifying and promoting priorities for economic regeneration.
- 6.6 **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.
- 6.7 **Community Regeneration Partnerships**. The Council has entered into partnerships which have made a genuine difference to the local community with clear and tangible outcomes.
- 6.8 **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.
- 6.9 **Tonbridge Central Area Action Plan**. The Plan provides the ambition for Tonbridge Town Centre and 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 **2020**

TONBRIDGE & MALLING BOROUGH COUNCIL

OVERVIEW AND SCRUTINY COMMITTEE

19 January 2021

Joint Report of the Chief Executive and Director of Finance and Transformation

Part 1- Public

Matters for Recommendation to Cabinet

1 KINGS HILL PARISH COUNCIL - REQUEST FOR ADVANCE OF PRECEPT MONIES

A request has been received from Kings Hill Parish Council for an advance of part of the 2021/22 local precept. Members of the Finance, Innovation and Property Advisory Board (FIPAB) on 6 January recommended to Cabinet, via this Committee, that the request be supported given the exceptional circumstances. Recommendations from both FIPAB and this Committee will be referred to Cabinet on 26 January 2021 for final decision.

1.1 Introduction

1.1.1 We have been approached by Kings Hill Parish Council to advance a sum of £60,000, effectively as a very short term interest free loan.

1.1.2 The request dated 17 December 2020, follows a meeting of the Full Council of the Kings Hill Parish Council (KHPC) on the evening of 16 December and is attached at **[Annex 1]**.

1.1.3 Members will note from the request that the parish council relies on almost half of its income from a suite of community facilities; and this income has been decimated due to the pandemic. Despite a large proportion of the income being lost, the costs of maintaining the facilities have (in the main) remained. KHPC acknowledges that this is an unusual request, but clearly there are exceptional circumstances which no-one could have predicted.

1.1.4 Payment has been requested by 31 January in order to support the cashflow and avoid the situation of KHPC having no funds available to discharge its liabilities.

1.2 Process

1.2.1 KHPC has factored this shortfall into its precept considerations for 2021/22 and therefore effectively the temporary 'loan' is an advance of part of the precept payment.

- 1.2.2 TMBC pays the annual precepts to parish councils in two instalments – the first in April, and the second in September. Annex 1 notes that KHPC suggests that the advance would be repaid in two instalments – April and September.
- 1.2.3 Effectively, if Members are agreeable, the Director of Finance & Transformation will deduct £30,000 from each of the precept instalments and pay the net balance to KHPC in April 2021 and September 2021 as normal. The advance will be conditional on this mechanism being implemented. **Doing it this way means there is no financial risk to the Borough Council.**
- 1.2.4 Of course, the cash advance means that TMBC is not able to earn investment income on the sum; but as Members are aware with interest rates so low coupled with the fact that the term is short, this has minimal financial implications.
- 1.2.5 We have reviewed the Council's Constitution in liaison with Legal Services and this falls within the Budget and Policy Framework. As a result this is an Executive decision and recommendations from this Board will be referred to the meeting of Cabinet on 26 January 2021.
- 1.2.6 As Members will understand, any decision of the Cabinet can be subject to 'call in' by the Overview and Scrutiny Committee. Bearing in mind the timescale (31 January) requested for payment of the advance (if agreed), comments from Overview and Scrutiny Committee in advance of Cabinet would avoid any potential issues arising.
- 1.2.7 In liaison with Legal Services, therefore, we are reporting directly to this meeting (19 January) of the Overview and Scrutiny Committee in order to seek Members' consideration of the recommendations. This mirrors the arrangements we have in respect of the Revenue and Capital Estimates whereby O&S Members are requested to make their recommendations directly to Cabinet.
- 1.2.8 The recommendation from the Finance, Innovation and Property Advisory Board which met on 6 January 2021 is that, given the exceptional circumstances, this request should be supported. This Committee is asked to consider this recommendation and make their own recommendation to Cabinet which meets on 26 January 2021.

1.3 Legal Implications

- 1.3.1 The financial assistance provisions of ss.137-137A Local Government Act 1972 makes clear that we can make payments to the funds of any body which provides a public service (s.137(3)(b)), or to defray the costs of another local authority (s.137(2)). It is apparent from s.137(4B)(e) that this can be in the form of a loan/advance.

1.4 Financial and Value for Money Considerations

- 1.4.1 An 'interest-free' advance of the sum requested by Kings Hill Parish Council for the short timescale set out in paragraph 1.1 has minimal financial implications for TMBC.
- 1.4.2 It is traditional for all parish precepts to be paid to parish and town councils in two parts i.e. half in April and half in September. The advance will be recovered by way of deduction from those precept payments – i.e. £30,000 in April 2021 and the remaining £30,000 in September 2021.

1.5 Risk Assessment

- 1.5.1 In terms of repayment of the advance, there is no risk to TMBC as the advance will be automatically recovered through the payment of precept as set out above.
- 1.5.2 If the advance is not approved, the risk for the parish council is that they may not be able to cover payments that fall due before the commencement of the new financial year 2021/22, including employment costs. This could put local public services at risk.

1.6 Equality Impact Assessment

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

1.7 Policy Considerations

- 1.7.1 Community

1.8 Recommendations

- 1.8.1 Members are asked to :

- 1) **CONSIDER** the request from Kings Hill Parish Council for an advance of £60,000;
- 2) **NOTE** that the recommendation from the Finance, Innovation and Property Advisory Board is that the request should be supported given the exceptional circumstances; and
- 3) **RECOMMEND** accordingly to Cabinet which meets on 26 January 2021 so that a final decision can be made in order to meet the payment timescale of 31 January 2021.

Background papers:

contact: Sharon Shelton

Nil

Sharon Shelton
Director of Finance & Transformation

Julie Beilby
Chief Executive

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KINGS HILL PARISH COUNCIL

Dear Sharon,

Last night, Kings Hill Parish Council resolved to apply for temporary borrowing from Tonbridge and Malling BC.

I have previously provided you with the PC's cashflow predictions and budget situation. The lack of income during the pandemic, made worse by the second lockdown, has caused the parish council to fall well behind on its budget forecasts and it has no remaining funds to plug the gap to the end of the financial year. Predictions show that the council could be up to £60k in deficit by the end of March 2021.

The council appreciates that this is an unprecedented time and such requests would not normally be made however as the government is not providing additional funding to parish councils, and Kings Hill PC relies on almost half of its income from community facilities it really has no choice but to ask for support. In the event that lockdown restrictions lift it is hoped that the loan will not be required however the PC feel that it must act prudently to prevent the PC going into an unauthorised overdraft position, not being able to fulfil its financial and salary obligations and then running up bank and late fee charges.

The PC is continuing to lobby the MHCLG for funding however the new leisure fund is only restricted to parish councils that have devolved services – none of the PC's facilities are devolved from TMBC so this is a problem.

The PC has agreed to ring fence the funds so that in the event that the money is not required it can be returned to TMBC forthwith.

The PC would be grateful of an interest free loan of £60,000 to be paid by TMBC to KHPC before 31st January 2021. The PC will then repay the loan in two tranches of £30k in April and September.

Many thanks in advance.

Regards,

Julie

Julie Miller
Clerk and Responsible Financial Officer
Kings Hill Parish Council
70 Gibson Drive, Kings Hill, ME19 4LG
Tel: 01732-870382
www.kingshillparish.gov.uk

17 December 2020

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Agenda Item 8

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

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Agenda Item 9

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 10

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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