Agenda Item No:	7
Report To:	**CABINET**
Date:	**11th FEBRUARY 2016**
Report Title:	**Budget 2016/17**
Portfolio Holder:	Cllr Shorter Portfolio Holder for Finance & Budget, Resource Management and Procurement
Report Author:	Accountancy

ASHFORD
BOROUGH COUNCIL

Summary:

This report is the culmination of a number of financial planning reports that have been received by Cabinet over the last year. In October Cabinet received a report outlining the Council's Corporate Plan 2015-2020 including the Medium Term Financial Plan; this informed the draft budget that was presented to Cabinet in December and a consultation exercise and scrutiny process followed. This budget has been updated for the provisional funding announcements and this report presents the final draft budget 2016/17 for consideration by Cabinet. Cabinet's recommendations will then be presented to the full Council. The consultation process is still open and responses will either be presented to this meeting or to the full Council meeting on the 23 February.

The budget supports the first year of the Council's updated Corporate Plan and reflects the changes to services that were agreed in October 2015, following public consultation. The report covers the Housing Revenue Account which includes a 1% reduction in rents, the first of a four year reduction programme. Capital programme and the council's Treasury Management Strategy.

The reductions in local government funding and the changes to the way in which that funding is received has changed the risk environment against which the budget is built and the report includes specific advice on robustness and budgetary risk. With this in mind this report recommends a change in the reserves policy to ensure future income risks adequately covered.

For some time this Borough's council tax has been the lowest of Kent districts and well below the national average. This budget proposes a 1.99% rise in the Boroughs annual council tax with a Band D (the standard council tax band) charge moving to £148.34 for the year. It is expected this will remain the lowest of any Kent district. This excludes changes to Parish Councils' precepts, which vary from parish to parish.

Key Decision:	YES
Affected Wards:	All

Recommendations: The Cabinet is asked to:-

Part 1

i) Note the budget context and MTFP position (**Table 3**) and the Provisional Settlement Consultation response in **Appendix A**

ii) Note the final business rate yield forecast (NNDR1) in **Appendix B**

iii) Note the proposed New Homes Bonus Consultation response in **Appendix C** and delegate authority to Cllrs Shorter and Bennett to approve the final New Homes Bonus consultation response

iv) Note that the Council Tax Support Scheme adopted is as reported to Cabinet in December **paragraphs 37-41**

Part 2

v) Recommend the Revenue Budget 2016/17 including the net budget requirement of **£14,205,480 (excluding parish precepts)**

vi) Recommend the level of Discretionary Fees to be levied from 1st April 2016 (as set out in **Appendix G)**.

vii) Delegate to the Chief Finance Officer the powers to establish local discounts in Business Rates in accordance with those announced by the chancellor in the autumn statement

viii) Agree to no change in allocations of discretionary rate relief until the end of the 2019-20 financial year

ix) Note the reserves summary (from **paragraph 68** - **Table 7**), **detail in Appendix F**

x) Recommend the approval of changing retained reserves from a minimum of 7.5% of the net budget requirement to a minimum of 15%, details in **paragraphs 71-74.**

xi) Note the Communities Impact Assessment in **Appendix H**

xii) Recommend the Band D council tax at £148.34.

Part 3

xiii) Resolve that the Housing Revenue Account budget for 2016/17 be approved

xiv) Resolve the estimated average rent decrease of 1%, in accordance with government guidelines, and that rent setting for the future continues to follow movements in the 'limit rent' set by government

Part 4

xv) Recommend to Council that the Capital Budget for 2016/17 in **Appendix J** is approved.

Part 5

xvi) Recommend the Prudential Indicators, Treasury Management Strategy, MRP Policy and Annual Strategy as set out in the **Appendix K and Appendix L.**

Part 6

xvii) Recommend the updated Financial Procedure Rules (as above) are approved

xviii) Note the new tendering/quotation procedure Cashflow and approve the financial limits in **Appendix M**

xix) Approve the Risk Based Verification policy as outlined in **Appendix N**

Part 7

xx) Note the advice from the Chief Financial Officer concerning the robustness of the estimates and the adequacy of reserves.

Policy Overview:

Financial Implications:

The key implications of this budget are:

- Council Tax 1.99% rise at £148.34 at a Band D
- Staff cost of living increase 2%
- Council Tax Support Scheme limiting contributions to 10% whilst protecting the disabled and the elderly.
- Rents to reduce by 1%
- Revised fees and charges

Risk Assessment

The draft budget was scrutinised for risks by the Overview and Scrutiny Committee and found to be '*deliverable'*. Its detailed risk conclusions will be adopted by the Management Team. Members' attention is also drawn to the advice at Part Seven concerning the robustness of the budget, the adequacy of the council's reserves and the risk assessment of the savings proposals.

The council's Chief Financial Officer (Deputy Chief Executive) is under a statutory duty to advice on these issues and advises that, after taking various matters into account, the budget is robust and that reserves levels are adequate.

Communities Impact Assessment

A Communities impact assessment (CIA) screening tool has been completed to identify whether the budget policy treats any group differently **(Appendix H).** The CIA assumes that individual policies and initiatives will have separate impact assessments completed by the services concerned. The screening tool has highlighted some areas were further work is needed however overall the budget does not discriminate against any group in society.

Other Material Implications: The budget's plans are in-line with the Corporate Plan.. In the light of the risks and opportunities associated with the government's financial reforms, the Medium Term Financial Plan Task Group should monitor these and establish recommendations for handling future budget gaps.

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Report Title: Budget 2016/17

Purpose of the Report

1. This report presents the final draft 2016/17 budget for approval and recommendation to the full Council. A preliminary draft budget was approved by the Cabinet in December.

2. The draft budget supports the corporate plan's key themes reported to Council in October and covers: the general fund revenue budget; discretionary fees; the housing revenue account; the capital programme; the prudential indicators; the treasury management and annual investment strategies; key decision thresholds and risks.

3. It follows on from the new corporate plan 2015-2021 and also scrutiny by the Overview and Scrutiny Committee's Budget Task Group. Public consultation through the channels of the council's website commenced in January.

4. Full details of the draft revenue budget, HRA budget and capital programme will be contained in the 'Budget Book 2016/17' that will be published before the Full Council meeting.

5. This report is presented in seven parts:-

Part One	-	Policy Context and Government Grant
Part Two	-	General Fund Revenue Budget
Part Three	-	Housing Revenue Account
Part Four	-	Capital Programme
Part Five	-	Prudential Indicators, Treasury Management Strategy and Annual Investment Strategy
Part Six	-	Key Decision Thresholds and Financial Regulations
Part Seven	-	Robustness of Estimates and Adequacy of Reserves

Decision Required

6. The Cabinet is being asked to agree its final budget recommendations for consideration by the Full Council on 23 February 2016.

Consultation

7. Consultation with the public and the business community is taking place and the results will either be reported to this meeting or the Full Council meeting on 23 February 2016 depending on when comments are received. To facilitate this, a summary of the Budget proposals was posted on the council's website for general access.

8. Consultation took place with the Joint Consultative Committee on 28 January 2016 and made no comments on the draft budget.

Portfolio Holder Comment

9. To be given at the meeting.

PART ONE – CONTEXT and GOVERNMENT GRANT

The Five-Year Corporate Plan 2015-20

10. The council adopted the principles laid out in the Corporate Plan in October. The Plan identified the key themes for the council to focus upon over the next five years, which are:

    a) Enterprising Ashford
    b) Living Ashford
    c) Active and Creative Ashford
    d) Attractive Ashford

11. The council has a Medium Term Financial Plan which is a rolling five yearly budget that seeks to put the Corporate Plan into financial terms. This is reviewed regularly with any changes in priorities of new projects being incorporated. The most recent review of this reported to members was included in the report to the October Cabinet "the next five years." This report discussed the emerging budget gap and introduced 4 main measures to address this:

    i. Closing the budget gap 2019/20 strategy
    ii. an investment and borrowing policy
    iii. proposed allocations of New Homes Bonus
    iv. Inflation management Strategy

12. The budget included in this report has been built in accordance with the strategy adopted.

Provisional Settlement

13. Overall it is a positive picture for next year when taking into account the settlement figures and the provisional estimate for business rates income there is a variance of £37,000 less funding than assumed in the draft budget.

14. The main issue is the consultation on the future of New Homes Bonus that will have some significant impacts for the Council. Formula grant will go completely over the period and government will increase the tariff on business rate retention to cut our funding further.

15. The settlement assumes no changes in business rates; therefore more detail is expected over the full retention of business rates over the next few months however there is an expectation that the 4 year period of the settlement a change to full local retention will happen.

16. The Government has announced a provisional 4 year settlement for Local Government, the minister has announced that for authorities that sign up to it, a four year settlement can be agreed. This will require authorities to sign up to an efficiency plan, the format of which is yet to be agreed, but will mean that authorities can have certainty over their settlements. This offer has been caveated by a need to retain the ability to adjust the tariff levels for business rates for inflation. Given that the council will lose formula grant in its entirety and will rely on Business Rates, which is heavily influenced by the level of tariff, and NHB for its funding. Financially there may be little to gain for the council

from this offer, however the underlying policy is very much in line with this Council’s financial strategy of the last few years, seeking to become independent of government funding and in its financial planning has sought to identify efficiencies to make the savings needed to achieve that aim.

17. The Government was consulting on the settlement which closed on 15th January; the response is in **Appendix A**.

Formula Grant

18. The Secretary of State has outlined a provisional 4 year settlement and the table below demonstrates the annual difference of the grant from the draft budget, overall the Council will received £121,000 less than budgeted next year and £127,000 less over the 4 year period:

Table 1 – Formula Grant Comparison

	2016/17 £'000's	**2017/18 £'000's**	**2018/19 £'000's**	**2019/20 £'000's**
Base Budget General Government Grant	(2,107)	(1,391)	(834)	0
(Increase)/Decrease in Government Grant	716	557	834	0
MTFP/draft budget	(1,391)	(834)	0	0
Settlement	1,270	615	213	0
Difference	(121)	(219)	213	0

19. The Formula Grant will be cut to £0 in 2019/20 and the MTFP had assumed this a year earlier.

20. The data on the settlement assumes that the NNDR baseline continues at the current level, indeed in the final year government increases the tariff to cut our funding further. Therefore it is clear that treasury view that this level of funding is appropriate for the current services that are provided and if full retention of business rates is going to increase district councils funding significantly then there will be additional burdens transferred as well.

Business Rates

21. This area is more complicated as it needs to take into account a number of factors (tariff, yield and Small Business Rate Relief) affecting the budget, one of which is set by the settlement, the tariff.

Table 2 Business Rates Comparison

	2016/17 £'000's	2017/18 £'000's	2018/19 £'000's	2019/20 £'000's
MTFP/Draft Budget	(19,304)	(19,676)	(20,748)	(21,120)
Draft NNDR1	(19,270)			
Difference	(34)	NA	NA	NA
Tariff	15,779	15,810	15,842	15,873
Settlement	15,624	15,931	16,401	16,925
Difference	155	(121)	(559)	(1,052)
Base Budget S31 NNDR grants for reliefs	(575)	(596)	(617)	(638)
Draft NNDR1	(538)			
Difference	(37)	NA	NA	NA

Tariff

22. The level of Tariff is a fixed amount that we pay to government; this is heavily influenced by our inflation assumptions. Government are expecting the pace of inflation to increase at a much faster rate than the MTFP, it is expected that to some extent the impact of this will be offset by assumptions on income. **However** to ensure that the level of cut to shire districts is uniform across the country government have increased the level of tariff to authorities which have no formula grant left to cut. This applies to Ashford BC with an increase of £237,000 in the final year of the settlement; this was not forecast in the MTFP presented in October to Cabinet but has been updated in this report.

23. For 2016/17 we have budgeted for a Tariff of £15,779,000 which is £155,000 higher than the Settlement figure generating a saving to the draft budget offsetting the loss of formula grant detailed above.

Yield

24. The draft NNDR1 has been completed and shows that the Council's share is likely to be £19,270,040 (this includes £54,000 income for solar farms) this is £34,000 less than the level assumed in the draft budget. The total rateable value of non domestic properties in the borough has remained fairly constant at £115m. In view of the level of appeals against the rateable value that have been processed by the Valuation Office this is a positive position. The growth in rates yield has primarily been driven by the increase in the multiplier applied to this figure.

25. An appeal from the NHS Trust has been received seeking mandatory charitable rate relief on all its properties; first indications are that it is unlikely to be successful; the council has received advice to reject this application as the legal grounds not appear to be certain. The Trust currently pays around £750,000 per annum in business rates and nationally this would represent a cost of £1.5bn. We have allowed for an increase in the level of mandatory relief within the

forecast fir business rates but not at the full value as we feel there is a strong probability that this application will be rejected.

Small Business Rate Relief

26. Government has for some time doubled the level of Small Business Rate relief offered, because this is outside the business rate retention scheme a compensatory grant is paid to the council in the form of a S31 Grant. The budget assumes that S31 grants for Small Business Rate Relief will continue and the draft budget has been prepared with an estimate of £575,000 being paid to compensate for this loss. The draft NNDR1 estimate for 2016/17 suggests that this will be £37,000 lower than the draft budget.

Summary

27. Overall the picture for business rates for 2016/17 is reasonably positive with the 3 elements having a total variance of £84,000 more funding than assumed in the draft budget. This offsets the negative variance for formula grant leaving a total difference of £37,000 less funding than was assumed in the draft budget, this has been updated in this report which presents the final draft budget.

New Homes Bonus

28. The provisional settlement for New Homes Bonus is £3,782,000, the statement reads:

> "*The New Homes Bonus provides valuable funding, and, as importantly, encourages house building.*
>
> *So I can announce today that I will extend the Bonus indefinitely, but with some changes, on which I am consulting."*

29. The Budget assumed a New Homes Bonus receipt of £3,471,000 and following initial announcements from Government there was an expectation that there could be a 2 year top slice of £1,437,000 in the current year. This has not transpired, however a consultation document has been issued outlining the government's proposed method to top-slice the grant reducing it from 6 to 4 years with the possibility of a further reduction. The government is offering 2 approaches to do this, a straight cut to 4 years or an interim step to allow more time for adjustment.

30. The consultation document also looks at ways in sharpening the incentive through:

- stopping payments for years when local plans are not in place,
- reducing the bonus paid by houses built on appeal,
- setting a baseline which councils must achieve before they become eligible for bonus payments.

31. There does not seem to be any suggestion on whether the 80:20 split between upper and lower tier authorities should be changed but the savings achieved in the proposed changes will be re-allocated to areas of priority spend for local government such as Adult Social Care.

32. The Consultation closes on 10th March 2016 and the draft response is presented in **Appendix C** of this report for approval. It is recommended to the

Cabinet to delegate approval of the final response to Cllr Shorter (Portfolio Holder for Finance & Budget, Resource) and Cllr Bennett (Portfolio Holder for Planning and Development.

Council Tax

33. In his statement the Minister made it clear that there would be no freeze funding offered to Councils who freeze council tax. He has also confirmed that the 2% cap will remain but there will be scope for low taxing authorities to increase their council tax by up to £5.

> *"So while this settlement maintains the core referendum threshold at 2%, the threshold for the lowest cost district councils will be £5 a year, so they aren't punished for being economical while those who have spent more in the past are allowed to spend more now."*

34. The draft budget assumed a 1.99% increase in Council Tax being in the band D payment to £148.34 (£145.45 in 2015/16), this Council does not qualify for the £5 increase as Ashford Borough Council ranks 54 from 201 districts, the lower quartile being a maximum of £144.59, based on the 2015/16 stats.

35. As part of the Council's response to the provisional settlement consultation, the Council has, along with many other authorities, asked the Government to consider changing the cap, allowing authorities to increase Council Tax by £5 or 2% per annum.

36. At an increase of 1.99% Ashford will remain the lowest council tax in Kent, with Tonbridge Wells being the next lowest with a council tax of £158.63 at 2015/16 levels as it is unlikely Kent authorities will lower Council Tax following the Governments announcements.

Council Tax Support

37. As part of the welfare reform agenda Government abolished council tax benefit in 2013 and replaced this with the requirement for councils (the billing authorities) to introduce locally agreed schemes offering council tax discounts to residents. At that time the Government transferred 90% funding to local authorities.

38. This year it is proposed that the current scheme, slightly modified to keep in line with the Housing Benefit Scheme, will be retained by all Kent districts and public consultation for the Ashford scheme was in open until 11th January 2016, no responses were received.

39. The current proposed scheme includes the following:

    a. Full protection to pensioner claimants

    b. 95% protection to eligible disabled claimants

    c. a 10% contribution to council tax from working-age claimants (those that had previously received full council tax benefit).

40. A fundamental review of the scheme is needed as a result of the impact of welfare reform changes. Whilst a one year extension has been agreed, there is a commitment across Kent districts that a review of all local schemes will take place over the next six months, in readiness for an entirely new scheme from April 2017.

41. Our local council tax scheme has the agreement of the major precepting authorities who will also work in partnership with the council on measures to increase council tax yield.

Medium Term Financial Plan

Business plan and grant assumptions

42. The Medium Term Financial Plan was updated and reported to members in the October report. The forecast has been updated to reflect the details of the settlement, Business Rates forecast and other movements in the draft budget. The update has reduced the surplus for 2016/17 from £175,000 to £81,000 and the details of this movement can be found in the next section of this report, in table 5.

43. Overall the forecast shows an a fairly balanced position over the following 3 years, however in 2019/20 there is an increasing budget gap as grants reduce and costs increase at assumed levels of inflation. Plans for these future pressures will need to be developed and could include savings though efficiencies, Business Rate growth, and income targets set from the borrowing and acquisitions policy.

Table 3 – Medium Term Financial Plan 2016-2021

	2016/17	**2017/18**	**2018/19**	**2019/20**	**2020/21**
	£'000's	**£'000's**	**£'000's**	**£'000's**	**£'000's**
Revenue Support Grant	(1,270)	(615)	*(213)*	*0*	*0*
S31 Grant NNDR reliefs	(538)	(549)	*(560)*	*(571)*	*(582)*
Retained Business Rates	(3,410)	(3,478)	*(5,248)*	*(5,316)*	*(5,422)*
New Homes Bonus (50% allocated to support base budget)	(3,782)	(2,947)	*(2,380)*	*(2,760)*	*(2,439)*
Total Government Funding	**(9,000)**	**(7,589)**	**(8,400)**	**(8,647)**	**(8,443)**
Council Tax	(6,490)	(6,708)	(6,969)	(7,212)	(7,482)
Total Income Receipts (Including Specific Grants)	(48,037)	(48,080)	(48,137)	(48,283)	(48,430)
Base Budget Gross Expenditure	63,135	63,135	63,916	64,450	65,558
Contribution to/from NHB reserve	311	(992)	(1,428)	(719)	(604)
Budget Increases		822	534	1,108	1,529
Budget Reduction Strategy		(41)	0	0	0
BUDGET GAP	**(81)**	**547**	**(484)**	**697**	**2,128**

44. The plan does place reliance on the Council's ability to generate new income streams through its borrowing and acquisitions policy and this does represent a risk to the forecast should suitable investments not be found or that they deliver lower returns. It is important that the risks within the total programme are monitored due to the impact they could have on the budget going forward.

45. Work will commence in the new financial year reviewing the Medium Term Financial Plan.

Recommendations (Part One)

46. The Cabinet is asked to:

    i) Note the budget context and MTFP position (**Table 3**) and the Provisional Settlement Consultation response in Appendix A

    ii) Note the final business rate yield forecast (NNDR1) in **Appendix B**

    iii) Note the proposed New Homes Bonus Consultation response in **Appendix C** and Delegate authority to Cllr Shorter and Bennett to approve the final New Homes Bonus consultation response

    iv) Note that the Council Tax Support Scheme adopted is as reported to Cabinet in December **paragraphs 37-41**

PART TWO – GENERAL FUND BUDGET

47. A summary of the general fund budget, including a forecast of outturn for 2015/16 as at 30 September 2015, is shown at Table 4 below.

48. Necessary changes to the preliminary draft budget have been made and raised with the Overview and Scrutiny Committee's Budget Task Group. The principal changes are highlighted in paragraph 53.

49. All approved succession planning staff changes have been included in the budget for 2016/17 and has been scrutinised on that basis.

50. The Overview and Scrutiny Budget Task Group scrutinised the budget during December and January and did not raise any issues of concern over the draft budget for 2016/17 however they acknowledge that the financial position in subsequent year is going to be increasingly challenging. They supported the increase in Council Tax of 1.99% based on the MTFP pressures going forward and its cumulative impact.

Table 4 - General Fund Summary

Actual 2014/15 £	Budget 2015/16 £	Projected Outturn 2015/16 £	Detail	Budget 2016/17 £
12,662,382	**13,468,570**	**13,530,610**	**SERVICE EXPENDITURE**	**14,205,480**
2,357,724	265,120	248,120	Contribution to/(from) Balances	1,244,480
(2,947,755)	(2,106,830)	(2,106,830)	Government Grant	(1,269,920)
(2,183,239)	(2,628,370)	(2,628,370)	Retained Business Rates	(3,410,410)
(953,730)	(554,000)	(554,000)	Business Rates S31 Grants	(538,000)
(2,875,218)	(2,324,000)	(2,339,000)	New Homes Bonus	(3,782,820)
62,110	41,500	41,500	Parish CTS Payment	41,500
(6,105,813)	**(6,161,990)**	**(6,161,990)**	**Council Tax**	**(6,490,310)**
16,461	**0**	**30,040**	**Budget Gap**	**0**

Table 5 - Analysis of Contributions to From Balances

Contribution	Amount
Use of Reserves Focus 2013-15	(354,910)
Budgeted Surplus to reserves (based on 1.99% Council Tax increase)	81,740
New Homes Bonus Funding	1,355,290
Contribution to Repairs and Renewals	62,360
Service contingency	100,000
Total	**1,244,480**

51. The key points from the summary are:

  a) Council tax increase under 2% adding £2.89 on the annual cost of the band D council tax at £148.34
  b) Bring back the Grounds Maintenance contract back in house to improve the quality in the Borough.
  c) Park Mall and Wilkinson first full year trading in 2016/17.

52. A summary of service expenditure is provided at **Appendix D** and **Appendix E**. The detailed budget pages available in the draft budget book 2016/17 support this.

Principal changes to December's preliminary draft budget

53. Following government announcements and in consultation with the Leader and Cabinet there are some changes to the draft budget to report. In summary these are:

  a) The provisional settlement and the completion of the NNDR1 form have resulted in the following changes:
     - Decreased revenue support grant income by £120,595
     - Increased retained business rates by £121,313
     - Reduced the business rates S31 grant (rate relief grant) by £37,050
     - New Homes Bonus grant increased by £311,767 (amount added to reserves, detail below)

  b) The increase in New Homes Bonus has been transferred to reserve. This has possibly two purposes, one to fund corporate or income generating projects and/or fund future losses in New Homes Bonus allocations.

  c) Senior Planning officer approved to ensure corporate projects are delivered in projected timescales.

54. These movements are detailed in the table below:

Table 6 – movement from draft budget

	£'000
Draft budget position reported to the October Cabinet	**(164)**
Senior Planning Post	46
Revenue Support Grant	121
Retained Business Rates	(121)
Business Rates S31 Grants	37
New Homes Bonus	(311)
Contribution to Reserves (New Homes Bonus)	311
Budgeted surplus to reserve	81
Final draft budget position	**0**

Council Tax

55. The Final Draft Budget in Table 4 includes a Council Tax increase of 1.99% would result in an annual Council Tax amount of £2.89 per household based on a band D property.

56. Ashford Borough Council would remain the lowest Council Tax in Kent under both options by over £10 per annum.

57. This increase allows the council to have a balanced budget with a contingency for operational service risks in this year, and is in accordance with the council's adopted inflation management strategy and in line with the council's Medium Term Financial Plan assumptions.

Business Rate Relief

58. In the draft settlement the Chancellor announced a continuation of small business rate relief. The Government has said it will also continue fully compensating councils for the cost of these initiatives.

59. Due to the nature of the business rates system there are two ways that these reliefs can be granted, either through the introduction of legislation or to allow authorities to do this locally under powers included in the localism act. Last year the Council delegated authority to the Chief Finance Officer to establish these discounts using the powers within the localism act. It is therefore recommended to continue that delegation.

60. Following a comprehensive review, Cabinet agreed a new policy on discretionary rate relief in March 2013, with all current recipients then asked to reapply for relief (allocated from April 2014). These allocations were initially agreed for a period of two years to ensure that they struck the right balance of support for voluntary and community sector organisations and securing best value within the council's overarching financial plans.

61. Reflecting the current administration's election commitment to maintain levels of support for the voluntary and community sector until the next election, Cabinet is asked to agree to no change in allocations of discretionary rate relief until the end of the 2019-20 financial year.

Council Companies

62. During 2014/15 the Council opened two companies to not only increase the services the Council can supply in Housing and Building Control but also to work towards the self-sufficiency agenda adopted by this Council.

63. The Council achieves an income from these companies which includes loan interest and dividends. With the expansion of these companies in future years income is expected to grow and feeds into the MTP.

Discretionary Fees

64. The inflation management strategy determined that discretionary fees for several services should be increased above the level of inflation. For 2016/17 this results in average increases of 0.7%. Some charges will vary from this recommended level due to operational reasons, see **Appendix G** for details

65. The Garages were transferred from the Housing Revenue Account to the General Fund during 2015/16. The rent has been increase by CPI plus 1.5%. CPI was -0.1% in September therefore the increase will be 1.4% (to the nearest penny).

66. The Building Control Fee Earning Account aims to break even in accordance with the building control regulations.

67. The budget has been built with this level of fees and charges.

Reserves

68. A schedule of reserves is attached at **Appendix F**, which shows a total of revenue reserves estimated at 31st March 2016 of £7.0m, excluding Developer Contributions. During 2015/16 the Council released over £3.5m of reserves to support the borrowing and acquisition strategy (a key plank of the Medium Term Financial Plan) with the purchase of key properties within the Town Centre for regeneration and income generating assets. There will be further investment in the borough in 2016/17 which will reduce reserves to a lower level and closer to the minimum requirement set by the council.

69. Whilst these levels are planned for and within the tolerances agreed, consideration will need to be given to the replenishment of these reserves in the medium term. The risk contingency for Business Rates and unallocated new homes bonus are sources for increasing the reserves to fund future expenditure and have offset the planned reductions.

Table 7 - Summary of Reserves

	As at 31/03/2015 £000	**Estimated as at 31/03/2016 £000**	**Estimated as at 31/03/2017 £000**
General fund balance	1,359	1,941	2,057
Fund future expenditure	5,931	4,685	3,309
Provide for the maintenance or purchase of assets	3,950	182	134
Required by statute reserves	223	233	173
Total revenue reserves	**11,463**	**7,041**	**5,673**

70. CIPFA (the principal accounting body that provides statutory advice and guidance on accounting and financial management to local government chief finance officers) issues guidance (last updated in 2014) covering the relevant legal background and importantly emphasises that Authorities should make their own judgements on such matters taking into account all the relevant local circumstances. Such circumstances vary. The advice goes on to say that a well-managed authority, for example, with a prudent approach to budgeting, should be able to operate with a level of general reserves appropriate for the risks (both internal and external) to which it is exposed. CIPFA does not consider it necessary or appropriate to quantify a minimum level of reserves; this is for Chief Finance Officers and councils to consider. The government retains a power to impose a minimum, but is only intended to be used in circumstances where it is apparent to government that a council is not acting prudently and not following advice.

71. The Council currently has a policy that the general fund balance should be no less than 7.5% of net budget requirement, for 2016/17 this would be £1,065,000. During this period the Government are consulting on the four year provisional settlement delivered as part of the Comprehensive Spending Review. This reform transfers risk of Business Rates to the Council which will cause some volatility of funding.

72. The Council's agenda for it to be self-sufficient over the life of the MTFP. This reserves strategy supports the direction of the Corporate Plan with the economic expansion of housing and business in the district helps to underpin the risks that have been transferred to the Council.

73. A number of earmarked reserves have been set up over the years to deal with the Council's funding and income risks. However to simplify this process it is proposed to manage these risks through the general reserve by increasing the 7.5% of net budget requirement to 15%.

74. As part of the closing process the level of reserves will be reviewed and where necessary earmarked reserves will be transferred to the General Reserve to ensure that the 15% target is achieved. In addition to this all property based reserves (with the exception of reserves required as conditions of leases) will be merged into the repairs and renewals reserve to encourage a more holistic view on asset management.

Budget Scrutiny and Risk

75. The Overview and Scrutiny Committee has examined the detailed budget proposals and the committee's findings are reported separately elsewhere on this agenda. The committee concluded that it had confidence the budget is deliverable and supports the recommendations to Cabinet and Council to approve the proposed budget. The task group also feels the 1.99% increase in Council Tax should go ahead following the Governments draft settlement which includes future financing of Local Authorities should come from increases in Council Tax.

76. A commentary of the risks associated with the budget is included as part of the statutory advice needed on 'budget robustness and the adequacy of reserves' within Part Seven of this report and at **Appendix H** Community Impact Assessment.

77. A community impact assessment (CIA) screening tool has been completed to identify whether the budget policy treats any group differently. The CIA assumes that individual policies and initiatives will have separate impact assessments completed by the services concerned. The screening tool has highlighted some areas were further work is needed however overall the budget does not discriminate against any group in society.

