

## **Item CB 18/5 referred from Cabinet minutes of 8 February 2018**

### **CB 18/5 SETTING THE BUDGET FOR 2018/19**

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 2018/19. 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 had now been received and did not differ significantly from the provisional settlement so the figures within the report would stand. Reference was made to the Council's previous decision to accept the four year funding settlement to 2019/20 offered by the Government and to the referendum threshold for 2018/19 which had been set at the higher of 3% or £5.

The favourable position regarding New Homes Bonus funding in 2018/19 was explained and reference made to the successful outcome of the Kent and Medway authorities' bid for pilot status in respect of 100% business rates retention. However, illustrative allocations up to 2019/20 were presented and a comparison of the Council's Settlement Funding Assessment for the period 2018/19 to 2019/20 with those of the other Kent district councils demonstrated that Tonbridge and Malling continued to receive the lowest or one of the lowest Assessments both in total and per head.

The report also suggested a mechanism for responding to the technical consultation on the Fair Funding Review and referred to a forthcoming consultation on "Negative RSG" announced by the Secretary of State.

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 2018 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 2018/19 and calculating the council tax. For the purposes of updating the MTFS a council tax increase of around 3% in 2018/19 had been assumed, followed by an increase of £5 each year up to 2026/27 and 3% in 2027/28. The Cabinet 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 2018/19. Members were advised of details of special expenses for 2018/19.

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 £1.0m would be delivered. A revised calculation of the council tax requirement for 2018/19 (Annex 18) was circulated in advance of the meeting.

**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 D18007CAB to D180013CAB);
- (2) the Capital Plan be updated as set out in paragraph 1.6.14 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 and the contribution to the savings target as a result of the reassessment of Disabled Facilities Grant funding be noted;
  - (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 the scheme at Annex 5 to the report for fast-track evaluation over the coming year be approved;
  - (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 3 January and the Overview and Scrutiny Committee on 23 January 2018 be endorsed and adopted by the Council;
- (4) the prudential indicators listed in paragraphs 1.7.5 and 1.7.9 of the report be endorsed and adopted;
- (5) for the financial year 2018/19 the Council's Minimum Revenue Provision, as set out at paragraph 1.7.12 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 1.9.4 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 1.9.10 of the report, be noted and endorsed;

- (8) the Council be recommended to approve a council tax increase of 2.99% or £5.91 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 2018/19;
- (9) the updates made to the Savings and Transformation Strategy, as set out at Annex 11c to the report, 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;
- (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; and
- (12) delegated authority be given to the Director of Finance and Transformation, in liaison with the Leader and Cabinet Member for Finance, Innovation and Property, to respond to the technical consultation entitled "Fair funding review: a review of relative needs and resources".

**\*Referred to Council**