



## **CABINET**

Notice of a Meeting, to be held in the Civic Centre, Tannery Lane, Ashford, Kent TN23 1PL on Thursday, 14th February, 2019 at 7.00 pm.

### **Page Nos..**

**17. Tabled Papers**

**1 - 12**

This page is intentionally left blank

## Cabinet – 14<sup>th</sup> February 2019 Addendum Paper

### Agenda Item 7 – Revenue Budget 2019/20 – 14<sup>th</sup> February 2019

Please see an amendment to Page 125 on the Agenda Pack, the Table should be as below:- (note the figure should be 4.52% not 4.24% as published. – Highlighted in yellow).

<b>Investments net rate of return</b>	<b>2017/18 Actual</b>	<b>2018/19 Forecast</b>	<b>2019/20 Forecast</b>
Service investments: Loans	2.91%	2.37%	2.25%
Service investments: Shares	0%	0%	0%
Commercial investments: Property	4.52%	2.82%	3.68%
<b>ALL INVESTMENTS</b>	4.24%	2.67%	2.98%

## **Budget Consultation 2019/20**

### **The consultation process**

1. On an annual basis the Council publishes a Draft Budget Consultation document (<https://www.ashford.gov.uk/media/7231/2019-20-budget-consultation.pdf>) following approval of the Draft Budget by Cabinet. For clarity the Draft Budget presented to Cabinet, and the Draft Budget Consultation document are different as the latter is aimed at a wider range of stakeholders. The Consultation document does however reference the meeting of the 6 December 2018 where the draft budget was approved and advises readers that it can be viewed online.
2. The 2019/20 Draft Budget was approved at Cabinet on the 6 December 2018 with the Budget Consultation document published on the 7 December 2018 with comments to reach the council by Friday 8 February 2019.
3. The Consultation document was advertised using the Councils media channels including our website news hub, LinkedIn, Twitter and Facebook, we also sent a media release to our press contacts list.

### **Responses received**

4. The council has received a total of 3 responses to the consultation document which made some good observations, and demonstrated that time and effort had been undertaken in formulating constructive

comments, the questions raised are summarised below, with responses shown at **Appendix A**, personal information has been redacted.

4.1. **Respondent 1** - was double checking references and where further information was available on the Councils website. Respondent 1 then provided a number of question which included, questioning the promotion of having lowest Council in Kent, and the future need to justify more clearly why this is the case, and that this was not opportune given the new financial landscape and funding cuts.

Comments around embracing the new funding regime due to government cuts and that we should publicise debt levels and how this translates into debt per taxpayer.

A perceived impression of political propaganda in promoting Ashford in the press and that there was a lack of financial information to support the claims. It was recommended that more financial information on investments could be provided. To the extent it was suggested that there would be greater public interest and participation in due to the increased borrowing and therefore a type of AGM should be considered for people to express their views.

A couple of general comments regarding Planning and Community Safety and Wellbeing were also made.

4.2. **Respondent 2** – raised concern that the budget gave little concern for the cultural wellbeing of resident and that the town was a cultural wasteland, reference was also made with regard to transforming the Mecca site into a Theatre.

4.3. **Respondent 3** – there was 3 questions within this response which requested information on the rationale for the increase in Treasury Income, references to losses sustained by the Building Control function and whether it is a statutory function, or could the Council opt and of providing the service, and finally justification on the Planning Departments budget increase, and assurance that it would be spent given the staffing pressures, and also a request for confirmation on where vacancies had been advertised to address the staffing issue.

5. Having answered and considered the questions, why some good points were made which will warrant further discussion, there are no recommendations to change any of the draft budgets as a result of the comments received.

### **Respondent 1**

Dear

Thank you for your Budget Consultation response, I have listed your questions below and provided answers.

1. On page 7 reference is made to the fact that A.B.C. tax “remains the lowest in Kent by some distance”. The question arises why is the tax the lowest?