Recommendations (Part Two)

78. The Cabinet is asked to:

v) Recommend the Revenue Budget 2016/17 including the net budget requirement of **£14,205,480 (excluding parish precepts)**

vi) Recommend the level of Discretionary Fees to be levied from 1st April 2016 (as set out in **Appendix G**).

vii) Delegate to the Chief Finance Officer the powers to establish local discounts in Business Rates in accordance with those announced by the chancellor in the autumn statement

viii) Agree to no change in allocations of discretionary rate relief until the end of the 2019-20 financial year

ix) Note the reserves summary (from **paragraph 68 - Table 7**), detail in **Appendix F**

x) Recommend the approval of changing retained reserves from a minimum of 7.5% of the net budget requirement to a minimum of 15%, details in **paragraphs 71-74.**

xi) Note the Communities Impact Assessment in **Appendix H**

xii) Recommend the Band D council tax at **£148.34**.

PART THREE – HOUSING REVENUE ACCOUNT
Housing Revenue Account Budget

79. The 2016/17 position is broadly in line with the position reported to Members in the 30 year HRA business plan (November 2015 Cabinet), one of the key point to note here is, in the short-term money is being kept in reserves to fund agreed capital projects, rather than repaying the debt.

80. **Table 8** shows a net deficit in the HRA for 2016/17, this reflects the drawdown from HRA reserves approved for the remodelling/rebuilding of Farrow Court and other new build properties.

81. This deficit will be funded from HRA reserves, which were increased in 2014/15 by £1,130,210. The HRA business plan shows that the current plan remains affordable over the life of the plan. The information in **Table 8** is shown in more detail, analysed to subjective level, at **Appendix I**.

Table 8 - Housing Revenue Account (HRA)

ACTUAL 2014/15 £	BUDGET 2015/16 £	PROJECTED OUTTURN 2015/16 £	DETAIL	DRAFT BUDGET 2016/17 £
(24,368,578)	(24,794,010)	(24,756,070)	HRA income	(24,272,210)
4,371,045	4,584,800	4,602,500	HRA administration costs	4,684,310
(101,068)	880,920	961,020	HRA new build	844,910
3,642,765	3,622,340	3,622,340	HRA repairs & maintenance	3,449,760
15,325,626	16,075,770	15,867,180	HRA other expenditure	18,462,620
(1,130,210)	369,820	296,970	**(SURPLUS)/DEFICIT IN YEAR**	3,169,390
(4,594,850)	(5,725,060)	(5,725,060)	Balance b/fwd as at 1 April	(5,428,090)
(5,725,060)	(5,355,240)	(5,428,090)	**Balance c/fwd as at 31 March**	(2,258,700)

Rent decrease

82. As previously reported Government has made some changes to the rent setting formula for social housing, moving from an increase of Consumer Price Index + 1% to a rent decrease of 1% per annum for 4 year starting in 2016/17, however the Government have not indicated what the formula will be after this period.

83. This will drop the average weekly rent, for social housing to £92.14 (£93.07 in 2015/16). For tenants receiving housing benefit the decrease will not have any cash impact, although some council tenants may be affected by other aspects of the government's welfare reforms.

84. The 1% decrease in rent also applies to those tenants in affordable housing which will be applied. It should be noted that affordable rents are re-based to 80% of market rent each time a new tenancy agreement is made (i.e. upon vacancy) and will be decreased by the 1% each year thereafter.

85. The rent decrease will result in HRA revenue income by approximately £233,000 from 2015/16 levels. This four year 1% cumulative decrease has

been modelled in the 30 year Business Plan, the impact of the reduction in income has been analysed and capital works and planned maintenance programmes have been reduced. Following these adjustments the HRA is affordable for the next 30 years. Work will continue on Sheltered housing and new affordable homes however the initial number of homes will be reduced.

86. A consequence of the recovery plan is that the HRA capital programme is being reduced that will affect the ability to use 1-4-1 retained capital receipts to finance the new build programme. If the Council retains these funds and does not spend them within the time allowed a penalty interest rate will be applied to the repayment. Therefore the policy to continue to retain these receipts needs to be considered over the next 12 months; in addition to this a representation to government is needed to ensure that they are aware of the unintentional impact of the policy change on the affordable housing programme.

Recommendations (Part Three)

87. The Cabinet is asked to:

xiii) Resolve that the Housing Revenue Account budget for 2016/17 be approved

xiv) Resolve the estimated average rent decrease of 1%, in accordance with government guidelines, and that rent setting for the future continues to follow movements in the ‘limit rent’ set by government

PART FOUR – CAPITAL PROGRAMME

Capital Resources and New Allocations to Projects

88. This section gives consideration to the level of capital resources that are potentially available to support priorities including the business plan and other requirements.

89. Capital investment currently may be funded from:

   a) Internal resources such as capital receipts and revenue reserves.
   b) New Homes Bonus
   c) Prudential (external) borrowing.
      - The 2016/17 budget provides specific support to borrow £500,000 for general fund property works, with a further £2m for strategic acquisitions that must be supported by a business plan.
      - Decision on additional borrowing will be subject to an affordability test and the HRA debt cap (explained below).
   d) Third party grants and contributions from government, other local authorities or private organisations.
   e) Section 106 developer contributions – currently we hold contributions amounting to £4m (capital & revenue), £3m of section 106 (some still to be received) will be used to support projects in the current capital programme and expected to be spent over the next few years on community assets such as community buildings, open space and play areas throughout the borough.
   f) In the future from the Community Infrastructure Levy

Debt Cap (Housing Revenue Account)

90. Following the HRA reform there is room within the HRA Business Plan to invest in projects including new housing and sheltered redevelopments. However the reform introduced a HRA debt cap limiting the amount councils can borrow to fund major works. When considering the Housing programme regard will need to be given to the impact the projects will have on the debt cap and more generally on the viability of the HRA.

91. Due to the limitations on HRA borrowing for projects, future funding sources will be:

   - External contributions from the HCA (Homes & Community Agency)
   - Capital receipts, including retained ‘Right to Buy’ capital receipts for ‘one for one replacement’
   - Surpluses within the revenue budget could be used rather than repayment of borrowing.
   - Borrowing, the HRA has a debt cap, the transfer of the garage stock to the General Fund in 2015/16 created headroom to borrow of circa £3m.

Borrowing and Acquisition Policy

92. At the October 2015 Cabinet meeting, in the report titled Informing the Next Five Years the Borrowing and Investment Strategy was presented which

amalgamated a number of capital and investment projects into one Policy including:

1. Delivery of strategic priorities
2. For property and commercial investment
3. Development of cultural and community facilities
4. For investment in the Housing Revenue Account (must operate within the statutory debt cap)

93. The main elements of the strategy included:

- To achieve self-sufficiency from government grant
- Set sensible principles for making investments and undertaking borrowing
- Future General Fund borrowing to be around £40m, HRA borrowing will be within the debt cap
- To allocate a proportion of the Council's reserves to form a 'cash backed' element to investments
- A minimum of 10% of any return on an investment will be allocated to an investment reserve (debt/cash backed) to support future investments

94. To ensure all risks are monitored and managed the following measures will be required before an investment can take place:

- A project list will be maintained and prioritised to enable decisions to be taken in the round.
- Each project will have a full business case (including NPV and Internal Rate of Return Calculations) which will demonstrate it delivers acceptable worth for the Council.
- All investments will be appraised using the 25 year PWLB interest rate (or rate applicable to the life of the asset if it is lower)
- Loan to the value of the project will not exceed 90%
- All capital expenditure will require approval from Cabinet and the Full Council.
- Capital receipts from the sale of any asset will firstly repay any debt secured upon it and secondly be recycled for further investment

95. The acceptable worth to the Council will be established by Cabinet and should take into account:

- Recovering the borrowing within a reasonable time frame
- Replacing income lost from grants, so that we work towards self-sufficiency
- Reputational enhancement for the Borough and the Council

Capital Expenditure 2016/17

Corporate Delivery Plan

96. Underpinning the Corporate Plan is the Corporate Delivery Plan which includes the Council's priorities which will be the Council's focus over the next few years. These projects are not currently in the approved capital plan but as they are

developed they will come forward to Cabinet and Council for approval and will then form part of the plan.

Property Portfolio

97. Included in the capital programme is an amount set aside annually for the maintenance of property assets and the purchase of replacement IT equipment, this is to enable the required works to lengthen the lives of the assets saving future replacement costs.

98. There has been £2,000,000 set aside for strategic acquisitions, this allocation was approved in January 2014 and now forms part of the Borrowing and Acquisition Strategy. All projects will be supported with a business plan ensuring all investments are viable.

Commercial Quarter

99. The Council are working closely with development companies Quinn Estates and George Wilson Limited to develop the new offices within the future Commercial Quarter. Work is expected to start this year with an estimated completion date of Summer 2017.

100. The Council is also looking to redevelop the Old Corn Mill site so as to provide flexible office accommodation in the heart of the Commercial Quarter. This is to be expected to be delivered Autumn/Winter 2016.

Property Company – A Better Choice for Property

101. The Council's property company, A Better Choice for Property, requires financing to purchase its assets. The Council set aside an allocation of £10m that can be accessed by the company, based on a draw down over 5 years. 2016/17 will be the third year of the agreement.

102. The company as at January 2016 has drawdown £1,590,000 and a further £4.4m is still available for draw down which is approved to be released by the Trade and Enterprise Board in November 2015. This leaves a remaining amount of £4m which can be accessed if appropriate investments can be made subject to a business plan.

103. The Council will finance this £10m from accessing loans from the Public Works Loan Board (PWLB) or temporary borrowing and charging the company a competitive market rate above the PWLB or market rate which will attract a net revenue interest receipt for the Council.

104. This financing investment was approved under the Borrowing and Acquisition Policy.

In-House Grounds Maintenance Service

105. The decision to bring in-house the grounds maintenance service currently has two approved projects underway:

   a) Acquisition of a depot at a suitable location within the borough. Several sites have currently been identified and work continues to explore the most suitable option. The depot is expected to be acquired in the region of £1,000,000.

b) At the same time work has started to acquire the various items of plant and machinery for the service. This is expected to be in the region of £500,000. External advice is being sought to determine if the acquisitions should be funded by leasing or borrowing, to ensure the project delvers value for money.

Housing Revenue Account

106. Housing HRA projects during 2016/17 includes:

a) Continuing the refurbishment of Farrow Court Sheltered Housing, the construction got underway early in 2014 and is expected to be complete in 2016.

b) Repairs and maintenance to the existing housing stock to ensure Decent Homes standards are maintained

c) Work on the future of the Affordable Housing Programme is underway and a report to Cabinet is expected during 2016/17.

d) Reinstatement of the Oaktree road properties funded from the insurance settlement, with a total cost estimate of circa £800,000.

107. The capital programme is in **Appendix J**.

Recommendations (Part four)

108. The Cabinet is asked to:

xv) Recommend to Council that the Capital Budget for 2016/17 in **Appendix J** is approved.

PART FIVE – PRUDENTIAL INDICATORS, TREASURY MANAGEMENT STRATEGY STATEMENT AND ANNUAL INVESTMENT STRATEGY

Prudential Indicators

109. It is a requirement for the council to set prudential indicators on an annual basis. These are a framework designed to govern decision-making over the financing of capital expenditure. They are set to a level that will allow the council to meet its Medium Term Financial Plan, accommodate the debt for HRA reform and make provision for the Council's Capital Programme. This informs the recommended "Affordable Borrowing Limit" as shown under the heading 'Authorised Limit for External Debt'. The council must have regard to the prudential code when setting the Affordable Borrowing Limit. This essentially ensures that our total capital investment remains within sustainable limits as defined by the Council, and in particular, that the impact upon its future council tax and council rent levels is 'acceptable'.

110. The prudential indicators recommended for 2016/17 are detailed in **Appendix K.**

Treasury Management Strategy Statement & Annual Investment Strategy

111. The Council adopted the CIPFA Code of Treasury Management on 20th March 2002. Any subsequent amendments will also be followed.

112. The code provides a framework to ensure that the Council gives appropriate consideration to it is Borrowing and investment activities and sets appropriate controls commensurate with the Council's risk appetite.

113. As part of a proactive approach to treasury management officers consider both investment opportunities and also the opportunities for debt restructuring to benefit from discounts offered on existing debt and lower interest rates. As at 22nd January 2016 the Council had £119.6m of borrowing relating to HRA reform and Investments of £32m.

114. In 2016/17 the Council's general fund Net Interest on Borrowing and Investments is forecast to be a net expense of circa £27,000. This reflects increased costs in borrowing necessary to achieve the Council's capital expenditure plans and the continued low interest environment. However, Officers will evaluate all investment and borrowing decisions as they arise with a view to lowering net borrowing charge and increasing investment returns. The use of internal balances will also be considered as a means of financing, although the benefits between internal and external borrowing will be monitored.

115. The proposed Treasury Management Strategy Statement for 2016/17 is attached at **Appendix L** (it is a requirement to review this annually).

HRA Debt Pools

116. The regulations allow councils to determine the number of debt pools (one, two or three) it wishes to operate. A 'two-pool' approach has been adopted; loans are split between the HRA & GF and new loans are added to each pool as

required. Interest expenditure on external borrowing attributed to the HRA is charged directly to the HRA. Interest expenditure on external borrowing attributed to the General Fund will be charged to the General Fund.

117. Where the HRA or GF has surplus cash balances which allow either account to have external borrowing below its level of CFR (internal borrowing), the rate charged on this internal borrowing will be based on the average rate of interest earned on cash balances for the financial year.

Annual Minimum Revenue Provision Statement

118. Each year the council must agree a statement on its policy for making a minimum revenue provision (MRP) (set aside for debt repayment).

119. There are four options available to the council as set out below:

- Option 1: Regulatory Method (4% borrowing requirement)
- Option 2: Capital Financing Requirement (CFR) Method (4% of non-housing borrowing requirement)
- Option 3: Asset Life Method (divide debt by asset life)
- Option 4: Depreciation Method (dependent on depreciation policy)

Proposed MRP Policy

120. Options 3 and 4 apply to new capital expenditure, and Option 3 is the most practical to adopt.

121. MRP for Loans to wholly owned Council companies will be calculated on an annuity basis using the interest rates agreed for the loan for 50 years or an appropriate term based on the life of the asset being funded.

122. MRP in respect of PFI (Private Financing Initiative) and leases brought on to the balance sheet will match the annual principal repayment for the associated deferred liability. This is a mandatory requirement, although in this instance does not affect the council's net expenditure.

Recommendations (Part Five)

123. The Cabinet is asked to:

xvi) Recommend the Prudential Indicators, Treasury Management Strategy, MRP Policy and Annual Strategy as set out in the **Appendix K** and **Appendix L**.

PART SIX –FINANCIAL PROCEDURE RULES & CHANGES TO VIREMENT LIMITS

Financial Procedure Rules

124. The financial procedure rules have been updated following changes in the management structure driven from the approved succession planning report.

125. The EU commission has provided the revised threshold values for requiring a full EU procurement. These have updated and are included within **Appendix M** for adoption.

Key Decision Thresholds

126. Key Decision Thresholds (KDTs) are required for the purposes of determining whether decisions to be taken by the Cabinet (or officers acting under any delegations) should appear in the Forward Plan of Decision items. Key Decisions, which the Cabinet may resolve, may then be the subject of formal scrutiny.

127. The constitution requires that KDTs are decided annually level of these thresholds needs to be considered against the level of the General Reserve, this is forecast to increase to £2m in 2016/17. Given that there are no material changes to the budget or this reserve level over the current years the current level of KDT are considered to be appropriate.

128. Therefore it is recommended KDT's are as follows:

- £100,001 or greater for all revenue services
- £100,000 (or greater) or 10% of net project costs, whichever is lower, for capital schemes.
- £100,000 for decisions relating to redundancy and other termination payments (excluding pension costs).

Virement

129. The review of the procedure rules has highlighted that the limits for virements are out of step with the levels for use of reserve and the KDT's. Virement is the term used to describe the transfer of budget between budget headings. When setting these limits it is important to ensure that they allow effective budget management and yet also ensure that there is adequate control and oversight.

130. Therefore it is recommended that the virement regulations are as follows:

    a) Head of Service - < £50,000

    b) Management Team with Portfolio Holder Consultation – between £50,000 and £100,000

    c) Cabinet - > £100,000

131. The virement amounts have been updated to ensure Service Managers have the required flexibility in their budgets to respond to changing needs while

ensuring material changes are still reviewed by Management Team and/or Cabinet and matching the delegations on use of reserves and the KDT's.

Use of Reserves

132. Management Team has the flexibility to deploy up to £100,000 of reserves in either exceptional or urgent cases where this might be justified or where an amount may be needed to deal with some other service issue including investment to achieve greater efficiency. In all cases where the flexibility is applied the Chief Executive must liaise with the Leader of the Council, the Portfolio Holder for Finance & Budget, Resource Management and Procurement and the Deputy Chief Executive (as Chief Financial Officer) and be required to report any application of reserves to the Cabinet as part of the budget monitoring cycle.

133. There is a stated presumption that the use of this flexibility is for exceptional circumstances and not routinely applied, and in all cases the use of the delegation must be consistent with Business Plan priorities.

134. It is a requirement to review this delegation each year as part of the budget cycle. In 2015-16 this delegation was used three times to a total of £206,000 for changes to the Civic Centre and works to secure the Conningbrook development.

135. This delegation is considered to be working effectively and no changes are proposed other than to restate that this is considered to be for exceptional circumstances.

136. Additional flexibility was included in 2011 to the arrangement to resolve issues of urgent need or to address immediate community concerns regarded of sufficient priority, where other budgets are not available to address such a need. In cases where a request is made by a Portfolio Holder to the relevant Head of Service, or where a Head of Service after consulting the relevant Portfolio Holder identifies a relevant need then a Head of Service has delegated authority to spend up to £5,000 subject to an overall cap of £100,000. This policy is unchanged.

137. In 2015-16 this delegation was used twice to provide support to the Job club based on a recommendation from the welfare reform task group and to support Kent Savers. This delegation is considered to be working effectively and no changes are proposed.

Risk Based Verification

138. The risk based verification procedure for Housing Benefit and Council Tax Benefit/Support was introduced from 1 April 2012. DWP guidance at the time specified that any such policy must be approved by members annually.

139. A new policy for 2016/17 needs to be adopted, and the following changes have been made:

    a) Reporting processing times updated in Section 4 to ensure working practices are achieving the optimum output from resources available and clearly identifying any issues with staff or working practices so these can be rectified

b) Section 5 has been updated to reflect current audit requirements and guidance

140. The full policy can be found in **Appendix N**

Recommendations (Part Six)

141. The Cabinet is asked to:

xvii) Recommend the updated Financial Procedure Rules (as above) are approved

xviii) Note the new tendering/quotation procedure Cashflow and approve the financial limits in **Appendix M**

xix) Approve the Risk Based Verification policy as outlined in **Appendix N**

PART SEVEN –ROBUSTNESS OF THE ESTIMATES AND ADEQUACY OF RESERVES

Background

142. The council has a legal duty to set a balanced budget and must take all reasonable factors into account when doing so. Under the Local Government Act 2003 the Chief Financial Officer (the Deputy Chief Executive) has a duty to advise the council about the robustness of the budget and the adequacy of the council's reserves. This section contains that advice.

143. The past year and the foreseeable future for local government continue to be dominated by public spending reduction plans. In December the Government released and has consulted on a provisional four year financial settlement for local authorities (see the Council's response in **Appendix A**).

144. In the preceding Comprehensive Spending Review the Government announced reducing grant funding linked to its intention to allow authorities to retain 100% of Business Rates and having a greater share of responsibilities. This principle is generally welcomed as it would enable the Council to become less reliant on Government funding. However greater financial independence and possible extra financial gain r also attracts more risk as councils would carry much of the downside risks associated with business rates.. To help mitigate this risk the Council currently holds a number of earmarked reserves as discussed in Section Two and set out in Appendix G. Recognising the potential for more risk exposure in the future it is proposed to amalgamate these reserves in the General Fund reserve.

145. This would result in a higher level of General Fund reserves to manage the greater level of risk the council faces. Accordingly, it is proposed to increase the un-earmarked reserves held as a minimum percentage of Net Expenditure from 7.5% to 15% **(recommendation x)**

146. For prudence and as a financial planning target our Medium Term Financial Plan reflects falling government formula grants to a 'de minimis' level with a target for the council to become un-reliant on revenue support grant by 2018-2019. This plan then relies on the council growing its income base from other sources including: a growing retention of business rates under the government's local retention scheme, new revenue from targeted housing and property investments. The plan also assumes continued support from new homes bonus at approximately 50% of the total potential bonuses, however in the recent Government announcement it is their intention that the Bonus payment will be reduced from 6 to 4 years. The Council's proposed response to the consultation is attached at **Appendix C.**

147. Given the lengthy and comprehensive business, financial planning and scrutiny processes leading up to this point including members' roles in business plan project delivery; reviews last year of the corporate plan including financial planning involving the cabinet, and the full part played recently by the Overview and Scrutiny Committee and its Task Group, there is no doubt that members and officers have had a full opportunity to understand the context and the issues facing the council.

148. This evidence is clear demonstration the council and its management team give serious regard to financial planning, to the management of resources, and to assessments of financial and operational risk.

Robustness

149. Robustness involves three considerations:

a) consideration of the **context** in which the budget is set and how that context is understood, may develop and therefore influence budgetary issues,

b) consideration of the various **components** of the budget, and

c) **weighing-up** all factors and taking a balanced view.

Context

150. As previously highlighted and reported comprehensive advice was provided to members concerning our financial forecasts and their underlying assumptions. Final assumptions are the results of reviews with the cabinet last summer and autumn, including a review by the Overview and Scrutiny Committee’s budget task group.

151. As with any budget there are uncertainties as no budget can capture all future risks, however there is a corporate contingency within the budget for general unforeseen pressures.

152. This budget is set at a time when the economy is recovering more strongly albeit slowly, though not immune to factors that may act as a drag on this recovery. Inflation and interest rate remain low with the former being negative for a short period. Pressures on personal incomes continue, though more recently the easing of fuel prices is providing a boost. However, some service pressures remain for local authorities associated with the welfare reforms and pressures on housing which are likely to continue for the foreseeable future.

153. Ashford’s local position is relatively stronger with positive signs of commercial expansion over the coming years and new housing supply remaining buoyant.

154. We are now reaching the end of the third year of the business rates retention scheme with encouraging results for business rate yield and a growth above target of the locally retained element. The business rates pool for much of Kent provides significant opportunities to increase the retained element.

155. With good opportunities and risks still to manage this draft budget (and the associated Medium Term Financial Plan) takes a considered view of both. It builds in prudent allowances as contingencies, and contributions for reserves given the cuts in future funding – the council needs a cushion to help manage the transition. The policy of not budgeting to use new homes bonus rewards for new projects until bonuses are achieved is to be maintained.

156. The MTFP aims to replace the revenue support grant element of formula grant with other sustainable sources of income by 2018/19. .

157. Consequently 2016/17 will continue to see proposals and affects arising from the expanded use of the council's prudential borrowing to support asset purchases and other investments, including further lending to the council's property company. Appropriate business planning and governance arrangements are in place to ensure that opportunities and associated risks are evaluated as part of the decision-making processes. It is important these processes are maintained.

Key components of the budget

158. Detailed advice is set out in **Appendix O,** which considers the budget across a number of key components. Additionally, members have received the advice and recommendations from the Overview and Scrutiny Committee, which has commented comprehensively on areas of risk within and agreed a risk matrix for on-going review. After considerable work its Task Group agreed to recommend that the draft budget is deliverable and submitted its matrix on the risks within the budget. The Chairman of the Task Group has highlighted inflation and the level of New Homes Bonus within the budget as areas of risk to be managed.

159. The Task Group's work highlighted areas of the budget that present some higher risks to delivery, which will be taken into account by services and our corporate risk management arrangements. Higher risks continue to be associated with the government's funding policies for local authorities and the risks inherent in the council exploring investment opportunities aimed at securing revenue streams to substitute for longer term grant reductions. Here the Cabinet and the Council's governance arrangements are designed to ensure that risks are evaluated, monitored and mitigated.

160. Inevitably there will be times when unplanned and unforeseeable pressures arise. Where this happens the Management Team will first consider the scope to absorb such pressures, but where this is not possible, then, and using the flexibility within financial procedure rules, the Management Team has the ability to deal with urgent pressures. The budget contains a service contingency provision for such risks.

Weighing-up

161. This budget is developed against a backcloth of substantial externally influenced change and an economic climate that is recovering, with good potential locally, but nevertheless not without continuing pressures and uncertainty. As Error! Reference source not found.**N** and the Overview and Scrutiny Committee's review highlight, risks should be manageable through processes in place supported by the totality of the council's contingencies and reserves.

162. Supported by our strong governance of financial management and the council's commitment to deliver sustainable longer-term positions, members can be confident this budget is robust.

Adequacy of Reserves

163. Section Two covers the reserves position with a detailed forecast included in **Appendix F**.

164. The proposed policy position is that reserves need to be maintained at adequate levels, with the **un-earmarked general fund reserve** maintained at a new minimum of 15% of net general fund revenue spending.

165. For 2016/17 this amounts to a minimum unallocated reserve requirement of circa £2.1m. Un-earmarked reserves, after planned drawings will stand at £1.9m, therefore it is proposed in Part 2 of this report to amalgamate some of the earmarked reserves into the General Reserves to achieve the 15% level.

166. Earmarked reserves (excluding section 106 developer contributions), again after planned drawings stand at £5.0m. By the end of 2016/17 total revenue reserves are expected to amount to circa £5.5m.

167. Overall the advice is the council has adequate levels of reserves to support its budget and other requirements for the coming year and future liabilities, including the planned cushion for the next two years against grant reductions forecast while alternative revenues develop in scale.

168. As ever reserve levels need close management to ensure they remain adequate and that longer term MTFP plans for resilience are sustainable.

169. Our budget monitoring will continue to highlight to Cabinet movements in the use of reserves including reporting any actions of the management team taken to address new pressures or priority needs.

170. On the capital side capital receipts (cash from asset disposals) remain fairly limited with reduced scope for new general fund commitments that are unsupported by income returns to offset the borrowing costs. Usable capital reserves for the General Fund (excluding Section 106 developer contributions held) were minimal, at £2,000 as at 31/03/2015 and after the proposed programme will stand around the same.

171. Officers will continue to focus on optimising the value of our assets, though some priority will be given to achieving greater revenue returns where achievable as an alternative to outright sales. The council is also intending to make more use of its prudential borrowing power, as this can and will be used

to fund investments that yield suitable returns that cover financing costs. Further, New Homes Bonus has provided an alternative source for capital investments and this may continue, although the scope is likely to reduce assuming NHB funds are cut.

172. As Error! Reference source not found. **N** and the Overview and Scrutiny Committee's review highlight, risks should be manageable through this proposed budget and the decision-making processes in place. The Council's reserves although reducing due to the investments made remain reasonably healthy and provide the means to cushion unexpected shocks.

173. Supported by our strong processes of financial management and the council's commitment to deliver sustainable longer-term positions, members can be confident this budget is robust.

Recommendations (Part Seven):

174. The Cabinet is asked to:

xx) Note the advice from the Chief Financial Officer concerning the robustness of the estimates and the adequacy of reserves.

LIST OF APPENDICES

Part One	A	Provisional Settlement Consultation Response to Government
	B	Final Business Rate Forecast - NNDR1
	C	Proposed New Homes Bonus Consultation Response
Part Two	D	Summary of Expenditure
	E	Service Expenditure
	F	Analysis of Reserves
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Part Three	I	HRA Budget, analysed to subjective level
Part Four	J	Capital Programme
Part Five	K	Prudential Indicators
	L	Treasury Management Strategy Statement and Annual Investment Strategy
Part Six	M	Flow Chart to clarify tendering/quotation procedure
	N	Risk Based Verification Policy
Part Seven	O	Robustness of Estimates and Adequacy of Reserves

Appendix A

Provisional Settlement Consultation Response to Government

This is the response from Ashford Borough Council to the consultation paper "the provisional local government and finance settlement 2016-17."

General Points

The consultation paper was released with a number of other documents that need to be considered in the round rather than just looking at the settlement.

This Council understands that the amount of resources available to the department to allocate is finite and therefore the response looks at some of the wider implications of the settlement and the equity of the allocation of funding. The minister's statement acknowledged the success of the sector in responding to the level of reduction in funding in the previous parliament and the settlement has revealed the extent of reductions for this parliament, it is important to ensure that local government is able to continue to innovate and respond to local issues. This Council has a long held objective to be self-sufficient and therefore welcomes many of the announcements in the settlement.

This Council also understands that government are seeking to prioritise resources for social care which further reduces the funding available for other service areas. However district councils do provide a wide range of services to its residents and have a valuable role to play in the delivery of the government's housing target and so it is important they are adequately resourced. There is a strong link between the supply of adequate housing and the social care budget; there is a real need to ensure that there is appropriate housing to meet needs of people who need care.

With this in mind we would like to comment upon the referendum criteria that have been announced relating to Council Tax. We welcome a softening of the blanket cap of 2% allowing low taxing authorities to increase their council tax by £5 but this authority, with a band D tax of £145.45, is only marginally outside the lowest quartile (by £0.86) and therefore would only be able to raise its council tax by £2.89. We would like to suggest that the application of the criteria be reviewed with District Councils be allowed to increase council tax by £5 or 2%, whichever is the greater.

