TONBRIDGE & MALLING BOROUGH COUNCIL

CABINET

14 February 2019

Report of the Chief Executive, Director of Finance and Transformation, Leader of the Council and Cabinet Member for Finance, Innovation and Property

1 SETTING THE BUDGET 2019/20

Further to reports to the meeting of the Finance, Innovation and Property Advisory Board and Overview and Scrutiny Committee earlier in the cycle, this report updates Cabinet on issues relating to the Medium Term Financial Strategy. It also takes Members through the necessary procedures in order to set the Budget for 2019/20.

1.1 Introduction and Foreword

1.1.1 At the Full Council meeting on 19 February, Members will determine both the Budget and the level of council tax for 2019/20. The detailed Estimates for 2019/20 prepared by your Officers have been carefully considered by the Finance, Innovation and Property Advisory Board and the Overview and Scrutiny Committee. Details are set out at paragraph 1.5 below.

1.1.2 Whilst the primary purpose of this report is for Cabinet to recommend the Budget and resultant level of council tax for 2019/20; as ever, this one year cannot be viewed in isolation. This budget sits within the context of our Medium Term Financial Strategy (MTFS) covering a ten-year period. Financial decisions made in respect of the year 2019/20 will have an impact across the MTFS and upon the required savings and transformation contributions the Council will need to achieve in order to 'balance its books' and we must not lose sight of the scale of this particular challenge.

1.1.3 The Localism Act requires a local authority to seek the approval of their electorate via a local referendum if it proposes to raise council tax above the threshold set by the Secretary of State. For the year 2019/20 a referendum will be triggered where council tax is increased by **3%, or more than 3% and more than £5**.

1.1.4 This time last year the MTFS assumed a council tax increase of £5 representing a 2.5% increase in council tax. For the purposes of preparing the budget papers and updating the MTFS an **increase of circa 3% in 2019/20** has been assumed followed by an **increase of £5 year on year** thereafter.

1.1.5 Attached at **[Annex 1a]** for Members' information is a copy of the Referendums Principles setting out the level of council tax increase for 2019/20 above which the local authority would be required to seek approval of their electorate via a local referendum.

1.1.6 Members will recall that when setting the budget for 2018/19 in February 2018 projections at that time suggested a funding gap between expenditure and income of circa £1 million. This 'gap' was translated into three savings and transformation contributions of £350,000, £350,000 and £300,000 to be achieved over three consecutive years commencing 2018/19.

1.1.7 The new waste services contract was expected to make a substantive contribution towards the funding gap which to all intents and purposes it has. However, for the avoidance of doubt and as was acknowledged at the Cabinet meeting in October, a not insignificant funding gap remains to be addressed over the period of the MTFS.

1.1.8 To date the savings and transformation contribution for 2018/19 is £650,000. However, as always, there are other factors that can impact on the MTFS that either takes the funding gap in the right or wrong direction. When these factors are taken into account the savings and transformation contribution is £450,000 and the **latest projected 'outstanding' funding gap £550,000**.

1.1.9 This report necessarily touches on a number of related areas (some of which are complex) that the Director of Finance and Transformation is required to draw to Members' attention in order to provide assurance and advice to aid decision making. The report is, therefore, broken down into sections dealing with the following areas:

- Local Government Finance Settlement
- Business Rates Retention Pilots
- 2019 Spending Review and Fair Funding Review
- Revenue Estimates 2019/20
- Fees and Charges
- Capital Plan
- Treasury Management and Annual Investment Strategy
- Consultation with Non-Domestic (Business) Ratepayers
- Medium Term Financial Strategy Update
- Savings and Transformation Strategy

- Collection Fund Adjustments
- Special Expenses and Parish Council Precepts
- Robustness of Estimates / Adequacy of Reserves
- Calculation of Borough Council's Tax Requirement

1.2 Local Government Finance Settlement

1.2.1 On 13 December 2018, the Secretary of State for the Ministry of Housing, Communities and Local Government, James Brokenshire MP, made a statement to Parliament on the provisional local government finance settlement for 2019/20. The provisional settlement was subsequently confirmed on 29 January 2019.

1.2.2 In 2016 the government offered any council that wished to take it up a multi-year settlement for the four year period 2016/17 to 2019/20. This Council accepted the offer of a multi-year settlement. The Settlement Funding Assessment (SFA) for 2019/20 is not that dissimilar to that set out in the multi-year settlement **except** for the removal of 'negative RSG' which the government is to meet from their share of business rates income. In our case 'negative RSG' in 2019/20 was circa £998,000 which we would otherwise had to pay over and as such is clearly welcome, **albeit it should be remembered this is a "one-off" adjustment**. Funding beyond 2019/20 **dependent** on the outcome of the 2019 Spending Review and the Fair Funding Review.

1.2.3 Our SFA for the year 2019/20 as shown in the table below is £2,264,850 (budget £1,265,000). This represents a cash decrease of £631,546 or 21.8% when compared to the equivalent figure of £2,896,396 in 2016/17.

New Homes Bonus

1.2.4 The baseline below which New Homes Bonus (NHB) will not be paid is to be held at 0.4% for the year 2019/20. The Council's NHB for the year 2019/20 as shown in the table below is £3,457,428 (budget £2,998,000). This represents a cash decrease of £390,452 or 10.1% when compared to the equivalent figure of £3,847,880 in 2016/17.

1.2.5 Beyond 2019/20, NHB will continue to fall as changes made to the scheme work their way through the system and the recent above average housing delivery falls out of the calculation. It is estimated that by 2023/24 NHB could be around £1.8m assuming no further changes are made to the scheme. This is a dramatic change to the sums we have so far enjoyed and where NHB remains at **risk indefinitely**. It is our ambition to restructure the MTFS so it is not as reliant on NHB or its replacement particularly when read in conjunction with the paragraph below.

1.2.6 Recent comments reported in local government press that the Treasury do not see NHB as having worked could well see its demise from 2020/21. However, this seems to be in sharp contrast to the statement made by the Secretary of State for the Ministry of Housing, Communities and Local Government who said in his statement to the House that he was maintaining the NHB baseline at 0.4% in 2019/20 in order to ensure that the government continues to reward councils for delivering homes. We await developments in this regard.

Overall Grant Funding

1.2.7 Overall, grant funding including NHB for the year 2019/20 as shown in the table below is £5,722,278 (budget £4,263,000). This represents a cash decrease of £1,021,998 or 15.2% when compared to the equivalent figure of £6,744,276 in 2016/17.