Perhaps by a strict tabular comparison with other local authorities taxation that statement is factually correct. However local councils will have different population profiles and service requirements. Please give a full reason why the A.B.C. tax is the lowest. Perhaps it is because A.B.C. management is so brilliant and efficient that is superlative to other councils. A tabular comparison is unacceptable without a full explanation for the tax differential. The tabular comparison used by the council I have now seen -your email 28 January with link details. When local politicians talk or write about tax levels such comments can be met with cynicism and such references to tax being the promotion of local politics. In contrast council employees are meant to be apolitical so any statements made by A.B.C. needs to be backed up by analytical facts. The principal of Intelligent Openness should be applied that is to say the lowest tax claim should be backed up by data which is; accessible, understandable, usable and assessable.

- I. Being the lowest Council Tax was a manifesto pledge by the ruling party of Ashford Council and as officers of the Council it is our responsibility to ensure this is achievable and if not report back to Members. We have managed this and ensured that there is a balanced budget as per the documentation you have read.
  - II. You will also note that the recommendation to Cabinet and Council is that the Council should increase the Council Tax by the maximum amount to ensure the finances going forward are sustainable and income from Council Tax is maximized to support service provision.
  - III. In relation to having the lowest Council Tax in Kent, even if the political will changed then it would require a local referendum to raise council tax levels sufficiently to match the next lowest, this would mean Ashford increasing its proportion of Council tax by 11.06% for 2019/20. This standstill position is reinforced as in general the other Kent Authorities raise council tax by the permitted amount, that being said Folkestone and Hythe are only forecasting a 2% rise in 2019/20, although this still equates to £5.17 and is therefore higher than Ashford increase of £5.00.
  - IV. The table shows how much is chargeable to a resident living on a Band D property for each district in Kent, you are correct to say the number of properties do vary in each area and needs of residents are also different. All Councils also receive different levels of grant funding and levels of fees and charges therefore these would come into consideration when looking at the amount of funding required from the tax payer.
2. Central government impose upon local government legal obligations to provide certain services. In the past central government provided most of the funding to the local councils to perform the obligations. That financing regime has changed with the reduction and withdrawal of the RSG. Now councils are obliged to raise funds by entering into various commercial transactions usually involving the borrowing of substantial funds. A.B.C. has embraced the new funding regime with gusto with the Major Projects activity. In the same manner that A.B.C. boasts about the low level of council tax I think it is now necessary to publish the total amount borrowed by the council to fund the

Major Projects and to state the amount borrowed for each of the 55,000 taxpayers. Also a comparative chart should be published comparing the borrowing per person by A.B.C. with other Kent councils- the same that are used for the A.B.C. tax comparisons.

- I. The Council's level of borrowing is available in the Treasury Management Investment Strategy which is reported annually to Cabinet and approved by Council. These will be published in the Final Budget Report (February each year). The information is also published as part of the Council's quarterly budget monitoring arrangements which are reported to the Council's Cabinet accordingly (September, December, February and June). There is also an annual property investment report to Cabinet that looks at returns of investments (September) link to Cabinet reports:  
<https://ashford.moderngov.co.uk/ieListMeetings.aspx?Committeeld=136>
  - II. In relation to benchmarking the debt profile to other Kent Councils this would require a considerable amount of justification and assessing as you would need to factor in each authorities reacting to government cuts. With the cuts to government funding, authorities were faced with tough decisions, fundamentally, reduce services, stop some services all together, or find new income streams. The Council administration was reluctant to adopt the first two options so the corporate plan made 'Enterprising Ashford' one of the priorities of the Council to become self-sufficient of Government funding. To enable this the council has adopted a more commercial approach and progressed a number of major projects, most notably the cinema complex in Elwick Road which will generate income to supports services in addition to promoting the growth of the Town Centre.
3. *33. Whilst there is a long held ambition for the Council to grow its income streams from commercial activities it needs to be recognised that this strategy needs to mature before this will be achieved. Therefore with the risks to the council's funding and ambitions to improve services the increase is considered necessary. Government funding is also set on the basis that Council's will levy the maximum possible council tax on an annual basis, therefore any deviation from this puts further pressure on corporate resources.* The above comment succinctly, I think, questions the A.B.C. ambition to have the lowest council tax. The local authority financial landscape has changed so much with the new funding requirements that a lowest council tax ideal is not opportune if there is an increased requirement to borrow money on behalf of taxpayers to fund all the capital projects such as Elwick place etc.
- I. If Ashford applies the maximum Council Tax (without triggering a referendum) it will continue to stay the lowest in Kent unless another authority decides to reduce their tax, or the Council could choose to hold a local referendum asking for an increase in excess of 10%. Should for any reason the position of having the lowest Council Tax in Kent change, for reason aforementioned, then this would be reported to Members and they would need to make a decision between staying the lowest in Kent or finding funding from elsewhere. Officers would make recommendations with evidence to help them make their decision. Officers are recommending maximum increases to ensure services are maintained at the highest level possible.