The Council does welcome the move to a longer term settlement but notes that there will be a requirement for an efficiency statement. Considering the short timescales involved and the need to ensure that such statements are agreed by members we would encourage government to ensure that these are appropriate. Councils all publish medium term financial plans that members agree and all councils have a responsibility to produce balanced budgets. Given that these will all be constrained by the settlement and the need to manage the reductions in funding to achieve, ensure that Councils have to continue to seek out efficiencies and review service provision. We understand that the Minister has outlined similar expectations to the LGA and we would support this direction of travel.

The Council broadly welcomes the move towards a longer term settlement but would like clarification from government on the following areas:

1. How will the business rate revaluation be managed within the four year settlement?
2. What capacity does government have within its resources to manage potential economic shocks over this period and how will these be managed within the 4 year settlement

Question 1 - Do you agree with the methodology for allocating central funding in 2016-17, as set out in paragraphs 2.6 to 2.8?

Broadly speaking this methodology is supported as there needs to be a pragmatic solution for reducing funding. We are concerned however that once an authority's grant has been cut the level of cut that would have been applied is made to the tariff that is paid on business rates. We feel that there needs to be an understanding of how this is to be applied and what the impact this would have on the areas of need that this funding was to be earmarked for.

Question 2: Do you agree with the proposed methodology for calculation of the council tax requirement for 2016-17, as set out in paragraphs 2.10 and 2.11?

The Council would like to draw your attention to the remarks made earlier about the level of Council Tax referendums.

Question 3: Do you agree with the proposed methodology in paragraph 2.12 for splitting the council tax requirement between sets of services?

Given the potential complexity of this issue the Council feels that the methodology being used is pragmatic and appropriate.

Question 4: Do you wish to propose any transitional measures to be used?

The Council would not seek any transitional arrangements, it is accepted that the overall resource envelop for local government is finite and needs to be apportioned. The proposed method seems to be appropriate

Question 5: Do you agree with the Government's proposal to fund the New Homes Bonus in 2016-17 with £1.275 billion of funding held back from the settlement, on the basis of the methodology described in paragraph 2.15?

This Council will be responding to the consultation document on New Homes Bonus, however we do not support the use of this funding to be allocated to adult social care and other measures that reduce, not sharpen, the incentive for authorities to build homes.

District Councils need to be adequately incentivised to deliver housing, without an adequate housing supply pressure will inevitably be created for the cost of home ownership and within the social care budget.

Given that it is widely reported that the spending pressures in the NHS are being caused by the funding crisis in adult social care we suggest that a proportion of the additional £8bn of funding that has been earmarked for the Health Service be diverted to Adult Social Care reducing the demand for NHS services.

Question 6: Do you agree with the Government's proposal to hold back £50 million to fund the business rates safety net in 2016-17, on the basis of the methodology described in paragraph 2.19?

Yes – Councils are starting to come to terms with the volatility in business rates funding and we are seeing more authorities having to manage significant changes in their business rates income. As part of the governments review of business rates we would urge a simplification of the appeals process to ensure that there are less speculative appeals.

Question 7: Do you agree with the Government's proposed approach in paragraph 2.24 to paying £20 million additional funding to the most rural areas in 2016-17, distributed to the upper quartile of local authorities based on the super-sparsity indicator?

This Council is a member of the Rural Services Network and would therefore like to take the opportunity to voice our support for the response from SPARSE on this aspect of the consultation paper.

Question 8: Do you agree with the Government's proposal that local welfare provision funding of £129.6 million and other funding elements should be identified within core spending power in 2016-17, as described in paragraph 2.28?

This Council is concerned about the impact the proposed welfare reforms will have on the most vulnerable people in society and has been working with DWP and County Council colleagues to manage the impact of the changes. There has been considerable demand for Discretionary Housing Payments to support people in this transition and with further changes to benefits due to come online, a continuation of this funding is welcomed.

With the threats to the economy that were outlined by the chancellor this council feels that it is important that this funding is maintained as the initiatives that are supported by this funding will be where people affected by a downturn go to for support.

Question 9: Do you agree with the Government's proposal to include all of the grant funding for the Care Act 2014 (apart from that funded through the Better Care Fund) in the settlement, using the methodology set out in paragraph 3.2?

While we welcome the continuation of Care Act funding, rolling this new burdens funding into RSG means that is it subject to the same redistribution as general RSG and the same reduction.

This Council would like to seek clarification from government that District Councils will continue to receive allocations for Disabled Facilities Grants through the Better Care Fund Allocation and that there will be a requirement on upper tier authorities to passport this funding through. This is another area where targeted investment can help to alleviate some of the pressures within health and social care budgets.

Question 10: Do you agree with the Government's proposal to include all 2015-16 Council Tax Freeze Grant in the 2016-17 settlement, using the methodology set out in paragraph 3.3?

When Councils took the decision to freeze council tax there was an understanding that government would continue this funding. The funding model is opaque and when an authority's formula grant is to be reduced to £0 and the tariff increased, reducing its business rates baseline, it is not possible to see how government funding for freeze grant or council tax support has been maintained. We would encourage government to demonstrate in a transparent way how this funding has been continued in the settlement.

Question 11: Do you agree with the Government's proposal to include all 2015-16 Efficiency Support Grant funding in the settlement and with the methodology set out in paragraph 3.5?

In general this council supports the merging of separate grants into core funding but would encourage government to make the allocation formulas more transparent to allow authorities to gain confidence that they are still getting the funding that they were promised.

Question 12: Do you agree with the Government's proposal to include funding for lead local flood authorities in the 2016-17 settlement, as described in paragraphs 3.6 and 3.7?

Given the level of flooding that has occurred in recent years this Council feels that this would be a sensible time to review the allocation and targeting of resources for flooding and perhaps consider whether the current allocation method is appropriate.

Question 13: Do you agree with the Government's proposal to pay a separate section 31 grant to lead local flood authorities to ensure funding for these activities increases in real terms in each year of the Parliament?

As an area that has several flood risks and that has experienced significant development, we welcome the additional resources, we would however like to emphasise that many flood mitigation measures can be built into new developments through the use of Sustainable Urban Drainage Systems that can help reduce flooding risk and we would encourage government to look at this Councils use of a SUDS supplementary planning guidance.

Question 14: Do you have any views on whether the grant for lead local flood authorities described in paragraph 3.8 should be ring-fenced for the Spending Review period?

Government has completed this settlement on the basis that authorities or each tier should be treated the same, any ring-fencing should not change that presumption.

Question 15: Do you agree with the Government's proposal to adjust councils' tariffs / top ups where required to ensure that councils delivering the same set of services receive the same percentage change in settlement core funding for those sets of services?

No, the Council is concerned about the Government's intention to increase the level of business rates tariff when the authorities formula grant is cut to zero and effectively goes negative. When the Local Retention of Business Rates scheme was established the levels of Tariff were set based on a needs analysis, these levels were to have remained for 10 years before the scheme was reset.

The council has completed its financial planning on that basis. The increase in the tariff is a breach of trust with government seeking to transfer local council tax income centrally.

Question 16: Do you have an alternative suggestion for how to secure the required overall level of spending reductions to settlement core funding over the Parliament?

The Council understands that the department needs to operate within the Departmental Expenditure Limit that has been agreed with the Treasury, however it is clear that the level of funding reductions in Local Government is seeing pressures in other departments developing with reductions in adult social care impacting upon the NHS and we are also seeing reductions in Benefit levels impacting upon the demand for local government services. It is suggested that reductions in expenditure on sports and leisure will ultimately also see an impact upon NHS spending in the longer term. Therefore we would support the government on looking across departmental boundaries in seeking solutions to these pressures, for example what would the ratio of saving in NHS spending be if patients could be transferred to adult social care more effectively.

Government is asked to consider the role that Local Government has in managing demand for central government services (e.g. Health, DWP, etc) and we would suggest that government consider how to incentivise authorities to work with government to manage this demand and reduce the cost of those services.

Removal of the referendum limit so local authorities can set council tax at a level that reflects the level of services expected by residents.

Government has stated that there is no cost effective way for means testing pensioner benefits, however local government has in place the apparatus to do this through the Council Tax Support scheme that is a means tested benefit. If Government were minded to transfer the administration of some of these benefits to local government significant savings could be delivered.

Removal of restrictions to the Local Council Tax Support schemes e.g. protection for pensioners.

This response would also like to sound a note of caution to central government, Local Government has been successful in delivering savings and will play its part in delivering them in the new parliament, but local government also has a role in delivering central government’s policy agenda, in particular house building. This Council is committed to growth and will shortly be publishing a draft local plan, and has delivered the third largest single development in the country, but this is resource intensive and to continue to deliver these services need to be adequately resourced. The Council would urge government to allow authorities to fully recover the cost of planning applications from developers, the cost of development has been subsidised by local taxpayers for too long and this needs to be addressed.

In addition to planning fees government set a number of other fees and charges and this council would welcome the discretion to set these charges at a local level.

Finally we would urge government to continue the process of transferring offices from London as we feel that this would have the twin benefit of spreading the economic benefit and stimulating the housing market in areas to which departments relocate to. Naturally with the transport links to the capital Ashford would be an excellent location and we would welcome any moves to the town.

Question 17: Do you have any comments on the impact of the 2016-17 settlement on persons who share a protected characteristic, and on the draft equality statement published alongside this consultation?

The Council supports the statement that has been published.

This concludes the Response from Ashford Borough Council, we are happy to discuss our responses with you in more detail.

Appendix B
Final NNDR1 Return

NATIONAL NON-DOMESTIC RATES RETURN - NNDR1
2016-17

Please e-mail to: nndr.statistics@communities.gsi.gov.uk by no later than **31 January 2016.**
In addition, a certified copy of the form should be returned by no later than **31 January 2016** to the same email address

All figures must be entered in whole £

If you are content with your answers please return this form to DCLG as soon as possible

Select your local authority's name from this list: Adur / Allerdale / Amber Valley / Arun / Ashfield / Ashford

Authority Name	Ashford
E-code	E2231
Local authority contact name	BENITA HARVEY
Local authority contact number	01233 330439
Local authority e-mail address	b.harvey@ashford.gov.uk

Ver 1

PART 1A: NON-DOMESTIC RATING INCOME

	£
COLLECTIBLE RATES	
1. Net amount receivable from rate payers after taking account of transitional adjustments, empty property rate, mandatory and discretionary reliefs and accounting adjustments	48,274,952
TRANSITIONAL PROTECTION PAYMENTS	
2. Sums due to the authority	0
3. Sums due from the authority	0
COST OF COLLECTION (See Note A)	
4. Cost of collection formula	180,852
5. Legal costs	0
6. Allowance for cost of collection	180,852
SPECIAL AUTHORITY DEDUCTIONS	
7. City of London Offset : Not applicable for your authority	0
DISREGARDED AMOUNTS	
8. Amounts retained in respect of Designated Areas. Not applicable for your authority	0
9. Amounts retained in respect of Renewable Energy Schemes (See Note B)	54,000
of which:	
10. sums retained by billing authority	54,000
11. sums retained by major precepting authority	0
NON-DOMESTIC RATING INCOME	
12. Line 1 plus line 2, minus lines 3 and 6 - 9	48,040,100

Local Authority : Ashford Ver 1

PART 1B: PAYMENTS

This page is for information only; please do not amend any of the figures

The payments to be made, during the course of **2016-17** to:

i) the Secretary of State in accordance with Regulation 4 of the Non-Domestic Rating (Rates Retention) Regulations 2013;
ii) major precepting authorities in accordance with Regulations 5, 6 and 7; and to be
iii) transferred by the billing authority from its Collection Fund to its General Fund,

are set out below

	Column 1 **Central Government**	Column 2 **Ashford**	Column 3 **Kent County Council**	Column 4 **Kent Fire Authority**	Column 5 **Total**
Retained NNDR shares	£	£	£	£	£
13. % of non-domestic rating income to be allocated to each authority	50%	40%	9%	1%	100%
Non-Domestic Rating Income for 2016-17					
14. Non-domestic rating income from rates retention scheme	24,020,050	19,216,040	4,323,609	480,401	48,040,100
15. (less) qualifying relief in Enterprise Zones	0	0	0	0	0
16. Not used this year					
17 **TOTAL:**	24,020,050	19,216,040	4,323,609	480,401	48,040,100
Other Income for 2016-17					
18. add: cost of collection allowance		180,852			180,852
19. add: amounts retained in respect of Designated Areas		0			0
20. add: amounts retained in respect of renewable energy schemes		54,000	0		54,000
21. add: qualifying relief in Enterprise Zones		0	0	0	0
22. add: City of London Offset		0			0
23. Not used this year					
Estimated Surplus/Deficit on Collection Fund	£	£	£	£	£
24. Estimated Surplus/Deficit at end of 2015-16	383,967	307,173	69,114	7,679	767,933
TOTAL FOR THE YEAR	£	£	£	£	£
25. Total amount due to authorities	24,404,017	19,758,065	4,392,723	488,080	49,042,885

Local Authority : Ashford Ver 1

PART 1C: SECTION 31 GRANT (See Note C)

This page is for information only; please do not amend any of the figures

Estimated sums due from Government via Section 31 grant, to compensate authorities for the cost of changes to the business rates system announced in the 2013, 2014 & 2015 Autumn Statements

	Column 2 **Ashford**	Column 3 **Kent County Council**	Column 4 **Kent Fire Authority**	Column 5 **Total**
2015-16 Multiplier Cap	£	£	£	£
26. Cost of 2% cap on 2015-16 small business rates multiplier	278,699	62,532	6,948	348,179
Small Business Rate Relief				
27. Cost of temporary doubling SBRR for 2016-17	537,718	120,987	13,443	672,148
28. Cost to authorities of maintaining relief on "first" property	1,478	332	37	1,847
"New Empty" Property Relief				
29. Cost to authorities of giving relief to newly-built empty property	3,433	773	86	4,292
"Long Term Empty" Property Relief				
30. Relief on occupation of "long-term empty" property	3,151	709	79	3,939
In lieu of Transitional Relief				
31. Payments in lieu of Transitional Relief	2,841	639	71	3,551
TOTAL FOR THE YEAR	£	£	£	£
32. Amount of Section 31 grant due to authorities to compensate for reliefs	827,320	185,972	20,664	1,033,956

NB To determine the amount of S31 grant due to it, the authority will have to add / deduct from the amount shown in line 32, a sum to reflect the adjustment to tariffs / top-ups in respect of the multiplier cap (See notes for Line 32)

Appendix C
Proposed New Homes Bonus Consultation Response

Draft consultation response New Homes Bonus
The deadline for written responses is 10 March 2016. Responses can be:
Completed online: https://www.surveymonkey.co.uk/r/X8RHSH5
Emailed to: newhomesbonus@communities.gsi.gov.uk

Ashford Borough Council understands and supports the Government's commitment to dealing with the housing crisis. This Council, as a former government growth area has seen significant housing growth and is committed to continued larger scale growth including in the past 15 months granting outline planning permission for the 3rd largest development site in the county (Chilmington Green with over 5,700 properties approved). Currently there are over 1,000 properties under construction, and next year the council will consult on and approve its new local plan. New Homes Bonus has therefore been a welcome government initiative that has provided an essential resource, replacing the former, but volatile planning delivery grant, to allow the council to resource the long lead in and effort needed to secure housing growth for future needs, as well as helping to mitigate the strain of growth by providing a resource to invest in local community infrastructure and community development initiatives. Of course the Council understands the need to review the effectiveness and affordability of the scheme as it is vital that incentives to ensure it remain effective. However as suggested, the planning process for major sites does take several years until developments start on site. Consequently this council and others have needed to support the costs of this upfront effort and will continue to bear significant cost implications for years to come as the full effect of New Homes Bonus is yet to be felt in terms of housing numbers. Cutting New Homes Bonus severely will penalise councils, such as Ashford, that have a good track record and are focused on maintaining strong growth in the years to come.

The Council does feel that there is a strong link between the delivery of new housing and the pressure on social care and NHS budgets. By ensuring that people have homes appropriate for their own stage of life will help to support them to maintain independence, health and ultimately reduce demand for other service areas. It is therefore important that communities are adequately incentivised to grow to help to manage the demand on these other service areas.

The Council does not support the top slice for adult social care as we would encourage government to consider the impact that adult social care services are having on NHS budgets. Government has committed to treating the symptom with greater funding for the NHS, but is possibly overlooking a contributory cause the lack of housing supply. This council advocates a greater redistribution of NHS funding to support innovative initiatives aimed at reducing pressures on adult social care budgets instead. We also welcome the Government's Committee for Intergenerational Fairness, looking at the triple lock and winter fuel benefits. We would suggest that these may be areas too that could free up some resources for adult social care.

Question 1 *What are your views on moving from 6 years of payments under the Bonus to 4 years, with an interim period for 5 year payments?*

Originally New Homes Bonus was a scheme to act as a real incentive for Councils and Communities to grow, providing a resource to help manage the strains caused by growth with "Communities able to use their reward for going for growth on whatever they wish locally."[1]

This incentive has been diluted a number of times, being used to manage the risks that have been transferred to authorities and have been included within the governments calculation of spending power to provide services to communities. This has seen the New Homes Bonus being transformed from a 'bonus for growth' to baseline funding.

For Ashford Borough Council the New Homes Bonus has been an important funding source supporting:

- our planning service to facilitate future levels of growth and to ensure that there is future developments in the pipeline,
- a town centre action team to help re-invigorate our town centre (which was a Porta Pilot).
- Economic development to ensure that there are new jobs to go with the additional housing and to help drive continuing growth,
- Community infrastructure and groups to help the new communities integrate and settle

A reduction of over 1/3rd as outlined in the consultation will seriously impair the council's ability to support new development and for a town that will nearly double in size over the life of its local plan this will cause real difficulties and make it harder to bring the communities with us through this period of sustained growth.

If the Government is minded to reduce the incentive from 6 years to 4 years it is important there is a transition period where councils can adapt their expenditure and plans accordingly and therefore a phased reduction is preferred.

Question 2 *Should the number of years of payments under the Bonus be reduced further to 3 or 2 years?*

No – In the consultation paper Government itself acknowledges the crucial role that authorities play in supporting housing and economic growth. If New Homes Bonus is to be an incentive to authorities it needs to offer a real and tangible incentive to Councils to grow and to provide some resources to authorities to help them manage that growth. A cut of this scale further penalises those most focused on growth and may act as a serious disincentive to communities and therefore could not be supported.

Question 3 *Should the Government continue to use this approach? If not, what alternatives would work better?*

This Council recognises that there is the potential to skew allocations for areas delivering larger higher banded properties but the effect of this needs to be offset by the need to make the calculation of the bonus simple and transparent. This council supports the current method of calculation and does not propose any amendments.

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[1] https://www.gov.uk/government/news/more-local-homes-means-more-rewards

Question 4 *Do you agree that local authorities should lose their Bonus allocation in the years during which their Local Plan has not been submitted? If not, what alternative arrangement should be in place?*

This Council has had adopted local plan coverage for several decades and is in advanced stages of agreeing its new local plan. This sanction should be applied only to those authorities that have patently failed to address local plan making with any degree of urgency but should not unfairly penalise those moving from the LDF regime to the new local plan.

Question 5 *Is there merit in a mechanism for abatement which reflects the date of the adopted plan?*

No – this would be likely to be a blunt tool that is not capable of taking account of local circumstances and thereby penalise authorities unreasonably. There are many reasons for reviewing local plans and the timing of the process can be affected by timetables outside the local authority's control. Some plans are less sensitive to the passage of time than others; some have longer planning 'horizons' than others. A one- size fits all solution would lead to unfairness and lengthy debate over the real position locally, mitigating circumstances and potential legal challenges.

Question 6 *Do you agree to this mechanism for reflecting homes only allowed on appeal in Bonus payments?*

As a matter of democratic principle the council does not support the proposal to penalise councils for housing growth permitted on appeal. If the government is minded to reject this view and introduce a penalty and reduce the bonus for properties built on appeal then the process of collecting the data and making the reduction must be simple and transparent. The approach outlined in the paper will use existing data sets and therefore not create an additional workload for authorities.

Question 7 *Do you agree that New Homes Bonus payments should be reduced by 50%, or 100%, where homes are allowed on appeal? If not, what other adjustment would you propose, and why?*

No, as a matter of important democratic principle. The planning process is one that seeks to strike a balance between the need for homes and development on the one hand and the impacts it will give rise to. Inevitably there will be times when this balance is a fine one and it is key to local democracy and localism that Councils can refuse development if they believe there are important planning reasons to do so. This should be viewed as a sign of a healthy and mature society and members should be allowed to represent local opinions. The penalty that is included in this paper will limit their freedom to do this.

Penalising Councils if housing is allowed at appeal by reducing New Homes Bonus is a heavy handed approach. By exerting this pressure local decisions may become increasingly based on financial concerns rather than sound decision making.

If the Government wants to send a message to authorities that it feels are frustrating growth by refusing too many housing proposals then the fair, and more sophisticated, way to proceed is to test how often this is happening and penalise authorities where there is a recurrent trend, there will always be some instances where a developer appeals the decision and it is overturned.

Question 8 *Do you agree that reductions should be based on the national average Band D council tax? If this were to change (see question 3) should the new model also be adopted for this purpose?*

Again the council does not support a penalty for growth permitted on appeal. However, if the government rejects this view then the proposal amounts to the simplest way of calculating the reduction; to gather more data on this would be onerous.

Question 9 *Do you agree that setting a national baseline offers the best incentive effect for the Bonus?*

No – given that the incentive itself is to be reduced from 6 to 4 years and that councils will need to continue to invest in their planning departments to develop and maintain local plans this proposal will only further reduce the incentive and when taken together the decision will be less material.

When the bonus was first introduced there was a material inventive for councils to grant planning permission, the proposals will reduce that incentive. What material incentive will remain to encourage members to support a development against a public campaign against growth?

Question 10 *Do you agree that the right level for the baseline is 0.25%?*

Given that the Council does not agree with the concept of baselines the Council would support a baseline of 0.00%.

Question 11 *Do you agree that adjustments to the baseline should be used to reflect significant and unexpected housing growth? If not, what other mechanism could be used to ensure that the costs of the Bonus stay within the funding envelope and ensure that we have the necessary resources for adult social care?*

No – surely this is what the bonus is seeking to achieve, significant housing growth, it would seem bizarre that government's incentive for housing growth actually does not reward areas that have achieved housing growth. Where is the incentive for councils to grow if significant or unexpected growth occurs? If a control is in place to ensure that properties built on appeal are capped then what unexpected growth is their likely to be that should be capped?

This Council does not agree with the use of New Homes Bonus funding to support adult social care, we feel that there is a link between the need to provide adequate housing for all people and pressures within the care budget. For example having suitable accommodation for disabled and elderly residents will help to keep people in their homes rather than in social care.

Additional funding for adult social care should be found from the additional resources allocated to the NHS budget to address, in part, the pressures caused by the shortfall in social care services.

Question 12 *Do you agree that the same adjustments as elsewhere should apply in areas covered by National Parks, the Broads Authority and development corporations?*

Yes – the adjustment should be applied consistently to all areas.

Question 13 *Do you agree that county councils should not be exempted from adjustments to the Bonus payments?*

Yes – the Government's settlement proposals have sought to treat authorities similarly ensuring that reductions are consistent across authority types. Therefore changing the treatment of counties would not be a fair approach and we would support the proposal to treat counties in the same way.

Question 14 *What are your views on whether there is merit in considering protection for those who may face an adverse impact from these proposals?*

None

Appendix D

REVENUE BUDGET				
SUMMARY				
Actuals 2014/15 £	**Budget 2015/16 £**	**Projected Outturn 2015/16 £**	**Detail**	**Estimate 2016/17 £**
1,295,520	1,180,610	1,226,610	Corporate, Strategy & Personnel	1,270,720
1,233,907	1,402,300	1,395,230	Legal & Democratic	1,477,660
1,748,960	1,821,590	1,821,180	Planning & Development	1,995,050
2,101,070	2,167,130	2,167,080	Financial Services	2,554,620
160,623	359,740	395,110	Human Resources and Technology	291,010
775,617	888,690	903,250	Housing Services	915,710
451,022	891,010	838,450	Health, Parking & Community Safety	882,700
4,450,502	4,627,570	4,562,760	Environment and Customer Services	4,821,510
(936,132)	(1,060,370)	(1,049,960)	Corporate Property & Projects	(1,512,060)
2,788,256	3,015,240	3,095,840	Culture & the Environment	2,713,130
14,069,346	**15,293,510**	**15,355,550**	**Service Expenditure**	**15,410,050**
(1,694,370)	(2,106,200)	(2,106,200)	Capital Charges & Net Interest	(1,475,830)
50,180	40,260	40,260	Concurrent Functions Grant	30,260
237,227	241,000	241,000	Levies	241,000
2,357,724	265,120	248,120	Contribution to Balances	1,244,480
15,020,107	**13,733,690**	**13,778,730**	**ABC Budget Requirement**	**15,449,960**
			Income	
(2,947,755)	(2,106,830)	(2,106,830)	Government Grant	(1,269,920)
(2,183,239)	(2,628,370)	(2,628,370)	Retained Business Rates	(3,410,410)
(953,730)	(554,000)	(554,000)	Business Rates S31 Grants	(538,000)
(2,875,218)	(2,324,000)	(2,339,000)	New Homes Bonus	(3,782,820)
62,110	41,500	41,500	Parish CTS Payment	41,500
(6,105,813)	(6,161,990)	(6,161,990)	Council Tax	(6,490,310)
16,462	**0**	**30,040**	**Budget Gap**	**0**

Appendix E
Service Budgets

GENERAL FUND SUMMARY 2016/17 BUDGET				
Actuals 2014/15 £	**Budget 2015/16 £**	**Projected Outturn 2015/16 £**	**Detail**	**Estimate 2016/17 £**
			Corporate, Strategy & Personnel	
828,188	677,570	724,860	Corporate Allocable Costs	834,449
339,479	327,880	322,180	Corporate Management	274,970
127,853	175,160	179,570	Policy and Performance	161,300
1,295,520	**1,180,610**	**1,226,610**		**1,270,720**
			Legal & Democratic	
810,970	857,290	841,870	Democratic Representation	903,220
277,479	395,580	395,580	Electoral Services	422,920
99,353	91,600	91,600	Emergency Planning	97,340
(9,237)	0	8,350	Legal	4,850
55,342	57,830	57,830	Mayor	49,330
1,233,907	**1,402,300**	**1,395,230**		**1,477,660**
			Planning & Development	
116,381	120,730	127,360	Building Control	144,580
777,919	866,170	935,210	Development Control	906,920
458,621	349,370	349,760	Economic Development	404,000
1,074	(21,360)	(20,600)	Land Charges	(8,620)
(1,474)	0	(8,070)	Planning Administration	0
396,440	506,680	437,520	Strategic Planning	548,170
1,748,960	**1,821,590**	**1,821,180**		**1,995,050**
			Financial Services	
28,058	500	500	Accountancy	2,050
(245)	70	70	Audit Partnership	40
756,816	615,000	589,730	Benefits Administration	823,710
194,671	323,470	348,690	Council Tax Collection	442,070
(281)	(1,010)	(1,010)	Debtors/Debt Recovery	(1,130)
13,090	(20)	(20)	Exchequer	10
(248,196)	(245,290)	(245,290)	Housing Benefits Payments	(256,000)
(113,900)	(2,590)	(2,590)	Miscellaneous Expenditure	71,240
(56,751)	(88,580)	(88,580)	NNDR Collection	(82,120)
1,527,808	1,565,580	1,565,580	Non-Distributed Costs	1,554,750
2,101,070	**2,167,130**	**2,167,080**		**2,554,620**
			Human Resources and Technology	
229,243	204,030	202,480	Communications & Marketing	279,260
(108)	470	(11,430)	Telephony	(10)
(87,465)	2,440	65,900	ICT	(81,360)
18,953	152,800	138,160	Personnel & Development	93,120
160,623	**359,740**	**395,110**		**291,010**

GENERAL FUND SUMMARY 2016/17 BUDGET				
Actuals 2014/15 £	**Budget 2015/16 £**	**Projected Outturn 2015/16 £**	**Detail**	**Estimate 2016/17 £**
			Housing Services	
1,367	17,870	63,730	Private Sector Housing	51,620
135,475	141,280	141,280	Housing Strategy and Enabling	145,770
640,056	713,080	690,520	Housing Options	721,460
(1,281)	16,460	7,720	Gypsy Site - Chilmington	(3,140)
775,617	**888,690**	**903,250**		**915,710**
			Health, Parking & Community Safety	
455,895	505,190	535,130	Community Safety,AMC,Licencing	569,320
676,368	692,680	689,180	Environmental Health	669,590
(681,241)	(306,860)	(385,860)	Parking & Engineering	(356,210)
451,022	**891,010**	**838,450**		**882,700**
			Environment and Customer Services	
(2,558)	(10)	10,390	Visitor & Call Centre	(20)
486,063	598,320	606,430	Street Scene	597,670
2,871,340	2,997,850	2,914,530	Refuse,Recycling,Street Clean	3,006,470
1,095,658	1,031,410	1,031,410	Parks And Open Spaces	1,217,390
4,450,502	**4,627,570**	**4,562,760**		**4,821,510**
			Corporate Property & Projects	
25,756	35,990	33,900	Project Office	41,560
(961,888)	(1,096,360)	(1,083,860)	Corporate Property & Projects	(1,553,620)
(936,132)	**(1,060,370)**	**(1,049,960)**		**(1,512,060)**
			Culture & the Environment	
334,163	237,820	237,820	Cultural Services Management	219,070
1,488,095	1,700,590	1,779,190	Leisure Centres	1,343,460
163,066	159,560	159,560	Conservation	161,590
288,371	410,370	410,370	Single Grants Gateway	418,860
171,856	129,490	131,490	Tourism	146,340
342,706	377,410	377,410	Cultural Projects	423,810
2,788,256	**3,015,240**	**3,095,840**		**2,713,130**
14,069,346	**15,293,510**	**15,355,550**	**NET EXPENDITURE ON SERVICES**	**15,410,050**
			Other Items	
(1,694,370)	(2,106,200)	(2,106,200)	Capital Charges & Net Interest	(1,475,830)
50,180	40,260	40,260	Concurrent Functions	30,260
237,227	241,000	241,000	Levies & Precepts	241,000
2,357,723	265,120	248,120	Contributions to/from Reserves	1,244,480
15,020,106	**13,733,690**	**13,778,730**		**15,449,960**