	2016/17 £	**2017/18 £**	**2018/19 £**	**2019/20 £**
Local Share of Business Rates	2,106,525	2,149,532	2,214,110	2,264,850
Tariff Adjustment (‘negative RSG’)				
Revenue Support Grant	655,042			
Transition Grant	134,829	117,201		
Settlement Funding Assessment	**2,896,396**	**2,266,733**	**2,214,110**	**2,264,850**
Change over SR Period (£)				(631,546)
Change over SR Period (%)				-21.8%
New Homes Bonus	**3,847,880**	**3,490,134**	**3,334,128**	**3,457,428**
Change over SR Period (£)				(390,452)
Change over SR Period (£)				-10.1%
Overall Grant Funding	**6,744,276**	**5,756,867**	**5,548,238**	**5,722,278**
Change over SR Period (£)				(1,021,998)
Change over SR Period (%)				-15.2%

1.2.8 The government in recent years has referred to the increase / (decrease) in an authority’s core spending power. Using 2015/16 as the base year the increase in core spending power over the spending review period calculated by the government in cash terms is £872,149 or 5.6%.

1.2.9 Of the twelve district councils in Kent Tonbridge & Malling Borough Council receives the lowest Settlement Funding Assessment both in total and per head. A comparison of our Settlement Funding Assessment with those of other Kent district councils is provided at **[Annex 1b]**.

1.2.10 Alongside the provisional settlement, the Secretary of State also published two further papers:

- “A review of local authorities’ relative needs and resources” seeking views on the approach to measuring the relative needs and resources of local authorities, which will determine new baseline funding allocations for local authorities in England in 2020-21.

- “Business rates retention reform: consultation” seeking views on proposals for sharing risk and reward, managing volatility in income and setting up the reformed business rates retention system.

1.2.11 The return date for responses to both papers is 21 February 2019. In view of the timescales involved and the programming of meetings it was **recommended** via the Finance, Innovation and Property Advisory Board that delegated authority be given to the Director of Finance and Transformation in liaison with the Cabinet Member for Finance, Innovation and Property to respond as appropriate.

1.3 Business Rates Retention Pilots

1.3.1 Members will recall the Kent and Medway bid for pilot status in respect of 100% business rates retention for the year 2018/19 was successful and based on the estimates prepared during the bidding process the financial benefit for Kent as a whole could be circa £25m with the sum being divided into two discrete ‘pots’. One for financial sustainability paid at individual council level, and the second for housing and commercial growth paid on a cluster basis.

1.3.2 Again, based on the estimates prepared during the bidding process, in terms of financial sustainability, a sum of circa £500,000 would come to Tonbridge and Malling in 2018/19 and an allocation of circa £1m to the West Kent Cluster (Sevenoaks, Tunbridge Wells and Tonbridge and Malling areas) towards supporting housing and commercial growth. As reported elsewhere, performance to date would suggest the sums set out above could be exceeded, potentially to around £800,000 in respect of financial sustainability and £1.5m in respect of the West Kent Cluster.

1.3.3 An application to pilot 75% business rates retention in 2019/20 was submitted in September 2018 following an invitation from the Secretary of State. 75% business rates retention pilots in 2019/20 have been approved in 15 areas, but regrettably on this occasion the Kent and Medway bid was unsuccessful. The Kent Finance Officers collectively sent a letter expressing disappointment with this decision, particularly given that the earlier successful bid had been badged as very strong.

1.4 2019 Spending Review and Fair Funding Review

1.4.1 Beyond 2019/20, the 2019 Spending Review will determine the overall funding envelope for local government over the Spending Review period, the Fair Funding Review detailing how that funding is shaken down to individual councils and, in turn, business rates baselines and baseline funding levels. How we will fair at the end of that process is extremely difficult to predict at this stage. As Members can appreciate this period of 'limbo' does little to aid medium term financial planning and it will be some time before the outcome of the above process is known. As a result the year 2019/20 could be seen as a **holding year**.

1.5 Revenue Estimates 2019/20

1.5.1 As mentioned in the Foreword, the draft Revenue Estimates for 2019/20 were presented to the meetings of the Finance, Innovation and Property Advisory Board and the Overview and Scrutiny Committee earlier in the cycle. The role of the Advisory Board and of the Committee is to assist both the Cabinet and the Council in the development of its budget within the context of the Medium Term Financial Strategy and the Council's priorities. Whilst a number of questions were posed by Members at these meetings, the Revenue Estimates as presented were endorsed.

1.5.2 It was also agreed that the Overview and Scrutiny Committee be asked to review the service areas, Disabled Facilities Grants, Public Health and Community Safety Partnership over the coming months following growing unbudgeted cost pressures in each of these areas.

1.5.3 Adjustments made to the Revenue Estimates presented to the Finance, Innovation and Property Advisory Board and the Overview and Scrutiny Committee are detailed in the table below. The Business Rates Retention Scheme Reserve adjustment is offset by increased business rates income shown 'below the line'.

	Revised Estimate 2018/19 £	**Original Estimate 2019/20 £**
Summary Total reported to Finance, Innovation and Property Advisory Board on 9 January 2019	13,505,250	13,226,600
Disabled Facilities Grants – Payments	58,000	
Disabled Facilities Grants – Grant Income	(58,000)	
Housing Benefits Administration Grant		13,400
Local Council Tax Support Administration Grant		(2,750)
Upper and Lower Medway Internal Drainage Boards		(11,400)
Community Safety Partnership		100
Salaries and On-costs		(59,750)
Car & Travelling Allowances		3,700
Tonbridge and Malling Leisure Trust Reserve		100,000
Business Rates Retention Scheme Reserve		383,100
Current Summary Total	**13,505,250**	**13,653,000**

1.6 Fees and Charges

1.6.1 During the course of this budget cycle Members have, via the appropriate Advisory Boards, made recommendations regarding the levels of fees and charges to be implemented.

1.6.2 Proposals in respect of fees and charges recommended via the appropriate Advisory Boards have been reflected in the Budget. A summary of these recommendations, together with the resolution of Licensing and Appeals Committee in respect of licensing fees is set out at **[Annex 2]**.

1.6.3 Cabinet is accordingly **RECOMMENDED** to endorse the fees and charges set out in **[Annex 2]** as recommended by the appropriate Advisory Boards.

1.7 Capital Plan

1.7.1 The Capital Plan Review process started at the Finance, Innovation and Property Advisory Board on 9 January followed by the Overview and Scrutiny Committee on 22 January.

