

## **Item CB 19/5 referred from Cabinet minutes of 14 February 2019**

### **CB 19/5 SETTING THE BUDGET 2019/20**

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 2019/20. It also highlighted adjustments made to the Revenue Estimates presented to the Advisory Board and Committee and the suggested reviews of Disabled Facilities Grants, Public Health and Community Safety Partnerships.

The Director of Finance and Transformation explained that the final local government settlement had now been received and did not differ significantly from the multi-year settlement except for removal of the “negative RSG” payment for one year. She indicated that this contributed to the relatively positive position for Tonbridge and Malling together with the fact that the baseline for payment of New Homes Bonus would remain at 0.4%, and the Secretary of State’s decision to maintain the threshold for triggering a referendum on council tax increase at the higher of 3% or £5. However, Members were advised that the settlement should be viewed in the context of a lack of information about future years’ funding and impact on the funding gap which would have to be revisited in the light of the outcome of the 2019 Spending Review and Fair Funding Review. In addition, the Kent and Medway authorities’ bid for the next pilot in respect of 75% business rates retention had failed despite the success of the previous pilot.

The report also suggested a mechanism for responding to two further consultation papers on the review of relative needs and resources and business rates retention reform published alongside the provisional settlement.

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 2019 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 2019/20 and calculating the council tax. For the purposes of updating the MTFS a council tax increase of around 3% in 2019/20 had been assumed, followed by an increase of £5 year on year thereafter. 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 2019/20. Members were advised of details of special expenses for 2019/20.

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 required savings and transformation contributions based on latest projections of £550,000 would be delivered.

**RECOMMENDED:** That

- (1) 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 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 of the report.
- (2) 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 of the report;
- (3) the fees and charges set out in Annex 2 to the report, as recommended by the appropriate Advisory Boards, be endorsed (see Decision Nos D19005CAB to D190013CAB);
- (4) the Capital Plan be updated as set out in paragraph 1.7.15 to the report and adopted accordingly and the Scape Minor Works Framework, Kier Construction Limited, being the framework contractor, be used to procure the planned major programme of works at Larkfield Leisure Centre;
- (5) 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 2019 be endorsed and adopted by the Council;
- (6) the prudential indicators listed in paragraphs 1.8.7 and 1.8.11 of the report be endorsed and adopted;
- (7) for the financial year 2019/20 the Council's Minimum Revenue Provision, as set out at paragraph 1.8.14 of the report, be noted as nil;
- (8) the proposed increase in the minimum General Revenue Reserve balance from £2.0m to £3.0m, as detailed at paragraph 1.10.5 of the report, be noted and endorsed;
- (9) the updated Medium Term Financial Strategy, as set out at Annex 11a to the report, be noted and endorsed;
- (10) the Council be recommended to approve a council tax increase of 2.99% or £6.08 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 2019/20;
- (11) the updated Savings and Transformation Strategy detailed at Annex 11c to the report, including the proposed scale and timing of each of the required savings and transformation contributions set out at paragraph 1.11.6 of the report, be noted and endorsed;

- (12) the special expenses calculated in accordance with the Special Expenses Scheme set out in Annex 14b to the report be endorsed; and
- (13) 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**