

**Agenda Item No:** 7  
**Report To:** Cabinet  
**Date of Meeting:** 24 February 2022  
**Report Title:** Budget 2022/23  
**Report Author:** Lee Foreman  
**Job Title:** Accountancy Manager  
**Portfolio Holder:** Cllr. Shorter  
**Portfolio Holder for:** Finance & IT



**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 updating the Council's Medium Term Financial Plan 2022-2027; this informed the draft budget that was presented to Cabinet in November, the draft budget was then put forward to the Overview and Scrutiny Budget Task Group for review, and put out to public consultation.

This paper provides updates from the draft budget presented in November, including provisional funding announcements and presents the final budget for 2022/23 for consideration by Cabinet. Cabinet's recommendations will then be presented to full Council.

This budget has been built against the backdrop of rising inflation and the continued economic uncertainty as we recover from the Covid19 Pandemic, the full impact of the EU Exit is still to be fully understood with changes, including Ashford's own Port Health operation still to be commenced. There is continued uncertainty over the long term Government Funding of Local Authorities and although the Government departments received a multi-year settlement, this only transpired into a single year settlement for the Council as the Governments fair funding and spending reviews continue to be delayed.

This budget has been built to support the Council's New Corporate Plan which has been developed to support the Borough's growth, and supports the Government theme of build back stronger.

The report covers the Housing Revenue Account, which includes an average increase in rents of CPI + 1% in line with government guidance. Where this increase would take properties above the Local Housing Allowance (LHA) rate then the rent will be capped at that level to ensure it is fully covered by benefits, limiting financial strain on our tenants.

The budget report also reflects the business plan which was presented to Cabinet in December.

A number of strategies and framework documents are included for consideration.

This budget proposes a £5.00 (circa 2.9%) rise in the Borough's annual council tax, with a Band D (the standard council tax band) charge moving to £177.50 for the year. Ashford will continue to have the lowest council tax for Kent District Councils.

**Key Decision:** YES

**Significantly Affected Wards:** All

**Recommendations:** **The Cabinet is recommended to:-**

**Part 1**

- a. Note the budget context

**Part 2**

- II. Recommend the Revenue Budget 2022/23 including the net budget requirement of **£16,093,900 (excluding parish precepts)**.
- III. Recommend the level of discretionary and statutory fees to be levied from 1st April 2022 as set out in **Appendix D**.
- IV. Delegate to the Chief Finance Officer the powers to establish local discounts in Business Rates in accordance with government policy.
- V. Note the summary of reserves **Table 6** and **Appendix C**
- VI. Note the Equality Impact Assessment in **Appendix E**
- VII. Recommend the Band D council tax at **£177.50**.

**Part 3**

- VIII. Resolve that the Housing Revenue Account budget for 2022/23 be approved.
- IX. Resolve the estimated average rent increase of CPI + 1% (4.1% rise), in accordance with government guidelines, and that rent setting for the future continues to follow government guidelines.

#### **Part 4**

- X. Capital Plan 2022/23 to 2024/25 in **Appendix G** is approved.

#### **Part 5**

- XI. Recommend to Council that the 2022/23 Capital Strategy be approved **Appendix H**
- XII. Recommend to Council that the MRP Policy as set out in **Appendix I**, the Treasury Management Strategy Statement at **Appendix J**, and the Investment Strategy at **Appendix K** are approved.

#### **Part 6**

- XIII. Approve the ABC Exceptional Circumstances Policy as outlined in **Appendix L**

#### **Part 7**

- XIV. Note the advice from the Chief Financial Officer concerning the robustness of the estimates and the adequacy of reserves, **Appendix M**

#### **Policy Overview:**

The council's revenue budget is intended to support the priorities set out within the Corporate Plan and flows through from the Medium Term Financial Plan (MTFP).

The Corporate Plan is geared to ensuring that priorities are delivered and that the council's service activities are managed within the constraints of resources available.

#### **Financial Implications:**

The key implications of this budget are:

- Council Tax rise of £5.00 to £177.50 for a Band D property.
- Staff cost of living increase has been budgeted at 3% but is still to be formalised.
- Housing rents to increase by CPI+1% (4.1% Rise) as per Government policy.
- Revised service fees and charges be agreed
- £827,800 of budget savings have been included in the budget of which £639,260 are still to be fully identified.

#### **Legal Implications:** *Text agreed by the Monitoring Officer 03/02/2022*

The Council is legally required to set a balanced budget at the start of every year to meet our financial responsibilities.

<b>Equalities Impact Assessment:</b>	See Attached in <b>Appendix E</b>
<b>Data Protection Impact Assessment:</b>	NA
<b>Risk Assessment (Risk Appetite Statement):</b>	See body of report
<b>Sustainability Implications:</b>	NA
<b>Other Material Implications:</b>	This budget has been developed on the basis that the Country continues the recovery from the Covid19 Pandemic and that no further local or national lockdowns restrictions are imposed. If this position changes then there could be risks introduced to the budget.
<b>Exempt from Publication:</b>	<b>No</b>
<b>Background Papers:</b>	<b>None</b>
<b>Contact:</b>	Lee.Foreman@ashford.gov.uk – Tel: (01233) 330509

## Report Title: Budget 2022/23

### Introduction and Background

1. This report presents the final 2022/23 budget for approval and recommendation to full Council. The draft budget was approved by Cabinet in November 2021.
2. This budget has been built with regard to Sections 3 and 4 of CIPFA's Financial Management Code which has been introduced to demonstrate good financial management within the public sector. The full code which contains seven crosscutting sections will be fully embedded throughout 2022/23 in accordance with the code.
3. This budget supports the 2022/24 corporate plan and covers; the general fund revenue budget; discretionary fees; the housing revenue account; the capital programme; the capital strategy; minimum revenue provision statement, the treasury management and annual investment strategies; and the investment strategy.
4. The draft budget has been scrutinised by the Overview and Scrutiny Committee's Budget Task Group. Public consultation has been sought through the council's website and other communication channels which commenced in December.
5. Full details of the revenue budget, HRA budget and capital programme will be contained in the 'Budget Book 2022/23' which will be published once the budget has been approved by Full Council.
6. This report is presented in seven parts:

Part One	-	Context and Government Grant
Part Two	-	General Fund Revenue Budget
Part Three	-	Housing Revenue Account
Part Four	-	Capital Programme
Part Five		Capital Strategy, MRP Policy, Treasury Management Strategy statement and the Investment Strategy
Part Six		Exceptional Circumstances Policies
Part Seven	-	Robustness of the Estimates and Adequacy of Reserves

# PART ONE – CONTEXT AND GOVERNMENT GRANT

## The Corporate Plan

2. The new Corporate Plan 2022/24 was adopted in 2021/22 and includes three priority themes:
  - a. **Green Pioneer** – Where businesses, communities and the public and third sector have come together to become carbon neutral, respect the local environment and ecology, and embrace a more sustainable way of living.
  - b. **Caring Ashford** – A caring and supportive place to live, with rich heritage; thriving towns, villages and rural communities; great schools; high-quality housing; a plethora of cultural activities and events; and a strong sense of civic pride.
  - c. **Targeted Growth** – A place where productive, innovative, responsible town and rural business communities offer good quality work to an agile and skilled local workforce who have embraced a culture of lifelong learning.
3. The new corporate plan also framed 'The Ashford Ambition' *"To be a thriving, productive and inclusive borough in 2030 and beyond; a vital part of Kent and the South East where local businesses, social enterprises, communities and the public sector provide collective leadership to promote shared prosperity, happiness and wellbeing"*.
4. The Corporate Plan includes a number of key strategic projects including project green, South Ashford Garden Community, Ashford College Phase 2, Newtown Works, Jasmin Vardimon Creative Laboratory, Vicarage Lane and Project Green.
5. The council has a Medium Term Financial Plan (MTFP) which was presented to Cabinet in October 2021 and is a rolling five yearly budget. The MTFP is reviewed regularly and updated to reflect changes in corporate priorities and incorporate new projects/information into the plan.
6. The MTFP demonstrated a balanced position over the 5 year period however, it also highlighted key risks to the plan. The MTFP relies on some reserve funding in the early years moving to a balanced income and expenditure position in later years. There is an Economic Growth and Risk reserve of £9m to manage the risks to the MTFP, but also short to medium term risks that may arise are a result of uncertain economic conditions, this position will be reviewed regularly.
7. Beyond 2022/23 the further budget pressures resulting from growth will be targeted through cost awareness, income generation through commercialisation, smarter working through digital transformation, and investment strategies which continue to support these themes.
8. This includes supporting the Council's wholly owned subsidiary A Better Choice for Property Ltd. which was established in November 2014 and is continuing to expand its portfolio (including development through its wholly

owned subsidiary A Better Choice for Development Ltd.) and generate income to the Council.

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

## Local Government Finance Settlement

10. The local government finance settlement is the annual determination of funding to local government from central government and was published on 16 December 2021, and was approved by the House of Commons on the 7 February 2022. The only adjustment between provisional and final settlement was to increase the “Compensation for under-indexing the business rates multiplier” grant by Circa £58,000 to reflect the forgone RPI rather than CPI increase, however this was subsequently funded by cutting the Lower Tiers Service Grant therefore meaning Ashford Borough Council funded it. This followed a four week consultation period in which the Council responded expressing its disappointment over the provisional settlement. The Executive Leader of the Council has also written directly to the Chancellor of the Exchequer, The Rt Hon. Rishi Sunak MP.
11. The provisional settlement is largely based on the 2011/12 funding requirements which is outdated and does not account for significant issues such as the direct impact on the Borough of the EU Exit. The settlement is also forecasted on the assumption that every local authority will raise their council tax by the maximum permitted without a referendum.
12. **Furthermore, and despite headlines such as ‘Billions for councils to build back better’ the council was 1 of 34 Councils that did not receive any increase in Core Spending Power, which is effectively a loss in real terms once inflation is taken into consideration, and new burdens funded such as employer contributions for the new NHS and Social Care Levy and freezing of the business rates multiplier.**
13. The settlement announcement was not in line with the assumptions made within the draft budget, leaving a pressure of almost £500,000 in the final budget, which will need to be funded from reserves. A full list of movements between the draft and final budget report are covered in part two of this report. Due to the timing of the final settlement announcement the £58,000 change between grants will be applied in year and has a nil impact on the bottom line of the budget.

## Levelling Up White Paper

14. One of the reasons for a single year settlement has been the imminent publication of the Levelling Up white Paper which sets to outline the Governments ambitions to level up the UK. The white paper has no investment plan and has been published outside of the Government’s spending review. This means that there are no new funding streams to support this policy and its objectives need to be met from existing funding allocations.
15. The levelling-up White Paper is positive for local government. It focusses on “local leaders” and giving them the levers to deliver, with options for

expanding and deepening devolution and this should be welcomed and the Council will need to assess the role it has to play in this agenda over the coming months.

16. The White Paper adds to the expectation that a review of the distribution of funding between local authorities will happen in 2022: “commitment to ensuring that funding allocations for councils are based on an up-to-date assessment of their needs and resources.” The Government undertakes that it “will work with the sector ... over the coming months ... to look at the challenges and opportunities facing the local government sector.” There is a further commitment to “look at options to support local authorities through transitional protection.” It is suspected that this relates to the lower tier services grant.
17. No clear signals are given in the White Paper about the political choices that ministers will make about redistribution, other than the indication that the south-east will get less.
18. This potentially presents a threat to the Council’s funding streams and we have seen that our spending power has been frozen in real terms for 2022/23 and there is a real prospect that reviews of funding distribution will lead to further freezes or reductions in this Council’s Funding.

## **Formula Grant**

19. The Council no longer receives a Revenue Support Grant (RSG) from Government. However, for the last few years the concept of a Negative RSG has been discussed which would see the Council paying Government £240,000 redistributing Local Council Tax funds. In the face of strong opposition, the Government has confirmed that negative RSG will be eliminated again for 2022/23. There are some concerns for future budgets though if this is eventually applied as no impact for Negative RSG has been built into this, or future budgets.