1.7.2 Members' attention was drawn to the difficult financial climate and the impact this has on the ability of the Council to invest in capital schemes. It was, however, also acknowledged that some capital projects can have a beneficial effect on the revenue position by either generating additional or new income, or alternatively producing cost savings in due course.

1.7.3 Members were reminded of the criteria established to guide the inclusion of new schemes to List C (holding list of schemes not yet fully worked up) and ultimately the inclusion of schemes on List A (schemes assigned budget provision). The criteria are:

- to meet legislative requirements including health and safety obligations;
- funded from external resources; and
- reduce revenue expenditure and or generate income.

1.7.4 The subsequent recommendations where appropriate have regard to these criteria.

1.7.5 Capital expenditure is currently funded from the revenue reserve for capital schemes, grants from government and other bodies, developer contributions and from capital receipts derived from the sale of assets.

1.7.6 It is important to ensure that the revenue reserve for capital schemes can continue to fund capital expenditure at least until we reach a position where the annual contribution to the reserve matches the funding required for the replacement of existing assets (vehicles, plant and equipment) as well as recurring capital expenditure.

1.7.7 As a result there is an annual capital allowance for all other capital expenditure. Any ‘bids’ for capital schemes or discretionary capital grants are to be assessed in the context of the annual allowance. The annual capital allowance is currently set at £200,000. In 2019/20 and for one year only the annual allowance is £525,000 returning to £200,000 over the remainder of the capital plan review period 2020/21 to 2024/25. It should be noted, based on current projections, that from 2025/26 the Council may need to borrow to fund such expenditure.

1.7.8 In addition, the Invest to Save Reserve or Transformation Reserve (made up of specific grants received from government in respect of revenues and benefits functions) could be used to fund in full or in part appropriate capital plan schemes.

1.7.9 The Finance, Innovation and Property Advisory Board and the Overview and Scrutiny Committee endorsed the recommendations as detailed in the papers. For completeness additional government grant funding of £58,000 in 2018/19 in respect of Disabled Facilities Grants has been added to both the relevant expenditure and income budgets. The recommendations were:

1) Cabinet be asked to endorse the Capital Plan (List A) position as shown in Annex 1 of the Capital Plan Booklet summarised at **[Annex 3]**.

2) The schemes listed in **[Annex 4]** are added to List C or deleted from List C as detailed.

3) The schemes listed in **[Annex 5]** are selected for evaluation over the coming year. On this occasion, two new schemes have been recommended and for Fast-Track evaluation. In addition, there are four schemes selected for evaluation in a previous Review that are either on hold following evaluation, subject to further evaluation or yet to be evaluated as follows: Tonbridge Farm Sportsground – Provision of Toilets, Leybourne Lakes Country Park – Facility Improvements, River Medway – Riverside Lighting, Tonbridge and Financial Services Document Management Software.

4) The evaluated List C schemes are progressed in accordance with the recommendation shown in **[Annex 6]** and to use the Scape Minor Works Framework, Kier Construction Ltd. being the framework contractor, to procure the planned major programme of works at Larkfield Leisure Centre.

5) Cabinet be asked to endorse the Capital Strategy at Annex 4 (FIPAB agenda) for adoption by Council and publication on the Council’s website.

1.7.10 The estimated annual revenue costs of the evaluated List C schemes are given in the table below. The amount and timing of any revenue impact depends on the profiling of the capital expenditure and the timing of any changes in activity levels which generate changes to running costs or income. It can be seen that if the schemes are progressed as recommended the estimated revenue consequences is £12,500 in 2019/20 and £25,000 in subsequent years.

Scheme	Capital Cost £	Revenue Impact	
		2019/20 £	2020/21 £
Air Quality Monitoring Equipment	20,000	2,400	4,800
Larkfield Leisure Centre – Pool Hall Roof	450,000	9,000	18,000
Tonbridge Racecourse Sportsground – Swimming Pool Bridge	120,000	1,100	2,200
Total	**590,000**	**12,500**	**25,000**

1.7.11 After taking into account funding available by way of developer contributions, the estimated capital cost exceeds the standard annual capital allowance of £200,000 by £325,000. This can be met from 2019/20 New Homes Bonus funding above that anticipated.

1.7.12 Members are also asked to note that the Larkfield Leisure Centre – Pool Hall Roof, if approved, will form part of a major programme of works in 2019/20 over a six month period at a cost estimate of circa £1.65m comprising the pool hall roof, ventilation refurbishment, boiler replacement and space frame painting. A very early estimate of the associated loss of income claim is circa £1.0m to be funded in large part from the removal of 'negative RSG' in 2019/20. The intention is to procure this work including the design elements through the Scape Minor Works Framework, Kier Construction Ltd. being the framework contractor. This is a national procurement framework which the public sector can utilise to deliver large schemes and which the Council has experience of using.

1.7.13 An updated summary of the Capital Plan incorporating the schemes listed in paragraph 1.7.10 is attached at **[Annex 7]**.

1.7.14 A funding statement based on **[Annex 7]** is attached at **[Annex 8]**. The main source of funding is the Revenue Reserve for Capital Schemes and the impact on the Revenue Reserve for Capital Schemes is illustrated in **[Annex 9]**.

1.7.15 Accordingly, it is **RECOMMENDED** that:

1) Cabinet approves the position of the existing Capital Plan (List A) as summarised at **[Annex 3]**.

2) Cabinet approves that the schemes listed in **[Annex 4]** are added to List C or deleted from List C as detailed.

3) Cabinet approves the selection of those schemes listed in **[Annex 5]** for evaluation over the coming year. On this occasion, two new schemes have been recommended and for Fast-Track evaluation.

4) Cabinet approves the transfer of schemes detailed in **[Annex 6]** to List A and to use the Scape Minor Works Framework, Kier Construction Ltd.

being the framework contractor, to procure the planned major programme of works at Larkfield Leisure Centre.

5) Cabinet approves the updated Capital Plan (List A) as summarised in **[Annex 7]**.

6) Cabinet endorse the Capital Strategy as presented to the Finance, Innovation and Property Advisory Board on 9 January and Overview and Scrutiny Committee on 22 January.

1.8 Treasury Management and Annual Investment Strategy

1.8.1 The Local Government Act 2003 and its subsidiary regulations set out the framework for the system of capital controls which applied from 1 April 2004 whereby local authorities must set their own borrowing limits with regard to affordability, prudence and sustainability. Underpinning this is a requirement to follow the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code).