Appendix F

Forecast of Reserves Balances (before re-ordering)

		2015/16			2016/17		
	Balance at 31st March 2015 £'000	Transfers In £'000	Transfers Out £'000	Balance at 31st March 2016 £'000	Transfers In £'000	Transfers Out £'000	Balance at 31st March 2017 £'000
General Fund Balance	(1,359)	(698)	116	(1,941)	(566)	450	(2,057)
	(1,359)	**(698)**	**116**	**(1,941)**	**(566)**	**450**	**(2,057)**
Earmarked Reserves							
Business Rate Income Res	(1,247)		97	(1,150)		1,000	(150)
Elections	(209)	(60)	140	(129)	(60)		(189)
Focus 2013-15	(786)		293	(493)		293	(200)
Footway Maintenance	(6)		6	0			0
Green Transport Initiatives	(45)	(5)		(50)	(5)		(55)
Hopewell Twinning Reserve	(5)			(5)			(5)
Interest Rate Reserve	(117)			(117)		100	(17)
Insurance Reserve	(215)		50	(165)			(165)
Land Searches Reserve	(113)			(113)			(113)
Members' IT	(29)	(5)		(34)	(5)		(39)
Netball Centre Reserve	(43)	(5)	40	(8)	(5)		(13)
New Homes Bonus	(1,077)	(3,150)	3,820	(407)	(3,471)	2,839	(1,039)
New Initiatives Reserve	(3,505)		3,505	0			0
Devolution Reserve	0			0	(65)		(65)
Planning Delivery Grant	(500)			(500)		100	(400)

Forecast of Reserves Balances - continued

	2015/16				2016/17		
	Balance at 31st March 2015 £'000	Transfers In £'000	Transfers Out £'000	Balance at 31st March 2016 £'000	Transfers In £'000	Transfers Out £'000	Balance at 31st March 2017 £'000
Chilmington reserve	(250)	(100)		(350)		40	(310)
Repairs & Renewals	(369)		235	(134)	(80)	140	(74)
Section 106 Monitoring Fee	(84)	(10)	20	(74)	(10)	20	(64)
Service Pressure Reserve	(143)		30	(113)		30	(83)
Singleton Environment Centre	(6)			(6)			(6)
St Mary's Church Ruin	(5)			(5)			(5)
Stour Centre	(1,218)	(70)	190	(1,098)	(70)	640	(528)
Transport Initiatives	(110)	(10)		(120)		60	(60)
Waterside Reserve	(22)	(7)		(29)	(7)		(36)
Developer Contributions							
S106 Unapplied Grants	(3,924)	(75)		(3,999)		875	(3,124)
Commuted Sums Unapplied Grants	(823)	(50)	155	(718)	(50)	155	(613)
Spg6 Unapplied Grants	(753)	(30)		(783)	(30)		(813)
Total Earmarked Reserves	**(15,604)**	**(3,577)**	**8,581**	**(10,600)**	**(3,858)**	**6,292**	**(8,166)**

Appendix G

DISCRETIONARY & STATUTORY FEES 2016/17

LICENSING FEES

Item	Statutory or Discretionary	Description/Comments	VAT Indicator	Charge 2014/15 £	Charge 2015/16 £	Proposed Charge 2016/17 £	Increase / Decrease on 2015/16 %
Licensing Act							
Premises - new application	Statutory	Fee band - A	NB	100.00	100.00	100.00	0.00%
		Fee band - B	NB	190.00	190.00	190.00	0.00%
		Fee band - C	NB	315.00	315.00	315.00	0.00%
		Fee band - D - if exclusively or primarily for supply, sale or consumption of alcohol double the fee	NB	450.00	450.00	450.00	0.00%
		Fee band - E - if exclusively or primarily for supply, sale or consumption of alcohol triple the fee	NB	635.00	635.00	635.00	0.00%
		Premises allowing 5000+ people attract additional		See regulation for detail			
		Premises where only licensable activity is regulated entertainment & premises is education, church hall, village hall or similar		No fee payable			
Premises - annual fee	Statutory	Fee band - A	NB	70.00	70.00	70.00	0.00%
		Fee band - B	NB	180.00	180.00	180.00	0.00%
		Fee band - C	NB	295.00	295.00	295.00	0.00%
		Fee band - D - if exclusively or primarily for supply, sale or consumption of alcohol double the fee	NB	320.00	320.00	320.00	0.00%
		Fee band - E - if exclusively or primarily for supply, sale or consumption of alcohol triple the fee	NB	350.00	350.00	350.00	0.00%
		Premises allowing 5000+ people attract additional fees		See regulation for detail			
Personal	Statutory		NB	37.00	37.00	37.00	0.00%
Temporary Event Notice	Statutory		NB	21.00	21.00	21.00	0.00%
Change of address notification	Statutory		NB	10.50	10.50	10.50	0.00%
Replacement licence etc (due to	Statutory		NB	10.50	10.50	10.50	0.00%
Designated premises supervisor	Statutory		NB	23.00	23.00	23.00	0.00%
Premises licence transfer	Statutory		NB	23.00	23.00	23.00	0.00%
Club registration change	Statutory		NB	10.50	10.50	10.50	0.00%
Club name or rules notification	Statutory		NB	10.50	10.50	10.50	0.00%
Interim Authority Notice	Statutory		NB	23.00	23.00	23.00	0.00%
Provisional Statement	Statutory		NB	315.00	315.00	315.00	0.00%
Freeholder notification of licensing	Statutory		NB	21.00	21.00	21.00	0.00%
Minor Variation	Statutory		NB	89.00	89.00	89.00	0.00%

DISCRETIONARY & STATUTORY FEES 2016/17

LICENSING FEES

Animal Welfare and Public Health Licences							
Dog Breeding Establishments	Discretionary	New Licence	NB	541.00	555.00	557.00	0.36%
	Discretionary	Renewal	NB	134.00	137.00	138.00	0.73%
	Discretionary	Variation	NB	134.00	137.00	138.00	0.73%
	Discretionary	Concurrent 2nd application	NB	67.00	69.00	69.00	0.00%
Animal Boarding Establishments	Discretionary	New Licence	NB	541.00	555.00	557.00	0.36%
	Discretionary	Renewal	NB	134.00	137.00	138.00	0.73%
	Discretionary	Variation	NB	134.00	137.00	138.00	0.73%
	Discretionary	Concurrent 2nd application	NB	67.00	69.00	69.00	0.00%
Home Boarding	Discretionary	New Licence	NB	84.00	86.00	87.00	1.16%
	Discretionary	Renewal	NB	65.00	67.00	67.00	0.00%
Pet Shops	Discretionary	New Licence	NB	541.00	555.00	557.00	0.36%
	Discretionary	Renewal	NB	134.00	137.00	138.00	0.73%
	Discretionary	Variation	NB	134.00	137.00	138.00	0.73%
	Discretionary	Concurrent 2nd application	NB	67.00	69.00	69.00	0.00%
Riding Establishments	Discretionary	New Licence	NB	541.00	555.00	557.00	0.36%
	Discretionary	Renewal	NB	391.00	401.00	403.00	0.50%
	Discretionary	Variation	NB	73.00	75.00	76.00	1.33%
	Discretionary	Concurrent 2nd application	NB	34.00	35.00	35.00	0.00%
Dangerous Wild Animals	Discretionary	New Licence (2 year licence)	NB	894.00	916.00	922.00	0.66%
	Discretionary	Renewal (2 year licence)	NB	612.00	627.00	631.00	0.64%
	Discretionary	Variation	NB	315.00	323.00	325.00	0.62%
	Discretionary	Concurrent 2nd application	NB	79.00	81.00	82.00	1.23%
Zoos	Discretionary	Consideration	NB	1,113.00	1,141.00	1,149.00	0.70%
	Discretionary	Licence (4 year licence)	NB	1,835.00	1,881.00	1,894.00	0.69%
	Discretionary	Renewal (6 year licence)	NB	2,753.00	2,822.00	2,842.00	0.71%
	Discretionary	Dispensation - 14(1)(a)	NB	448.00	459.00	462.00	0.65%

DISCRETIONARY & STATUTORY FEES 2016/17

LICENSING FEES

Public Health Licences							
Acupuncture	Discretionary	Initial registration practitioner/premises	NB	166.00	170.00	171.00	0.59%
	Discretionary	Additional practitioner/premises	NB	101.00	104.00	105.00	0.96%
	Discretionary	Minor variation	NB	28.00	29.00	29.00	0.00%
Tattooing (including semi-permanent skin-colouring)	Discretionary	Initial registration practitioner/premises	NB	321.00	329.00	331.00	0.61%
	Discretionary	Additional practitioner/premises	NB	101.00	104.00	105.00	0.96%
	Discretionary	Minor variation	NB	28.00	29.00	29.00	0.00%
Electrolysis	Discretionary	Initial registration practitioner/premises	NB	166.00	170.00	171.00	0.59%
	Discretionary	Additional practitioner/premises	NB	101.00	104.00	105.00	0.96%
	Discretionary	Minor variation	NB	28.00	29.00	29.00	0.00%
Cosmetic Piercing (excluding ear piercing)	Discretionary	Initial registration practitioner/premises	NB	321.00	329.00	331.00	0.61%
	Discretionary	Additional practitioner/premises	NB	101.00	104.00	105.00	0.96%
	Discretionary	Minor variation	NB	28.00	29.00	29.00	0.00%
Ear Piercing	Discretionary	Initial registration practitioner/premises	NB	166.00	170.00	171.00	0.59%
	Discretionary	Additional practitioner/premises	NB	101.00	104.00	29.00	-72.12%
	Discretionary	Minor variation	NB	28.00	29.00	29.00	0.00%
Hairdressing	Statutory	Registration		No fee payable			
Sex Establishments Licence							
Sex Shops, Sex Cinemas and Sexual Entertainment Venue Licences	Discretionary	Grant	NB	3,172.00	3,204.00	3,204.00	0.00%
	Discretionary	Renewal	NB	579.00	350.00	350.00	0.00%
	Discretionary	Transfer	NB	579.00	350.00	350.00	0.00%

DISCRETIONARY & STATUTORY FEES 2016/17

LICENSING FEES

Street Trading and Consents							
Publicity Displays	Statutory			No fee payable			
Street Collection Permit	Statutory			No fee payable			
Street Trading Licence	Discretionary	Yearly	NB	71.00	71.00	72.00	1.41%
Casual Street Trading Licence/Consent For One Off Event	Discretionary	Grant	NB	11.50	11.50	12.00	4.35%
Casual Street Trading Licence for Market	Discretionary	Monthly	NB	25.00	25.00	26.00	4.00%
Street Trading Consent	Discretionary	Yearly	NB	71.00	71.00	72.00	1.41%
New Site Street Trading Consent - static	Discretionary	Grant -if planning permission already granted	NB	155.00	100.00	100.00	0.00%
New Site Street Trading Consent - static	Discretionary	Grant - if no planning permission at time of application	NB	310.00	200.00	200.00	0.00%
New Site Street Trading Consent - short term static	Discretionary	Grant - 1 site £100 (£25 extra for each additional site, i.e. £125 for 2 sites, £150 for 3 sites	NB	£160 per site plus £55 per additional site	£100 per site plus £25 per additional site	£100 per site plus £25 per additional site	-37.50%
Hawker Street Trading Consent	Discretionary	Yearly	NB	71.00	71.00	72.00	1.41%
Town Centre Commercial Booking	Discretionary	Daily (Monday - Friday, Sunday).For 4 consecutive days deduct £100 from total cost 5 consecutive days deduct £150, and for 6 consecutive days deduct £200)	NB	150.00	150.00	150.00	0.00%
Town Centre Commercial Booking	Discretionary	Small, local businesses, weekdays and Sundays	NB			50.00	
Town Centre Commercial Booking	Discretionary	Small, local businesses, Saturdays	NB			75.00	
Town Centre Commercial Booking	Discretionary	1 day (Saturday)	NB	200.00	200.00	200.00	0.00%

DISCRETIONARY & STATUTORY FEES 2016/17

LICENSING FEES

Street Trading Consent Rents							
Furners Wood Lay-by - cherry stall	Discretionary	Monthly rents	NB	150.00	150.00	150.00	0.00%
Furners Wood Lay-by - hot food	Discretionary	Monthly rents	NB	225.00	225.00	225.00	0.00%
Great Chart - A28 Tenterden bound - Food	Discretionary	Monthly rents	NB	225.00	225.00	225.00	0.00%
Great Chart - A28 Tenterden bound - Non Food	Discretionary	Monthly rents	NB	150.00	150.00	150.00	0.00%
Great Chart - A28 Ashford bound - Food	Discretionary	Monthly rents	NB	225.00	225.00	225.00	0.00%
Great Chart - A28 Ashford bound Non Food	Discretionary	Monthly rents	NB	150.00	150.00	150.00	0.00%
Hothfield - A20 Maidstone bound - Non Food	Discretionary	Monthly rents	NB	150.00	150.00	150.00	0.00%
Hothfield - A20 Maidstone bound - Food	Discretionary	Monthly rents	NB	225.00	225.00	225.00	0.00%
Hothfield - A20 Ashford bound - Non Food	Discretionary	Monthly rents	NB	150.00	150.00	150.00	0.00%
Hothfield - A20 Ashford bound - Food	Discretionary	Monthly rents	NB	225.00	225.00	225.00	0.00%
Henwood	Discretionary	Monthly rents	NB	206.50	206.50	206.50	0.00%
Recreation Ground Road car park	Discretionary	Monthly rents	NB	380.00	380.00	380.00	0.00%
Potters Corner, Hothfield	Discretionary	Monthly rents	NB	225.00	225.00	225.00	0.00%
Hall Avenue, Sevington	Discretionary	Max 28 days use per year	NB	240.00	240.00	240.00	0.00%
Chilham Mill	Discretionary		NB	225.00	225.00	225.00	0.00%

DISCRETIONARY & STATUTORY FEES 2016/17							
LICENSING FEES							
Council Land							
Charity	Discretionary			No fee payable			
Commercial (e.g. circuses and funfairs)	Discretionary	per operating day	NB	260.00	267.00	270.00	1.12%
	Discretionary	per non-operating day	NB	185.00	190.00	190.00	0.00%
Food Hygiene							
Level 2 course	Discretionary		EX	70.00	48.00	48.00	0.00%
Re-sit (at time of next course)	Discretionary		EX	18.00	18.00	18.00	0.00%
Re-sit (oral)	Discretionary		EX	42.00	42.00	42.00	0.00%
Food Safety Charges							
Food Surrender Certificate	Discretionary		NB	93.00	95.00	96.00	1.05%
Inspection (Voluntary Surrender) or	Discretionary	Per hour	NB	91.00	93.00	94.00	1.08%
plus tipping charge at cost	Charged by tip			NA	NA	NA	NA
Export Certificate for food manufacture	Discretionary		NB	154.00	158.00	159.00	0.63%
Miscellaneous							
Scrap Metal Site Licence	Discretionary		NB	300	303.00	305.00	0.66%
Scrap Metal Collectors Licence	Discretionary		NB	200	202.00	205.00	1.49%
Scrap Metal Site Licence - Renewal	Discretionary		NB	200	202.00	205.00	1.49%
Scrap Metal Collectors Licence - Renewal	Discretionary		NB	100	101.00	102.00	0.99%
Scrap Metal Variations	Discretionary		NB	75	76.00	77.00	1.32%
Scrap Metal Replacement Licence	Discretionary		NB		11.00	11.00	NA

DISCRETIONARY & STATUTORY FEES 2016/17

LICENSING FEES

Gambling Act							
New small casino	Statutory	New application	NB	6,442.00	6,506.00	6,570.00	0.98%
		Annual fee	NB	3,664.00	3,701.00	3,730.00	0.78%
		Variation	NB	2,645.00	2,671.00	2,690.00	0.71%
		Transfer	NB	1,538.00	1,553.00	1,564.00	0.71%
		Re-instatement	NB	1,292.00	1,305.00	1,314.00	0.69%
		Provisional statement	NB	6,442.00	6,506.00	6,570.00	0.98%
		Provisional statement holders	NB	2,296.00	2,319.00	2,335.00	0.69%
		Copy licence	NB	26.00	25.00	25.00	0.00%
		Notification of change	NB	51.00	50.00	50.00	0.00%
New large casino	Statutory Maximum	New application	NB	7,729.00	7,806.00	7,860.00	0.69%
		Annual fee	NB	7,395.00	7,469.00	7,520.00	0.68%
		Variation	NB	3,495.00	3,530.00	3,555.00	0.71%
		Transfer	NB	1,804.00	1,822.00	1,835.00	0.71%
		Re-instatement	NB	2,035.00	2,055.00	2,070.00	0.73%
		Provisional statement	NB	7,729.00	7,806.00	7,860.00	0.69%
		Provisional statement holders	NB	3,793.00	3,831.00	3,860.00	0.76%
		Copy licence	NB	26.00	25.00	25.00	0.00%
		Notification of change	NB	51.00	50.00	50.00	0.00%
Regional casino	Statutory Maximum	New application	NB	12,177.00	12,299.00	12,380.00	0.66%
		Annual fee	NB	11,419.00	11,533.00	11,610.00	0.67%
		Variation	NB	5,709.00	5,766.00	5,800.00	0.59%
		Transfer	NB	4,156.00	4,198.00	4,230.00	0.76%
		Re-instatement	NB	4,156.00	4,198.00	4,230.00	0.76%
		Provisional statement	NB	12,177.00	12,299.00	12,380.00	0.66%
		Provisional statement holders	NB	5,930.00	5,989.00	6,030.00	0.68%
		Copy licence	NB	26.00	25.00	25.00	0.00%
		Notification of change	NB	51.00	50.00	50.00	0.00%
Bingo club	Statutory Maximum	New application	NB	2,214.00	2,236.00	2,250.00	0.63%
		Annual fee	NB	690.00	697.00	700.00	0.43%
		Variation	NB	1,512.00	1,527.00	1,540.00	0.85%
		Transfer	NB	841.00	849.00	855.00	0.71%
		Re-instatement	NB	841.00	849.00	855.00	0.71%
		Provisional statement	NB	2,214.00	2,236.00	2,250.00	0.63%
		Provisional statement holders	NB	912.00	921.00	930.00	0.98%
		Copy licence	NB	26.00	25.00	25.00	0.00%
		Notification of change	NB	51.00	50.00	50.00	0.00%

DISCRETIONARY & STATUTORY FEES 2016/17

LICENSING FEES

Gambling Act							
Betting Premises (excluding tracks)	Statutory	New application	NB	2,250.00	2,273.00	2,290.00	0.75%
		Annual fee	NB	445.00	449.00	455.00	1.34%
		Variation	NB	1,276.00	1,289.00	1,300.00	0.85%
		Transfer	NB	841.00	849.00	855.00	0.71%
		Re-instatement	NB	841.00	849.00	855.00	0.71%
		Provisional statement	NB	2,214.00	2,236.00	2,250.00	0.63%
		Provisional statement holders	NB	912.00	921.00	930.00	0.98%
		Copy licence	NB	26.00	25.00	25.00	0.00%
		Notification of change	NB	51.00	50.00	50.00	0.00%
Tracks	Statutory Maximum	New application	NB	1,732.00	1,749.00	1,760.00	0.63%
		Annual fee	NB	687.00	694.00	700.00	0.86%
		Variation	NB	1,158.00	1,170.00	1,180.00	0.85%
		Transfer	NB	841.00	849.00	855.00	0.71%
		Re-instatement	NB	841.00	849.00	855.00	0.71%
		Provisional statement	NB	1,732.00	1,749.00	1,760.00	0.63%
		Provisional statement holders	NB	912.00	921.00	930.00	0.98%
		Copy licence	NB	26.00	25.00	25.00	0.00%
		Notification of change	NB	51.00	50.00	50.00	0.00%
Family Entertainment Centres	Statutory Maximum	New application	NB	1,732.00	1,749.00	1,760.00	0.63%
		Annual fee	NB	595.00	601.00	605.00	0.67%
		Variation	NB	779.00	787.00	795.00	1.02%
		Transfer	NB	841.00	849.00	855.00	0.71%
		Re-instatement	NB	841.00	849.00	855.00	0.71%
		Provisional statement	NB	1,732.00	1,749.00	1,760.00	0.63%
		Provisional statement holders	NB	753.00	761.00	770.00	1.18%
		Copy licence	NB	26.00	25.00	25.00	0.00%
		Notification of change	NB	51.00	50.00	50.00	0.00%
Adult Gaming Centre	Statutory Maximum	New application	NB	1,732.00	1,749.00	1,760.00	0.63%
		Annual fee	NB	690.00	697.00	705.00	1.15%
		Variation	NB	780.00	788.00	795.00	0.89%
		Transfer	NB	841.00	849.00	855.00	0.71%
		Re-instatement	NB	841.00	849.00	855.00	0.71%
		Provisional statement	NB	1,732.00	1,749.00	1,760.00	0.63%
		Provisional statement holders	NB	912.00	921.00	930.00	0.98%
		Copy licence	NB	26.00	25.00	25.00	0.00%
		Notification of change	NB	26.00	50.00	50.00	0.00%
Temporary Use Notices	Statutory Maximum	New application	NB	200.00	202.00	204.00	0.99%
		Copy licence	NB	26.00	25.00	25.00	0.00%

DISCRETIONARY & STATUTORY FEES 2016/17

LICENSING FEES

Gambling Act							
Licensed Premises Gaming Machine	Statutory	Grant	NB	150.00	150.00	150.00	0.00%
		Existing operator grant	NB	100.00	100.00	100.00	0.00%
		Variation	NB	100.00	100.00	100.00	0.00%
		Transfer	NB	25.00	25.00	25.00	0.00%
		Annual Fee	NB	50.00	50.00	50.00	0.00%
		Change of name	NB	25.00	25.00	25.00	0.00%
		Copy of permit	NB	15.00	15.00	15.00	0.00%
Lottery Registration	Statutory Maximum	New Application	NB	40.00	40.00	40.00	0.00%
		Renewal	NB	20.00	20.00	20.00	0.00%
Licensed Premises Automatic Notification Process	Statutory Maximum	Notification	NB	50.00	50.00	50.00	0.00%
Club Gaming Permits	Statutory Maximum	Grant	NB	200.00	200.00	200.00	0.00%
		Grant (Club Premises Certificate holder)	NB	100.00	100.00	100.00	0.00%
		Existing operator grant	NB	100.00	100.00	100.00	0.00%
		Variation	NB	100.00	100.00	100.00	0.00%
		Renewal	NB	200.00	200.00	200.00	0.00%
		Renewal (Club Premises Certificate holder)	NB	100.00	100.00	100.00	0.00%
		Annual Fee	NB	50.00	50.00	50.00	0.00%
		Copy of permit	NB	15.00	15.00	15.00	0.00%
Club Machine Permits	Statutory Maximum	Grant	NB	200.00	200.00	200.00	0.00%
		Grant (Club Premises Certificate holder)	NB	100.00	100.00	100.00	0.00%
		Existing operator grant	NB	100.00	100.00	100.00	0.00%
		Variation	NB	100.00	100.00	100.00	0.00%
		Renewal	NB	200.00	200.00	200.00	0.00%
		Renewal (Club Premises Certificate holder)	NB	100.00	100.00	100.00	0.00%
		Annual Fee	NB	50.00	50.00	50.00	0.00%
		Copy of permit	NB	15.00	15.00	15.00	0.00%
Family Entertainment Centre Gaming Machine Permit	Statutory Maximum	Grant	NB	300.00	300.00	300.00	0.00%
		Renewal	NB	300.00	300.00	300.00	0.00%
		Existing operator grant	NB	100.00	100.00	100.00	0.00%
		Change of name	NB	25.00	25.00	25.00	0.00%
		Copy of permit	NB	15.00	15.00	15.00	0.00%
Prize Gaming Permits	Statutory Maximum	Grant	NB	300.00	300.00	300.00	0.00%
		Renewal	NB	300.00	300.00	300.00	0.00%
		Existing operator grant	NB	100.00	100.00	100.00	0.00%
		Change of name	NB	25.00	25.00	25.00	0.00%
		Copy of permit	NB	15.00	15.00	15.00	0.00%
		Annual Fee	NB	20.00	20.00	20.00	0.00%

DISCRETIONARY & STATUTORY FEES 2016/17

LICENSING FEES

Hackney Carriage/Private Hire							
Hackney Carriage & Private Hire Drivers Licence	Discretionary	For 1 year	NB	49.00	50.00	50.00	0.00%
		For 3 years	NB	75.00	100.00	100.00	0.00%
Vehicle Licence	Discretionary	New	NB	300.00	303.00	305.00	0.66%
		Renewal	NB	280.00	283.00	285.00	0.71%
Additional Hackney Carriage & Private Hire Drivers licence	Discretionary		NB	20.00	20.00	20.00	0.00%
Private Hire Operators	Discretionary	1-3 Vehicles	NB	75.00	76.00	125.00	64.47%
		4-10 Vehicles	NB	250.00	253.00	420.00	66.01%
		11-20 Vehicles	NB	500.00	505.00	840.00	66.34%
Drivers Badge (replacement)	Discretionary		NB	10.50	11.00	11.00	0.00%
Fee for Returned (Bounced) Cheques	Discretionary		NB	16.00	16.00	16.00	0.00%
Transfer of vehicle licence (including plate)	Discretionary		NB	25.00	25.00	25.00	0.00%
Replcement Plate (internal/external)	Discretionary		NB	25.00	25.00	25.00	0.00%
Additional Vehicle under an Operators Licence	Discretionary	Category 1-3 to 4-10	NB	175.00	177.00	290.00	63.84%
	Discretionary	Category 4-10 to 11-20	NB	250.00	253.00	420.00	66.01%
Replacement Licence	Discretionary		NB	10.50	11.00	11.00	0.00%
Hackney carriage knowledge test	Discretionary				50.00	50.00	0.00%
CRB	Set by Home Office		NB	44.00	44.00	44.00	0.00%

VAT Indicator:
NB = Non Business no VAT
EX = Exempt from VAT

DISCRETIONARY & STATUTORY FEES 2016/17

Parking Charges

Item	Description/Comments	VAT Indicator	Charge 2014/15 £	Charge 2015/16 £	Proposed Charge 2016/17 £	Increase / Decrease on 2015/16 %
Season Tickets (Ashford)						
	Edinburgh Road Reserved 12 months	VT	1,520.00	1,520.00	1,520.00	0.00%
	Flour Mills Car Park 1 month	VT	68.00	68.00	68.00	0.00%
	Flour Mills Car Park 3 months	VT	191.00	191.00	191.00	0.00%
	Flour Mills Car Park 6 months	VT	360.00	360.00	360.00	0.00%
	Flour Mills Car Park 12 months	VT	675.00	675.00	675.00	0.00%
	Town Centre 1 month	VT	76.00	76.00	76.00	0.00%
	Town Centre 3 Months	VT	215.00	215.00	215.00	0.00%
	Town Centre 6 Months	VT	405.00	405.00	405.00	0.00%
	Town Centre 12 Months	VT	760.00	760.00	760.00	0.00%
	Henwood Parking Area 1 month	VT	54.00	54.00	54.00	0.00%
	Henwood Parking Area 3 months	VT	153.00	153.00	153.00	0.00%
	Henwood Parking Area 6 months	VT	288.00	288.00	288.00	0.00%
	Henwood Parking Area 12 months	VT	540.00	540.00	540.00	0.00%
Season Tickets (Tenterden)						
	Bridewell Lane Car Park 1 month	VT	76.00	76.00	76.00	0.00%
	Bridewell Lane Car Park 3 months	VT	215.00	215.00	215.00	0.00%
	Bridewell Lane Car Park 6 months	VT	405.00	405.00	405.00	0.00%
	Bridewell Lane Car Park 12 months	VT	760.00	760.00	760.00	0.00%
	Bridewell Lane Reserved 12 months	VT	1,520.00	1,520.00	1,520.00	0.00%
	**Season Tickets issued for Bridewell Lane car park are also valid in the rear car park at Tenterden Leisure Centre*					
	Admin Charge for loss of season ticket	VT	10.00	10.00	10.00	0.00%
	Admin Charge for refund of Season ticket	VT	10.00	10.00	10.00	0.00%