4. Why not a “peoples balance sheet”? The leader of the council writes frequently in the local press about how wonderful Ashford is and how journalists from various publications have commented positively on what is referred to as The Ashford Model. The alarming feature of his writings is the total absence of financial facts. Basically pure political propoganda to be read with a big pinch of salt. Fine, he is ,after all, a politician. I think it would be nice if a Report and Accounts type summary document ,of no legal standing, be published showing a list of all properties/enterprises purchased by A.B.C. and the total amount borrowed to fund those purchases together with estimated income/s and each year a comparison of actual income against planned income. Whilst trawling through the A.B.C. website seeking budget information I came across an asset register running to many pages of data. An asset list for general public consumption showing in order of value the top twenty assets would be useful.Such information will be available to A.B.C. councillors so why not available to the general public.
- I. In the full budget report that will be presented to Cabinet on the 14 February 2019, there is a new requirement for an investment Strategy which does pick up on some of the major investments which are fully/partially for income generation. A capital plan highlighting some of the future consideration is also available.
  - II. Whilst the investment strategy does not go into the level of detail you mention, there is a requirement to reference the total investments funded by borrowing and the investment rate of return net of all costs.
  - III. In relation to the top 20 list, this is something we will consider for our transparency pages as the asset register, as you state is quite difficult to diggest.
  - IV. For information there was a report to the Council Overview and Scrutiny Committee on the 24 April 2018 entitled ‘Commercial Investment by the Council’ which does breakdown the investment in International house and Park Mall, this is publicly available on the Councils website.  
<https://ashford.moderngov.co.uk/ieListMeetings.aspx?Committeed=138>
5. The Budget Document. Understandably the budget is a formal document constructed using the required legal information running to many pages and generally unintelligible to many people. With the increased taxpayer participation through substantial loans and localising of income generation taxpayers should have a summary document as envisaged above the result being ,possibly, more local population interest in and participation in local activities. In fact there should be a type of AGM for those people interested so local councillors can make an annual presentation of their plans. Why not?
- V. The budget consultation document is prepared to help summarise the budget for the public, I would be interested in your comments on how to make this more digestible for residents.
  - VI. The Council has an annual meeting in May and will be held on 30 May 2019, a little later than normal due to elections this year. Residents can speak or ask questions on any agenda items at Cabinet or

Council meetings. The basic rules here are that you give the Council notice (by 10am on the morning before the meeting) and the resident is limited to 3 minutes. Fuller details in the link <https://www.ashford.gov.uk/media/2097/constitution-of-abc-2017-part-4.doc>

- VII. Residents can also submit a petition to any meeting of the Cabinet or Council, it will obviously not be debated on the night though and depending on the number of signatures, it will either come back to a future meeting or be responded to in writing.
- 6. Planning. Having experienced the service level of that department during 2018 I am pleased to see a proposed substantial increase in the Planning department budget.
- VIII. This will help support change management in the service and enable a higher level of planning service going forward.
- 7. Community Safety and Wellbeing. A negative budget due to income from Parking & Engineering? Sub letting of Ashford Park Mall parking? A summary explanation would help please.
  - IX. The overall surplus budget for Community Safety and Wellbeing is mainly due to new parking income from the Elwick Road development. As you identify this is more evident on the Parking and Engineering line where you see an increase in the income which generates a surplus on the bottom line for Community Safety and Wellbeing.
  - X. In relation to 'Subletting of Ashford Park Mall parking?' I cannot find a reference to this in the Budget Report and I am not sure what you are referring to. We do not sublet any of Park Mall, they are all direct leases. If you could give me a little more information I will respond.