## **Business Rates**

20. The calculation for business rates takes into account a number of factors (tariff, yield and Small Business Rate Relief) that affect the budget. The valuation methodology of business premises rateable value and the multiplier is set by the Valuation Office and Central Government. The multiplier has been frozen by Central Government for 2022/23 and although the Government suggests they will compensate Councils. This has been included as a grant line in the government settlement, although other grants have been reduced to fund it, therefore the Council has received no new monies to fund this new burden resulting in cuts to existing funding in real terms.
21. The budget requires the sum of Business Rate income and Section 31 grant to achieve £4.6853m. The statutory business rates forecast return (called the NNDR1) has been submitted and exceeds the target, any surplus generated at the end of year will be retained to mitigate emerging risk to bad debts and appeals (beyond provisional levels) in 2022/23 as the impact of Covid on Businesses is better assessed.
22. The elements of these estimates are discussed below.



### *Yield*

23. The NNDR1 calculates a yield for Ashford Borough Council (40%) of £19.731m (£20.983m 2021/22). This includes changes made to transitional relief, an allowance for costs of collection and amounts retain for renewable energy schemes within the Borough.

### *Tariff*

24. For 2022/23 Government have set the tariff level for Ashford at £16.118m and is broadly in line with expectations.

### *Levy*

25. This is a charge against income received over the government's baseline and charged at a rate of 50%. The Council has reduced this by being a member of the Kent Business rates pool and in reality will pay a lower levy rate, expected to be 0% in 2022/23 (Forecast to be 0% in 2021/22).

### *Section 31 Grant*

26. To compensate Local Government for changes that have been imposed on the Business Rates Retention scheme by central government a grant is paid.
27. Government has for some time doubled the level of Small Business Rate relief offered. This is outside the business rate retention scheme and a compensatory grant is paid to the council in the form of a S31 Grant, alongside additional grant for other categories of relief specified by Government. The 2022/23 NNDR1 shows this figure as £5.841m (£2.743m in 2021/22). This increase in grant income compensates for the reduction in net rates payable, which is a direct result of reliefs given by Government to businesses.
28. Sometimes these amounts need to be held in reserves to off-set deficits in the collection fund that are recovered over subsequent years.

### *Deficit*

29. Due to Covid-19, additional discounts were given to ratepayers in 2021/22 to reduce their rates bills (circa £9.2m more than on the original NNDR1 for 2021/22). This is the biggest single cause of the deficit that is expected to arise on the Collection Fund in 2021/22, which major preceptors will need to contribute towards in 2022/23. This is because precepts will have been paid of £53m in 2021/22 but only £39m is estimated to be charged to ratepayers.
30. The total in year deficit is expected to be approximately £15.2m, Ashford's share for contribution in 2021/22 is expected to be £6.1m (40%) which includes a previous year deficit of £1m.
31. Government has given additional S31 Grant in 2021/22 to cover the additional reliefs awarded which have reduced income and contributed to the deficit, Ashford's share of S31 grant is circa £5.69m which will be transferred to reserves in 2021/22 and used to cover the majority of its deficit contribution in 2022/23.

32. Additionally, there will be further income from business rates in 2021/22 that will be transferred to reserves to cover the remainder of the deficit contribution required in 2022/23, e.g. levy savings from pooling and 'income compensation grant' to cover other shortfalls of NNDR income due to Covid (such as extra empty property reliefs, reduced NNDR growth, and potential bad debts).
33. The deficit is mainly a timing issue for Ashford, as Government has compensated Ashford with extra S31 Grant in 2021/22 to cover most of its deficit share in 2022/23. Contributions to reserves in 2021/22, followed by use of reserves in 2022/23, are the appropriate means of dealing with this.

## **New Homes Bonus**

34. New Homes Bonus makes its final legacy payment in 2022/23 although a further year's funding for property growth between October 2020 and October 2021 has been awarded, no legacy payment will apply to this payment.
35. The Government still plans to reform the New Homes Bonus (NHB) scheme having consulted in February to April 2021, they are still analysing feedback according to the Government website. This continues to leave the future of NHB uncertain with no clear indication on what a replacement scheme will look like, and what it will try to incentivise.
36. In preparation for a change in scheme, the Government has continue not to apply legacy payments to new awards with the 2020/21, 2021/22 and 2022/23 only being payable for one year, leaving no legacy payment after 2022/23. Reform of the NHB scheme could have a significant impact on Council funding and the Accountancy Team will keep abreast of developments and support further consultations where appropriate.
37. The final budget for New Homes Bonus for 2022/23 is £1.89m, this was higher than originally forecast by £1.15m. There has been a decision to remove the New Homes Bonus funding from the operational budget and no NHB funding is included accordingly. The additional amount received from the settlement has therefore been transferred equally between the Improvement Delivery Fund and Climate Change Delivery Fund within reserves.

## Council Tax

38. The draft budget assumed a £5.00 (2.9%) increase in Council Tax bringing in the band D payment to £177.50 (£172.50 in 2021/22), the Council can opt to raise the Council Tax by up to the higher of 2% or £5.
39. The table below shows the anticipated (not approved) Council Tax increases across Kent Districts. **Table 1** shows that Ashford will still be the lowest Council Tax in Kent by over £11 against our county neighbours.

**Table 1 – Anticipated Council Tax increases 2022/23**

District	Anticipated Increase from 2021/22		Anticipated Band D 2022/23
	£	%	£
Ashford	5.00	2.90%	177.50
Canterbury	5.00	2.26%	226.27
Dartford	5.00	2.68%	191.35
Dover	5.00	2.53%	202.24
Folkestone & Hythe	5.18	2.00%	264.42
Gravesham	5.00	2.35%	218.08
Maidstone	5.42	2.00%	276.32
Sevenoaks	5.00	2.22%	229.96
Swale	5.00	2.71%	189.37
Thanet	5.00	2.06%	248.14
Tonbridge & Malling	5.00	2.47%	207.68
Tunbridge Wells	5.00	2.00%	254.86

40. To add further context of the Council increase at a local level, **Table 2** shows the increase from the main preceptors since 2011/12, for comparison.

**Table 2 - Annual increase by Preceptors and proposed 2022/23 increase**

Financial Year	Ashford Borough Council			Kent County Council			Kent Police			Kent Fire		
	Annual Charge	Increase from previous year £	%	Annual Charge	Increase from previous year £	%	Annual Charge	Increase from previous year £	%	Annual Charge	Increase from previous year £	%
<b>2022/23</b>	177.50	5.00	2.90	1,461.24	42.48	2.99	228.15	10.00	4.58	82.35	1.53	1.89
<b>2021/22</b>	172.50	5.00	2.99	1,418.76	67.50	5.00	218.15	15.00	7.38	80.82	1.53	1.93
<b>2020/21</b>	167.50	5.00	3.08	1,351.26	51.84	3.99	203.15	10.00	5.18	79.29	1.53	1.97
<b>2019/20</b>	162.50	5.00	3.17	1,299.42	61.74	4.99	193.15	24.00	14.19	77.76	2.25	2.98
<b>2018/19</b>	157.50	3.50	2.27	1,237.68	58.86	4.99	169.15	12.00	7.64	75.51	2.16	2.94
<b>2017/18</b>	154.00	4.00	2.67	1,178.82	45.27	3.99	157.15	5.00	3.29	73.35	1.35	1.87
<b>2016/17</b>	150.00	4.55	3.13	1,133.55	43.56	4.00	152.15	5.00	3.40	72.00	1.35	1.91
<b>2015/16</b>	145.45	0.00	0.00	1,089.99	21.33	2.00	147.15	2.87	1.99	70.65	1.35	1.95
<b>2014/15</b>	145.45	0.00	0.00	1,068.66	20.88	1.99	144.28	2.81	1.99	69.30	1.35	1.99
<b>2013/14</b>	145.45	4.78	3.40	1,047.78	0.00	0.00	141.47	2.79	2.01	67.95	0.00	0.00
<b>2012/13</b>	140.67	0.00	0.00	1,047.78	0.00	0.00	138.68	0.00	0.00	67.95	0.00	0.00
<b>2011/12</b>	140.67			1,047.78			138.68			67.95		

## **Medium Term Financial Plan**

41. A review of the Medium Term Financial Plan (MTFP), which was presented to Cabinet in October 2021, has been undertaken following confirmation of the financial settlement, and additional contributions from reserves will be required to fund a reduction in forecasted lower tier services grant. Additional NHB funding received has been allocated evenly between the Climate Change Delivery fund and the Improvement Delivery fund reserves.
42. However, following the provisional finance settlement for 2021/22, there is continued uncertainty over reforms to NHB, the fair funding review and changes to business rates, this means that forecasting assumptions beyond 2023/24 remain uncertain. As information becomes available finance will update the MTFP accordingly for future presentation.
43. Another factor that will impact the MTFP going forward is rising interest rates which are forecast to get to 1% by May 2022. Early modelling to factor in this faster than anticipated interest rate rise could add £3.5m pressure over the life of the MTFP our 5 year forecast.
44. Officers and members will need to review this in more detail as we move into 2022/23 and make recommendations on how this new emerging gap can be addressed going forward. In relation to the immediate impact on the 2022/23 budget, the borrowing strategy can be adjusted to focus on shorter borrowing which is available at lower rates however, this will need to be considered alongside fixing into long term borrowing to reduce the risk (up and downside) of future movements.

## **Recommendations (Part One)**

45. The Cabinet is asked to:
  - a. Note the budget context, Government Grant and MTFP positions

## PART TWO – GENERAL FUND REVENUE BUDGET

46. A summary of the General Fund budget, including a forecast of outturn for 2021/22 as at 30 September 2021, is shown at **Table 3** below.
47. Necessary changes to the preliminary draft budget have been made which were reported to the Overview and Scrutiny Committee’s Budget Task Group.
48. The Overview and Scrutiny Budget Task Group scrutinised the budget during December 2021 and January 2022 and made six recommendations to Cabinet, and one recommendation to the full Overview and Scrutiny Committee.
49. Overall the Overview and Scrutiny Budget Task group found the draft budget to be sound, although some concern was raised around the savings to be identified as part of the 2022/23 budget, notably from the Planning service. However, the budget task group was supportive of the Cabinet’s approach to requesting progress against saving targets as part of the quarterly financial monitoring reports, and that the Council has an Economic Risk and Resilience reserves could be utilised if savings are not fully delivered in 2022/23.
50. The revised general fund summary is shown below with details of the movement explained further on in this section of the report.

**Table 3 - General Fund Summary**

Actuals 2020/21 £	Budget 2021/22 £	Projected Outturn 2021/22 £	Detail	Budget 2022/23 £
<b>19,144,216</b>	<b>16,303,390</b>	<b>17,216,215</b>	<b>Service Expenditure</b>	<b>16,018,530</b>
(4,246,502)	(2,187,810)	(2,703,060)	Capital Charges & Net Interest	(2,153,740)
949,854	0	0	Revenue Funding of Capital Expenditure	0
270,466	276,000	276,000	Levies	282,000
18,109,351	348,860	(153,060)	Contribution to/(from) Balances	1,947,110
(18,046,940)	(4,093,390)	(4,093,390)	Retained Business Rates	(4,685,000)
(3,053,420)	(1,908,220)	(1,908,220)	New Homes Bonus	(1,886,050)
0	0	0	Council Tax 2020/21 Surplus	(400,000)
(8,012,237)	(7,792,350)	(7,792,350)	Council Tax	(8,637,850)
<b>(168,097)</b>	<b>0</b>	<b>(421,345)</b>		<b>0</b>

51. A summary of service expenditure is provided at **Appendix A** at service level, and **Appendix B** at a budget page level. Detailed budget pages will be available in the budget book for 2022/23 which will be published online following approval of the Final Budget by Full Council.

52. **Table 4** below details the contributions to and (from) reserves which form part of the proposed 2022/23 Final Budget. These contributions support the Council's Corporate Plan, deficits in the MTFP and mitigate risk from commercial activities, and economic uncertainty as we build back from Covid19, Stodmarsh and the EU Exit.

