

TONBRIDGE & MALLING BOROUGH COUNCIL

CABINET

13 October 2016

Report of the Management Team

Part 1- Public

Matters for Recommendation to Council

1 SPECIAL EXPENSES SCHEME POLICY ('FAIRER CHARGING') AND UPDATED FINANCIAL DATA

A report updating Cabinet on progress with the 'Fairer Charging' project, and seeking Cabinet's recommendation in respect of the Special Expenses Policy which was reviewed and commended by the Overview and Scrutiny Committee at its meeting on 13 September 2016.

1.1 Introduction

1.1.1 At the special meeting on 28 July, Cabinet considered a very detailed report setting out the results of two consultations, namely:

- the potential of cessation of council tax reduction (CTR) scheme grants to parish councils from 1 April 2017; and
- the potential introduction of a Special Expenses Scheme and simultaneous withdrawal of the s136 Financial Arrangements with Parish Councils (FAPC) Scheme with effect from 1 April 2017.

1.1.2 Following detailed consideration and debate, Cabinet recommended at **CB 16/60** that:

- 1) *responses received in respect of the consultation with parish councils regarding the cessation of CTRS grants and any potential equality impacts be noted and the grants be withdrawn from 1 April 2017 and parish councils notified accordingly;*
- 2) *the responses received in respect of the consultation regarding the potential introduction of Special Expenses and any potential equality impacts be noted and the introduction of such a Scheme from 1 April 2017 be commended to the Council;*
- 3) *on the basis that a Special Expenses Scheme is to be introduced, the following concurrent services should be incorporated within the Scheme:-*

- *Closed churchyards*
- *Open spaces, parks and play areas maintained by TMBC in parished areas; excluding Leybourne Lakes Country Park (strategic site)*
- *Open spaces, play areas, parks and sportsgrounds in Tonbridge; excluding Castle Grounds and Haysden Country Park (strategic sites)*
- *Support given to Local Events*
- *Allotments;*

and, in accordance with the agreed project timetable, the Overview and Scrutiny Committee review the Scheme, once it is drawn up, at its next meeting;

- 4) *information be sought from the church authorities on the capacity status of open churchyards throughout the Borough to enable further consideration of whether grants (under section 214 of the Local Government Act 1972) should continue to be offered to support their maintenance in furtherance of the previous policy in this regard;*
- 5) *a review be undertaken by the Overview and Scrutiny Committee into the future funding of Christmas Lighting and High Street flower displays in readiness for 2017/18; and*
- 6) *on the basis that a Special Expenses Scheme is to be introduced, the Scheme of Financial Arrangements cease with effect from 1 April 2017 and parish councils be notified accordingly.*

1.2 Progress

- 1.2.1 In accordance with the recommendation (3) of the minute above, the Overview and Scrutiny Committee considered a draft Special Expenses Policy at its meeting on 13 September and recommended that it be approved for adoption by the Council. The Policy is attached at **[Annex 1]** for Cabinet to, likewise, review and recommend.
- 1.2.2 Action has not yet been taken in respect of recommendation (4), but it is anticipated that discussions will be commenced by way of the Management Team's meeting with the Rural Deans due to take place before Christmas.
- 1.2.3 In respect of recommendation (5) above, a Panel of the Overview and Scrutiny Committee is due to commence a review of Christmas Lighting and High Street flower displays on 6 October.

- 1.2.4 Updates on progress were given to the Parish Partnership Panel (PPP) and the Tonbridge Forum at their meetings on 8 and 12 September respectively. Extracts from the minutes are attached at **[Annex 2]**.
- 1.2.5 In addition, the Director of Finance and Transformation wrote to all parish council clerks and chairmen on 21 September updating them on the recommendations made and progress so far.
- 1.2.6 As an aside, during the consultation with parish councils, concerns were raised about the potential for parish councils to be included within council tax referendum principles (“capping”). As Members will note from elsewhere on this agenda, a new consultation has been launched by the Department for Communities and Local Government (DCLG) which contains proposals regarding principles in relation to parish councils. It is not expected at this stage that any of the parish councils within Tonbridge and Malling will be affected by the principles at the present time, unless, following the consultation, the DCLG decides to take a different course.

1.3 Financial ‘Impact’ Data Update

- 1.3.1 Members are aware that the financial ‘impact’ data included within the Research Paper presented to Cabinet at its extraordinary meeting on 20 April was badged as ‘indicative’ and subject to change depending upon the results of the consultation exercise. Members are also aware that the financial data related to the 2016/17 financial year.
- 1.3.2 Following the recommendations of the Cabinet at its meeting on 28 July, together with the correction of some minor anomalies that have emerged, the figures relating to 2016/17 have been reworked.
- 1.3.3 It is important to note that the figures relate to how the position might have looked with these recommendations in place during the financial year 2016/17. They do not relate to the forthcoming financial year as budgets have not yet been worked up by either the Borough Council or the parish councils.
- 1.3.4 Had this Scheme been in place as at 1 April 2016, the Borough Council’s general Band D tax would have been £174.98 annually compared to the Band D council tax of £192.51 that was approved by Full Council in February 2016; a reduction of £17.53 per annum. As the Scheme was not in place this ‘revised’ figure is, of course, hypothetical.
- 1.3.5 When publishing the Borough Council’s overall level of council tax at Band D for “official” purposes (i.e. the referendum principles), the council tax will still ‘appear’ as £192.51 due to the prescribed methodology from DCLG. This will inevitably cause some confusion with the public. Members are already aware that Tunbridge Wells Borough Council levies special expenses in parts of its borough and has to address this particular anomaly.