1.8.2 The Prudential Code requires that the CIPFA Treasury Management Code of Practice is adopted and that a number of prudential indicators are set.

1.8.3 An updated Prudential Code and Treasury Management Code were published by CIPFA in December 2017. The focus of both updates is to ensure the risks associated with investment in 'non-financial assets which are held primarily for financial returns' are properly evaluated, reported, subject to scrutiny and managed over time.

1.8.4 Council adopted the December 2017 edition of the Codes in October 2018 and the requirements of the Codes have been taken into account and reflected as appropriate in the annual review and update of both the Capital Strategy and the Treasury Management and Annual Investment Strategy 2019/20.

1.8.5 The approval of the Treasury Management and Annual Investment Strategy and determination of the prudential indicators has to be made by Full Council, as do amendments to either the Strategy or indicators during the year.

1.8.6 The Prudential Code under the auspices of the Local Government Act 2003 and subsidiary regulations requires that a number of treasury management prudential indicators are set. These are set out below along with any discretionary – local (L) indicators used.

1) The capital financing requirement - the extent to which the authority needs to undertake external borrowing to support its capital programme.

2) The operational boundary for external debt.

3) The authorised limit for external debt.

4) The actual external debt.

5) The upper limit for fixed interest rate exposure.

6) The upper limit for variable rate exposure.

7) The upper limit for total principal sums invested for over 365 days.

8) The maturity structure for new fixed rate borrowing during 2019/20.

1.8.7 A summary of the indicators appears in the table below.

<table>
<tr><th colspan="7">Treasury Management Prudential Indicators</th></tr>
<tr><th>Prudential Indicator</th><th>2017/18 Actual

£’000</th><th>2018/19 Revised Estimate
£’000</th><th>2019/20 Estimate

£’000</th><th colspan="2">2020/21 Estimate

£’000</th><th>2021/22 Estimate

£’000</th></tr>
<tr><td>The capital financing requirement</td><td>NIL</td><td>NIL</td><td>NIL</td><td colspan="2">NIL</td><td>NIL</td></tr>
<tr><td>The operational boundary for external debt</td><td>NIL</td><td>2,000</td><td>2,000</td><td colspan="2">2,000</td><td>2,000</td></tr>
<tr><td>The authorised limit for external debt</td><td>NIL</td><td>5,000</td><td>5,000</td><td colspan="2">5,000</td><td>5,000</td></tr>
<tr><td>Actual external debt</td><td>NIL</td><td>NIL</td><td>NIL</td><td colspan="2">NIL</td><td>NIL</td></tr>
<tr><td>The upper limit for fixed interest rate exposure >1 year at year end</td><td>NIL</td><td colspan="5">It is anticipated that the net exposure will range between 0% to 60%</td></tr>
<tr><td>The upper limit for variable rate exposure < 1 year at year end</td><td>13,434
45.6%</td><td colspan="5">It is anticipated that the net exposure will range between 40% to 100%</td></tr>
<tr><td>The upper limit for total principal sums invested for over 365 days at year end</td><td>3,000
10.2%</td><td colspan="5">60% of funds</td></tr>
<tr><td colspan="2">The maturity structure for new fixed rate borrowing during 2019/20</td><td colspan="3">Upper Limit</td><td colspan="2">Lower Limit</td></tr>
<tr><td colspan="2">Under 12 months</td><td colspan="3">100%</td><td colspan="2">NIL</td></tr>
<tr><td colspan="2">Over 12 months</td><td colspan="3">NIL</td><td colspan="2">NIL</td></tr>
</table>

1.8.8 The capital financing requirement measures the amount of external borrowing that the Council expects to have to undertake in support of its capital programme. A nil figure indicates that no borrowing is required. As this Council is debt free and does not expect to have to borrow to support its capital programme over the period covered, this indicator is nil.

1.8.9 The operational boundary is designed to cover all day to day borrowing requirements. As this Council is debt free, borrowing is only undertaken on a short-term basis to cover cash flow management. Experience suggests that an operational boundary of £2.0m will be sufficient to cover all likely contingencies.

1.8.10 The authorised limit is intended to provide a degree of headroom above the operational boundary to cover unexpected and unusual borrowing requirements. A limit of £5.0m is estimated to be sufficient to cover such eventualities.

1.8.11 The other prudential indicators we are required or choose to set are shown in the table below.

Prudential Indicators

<table>
<tr><td colspan="2">1. Ratio of actual and estimated financing costs to the net revenue stream</td><td colspan="6">(Interest payable with respect to borrowing less interest and investment income) ÷ (government grants plus call on local taxpayers) x 100%.</td></tr>
<tr><td>2017/18
actual
-2.46%</td><td>2018/19
estimated
-3.31%</td><td>2019/20
estimated
-3.41%</td><td>2020/21
estimated
-5.02%</td><td>2021/22
estimated
-6.27%</td><td>2022/23
estimated
-6.74%</td><td>2023/24
estimated
-7.07%</td><td>2024/25
estimated
-7.41%</td></tr>
<tr><td colspan="2">2. Estimates of the incremental impact of capital investment decisions on the council tax (L)</td><td colspan="6">The revenue impact of capital schemes added to the capital plan on the council tax Band D equivalent. The figures below show the estimated effect on the Borough Council’s Band D equivalent of the addition of List B schemes to list A. A more detailed version of this indicator appears in [Annex 10].</td></tr>
<tr><td colspan="2">Total</td><td>2019/20
estimated
£
0.25</td><td>2020/21
estimated
£
0.24</td><td>2021/22
estimated
£
0.00</td><td>2022/23
estimated
£
0.00</td><td>2023/24
estimated
£
0.00</td><td>2024/25
estimated
£
0.00</td></tr>
<tr><td colspan="2">3. Actual and estimated capital expenditure</td><td colspan="6">This indicator is based on the updated capital plan position. The figures are based on those shown in [Annex 8].</td></tr>
<tr><td>2017/18
actual
£’000
1,834</td><td>2018/19
estimated
£’000
4,294</td><td>2019/20
estimated
£’000
5,366</td><td>2020/21
estimated
£’000
1,573</td><td>2021/22
estimated
£’000
1,781</td><td>2022/23
estimated
£’000
1,760</td><td>2023/24
estimated
£’000
2,571</td><td>2024/25
estimated
£’000
1,847</td></tr>
</table>

1.8.12 We, therefore, **RECOMMEND** that for the financial year 2019/20 the prudential indicators listed in paragraphs 1.8.7 and 1.8.11 be recommended to Council for adoption.