Kind regards  
Maria  
Maria Stevens

**From:** <  
**Sent:** 07 February 2019 18:38  
**To:** Maria Stevens <[maria.stevens@ashford.gov.uk](mailto:maria.stevens@ashford.gov.uk)>; >  
**Subject:** Re: RE: RE: RE: RE: 2019/20 Budget Consultation.

Dear Maria Stevens. Thank you.  
After trawling through the various documents the immensity of the work performed in Local Government and by local councillors becomes apparent. And it is quite possible I have missed or misunderstood information within the documents I think it would be useful if the theme for this year's budget and A.B.C. publications is

**Transparency.** I am not suggesting that A.B.C. intentionally hides behind complexity and am mindful of accounting and reporting legal requirements. As suggested in the enclosed comments a "peoples" document would be useful, in summary form, showing facts and figures to be regularly updated in publications such as Ashford You and the A.B.C Annual Report.

Regards.

**ADDED COMMENT – An attachment of questions was submitted by respondent 1 which are shown in the email response above.**

## **Respondent 2**

Dear

Thank you for taking the time to provide a response to our draft budget consultation. I can ensure you that the Council does place great importance on the cultural well-being of its residents. Regarding your specific comments about the former Mecca building, we will ensure your feedback is passed onto the relevant Council department.

Kind Regards

Maria Stevens

Head of Finance

Ashford Borough Council

01233 330547

### **From:**

**Sent:** 08 January 2019 12:05

**To:** Maria Stevens <[maria.stevens@ashford.gov.uk](mailto:maria.stevens@ashford.gov.uk)>

**Subject:** ABC draft budget

The draft budget confirms my opinion that ABC attaches very little importance to the cultural well-being of its residents. Despite the findings of an independent investigation, the Council chooses to ignore confirmation that Ashford is a cultural wasteland, and chooses to ignore the petition from residents, and numerous letters in the local press, pleading for the Mecca building to be converted into a theatre. In fact, residents have been asking for a theatre for decades. As this is a draft budget, and the Council is asking for comments, I presume there is still time for adjustments, and suggest that now is the time to provide an allocation of money for the Mecca building conversion to be carried out. The Council's attitude seems to be "if you want live entertainment, get in your car and drive to Canterbury". We do not want to wait four or five years on Jerry Clarkson's vague suggestion that he might then consider the possibility of planning for a theatre. We need a theatre now so that residents can enjoy live, professional entertainment in our our town - we have been deprived of that facility for too long.

Sincerely

## **Respondent 3**

**From:** Lee Foreman <[Lee.Foreman@ashford.gov.uk](mailto:Lee.Foreman@ashford.gov.uk)>

**Sent:** 06 February 2019 18:25

**To:**

**Cc:** Maria Stevens

**Subject:** RE: Draft Budget Consultation

Dear,

Firstly apologies in the delay in getting you a response, secondly thank you for taking the time to read the Draft Budget Consultation report and the questions submitted to which I have responded below accordingly.

**Q1** – There are several reasons for the increase in treasury income for 2019/20, firstly we are anticipating further loans to be made to the Council's subsidiary company which are made at a commercial rate and therefore generate an interest receipt to the Council, the

Council does need to finance these loans though and a corresponding increase in the interest payable budget has been made; however a net receipt is generated overall thus creating an increase in Treasury income. Secondly the Council is undertaking a review of its Treasury Portfolio which will look to re-allocate some strategic investment into higher yielding funds, additionally more reserves will be placed in longer term investments which generate a greater yield than short term investments.