- 1.3.6 The Special Expenses (Local Charge) for Tonbridge hypothetically would have been £55.03, giving a total TMBC charge (Band D) to Tonbridge residents of £230.01, an increase of £37.50 per annum (or 72 pence per week). **[Annex 3]** sets out the makeup of these special expenses charges for Tonbridge residents and the impact on the council tax levy.
- 1.3.7 The picture varies for each of the parished areas. For modelling purposes it has been assumed that the parish councils would have needed to increase their precepts on a pound for pound basis in order to recover the withdrawn grants (FAPC and CTR). This may, or may not, be the case as that is a decision for individual parish councils to make.
- 1.3.8 **[Annex 4]** sets out parish by parish the value of both FAPC grants and CTR grants, and the total amount that would need to be added onto the parish Band D council tax levy on this 'worst case' basis.
- 1.3.9 Some parished areas, as previously explained, will have Special Expenses from Tonbridge & Malling Borough Council applied to the total bill.
- 1.3.10 **[Annex 5]** sets out by parish:
- 1) the 'revised' (hypothetical) parish council tax Band D levy
 - 2) the 'revised' Borough Council Band D levy, and
 - 3) where applicable, the Special Expenses (Local Charge) levy.
- 1.3.11 The final column compares the total of the above with the approved 2016/17 council tax position in each parish. Had the scheme been in place in 2016/17, residents in 20 of the parished areas might have seen a slight annual decrease in council tax ranging from 55 pence to £12.72. Residents in the remaining 7 parished areas might have seen a slight increase in their annual charge ranging from 52 pence to £12.86. In the **worst case scenario**, and bearing in mind that these are hypothetical figures, this would amount to an extra 25 pence per week.

1.4 Legal Implications

- 1.4.1 Provisions relating to special expenses are contained in the Local Government Finance Act 1992 at sections 34 and 35. These sections allow different amounts of council tax to be calculated for different parts of the district, depending on what, if any, special items relate to those parts.
- 1.4.2 The Council currently resolves to pay grants under s136 of the Local Government Act 1972, although the amount it pays is entirely at its discretion. Were the Council to resolve to adopt a Special Expenses Scheme under sections 34 and 35 of the Local Government Finance Act 1992, it would no longer pay grants for those items of special expense under s136 of the 1972 Act.

- 1.4.3 There is no statutory requirement for the Council to pass on funding to parish councils in respect of CTR. It, therefore, has unfettered discretion to make the decision one way or the other.

1.5 Financial and Value for Money Considerations

- 1.5.1 If the Full Council were to resolve to adopt a Special Expenses Scheme as recommended by Cabinet and cease the FAPC grants Scheme as a result, the saving would be circa £226,000 per annum.
- 1.5.2 Cessation of the grants in respect of Council Tax Reduction would save circa £175,000 per annum.
- 1.5.3 Cessation of the grants above will contribute towards achievement of targets set within the Council's Savings and Transformation Strategy.

1.6 Risk Assessment

- 1.6.1 A full consultation with the public and parish councils has been undertaken, and the results considered and debated in detail by Cabinet at an extraordinary meeting on 28 July.
- 1.6.2 A Special Expenses scheme would establish 'equity' across the borough in terms of council tax paid towards the cost of local services. Whilst there is a risk of challenge to the introduction of such a scheme, the principles have been robustly tested.
- 1.6.3 If decisions are not made within the timescales previously agreed by Cabinet, the Council may not be able to implement savings (if any) in readiness for 2017/18.

1.7 Policy Considerations

- 1.7.1 Community; Equalities/Diversity

1.8 Recommendations

- 1.8.1 The recommendations (CB 16/60) of the Cabinet from its meeting on 28 July, set out in detail at paragraph 1.1.2, will be presented to Full Council for approval on 1 November 2016.
- 1.8.2 The Overview and Scrutiny Committee has now reviewed a draft Special Expenses Policy and had recommended it to Cabinet. Cabinet is now requested to **RECOMMEND** the draft Special Expenses Scheme Policy set out at Annex 1 to Full Council.

Background papers:

contact: Sharon Shelton

Nil

Julie Beilby
Chief Executive

Sharon Shelton
Director of Finance and Transformation