**Table 4 - Analysis of Contributions to/(from) Balances**

General Fund Revenue Reserve	Budget 2022/23 £'000	Comments
General Fund Reserves	200	Service contingency for 2022/23
Improvement Delivery Fund	1,311	New homes bonus receipt
Climate Change Delivery Fund	575	50% of additional New homes bonus receipt
Provide for Maintenance of Assets	600	£100,000 for Playgrounds
Economic Growth and Risk Fund	(739)	Make up short fall in MTFP and reduction in Lower Tier Services Grant following settlement
<b>Total to/(from) reserve movement</b>	<b>1,947</b>	

### Principal changes to draft budget

53. Following government announcements and consultation on the draft budget the following changes to the draft budget have been made:-
- Additional new homes bonus funding was announced within the settlement and will be transferred equally between the Climate Change Delivery Fund and Improvement Delivery Fund.
  - The Lower Tier Funding Grant settlement figure was less than anticipated so budget was reduced by £498,000
  - The Rural Services Delivery Grant was £4,000 better than anticipated at settlement and has been added to the budget.
  - A further contribution from reserves £494,000 has been made from the Economic Growth and Risk Fund to fund the net deficit from the movement in lower tier services and rural services delivery grants.

54. These movements are summarised in the table below:

**Table 5 – movement from draft budget**

Description	Budget 2022/23 £
Increase New Homes Bonus (NHB) receipt	(1,149,050)
Transfer 50 of additional NHB receipt to the Improvement Delivery Fund	574,525
Transfer 50 of additional NHB receipt to the Climate Change Delivery Fund	574,525
Reduce Lower Tier Services Grant	498,000
Increase Rural Services Delivery Grant	(4,000)
Increase transfer from Economic Growth and Risk Fund	(494,000)
<b>Total movement from draft budget</b>	<b>0</b>

55. Although not directly affecting the draft budget it should be reported that there is still a pressure within Cultural Services to support the tender for a new operator. Due to extensions to existing contracts and the work required to secure a future operator £250,000 will be set aside from reserves to fund this work during 2022/23.

## **Council Tax**

56. The Final Budget summarised in **Table 3** includes a Council Tax increase of circa 2.9% which would result in an annual Council Tax increase of £5.00 per household based on a band D property.
57. Ashford Borough Council would remain the lowest Council Tax in Kent.
58. This increase allows the council to have a balanced budget with a contingency for operational service risks in 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.

## **Council Tax Reduction (CTR)**

59. In January 2020 Cabinet approved a new CTR scheme. The main feature of the new scheme was that it was to become a banded discount scheme from April 2020. The aim of the change was to simplify the scheme for residents as well as making the administration of the scheme simpler. The scheme has run smoothly for the past two years without any problems or challenges.
60. When the scheme was approved in January 2020, it was agreed that the income bands used in the scheme would uprate every year in line with the National Living Wage (NLW) rise. From April 2022 the NLW will increase from £8.91 per hour to £9.50 per hour, and the income bands used in the CTR scheme will rise accordingly.

## **Business Rate Relief**

61. Due to the nature of the business rates system there are two ways that 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. Where government announce new schemes the Council is compensated.
62. In terms of the wider policy concerning discretionary rate reliefs, there was an intention during 2021/22 to review the discretionary rate relief policy introduced from April 2013. This was due to be undertaken in 2020/21 although it has been delayed due to Covid19 and pressures placed on the service. It is anticipated that the Covid related grants will ease in 2022/23 and this review will be able to commence with a view to implementing a revised policy from April 2023. This will involve a consultation exercise.
63. Therefore, in view of all the above points, it is recommended that powers to establish local reliefs/discounts within the localism act are delegated to the Chief Finance Officer (Deputy Chief Executive), as in previous years.

## Discretionary Fees

64. The MTFP makes an assumption that discretionary fees should be increased by around 3.5%, however for the 2022/23 budget this resulted in anticipated increases of around 3% on average for discretionary fees and charges once rounding etc. were taken into consideration. It should also be noted that some of the Council's charges, i.e. parking are not increased annually but on a triennial basis and reported separately when increased. Fees and charges proposed from 1 April 2022 at a service level are shown at **Appendix D**.
65. It is recognised that some of the fees and charges appear to be considerably higher than the average 3% increase, these increases are generally a result of low fees where a small increase in monetary terms translates to a significant percentage increase. Additionally some of the services provided by the Council are reliant on external providers and their prices increases need to be passed on to ensure the sustainability of the service.
66. The Licence fees for house in multiple application occupation is proposed to increase by 38% from 1 April 2022 increasing from £581 to £802 for a five year licence.
67. This increase has been proposed to bring our fees in line with other local authorities in Kent, which has given us the opportunity to help fund a new Private Sector Housing Officer. The private rented sector has an important role in providing decent homes to those who rent and this additional resource will ensure housing standards are maintained and landlords comply with their responsibilities. Prior to this increase Ashford's HMO fees were one of the lowest in Kent.
68. Building Control, Local Land Charges and the Ashford Port Health charges are retained in ring fenced accounts that aim to break even in accordance with individual regulations.
69. In line with the agreed Garage Commercialisation Strategy, any profit for the sale of garage sites received by the general fund be allocated into the Garage budget to enable the investment for renovation and upgrade of existing let sites.
70. The budget has been built with this level of fees and charges.

## Savings

71. The 2022/23 budget includes £827,800 of savings that were previously agreed and identified in 2021/22 budget round where £3m of savings were required over the following three years to bridge the growing gap in the MTFP.
72. During the building of the budget not all of the previously agreed saving where deliverable as originally intended for 2022/23, and £639,260 still needs to be further developed before the saving can be delivered. The Draft Budget included these savings as targets for Heads of Service where the original budget had not been saved to ensure that they are still delivered to balance the MTFP.
73. These saving proposals where highlighted as a 'risk' to the 2022/23 budget by the Overview and Scrutiny Budget Task Group although as previously reported they were satisfied with the reporting arrangement going forward,



and that sufficient reserves are in place for short delays in delivery. These savings targets are therefore still proposed within the Final Budget and progress on the delivery of these items will be reported to members as part of the financial monitoring process.

## Reserves

74. The Council has a good level of reserves and currently these are being held for the following purposes:
- a. **General Fund balance**, at least 15% of the Net Budget Require to balance in year risks to the operational budget
  - b. **Recovery Project reserve** is to be allocated at the discretion of members and is used to support projects coming forward that do not fit the criteria of other reserves.
  - c. **Climate Change Delivery Fund** will be used to support projects the support the reduction of Carbon within the Borough.
  - d. **Improvement Delivery Fund** will be used to focus on delivering projects in the more deprived areas, and those further afield in the Borough.
  - e. **Economic Growth and Risk Fund**, this fund represents £6m of funding that will be used to bridge the current MTFP deficit where necessary, and £3m is held to support short and medium term risk that may arise as a result of the current economic conditions. As risks dissipate then these reserves can be redistributed.
  - f. **Fund Future Expenditure (Risks, Legislation and Transformation)**, this reserve is to manage unforeseen risk that may come from legislative changes that could impact on the activities of the Council or funding streams, such as the New Homes Bonus and Fair Funding review. £1m will be allocation to Transformational projects that look to make services more accessible and efficient to absorb future capacity and improve services.
  - g. **Provide for the Maintenance of Assets** – The Council has a significant number of general fund assets that need to be maintained to ensure they are fit for purpose and last into the future. This reserve in addition to the annual allocations will enable appropriate maintenance of these assets.
  - h. **Required by Statue Reserves and Other Ring Fenced Amounts** – this reserves protects surplus funds from ring fenced services such as Ashford Port Health, Land Charges and Building Control. These reserves cannot be used for other purposes.
  - i. **Section 31 grant** – this new ‘temporary’ reserve has been established to clearly identify the funds necessary to fund collection fund deficits.
  - j. **Developer contributions** are funds the Council hold primarily from S106 Contributions and have to be spent in accordance with the S106 agreements.
75. A schedule of reserves is attached at **Appendix C** and a summary is shown at **Table 6** below which estimates revenue reserves of £20.8m at 31 March 2022 excluding ring-fenced amounts.

76. The reserve movements only look to deal with known project expenditure and those already underway, or amounts that are committed within the 2021/22, 2022/23 budgets.

**Table 6 - Summary of Reserves**

Analysis of Estimates Revenue Reserves	Balance at 31 March 2021	Forecast Balance at 31 March 2022	Forecast Balance at 31 March 2023
	£'000	£'000	£'000
<b>General Fund Balance</b>	<b>2,562</b>	<b>2,562</b>	<b>2,562</b>
<b>Earmarked Reserves</b>			
Recovery Project Reserve (now including Victoria Park)	1,063	261	0
Climate Change Delivery Fund	2,000	2,000	2,575
Improvement Delivery Fund	3,000	2,015	3,327
Economic Growth and Risk Fund	9,000	7,985	7,446
Fund Future Expenditure (Risk, Legislation, Transformation)	4,553	4,550	4,550
Provide for Maintenance of Assets	3,500	4,051	4,651
<b>Provision for Discretionary Spend</b>	<b>23,116</b>	<b>20,862</b>	<b>22,548</b>
			0
Required by Statute Reserves and other ring-fenced amounts	5,955	1,911	1,911
Section 31 grants and relief reserves (ring-fenced)	13,000	5,800	0
Developer Contributions	5,971	5,971	5,971
<b>Amount ring-fenced, held under statute</b>	<b>24,926</b>	<b>13,682</b>	<b>7,882</b>
<b>Total General Fund Reserve</b>	<b>50,604</b>	<b>37,106</b>	<b>32,992</b>

77. 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. 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.
78. The Council has a policy that the general fund balance should be no less than 15% of net budget requirement, for 2022/23 this will be £2,414,085 and is within the General Fund reserve balance.
79. The Council's agenda was for it to be self-sufficient over the life of the MTFP. This reserve strategy supports the Council's Corporate Plan and the risks highlighted in the recent financial reports, including this one which are detailed at **Appendix M**.

## Budget Scrutiny and Risk

80. The Overview and Scrutiny Committee Budget Task Group has examined the detailed budget proposals and reported its findings back to the full Overview and Scrutiny Committee on 8 February 2022. The Task Group made a number of recommendations including that:-

*“The Task Group agreed that at this current time the council’s draft budget is sound. It was advised that increases to borrowing interest rates were expected next year and some increases were factored into the budget. Members were confident that increases above forecast could be mitigated by flexing the borrowing strategy”*

*“Members were informed that the council were in a good position with its reserves going forward but there was a need to be mindful. Sufficient reserves were in place to mitigate different risks including economic risk. Additionally, reserves will look to be increased over the 2022/23 year”.*

81. 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 and is attached at **Appendix M**

## Equalities Impact Assessment

82. The equality impact assessment (EIA) screening tool has been completed to identify whether the budget policy treats any group differently. The EIA assumes that individual policies and initiatives will have separate impact assessments completed by the services concerned. Therefore whilst the assessment does highlight that some areas will need further examination as these will be covered individually and overall the budget does not discriminate against any group in society.

83. Members are referred to the attached Assessment at **Appendix E**.

## Recommendations (Part Two)

84. The Cabinet is asked to:
- II. Recommend the Revenue Budget 2022/23 including the net budget requirement of **£16,093,900 (excluding parish precepts)**
  - III. Recommend the level of Discretionary Fees to be levied from 1st April 2022 (as set out in **Appendix D**)
  - IV. Delegate to the Chief Finance Officer the powers to establish local discounts in Business Rates in accordance with government policy
  - V. Note the summary of reserves **Table 6** and **Appendix C**
  - VI. Note the Equality Impact Assessment in **Appendix E**
  - VII. Recommend the Band D council tax at **£177.50**.

