

**Extract from Minutes of PARISH PARTNERSHIP PANEL on 18 February 2016****PPP 16/8 FINANCIAL ARRANGEMENTS WITH PARISH COUNCILS**

The Director of Finance and Transformation reported that the final Local Government Finance Settlement received by the Borough Council meant a funding reduction in respect of the Settlement Funding Assessment of 65.1% over a four year period. This equated to a loss of funding of £2.4M, and the impact needed to be addressed urgently.

2016/17 was the last year that Tonbridge and Malling would receive Revenue Support Grant (RSG), and in 2019/20 would have to give Government £1M as a 'tariff adjustment' out of the Council's local share of business rates income.

Following a decision by the Secretary of State, which allowed local authorities to raise Council Tax by £5 or 2.6%, whichever was the higher, without triggering a referendum, the Borough Council had resolved to raise Council Tax by £5.

The Borough Council faced a significantly difficult and challenging financial position and needed to achieve savings of circa £1.9M over the next 3-4 years. It was indicated that efficiency savings alone were no longer sufficient to address the budget position and all other measures would be explored, including a review of the provision of services.

Reference was made to a draft timetable, presented to Cabinet on 11 February, for commencing a review of partnership funding with parish councils including the Scheme of Financial Arrangements and the issue of funding passed to parish councils in respect of the council tax reduction scheme (CTRS). It was clarified that parish councils had already been advised of their allocations for 2016/17 so any new arrangement would impact in 2017/18 or later.

The Director of Finance and Transportation advised that it was the intention that a more detailed 'options' report be presented to Cabinet on 22 March, and she anticipated that the consultation process regarding financial arrangements and the CTRS grant would be finalised and approved at that meeting. She commented that whilst it was very important to receive views from parish councils, she hoped that parish councils would recognise that the Borough Council had an objective to alleviate significant financial pressure.

The Director of Finance & Transformation added that New Homes Bonus remained an area of significant risk. It could not be assumed that the funding would continue in its current form as this was currently out for consultation with the prospects of significant reductions in funding being made available.

KALC and the Parish Councils present thanked the Borough Council for the financial support offered to them in the past and understood the challenging circumstances being faced.

In response to a concern raised around the need to hold a referendum if parish precepts were raised, it was confirmed that, currently, the trigger did not affect parish councils.

A member of the Panel commented that it should not be forgotten that the reason the Borough Council awards grants to parish councils is because there is no town council in Tonbridge, and therefore the Borough Council has to pay directly for the 'local' services in Tonbridge. Tonbridge residents do not have to pay a local 'precept' and perhaps this should be considered if grants are to be reduced or withdrawn. The Chairman advised that all options were open and this would be explored in the context of this review.

All present recognised the difficult financial position faced by both borough and parish councils, especially in the light of reduced incomes and funding streams. The Vice-Chairman encouraged parishes to put forward any suggestions they had for improved efficiencies, savings and better ways of working.