1.8.13 A local authority has a statutory duty to *“determine for the current financial year an amount of minimum revenue provision that it considers to be prudent*” in relation to its capital expenditure. It would be impractical to charge the entirety of such expenditure to revenue in the year in which it was incurred and so such expenditure is spread over several years so as to try and match the years over which such assets benefit the local community through their useful life.

1.8.14 The spreading of these costs is through what is termed an *annual minimum revenue provision*. As the Council is debt free and, at least in the short term, does not expect to borrow to support its capital programme the minimum revenue provision is nil. Guidance issued by the Government also recommends that a Minimum Revenue Provision Policy Statement be prepared. We propose to prepare such a Statement at a time when our capital expenditure plans cannot be met without recourse to borrowing. Based on current estimates, this is not anticipated to be before 2025/26.

1.8.15 Members are asked to **Note** that for the financial year 2019/20 our Minimum Revenue Provision is nil.

1.9 Consultation with Non-Domestic (Business) Ratepayers

1.9.1 Representatives of the Council's Non-Domestic Ratepayers have been consulted in respect of the draft revenue budget and capital plan. The consultees, who include the local Chambers of Commerce as well as a group of the larger ratepayers in the Borough receive on request information and copies of the draft budgets and are invited to make written representations if they deem it appropriate. The deadline given for responses was 18 January 2019. ***Cabinet is advised that no comments have been received***.

1.10 Medium Term Financial Strategy Update

1.10.1 To recap, the Council's Medium Term Financial Strategy (MTFS) covers both revenue and capital budgets over a rolling ten-year period, and it is this Strategy that underpins the budget setting process for the forthcoming year and over the strategy period. The aim of the MTFS is to give us a realistic and sustainable plan that reflects the Council's priorities.

1.10.2 The Strategy also sets out, based on current financial information, not only the projected budgets for the period, but also the levels of council tax that are projected to be required to meet the Council's spending plans. Underneath the Strategy for the budget setting year sits detailed estimates formulated in conjunction with Services taking into account past outturn, current spending plans and likely future demand levels / pressures.

1.10.3 Members are fully aware of the significant financial challenge faced by the Council as a result of the Government's ongoing budget deficit reduction programme which has resulted in reductions in the financial support it can offer to local government. We believe, however, that our MTFS is resilient and the financial pressures likely to confront us can be addressed in a measured and controlled way, but this is becoming progressively more difficult.

1.10.4 The MTFS sets out the high level objectives the Council wishes to fulfil over the agreed time span and are currently:

- To achieve a **balanced revenue budget** that delivers the Council's priorities by the end of the strategy period.

- To retain a **minimum of £2.0m** in the General Revenue Reserve by the end of the strategy period.

- Seek to set future increases in council tax having regard to the **guidelines** issued by the Secretary of State.

- Continue to **identify efficiency savings and opportunities for new or additional income sources** and to **seek appropriate reductions in service costs** in delivery of the Savings and Transformation Strategy (STS) approved by Members.

- Subject to there being sufficient resources within the capital reserve, set a **maximum 'annual capital allowance'** each year as part of the budget setting process for all new capital schemes (currently set at £200,000 from the Council's own resources) and give priority to those schemes that generate income or reduce costs.

1.10.5 As mentioned in the report to Cabinet on 10 October 2018, it is proposed that the minimum General Revenue Reserve balance **be increased from £2.0m to £3.0m** to recognise the continuing uncertainty and volatility surrounding local government finances with the increased risk of significant variances compared to projections; and the consequent implications on the level of reserves held.

1.10.6 The budget for 2019/20 is, naturally, the starting point for updating the MTFS. Referring to paragraph 1.5.3, Members will note that the Summary Total for the 2018/19 Revised Estimates is £13,505,250; and for the 2019/20 Estimates is £13,653,000 and is used in the budget projections in the Medium Term Financial Strategy at **[Annex 11a]**.

1.10.7 When updating the MTFS we need to take into account the following (not exclusive) factors:

Local Government Finance Settlement plus New Homes Bonus

1.10.8 The Local Government Finance Settlement for 2019/20 is not that dissimilar to that set out in the multi-year settlement **except** for the removal of 'negative RSG' which the government is to meet from their share of business rates income. In our case 'negative RSG' in 2019/20 was circa £998,000 which we would otherwise had to pay over and as such is clearly welcome, **albeit it should be remembered this is a one-off adjustment**. Funding beyond 2019/20 **dependent** on the outcome of the 2019 Spending Review and the Fair Funding Review.

1.10.9 The baseline below which New Homes Bonus (NHB) will not be paid is to be held at 0.4% for the year 2019/20 giving NHB of circa £3,457,000 (budget £2,998,000). Beyond 2019/20, NHB will continue to fall as changes made to the scheme work their way through the system and the recent above average housing delivery falls out of the calculation. It is estimated that by 2023/24 NHB could be around £1.8m assuming no further changes are made to the scheme. This is a dramatic change to the sums we have so far enjoyed and where NHB remains at **risk indefinitely**. It is our ambition to restructure the MTFS so it is not as reliant on NHB or its replacement particularly when read in conjunction with the paragraph below.

1.10.10 As mentioned at paragraph 1.2.6, recent comments reported in local government press that the Treasury do not see NHB as having worked could well see its demise from 2020/21; although in contrast the Secretary of State has sought to ‘protect’ NHB in 2019/20.

1.10.11 For medium term financial planning purposes we have assumed there will continue to be some form of performance funding if NHB was withdrawn, but on a much reduced scale than that received in recent years via NHB.

Business Rates Retention Scheme

1.10.12 The ongoing impact of the Business Rates Retention Scheme and the proposal to move to an ‘interim’ 75% Retention Scheme in 2020/21 and an ‘eventual’ 100% Retention Scheme.

1.10.13 Members will recall the Kent and Medway bid for **pilot status** in respect of 100% business rates retention for the year 2018/19 was successful. Based on the estimates prepared during the bidding process, in terms of financial sustainability, a sum of circa £500,000 would come to Tonbridge and Malling in 2018/19 and an allocation of circa £1m to the West Kent Cluster (Sevenoaks, Tunbridge Wells and Tonbridge and Malling areas) towards supporting housing and commercial growth. Performance to date would suggest the sums set out above should be received, if not exceeded.