## PART THREE – HOUSING REVENUE ACCOUNT

### Housing Revenue Account Budget

85. The 2022/23 position is broadly in line with the position reported to Members in the 30 year HRA business plan (Cabinet December 2021: Housing – Revenue Account Business Plan 2021/2052 – Affordable Housing Delivery and Aspirations).
86. **Table 7** shows a surplus of £1,535,960 in the HRA for 2022/23. This amount will be used to fund capital projects, thereby reducing the need for borrowing. The capital projects include, not only building and buying properties, but also the de-carbonisation of existing stock.
87. The HRA business plan presented to Cabinet in December forecast that the current plan remains affordable over the life of the plan, however the de-carbonisation programme does put some pressure on the HRA finances and officers will need to monitor this spend and take mitigating action should expenditure exceed the forecast.
88. The HRA Business Plan is ambitious, with its focus to increase housing provision, this requires a significant amount of investment, not only in new builds but also acquiring existing properties and block developments, for example former council houses that were sold through Right to Buy scheme, and the New Quarter acquisition.
89. This increase in affordable housing supply is designed to not only reduce the waiting list but also to reduce the pressure on temporary accommodation by providing homeless families with a long-term, affordable housing solution as highlighted in the HRA Business Plan presented to Cabinet in December 2021.
90. The 2022/23 budget in **Table 7** is shown in more detail, analysed to subjective level, at **Appendix F**

**Table 7 – Housing Revenue Account Budget 2022/23**

Revenue Budget				
Housing Revenue Account				
Actuals 2020/21 £	Budget 2021/22 £	Projected Outturn 2021/22 £	Detail	Budget 2022/23 £
(25,594,576)	(27,186,640)	(27,186,640)	Income	(28,775,130)
5,980,803	4,468,830	4,593,870	Supervision and Management	6,731,860
3,408,012	4,024,420	4,064,420	Repairs and Maintenance	4,347,100
293,373	221,700	191,150	New Builds	200,610
15,305,656	21,121,320	21,121,320	Other	15,959,600
<b>(606,732)</b>	<b>2,649,630</b>	<b>2,784,120</b>	<b>Service Expenditure</b>	<b>(1,535,960)</b>
1,848,337	5,913,700	3,838,520	Capital Works - Decent Homes	6,142,000
			Financed By:	
(1,848,337)	(4,435,000)	(3,118,440)	Contribution from Major Repairs Reserve	(6,142,000)
<b>0</b>	<b>1,478,700</b>	<b>720,080</b>	<b>Net Capital Expenditure</b>	<b>0</b>
<b>(606,732)</b>	<b>5,607,030</b>	<b>4,224,280</b>	<b>Total Net Expenditure</b>	<b>(1,535,960)</b>

## Housing Revenue Account - Rents

91. In line with rent setting formula, set by Government, the new rent standard will allow the Council to increase rents by CPI + 1%. CPI at September 2021 was 3.1% and therefore the weekly rent increase will be, on average 4.1%.
92. For 2022/23 this means that the average weekly rent, for social housing, will be £95.16 (£91.39 for 2021/22). For tenants receiving housing benefit the increase will not have any cash impact as new rent levels are reviewed to ensure that they remain with the Local Housing Allowance rates. This increase will add pressure to household budgets where people are not in receipt of full benefit however the Council will continue to apply for government grants to help support those where necessary, although some council tenants could be affected by other aspects of the government's welfare reforms.
93. The new rent standard provides additional income to support the ambitious plans of the service and is in accordance with the assumptions made in the HRA Business Plan which was presented to Cabinet in December 2021. These plans include retrofitting existing stock with more efficient and effective products to help reduce the carbon foot print of the stock. Although it is acknowledged that this is a long term replacement programme, and therefore not a benefit to all immediately, it is anticipated that these measures will help reduce the utility usage of our residents, to help reduce costs.
94. The rent increase also applies to those tenants in affordable housing, although 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 increased in line with the Government formula each year. The average rent for 2022/23 will be £145.35 (£139.66 in 2021/22).

## Recommendations (Part Three)

95. **The Cabinet is asked to:**
  - VIII. Resolve that the Housing Revenue Account budget for 2022/23 be approved
  - IX. Resolve the estimated average rent increase of CPI + 1%, in accordance with government guidelines, and that rent setting for the future continues to follow guidance, set by government.

## **PART FOUR – CAPITAL PROGRAMME**

### **Capital Resources and New Allocations to Projects**

96. This section gives consideration to the level of capital resources that are potentially available to support priorities including the business plan and other requirements
97. 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 2022/23 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.
    - Decisions on additional borrowing will be subject to an affordability test.
  - 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 circa £6m (capital & revenue), £4.7m of section 106 has been identified to support projects in the current capital programme and is expected to be spent over the next few years on community assets such as community buildings, open space and play areas throughout the borough.

### **Housing Revenue Account**

98. The HRA has continued to invest in both building and buying new stock, it is hoped that even with the loss of a number of properties through Right to Buy that stock numbers will continue to increase. The Capital Plan has been updated to reflect the projects presented to Cabinet as part of the HRA Business Plan Report (December 2021).
99. In addition to borrowing, HRA funding sources include:
- External contributions from Homes England
  - Capital receipts, including retained 'Right to Buy' capital receipts for 'one for one replacement'
  - Surpluses within the revenue budget

## Capital Expenditure 2022/23

100. The information below is an update on the significant items detailed in the Capital Programme. Major projects which have not already been approved will be reported for approval in accordance with the Council Policies. A full list and financing of the Corporate Plan is shown at **Appendix G**.

### Property Portfolio

101. 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.
102. There has been £2m set aside for strategic acquisitions which was approved in January 2014. All projects will be supported with a business plan ensuring all investments are viable.

### Regeneration Projects

#### Vicarage Lane Car Park Redevelopment

103. Following the acquisition of the Mecca bingo hall in March 2018, the Council is still developing plans to regenerate the lower high street and the wider town centre. Phase 1 to redevelop the former Odeon building and surrounding areas has been approved to spend £8m over the next 2 years.

#### Newtown Works

104. This development will be one of the most important economic drivers for the borough in the next few years and demonstrates the ongoing confidence that investors continue to have in Ashford.
105. The TV and film studios will bring significant benefits to Ashford in terms of investment and job creation and will play a key role in our economy's future recovery as we come out from the pandemic.
106. These exciting proposals involve finding a new use for one of the longest listed buildings in the country, which is of significant historical value but has been left to decay. This development will sensitively ensure our proud railway heritage is recognised, while transforming a brownfield site which has laid dormant for many years into a Film and TV Studio hub together with a hotel, serviced apartments, and commercial units.
107. Not only will this development put Ashford on the map nationally and internationally, it will also create sought after film studio space, provide thousands of jobs and make the town a hub for the creative arts industry, which is set to grow significantly in the future.

#### Project Green

108. The Council is exploring the potential of working with a world leading manufacturer in supporting their relocation to Ashford.
109. The facility is seeking to be as sustainable as possible through utilising heat from the ground, natural light, wind and solar power and be innovative in embracing sustainable travel plans – matching the ambitions of this Council as set out in our carbon pledge and Corporate Plan.



110. This will see the development of a 60 acre wetland park as part of this development, providing a bio diversity net gain for the scheme, carbon sequestration, enhanced flood attenuation, and nutrient neutrality credits, which will help with the wider Stodmarsh mitigation challenges the Council faces.

## **Corporate Projects**

### Carbon Neutrality

111. As part of the Council's commitment to becoming carbon neutral by 2030, a provisional amount of £10.8m has been included for the installation of Solar photovoltaic systems (PV). This project underpins the Carbon Neutral Strategy in generating income from investing in carbon neutrality opportunities. Carlton Road has approval to spend £401,000 to design and build solar installation on site utilising roof space, and will be paid back through saving of electricity in approx. 7-8 years.
112. The Council already has 114 PV panels in operation on domestic properties within the Housing Service, and within the Corporate Property and Projects portfolio. There are currently various sites still under review and a business case will be produced to support any bids to release of these funds at a later date.

### Property Company – A Better Choice for Property

113. The Council's wholly owned subsidiary, A Better Choice for Property Limited requires financing to purchase its assets. The company's business plan is looking to develop a portfolio of 300 - 400 properties over the next 5 years. The Budget of £150m represents the total facility available to the Company with each acquisition requiring approval through the Council's Trading and Enterprise Board.
114. Currently the company has 105 units within the portfolio, made up of a mix of flats and houses of varying sizes. The company has been successful in acquiring land acquisitions and a subsidiary company has been formed, A Better Choice for Property Development, to develop out these acquisitions. This progression to developing its own schemes is now the preferred method of the company to achieve its overall property target and to ensure a quality product in the rental market.

## **General Fund Housing**

### Henwood Temporary Accommodation

115. This project is to deliver 23 units manufactured by Zedpods and be used for temporary accommodation which will be owned and managed by the Council. This development will help reduce the cost of putting homeless residents in expensive short-term accommodation which is putting a pressure on the General Fund.

### Rough Sleepers Accommodation Programme

116. The Rough Sleepers Accommodation Programme (RSAP) is a scheme supported by Government Grant that will enable the Council to purchase 20 units of accommodation for supporting rough sleepers with a variety of complex needs (including mental and physical health, those with addiction issues and others who could have offending histories).

117. The scheme has the opportunity to purchase properties in the right location with good proximity to support services for individuals – to ensure the best outcomes for highly complex cases. It provides the intermediate supported accommodation within an existing rough sleeper framework to tackle levels of single homelessness and will effect real changes in the lives of individuals.

## **Culture and the Environment**

### Victoria Park

118. The current budget includes funding of £3.049m National Lottery Heritage Fund (NLHF), and £1.369m from Council reserves. Some minor capital works have begun, although the main contract bids are back (in February 2022) there is a 10 week evaluation period, with uplift bids due March 2022. The project will see Victoria Park and Watercress Fields benefitting from improved toilet facilities, café, play areas, car parking, river corridor enhancements and other wildlife habitat improvements, volunteering opportunities and park events and activities. The park forms an integral part of the Council's commitment to providing and supporting public open space within the borough.

### Conningbrook Country Park

119. Included in the plan is £2.055m of Section 106 funding to deliver key infrastructure elements of the country park. In July 2019 Cabinet endorsed the country park master plan, the park is designated as a Strategic Park in the Council's Open Space Strategy (2017 – 2030). The funding for the proposed works in the Country Park are provided by the enabling housing development that is currently under construction on land immediately adjacent to the main lake. Based upon current occupation rates we are forecasting another 3 years to receive all the S106 funding from the Conningbrook Development.
120. The carpark specification is currently being finished off with the consultants to enable a planning application and an application for a felling licence from the Forestry Commission. Works are expected to commence outside the birds nesting season in September 2022.

## **Housing Revenue Account Capital Programme**

121. There are a number of Housing Revenue Account projects currently underway as well as a number of projects due to commence during 2022/23, brief outlines are below with more information contained within the HRA Business Plan which was presented to Cabinet in December:-
- The Halstow Way development (to be known as Brickworks) will deliver 17 units of general needs accommodation by end of April 2022. This site has been awarded just over £1m in grant from Homes England (£60,000 per unit) enabling a social rent to be set and deliver genuinely affordable homes.
  - 55 Mabledon Avenue (the former Piper Joinery site) is a site the Council acquired in 2019/20. It is proposed that 20 units of general need accommodation will form the development for the site which, subject to planning permission, is expected to complete in 2023/24. This development is being supported by 1-4-1 monies which are generated from right to buy receipts.

- The redevelopment of Oakleigh, subject to planning permission, involves demolishing the existing structure and delivering 67 units of independent living accommodation for older people and adults with learning disabilities. Expected completion is in 2024/25.
  - Tile Kiln Road is the site of a derelict cottage and (now demolished) agricultural barn purchased by the Council in 2019/20. Pre-planning application is being sought for 14 units of general needs accommodation.
122. Street Purchases is a way the Council uses 1-4-1 receipts to buy additional HRA stock, the number of acquisitions has started to slow as receipts from RTB sales have reduced. It is anticipated that the Council will purchase 31 properties, 10 of which will be larger properties either for large families, or possibly homes that could provide the space for some of the more complex cases on the waiting list, such as households who require homes suitable for household members with complex medical needs that cannot be met with the existing stock.

