

Item CB 20/9 referred from Cabinet minutes of 13 February 2020

CB 20/9 SETTING THE BUDGET FOR 2020/21

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 2020/21.

Members noted that all figures contained in the report were based on the provisional local government financial settlement received in December 2019. Although the final settlement figures had been notified to local authorities by the Ministry of Housing, Communities and Local Government, a debate and vote regarding the final financial settlement had been deferred by Government until after the Parliamentary recess. It was noted that the final settlement figures for Tonbridge and Malling Borough Council were the same as the provisional settlement figures. As the full Council meeting to set the council tax for 2020/21 was due to take place on 18 February, before the reconvening of Parliament, the Director of Finance and Transformation advised that there was a very small risk that the approved final settlement figures might differ from those included in the report.

It was also noted that the settlement figures included funding in 2020/21 for “Negative RSG” and funding for New Homes Bonus remained for 2020/21 although its long term future was uncertain. The Cabinet was also reminded that the Fair Funding Review had been delayed and a consultation was now expected in the Spring 2020.

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 2020 which had been incorporated in the draft Estimates. Particular reference was made to the recommendation of the Finance, Innovation and Property Advisory Board that the budget for Borough Christmas Lighting be capped at £40,000.

The report then described the remaining procedure to be followed in setting the budget for 2020/21 and calculating the council tax. For the purposes of updating the MTFS a council tax increase of £5 in 2020/21 had been assumed and for each 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 2020/21. Members were advised of details of special expenses for the same period.

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”. Members were also reminded that the funding gap set out in the report assumed that all the recommendations made by Advisory Boards and Committees, such as the transfer of public conveniences to parish councils, were delivered. If for whatever reason these were found not to be deliverable, the funding

gap and therefore the savings and transformation target would increase.

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 £320,000 would be delivered.

RECOMMENDED: That

- (1) the budget for Borough Christmas Lighting be capped at £40,000 be endorsed;
- (2) the fees and charges set out in Annex 2 to the report, as recommended by the appropriate Advisory Boards, be endorsed (see Decision Nos D200009CAB to D200015CAB) other than item SSE 19/25 (Review of Car Parking Fees and Charges) which had been endorsed at the extraordinary meeting on 6 January (D200001CAB);
- (3) the Capital Plan be updated as set out in paragraph 1.6.15 to the report and adopted accordingly;
- (4) the Capital Strategy as presented to the Finance, Innovation and Property Advisory Board on 8 January and the Overview and Scrutiny Committee on 15 January 2020 be endorsed and adopted by the Council;
- (5) the prudential indicators listed in paragraphs 1.7.7 and 1.7.12 of the report be endorsed and adopted;
- (6) for the financial year 2020/21 the Council's Minimum Revenue Provision, as set out at paragraph 1.7.15 of the report, be noted as nil;
- (7) subject to review each year, the maximum 'annual capital allowance' be increased from £200,000 to £250,000;
- (8) a Budget Stabilisation reserve be established in the sum of £3,500,000 to manage risk, assist in meeting future savings and transformation contributions and/or fund in full or in part an appropriate commercial investment opportunity as detailed at paragraph 1.9.10 of the report;
- (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 £5 per annum at Band D as the best way forward in updating the Medium Term Financial Strategy for the next ten-year period and setting the council tax for 2020/21;
- (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 1.10.6 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;
- (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; and
- (14) the requirements of the CIPFA FM Code be noted and compliance demonstrated by way of a self-assessment to be reported to a future meeting of the Finance, Innovation and Property Advisory Board, and the outcome of the review of the CIPFA Financial Resilience Index.

***Referred to Council**