1.10.14 Beyond 2019/20, however, the **question remains** as to what will our business rates baseline and baseline funding level be under an ‘interim’ 75% and ‘eventual’ 100% Business Rates Retention Scheme and how this then compares to that reflected in the MTFS taking into account transfer of any new responsibilities?

Council Tax Referendum Principles

1.10.15 The MTFS sets out, not only the projected budgets for the period, but also the levels of council tax that are projected to be required to meet the Council’s spending plans.

1.10.16 For the year 2019/20, a referendum will be triggered where council tax is increased by **3%, or more than 3% and more than £5**. This time last year the MTFS assumed a council tax increase of £5 representing a 2.5% increase in council tax.

1.10.17 For the purposes of preparing the budget papers and updating the MTFS an **increase of circa 3% in 2019/20** has been assumed followed by an **increase of £5 year on year** thereafter.

2019 Spending Review and Fair Funding Review

1.10.18 Beyond 2019/20, the 2019 Spending Review will determine the overall funding envelope for local government over the Spending Review period, the Fair Funding Review detailing how that funding is shaken down to individual councils and, in turn, business rates baselines and baseline funding levels How we will fair at the end of that process is extremely difficult to predict at this stage. As Members can appreciate this period of 'limbo' does little to aid medium term financial planning and it will be some time before the outcome of the above process is known. As a result the year 2019/20 could be seen as a **holding year**.

1.10.19 Notwithstanding that, we still need to plan ahead as best we can.

1.10.20 For medium term financial planning purposes, from 2020/21, it is assumed that **overall grant funding** whether that be baseline funding level, some element of growth performance, NHB or its replacement **will add up to around £2.4m**. For comparative purposes in 2010/11 overall grant funding was on or around £6.6m.

1.10.21 This is different to the £2.6m reported to Cabinet in October – Why? Despite statements regarding an end in sight for austerity, the Chancellor's Budget in late October did nothing to suggest an 'easing' in the financial pressures to be faced over the medium term by district councils.

1.10.22 Clearly, if our overall grant funding is less than we had hoped (impact of 'negative RSG' remains, NHB is withdrawn and not replaced) the funding gap will be higher than that assumed. On the other hand, if our overall grant funding is more than we had hoped the funding gap will be lower than that assumed. To put this into context an outcome could be a funding gap of say £2.0m or no funding gap further underlining the risk of significant variances compared to projections.

1.10.23 If overall grant funding is in excess of £2.4m which at least in the early years we hope it could be, sums over and above this amount could be used to establish a **'stabilisation reserve'** going forward to assist in meeting future saving and transformation contributions and or help manage risk. This will need to be revisited following the outcome of the 2019 Spending Review and Fair Funding Review.

Waste Services Contract

1.10.24 The outcome of the recent retendering of the waste services contract has caused us to consider the approach to take during and beyond the initial 8 year contract period.

1.10.25 For medium term financial planning purposes it is assumed the inflationary increase in the contract sum over and above CPI is negated by a gradual increase in both the charge and the take-up of the garden waste service; and any potential above inflationary uplift in year 9 is no more than 10%. It should also be noted that the inter-authority agreement with Kent County Council is subject to review beyond the initial 8 year contract period and it is assumed that this will continue in its current form beyond that date.

1.10.26 **[Annex 11a]** sets out the picture for the MTFS.

1.11 Savings and Transformation Strategy

1.11.1 Alongside the MTFS sits a Savings and Transformation Strategy (STS). The purpose of the Strategy is to provide structure, focus and direction in addressing the financial challenge faced by the Council. In so doing, it recognises that there is no one simple solution and as a result we will need to adopt a number of ways to deliver the required savings and transformation contributions within an agreed timescale.

1.11.2 A number of key themes have been identified, together with outline targets and timescales which need to be revisited and aligned with the latest projected funding gap.

Savings and Transformation Contributions

1.11.3 To recap, this year's savings and transformation contribution was set at £350,000 and the sum identified to date is **in the order of £650,000** when looking across the ten-year period of the MTFS. **However**, as always there are other factors that can impact on the MTFS which either take the funding gap in the right or wrong direction. When these factors are taken into account the net savings and transformation contribution is **in the order of £450,000** as summarised in the table below.

1.11.4 Factors that have contributed towards meeting this year's contribution most notably includes the new waste services contract (including introducing a charge for garden waste) and assumed uplift in the increase in the tax base year on year. Factors that have taken the funding gap in the 'wrong' direction include extending an increase in council tax of £5 each year to the end of the MTFS period, government grant support and widening shortfall between housing benefit payments and subsidy in the case of supported accommodation.

	£'000
Savings and Transformation Contributions Identified to Date	650
Other Factors Impacting on MTFS	(200)
Net Savings and Transformation Contribution	**450**

1.11.5 This time last year the projected funding gap was circa £1m and a year on, all other things being equal, was expected to be £650,000. **The latest projected**

'outstanding' funding gap is £550,000 (£1,000,000 - £450,000) which is to be commended.

1.11.6 As in previous iterations of the MTFS the latest projected 'outstanding' funding gap can be broken down into tranches. The proposed scale and timing of each of the required savings and transformation contributions is given below.

1) Tranche 1 - £100,000 to be achieved by April 2020.

2) Tranche 2 - £400,000 to be achieved by April 2024.

3) Tranche 3 - £50,000 to be achieved by April 2028.

1.11.7 Before turning to the updated STS, it is worth reflecting on the cumulative savings that have been achieved since the inception of the Strategy in 2016. **[Annex 11b]** sets out the individual savings achieved in each year, by theme and summarised below.

Theme	**Savings and Transformation Contributions**				
	By April 2016	**By April 2017**	**By April 2018**	**By April 2019**	**Total**
	£000	**£000**	**£000**	**£000**	**£000**
Income Generation & Cost Recovery	60	146	88	0	294
In-Service Efficiencies	200	77	50	0	327
Service Change & Reduction	0	100	3	65	168
Contracts	0	0	200	585	785
Organisation Structure Change	15	129	119	0	263
Partnership Funding	0	431	0	0	431
Asset Management	0	0	186	0	186
Total	**275**	**883**	**646**	**650**	**2,454**

1.11.8 An updated copy of the STS, recommended by Management Team, including revised outline targets and timescales for each of the themes totalling £550,000 can be found at **[Annex 11c]**.