#### **Recommendations (Part Four)**

123. The Cabinet is asked to:
- X. Recommend to Council that the Capital Plan for 2022/23 – 2024/25 in **Appendix G** is approved.

# **PART FIVE – CAPITAL STRATEGY, TREASURY MANAGEMENT STRATEGY STATEMENT INVESTMENT STRATEGY, AND MRP POLICY**

## **Capital Strategy**

124. The Capital Strategy demonstrates that the authority takes capital expenditure and investment decisions in line with service objectives. Providing a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of local public services along with an overview of how associated risk is managed and the implications for future financial sustainability.
125. The Capital Strategy also incorporates the prudential indicators which are updated on an annual basis. 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 ensuring it is affordable, prudent and sustainable.
126. 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'.
127. The Capital Strategy recommended for 2022/23 is attached at **Appendix H**.

## **Treasury Management Strategy**

128. The Council adopted the CIPFA Code of Treasury Management 2017 which requires the Authority to approve a treasury management strategy before the start of each financial year.
129. The code provides a framework to ensure that the Council gives appropriate consideration to its Borrowing and investment activities and sets appropriate controls commensurate with the Council's risk appetite.
130. A Treasury Management In The Public Services: Code Of Practice and Cross-sectoral Guidance Notes (2021 Edition) was first launched in December 2021 and the Council will look to adopt any changes necessary throughout 2022/23 and look to formally adopt the guidance before full implementation in 2023/24.
131. 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 31 December 2021 the Council had £121.6m of borrowing relating to HRA and £105.5m relating to general fund capital investment. The Council had investments with a fair value of £65m at this time, of which £31.8m were strategic long term investments.

132. In 2022/23 the Council's General Fund Net Interest on Borrowing and Investments is forecast to generate a net surplus of circa £1.684m, an increase of £432,290 on 2021/22.
133. The increase in income is due to strategic fund interest remaining strong and estimates have increased by circa £375,000 accordingly, the budget is also forecasting additional interest from loans made to its Property Company of £690,000 as it starts to borrow for major developments. Debt payable has also risen by circa £600,000, this is as a result of the additional lending to the Property Company, but also to reflect £17m of long term general fund debt that was taken in 2021/22 to mitigate some interest rate risk. Further long term placements may also be taken in 2022/23 to mitigate against further interest rate risk.
134. The Council is continuing with the strategy of borrowing where authorised, which enables the Council to take advantage of the current low interest rate environment, where returns from long term strategic investments are higher than the rate for borrowing. Officers continually evaluate and take advice on all investment and borrowing decisions and will look to take opportunities as they arise.
135. The proposed Treasury Management Strategy Statement for 2022/23 is attached at **Appendix J** (it is a requirement to review this annually).

### **Investment Strategy**

136. The Investment Strategy focuses on the Council's support for local services by lending to or buying shares in other organisations and service investments (commercial investments) where the generation of income is the main purpose, although the Department of Levelling up, Housing and Communities (DLUCH) defines property to be an investment that is held primarily or partially to generate a profit.
137. The Investment Strategy for 2022/23 is attached at **Appendix K**

### **HRA Debt Pools**

138. 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.
139. Where the HRA or GF has a surplus cash balance 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 Policy Statement**

140. Each year the council must agree a statement on its policy for making a minimum revenue provision (MRP) (set aside for debt repayment).
141. 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 (based on an annuity with an annual interest rate equal to an appropriate PWLB rate for the year of expenditure)
- Option 4: Depreciation Method (dependent on depreciation policy)

#### *Proposed MRP Policy*

142. Only options 3 and 4 can be applied to new capital expenditure, with Option 3 the most practical to adopt and a better fit for the Council's borrowing requirements.
143. In relation to option 3 there are two methods under this option for estimating the MRP requirement are,
- a) based on equal instalments over the useful life of the asset, and
  - b) based on an annuity repayment based on an appropriate annual interest rate.
144. The Council has previously adopted option 'a', (pre 2017/18) but now uses option 'b' as this more appropriately matches the MRP expense with the cash flows of the assets going forward.
145. No MRP is payable on the Loans to wholly owned Council companies as these are made on an annuity basis where the principal element of the loan is used to repay the debt in lieu of MRP (if the Property Company sells assets a voluntary MRP contribution to the value outstanding will be made).
146. 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.
147. The Council had the ability to use bespoke MRP policies where they are deemed prudent, any bespoke MRP policies considered will be reported through Council as necessary.
148. The MRP Policy for 2022/23 is attached at **Appendix I**.

#### **Recommendations (Part Five)**

149. The Cabinet is asked to:
- XI. Recommend the Capital Strategy is approved as set out in **Appendix H**.
  - XII. Recommend that the MRP Policy **Appendix I** and the Treasury Management Strategy Statement at **Appendix J** and the Investment Strategy at **Appendix K**

## **PART SIX –**

### **Exceptional Circumstances Policy**

150. An Exceptional circumstances Policy has been created by Ashford Borough Council to assist persons who have applied for Council Tax Reduction and who are facing 'exceptional circumstances'. This is to provide further assistance where an applicant has made a claim for Council Tax Reduction but do not qualify for support or even with support are unable to meet their Council Tax liability.
151. Exceptional circumstances falls within S13(A)(1a) of the Local Government Finance Act 1992 and forms part of the Council Tax Reduction scheme.
152. The full policy can be found in **Appendix L**

### **Recommendations (Part Six)**

153. The Cabinet is asked to:
  - XIV. Approve the ABC Exceptional Circumstances Policy as outlined in **Appendix L**

## **PART SEVEN – ROBUSTNESS OF THE ESTIMATES AND ADEQUACY OF RESERVES**

### **Background**

154. The council has a legal duty to set a balanced budget and must take all reasonable factors into account when doing so. Under Section 25 of 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.
155. We are now entering the recovery phase of the Covid 19 pandemic which is still a factor in the formulation of the budget with possible sustained reductions in historically steady income streams, such as parking income. There is also the wider economic impact as government support starts to come to an end and business become reliant on consumer confidence and spend to finance their businesses. Until we fully understand the lasting impact of Covid19 on the community, economy and consumer habits, the pandemic will continue to add unknown risk and uncertainty to the 2022/23 budget.
156. The reduction in the Council's incomes has resulted in a need for spending reductions and the delivery of these are critical to restoring the longer term finances of the Council. A significant amount of savings were delivered in 2021/22 although there is still £827,800 of saving built into the 2022/23 budget of which £639,260 still need to be fully developed and delivered. The savings were previously identified but it is acknowledged that a year later they may need to be delivered in a different way. Failure to deliver savings will have a compounded impact on the Medium Term Financial Plan which would consume reserves and restrict the Councils freedom to deploy these resources on its priorities.
157. One area where pressures are still to be understood are in two major income streams, Council Tax and Business Rates. As Government support for the economy unwinds there is a risk that the economic consequences will see increase level of non-payment and hardship which will affect the level of funding that the Council Receives.
158. Business rates also has a significant risk (as well as those highlighted above) in that the Government review which has been ongoing since 2016 has now been scrapped. As part of a future review there will need to be a reset of the Business Rates baseline that will see Ashford lose growth made over recent years. It is anticipated that a baseline reset could see the council lose business rates income in the region of £2.8m, although we would expect some transitional support to be put in place.
159. Other risks to budget are around contracted services and capital works, the Council is already seeing increases in capital contracts as a result of increasing raw material costs, supply issues, increased energy costs, and shortages in the labour market which is resulting in cost pressures being passed on. This will also flow through into more operational contracts such as software licences and consultancy services. With inflation not expected to start easing until 2023, suppliers will seek to pass these costs through to the authority and price these rises into new contracts. The Council is currently



out to tender on its new waste contract and so this will form a key risk in this process.

160. Next year will be a further one year only financial settlement from Government. The information drawn from the 2022/23 provisional settlement and Levelling up white paper leaves considerable uncertainty around funding moving beyond 2022/23. There is a strong expectation that government will launch a consultation process on funding allocations within the sector and Ashford does not represent a priority area for funding, therefore we can expect a challenging outlook for funding in the medium term.
161. The levelling up agenda will impact upon the future fair funding review, and while government promote positive messages about Councils not seeing reductions in core spending power (CSP), this means inflation adjusted cuts in funding. A continued approach to freezing CSP in cash terms could be a real possibility as a result of levelling up with the Levelling up Executive Summary highlighting things such as *“economic growth and the higher productivity which drives it has been over-concentrated in specific areas, particularly the South East of England”* and *“Nor does it mean dampening down the success of more prosperous areas. Indeed, by extending opportunity across the UK we can relieve pressures on public services, housing and green fields in the South East. And levelling up can improve well-being in the South East by improving productivity in the North and Midlands”*. Until the fair funding review is completed, and future settlements made, the true impact of this policy will not be known, and currently should be flagged as a risk. The Council will consult where appropriate to seek a fair deal for Ashford and other Councils.
162. The planned reforms of New Homes Bonus funding continue to be delayed and with no further legacy payment to be received there is a possibility that this could be abolished after 2022/23, and this has been reflected in the MTFP accordingly. The Council will monitor future developments and will actively participate in any consultation. However; as NHB funds previously funded corporate projects, an alternative means to funding projects will need to be found.
163. Reforms to the Business Rates retention scheme intended for 2021/22 were delayed, and have subsequently been scrapped following the change of minister and rebranding of MHCLG (Ministry for Housing Communities and Local Government) to DLUC (Department for Levelling up, Housing and Communities). Change is going to happen and a baseline reset will still need to happen, however this latest decision leaves the Council with further uncertainty over business rates funding, and while the delay is positive as we have a good level of growth, the reset when it happens could reduce income by circa £3m, some tapering of the reduction would be expected but this could be simply funded from our own growth as with the current settlement and new burdens, however, as a worst case this would require a sudden correction in our budgets. To help mitigate this risk the Council currently holds several reserves to support in year and MTFP pressure as set out in **Appendix C**.
164. For prudence the Council’s Medium Term Financial Plan continues to reflect government formula grants to be zero, although in future years the Council may need to incorporate a negative revenue support grant (a payment to Government) although this is likely to be scrapped as part of the comprehensive spending review. The MTFP also makes no further provision

for NHB or any perceived replacement. The plan 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
  - b. new revenue from targeted housing and property investments.
  - c. Inflationary increases in fees and charges
165. The Plan also assumes increases in Council Tax at the maximum of £5 or 2% per annum whichever is the maximum. The latter assumption to increase Council Tax by the maximum amount permitted is in keeping with Government's expectations when setting the Council's base line need for funding.
166. The financial planning has been comprehensive leading up to this point and reports have been presented at various Cabinet meetings on the HRA Business Plan, Medium Term Financial Plan and Draft Budget which has allowed members to comment and engage in the financial planning of the organisation. The latter of these reports was the basis for a comprehensive review by the Council's Overview and Scrutiny Committee and its Task Group who found the budget to be as "*The Task Group agreed that at this current time the council's draft budget is sound. It was advised that increases to borrowing interest rates were expected next year and some increases were factored into the budget. Members were confident that increases above forecast could be mitigated by flexing the borrowing strategy*" The budget has also been put out to public consultation.
167. This evidence clearly demonstrates that 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**

168. 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**

169. This is the first budget that has been set to deliver the Council's new corporate plan. This outlines an ambitious vision for the Borough and includes an action plan with a number of commitments that the Council will seek to deliver. It is important to note that not all of the projects within the plan are costed and resourced and overall resourcing this agenda will be a challenge to the Council to achieve this whilst staying within budgeted resources. At some stages choices will need to be made and areas prioritised for resource over another to either maintain service delivery or corporate plan

delivery. This is not a new challenge and something that all Councils do, but it needs to be recognised that the events of the last few years have reduced our organisational capacity.

