

Item CB 17/19 referred from Cabinet minutes of 9 February 2017

CB 17/19 SETTING THE BUDGET 2017/18

Further to the reports to the Finance, Innovation and Property Advisory Board and the Overview and Scrutiny Committee earlier in the cycle, the joint report of the Chief Executive, Director of Finance and Transformation, the Leader and Cabinet Member for Finance, Innovation and Property updated the Cabinet on issues relating to the Medium Term Financial Strategy (MTFS) and gave details of the necessary procedure to be followed in order to set the budget for 2017/18. It also highlighted adjustments made to the Revenue Estimates presented to the Advisory Board and Committee.

The Director of Finance and Transformation explained that the final local government settlement would not be received until after being debated by Parliament on 22 February but was not expected to be significantly different from the provisional settlement. However, this meant that the recommended budget was based on provisional figures and the council tax would also need to be set on that basis. Reference was made to the Council's decision to accept the four year funding settlement offered by the Government and to the referendum threshold for 2017/18 which had been set at the higher of 2% or £5 (subject to ratification of the final settlement). Illustrative allocations up to 2019/20 were presented and a comparison of the Council's Settlement Funding Assessment for the period 2017/18 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 2017 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 2017/18 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 remainder of 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 2017/18. Members were advised of the implications of the special expenses scheme for the way in which the council tax was expressed.

An updated copy of the Savings and Transformation Strategy was presented, including revised outline targets and timescales to be revisited and aligned with the latest projected "funding gap". 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 £1.6m would be delivered.

RECOMMENDED: That

- (1) the fees and charges set out in Annex 2 to the report, as recommended by the appropriate Advisory Boards, be endorsed (see Decision Nos D170010CAB to D170015CAB);
- (2) the Capital Plan be updated as set out in paragraph 1.5.14 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;
 - (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 two 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 4 January and the Overview and Scrutiny Committee on 24 January 2017 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 2017/18 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 as set out in paragraph 1.8.4 of the report;
- (7) the updated Medium Term Financial Strategy, as set out at Annex 11a to the report, including the proposed scale and timing of each of the savings tranches indicated in paragraph 1.8.9 of the report, be noted and endorsed;
- (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 2017/18;
- (9) the updates made to the Savings and Transformation Strategy be endorsed and adopted by the Council as part of the Budget setting process;

- (10) the special expenses calculated in accordance with the Special Expenses Scheme set out in Annex 14b to the report be endorsed; and
- (11) 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**