DISCRETIONARY & STATUTORY FEES 2016/17

Parking Charges

Item	Description/Comments	VAT Indicator	Charge 2014/15 £	Charge 2015/16 £	Proposed Charge 2016/17 £	Increase / Decrease on 2015/16 %
Residents Permits						
	Zone A Annual	EX	100.00	120.00	120.00	0.00%
	Zone B Annual	EX	40.00	50.00	50.00	0.00%
	Zone B Annual - Off Street Residents Parking Permit	VT	135.00	135.00	135.00	0.00%
	Zone D Annual	EX	25.00	30.00	30.00	0.00%
	Zone E Annual	EX	25.00	30.00	30.00	0.00%
	Zone F Annual	EX	25.00	30.00	30.00	0.00%
	Zone G Annual	EX	25.00	30.00	30.00	0.00%
	Admin Charge for loss of permit	EX	5.00	5.00	5.00	0.00%
Other Permits						
	Visitor's permits each	EX	1.00	1.00	1.00	0.00%
	Staff (decrementing) card per day	VT	1.00	1.00	1.00	0.00%
	Staff permit per month	VT	18.00	18.00	18.00	0.00%
	Admin Charge for loss of staff card/permit	VT	5.00	5.00	5.00	0.00%
	HPA parking permit annual	VT	760.00	760.00	760.00	0.00%
	DSA parking permit annual	VT	760.00	760.00	760.00	0.00%
Misc Charges						
	Waivers	VT	30.00	30.00	30.00	0.00%
	Additional Charge for occupying on street pay and display bay, per bay per day	VT	10.00	10.00	10.00	0.00%
	Additional Charge for occupying on street pay and display	VT	30.00	30.00	30.00	0.00%
	Bay Suspensions per month	VT	50.00	50.00	50.00	0.00%
	Replacement of lost cones per cone	VT	20.00	20.00	20.00	0.00%
	Locked Car park-vehicle release fee	VT	55.00	55.00	55.00	0.00%
	Install white access highlight markings (dog-bones)	VT	0.00	121.00	121.00	0.00%
	Refresh white access highlight markings (dog-bones)	VT	0.00	158.00	158.00	0.00%
	Printing Charges Up to 5 pages per page	VT	0.50	0.50	0.50	0.00%
	Printing Charges more than 5 pages per page	VT	0.10	0.10	0.10	0.00%

DISCRETIONARY & STATUTORY FEES 2016/17

Parking Charges

Item	Description/Comments	VAT Indicator	Charge 2014/15 £	Charge 2015/16 £	Proposed Charge 2016/17 £	Increase / Decrease on 2015/16 %
Car Park Charges (Ashford)						
	Civic Centre and Stour Centre car park minimum charge up to 2 hours	VT	0.80	0.80	0.80	0.00%
	Civic Centre and Stour Centre car park per hour over 2 hours. Linear Charge in 5p increments	VT	1.00	1.00	1.00	0.00%
	Civic Centre and Stour Centre car park charge over 4 hours Mon-Fri	VT	10.00	10.00	10.00	0.00%
	Civic Centre and Stour Centre car park charge over 4 hours Sat and Sun	VT	4.50	4.50	4.50	0.00%
	Civic Centre and Stour Centre car park per hour Coach Charge (Linear Charge in 5p increments)	VT	1.50	1.50	1.50	0.00%
	Civic Centre and Stour Centre car park Coach charge over 4	VT	10.00	10.00	10.00	0.00%
	Dover Place Car Park per hour	VT	1.00	1.00	1.00	0.00%
	Dover Place Car Park charge over 4 hours	VT	4.50	4.50	4.50	0.00%
	Edinburgh Road Car Park per hour	VT	1.00	1.00	1.00	0.00%
	Edinburgh Road Car Park charge over 4 hours	VT	4.50	4.50	4.50	0.00%
	Flour Mills Car Park per hour	VT	1.00	1.00	1.00	0.00%
	Flour Mills Car Park charge over 4 hours	VT	4.00	4.00	4.00	0.00%
	Henwood Car Park per hour	VT	0.80	0.80	0.80	0.00%
	Henwood Car Park charge over 4 hours	VT	3.20	3.20	3.20	0.00%
	Station Road Ashford Car park per hour	VT	1.00	1.00	1.00	0.00%
	Station Road Ashford Car park charge over 4 hours	VT	4.50	4.50	4.50	0.00%
	Vicarage Lane Car Park per hour	VT	1.00	1.00	1.00	0.00%
	Vicarage Lane Car Park charge over 4 hours	VT	10.00	10.00	10.00	0.00%

DISCRETIONARY & STATUTORY FEES 2016/17

Parking Charges

Item	Description/Comments	VAT Indicator	Charge 2014/15 £	Charge 2015/16 £	Proposed Charge 2016/17 £	Increase / Decrease on 2015/16 %
Car Park Charges (Tenterden)						
	Bridewell Lane Car Park per hour	VT	1.00	1.00	1.00	0.00%
	Bridewell Lane Car Park charge over 4 hours	VT	4.50	4.50	4.50	0.00%
	Recreation Ground Road Car Park per hour	VT	1.00	1.00	1.00	0.00%
	Recreation Ground Road Car Park charge over 4 hours	VT	10.00	10.00	10.00	0.00%
	Station Road Car Park Tenterden per hour	VT	1.00	1.00	1.00	0.00%
	Station Road Car Park Tenterden charge over 4 hours	VT	10.00	10.00	10.00	0.00%
	Station Road Car Park Tenterden per hour Coach charge	VT	1.50	1.50	1.50	0.00%
	Station Road Car Park Tenterden charge over 4 hours	VT	10.00	10.00	10.00	0.00%
	Tenterden Leisure Centre Car Park per hour	VT	1.00	1.00	1.00	0.00%
	Tenterden Leisure Centre Car Park charge over 4 hours	VT	10.00	10.00	10.00	0.00%
	Tenterden Leisure Centre Car Park Coach charge per hour	VT	1.50	1.50	1.50	0.00%
	Tenterden Leisure Centre Car Park Coach charge over 4 hours	VT	10.00	10.00	10.00	0.00%
On Street Parking Charges						
	Charge per hour before 6pm	EX	1.00	1.00	1.00	0.00%
	Charge after 6pm for parking up to 1 hour	EX	1.00	1.00	1.00	0.00%
	Charge after 6pm for parking over one hour	EX	2.70	2.70	2.70	0.00%
Penalty Charge Notices						
	Lower level	EX	50.00	50.00	50.00	0.00%
	Higher level	EX	70.00	70.00	70.00	0.00%

Where an actual recharge (based on hours worked) exceeds minimum figures above, the actual charge is to be levied unless commercial in which case an uplift of a minimum of 50% should be considered with Team Leader or Head of Service.

VAT Indicator:
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VT = Inclusive of VAT

DISCRETIONARY & STATUTORY FEES 2016/17

Charge for the Supply of Information and Photocopies of Documents

Item	Description/Comments	VAT Indicator	Charge 2014/15 £	Charge 2015/16 £	Proposed Charge 2016/17 £	Increase / Decrease on 2015/16 %
General Photocopying	Per sheet of photocopy (for the first 10 sheets)	VT	0.36	0.37	0.37	0.00%
	Further Copies	VT	0.18	0.18	0.18	0.00%
Fax	First Page	VT	1.36	1.39	1.40	0.72%
	Each page thereafter	VT	0.72	0.74	0.75	1.35%
Notices and Extracts	Authenticated Building Control Regulation Approval or Completion Certificate	VT	10.00	10.00	10.00	0.00%
	Architects Plans (A3 & A4)	VT	0.36	0.37	0.37	0.00%
	Architects Plans (A2+)	VT	6.06	6.21	6.25	0.64%
Fact sheets	Major Development Proposals in Ashford (per page)	VT	1.66	1.70	1.71	0.59%
	All other fact sheets (per page)	VT	0.36	0.37	0.37	0.00%
Requests for Planning Information*		VT	52.50	53.50	53.90	0.75%
Requests for Building Control Information*		VT	52.50	53.50	53.90	0.75%
Inspection of approved Building Regulation Plans*		VT	52.50	53.50	53.90	0.75%
Gas and Pipeline Extracts*		VT	6.53	6.69	6.74	0.75%
Hard Copy Provision of Weekly List		VT	169.79	174.03	175.25	0.70%
Postage and Packing		VT	0.36	0.93	0.94	1.08%

*Fee for addition work on information that is freely available on website

DISCRETIONARY & STATUTORY FEES 2016/17

Sale of Documents and Room Hire

Item	Description/Comments		VAT Indicator	Charge 2014/15 £	Charge 2015/16 £	Proposed Charge 2016/17 £	Increase / Decrease on 2015/16 %
Minutes	Council and Committees	- per annum	VT	179.85	184.35	185.64	0.70%
	(excluding the Planning Committee)	- per cycle	VT	36.37	37.28	37.54	0.70%
	Cabinet only	- per annum	VT	119.21	122.19	123.05	0.70%
		- per cycle	VT	24.40	25.01	25.19	0.72%
	Planning Committee only	- per annum	VT	119.21	122.19	123.05	0.70%
		- per cycle	VT	24.40	25.01	25.19	0.72%
	A single committee and its Sub- Committee	- per annum	VT	60.46	61.97	62.40	0.69%
	(excluding the Planning Committee)	- per cycle	VT	12.55	12.86	12.95	0.70%
Agendas and Reports	Council and Committees	- per annum	VT	321.96	330.01	332.32	0.70%
	(excluding the Planning Committee)	- per cycle	VT	64.94	66.56	67.03	0.71%
	Cabinet only	- per annum	VT	602.15	617.20	621.52	0.70%
		- per cycle	VT	25.80	26.45	26.64	0.72%
	Planning Committee only	- per annum	VT	602.15	617.20	621.52	0.70%
		- per cycle	VT	25.80	26.45	26.64	0.72%
	A single committee and its Sub- Committee	- per annum	VT	64.94	66.56	67.03	0.71%
	(excluding the Planning Committee)	- per cycle	VT	13.52	13.86	13.96	0.72%
	NB Head of Legal and Democratic Services may determine a higher charge where the Agenda and Reports are in excess of 200 pages						
Other Publications	Annual Budget Book / Statement of Accounts						
	- requested by individuals		VT	8.43	8.64	8.70	0.69%
	- requested by commercial bodies		VT	41.43	42.47	42.77	0.71%
	Council Year Book		VT	3.38	3.46	3.48	0.58%
	Copy of Lease, Order etc		VT	7.42	7.61	7.66	0.66%
	Copy of Byelaws - Statutory Fee		VT	0.25	0.26	0.26	0.00%
Room Hire	Council Chamber	- Up to 4 hours	VT	159.70	163.69	163.69	0.00%
		- Full Day	VT	280.33	287.34	287.34	0.00%
		- Evening after 5pm	VT	257.05	263.48	263.48	0.00%
	Committee Rooms	- Up to 4 hours	VT	83.70	85.79	85.79	0.00%
		- Full Day	VT	150.33	154.09	154.09	0.00%
		- Evening after 5pm	VT	144.68	148.30	148.30	0.00%

VAT Indicator:
VT = Inclusive of VAT

DISCRETIONARY & STATUTORY FEES 2016/17

Cemetery Charges

Item	Description/Comments	VAT Indicator	Charge 2014/15 £	Charge 2015/16 £	Proposed Charge 2016/17 £	Increase / Decrease on 2015/16 %
Cemetery Charges - Bybrook and Willesborough Cemeteries						
Composite Burial Fee For New Graves (Includes Digging Fee, Purchase of Right of Burial for 30 years and wooden cross)	(1) Single Grave Depth	EX	1,087.00	1,114.00	1,122.00	0.72%
	(2) Double Grave Depth	EX	1,198.00	1,228.00	1,237.00	0.73%
	(3) Triple Grave Depth	EX	1,401.00	1,436.00	1,446.00	0.70%
	(4) Child under 12 months		FREE			
	(5) Child aged 1 year to 16 years (please note the digging fee is waivered for the digging of children's graves but if the family wish to erect a memorial at a future date a purchase fee and permit fee will be required) *(NB If grave required to be reopened to enable further family burial(s) the fees in (2) and (3) apply*		FREE			
	(6) Cremated Remains - Garden of Remembrance Willesborough	EX	390.00	400.00	403.00	0.75%
	(7) Single grave depth - includes boarding out with timber		N/A	1,339.00	1,339.00	0.00%
Reopening o Existing Graves/Opening of Pre-Puchased Graves	(1) Single Grave Depth	EX	517.00	530.00	530.00	0.00%
	(2) Double Grave Depth	EX	629.00	645.00	650.00	0.78%
	(3) Triple Grave Depth	EX	N/A	930.00	930.00	0.00%
	(4) Cremated Remains	EX	107.00	110.00	111.00	0.91%
Additional fee for Saturday interments	(consideration may be given in special circumstances		By negotiation			

Non standard grave sizes may require the adjacent grave to be purchased if this grave is put out of use due to the over size coffin

NB: A Surcharge of 100% on the above scale of charges is made for persons who live outside the Ashford borough (this is common practice with other authorities

DISCRETIONARY & STATUTORY FEES 2016/17

Cemetery Charges

Item	Description/Comments	VAT Indicator	Charge 2014/15 £	Charge 2015/16 £	Proposed Charge 2016/17 £	Increase / Decrease on 2015/16 %
Cemetery Charges - Tenterden Cemetery						
Composite Burial Fee For New Graves (Includes Digging Fee, Purchase of Right of Burial for 30 years and wooden cross)	(1) Single Grave Depth	EX	1,090.00	1,117.00	1,125.00	0.72%
	(2) Single Grave Depth (plus purchase of right of burial in adjoining grave) (i.e. single depth charge plus purchase charge)	EX	1,557.00	1,596.00	1,607.00	0.69%
	(3) Child under 12 months	EX	FREE			
	(4) Child aged 1 year to and including 16 years (please note the digging fee is waivered for the digging of children's graves but if the family wish to erect a memorial at a future date a purchase fee and permit fee will be required)	EX	FREE			
	(5) Cremated Remains - Garden of Remembrance - Large Plot	EX	458.00	469.00	472.00	0.64%
	(6) Cremated Remains - Garden of Remembrance - Small Plot	EX	308.00	318.00	326.00	2.52%
Reopening o Existing Graves/Opening of Pre-Puchased Graves	(1) Single Grave Depth	EX	587.00	602.00	606.00	0.66%
	(2) Double Grave Depth	EX	694.00	711.00	716.00	0.70%
	(3) Cremated Remains	EX	177.00	181.00	182.00	0.55%
Additional fee for Saturday interments	(consideration may be given in special circumstances		By negotiation			

Non standard grave sizes may require the adjacent grave to be purchased if this grave is put out of use due to the over size coffin

NB: A Surcharge of 100% on the above scale of charges is made for persons who live outside the Ashford borough (this is common practice with other authorities

DISCRETIONARY & STATUTORY FEES 2016/17

Cemetery Charges

Item	Description/Comments	VAT Indicator	Charge 2014/15 £	Charge 2015/16 £	Proposed Charge 2016/17 £	Increase / Decrease on 2015/16 %
Cemetery Charges - All Cemeteries						
Purchase of Right of Burial for 30 years (Applies to pre-purchase of graves and where burial rights were not purchased	(1) One grave space	EX	494.00	510.00	510.00	0.00%
	(2) One cremation plot - (holds 4 sets of ashes)	EX	276.00	283.00	285.00	0.71%
	(3) One child grave aged 1 year to 16 years	EX	N/A	170.00	170.00	0.00%
Right to erect a memorial	(1) Right to erect a headstone or tablet (including inscription to one person)					
	- Adult	EX	162.00	166.00	167.00	0.60%
	- Child under 12 months	EX	FREE			
	- Child aged 1 to 16 years	EX	HALF ADULT FEE			
	(2) Right to erect a kerbstone (including inscription to one person)	EX				
	- Adult	EX	233.00	239.00	241.00	0.84%
	- Child to 16 years	EX	HALF ADULT FEE			
	(3) Additional inscription (per person after first)	EX	54.00	55.00	55.00	0.00%
	(4) Right to place a vase (including inscription to one person)	EX	N/A	80.00	80.00	0.00%
Purchase of wooden cross including plaque	(Ashford Borough Cemeteries only)	EX EX	39.00	40.00	40.00	0.00%
Family managed burials	Additional administrative cost of this option	EX	161.00	165.00	166.00	0.61%
Family history search	Per Name	EX	25.00	26.00	26.00	0.00%
	Over 4 Names	EX	77.00	79.00	80.00	1.27%
NB: A Surcharge of 100% on the above scale of charges is made for persons who live outside the Ashford borough (this is common practice with other authorities						
Maintenance of graves	(1) Maintenance and Planting twice yearly with plants supplied by the Council	NB	152.00	156.00	157.00	0.64%
	(2) Cleaning of kerbstone (per annum)	NB	90.00	92.00	93.00	1.09%
	(3) Cleaning of headstone or memorial (per annum)	NB	151.00	155.00	156.00	0.65%

DISCRETIONARY & STATUTORY FEES 2016/17

Cemetery Charges

Item	Description/Comments	VAT Indicator	Charge 2014/15 £	Charge 2015/16 £	Proposed Charge 2016/17 £	Increase / Decrease on 2015/16 %
Woodland Burials						
Bybrook Cemetery	Woodland Burial Fee excluding coffin, but including tree					
	- one grave	EX	700.00	718.00	723.00	0.70%
	- two adjacent graves	EX	1,307.00	1,340.00	1,349.00	0.67%
	Interment of cremated remains (in grave space) including casket and tree*	EX	602.00	617.00	621.00	0.65%
	Selection of grave space	EX	85.00	87.00	88.00	1.15%
	(These fees may be prepaid)*					
Tenterden Cemetery	Woodland Burial Fee excluding coffin, but including tree					
	- one grave	EX	763.00	782.00	787.00	0.64%
	- two adjacent graves	EX	1,372.00	1,406.00	1,416.00	0.71%
	Interment of cremated remains (in grave space) including casket and tree*	EX	670.00	687.00	692.00	0.73%
	Selection of grave space	EX	85.00	87.00	88.00	1.15%
	(These fees may be prepaid)*					
All Cemeteries	Further interment of cremated remains including casket					
	- Ashford	EX	125.00	128.00	129.00	0.78%
	- Tenterden	EX	190.00	195.00	196.00	0.51%
	Interment of a child to 16 years (NOT including coffin or tree)	EX	Free			
	Grave reservation	EX	169.00	173.00	174.00	0.58%
	Selection of grave space	EX	85.00	87.00	88.00	1.15%

NB: A Surcharge of 100% on the above scale of charges is made for persons who live outside the Ashford borough (this is common practice with other authorities

DISCRETIONARY & STATUTORY FEES 2016/17

Cemetery Charges

Item	Description/Comments	VAT Indicator	Charge 2014/15 £	Charge 2015/16 £	Proposed Charge 2016/17 £	Increase / Decrease on 2015/16 %
Other Related Charges						
Memorial Bench with Dedication Insciption (Subject to space being		EX	617.00	AT COST	AT COST	N/A
Transfer of Exclusive Right of Burial	per request	EX		50.00	50.00	0.00%
Late arrival at cemetery of more than 30 mins		NB		100.00	100.00	0.00%
Extend exclusive right of burial for a period of 5 years	No more than 30 years can be held at one time	EX		85.00	85.00	0.00%
To inter 2 or more sets of ashes at the same time	additional fee to cover admin costs	EX		25.00	25.00	0.00%
Exhumation of coffin if reburying in the same plot		VT		AT COST	AT COST	N/A
Exhumation of coffin if reburying in a different plot		EX		AT COST	AT COST	N/A

DISCRETIONARY & STATUTORY FEES 2016/17

SPORTING CHARGES

Item	Description/Comments	VAT Indicator	Charge 2014/15 £	Charge 2015/16 £	Proposed Charge 2016/17 £	Increase / Decrease on 2015/16 %
SPORTING HIRE CHARGES						
Football Grass Pitch at Spearpoint/Pitchside Adult	Per season	VT	466.00	478.00	481.00	0.63%
Football Grass Pitch at Spearpoint/Pitchside Junior	Per season	VT	250.00	256.00	258.00	0.78%

All price changes effective 1st September 2016 subject to approval.

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DISCRETIONARY & STATUTORY FEES 2016/17

Monitoring Centre

Item	Description/Comments	VAT Indicator	Charge 2014/15 £	Charge 2015/16 £	Proposed Charge 2016/17 £	Increase / Decrease on 2015/16 %
Telecare/Lifeline						
Telecare Lifeline Installation (Within Kent)	One Off Payment per client	VT	30.44	30.00	30.00	0.00%
Telecare Lifeline Installation (Outside Kent)	One Off Payment per client	VT			60.00	
Telecare Lifeline Monitoring and Equipment Hire	Annual Fee per client	VT	145.83	154.99	154.99	0.00%
Telecare Lifeline Monitoring and Equipment Hire including TES	Annual Fee per client	VT	156.67	159.99	167.49	4.69%
Telecare Monitoring Fee only (no longer available to clients) - for purchased equipment - Prior to 1/04/11	Annual	VT	22.46	24.99	26.99	8.00%
TES Card monitoring for existing customers _Prior to 01/04/2014	One Off Payment per client	VT		10.56	12.50	18.37%
Supply of Second Pendant sensor	One off payment per client	VT	66.67	49.99	49.99	0.00%
Supply of Key safe - new style	One Off Payment per client	VT	70.83	72.60	73.50	1.24%
Supply of Key release Door Chain - new style	One Off Payment per client	VT	27.50	28.19	58.99	109.26%
Telecare/Lifeline Equipment	Replacement of Equipment due to Damage/Non Return	VT	191.67	191.67	191.46	-0.11%
Additional sensor installation	One Off Payment per client per visit for install of items	VT	30.44	30.00	30.00	0.00%
Additional sensor Installation (Outside Kent)	One Off Payment per client	VT			60.00	
Purchase of Safe Socket	One off payment per safe socket required	VT	20.83	21.35	21.49	0.66%
Purchase of BT Cable for Lifeline	One off payment per BT cable required	VT	11.00	11.28	11.49	1.86%
Purchase of Fall Detector	One off payment per fall detector	VT	145.00	99.99	99.99	0.00%
Purchase of Carbon Monoxide Detector	One off payment per Carbon Monoxide Detector	VT	140.00	114.99	114.99	0.00%
Purchase of Flood Detector	One off payment per Flood Detector	VT	116.49	99.99	99.99	0.00%
Purchase of Pendant Easy Press	One off payment per Pendant Easy Press	VT	15.00	15.38	15.49	0.72%
Purchase of Smoke Alarm Detector	One off payment per Smoke Alarm Detector	VT	118.16	99.99	99.99	0.00%
Purchase of Power Cable	One off payment per Power Cable	VT	30.00	30.75	30.99	0.78%
Legionnaire Security Ltd: security checks for Liverpool, London & St Christopher Sites	Monthly Fee per site	VT	28.31	30.11	30.11	0.00%
Guardian Staff Safety	Monthly Fee	VT	68.33	70.04	70.04	0.00%

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DISCRETIONARY & STATUTORY FEES 2016/17

LEGAL & ELECTORAL SERVICES

Legal Fees

Item	Description/Comments	VAT Indicator	Charge 2014/15 £	Charge 2015/16 £	Proposed Charge 2016/17 £	Increase / Decrease on 2015/16 %
S9 Agreements	(including caution/note on Register)	NB	291.00	298.00	300.00	0.67%
S9 Transfers	Plus Land Registry Fees	NB	291.00	298.00	300.00	0.67%
S106 agreements		NB	847.00	868.00	874.00	0.69%
Grazing Licences		NB	106.00	109.00	110.00	0.92%
Licences to Assign		NB	200.00	200.00	201.00	0.50%
Sales or Easements	Up to £2,500 in value	NB	285.00	285.00	287.00	0.70%
Sales or Easements	over £2,500 in value - Basic Fee of £300.00 plus 1% of sale price	NB	320.00	320.00	322.00	0.63%
Ellingham Leases		NB	310.00	310.00	312.00	0.65%
Ellingham lease renewals		NB	210.00	210.00	211.00	0.48%
Surrenders		NB	190.00	190.00	191.00	0.53%
Landlord consent etc		NB	100.00	100.00	101.00	1.00%
Transfer of Equity (mortgage)		NB	206.00	211.00	212.00	0.47%
Redemptions		NB	106.00	109.00	110.00	0.92%
Mortgagees Enquiries		NB	90.00	92.00	93.00	1.09%
Deed of Postponement		NB	90.00	90.00	91.00	1.11%
Release of expired Statutory Charge		NB	95.00	97.00	98.00	1.03%
Waiver (Improvement Grant)		NB	95.00	97.00	98.00	1.03%
Notice of Charge		NB	60.00	60.00	60.00	0.00%
Counterpart Lease		NB	60.00	60.00	60.00	0.00%
Engross Transfer/conveyance		NB	50.00	50.00	50.00	0.00%
Notice to Assign		NB	60.00	60.00	60.00	0.00%
Wayleaves		NB	175.00	175.00	176.00	0.57%

The above represent a minimum level of charge, not a fixed level of charge.

Where the value of the time worked on a matter exceeds the proposed charge stated above, the value of the time will be charged unless it is deemed by the Head of Legal Services to not be commercial or reasonable to charge the full cost.