170. 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 over the summer, and a review by the Overview and Scrutiny Committee's budget task group.
171. As with any budget, and particularly in the current climate there are uncertainties as no budget can capture all future risks, however there is a corporate contingency of £200,000 within the 2022/23 budget for general unforeseen pressures that may arise.
172. This budget is set in a continued period of uncertainty as the global pandemic is still prevalent in many parts of the world which is continuing to impact the global economy and supply chains. Although domestically we are firmly entering the recovery phase of the pandemic, new issues such as soaring inflation, significant increase in utility costs, and anticipated interest rate rises new issues are emerging. The full impact of the UK leaving the European Union is also still to be fully understood, and how that will impact on the local and national economy as we move away from adopted European laws.
173. Inflation is expected to peak at about 7.25% in April 2022 and then could remain elevated throughout 2022 due to oil and gas price which have risen significantly and increased labour costs. Inflation will then start falling back to target in about two years' time.
174. To support this move back to target it is anticipated that interest rates will need to rise and the February rise represented consecutive rises from 0.10% to 0.25% and now 0.5% with further increase expected in March and May pushing the rate to 1%. This rapid rise in interest rates will place pressure on the Council's debt portfolio and the strategy will remain flexible to mitigate the general fund from increased costs. This will flow into future MTFP assumptions and options to manage pressure will be considered. Equally, this rise in rates and economic recovery will conversely, but to a lesser extent increase returns on treasury investments.
175. The tightening of fiscal policy could well be sowing the seeds of a future recession and therefore the Bank of England's move on interest rates could be seen as an attempt to build capacity to fight the next economic downturn. All this suggests a fragile outlook.
176. Despite the Economic pressures of Covid19, the Council has seen good resilience in commercial property and has been able to let further units at Elwick place and has now nearly let all the units at Carlton Road industrial Estate. The Housing team is also working on temporary accommodation solutions to ease temporary accommodation pressures in addition to increasing its social housing stock.
177. Locally there continues to be some interruption in awarding Planning Permissions due to water quality issues at Stodmarsh Nature Reserve which feeds from the River Stour. Considerable work is being undertaken by the

Council and Developers to identify mitigation strategies to overcome this problem and a solution is anticipated within 2022/23.

178. With risks to manage within this budget (and the associated Medium Term Financial Plan) a considered view is taken of both. The Council has re-profiled reserves to create two distinct reserves which look to address the economic in year risks to budgets, the Fund future expenditure (Risk, Legislation, and Transformation) reserve, and the Economic Growth and Risk fund which is to support the MTFP over the medium term. These reserves are forecast to be £4.5 and £8m respectively as at 31 March 2022.
179. It also recognises the support reserves play in supporting the Council's commercialisation agenda as it matures and is susceptible to economic conditions. Given the pending reform of New Homes Bonus scheme, the policy of not budgeting to use new homes bonus income for new projects until income is confirmed is to be maintained.
180. The inclusion of the Port Health Authority in this budget needs to be considered, whilst this presents an opportunity for the borough in terms of its own budget and the local economy in the short term the uncertainty in terms of understanding levels of demand and therefore the resources necessary to service this demand. Government have funded the set-up costs and have provided additional grant to support losses in 2021/22 due to delays in opening the facility, but continue to resist calls to underwrite the business during the first years of operation as demand settles and the trading relationship with the EU settles. Officers have held discussions with Officials on this matter and receive assurances that the Government will support these risks, and our planning continues on that assumption.
181. During 2022/23 the Council will continue to see proposals and affects arising from the expanded use of the council's prudential borrowing to support asset purchases, including the expansion of the HRA 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 be maintained.
182. With economic uncertainty and continued reductions in budgeted income against pre-Covid levels, the Councils had to identify significant savings which were largely delivered within the 2021/22 budget, a further element of savings is also required within the 2022/23 budget. This poses some risk to the budget as some of the original savings proposals will need re-visiting to ensure that they are deliverable. These savings and uncertain funding streams have reduced the Council's budgetary flexibility and ability to respond to sudden changes in spending power. This is a particular threat when we consider regulatory changes that could be imposed upon the Council with short notice, for example the Fair Funding review, Spending Review, further guidance on borrowing and investment regulations, and reform of New Homes Bonus etc. To manage these risks the Council will need to continue to be actively involved in consulting with government on policy changes.

## **Key components of the budget**

183. Detailed advice is set out in **Appendix M**, which considers the budget across a number of key components. Additionally, members have received advice

and recommendations from the Overview and Scrutiny Committee Budget Task Group which were presented to the Overview and Scrutiny committee on the 8 February 2022, after considerable work scrutinising the draft budget it was found to be sound.

184. The Overview and Scrutiny Budget Task Group focused on a number of key themes in forming their opinion which are identified below:-
- a. The Port Health Service
  - b. The council's reserves positions and forecast
  - c. Savings and recharges
  - d. Planning and Development Service and the achievability of their savings target.
  - e. Details on expected borrowing interest rate increases.
  - f. Housing Service and delivery of savings target.
  - g. The risks around the maintenance of assets.
  - h. Risks linked to the commercial property portfolio.
185. From the above areas of coverage listed above cabinet were asked to note, and be advised of a number of matters arising although none of the formal recommendations have direct financial implications. The general theme of the recommendation was around concern over the savings to be identified within the budget although the Task Group was satisfied that appropriate measures were in place to mitigate the risks.
186. The full report on the review of the Draft Budget was reported to, and can be found at Agenda item 7 of the Overview and Scrutiny Committee dated 8 February 2022.

## **Weighing-up**

187. This budget is developed with substantial external influences in flux, including the tail end of a global pandemic, and uncertainty over how the economy will recover once all restrictions are fully lifted, and what will be the long term structural changes to the way we live. Continued supply chain difficulties and rising inflation, and uncertainty over the future of government funding which needs to start saving/raising money to repay the Covid debt. **Appendix M** and the Overview and Scrutiny Committee's endorsement, highlight that risks should be manageable through processes in place supported by the totality of the council's contingencies and reserves, although noting that the future

economic impact of Covid19 and emerging economic pressures are yet to be fully determined.

188. The Council does have an ambitious agenda to deliver and a limited capacity which will mean that choices will need to be made and work areas prioritised or reserves used to buy in additional capacity.
189. 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**

190. Section Two covers the reserves position with a detailed forecast included in **Appendix C**.
191. The proposed policy position is that reserves need to be maintained at adequate levels, with the **un-earmarked general fund reserve** maintained at 15% of net general fund revenue spending.
192. For 2022/23 this amounts to a minimum unallocated reserve requirement of circa £2.414m which is in the reserve. In addition to the General Fund Reserve, the Council also has reserves with two significant reserves focusing on economic pressures to in year budgets but also to address the risk in the MTFP. These reserves were covered in the context section of Part 7 of this report.
193. Earmarked reserves (excluding section 106 developer contributions and S31 funding for the collection fund deficit), after planned drawings are expected to be in the region of £20.8m as at 31 March 2022.
194. 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. As ever reserve levels need close management to ensure they remain adequate and that longer term MTFP plans for resilience are sustainable. At the moment the level of risk and uncertainty leads me to the conclusion that we need to adopt a prudent approach to allocating reserves for spending, keeping this position under review whilst we develop a clearer understanding of how the longer implication will impact corporate resources.
195. Our budget monitoring will continue to highlight to Cabinet and Management Team approved movements in the use of reserves including reporting any actions of the management team taken to address new pressures or priority needs.
196. On the capital side General Fund 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.
197. 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 continue to make use of its prudential borrowing power to pursue opportunities that add economic and regenerative benefits to the Borough,

although the returns need to support financing costs. Projects were previously supported by New Homes Bonus Receipts, however, as this scheme has no further legacy payments due, and not alternative scheme is yet to be introduced, new ways to fund projects will need to be identified.

198. **Appendix M** 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 remain reasonably healthy and provide the means to cushion unexpected shocks.
199. 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):**

200. The Cabinet is asked to:
  - XV. Note the advice from the Chief Financial Officer concerning the robustness of the estimates and the adequacy of reserves, as set out in **Appendix M**

## **Equalities Impact Assessment**

201. Members are referred to the attached Assessment at **Appendix E**.

## **Consultation Undertaken**

202. A summary of the budget proposals were available for consultation from the end of December through to 18 February 2022. The consultation was promoted through the Council's online media platforms and posted on the council's website for general access.

203. Consultation with the public and the business community has taken place and the results will be reported to this meeting.

## **Other Options Considered**

204. The Council has a statutory responsibility to deliver a balanced budget and this report sets out how that can be delivered. The composition of the budget can be 'changed'; and that is why the draft budget is consulted upon through the Overview and Scrutiny Budget Task Group and wider stakeholders.

205. There are no other options than to deliver a balanced budget.

## **Reasons for Supporting Option Recommended**

206. This budget has been built within the financial parameters as determined affordable and sustainable as per the MTFP presented to Cabinet in October which were carried through into the draft budget.

207. The draft budget has been approved by Cabinet and following comprehensive scrutiny by the Overview and Scrutiny Budget Task Group is to be considered sound.

## **Next Steps in Process**

208. If supported the Budget for 2022/23 will be presented to Full Council for approval.

## **Portfolio Holder's Views**

209. As we enter the recovery phase of the Covid19 pandemic the budget should have been easier to set however, with the current economic climate inflating prices, pressure on historical income streams, no increase in core spending power, and savings still to be fully delivered, 2022/23 will be a challenging year for the Council.

210. We do however have a proven track record of delivering, and through digitalisation, transformation and new projects that bring growth to the borough, and financial returns to the Council, I am comfortable that this budget is deliverable. I also acknowledge the work done by the Overview and



Scrutiny Budget Task Group in that while also recognising the challenges presented in 2022/23, concluded the budget proposal to be sound.

211. We will however need to ensure that robust monitoring arrangements remain in place to report progress towards saving targets, and the general pressures coming through as a result of the economic climate so that appropriate and timely action can be taken to address any concerns, including the use of reserves specifically held for these circumstances.

## **Contact and Email**

212. Lee Foreman – [lee.foreman@ashford.gov.uk](mailto:lee.foreman@ashford.gov.uk)

## LIST OF APPENDICES

Part Two	A	Summary of Expenditure
	B	Service Expenditure
	C	Analysis of Reserves
	D	Discretionary Fees
	E	Equality Impact Assessment
Part Three	F	HRA Budget, analysed to subjective level
Part Four	G	Capital Programme
Part Five	H	Capital Strategy
	I	Minimum Revenue Provision
	J	Treasury Management Strategy Statement
	K	Investment Strategy
Part Six	L	Exceptional Circumstances Policy
Part Seven	M	Robustness of Estimates and Adequacy of Reserves

REVENUE BUDGET				
SERVICE SUMMARY				
Actuals 2020/21 £	Budget 2021/22 £	Projected Outturn 2021/22 £	Service	Budget 2022/23 £
1,292,207	1,173,200	1,191,700	Corporate Policy, Economic Development & Communications	1,163,420
(1,728,850)	(1,269,350)	(1,424,211)	Corporate Property & Projects	(2,034,450)
2,754,547	3,269,790	3,153,840	Finance & IT	3,239,630
1,376,827	914,200	1,009,280	Housing General Fund Services	1,289,150
(50,256)	0	0	Ashford Port Health	0
2,005,036	711,520	909,290	Community Safety and Wellbeing	761,170
74,602	155,350	147,810	HR & Customer Services	176,810
1,180,023	1,233,590	1,316,050	Legal & Democratic Services	1,349,600
4,562,713	3,208,300	3,604,050	Culture	2,534,250
5,176,317	4,738,700	4,839,306	Environmental & Land Management	5,182,840
2,501,050	2,168,090	2,469,100	Planning	2,356,110
<b>19,144,216</b>	<b>16,303,390</b>	<b>17,216,215</b>	<b>Net Expenditure on Services</b>	<b>16,018,530</b>
(4,246,502)	(2,187,810)	(2,703,060)	Capital Charges & Net Interest	(2,153,740)
949,854	0	0	Revenue Funding of Capital Expenditure	0
270,466	276,000	276,000	Levies	282,000
18,109,351	348,860	(153,060)	Contribution to/(from) Balances	1,947,110
<b>34,227,385</b>	<b>14,740,440</b>	<b>14,636,095</b>	<b>ABC Budget Requirement</b>	<b>16,093,900</b>
(5,282,885)	(946,480)	(1,263,480)	<b>Income</b> Government Grant	(485,000)
(18,046,940)	(4,093,390)	(4,093,390)	Retained Business Rates	(4,685,000)
(3,053,420)	(1,908,220)	(1,908,220)	New Homes Bonus	(1,886,050)
0	0	0	Council Tax 2020/21 Surplus	(400,000)
(8,012,237)	(7,792,350)	(7,792,350)	Council Tax	(8,637,850)
<b>(168,097)</b>	<b>0</b>	<b>(421,345)</b>		<b>0</b>