It is probably worth reiterating that 2019/20 could be seen as a **'holding'** year as we await the outcome of the 2019 Spending Review and Fair Funding Review. How we will fair at the end of that process compared to that assumed an important piece of the jigsaw. The Director of Finance and Transformation is keen to stress (as mentioned at paragraph 1.10.22) that depending on the outcome and what happens to NHB further (potentially significant) savings could be required.

1.11.9 Cabinet is **RECOMMENDED** to:

1) Note and endorse the proposed increase in the minimum General Revenue Reserve balance from £2.0m to £3.0m as detailed at paragraph 1.10.5.

2) Note and endorse the updated MTFS **[Annex 11a]**.

3) Give guidance to Full Council as to the best way forward in updating the MTFS for the next ten-year period, and setting the council tax for 2019/20.

4) Note and endorse the updated STS **[Annex 11c]** including the proposed scale and timing of each of the required savings and transformation contributions set out at paragraph 1.11.6.

1.11.10 Turning back to the specific budget year 2019/20. The budget for 2019/20 includes a contribution **to** the general revenue reserve of £450,600 and a Summary of the Revenue Estimates Booklet is attached at **[Annex 12]**.

1.12 Collection Fund Adjustments

1.12.1 As the billing authority for the area, this Council has responsibility for maintaining the ‘collection fund’ accounts into which council tax and business rates are paid.

1.12.2 Each year before we can finalise our calculations in respect of the tax requirements, we have to:

- Estimate the surplus / deficit on the collection fund for 2018/19 in respect of council tax and then share this between the major precepting authorities (including ourselves).

- Estimate the surplus / deficit on the collection fund for 2018/19 in respect of business rates and then share this between the relevant parties in accordance with the business rates retention scheme.

1.12.3 These are known as collection fund adjustments:

- The **surplus** on the collection fund for 2018/19 in respect of council tax is estimated to be £1,048,521. Our share, to be reflected in the 2019/20 Estimates is £156,020 **[Annex 13a]**.

- The **surplus** on the collection fund for 2018/19 in respect of business rates is estimated to be £2,172,722. Our share, to be reflected in the 2019/20 Estimates is £869,089 **[Annex 13b]**. The surplus is largely attributable to a reduction in the appeals provision following a reassessment of the sum required to be set aside for this purpose. This is separate to the sums to be received in 2018/19 under the Kent and Medway 100% Business Rates Retention Pilot and reflected in that year.

1.13 Special Expenses and Parish Council Precepts

1.13.1 A Special Expenses Scheme was introduced on the 1 April 2017 **[Annex 14a]**.

1.13.2 Details of the Special Expenses for 2019/20 are set out at **[Annex 14b]**. The basic amount of council tax of £192.75 plus the special expenses Band D charge, where applicable, gives the total Borough Council Band D charge for that area.

1.13.3 When publishing the Borough Council's level of council tax at Band D for "official" purposes in accordance with the prescribed methodology from the Ministry for Housing, Communities and Local Government (MHCLG), we are required to aggregate all expenditure (as if special expenses did not exist) and calculate a ***notional*** Band D figure. (This is so that the MHCLG can see that the referendum principles have been adhered to).

1.13.4 The resultant published (notional) council tax at Band D for 2019/20 is £209.50, being £6.08 or 2.99% higher than the published Band D council tax for 2018/19. As Members will note, no resident will actually pay this exact amount as the Borough Council's Band D – unless it is by coincidence.

1.13.5 Cabinet is requested to **ENDORSE** the special expenses calculated in accordance with the Special Expenses Scheme and set out in **[Annex 14b]**.

1.13.6 Details of Parish Council precepts notified to the Borough Council are given at **[Annex 15]**.

1.14 Robustness of Estimates / Adequacy of Reserves

1.14.1 The Council is required to have regard to the level of its balances and reserves before determining its council tax requirement. **[Annex 16]** sets out the projected general fund and general revenue reserve balances based on an increase of £6.08 to the notional council tax level.

1.14.2 The Local Government Act 2003 requires the Chief Financial Officer (in our case the Director of Finance and Transformation) to report to an authority, when making the statutory calculations required to determine its council tax, on the robustness of the estimates included in the budget and the adequacy of the reserves for which the budget provides.

1.14.3 What is required is the professional advice of the Director of Finance and Transformation on these two questions. This responsibility is discharged by way of a certified Statement.

1.14.4 The Director of Finance and Transformation advises that she is satisfied as to the Robustness of the Estimates and the Adequacy of Reserves on the understanding that the **required savings and transformation contributions based on latest projections of £550,000 is delivered in the timeframe assumed in the Medium Term Financial Strategy**.

1.14.5 The Statement referred to above is appended at **[Annex 17a]**. Members will note that overall the Director of Finance and Transformation signifies that, in her professional opinion, the estimates are robust and the level of reserves adequate.

1.14.6 A schedule of the reserves held by the Council at 1 April 2018 and proposed utilisation of those reserves to 31 March 2020 is provided at **[Annex 17b]**. As this Council's Chief Finance Officer, the Director of Finance and Transformation has undertaken a review of the earmarked reserves held and is satisfied as to the position depicted and will revisit the position as part of the closedown process for 2018/19.

1.14.7 In addition, the Financial Resilience Index 2018 produced by the Chartered Institute of Public Finance and Accountancy (CIPFA) aims to provide a tool with a group of indicators able to illustrate the trajectory of an authority's financial position within the context of each authority's own comparator tier or nearest neighbours group. CIPFA has designed the index to provide reassurance and prompt challenge where it may be needed.

1.14.8 There are no particular concerns from a review of the Financial Resilience Index 2018 for this Council to draw to Members attention at this time. A copy of the Index (tier comparator) is attached at **[Annex 17c]** for information.

1.14.9 Members are **RECOMMENDED** to note and endorse the Statement provided by the Director of Finance and Transformation.

1.15 Calculation of Borough Council's Tax Requirement

1.15.1 The Council is required to calculate:

- Its aggregate expenditure which, for this purpose, includes our share of any Collection Fund deficit and the Parish Council precepts.
- Its aggregate income which, for this purpose, includes our share of any Collection Fund surplus and the Local Government Finance Settlement (see paragraph 1.2).
- The amount by which the aggregate expenditure exceeds the aggregate income is to be its council tax requirement for the year.

1.15.2 Assuming Cabinet's concurrence with the recommendations set out in paragraph 1.11.9, the calculation is set out at **[Annex 18]**. It should be noted that, for this purpose, the Borough Council's council tax requirement includes the Parish Council precepts.