**Q2** – Building Control is split into chargeable, non-chargeable and other services. The chargeable service is for building regulation applications for proposed work which is open to competition from the private sector, i.e. customers have free choice as to provider. It is not a legal requirement that the Council has to provide this and it could be outsourced, or the Council could simply stop providing the service which would force all applicants to choose a private sector provider.

The non-chargeable and other services are mostly statutory functions including dangerous structures, enforcement, disabled adaptations, demolitions and retrospective applications. The private sector cannot do these functions as powers rest solely with local authorities. The Council could choose to outsource the operational aspects of these to a private company or another authority although the Council would remain ultimately responsible for the function as ‘proper officer’.

In relation to the Building Control account this is a ring fenced budget which should be costs neutral on a rolling 3 year period, with increases and decreases in the fees applied to achieve this. As you highlight the Building Control function is currently in a deficit position to the Council’s general fund so any in year surpluses will go to reducing that deficit before being put in a Building Control reserves as per guidance. In relation to the comment that Building Control has made losses for the last 5 years, having reviewed the statements online you will see that it actually made a surplus last year, and as a side is anticipating doing so again this year, my summary of the last 5 years is as follows:-

17/18	Surplus 7,871
16/17	Deficit 25,882
15/16	Deficit 67,086
14/15	Deficit 18,064
13/14	Surplus 30,563

**Q3** – With regard to the 20% increase in planning fees this was captured as part of the 2018/19 budget. The increase in expenditure above inflation for 2019/20 is primarily as a result of additional money being made available over the next few years to support change management in the service, and address some of the recruitment issues eluded to later in your question. With regard to spending the additional resources it is highly likely that it will be fully utilised, in previous years the service has had to call on its own earmarked reserves to fight planning appeals and fund external consultants to support staff due to the ongoing issues with recruiting full time Officers.

In relation to vacancies within our planning department I have been advised that they have been advertised on our website at <https://www.ashford.gov.uk/jobs>

They have also been advertised within various trade press and job sites such as:-

- Planning Resource

- Institute of Historic Buildings
- Jobsite
- CV Library
- Professional Passport Jobs
- ZipRecruiter UK
- LinkedIn
- Facebook

Again thank you for taking the time to respond to the consultation document and should you have any further queries please do not hesitate to contact me.

Regards

Lee

Lee Foreman  
Senior Accountant  
Ashford Borough Council  
01233 330509

**From:**  
**Sent:** 28 January 2019 10:47  
**To:** Maria Stevens <[maria.stevens@ashford.gov.uk](mailto:maria.stevens@ashford.gov.uk)>  
**Subject:** Draft Budget Consultation

To Ms Stevens,

I hope that you had a good weekend. I had a few questions and would be most grateful if you could provide some information about them-

- The rise in expected treasury income seems particularly high. Has the council got much greater assets under treasury management in the forthcoming year or are you expecting to substantially increase the returns on a very similar pool of capital?
- Building Control seems to have lost money for the council in the last 5 years for which I can see a statement. Is the council required to maintain this service by law? I know that those doing building works can opt out and have an independent building inspector for their site, could the council opt out of providing the service?
- I see a notable increase in the planning budget which I guess in part reflects the obligation that if planning departments take the opportunity to raise fees by 20% then that funding needs to go to the planning budget. I read trade magazines related to planning (which also advertise jobs) and also ABC's jobs board. I also understand development control is currently 20% understaffed. I haven't seen any advertising of vacancies in the planning department. Is some of that budget specifically for recruitment programs for the planning department? Are you confident they can spend the increase?

Many thanks,

This page is intentionally left blank

**Agenda Item 8 - Financial Monitoring – 3rd Quarter**

**Amendment to Recommendation 3 (Highlighted in italics)**

**Approve the release of Section 106 contributions of £235,081, to Tenterden schools Trust, for the provision of a 3G artificial turf pitch at Homewood School *subject to the signing of a Section 106 Funding Agreement and a Community Use Agreement between the Schools Trust and the Council.***

This page is intentionally left blank