General Fund Budget 2022/23				
Actuals 2020/21 £	Budget 2021/22 £	Projected Outturn 2021/22 £	Department	Budget 2022/23 £
			<b>Corporate Policy, Economic Development &amp; Communications</b>	
252,306	276,120	270,720	Policy and Performance	242,690
574,411	451,800	475,700	Economic Development	467,200
465,490	445,280	445,280	Communications & Marketing	453,530
<b>1,292,207</b>	<b>1,173,200</b>	<b>1,191,700</b>		<b>1,163,420</b>
			<b>Corporate Property &amp; Projects</b>	
(145,535)	17,600	1,150	Project Delivery Team	(30,360)
(107,174)	(10)	(125,990)	Facilities Management	(58,910)
(1,476,141)	(1,286,940)	(1,299,371)	Corporate Property	(1,945,180)
<b>(1,728,850)</b>	<b>(1,269,350)</b>	<b>(1,424,211)</b>		<b>(2,034,450)</b>
			<b>Finance &amp; IT</b>	
(34,004)	26,610	10,180	Accountancy	74,670
501	(20)	(20)	Audit Partnership	70
762,566	778,920	722,650	Benefits Administration	836,890
508,970	367,610	517,380	Council Tax Collection	327,130
(16,979)	30	6,220	Debtors/Debt Recovery	1,900
388,782	35,130	35,130	Miscellaneous Expenditure	29,380
78,798	57,540	37,920	Exchequer	80,790
(848,598)	(280,000)	(280,000)	Housing Benefits Payments	(275,000)
(239,736)	(52,920)	(103,970)	NNDR Collection	(78,620)
1,181,647	1,419,400	1,089,400	Non-Distributed Costs	1,221,100
(44,425)	11,080	92,750	ICT	26,630
30,472	30	30	Telephony	50
803,985	690,750	801,490	Strategic Corporate Costs	824,690
182,568	215,630	224,680	Corporate Management	169,950
<b>2,754,547</b>	<b>3,269,790</b>	<b>3,153,840</b>		<b>3,239,630</b>
			<b>Housing General Fund Services</b>	
186,341	207,030	208,550	Private Sector Housing	184,590
108,047	114,600	115,300	Housing Strategy and Enabling	121,790
948,672	605,150	665,250	Housing Options	963,460
157,062	0	0	Refugee Project	1,980
(23,295)	(12,580)	20,180	Gypsy Site - Chilmington	17,330
<b>1,376,827</b>	<b>914,200</b>	<b>1,009,280</b>		<b>1,289,150</b>
			<b>Ashford Port Health</b>	
(50,256)	0	0	Ashford Port Health	0
<b>(50,256)</b>	<b>0</b>	<b>0</b>		<b>0</b>

General Fund Budget 2022/23				
Actuals 2020/21 £	Budget 2021/22 £	Projected Outturn 2021/22 £	Department	Budget 2022/23 £
			<b>Community Safety and Wellbeing</b>	
746,017	675,220	682,540	Community Safety,AMC,Licencing	787,690
465,700	579,590	509,930	Environmental Health	547,930
793,318	(543,290)	(283,180)	Parking & Engineering	(574,450)
<b>2,005,036</b>	<b>711,520</b>	<b>909,290</b>		<b>761,170</b>
			<b>HR &amp; Customer Services</b>	
108,655	143,730	140,470	Human Resources	158,100
(34,053)	11,620	7,340	Visitor & Call Centre	18,710
<b>74,602</b>	<b>155,350</b>	<b>147,810</b>		<b>176,810</b>
			<b>Legal &amp; Democratic Services</b>	
831,736	791,980	755,580	Democratic Representation	787,170
432,357	378,070	392,230	Electoral Services	417,240
(134,001)	0	15,640	Legal	(6,730)
49,931	63,540	60,890	Mayor	64,630
0	0	91,710	Office of the Leader	87,290
<b>1,180,023</b>	<b>1,233,590</b>	<b>1,316,050</b>		<b>1,349,600</b>
			<b>Culture</b>	
348,015	317,820	318,920	Cultural Services Management	286,530
2,782,321	1,691,040	2,059,680	Leisure Centres	1,022,660
295,965	301,120	305,920	Open Spaces and Conservation	317,650
320,839	315,860	336,000	Single Grants Gateway	345,860
191,991	182,910	184,170	Tourism & Heritage	162,590
623,582	399,550	399,360	Cultural Projects	398,960
<b>4,562,713</b>	<b>3,208,300</b>	<b>3,604,050</b>		<b>2,534,250</b>
			<b>Environmental &amp; Land Management</b>	
243,038	261,410	246,460	Street Scene	175,450
3,304,015	2,986,900	3,102,190	Refuse,Recycling,Street Clean	3,155,960
1,629,265	1,490,390	1,490,656	Grounds Maintenance	1,851,430
<b>5,176,317</b>	<b>4,738,700</b>	<b>4,839,306</b>		<b>5,182,840</b>
			<b>Planning</b>	
82,681	88,310	88,310	Building Control	114,890
1,457,599	1,030,830	1,310,750	Development Manager	1,025,180
(32,085)	(70)	6,000	Land Charges	3,060
64,126	(10)	22,570	Planning Administration	12,550
928,727	1,049,030	1,041,470	Strategic Planning	1,200,430
<b>2,501,049</b>	<b>2,168,090</b>	<b>2,469,100</b>		<b>2,356,110</b>
<b>19,144,216</b>	<b>16,303,390</b>	<b>17,216,215</b>	<b>Net Expenditure on Services</b>	<b>16,018,530</b>
			<b>Other Items</b>	
(4,246,502)	(2,187,810)	(2,703,060)	Capital Charges & Net Interest	(2,153,740)
949,854	0	0	Revenue Funding of Capital Expenditure	0
270,466	276,000	276,000	Levies & Precepts	282,000
18,109,351	348,860	(153,060)	Contributions to/(from) Reserves	1,947,110
<b>34,227,385</b>	<b>14,740,440</b>	<b>14,636,095</b>	<b>ABC Budget Requirement</b>	<b>16,093,900</b>

## Analysis of Estimated Reserves

Analysis of Estimates Revenue Reserves	Balance at 31 March 2021	2021/22 Forecast Movement		Balance at 31 March 2022	2022/23 Forecast Movement		Balance at 31 March 2023
		From Reserve	To Reserve		From Reserve	To Reserve	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>General Fund Balance</b>	<b>2,562</b>	<b>0</b>	<b>0</b>	<b>2,562</b>	<b>0</b>	<b>0</b>	<b>2,562</b>
<b>Earmarked Reserves</b>							
Recovery Project Reserve (now including Victoria Park)	1,063	(802)	0	261	(261)	0	0
Climate Change Delivery Fund	2,000	0	0	2,000	0	575	2,575
Improvement Delivery Fund	3,000	(1,273)	288	2,015	0	1,312	3,327
Economic Growth and Risk Fund	9,000	(2,162)	1,146	7,985	(739)	200	7,446
Fund Future Expenditure (Risk, Legislation, Transformation)	4,553	(69)	66	4,550	0	0	4,550
Provide for Maintenance of Assets	3,500	(99)	650	4,051	0	600	4,651
<b>Provision for Discretionary Spend</b>	<b>23,116</b>	<b>(4,405)</b>	<b>2,151</b>	<b>20,862</b>	<b>(1,000)</b>	<b>2,686</b>	<b>22,548</b>
							0
Required by Statute Reserves and other ring-fenced amounts	5,955	(4,044)	0	1,911	0	0	1,911
Section 31 grants and relief reserves (ring-fenced)	13,000	(13,000)	5,800	5,800	(5,800)	0	0
Developer Contributions	5,971	0	0	5,971	0	0	5,971
<b>Amount ring-fenced, held under statute</b>	<b>24,926</b>	<b>(17,044)</b>	<b>5,800</b>	<b>13,682</b>	<b>(5,800)</b>	<b>0</b>	<b>7,882</b>
<b>Total General Fund Reserve</b>	<b>50,604</b>	<b>(21,449)</b>	<b>7,951</b>	<b>37,106</b>	<b>(6,800)</b>	<b>2,686</b>	<b>32,992</b>

## DISCRETIONARY &amp; STATUTORY FEES 2022/23

## Charge for the Port Health Services Border Control Post Sevington

Item	Description/Comments	VAT Indicator	Charge 2020/21	Charge 2021/22	Charge 2022/23	Increase / Decrease on	
			£	£	£	%	
Common Health Entry Document (CHED-P) - Products of Animal Origin	<b>All Products</b>						
	Up to 6 tonnes	NB		52.12	54.00	3.61%	
	7-45 tonnes (cost per tonnes)	NB		8.53	9.00	5.51%	
	46 tonnes and over	NB		397.87	410.00	3.05%	
	<b>All Products from New Zealand</b>						
	Up to 6 tonnes	NB		40.39	42.00	3.99%	
	7-45 tonnes (cost per tonnes)	NB		6.60	7.00	6.06%	
	46 tonnes and over	NB		308.84	318.00	2.97%	
	<b>Bulk fishery products and feed of animal origin or by-products</b>						
	Up to 500 tonnes	NB		568.40	585.00	2.92%	
	Up to 1,000 tonnes	NB		1,136.79	1171.00	3.01%	
	Up to 2,000 tonnes	NB		2,273.59	2342.00	3.01%	
	More than 2,000 tonnes	NB		3,410.36	3513.00	3.01%	
	<b>Intensified Official Controls, Enhanced Checks (i.e Brazil meat) and Protective Measures</b>						
	Risk category II products (30%)	NB		60.96	63.00	3.35%	
	Risk category III products (15%)	NB		74.02	76.00	2.67%	
	Risk category IV products (5%)	NB		82.72	85.00	2.76%	
	Risk category V products (1%)	NB		86.20	89.00	3.25%	
	<b>If sampled</b>						
	Admin Fee	NB		87.08	90.00	3.35%	
	Lab Fee - Assigned by Lab	NB			AT COST	AT COST	

## DISCRETIONARY &amp; STATUTORY FEES 2022/23

## Charge for the Port Health Services Border Control Post Sevington

Item	Description/Comments	VAT Indicator	Charge 2020/21	Charge 2021/22	Charge 2022/23	Increase / Decrease on
			£	£	£	%
	<b>Transits through the community</b>					
	Minimum Fee	NB		87.08	90.00	3.35%
	Per additional quarter hour	NB		21.76	22.00	1.10%
	<b>Admin for CHED's not presented on IPAFF's</b>					
	Per CHED entered	NB		10.30	11.00	6.80%
	Photocopy document	NB		1.03	1.00	-2.91%
	<b>Late notification fee</b>					
	Per CHED not submitted before the arrival of the cargo	NB		86.52	89.00	2.87%
	<b>Non compliance charge</b>					
	Per rejected consignment	NB		126.89	131.00	3.24%
<b>Common Health Entry Document (CHED-D) - High Risk Non Animal Origin</b>	Documentary check	NB		55.72	57.00	2.30%
	Sampling less than 10 sub-samples	NB		85.45	88.00	2.98%
	Sampling 10-59 sub-samples	NB		107.21	110.00	2.60%
	Sampling 60 or more sub-samples	NB		150.76	155.00	2.81%
	Non - compliance charge	NB		126.89	131.00	3.24%
	supervisory fee for disposals	NB		174.15	179.00	2.78%
	Late notification fee	NB		86.52	89.00	2.87%
	Analysts fee - assigned by Lab	NB		AT COST	AT COST	
<b>Radiation - Japanese Control Measures</b>	Products of Animal Origin	NB		208.06	214.00	2.85%
	Non animal origin	NB		55.72	57.00	2.30%
	<b>Sampled non-animal origin</b>					
	Identity and sampling	NB		85.45	88.00	2.98%
	Analysis - assigned by Lab	NB		AT COST	AT COST	
	Non compliance	NB		126.89	131.00	3.24%
	Supervisory Fee for Disposal	NB		174.15	179.00	2.78%
	Late notification fee	NB		86.52	89.00	2.87%