1.16 Legal Implications

1.16.1 There are a number of legislative requirements to consider in setting the Budget which will be addressed as we move through the budget cycle.

1.16.2 The Localism Act gives local communities the power to veto excessive council tax increases. The Secretary of State will determine a limit for council tax increases which has to be approved by the House of Commons. If an authority proposes to raise council tax above this limit they will have to hold a referendum to get approval for this from local voters who will be asked to approve or veto the rise.

1.17 Financial and Value for Money Considerations

1.17.1 The 2019/20 local government finance settlement is relatively positive for TMBC, which is welcome news. However, as I have said, this is a standalone “holding year” and two key questions remain. Firstly, what will our business rates baseline and baseline funding level be under an ‘interim’ 75% and ‘eventual’ 100% Business Rates Retention scheme, and how will this compare to that reflected in the MTFS taking into account transfer of any new responsibilities? Secondly, what is the extent to which NHB will feature in future government grant funding and if replaced what level of funding would we receive in its place?

1.17.2 Beyond 2019/20, the 2019 Spending Review will determine the overall funding envelope for local government, the Fair Funding Review detailing how that funding is shaken down to individual councils and, in turn, business rates baselines and baseline funding levels. How we will fair at the end of that process is extremely difficult to predict at this stage. It is worth repeating that this does little to aid medium term financial planning and it will be some time before the outcome of the above process is known.

1.17.3 Furthermore, the impact of current economic conditions on Council finances / financial assumptions in respect of inflation, interest rates, income levels, etc. and the scale of the impact over the medium term is uncertain and difficult to determine.

1.17.4 The Capital Strategy outlines a capital plan process which follows the CIPFA Prudential Code and in addition to supporting the achievement of the Council’s priorities and corporate objectives, focuses on value for money.

1.18 Risk Assessment

1.18.1 The Local Government Act 2003 requires the Chief Financial Officer, when calculating the Council Tax Requirement, to report on the robustness of the estimates included in the budget and the adequacy of the reserves for which the budget provides. Consideration will and is given to the risks associated with any budget setting process where various financial and other assumptions have to be made. To mitigate the risks detailed estimates are formulated in conjunction with Services taking into account past outturn, current spending plans and likely future demand levels / pressures and external advice on assumptions obtained where appropriate.

1.18.2 The Medium Term Financial Strategy sets out the high level financial objectives the Council wishes to fulfil and underpins the budget setting process for the forthcoming year and over the Strategy period. As the Council’s high level financial planning tool the Strategy needs to be reviewed and updated at least annually and in the current climate the Savings and Transformation Strategy regularly reviewed by Management Team. In addition, not identifying and implementing the requisite savings and transformation contributions will put at risk the integrity of the MTFS.

1.18.3 The continuing uncertainty and volatility surrounding local government finances and more recently Brexit make financial planning that more difficult with the increased risk of significant variances compared to projections; and the consequent implications on the level of reserves held.

1.18.4 The projected figures for New Homes Bonus or its replacement are at risk of further revision downwards which would, in turn, increase the required savings and transformation contributions.

1.18.5 The Inter Authority Agreement with KCC as part of the Waste Services Contract may not be extended beyond the initial 8 year period of the contract, albeit this is considered unlikely. The Waste Services Contract also may not be extended beyond the initial 8 year contract period which could then have an adverse financial impact in years 9 and 10 of the Medium Term Financial Strategy dependent on the resulting financial consequences.

1.18.6 Members are reminded that there are factors not reflected in the MTFS, e.g. the cost of borrowing for new capital plan schemes when and if required.

1.18.7 Failure to endorse a satisfactory Capital Strategy may lead to a capital programme which does not fully support the Council's priorities and corporate objectives.

1.18.8 Any increase in council tax above the relevant threshold, even by a fraction of a percentage point, would require a referendum to be held.

1.19 Equality Impact Assessment

1.19.1 Where there is a perceived impact on end users an equality impact assessment has been carried out and as further savings and transformation options emerge, further equality impact assessments will need to be carried out as appropriate.

1.20 Summary of Recommendations

1.20.1 Cabinet is **RECOMMENDED** to:

1) Endorse that delegated authority be given to the Director of Finance and Transformation in liaison with the Cabinet Member for Finance, Innovation and Property to respond to the two further papers published alongside the provisional settlement as supported by the Finance, Innovation and Property Advisory Board and detailed at paragraph 1.2.11.

2) Endorse that the Overview and Scrutiny Committee be asked to review the service areas, Disabled Facilities Grants, Public Health and Community Safety Partnership, as detailed at paragraph 1.5.2.

3) Endorse the fees and charges set out in **[Annex 2]** as recommended by the appropriate Advisory Boards.

4) Update the Capital Plan as set out in paragraph 1.7.15 and recommend that Council adopt the Capital Plan accordingly and to use the Scape Minor Works Framework, Kier Construction Ltd. being the framework contractor, to procure the planned major programme of works at Larkfield Leisure Centre.

5) Endorse the Capital Strategy as presented to the Finance, Innovation and Property Advisory Board on 9 January and the Overview and Scrutiny Committee on 22 January and recommend to Council it be adopted.

6) Endorse the prudential indicators listed in paragraphs 1.8.7 and 1.8.11 and recommend to Council that they be adopted.

7) Note that for the financial year 2019/20 the Council's Minimum Revenue Provision as set out at paragraph 1.8.14 is nil.

8) Note and endorse the proposed increase in the minimum General Revenue Reserve balance from £2.0m to £3.0m as detailed at paragraph 1.10.5.

9) Note and endorse the updated MTFS **[Annex 11a]**.

10) Give guidance to Full Council as to the best way forward in updating the MTFS for the next ten-year period, and setting the council tax for 2019/20.

11) Note and endorse the updated STS **[Annex 11c]** including the proposed scale and timing of each of the required savings and transformation contributions set out at paragraph 1.11.6.

12) Endorse the special expenses calculated in accordance with the Special Expenses Scheme and set out in **[Annex 14b]**.

13) Note and endorse the Statement provided by the Director of Finance and Transformation as to the Robustness of the Estimates and the Adequacy of the Reserves.

contact: Sharon Shelton
Neil Lawley

Nil

Julie Beilby Chief Executive	Sharon Shelton Director of Finance and Transformation
Nicolas Heslop Leader of the Council	Martin Coffin Cabinet Member for Finance, Innovation and Property and Deputy Executive Leader