DISCRETIONARY & STATUTORY FEES 2016/17

LEGAL & ELECTORAL SERVICES

Electoral Services						
Confirmation of Registration letters	Letters required due to the credit reference agencies not updating their information	VT	10.00	10.00	10.00	0.00%
Postal votes pack	Postal votes pack (Charge to Parish Councils for by-elections)	VT	1.30	1.30	1.30	0.00%
Poll Cards	Poll card (Charge to Parish Councils for by-elections)	VT	0.60	0.60	0.60	0.00%
Statutory Charges (restricted availability for full register and overseas lists)						
Sales of full and edited register	Data £20 plus £1.50 per 1,000 entries or part of 1,000	NB	21.50	21.50	21.50	0.00%
Sales of full and edited register	Printed £10 plus £5 per 1,000 or part of 1,000	NB	15.00	15.00	15.00	0.00%
Overseas electors List	Data £20 plus £1.50 per 100 entries or part of 100	NB	21.50	21.50	21.50	0.00%
Overseas electors List	Printed £10 plus £1.50 per 100 or part of 100	NB	11.50	11.50	11.50	0.00%

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DISCRETIONARY & STATUTORY FEES 2016/17

Property Services

Item	Description/Comments	VAT Indicator	Charge 2014/15 £	Charge 2015/16 £	Proposed Charge 2016/17 £	Increase / Decrease on 2015/16 %
Licences - valuation	If external valuers are appointed, the charge will be the amount invoiced by the valuer.	EX	at cost recovery	at cost recovery	at cost recovery	N/A
Licences - inspection/administration	The cost of the site inspection has not previously been charged for. The fee may be £75 or £100 depending upon whether a new boundary fence needs to be erected.	VT	180.00	185.00	186.00	0.54%
Land sales - valuation	If external valuers are appointed, the charge will be the amount invoiced by the valuer.	EX	at cost recovery	at cost recovery	at cost recovery	n/a
Land sales - inspection/administration	Cost of the site inspection	VT	180.00	185.00	186.00	0.54%
Easements - valuation	If external valuers are appointed, the charge will be the amount invoiced by the valuer.	EX	at cost recovery	at cost recovery	at cost recovery	N/A
Easements - administration		VT	120.00	125.00	126.00	0.80%
Release of covenant - valuation	If external valuers are appointed, the charge will be the amount invoiced by the valuer.	EX	at cost recovery	at cost recovery	at cost recovery	N/A
Release of covenant - administration		VT	120.00	125.00	126.00	0.80%
Boundary disputes	Charge only applies if unlawful encroachment on Council land is found to have occurred. Final cost will depend upon complexity of dispute.	EX	180.00	185.00	186.00	0.54%
Wayleaves - inspection/administration	The cost of the site inspection has not previously been charged for.	VT	120.00	125.00	126.00	0.80%
Standard garage	charge per week	EX	7.18	7.37	7.47	1.36%
Premium garage	charge per week	EX	8.13	8.35	8.47	1.44%

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DISCRETIONARY & STATUTORY FEES 2016/17

Other Charges

Item	Description/Comments	VAT Indicator	Charge 2014/15 £	Charge 2015/16 £	Proposed Charge 2016/17 £	Increase / Decrease on 2015/16 %
Land Charges						
Standard Search Fee	Domestic Properties	NB	Cost Recovery			
	Non-Domestic Properties	NB				
Extra Questions		NB				
	All Land Charges Fees are to be set at on full cost recovery Basis - these need to be reviewed periodically throughout the year to ensure that this is achieved.		Cost Recovery			
Street Administration						
Street Naming and numbering	1 Unit	NB	47.00	48.00	49.00	2.08%
	2-10 units	NB	40.00	41.00	42.00	2.44%
	Over 10 units	NB	36.00	37.00	38.00	2.70%
New Street Name		NB	112.00	115.00	120.00	4.35%
Rename Existing Street		NB	250.00	256.00	256.00	0.00%
Address Change	per property	NB	47.00	48.00	49.00	2.08%
Building Control						
Discretionary Works	Including Party Wall surveying, Fire Risk assessments, Access audits, SBEM, SAP ratings and other surveying activities	VT	Cost Recovery			
Exempt Letters		VT	38.00	39.00	40.00	2.56%
Waste Collection						
Bulky Collection	Base Charge	NB	23.00	24.00	24.00	0.00%
Garden Waste Bins	Wheelie Bin for Garden Waste - Previously agreed by	NB	32.50	35.00	35.00	0.00%
Garden Waste Bins (DD charge)	Wheelie Bin for Garden Waste	NB	N/A	32.50	32.50	0.00%

DISCRETIONARY & STATUTORY FEES 2016/17

Other Charges

Item	Description/Comments	VAT Indicator	Charge 2014/15 £	Charge 2015/16 £	Proposed Charge 2016/17 £	Increase / Decrease on 2015/16 %
Dog Warden Fees						
Stray Dogs	Statutory fee for dog not being on lead	NB	25.00	26.00	26.00	0.00%
Dog Control Costs	Collection/delivery of dog	NB	40.00	40.00	40.00	0.00%
Kennelling costs	Pe 24 hour period, day one due on admission	NB	10.00	10.00	10.00	0.00%
Administration charge	Office Hours	NB	15.00	15.00	15.00	0.00%
	Outside Office Hours	NB	30.00	30.00	30.00	0.00%
Vetinary Treatment	As required	NB	Cost Recovery			
Pest Control						
Wasp nest	Customer on Benefits	VT	20.50	21.00	58.50	178.57%
	Customer not on Benefits	VT	45.50	46.00	58.50	27.17%
Additional Wasp nest	Customer on Benefits	VT	3.50	4.00	10.00	150.00%
	Customer not on Benefits	VT	8.00	8.00	10.00	25.00%
Rats & Mice		VT	0.00	0.00	0.00	0.00%
Ants		VT	23.50	23.50	30.00	27.66%
Bedbugs & Cockroaches	Up to six rooms	VT	0.00	0.00	280.00	0.00%
	Additional four rooms	VT	0.00	0.00	0.00	0.00%
Fleas	Customer on Benefits - up to six rooms	VT	27.50	27.50	70.00	154.55%
	Customer not on Benefits - up to six rooms	VT	55.00	55.00	70.00	27.27%
	Additional four rooms	VT	10.00	10.00	10.00	0.00%
Other Household Pests (Flies, Lice, Silverfish)	Customer on Benefits	VT	27.50	27.50	70.00	154.55%
	Customer not on Benefits	VT	55.00	55.00	70.00	27.27%
Chilmington Road Travellers Site						
Rent	Charge per week	NB	45.00	46.00	46.00	0.00%
Service Charge	Charge per week	NB	40.46	40.46	40.46	0.00%

DISCRETIONARY & STATUTORY FEES 2016/17

Other Charges

Item	Description/Comments	VAT Indicator	Charge 2014/15 £	Charge 2015/16 £	Proposed Charge 2016/17 £	Increase / Decrease on 2015/16 %
Mobile Homes						
Annual monitoring fee		NB	NA	30.00	30.00	0.00%
Check & Depositing Site Rules		NB	NA	60.00	60.40	0.67%
Site Licence Application Fees	Band 1 - 1-10 pitches	NB	NA	385.50	388.20	0.70%
	Band 2 - 11-50 pitches	NB	NA	450.49	453.60	0.69%
	Band 3 - 51-99 pitches	NB	NA	627.00	631.40	0.70%
	Band 4 - 100-199 pitches	NB	NA	756.99	762.30	0.70%
	Band 5 - 200+ pitches	NB	NA	936.99	943.50	0.69%
Application to transfer a site licence	Band 1 - 1-10 pitches	NB	NA	77.10	77.60	0.65%
	Band 2 - 11-50 pitches	NB	NA	90.10	90.70	0.67%
	Band 3 - 51-99 pitches	NB	NA	125.40	126.30	0.72%
	Band 4 - 100-199 pitches	NB	NA	151.40	152.50	0.73%
	Band 5 - 200+ pitches	NB	NA	187.40	188.70	0.69%
Application to amend a site licence	Band 1 - 1-10 pitches	NB	NA	128.50	129.40	0.70%
	Band 2 - 11-50 pitches	NB	NA	150.16	151.20	0.69%
	Band 3 - 51-99 pitches	NB	NA	209.00	210.50	0.72%
	Band 4 - 100-199 pitches	NB	NA	252.33	254.10	0.70%
	Band 5 - 200+ pitches	NB	NA	312.33	314.50	0.70%
Allotment Rents						
Plot rent		EX	4.40	5.00	6.00	20.00%
Key Deposit		EX			25.00	N/A
Concessionary rate rent	50% for 1st 5 perch,full price after	EX			3.00	N/A
Council Tax Collection						
Court costs	Summons costs	NB	60.00	60.00	60.00	0.00%
	Liability orders	NB	65.00	65.00	65.00	0.00%
Business Rates						
Court costs	Summons costs	NB	0.00	0.00	0.00	0.00%
	Liability orders	NB	180.00	180.00	180.00	0.00%
Homelessness						
Copy of File		VT	13.40	13.70	13.80	0.73%

DISCRETIONARY & STATUTORY FEES 2016/17
Other Charges

Item	Description/Comments	VAT Indicator	Charge 2014/15 £	Charge 2015/16 £	Proposed Charge 2016/17 £	Increase / Decrease on 2015/16 %
Private Sector Housing						
Charge for service of enforcement notices Housing Act 2004	Incorporating improvement notices, prohibition orders, emergency remedial action, emergency prohibition orders, demolition orders	NB	300.00 per notice	300.00 per notice	300.00 per notice	0.00%
Charge to carry out inspections in respect of a UK entry application		NB	80.00	82.00	83.00	1.22%
Making a prohibition notice (Housing Act 2004 sec 20 or 21	Discretion regarding matters relating to over-crowding,but other issues which require a notice to be charged at £300	NB			300.00	N/A
Charge for making an emergency prohibition order - Housing Act 2004		NB			200.00	N/A
Charge for undertaking emergency remedial action (Housing Act 2004)	Charge between £100 - £500,depending on the extent of emergency works carried out	VT			100.00 - 500.00	N/A
Penalty Charge notices - the smoke and carbon monoxide alarm regulations 2015	First Offence £1500,an early payment will attract a discount of 25% making it £1,125	NB			1500.00	N/A
	For subsequent offences the penalty will be £3,500 to deter continued non-compliance.No early payment discount would apply	NB			3500.00	N/A
House in Multiple Occupation Licence Fee	Five Year Licence - 1st property	NB	370.00	380.00	383.00	0.79%
	Five Year Licence - subsequent properties	NB	340.00	350.00	352.00	0.57%
ABC Lettings						
Management charge	Agreed with landlord	VT	10% -12.5%	10% -12.5%	10% -12.5%	0.00%
Landlords one-off set up fee		VT	250.00	250.00	250.00	0.00%
Repairs Service		VT		Cost +10%	Cost +10%	0.00%
Sewerage Services						
Unmeasured Water - Supplies to premises without rateable value		EX	337.71	337.71	337.71	N/A
Tourist Information Service						
Ticket Sales - Charitable Organisations	Per ticket VAT charged on commission	VT	10%	10%	10%	0.00%
Ticket Sales - Commercial	Per ticket VAT charged on commission	VT	10%	10%	10%	0.00%
Ticket Sales - Revelations St. Mary's	Per Ticket 10% charge of face value to customers	VT	10%	10%	10%	0.00%
West End Theatre Tokens	Per ticket VAT charged on commission	VT	5%	5%	5%	0.00%
Accommodation Booking Fees	Set fee paid by customer	VT	3.50	5.00	5.00	0.00%
Ticket Sales - Leas Cliff Hall	Per ticket (no commission paid by organisations)	VT	1.25	1.25	1.25	0.00%
Credit Card Payments	Charge per booking on Agency Sales	VT	1.50	1.50	1.50	0.00%

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Appendix H

Ashford Borough Council
Community Impact Assessments
Stage 1 - Screening tool

General information		
1.	Name/s of policy, procedure, or practice:	The Budget
2.	Service:	Financial Services
3.	Policy Owner:	Head of Finance
4.	Lead officer:	Head of Finance
5.	Date of screening:	19/01/2016
6.	Is this a proposed or existing policy, procedure or practice?	Approved annually
6b.	Does this policy link with others	Linked to the Five Year Corporate plan and individual Service Plans
Aims of policy and monitoring arrangements		
7.	What are the overall aim/s or purpose of the policy, procedure or practice?	The budget translates the Corporate Plan into resource allocations across services and projects to meet the council's priorities and statutory responsibilities. The council has a requirement to set a balanced budget and also sets the level of council tax, which are important purposes of the report.
8.	Who is intended to benefit from the policy, procedure or practice?	The budget seeks to ensure that services have the resources necessary to implement the council's Corporate Plan – allocating resources according to the priorities outlined in the Plan
9.	Are any other Services involved in the delivery of the policy, procedure or practice within Housing Services and the council?	All services are involved in the delivery of this policy. Each service will need to complete a separate impact assessment to assess the delivery of services and implications for the community.
10.	Are any partner agencies involved in the delivery of the policy, procedure or practice?	The budget sets levels of funding offered to external bodies such as parish councils, the voluntary sector, etc. Parish Councils have been consulted on the method of calculation of the grant for Council Tax Support and Concurrent grant The Council Tax Support Scheme has completed a detailed process of consultation

		and its own Equalities Impact Assessment.
11.	Do you monitor the policy, procedure or practice in relation to any of the following?	☐ Complaints ☐ Eligibility criteria ☐ PIs ☐ Service uptake ☐ User satisfaction ☒ Other Financial performance is monitored monthly and reported to members and team at quarterly intervals
12.	If you answered yes to any of the above, do you collect this data broken down by any of the following?	☐ Age ☐ Disability ☐ Gender Identity ☐ Faith ☐ Race ☐ Sexual orientation ☒ Other Language, Income & Employment Income and Expenditure against budget headings.
13.	Has any related consultation with service users taken place on the policy, procedure or practice within the last two years?	Yes – • The Corporate Planning process included extensive consultation with the public, Members, staff and key interest groups, including public questionnaires. • All services are consulted in the budget build process. • Members have extensive input into the budget and MTFP. • There is statutory business rate payer's consultation**.** • Parish Council working group to discuss impacts on parish council funding.

Making a judgement				
14.	Does the evidence considered above indicate that the policy, procedure or practice affects any groups differently, or that needs may be unmet?	**Yes** Possibly	**No**	**Issue / evidence** The budget seeks to allocate the limited resources of the council to meet its priorities. This has to balance the needs of the service users with the ability of the council to generate funding. Government control the level of council tax increases and the level of grant funding. Against the context of funding cuts and increased demand for services, therefore it is likely that some needs will be un-met. Changes to concurrent grant could affect households in parished areas, however un-parished areas may be effected more greatly by general service reductions which may, in other areas be provided by parish councils with funding raised through their precepts. Council Tax Support Schemes will impact differently upon residents, this has been assessed in detail.
15.	**Age** Older people (50+) Single younger people (16-25) Households with children	Possibly – Disabled Facilities Grants Possibly Possibly		The resource allocation for DFG's is often below demand for the service resulting in delays in these grants. The provision of some services is not even across the borough (rural areas).

16.	**Disability**	Mobility/ Sensory/ Learning/ Mental health			Council tax is charged on a household basis and therefore there is no discrimination on grounds of disability for council tax billing The Council Tax Support Scheme will impact upon this group however additional protection has been built into the scheme for disabled people
17.	**Gender**	Women Men Transgender			Council tax is charged on a household basis and therefore there is no discrimination on grounds of gender for council tax billing
18.	**Race**	White Mixed Asian or Asian British Black or Black British Chinese or other ethnic group Other not listed			Council tax is charged on a household basis and therefore there is no discrimination on grounds of race for council tax billing. As part of the introduction of the screening tool all services were tasked with reviewing their service delivery to see whether there was any discrimination in service delivery. The budget is not seeking to end any services or make changes to frontline service delivery.
19.	**Religion & Belief**	Faith Groups			Council tax is charged on a household basis and therefore there is no discrimination on grounds of religion for council tax billing As above services have already reviewed their service delivery as part of the stage 1 CIA screening process.
20.	**Sexual orientation**	Lesbians Gay men Bisexuals			Council tax is charged on a household basis and therefore there is no discrimination on grounds of sexual orientation for council tax billing

Conclusions		
21.	If the policy, procedure or practice affects any group differently, can this be legally justified?	Currently the budget does not discriminate, however the Council Tax Support Scheme will impact upon groups differently, a full assessment has been completed. Parish councils do not specifically represent a single group in population but the wider community. The concurrent grant is primarily used for the maintenance of parish assets (grass cutting, play areas, etc) and therefore a reduction in this grant is not going to impact upon them.
22.	Does the policy, procedure or practice miss any opportunities to promote equality or good inter-group relations?	The budgets role is to set council tax, provide a framework to measure performance and to allocate resources to match the priorities established within the business plan.
23.	**Is there a need to gather more information than is currently available to assess the impact of the policy, procedure or practice?**	It is recommended that each Service Manager be tasked with completing this process before changes to services are introduced.
24.	Is it possible to easily modify this policy, procedure or practice to address any issues highlighted above? Please give details of how and when this could be implemented.	No – the Financial situation gives the council a reducing resource base and increasing demands for services. Therefore it is becoming increasingly difficult to balance these conflicts and not impact upon unfairly on minority groups within the borough.
Conclusions		
25.	Based on your answers to the questions above, what is the relative priority of this policy,	Medium – Individual Services will look at discrimination for service provision, if a regular theme of those reviews suggests that financial resources are the key factor baring minorities from accessing our services then perhaps we need to elevate this higher.

	procedure or practice for full assessment?	
26.	If you identified this policy, procedure or practice as a medium or high priority, why was this?	☒ It is a major policy, procedure or practice, in terms of its scale or significance for ABC's activities ☐ High relevance to equality, equal opportunities or good inter-group relations / likely to have a significant impact on people from diverse groups ☒ Possible/actual negative impact identified. ☐ Insufficient information/evidence to make a judgement. ☐ Other ______________________________
27.	Please indicate the date a full assessment is proposed to commence:	TBC

Appendix I

Budget Housing Revenue Account 2016/17

SUBJECTIVE ANALYSIS - 2016/17 ESTIMATE
Housing Revenue Account

	Hra - Admin	Hra - Income	Hra - New Builds	Hra - Other	Hra - Repairs	Total
EXPENDITURE						
Employees	2,381,820	-	175,360	-	-	2,557,180
Premises	743,180	-	105,000	-	3,416,760	4,264,940
Supplies and Services	544,770	-	210,000	358,000	33,000	1,145,770
Transport	124,750	-	9,280	-	-	134,030
TOTAL EXPENDITURE	3,794,520	-	499,640	358,000	3,449,760	8,101,920
INCOME						
Grants	-	-	-	(2,999,850)	-	(2,999,850)
Fees & Charges	(55,120)	(24,272,210)	-	(12,780)	-	(24,340,110)
TOTAL INCOME	(55,120)	(24,272,210)	-	(3,012,630)	-	(27,339,960)
NET CONTROLLABLE EXPENDITURE	**3,739,400**	**(24,272,210)**	**499,640**	**(2,654,630)**	**3,449,760**	**(19,238,040)**
NON CONTROLLABLE ITEMS						
Support Services	1,130,010	-	44,620	893,090	-	2,067,720
Capital Charges	(80,000)	-	300,650	20,224,160	-	20,444,810
Recharges	(105,100)	-	-	-	-	(105,100)
Transfers to/from Reserves	-	-	-	-	-	-
TOTAL NON-CONTROLLABLE ITEMS	944,910	-	345,270	21,117,250	-	22,407,430
NET EXPENDITURE	**4,684,310**	**(24,272,210)**	**844,910**	**18,462,620**	**3,449,760**	**3,169,390**

Appendix J
Capital Programme

Capital Programme 2016/17 - 2018/19						
	Current budget £	Previous Exp £	2015/16 £	2016/17 £	2017/18 £	2018/19 £
Community & Housing						
Planned Maintenance funded from capital	2,000,000	127,906	811,060	534,770	500,000	500,000
Acquisition of Property	6,000,000		4,383,720	1,616,280	0	0
Property Company Acquisitions	10,000,000	1,121,000	2,000,000	2,500,000	2,500,000	1,879,000
International House Works	650,000	193,130	2,550	230,000	224,320	0
Parking Machine Replacement	270,000	0	0	180,000	90,000	0
Mandatory Disabled Facility Grants						
Expenditure	1,641,884	0	410,471	410,471	410,471	410,471
External Funding	(1,281,884)	0	(320,471)	(320,471)	(320,471)	(320,471)
	360,000	**0**	**90,000**	**90,000**	**90,000**	**90,000**
Total - Community & Housing	**20,561,884**	**1,442,036**	**7,607,801**	**5,471,521**	**3,724,791**	**2,789,471**
Culture & the Environment						
Julie Rose Stadium Environmental Improvements	100,000	0	0	100,000	0	0
Single Grants Gateway Fund	300,000	0	75,000	75,000	75,000	75,000
Market Gates and Associated Works	20,000	0	4,000	8,000	8,000	0
Park Farm S & E (MUGA)						
Expenditure	250,000	0	100,000	150,000	0	0
External Funding	(250,000)	0	(100,000)	(150,000)	0	0
	0	**0**	**0**	**0**	**0**	**0**
Park Farm S & E (Bridge Field Play & Amenities)						
Expenditure	650,000	0	20,000	630,000	0	0
External Funding	(650,000)	0	(20,000)	(630,000)	0	0
	0	**0**	**0**	**0**	**0**	**0**
Repton Park Community Centre						
Expenditure	1,892,000	27,947	100,000	882,053	882,000	0
External Funding	(1,892,000)	(27,947)	(100,000)	(882,053)	(882,000)	0
	0	**0**	**0**	**0**	**0**	**0**
Brisley Farm - Community Leisure						
Expenditure	133,000	21,640	30,000	10,000	71,360	0
External Funding	(133,000)	(21,640)	(30,000)	(10,000)	(71,360)	0
	0	**0**	**0**	**0**	**0**	**0**
Stour Centre CHP, Roofing & PV Panels	2,060,000	1,322,300	36,000	701,700	0	0
Grounds Maintenance Depot	1,051,750	0	0	1,051,750	0	0
Grounds Maintenance Machinery	460,515	0	0	460,515	0	0
Spearpoint Pavilion						
Expenditure	918,888	0	20,000	898,888	0	0
External Funding	(788,888)	0	(20,000)	(768,888)	0	0
	130,000	0	0	130,000	0	0
Total Culture & the Environment	**7,836,153**	**1,371,887**	**385,000**	**4,967,906**	**1,036,360**	**75,000**
General Fund Total	**28,398,037**	**2,813,923**	**7,992,801**	**10,439,427**	**4,761,151**	**2,864,471**
HRA Capital Works						
Programmed Works	0	0	5,699,000	4,465,000	4,962,300	5,267,000
Oak Tree Road (Rebuild)	800,000	0	0	800,000	0	0
Farrow Court Redevelopment (inc Sheltered Housing)						
Expenditure	15,400,000	5,294,531	4,795,380	5,310,089	0	0
External Funding	(4,060,000)	(307,985)	(3,752,015)	0	0	0
	11,340,000	4,986,546	1,043,365	5,310,089	0	0
Total HRA	**16,200,000**	**5,294,531**	**10,494,380**	**10,575,089**	**4,962,300**	**5,267,000**
Total Capital Spend	**44,598,037**	**8,108,454**	**18,487,181**	**21,014,516**	**9,723,451**	**8,131,471**

Capital Programme 2016/17 - 2018/19						
	Current budget £	Previous Exp £	2015/16 £	2016/17 £	2017/18 £	2018/19 £
CAPITAL SUMMARY						
Community & Housing	20,561,884	1,442,036	7,607,801	5,471,521	3,724,791	2,789,471
Culture & the Environment	7,836,153	1,371,887	385,000	4,967,906	1,036,360	75,000
GENERAL FUND	**28,398,037**	**2,813,923**	**7,992,801**	**10,439,427**	**4,761,151**	**2,864,471**
HOUSING REVENUE ACCOUNT	**16,200,000**	**5,294,531**	**10,494,380**	**10,575,089**	**4,962,300**	**5,267,000**
TOTAL CAPITAL PROGRAMME	**44,598,037**	**8,108,454**	**18,487,181**	**21,014,516**	**9,723,451**	**8,131,471**

Funding Statement 2016/17 - 2018/19						
	Current budget £	Previous Exp £	2015/16 £	2016/17 £	2017/18 £	2018/19 £
Funding Source						
Capital Receipts - GF	660,000	0	165,000	165,000	165,000	165,000
Borrowing GF	22,222,265	2,764,336	4,634,725	7,095,015	3,224,320	2,379,000
External grants & contributions HRA	4,060,000	307,985	3,752,015	0	0	0
External grants & contributions GF	4,995,772	49,587	590,471	2,761,412	1,273,831	320,471
Major Repairs Reserve HRA	0	0	5,699,000	4,465,000	4,962,300	5,267,000
New Initiative Reserve	0	0	2,598,605	0	0	0
Repairs & Renewals Reserve	270,000	0	0	180,000	90,000	0
Other Reserve HRA	12,140,000	4,986,546	1,043,365	6,110,089	0	0
Other Reserve GF	250,000	0	4,000	238,000	8,000	0
	44,598,037	8,108,454	18,487,181	21,014,516	9,723,451	8,131,471
External Grants						
Homes & Communities Agency (HCA)	4,060,000	307,985	3,752,015	0	0	0
Section 106	3,085,625	49,587	250,000	1,671,598	953,360	0
Disabled Facility Grants	1,281,884	0	320,471	320,471	320,471	320,471
Football Foundation	469,678	0	11,415	458,263	0	0
Sports Foundation	150,000	0	0	150,000	0	0
Other contributors	8,585	0	8,585	161,080	0	0
	9,055,772	357,572	4,342,486	2,761,412	1,273,831	320,471

Appendix K

PRUDENTIAL INDICATORS & MRP Policy 2016/17 TO 2019/20

Prudential Indicators 2016/17 to 2018/19

The Local Government Act 2003 requires the Authority to have regard to the Chartered Institute of Public Finance and Accountancy's *Prudential Code for Capital Finance in Local Authorities* (the Prudential Code) when determining how much money it can afford to borrow. The objectives of the Prudential Code are to ensure, within a clear framework, that the capital investment plans of local authorities are affordable, prudent and sustainable, and that treasury management decisions are taken in accordance with good professional practice. To demonstrate that the Authority has fulfilled these objectives, the Prudential Code sets out the following indicators that must be set and monitored each year.

Estimates of Capital Expenditure: The Authority's planned capital expenditure and financing may be summarised as follows. Further detail is provided in the capital programme, see **Appendix J**.

Capital Expenditure and Financing	**2015/16 Revised £,000**	**2016/17 Estimate £,000**	**2017/18 Estimate £,000**	**2018/19 Estimate £,000**
General Fund	6,196	7,986	2,158	614
HRA	10,494	9,775	4,962	5,267
Total Expenditure	**16,690**	**17,762**	**7,121**	**5,881**
Capital Receipts	165	165	165	165
Reserves	6,949	10,240	5,060	5,267
Borrowing	5,233	4,595	622	129
External Grants	4,342	2,761	1,274	320
Total Financing	**16,690**	**17,762**	**7,121**	**5,881**

Estimates of Capital Financing Requirement: The Capital Financing Requirement (CFR) measures the Authority's underlying need to borrow for a capital purpose.

Capital Financing Requirement	**31.03.16 Revised £,000**	**31.03.17 Estimate £,000**	**31.03.18 Estimate £,000**	**31.03.19 Estimate £,000**
General Fund	15,464	22,524	25,748	28,128
HRA	146,067	146,067	146,067	146,067
Total CFR	**161,531**	**168,591**	**171,815**	**174,195**

The CFR is forecast to rise by £12.66m over the next three years as capital expenditure financed by debt outweighs resources put aside for debt repayment.

Gross Debt and the Capital Financing Requirement: In order to ensure that over the medium term debt will only be for a capital purpose, the Authority should ensure that debt does not, except in the short term, exceed the total of capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and next two financial years. This is a key indicator of prudence.

Debt	**31.03.16 Revised £,000**	**31.03.17 Estimate £,000**	**31.03.18 Estimate £,000**	**31.03.19 Estimate £,000**
Borrowing	0	15,200	18,424	20,804
HRA	119,664	117,664	114,664	113,664
PFI liabilities	27,159	26,719	26,217	25,649
Total Debt	**146,823**	**159,583**	**159,305**	**160,117**

Total debt is expected to remain below the CFR during the forecast period.

Operational Boundary for External Debt: The operational boundary is based on the Authority's estimate of most likely (i.e. prudent but not worst case) scenario for external debt. It links directly to the Authority's estimates of capital expenditure, the capital financing requirement and cash flow requirements, and is a key management tool for in-year monitoring. Other long-term liabilities comprise finance lease, Private Finance Initiative and other liabilities that are not borrowing but form part of the Authority's debt.

Operational Boundary	**2015/16 Revised £,000**	**2016/17 Estimate £,000**	**2017/18 Estimate £,000**	**2018/19 Estimate £,000**
Borrowing	123,000	136,000	137,000	138,000
Other long-term liabilities	28,000	27,000	27,000	26,000
Total Debt	**151,000**	**163,000**	**164,000**	**164,000**

Authorised Limit for External Debt: The authorised limit is the affordable borrowing limit determined in compliance with the Local Government Act. It is the maximum amount of debt that the Authority can legally owe. The authorised limit provides headroom over and above the operational boundary for unusual cash movements.

Authorised Limit	**2015/16 Revised £,000**	**2016/17 Estimate £,000**	**2017/18 Estimate £,000**	**2018/19 Estimate £,000**
Borrowing	344,000	344,000	344,000	344,000
Other long-term liabilities	25,000	25,000	25,000	25,000
Total Debt	**369,000**	**369,000**	**369,000**	**369,000**

Ratio of Financing Costs to Net Revenue Stream: This is an indicator of affordability and highlights the revenue implications of existing and proposed capital expenditure by identifying the proportion of the revenue budget required to meet financing costs, net of investment income.

Ratio of Financing Costs to Net Revenue Stream	2015/16 Revised %	2016/17 Estimate %	2017/18 Estimate %	2018/19 Estimate %
General Fund	0.71%	0.71%	0.71%	0.71%
HRA	15.81%	15.81%	15.81%	15.81%

Incremental Impact of Capital Investment Decisions: This is an indicator of affordability that shows the impact of capital investment decisions on Council Tax and housing rent levels. The incremental impact is the difference between the total revenue budget requirement of the current approved capital programme and the revenue budget requirement arising from the capital programme proposed earlier in this report.

Incremental Impact of Capital Investment Decisions	2016/17 Estimate £	2017/18 Estimate £	2018/19 Estimate £
General Fund - increase in annual band D Council Tax	2.40	0.00	3.70
HRA - increase in average weekly rents	0.00	0.00	0.00

Adoption of the CIPFA Treasury Management Code: The Authority adopted the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice 2011 Edition* in March 2002.

Annual Minimum Revenue Provision Statement 2016/17

Where the Authority finances capital expenditure by debt, it must put aside resources to repay that debt in later years. The amount charged to the revenue budget for the repayment of debt is known as Minimum Revenue Provision (MRP), although there has been no statutory minimum since 2008. The Local Government Act 2003 requires the Authority to have regard to the Department for Communities and Local Government's Guidance on Minimum Revenue Provision most recently issued in 2012.

The broad aim of the CLG Guidance is to ensure that debt is repaid over a period that is either reasonably commensurate with that over which the capital expenditure provides benefits, or, in the case of borrowing supported by Government Revenue Support Grant, reasonably commensurate with the period implicit in the determination of that grant.

The CLG Guidance requires the Authority to approve an Annual MRP Statement each year, and recommends a number of options for calculating a prudent amount of MRP. The following statement incorporates options recommended in the Guidance as well as locally determined prudent methods.

For unsupported capital expenditure incurred after 31st March 2008, MRP will be determined by charging the expenditure over the expected useful life of the relevant assets in equal instalments, starting in the year after the asset becomes operational. MRP on purchases of freehold land will be charged over 50 years. MRP on expenditure not related to fixed assets but which has been capitalised by regulation or direction will be charged over 20 years (CLG Option 3).

For assets acquired by finance leases or the Private Finance Initiative, MRP will be determined as being equal to the element of the rent or charge that goes to write down the balance sheet liability (CLG Option 4).

MRP for Loans to wholly owned Council companies will be calculated on an annuity basis using the interest rates agreed for the loan for 50 years or an appropriate term based on the life of the asset being funded (Council approved policy).

No MRP will be charged in respect of assets held within the Housing Revenue Account.

MRP in respect of the £114m payment made in 2012 to exit the Housing Revenue Account subsidy system will be determined as being equal to the principal amount repaid on the loans borrowed to finance that payment.

Capital expenditure incurred during 2016/17 will not be subject to a MRP charge until 2017/18.

Based on the Authority's latest estimate of its Capital Financing Requirement on 31st March 2016, the budget for MRP has been set as follows:

	31.03.2016 Estimated CFR £,000	**2016/17 Estimated MRP £,000**
Capital expenditure before 01.04.2008	0	0
Supported capital expenditure after 31.03.2008	0	0
Unsupported capital expenditure after 31.03.2008	12,344	388
Finance leases and Private Finance Initiative	0	0
Transferred debt	0	0
Loans to wholly owned companies	3,120	62
Total General Fund	**15,464**	**450**
Assets in the Housing Revenue Account	**32,067**	0
HRA subsidy reform payment	**114,000**	0
Total Housing Revenue Account	**146,067**	**0**
Total	**161,531**	**450**

Appendix L

Treasury Management Strategy Statement 2016/17

Introduction

In March 2012 the Authority adopted the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice 2011 Edition* (the CIPFA Code) which requires the Authority to approve a treasury management strategy before the start of each financial year.

