

Item CB 16/4 referred from Cabinet of 11 February 2016

CB 16/4 SETTING THE BUDGET FOR 2016/17

The holding report of the Chief Executive and Director of Finance and Transformation updated the Cabinet on issues relating to the setting of the Budget for 2016/17 together with the outcome of the examination of the draft Revenue Estimates and the Capital Plan review process undertaken by the Finance, Innovation and Property Advisory Board and the Overview and Scrutiny Committee.

A more detailed supplementary report prepared in liaison with the Leader and Cabinet Member for Finance, Innovation and Property was circulated in advance of the meeting. It highlighted adjustments made to the Revenue Estimates presented to the Advisory Board and Committee. The report examined the situation in relation to the Medium Term Financial Strategy (MTFS) and gave details of the necessary procedure to be followed in order to set the budget for 2016/17.

The Director of Finance and Transformation explained the components of the final local government settlement confirmed on 8 February 2016 and the changes made by the Secretary of State as a result of the responses to the consultation, previously reported to the Finance, Innovation and Property Advisory Board. It was noted that transitional funding would now be provided for 2016/17 and 2017/18 and the tariff adjustment in 2017/18 and 2018/19 removed. The Government would also offer a four year funding settlement and the referendum threshold would be set at the higher of 2% or £5. However, Members were advised that whilst this represented a short term respite, the financial baseline for the future remained the same. Illustrative allocations up to 2019/20 were presented and a comparison of the Council's Settlement Funding Assessment for the period 2016/17 to 2019/20 with those of the other Kent district councils demonstrated that Tonbridge and Malling continued to receive one of the lowest, if not the lowest, Assessment both in total and per head.

Attention was drawn to recommendations from Advisory Boards and the decision of the Licensing and Appeals Committee regarding the levels of fees and charges to be implemented from 1 April 2016 which had been incorporated in the draft estimates. Members were reminded of the approach to preparation of the Capital Plan, an updated summary of which was set out at Annex 7 to the report.

The report then described the remaining procedure to be followed in setting the budget for 2016/17 and calculating the council tax. Consideration was given to the updated MTFS based on a council tax increase of £5 (the upper limit for referendum purposes) for the four year settlement period. The Cabinet also deliberated on the most appropriate guidance to offer the Council as to the way forward for updating the MTFS for the next ten year period and setting the council tax for 2016/17. Finally, the Director of Finance and Transformation

explained the basis on which the statement as to the Robustness of the Estimates and Adequacy of the Reserves had been made, including an understanding that the savings target based on latest projections of £1.825m would be delivered.

Members recorded their thanks to the Director of Finance and Transformation and colleagues for their work in formulating the response to the provisional local government settlement and the joint response of the 15 authorities similarly affected and acknowledged the efforts on the Council's behalf of the two local Members of Parliament and the LGA.

RECOMMENDED: That

- (1) the fees and charges set out in Annex 2 to the report, as recommended by the appropriate Advisory Boards (excluding West Malling short stay car park which is the subject of a petition), be endorsed (see Decision Nos D160015CAB to D160019CAB);
- (2) the Capital Plan be updated as set out in paragraph 1.5.15 to the report as follows and adopted accordingly:
 - (i) the position of the existing Capital Plan (List A) as summarised in Annex 3 to the report be approved noting:
 - the increase in the budget provision in respect of the Tonbridge Town Lock capital plan scheme and how it is to be funded;
 - the additional works in respect of refurbishment of the Health Suite at Larkfield Leisure Centre, at an estimated cost of £20,000, to be met in full by the Tonbridge and Malling Leisure Trust and the use of the urgency procedure to amend the Capital Plan accordingly;
 - the increase in the budget provision in respect of the river wall, Wouldham capital plan scheme and how it is to be funded;
 - (ii) the schemes as detailed in Annex 4 to the report be added to List C or deleted from List C;
 - (iii) the selection of those schemes listed in Annex 5 to the report for evaluation over the coming year be approved including one for fast-track evaluation;
 - (iv) the transfer of the schemes detailed in Annex 6 to the report to List A be approved;
 - (v) the updated Capital Plan (List A) as summarised in Annex 7 to the report be approved;

- (3) the Capital Strategy as presented to the Finance, Innovation and Property Advisory Board on 13 January and the Overview and Scrutiny Committee on 26 January 2016 be endorsed and adopted by the Council;
- (4) the prudential indicators listed in paragraphs 1.6.5 and 1.6.9 of the report be endorsed and adopted;
- (5) for the financial year 2016/17 the Council's Minimum Revenue Provision, as set out at paragraph 1.6.12 of the report, be noted as nil;
- (6) the high level objectives of the Medium Term Financial Strategy be reaffirmed, taking on board the amendment set out in paragraph 1.8.5 of the report;
- (7) the updates to the Medium Term Financial Strategy, as set out at Annex 11 to the report, based on a council tax increase of £5 for 2016/17 be noted;
- (8) the Council be recommended to approve a council tax increase of £5 per annum as the best way forward in updating the Medium Term Financial Strategy for the next ten-year period and setting the council tax for 2016/17; and
- (9) the Statement provided by the Director of Finance and Transformation as to the Robustness of the Estimates and the Adequacy of the Reserves be noted and endorsed.

***Referred to Council**