In addition, the Department for Communities and Local Government (CLG) issued revised *Guidance on Local Authority Investments* in March 2010 that requires the Authority to approve an investment strategy before the start of each financial year. This report fulfils the Authority's legal obligation under the *Local Government Act 2003* to have regard to both the CIPFA Code and the CLG Guidance.

The Authority has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of risk are therefore central to the Authority's treasury management strategy.

External Context

External context covers the following areas and is detailed at Appendix A with supporting tables.

- Economic Background
- Credit Outlook
- Interest Rate Forecast

Local Context

The Authority currently (as at 4th January 2016) has £119m of borrowing and £43m of investments. This is set out in further detail at ***Appendix B***. Forecast changes in these sums are shown in the balance sheet analysis in table 1 below.

Table 1: Balance Sheet Summary and Forecast

	31.3.15 Actual £,000	31.3.16 Estimate £,000	31.3.17 Forecast £,000	31.3.18 Forecast £,000	31.3.19 Forecast £,000
General Fund CFR	8,140	15,464	22,524	25,748	28,128
HRA CFR	149,067	146,067	146,067	146,067	146,067
Total CFR	**157,207**	**161,531**	**168,591**	**171,815**	**174,195**
Less: Other debt liabilities *	(27,159)	(26,719)	(26,217)	(25,649)	(25,649)
Borrowing CFR	**130,048**	**134,812**	**142,374**	**146,166**	**148,546**
Less: External borrowing	0	0	(15,200)	(18,424)	(20,804)
Less: HRA External borrowing**	(119,664)	(119,664)	(117,664)	(114,664)	(113,664)
Internal borrowing	**10,384**	**15,148**	**9,510**	**13,078**	**14,078**
Usable reserves	(26,801)	(20,812)	(15,304)	(13,370)	(13,782)
Working capital	(7,413)	(7,413)	(7,413)	(7,413)	(7,413)
Available for Long Term Investment	**23,830**	**13,077**	**13,207**	**7,705**	**7,117**

* finance leases, PFI liabilities and transferred debt that form part of the Authority's total debt
** £119.6m of this value per annum relates to the HRA stock acquisition.

The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while usable reserves and working capital are the underlying resources available for investment. The Authority will consider the best financing options available at the time of investments/acquisitions; currently the use of internal reserves provides an attractive option subject to the Authority holding a minimum investment balance of £5m.

The Council has an increasing CFR due to the capital programme, which includes loans to A Better Choice for Property Ltd, appropriation of Garages to general fund, property acquisitions, Wilkinsons/Park Mall acquisition, grounds maintenance depot/equipment and the planned maintenance programme. To cover of this capital investment, external borrowing of circa £20.8m is assumed over the forecasted period and is reflected in the table above, however as aforementioned decisions will be based at the time of investment/acquisition to best benefit the Authority.

Usable reserves are also forecast to fall over the forecasted period, this is due to reserves belong used to part fund the general fund acquisitions. Additionally the HRA is also significantly reducing its reserves to support its capital programme over the next few years.

CIPFA's *Prudential Code for Capital Finance in Local Authorities* recommends that the Authority's total debt should be lower than its highest forecast CFR over the next three years. Table 1 shows that the Authority expects to comply with this recommendation during 2016/17.

Borrowing Strategy

The Authority currently holds £119.6m of loans. The balance sheet forecast in table 1 shows that the Authority expects to borrow up to £15.2m in 2016/17. The Authority may also borrow additional sums to pre-fund future years' requirements, providing this does not exceed the authorised limit for borrowing of £369m.

Objectives: The Authority's chief objective when borrowing money is to strike an appropriately low risk balance between securing low interest costs and achieving certainty of those costs over the period for which funds are required. The flexibility to renegotiate loans should the Authority's long-term plans change is a secondary objective.

Strategy: Given the significant cuts to public expenditure and in particular to local government funding, the Authority's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio. With short-term interest rates currently much lower than long-term rates, it is likely to be more cost effective in the short-term to either use internal resources, or to borrow short-term loans instead, again decisions will be bases accordingly at the time of investment/acquisition.

By using internal resources, the Authority is able to reduce net borrowing costs (despite foregone investment income) and reduce overall treasury risk. The benefits of internal borrowing will be monitored regularly against the potential for incurring additional costs by deferring borrowing into future years when long-term borrowing rates are forecast to rise. Arlingclose will assist the Authority with this 'cost of carry' and breakeven analysis. Its output may determine whether the Authority borrows additional sums at long-term fixed rates in 2015/16 with a view to keeping future interest costs low, even if this causes additional cost in the short-term.

Alternatively, the Authority may arrange forward starting loans during 2016/17, where the interest rate is fixed in advance, but the cash is received in later years. This would enable certainty of cost to be achieved without suffering a cost of carry in the intervening period.

In addition, the Authority may borrow short-term loans (normally for up to one month) to cover unexpected cash flow shortages.

Sources: The approved sources of long-term and short-term borrowing are:

- Public Works Loan Board (PWLB) and any successor body
- any institution approved for investments (see below)
- any other bank or building society authorised to operate in the UK
- UK public and private sector pension funds (except Kent County Council Pension Fund)

- capital market bond investors
- UK Municipal Bonds Agency plc and other special purpose companies created to enable local authority bond issues

In addition, capital finance may be raised by the following methods that are not borrowing, but may be classed as other debt liabilities:

- operating and finance leases
- hire purchase
- Private Finance Initiative
- sale and leaseback

The Authority has previously raised all of its long-term borrowing from the PWLB but it continues to investigate other sources of finance, such as local authority loans and bank loans, that may be available at more favourable rates.

LGA Bond Agency: UK Municipal Bonds Agency plc was established in 2014 by the Local Government Association as an alternative to the PWLB. It plans to issue bonds on the capital markets and lend the proceeds to local authorities. This will be a more complicated source of finance than the PWLB for two reasons: borrowing authorities may be required to provide bond investors with a joint and several guarantee over the very small risk that other local authority borrowers default on their loans; and there will be a lead time of several months between committing to borrow and knowing the interest rate payable. Any decision to borrow from the Agency will therefore be the subject of a separate report to Cabinet.

Short-term and Variable Rate loans: These loans leave the Authority exposed to the risk of short-term interest rate rises and are therefore subject to the limit on the net exposure to variable interest rates in the treasury management indicators below.

Debt Rescheduling: The PWLB allows authorities to repay loans before maturity and either pay a premium or receive a discount according to a set formula based on current interest rates. Other lenders may also be prepared to negotiate premature redemption terms. The Authority may take advantage of this and replace some loans with new loans, or repay loans without replacement, where this is expected to lead to an overall cost saving or a reduction in risk.

Investment Strategy

The Authority holds significant invested funds, representing income received in advance of expenditure plus balances and reserves held. In the past 9 months, the Authority's investment balance has ranged between £21.2 and £46.2 million, and similar levels are expected to reduce in the coming year as reserves are used to support General Fund and HRA capital programmes. Further reductions could be incurred if internal borrowing is used to support capital acquisitions rather the external borrowing.

Objectives: Both the CIPFA Code and the CLG Guidance require the Authority to invest its funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Authority's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk receiving unsuitably low investment income.

Strategy: Given the inherent risk and continued low returns from short-term unsecured bank investments, the Authority aims to continue diversification into more secure and higher yielding asset classes during 2016/17. Diversification will be through the introduction of new money market funds and further use of equities which were introduced to the portfolio in 2015/16. The council will work closely with its treasury management advisors 'Arlingclose' to explore new investment opportunities which will complement the portfolio. This approach will represent a continuation of the strategy adopted in 2015/16.

Approved Counterparties: The Authority may invest its surplus funds with any of the counterparty types in table 2 below, subject to the cash limits (per counterparty) and the time limits shown.

Table 2: Approved Investment Counterparties and Limits

Credit Rating	Banks Unsecured	Banks Secured	Government	Corporates	Registered Providers
UK Govt	**n/a**	**n/a**	**£ Unlimited 50 years**	**n/a**	**n/a**
AAA	**£3m 5 years**	**£5m 20 years**	**£5 m 50 years**	**£3m 20 years**	**£3m 20 years**
AA+	**£3m 5 years**	**£5m 10 years**	**£5m 25 years**	**£3m 10 years**	**£3m 10 years**
AA	**£3m 4 years**	**£5m 5 years**	**£5m 15 years**	**£3m 5 years**	**£3m 10 years**
AA-	**£3m 3 years**	**£5m 4 years**	**£5m 10 years**	**£3m 4 years**	**£3m 10 years**
A+	**£3m 2 years**	**5m 3 years**	**£3m 5 years**	**£3m 3 years**	**£3m 5 years**
A	**£3m 13 months**	**£5 m 2 years**	**£3m 5 years**	**£1m 2 years**	**£1m 5 years**
A-	**£3m 6 months**	**£5m 13 months**	**£3m 5 years**	**£1m 13 months**	**£1m 5 years**
BBB+	**£1m 100 days**	**£5 m 6 months**	**£1m 2 years**	**£.5m 6 months**	**£1m 2 years**
BBB or BBB-	**£1m next day only**	**£3 m 100 days**	**n/a**	**n/a**	**n/a**
None	**£1m 6 months**	**n/a**	**£3m 25 years**	**£50,000 5 years**	**£1 m 5 years**
Pooled funds	**£6m per fund**				

Where investments are subject to capital appreciation/depreciation, the initial value of the investment is considered in relation to the table above.

This table must be read in conjunction with the notes below

Credit Rating: Investment decisions are made by reference to the lowest published long-term credit rating from Fitch, Moody's or Standard & Poor's. Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is used.

Banks Unsecured: Accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail. Unsecured investment with banks rated BBB or BBB- are restricted to overnight deposits at the Authority's current account bank.

Banks Secured: Covered bonds, reverse repurchase agreements and other collateralised arrangements with banks and building societies. These investments are secured on the bank's assets, which limits the potential losses in the unlikely event of insolvency, and means that they are exempt from bail-in. Where there is no investment specific credit rating, but the collateral upon which the investment is secured has a credit rating, the higher of the collateral credit rating and the counterparty credit rating will be used to determine cash and time limits. The combined secured and unsecured investments in any one bank will not exceed the cash limit for secured investments.

Government: Loans, bonds and bills issued or guaranteed by national governments, regional and local authorities and multilateral development banks. These investments are not subject to bail-in, and there is an insignificant risk of insolvency. Investments with the UK Central Government may be made in unlimited amounts for up to 50 years.

Corporates: Loans, bonds and commercial paper issued by companies other than banks and registered providers. These investments are not subject to bail-in, but are exposed to the risk of the company going insolvent. Loans to unrated companies will only be made as part of a diversified pool in order to spread the risk widely.

Registered Providers: Loans and bonds issued by, guaranteed by or secured on the assets of Registered Providers of Social Housing, formerly known as Housing Associations. These bodies are tightly regulated by the Homes and Communities Agency and, as providers of public services, they retain a high likelihood of receiving government support if needed.

Pooled Funds: Shares in diversified investment vehicles consisting of the any of the above investment types, plus equity shares and property. These funds have the advantage of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a fee. Short-term Money Market Funds that offer same-day liquidity and aim for a constant net asset value and will be used as an alternative to instant access bank accounts, while pooled funds whose value changes with market prices and/or have a notice period will be used for longer investment periods.

Bond, equity and property funds offer enhanced returns over the longer term, but are more volatile in the short term. These allow the Authority to diversify into asset classes other than cash without the need to own and manage the underlying investments. Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Authority's investment objectives will be monitored regularly.

Risk Assessment and Credit Ratings: Credit ratings are obtained and monitored by the Authority's treasury advisers, who will notify changes in ratings as they occur. Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria then:

- no new investments will be made,

- any existing investments that can be recalled or sold at no cost will be, and
- full consideration will be given to the recall or sale of all other existing investments with the affected counterparty.

Where a credit rating agency announces that a credit rating is on review for possible downgrade (also known as “rating watch negative” or “credit watch negative”) so that it may fall below the approved rating criteria, then only investments that can be withdrawn on the next working day will be made with that organisation until the outcome of the review is announced. This policy will not apply to negative outlooks, which indicate a long-term direction of travel rather than an imminent change of rating.

Other Information on the Security of Investments: The Authority understands that credit ratings are good, but not perfect, predictors of investment default. Full regard will therefore be given to other available information on the credit quality of the organisations in which it invests, including credit default swap prices, financial statements, information on potential government support and reports in the quality financial press. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may meet the credit rating criteria.

When deteriorating financial market conditions affect the creditworthiness of all organisations, as happened in 2008 and 2011, this is not generally reflected in credit ratings, but can be seen in other market measures. In these circumstances, the Authority will restrict its investments to those organisations of higher credit quality and reduce the maximum duration of its investments to maintain the required level of security. The extent of these restrictions will be in line with prevailing financial market conditions. If these restrictions mean that insufficient commercial organisations of high credit quality are available to invest the Authority’s cash balances, then the surplus will be deposited with the UK Government, via the Debt Management Office or invested in government treasury bills for example, or with other local authorities. This will cause a reduction in the level of investment income earned, but will protect the principal sum invested.

Specified Investments: The CLG Guidance defines specified investments as those:

- denominated in pound sterling,
- due to be repaid within 12 months of arrangement,
- not defined as capital expenditure by legislation, and
- invested with one of:
    - the UK Government,
    - a UK local authority, parish council or community council, or
    - a body or investment scheme of “high credit quality”.

The Authority defines “high credit quality” organisations and securities as those having a credit rating of A- or higher that are domiciled in the UK or a foreign country with a sovereign rating of AA+ or higher. For money market funds and other pooled funds “high credit quality” is defined as those having a credit rating of A- or higher.

Non-specified Investments: Any investment not meeting the definition of a specified investment is classed as non-specified. The Authority does not intend to make any investments denominated in foreign currencies, nor any that are defined as capital expenditure by legislation, such as company shares with the exception of Council owned companies. Non-specified investments will therefore be limited to long-term investments, i.e. those that are due to mature 12 months or longer from the date of arrangement, and investments with bodies and schemes not meeting the definition on high credit quality. Limits on non-specified investments are shown in table 3 below.

Table 3: Non-Specified Investment Limits

	Cash limit
Total long-term investments	£15m
CCLA property Fund *	£6m
Equities*	£6m
Council owned companies	£10m
Total investments without credit ratings or rated below A-	£5m
Total investments (except pooled funds) with institutions domiciled in foreign countries rated below AA+	£0m

* Where investments are subject to capital appreciation/depreciation, the initial value of the investment is considered in relation to the table above.

Investment Limits: The Authority’s revenue reserves available to cover investment losses were £16.9 million on 31st March 2015. In order that no more than 36% of available reserves will be put at risk in the case of a single default, the maximum that will be lent to any one organisation (other than the UK Government) will be £6m. A group of banks under the same ownership will be treated as a single organisation for limit purposes. Limits will also be placed on fund managers, investments in brokers’ nominee accounts, foreign countries and industry sectors as below. Investments in pooled funds and multilateral development banks do not count against the limit for any single foreign country, since the risk is diversified over many countries.

Table 4: Investment Limits

	Cash limit
Any single organisation, except the UK Central Government	£5m each
UK Central Government	unlimited
Any group of organisations under the same ownership	£5m per group
Any group of pooled funds under the same management *	£6m per manager
Foreign countries	5m per country
Registered Providers	£10m in total
Unsecured investments with Building Societies	£5m in total
Loans to unrated corporates	£5m in total
Money Market Funds	£15m in total

* Where investments are subject to capital appreciation/depreciation, the initial value of the investment is considered in relation to the table above.

Liquidity Management: The Authority uses cash flow forecasting to determine the maximum period for which funds may prudently be committed. The forecast is compiled on a pessimistic basis, with receipts under-estimated and payments over-estimated to minimise the risk of the Authority being forced to borrow on unfavourable terms to meet its financial commitments. Limits on long-term investments are set by reference to the Authority's medium term financial plan and cash flow forecast.

Treasury Management Indicators

The Authority measures and manages its exposures to treasury management risks using the following indicators.

Security: The Authority has adopted a voluntary measure of its exposure to credit risk by monitoring the value-weighted average credit score of its investment portfolio. This is calculated by applying a score to each investment (AAA=1, AA+=2, etc.) and taking the arithmetic average, weighted by the size of each investment. Unrated investments are assigned a score based on their perceived risk.

	Target
Portfolio average credit score	6.0

Interest Rate Exposures: This indicator is set to control the Authority's exposure to interest rate risk. The upper limits on fixed and variable rate interest rate exposures, expressed as the proportion of net principal borrowed will be:

	2016/17	**2017/18**	**2018/19**
Upper limit on fixed interest rate exposure	100%	100%	100%
Upper limit on variable interest rate exposure	100%	100%	100%

Fixed rate investments and borrowings are those where the rate of interest is fixed for at least 12 months, measured from the start of the financial year or the transaction date if later. All other instruments are classed as variable rate.

Maturity Structure of Borrowing: This indicator is set to control the Authority's exposure to refinancing risk. The upper and lower limits on the maturity structure of fixed rate borrowing will be:

	Upper	**Lower**
Under 12 months	100%	0%
12 months and within 24 months	100%	0%
24 months and within 5 years	100%	0%
5 years and within 10 years	100%	0%
10 years and above	100%	0%

Time periods start on the first day of each financial year. The maturity date of borrowing is the earliest date on which the lender can demand repayment.

Principal Sums Invested for Periods Longer than 364 days: The purpose of this indicator is to control the Authority's exposure to the risk of incurring losses by seeking early repayment of its investments. The limits on the total principal sum invested to final maturities beyond the period end will be:

	2016/17	**2017/18**	**2018/19**
Limit on principal invested beyond year end	£15m	£15m	£15m

Other Items

There are a number of additional items that the Authority is obliged by CIPFA or CLG to include in its Treasury Management Strategy.

Policy on Use of Financial Derivatives: Local authorities have previously made use of financial derivatives embedded into loans and investments both to reduce interest rate risk (e.g. interest rate collars and forward deals) and to reduce costs or increase income at the expense of greater risk (e.g. LOBO loans and callable deposits). The general power of competence in Section 1 of the *Localism Act 2011* removes much of the uncertainty over local authorities' use of standalone financial derivatives (i.e. those that are not embedded into a loan or investment).

The Authority will only use standalone financial derivatives (such as swaps, forwards, futures and options) where they can be clearly demonstrated to reduce the overall level of the financial risks that the Authority is exposed to. Additional risks presented, such as credit exposure to derivative counterparties, will be taken into account when determining the overall level of risk. Embedded derivatives, including those present in pooled funds, will not be subject to this policy, although the risks they present will be managed in line with the overall treasury risk management strategy.

Financial derivative transactions may be arranged with any organisation that meets the approved investment criteria. The current value of any amount due from a derivative counterparty will count against the counterparty credit limit and the relevant foreign country limit.

Policy on Apportioning Interest to the HRA: On 1st April 2012, the Authority notionally split each of its existing long-term loans into General Fund and HRA pools.

In the future, new long-term loans borrowed will be assigned in their entirety to one pool or the other. Interest payable and other costs/income arising from long-term loans (e.g. premiums and discounts on early redemption) will be charged/ credited to the respective revenue account. Differences between the value of the HRA loans pool and the HRA's underlying need to borrow (adjusted for HRA balance sheet resources available for investment) will result in a notional cash balance which may be positive or negative. This balance will be measured annually and interest transferred between the General Fund and HRA at the Authority's average interest rate on investments, adjusted for credit risk.

Investment Training: The needs of the Authority's treasury management staff for training in investment management are assessed as part of the staff appraisal process, and additionally when the responsibilities of individual members of staff change.

Officers attend training courses, seminars and conferences provided by Arlingclose and CIPFA. Relevant Officers are also encouraged to study professional qualifications from CIPFA, the Association of Corporate Treasurers and other appropriate organisations.

Investment Advisers: The Authority has appointed Arlingclose Limited as treasury management advisers and receives specific advice on investment, debt and capital finance issues. The quality of this service is controlled by the need to justify the ongoing appointment of Arlingclose through the completion of a 'Use of Consultant' pro-forma as stipulated in contract procedure rules. The Authority's Treasury Management Function is also periodically reviewed by Internal and External audit

Investment of Money Borrowed in Advance of Need: The Authority may, from time to time, borrow in advance of need, where this is expected to provide the best long term value for money. Since amounts borrowed will be invested until spent, the Authority is aware that it will be exposed to the risk of loss of the borrowed sums, and the risk that investment and borrowing interest rates may change in the intervening period. These risks will be managed as part of the Authority's overall management of its treasury risks.

The total amount borrowed will not exceed the authorised borrowing limit. The maximum period between borrowing and expenditure is expected to be 2 years, although the Authority is not required to link particular loans with particular items of expenditure.

Financial Implications

The budget for investment income in 2016/17 is £543,000, based on an average investment portfolio of £29m million at an interest rate of 1.87%. The budget for debt interest paid in 2016/17 is £517,250, based on an average debt portfolio of £15.2m at an average interest rate of 3.4%.

In relation to the HRA, the Interest on investment income for 2016/17 is forecast at circa 13k, based on an average investment portfolio of £2.5m at an interest rate of circa 0.5%. The budget for debt interest paid in 2016/17 is £3.6 million, based on an average debt portfolio of £119.6 million at an average interest rate of 3%. HRA balances are invested with general fund balances and an apportionment of interest is made at the end of the year through the item 8 calculation, this was covered previously in this report under 'Policy on Apportioning Interest to the HRA'.

If actual levels of investments and borrowing, and actual interest rates differ from those forecast, performance against budget will be correspondingly different.

Other Options Considered

The CLG Guidance and the CIPFA Code do not prescribe any particular treasury management strategy for local authorities to adopt. The Chief Finance Officer has consulted the Portfolio Holder for Finance and Budget, Resource Planning and Procurement, believes that the above strategy represents an appropriate balance between risk management and cost effectiveness. Some alternative strategies, with their financial and risk management implications, are listed below.

Alternative	Impact on income and expenditure	Impact on risk management
Invest in a narrower range of counterparties and/or for shorter times	Interest income will be lower	Lower chance of losses from credit related defaults, but any such losses may be greater
Invest in a wider range of counterparties and/or for longer times	Interest income will be higher	Increased risk of losses from credit related defaults, but any such losses may be smaller
Borrow additional sums at long-term fixed interest rates	Debt interest costs will rise; this is unlikely to be offset by higher investment income	Higher investment balance leading to a higher impact in the event of a default; however long-term interest costs may be more certain
Borrow short-term or variable loans instead of long-term fixed rates	Debt interest costs will initially be lower	Increases in debt interest costs will be broadly offset by rising investment income in the medium term, but long term costs may be less certain
Reduce level of borrowing	Saving on debt interest is likely to exceed lost investment income	Reduced investment balance leading to a lower impact in the event of a default; however long-term interest costs may be less certain

Appendix A – Arlingclose Economic & Interest Rate Forecast November 2015 (minor amendments January 16 by ABC)

Economic background: Domestic demand has grown robustly, supported by sustained real income growth and a gradual decline in private sector savings. Low oil and commodity prices were a notable feature of 2015, and contributed to annual CPI inflation falling to 0.1% in October. Wages are growing at 3% a year, and the unemployment rate has dropped to 5.4%. Mortgage approvals have risen to over 70,000 a month and annual house price growth is around 3.5%. These factors have boosted consumer confidence, helping to underpin retail spending and hence GDP growth, which was an encouraging 2.3% a year in the third quarter of 2015. Although speeches by the Bank of England's Monetary Policy Committee (MPC) members sent signals that some were willing to countenance higher interest rates, the MPC held policy rates at 0.5% for the 81st consecutive month at its meeting in November 2015. Quantitative easing (QE) has been maintained at £375bn since July 2012.

The outcome of the UK general election, which was largely fought over the parties' approach to dealing with the deficit in the public finances, saw some big shifts in the political landscape and put the key issue of the UK's relationship with the EU at the heart of future politics. Uncertainty over the outcome of the forthcoming referendum could put downward pressure on UK GDP growth and interest rates.

China's growth has slowed and its economy is performing below expectations, reducing global demand for commodities and contributing to emerging market weakness. US domestic growth has accelerated but the globally sensitive sectors of the US economy have slowed. Strong US labour market data and other economic indicators however suggest recent global turbulence has not knocked the American recovery off course. The Federal Reserve did not raise policy rates at its meetings in October and November, but the statements accompanying the policy decisions point have made a rate hike in December 2015 a real possibility. In contrast, the European Central Bank finally embarked on QE in 2015 to counter the perils of deflation.

Credit outlook: The varying fortunes of different parts of the global economy are reflected in market indicators of credit risk. UK Banks operating in the Far East and parts of mainland Europe have seen their perceived risk increase, while those with a more domestic focus continue to show improvement. The sale of most of the government's stake in Lloyds and the first sale of its shares in RBS have generally been seen as credit positive.

Bail-in legislation, which ensures that large investors including local authorities will rescue failing banks instead of taxpayers in the future, has now been fully implemented in the UK, USA and Germany. The rest of the European Union will follow suit in January 2016, while Australia, Canada and Switzerland are well advanced with their own plans. Meanwhile, changes to the UK Financial Services Compensation Scheme and similar European schemes in July 2015 mean that most private sector investors are now partially or fully exempt from contributing to a bail-in. The credit risk associated with making unsecured bank deposits has therefore increased relative to the risk of other investment options available to the Authority; returns from cash deposits however remain stubbornly low.

Interest rate forecast: The Authority's treasury advisor Arlingclose projects the first 0.25% increase in UK Bank Rate in the third quarter of 2016, rising by 0.5% a year thereafter, finally settling between 2% and 3% in several years' time. Persistently low inflation, subdued global growth and potential concerns over the UK's position in Europe mean that the risks to this forecast are weighted towards the downside.

A shallow upward path for medium term gilt yields is forecast, as continuing concerns about the Eurozone, emerging markets and other geo-political events weigh on risk appetite, while inflation expectations remain subdued. Arlingclose projects the 10 year gilt yield to rise from its current 2.0% level by around 0.3% a year. The uncertainties surrounding the timing of UK and US interest rate rises are likely to prompt short-term volatility in gilt yields.

A more detailed economic and interest rate forecast provided by Arlingclose is tabled below:-

For the purpose of setting the budget, it has been assumed that new investments will be made at an average rate of 1.89%, and that new long-term loans will be borrowed at an average rate of 3.40%.

	Dec-15	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18
Official Bank Rate													
Upside risk		0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.50	0.50	0.50	0.50
Arlingclose Central Case	0.50	0.50	0.50	0.75	0.75	1.00	1.00	1.25	1.25	1.50	1.50	1.75	1.75
Downside risk				-0.25	-0.25	-0.50	-0.50	-0.75	-0.75	-1.00	-1.00	-1.25	-1.25
3-month LIBID rate													
Upside risk	0.20	0.30	0.30	0.30	0.35	0.35	0.35	0.35	0.40	0.40	0.40	0.40	0.40
Arlingclose Central Case	0.55	0.60	0.70	0.80	0.95	1.05	1.15	1.30	1.40	1.55	1.65	1.80	1.85
Downside risk		-0.20	-0.30	-0.45	-0.55	-0.65	-0.80	-0.90	-1.05	-1.10	-1.20	-1.20	-1.20
1-yr LIBID rate													
Upside risk	0.25	0.35	0.35	0.35	0.40	0.40	0.40	0.40	0.45	0.45	0.45	0.45	0.45
Arlingclose Central Case	1.10	1.20	1.35	1.45	1.55	1.70	1.80	1.95	2.00	2.10	2.15	2.15	2.15
Downside risk	-0.15	-0.25	-0.35	-0.50	-0.60	-0.70	-0.85	-0.95	-1.10	-1.15	-1.25	-1.25	-1.25
5-yr gilt yield													
Upside risk	0.40	0.50	0.50	0.50	0.55	0.55	0.55	0.55	0.60	0.60	0.60	0.60	0.60
Arlingclose Central Case	1.50	1.55	1.60	1.70	1.80	1.90	2.00	2.10	2.20	2.25	2.30	2.35	2.35
Downside risk	-0.35	-0.45	-0.55	-0.60	-0.70	-0.80	-0.90	-1.00	-1.10	-1.15	-1.20	-1.25	-1.25
10-yr gilt yield													
Upside risk	0.40	0.50	0.50	0.50	0.55	0.55	0.55	0.55	0.60	0.60	0.60	0.60	0.60
Arlingclose Central Case	2.00	2.05	2.10	2.20	2.30	2.40	2.50	2.60	2.65	2.70	2.75	2.80	2.80
Downside risk	-0.35	-0.45	-0.55	-0.60	-0.70	-0.80	-0.90	-1.00	-1.10	-1.15	-1.20	-1.25	-1.25
20-yr gilt yield													
Upside risk	0.40	0.50	0.50	0.50	0.55	0.55	0.55	0.55	0.60	0.60	0.60	0.60	0.60
Arlingclose Central Case	2.45	2.50	2.55	2.55	2.60	2.65	2.70	2.75	2.80	2.85	2.90	2.95	2.95
Downside risk	-0.30	-0.40	-0.50	-0.55	-0.65	-0.75	-0.85	-0.95	-1.05	-1.10	-1.15	-1.20	-1.20
50-yr gilt yield													
Upside risk	0.40	0.50	0.50	0.50	0.55	0.55	0.55	0.55	0.60	0.60	0.60	0.60	0.60
Arlingclose Central Case	2.45	2.50	2.55	2.60	2.65	2.70	2.75	2.80	2.85	2.90	2.95	3.00	3.00
Downside risk	-0.25	-0.35	-0.45	-0.50	-0.60	-0.70	-0.80	-0.90	-1.00	-1.05	-1.10	-1.15	-1.15

Appendix B – Existing Investment & Debt Portfolio Position

Treasury Management Portfolio as at 4th January 2016

Counter Party	Deal Date	Rate %	Amount £	Comment
Temporary Investments				
Lloyds Banking Group	04/01/2016	0.80	3,000,000	175 day notice account
Total Temporary Investments			**3,000,000**	
Long Term Investments				
Blaenau Gwent	21/10/2014	2.00	3,000,000	Matures 21/10/2019
Newport City Council	10/11/2014	1.50	2,500,000	Matures10/07/2017
Total Long Term Investments			**5,500,000**	
Investment Accounts				
Santander	Various	0.50	3,000,125	Deposit Account
Handelsbanken	Various	0.50	3,000,000	Deposit Account
National Westminster Bank plc	Various	0.25	1,689,174	Deposit Account
Goldman Sachs	Various		51,202	AAA rated deposit facility *
ICD Portal - Invesco	Various	0.46	5,000,000	AAA rated deposit facility *
ICD Portal - BNP Paribas	Various	0.52	5,000,000	AAA rated deposit facility *
ICD Portal - Black Rock	Various	0.44	5,000,000	AAA rated deposit facility *
Total Investment Accounts			**22,740,501**	
Local Authority Property Fund	Estimate	4.90	6,000,000	Rate is Net of Management Fees (Variable Rate of Return)
Total pooled funds Accounts			**6,000,000**	
City Financial Multi Asset Diversified Fund	27/08/2015	4.82	1,000,000	Long term investment **
UBS Multi Asset Income Fund	26/08/2015	5.05	1,000,000	Long term investment **
M&G Global Dividend Fund	27/08/2015	5.25	1,000,000	Long term investment **
Schroder Income Maximiser	03/11/2015	3.5 Est.	1,000,000	Long term investment **
**Total Equity funds ** **			**4,000,000**	
Total Investment Portfolio			**41,240,501**	
Long Term Borrowing				
Public Works Loan Board***	various	various	119,664,150	Maturity Date - various
Total Long Term Borrowing			**119,664,150**	
Grand Total Borrowing			**119,664,150**	

* Money Market Fund (MMF) are AAA rated deposit facilities which have variable rates of interest but have constant net asset values. Interest rates shown are as at 5/1/2016

** Equity funds have variable rates of interest and also have fluctuating capital values

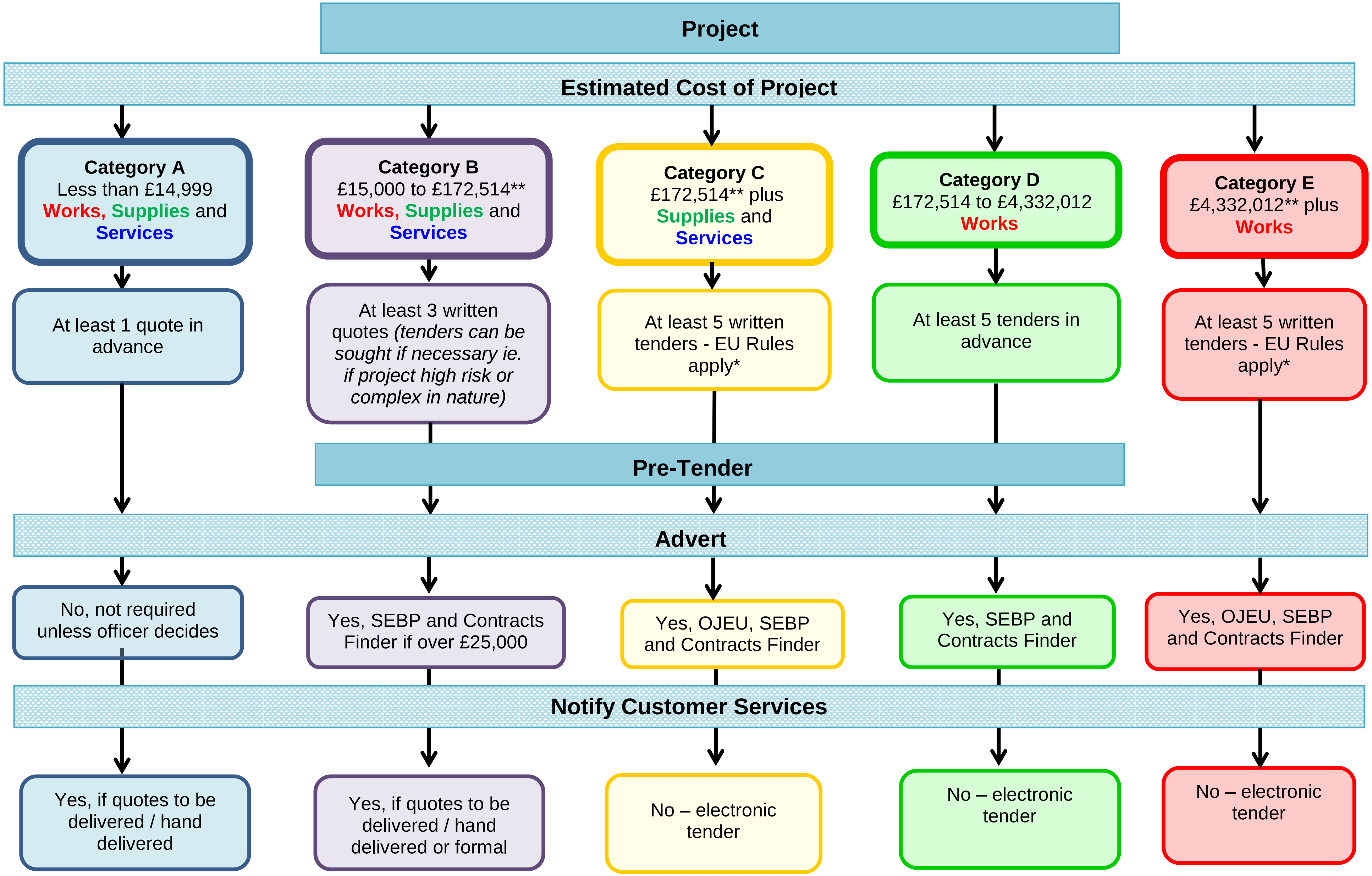
*** HRA borrowing

Note: the loans made to ABCFP Ltd are not shown in the investment portfolio above, for clarity though the total draw down value of loans to the company as at 4th January 2015 was 1.59m.

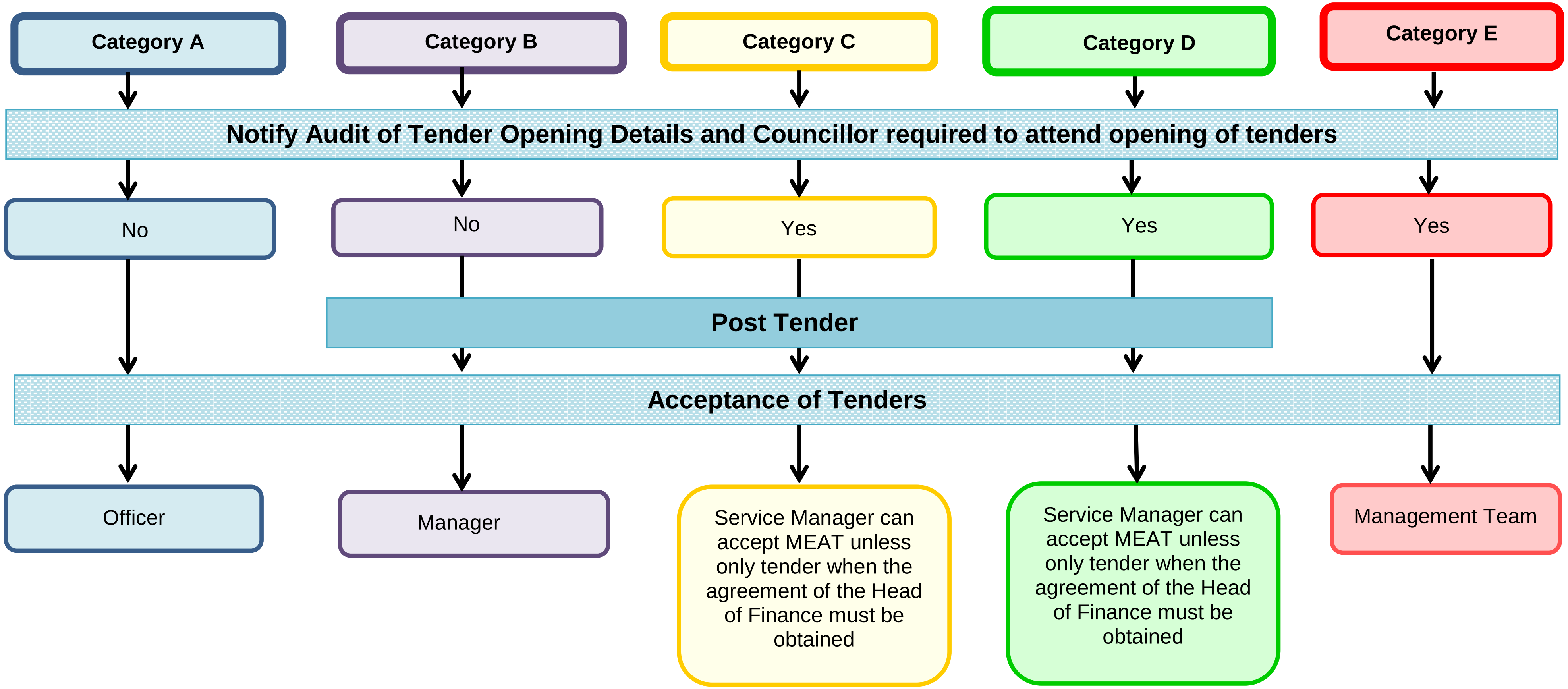
Debt Portfolio

Loan Amount £'000	Start Date	Interest Type	Interest Rate %	Repayment Type	Redemption Date
7,000	28/03/2012	Variable	0.6200	Maturity	27/03/2022
2,000	28/03/2012	Fixed	1.2400	Maturity	27/03/2017
3,000	28/03/2012	Fixed	1.5000	Maturity	27/03/2018
1,000	28/03/2012	Fixed	1.7600	Maturity	27/03/2019
5,000	28/03/2012	Fixed	1.9900	Maturity	27/03/2020
2,000	28/03/2012	Fixed	2.2100	Maturity	27/03/2021
2,000	28/03/2012	Fixed	2.4000	Maturity	27/03/2022
2,000	28/03/2012	Fixed	2.5600	Maturity	27/03/2023
3,000	28/03/2012	Fixed	2.7000	Maturity	27/03/2024
3,000	28/03/2012	Fixed	2.8200	Maturity	27/03/2025
1,000	28/03/2012	Fixed	2.9200	Maturity	27/03/2026
1,000	28/03/2012	Fixed	3.0100	Maturity	27/03/2027
2,000	28/03/2012	Fixed	3.0800	Maturity	27/03/2028
2,000	28/03/2012	Fixed	3.1500	Maturity	27/03/2029
2,000	28/03/2012	Fixed	3.2100	Maturity	27/03/2030
8,000	28/03/2012	Fixed	3.2600	Maturity	27/03/2031
9,000	28/03/2012	Fixed	3.3000	Maturity	27/03/2032
10,000	28/03/2012	Fixed	3.3400	Maturity	27/03/2033
11,000	28/03/2012	Fixed	3.3700	Maturity	27/03/2034
12,000	28/03/2012	Fixed	3.4000	Maturity	27/03/2035
9,000	28/03/2012	Fixed	3.4200	Maturity	27/03/2036
16,713	28/03/2012	Fixed	3.4400	Maturity	27/03/2037
5,951	29/03/2011	Fixed	5.2600	Maturity	26/03/2061
119,664					

Appendix M - Flow Chart to clarify tendering/quotation procedure



Appendix A: Flow Chart to clarify tendering/quotation procedure (contd.



NOTES:

(1) SEBP - South East Business Portal – a web portal to advertise opportunities
(2) Contracts Finder – information about local and central government contracts
(3) OJEU - Official Journal of the European Union – European Gazette of record
(4) *EU Rules – Tenders will be invited in accordance with
(5) **EU Thresholds: are revised every two years and the current thresholds are effective from 1 January 2014 (£172,514 for Supplies (Goods) and Services and £4,332,012 for Works)
(6) Financial reference sought of successful bid only if Head of Service feels it is necessary
(7) MEAT (Most Economically Advantageous Tender)
(8) A Tender (rather than a quote) within threshold £15,000 to £172,514** can be sought if appropriate

Section	Item	Value £
5.5	Payments requiring two authorised signatures	>£20,000
6	The limits for tendering in the EU: Supplies (Goods) and Services Works	 £164,176 £4,104,394
7.19	Virement: approvals Heads of Service Management Team with Portfolio holder consultation Cabinet	 < £50,000 Between £50,000 and £100,000 >£100,000
19.2	Petty Cash limit on individual items	£30
27.8	Approval for disposal of stores, furniture and equipment Head of Service Management Team	 < £5,000 > £5,000
31.1	Approval for Write offs: Deputy Chief Executive Members	 Up to £1,000 per individual debtor > £1,000

Budget Thresholds

Key Decision Thresholds are:

a. £100,001 (or greater) for all Revenue Services.
b. £100,000 (or greater) or 10% of net project costs, whichever is lower, for Capital Schemes.
c. £100,000 for decisions relating to redundancy and other termination payments (excluding pension costs).

Flexibility to Deploy Reserves:

Management Team has the flexibility to deploy up to £100,000 of reserves in either exceptional and urgent cases where this might be justified or where an amount may be needed to deal with some other service issue including investment to achieve greater efficiency. In all cases where the flexibility is applied the Chief Executive must liaise with the Leader of the Council, the Portfolio Holder for Finance & Budget, Resource Management and Procurement and the Deputy Chief Executive (as Chief Financial Officer) and be required to report any application of reserves to the Cabinet as part of the budget monitoring cycle.

There is a stated presumption that the use of this flexibility is for exceptional circumstances and not routinely applied, and in all cases the use of the delegation must be consistent with Business Plan priorities.

Appendix N

Housing and Council Tax Benefit E-Claim Risk Based Verification Policy

ASHFORD
BOROUGH COUNCIL

1. Introduction

The Verification Framework Policy was initially introduced by the Department of Work and Pensions as guidance in line with the Social Security Administration Act 1992 for administering Housing and Council Tax Benefit claims. Since the abolition of that Policy in 2006 by the Department of Work and Pensions, Ashford Borough Council has prepared the following robust procedure for E- Claim Verification of claims for Housing Benefit.

The emphasis of this procedure is to operate a strict regime of preventing fraud and error entering the system whilst continuing with live caseload intervention and will take effect from 1st April 2016. Risk Based Verification will also be used for E- Claim Verification of claims for Council Tax Support.

2. Background

Ashford Borough Council must adhere to Housing Benefit legislation and Council Tax Support legislation. The regulations within the legislation do not specify what information and evidence they should obtain from a benefit customer. However, it does require an authority to have information which allows an accurate assessment of a claimant's entitlement, both when a claim is first made and when the claim is reviewed.

Housing Benefit Regulation 86 states

> *"a person who makes a claim, or a person to whom housing benefit has been awarded, shall furnish such certificates, documents, information and evidence in connection with the claim or the award, or any question arising out of the claim or the award, as may reasonably be required by the relevant authority in order to determine that person's entitlement to, or continuing entitlement to housing benefit and shall do so within one month of being required to do so or such longer period as the relevant authority may consider reasonable."*

Furthermore; Section 1 of the Social Security (Administration) Act 1992 dictates a National Insurance number must either be stated or enough information provided to trace or allocate one. This legislation applies to both customers and their partners.

> *(1A) No person whose entitlement to any benefit depends on his making a claim shall be entitled to the benefit unless subsection (1B) below is satisfied in relation both to the person making the claim and to any other person in respect of whom he is claiming benefit.*
>
> *(1B) this subsection is satisfied in relation to a person if–*
>
> *a. The claim is accompanied by–*
>   - *i. a statement of the person's national insurance number and information or evidence establishing that that number has been allocated to the person; or*
>   - *ii. information or evidence enabling the national insurance number that has been allocated to the person to be ascertained; or*
>
> *b. the person makes an application for a national insurance number to be allocated to him which is accompanied by information or evidence enabling such a number to be so allocated.*

Given those requirements are at the core of the process of administering claims these shall be adhered to at all times and be considered process within the Quality Assurance checks completed on benefit claims assessed.

3. Risk Based Verification

Ashford Borough Council implemented an IT solution for Risk Based Verification in line with recommendations provided by the DWP in order to improve performance and improve the detection of fraud. Risk Based Verification is a method of applying different levels of checks to benefit claims according to the risk associated with those claims. This in effect means being able to target activity toward checking those cases deemed to be at highest risk of involving fraud and/or error. The baseline of fraud in Ashford Borough Council based on benefit data extracts is 5%. The purpose of Risk Based Verification is to increase the levels of fraud and error detected by focusing resource appropriately.

The process of Risk Based Verification is for the process of assessing a New Housing and/or Council Tax Support E-Claim only. Paper applications or any change of circumstances will follow separate standards.

For the purposes of applying verification on a risk basis, each claim is ranked into one of three categories; these categories are Low, Medium and High Risk.

The RBV software will integrate with Callcredit data to optimise the risk scores by checking claimant, partner and non-dependant details against Credit Reference Agency (CRA) data. This will enable CRA checks to be carried out "in process" and in real-time, which is likely to extend the percentage of Low risk claims as detection rates in the High risk cases increase. All cases where the CRA check identifies a discrepancy within Callcredit's data will come back as High risk. The CRA information from Callcredit will also be supplied to Ashford Borough Council.

The table at Appendix 1 shows the requirement to be upheld dependent on the risk grouping. A national Insurance number and identity confirmation must be made in all cases irrelevant of the risk grouping; this is to comply with aforementioned legislation.

Low Risk 65-55%

The only checks to be made on cases classed as low risk are proof of identity, production of a National Insurance Number and if they are a student formal confirmation.

Medium Risk 25-20%

Cases in this category must have the same checks as low risk plus for every type of income or capital declared documentation proof is required. The documentation can be photocopies or scanned copies in this instance.

High Risk 20-15%

All high risk categorised cases must have the same checks as low risk and documentation provided for each declared type of income or capital; however the documents must be original. High Risk claims will be either: visited, telephoned or sent a postal review, carried out to verify the circumstances declared on the application. Additional further checks may also be carried out.

4. Recording and Monitoring

In line with Department of Work and Pensions guidance around 65-55% of cases could be Low Risk, 25-20% Medium and 20-15% High.

All risk scores are recorded by the software used to process benefits and they must be recorded on the assessment officer’s notebook in I World. Ashford Borough Council also has a minimum of 2% blind sampling which means cases from lower categories are upgraded to test the software assumptions and this information can be fed back into the propensity models supporting the parameters of the Risk Based Verification Portal. Cases cannot be downgraded at any time by an assessment officer; they can be increased though with approval from a Team Leader. All cases which are upgraded are recorded along with the reasons for this so that this information can be fed through to the parameters if errors are found.

Ashford Borough Council will monitor these splits on a monthly basis by using IT tools available. The reports will show the level of splits by percentage and the level of fraud across the authority in comparison to its baseline of 5%. This detection level will also be split across the areas of Low, Medium and High Risk. Information will be derived from cell 222 within the SHBE extract file in order to be able to produce statistical data.

Ashford Borough Council also undertakes to review a sample of cases. This will help monitor the effect of Fraud and Error detection rates compared to the baseline rate. It is expected that the levels of Fraud and Error will be a small amount in Low Risk and increased for Medium and increased further still in High Risk.

Monthly monitoring of RBV risk scores distribution and the processing information will provide accurate reporting on the time-scales for processing new claims, incomplete new claims and completing new claims upon receipt of the required further documentary evidence.

5. Audit

This Policy has been produced in line with Department of Work and Pensions guidance on the use of Risk Based Verification circular S11/2011.

DWP advised in January 2012 that “Auditors will carry out their audit against the terms of the risk-based verification procedure. They will not audit or in any way assess the accuracy of the guidance; that is the job of the local authority itself, in particular the Section 151 Officer and Revenues and Benefits Manager who sign off the procedure. If individual cases have been actioned correctly against the requirements of the guidance auditors will make no comment.”

Ashford Borough Council will comply with the terms of the guidance which means that the high/medium/low risk cases are noted as such and verified as such. DWP guidance states auditors will check during the annual certification that the subsidy claim adheres to the Ashford Borough Council’s RBV Policy; which states the necessary level of verification needed to support the correct processing of each type of HB/CTS claim. The risk category will be recorded on each E-claim application form.

Fraud Manager	….…………………………………………………
Revenue and Benefits Manager	……………………………………………………..
Audit Manager	……..………………………………………….…
Section 151 Officer	………..………………………………………….
Dated	……………………………………………………..

Appendix 1

Type of Evidence	Sub-category of evidence	Low Risk	Medium Risk	High Risk
Identity and S19	Identity	Originals or Photocopies/ Scanned copies	Originals or Photocopies/Scanned Copies	Originals required
	S19	Originals or Photocopies/ Scanned copies	Originals or Photocopies/Scanned Copies	Originals required
Residency/Rent	Private Tenants		Originals or Photocopies/Scanned Copies	Originals required
	Social Landlords		Originals or Photocopies/Scanned Copies	Originals required
	Public Sector			
	Registered		Originals or Photocopies/Scanned Copies	Originals required
Household Composition	Partner ID/S19/Income/Capital	Originals or Photocopies/ Scanned copies	Originals or Photocopies/Scanned Copies	Originals required
	Dependants under 18		Originals or Photocopies/Scanned Copies	Originals required
	Non-dependants - remunerative work		Originals or Photocopies/Scanned Copies	Originals required
	Non-dependants – pass-ported benefit			
	Non-dependant - student		Originals or Photocopies/Scanned Copies	Originals required
	Non-dependant - not in remunerative work/other		Originals or Photocopies/Scanned Copies	Originals required
Income	State Benefits			
	Earnings/SMP/SSP		Originals or Photocopies/Scanned Copies	Originals required
	Self-employed earnings		Originals or Photocopies/Scanned Copies	Originals required
Child Care Costs			Originals or Photocopies/Scanned Copies	Originals required
Student Status	Income also required	Originals or Photocopies/ Scanned copies	Originals or Photocopies/Scanned Copies	Originals required
Capital	Below lower capital limit		Originals or Photocopies/Scanned Copies accepted if over £5500 for Working Age or over £9500 for Elderly - not required if under these amounts	Originals if over £5500 for Working Age or over £9500 for Elderly - not required if under these amounts
	Above lower capital limit		Originals or Photocopies/Scanned Copies	Originals required
	Property		Originals or Photocopies accepted	Originals required

Appendix O

Draft for 2016/17 Budget Report

Budget Robustness

A Commentary on Risks Associated with Components of the Budget

Please note this advice takes a broad view of the council's budget. It is separate from, but complementary to the detailed view undertaken by the Overview and Scrutiny Committee's Task Group and is prepared by the council's statutory Chief Financial Officer in fulfilment of his statutory duty to advise the council on the robustness of the estimates – see also part seven of the main report.

Budget Component	**Financial standing and management**
1. Inflation	The review of the Medium Term Financial Plan (MTFP) undertaken during 2015 has considered advice from various sources about future cost price inflation, assumptions for pay settlements, and the prospects for interest rates. December's preliminary draft budget to Cabinet included the results of this work. These assumptions were considered by the Overview & Scrutiny task group. The net impact of inflation on the council's budget is circa £600,000 pa. This primarily driven by inflation being applied to the £60m general fund expenditure, but inflationary increases in the £45m fees and charges income being restricted by government policy. Government grants and other sources of income are not expected to compensate fully for the overall effects of inflationary pressures. Pay inflation and salary increments in the budget assumes a 2.7% full year increase. 2% salary increase (payable from April) and 0.7% for increments. National insurance employer rates will change from April, resulting in 1.7% inflation to salaries. For inflation on service contracts the budget assumes retail prices index forecasts as used by the Government's Office of Budget Responsibility (0.9%). For other cost inflation (excluding utilities), the budget assumes the consumer prices index forecast (0.2%). For utilities inflation the budget assumes higher cost increases, given trends and expectations (3.2%).
2. Demand-led service pressures	For several services the council is less able to control demand during times of economic pressure on households. In this category are services such as: homelessness, the payment of housing benefit and council tax support payments, and servicing general customer enquiries. During 2015 benefit caseload has declined slightly, having risen to its highest ever level in 2013/14. This reduction has reduced service pressures. The Council's local Council Tax Support Scheme has been reviewed and the scheme agreed (with minimal

Budget Component	Financial standing and management
	changes) for 2016/17 is considered affordable with low risk to the budget. The council continues to receive financial support to administer the scheme from the major precepting authorities; this is likely to continue for a further two years, subject to a review should a new government decide to cut support from the current level. Without the preceptors support our ability to manage the demand on the service and maintain high council tax collection rates would be stretched. The housing market poses a number of risks to this authority, with rising house prices rents are escalating and this will create a pressure on welfare and housing services. Management Team receives budget monitoring information, and has some flexibility to manage demand through transferring resources from other services, and the prudent use of reserves (subject to limits). A restraint on spending will continue to ensure that resources are directed at priorities and there remains enough leeway to tackle unexpected pressures. There is a recognition that priority project workload will demand more resource if it is all to be managed according to the council's corporate plans, and some project work is of course influenced by government (for example, the welfare reform responses). The council has adequate reserves, including new homes bonus receipts to help with such pressures.
3. New service developments	During 2016/17 the grounds maintenance service will be moving back to an in-house service. The budget has been built with this in mind and includes a contingency within the estimates as this is a relatively unknown area for officers. It is believed that the Budget is sufficient however due to the significant change to the service, the operations and finance will be closely monitored in 2016/17 into 2017/18.
4. Assumptions about increases in service income.	The budget proposes that service income are is increased by an average of 0.7%, for legislative reasons or demand some charges will be lower of higher than this. This increase does not apply to car parking fees, where fees will remain unaltered at this time, or to fees that are not in the council's gift to determine (planning application fees for example). The proposed service charges are presented in detail as part of the budget report. Any amendments to the proposals may involve a slight risk to the budget.
5. Housing Revenue Account	The Housing Revenue, following Government announcements, has reduced rents by 1% this year and will continue to do so for a further three years. As the HRA is a ring-fenced fund this pressure needs to be managed within the fund. The Council keeps a HRA business plan that enables the management of the HRA financial plans. The 1% reduction in rent has been included within the business plan and changes have been made to future expenditure to ensure the HRA is affordable, this

Budget Component	Financial standing and management
	was approved by members in November 2015. The plan includes some staff redundancies as well as cutting back on future developments such as the affordable housing programme. Regular updating of the HRA business plan and financial monitoring will occur during 2016/17.
6. Estimates of the level and timing of capital receipts.	Capital receipts are now low in the General Fund, the budgets and financing of the capital plan reflects this. The Housing Revenue Account capital receipts have increased over the last couple of years due to the invigorated 'Right to Buy' policy. The majority of RTB receipts need to be held to fund affordable housing (funds 30% of the total cost) within the Borough, and this Council took the opportunity to retain these receipts for this purpose, these receipts are called 1-4-1 capital receipts. Following the recent government announcements (reduction in rents of 1%) the estimated retained reserves within the HRA, to match-fund the affordable housing works have been significantly reduced. The receipts and capital plans are being closely monitored and ensure these receipts are used to avoid repayment which would attract interest of 4% above base. (See Part 3 HRA)
7. Major Capital Projects	The Council agreed the Corporate Plan at the October Cabinet meeting and work is in progress to prepare proposals for the detailed Corporate Delivery Plan. This plan will carefully consider the delivery of the project and the funding overall and will be monitored by the Strategic Delivery Board.
8. Business Rates	Advice on the risk to the council's business rates yield has been included in the report. The level of income from business rates is affected by the overall performance of the economy, with the UK seemingly well placed to manage the global uncertainty. Business rates are monitored regularly and any downturn will be flagged in the monitoring. The nature of the system for accounting for business rates means that the general fund is guaranteed to get the level of income forecast in the budget, however in the event of an decrease or increase in income it will not be distributed to the general fund and preceptors until the following year. Therefore the budget is insulated from business rates risk for the current year.
9. Welfare Reform	The government's welfare reform agenda has been reported to cabinet and the council has established a welfare reform task group to monitor and manage the risks of this agenda. The reforms have very few direct impacts on the council however they have the

Budget Component	Financial standing and management
	potential of affecting the level of demand for council services and have an impact on the council’s ability to collect taxes and rents due. The Chancellor of the exchequer announced in the autumn budget statement the suspension of changes to tax credits that have delayed the impact of some of the changes however we will see the level of benefits frozen and the removal of some allowances which will reduce the amount of money some people receive.