## DISCRETIONARY &amp; STATUTORY FEES 2022/23

## Charge for the Port Health Services Border Control Post Sevington

Item	Description/Comments	VAT Indicator	Charge 2020/21 £	Charge 2021/22 £	Charge 2022/23 £	Increase / Decrease on %
<b>Guar Gum from India</b>	Documentary check (CHED)	NB		55.72	57.00	2.30%
	Sampling analysis	NB		85.45	88.00	2.98%
	Analytical cost - Assigned by lab	NB		AT COST	AT COST	
	Non-compliance	NB		126.89	131.00	3.24%
	Supervisory fee for disposal	NB		174.15	179.00	2.78%
	Late notification fee	NB		86.52	89.00	2.87%
<b>Plastic Kitchenware - China and Hong Kong control measures</b>	6-10 Certificates	NB		64.22	66.00	2.77%
	11-20 Certificates	NB		89.01	92.00	3.36%
	21+ Certificates	NB		113.79	117.00	2.82%
	Identy, Physical Check and Sampling	NB		68.72	71.00	3.32%
	Analytical cost - Assigned by Lab	NB		AT COST	AT COST	
	Confirmatory test for nylon - Assigned by Lab	NB		AT COST	AT COST	
	Non - compliance	NB		126.89	131.00	3.24%
	Late notification fee	NB		86.52	89.00	2.87%
<b>Illegal, Unreported and Unregulated Fishing (IUU)</b> Ashford Port Health uses a per consignment basis for its charges. Where multiple catch certificates are submitted for the same consignment which include high and low risk country certificates, the higher risk charge is applied	High Risk 1-5	NB		45.06	46.00	2.09%
	High Risk 6-10	NB		67.60	70.00	3.55%
	High Risk 11-20	NB		78.87	81.00	2.70%
	High Risk 21+	NB		90.14	93.00	3.17%
	Low Risk 1-5	NB		22.54	23.00	2.04%
	Low Risk 6-10	NB		39.43	41.00	3.98%
	Low Risk 11-20	NB		50.70	52.00	2.56%
	Low Risk 21+	NB		61.96	64.00	3.29%
	Formal Verification/Movement Control Notice	NB		87.08	90.00	3.35%
	Per quarter hour	NB		21.76	22.00	1.10%
	Non-compliance	NB		126.89	131.00	3.24%
	Late notification fee	NB		86.52	89.00	2.87%

## DISCRETIONARY &amp; STATUTORY FEES 2022/23

## Charge for the Port Health Services Border Control Post Sevington

Item	Description/Comments	VAT Indicator	Charge 2020/21 £	Charge 2021/22 £	Charge 2022/23 £	Increase / Decrease on %
<b>Organic Import Controls</b>	Current national flat rate	NB		55.62	57.00	2.48%
	Late notification fee	NB		86.52	89.00	2.87%
	Movement control	NB		126.89	131.00	3.24%
	Non compliance charge	NB		126.89	131.00	3.24%
<b>Genetically Modified (GN) Controls in rice and Rice</b>	Identity checks, physical check and sampling	NB		55.72	57.00	2.30%
	Analyst Fee	NB		85.45	88.00	2.98%
<b>Products from China</b> Documentary Check	Reduced sample (processed product) - Assigned by lab Non-	NB		126.89	131.00	3.24%
	Supervisory fee for disposal	NB		174.15	179.00	2.78%
<b>Export Health Certificates</b>	Export Health Certificate £100 for preparation and first hour. Subsequent hours charged at Officer Rate	NB		100.00	100.00	0.00%
	Animal Feed Import, £54 document checking, £100 officer time sampling and Lab sampling recharged at cost	NB		154.00	154.00	0.00%
	APHA Certificate recharged at cost	NB		AT COST	AT COST	
<b>Other Charges</b>	<b>Disposal collection fee:</b>					
	Up to 0.9 tonnes in 3.5T Lorry	NB		236.32	243.00	2.83%
	Lorry Up to 1.5 tonnes in 7.5T Lorry	NB		236.32	243.00	2.83%
	Lorry Up to 10 tonnes in 18T	NB		287.83	296.00	2.84%
	Lorry Up to 20 tonnes in artic	NB		386.25	398.00	3.04%
	Refund of PHILIS deposit	NB		28.00	29.00	3.57%
	Disposal by incineration NOA per kg	NB		0.26	0.26	0.00%
	Disposal by incineration POAO per kg	NB		0.35	0.35	0.00%
	Staff hourly rate	NB		87.08	90.00	3.35%
	Certificate of destruction	NB		25.75	27.00	4.85%
	Non compliance charge for all products without an official import	NB		126.89	131.00	3.24%

VAT Indicator:

NB = Non Business no VAT

VT = Exclusive of VAT

EX = Exempt from VAT

## DISCRETIONARY &amp; STATUTORY FEES 2022/23

## Cemetery Charges

Item	Description/Comments	VAT Indicator	Charge 2020/21 £	Charge 2021/22 £	Charge 2022/23 £	Increase / Decrease on 2021/22 %
<b>Interments</b>						
<b>Interments in a new unpurchased grave</b>						
(1) Interment of standard sized coffin in new grave - includes digging, purchase of right of burial for 30 years and temporary wooden marker with plaque	<b>ADULT (Resident):</b>					
	Single grave depth	NB	1,190.00	1,240.00	1,275.00	2.82%
	Single grave depth with boarding (excludes Tenterden cemetery and woodland graves)	NB	1,417.00	1,467.00	1,510.00	2.93%
	Double grave depth (excludes Tenterden)	NB	1,310.00	1,360.00	1,400.00	2.94%
	Triple grave depth (excludes Tenterden)	NB	1,530.00	1,580.00	1,625.00	2.85%
	<b>ADULT (Non-resident):</b>					
	Single grave depth	NB	3,570.00	4,960.00	5,100.00	2.82%
	Single grave depth with boarding (excludes Tenterden cemetery and woodland graves)	NB	4,251.00	5,868.00	6,040.00	2.93%
	Double grave depth (excludes Tenterden)	NB	3,930.00	5,440.00	5,600.00	2.94%
	Triple grave depth (excludes Tenterden)	NB	4,590.00	6,320.00	6,500.00	2.85%
	<b>CHILD (Non-resident):</b>					
	Single grave depth: under 3 months	NB	85.00	85.00	87.00	2.35%
	Single grave depth: 3 - 5 years	NB	85.00	85.00	87.00	2.35%
Single grave depth: 6 - 18 years	NB	275.00	275.00	283.00	2.91%	
(2) Interment of casket style or oversized coffin (<30") in new grave - includes digging, purchase of right of burial for 30 years and temporary wooden marker with plaque. NOTE: Oversized coffins or caskets require two grave spaces	<b>ADULT (Resident):</b>					
	Single grave depth	NB	2,389.00	2,420.00	2,485.00	2.69%
	Single grave depth with boarding (excludes Tenterden)	NB	2,834.00	2,874.00	2,955.00	2.82%
	Double grave depth (excludes Tenterden)	NB	2,620.00	2,660.00	2,735.00	2.82%
	Triple grave depth (excludes Tenterden)	NB	3,060.00	3,100.00	3,185.00	2.74%
	Single grave depth	NB	7,140.00	9,680.00	9,940.00	2.69%
	Single grave depth with boarding (excludes Tenterden)	NB	8,502.00	11,496.00	11,820.00	2.82%
	Double grave depth (excludes Tenterden)	NB	7,860.00	10,640.00	10,940.00	2.82%
Triple grave depth (excludes Tenterden)	NB	9,180.00	12,400.00	12,740.00	2.74%	

## DISCRETIONARY &amp; STATUTORY FEES 2022/23

## Cemetery Charges

Item	Description/Comments	VAT Indicator	Charge 2020/21 £	Charge 2021/22 £	Charge 2022/23 £	Increase / Decrease on 2021/22 %
<b>Interments</b>						
<b>Interments in a reopen grave or grave that has been pre-purchased</b>						
(3) Reopen of existing grave or pre-purchased grave for interment of standard coffin - includes digging but excludes temporary wooden marker with plaque	<b>ADULT: (Resident):</b>					
	Single grave depth	NB	560.00	640.00	657.00	2.66%
	Single grave depth with boarding (excludes Tenterden) *	NB		867.00	892.00	2.88%
	Double grave depth (excludes Tenterden)	NB	690.00	760.00	782.00	2.89%
	Triple grave depth (excludes Tenterden)	NB	985.00	980.00	1,007.00	2.76%
	<b>ADULT (Non Resident):</b>					
	Single grave depth	NB	1,920.00	2,560.00	2,628.00	2.66%
	Single grave depth with boarding (excludes Tenterden) *	NB		3,468.00	3,568.00	2.88%
	Double grave depth (excludes Tenterden)	NB	2,070.00	3,400.00	3,128.00	-8.00%
	Triple grave depth (excludes Tenterden)	NB	2,955.00	4,280.00	4,028.00	-5.89%
	Under 5 years *	NB	n/a	85.00	87.00	2.35%
6 - 18 years *	NB	n/a	275.00	283.00	2.91%	
(4) Reopen of existing grave or pre-purchased grave for interment of casket or oversized coffin (<30") where possible. Includes digging but excludes temporary wooden marked with plaque NOTE: Oversized coffins or caskets require two grave spaces, can only be dug if space is available and does not encroach on another purchased grave	<b>ADULT (Resident):</b>					
	Single grave depth *	NB	n/a	1,280.00	1,310.00	2.34%
	Single grave depth with boarding (excludes Tenterden) *	NB	n/a	1,734.00	1,780.00	2.65%
	Double grave depth (excludes Tenterden) *	NB	n/a	1,520.00	1,560.00	2.63%
	Triple grave depth (excludes Tenterden) *	NB	n/a	1,960.00	2,010.00	2.55%
	<b>ADULT (Non-resident):</b>					
	Single grave depth *	NB	n/a	5,120.00	5,240.00	2.34%
	Single grave depth with boarding (excludes Tenterden) *	NB	n/a	6,936.00	7,120.00	2.65%
	Double grave depth (excludes Tenterden) *	NB	n/a	6,080.00	6,240.00	2.63%
Triple grave depth (excludes Tenterden) *	NB	n/a	7,840.00	8,040.00	2.55%	

## DISCRETIONARY &amp; STATUTORY FEES 2022/23

## Cemetery Charges

Item	Description/Comments	VAT Indicator	Charge 2020/21 £	Charge 2021/22 £	Charge 2022/23 £	Increase / Decrease on 2021/22 %
<b>Interments</b>						
<b>Interment of Ashes in new unpurchased cremation plot</b>						
(5) Interment of ashes in new cremation plot - includes digging, purchase of right of burial for 30 years and temporary wooden marker with plaque	<b>(Resident):</b>					
	Large plot (capacity for upto 4 interment of ashes)	NB	427.00	500.00	515.00	3.00%
	Small plot (capacity for up to 2 interment of ashes)	NB	387.00	365.00	375.00	2.74%
	<b>(Non Resident):</b>					
	Large plot (capacity for upto 4 interment of ashes)	NB	1,281.00	2,000.00	2,060.00	3.00%
	Small plot (capacity for upto 2 interment of ashes)	NB	1,160.00	1,460.00	1,500.00	2.74%
<b>Interment of Ashes in an existing grave or ashes plot or a grave or ashes plot that has been pre-purchased</b>						
(6) Reopen of burial plot for interment of ashes	<b>(Resident):</b>					
	For one set of ashes. Further sets of ashes at same time will be charged as per item (7)	NB	118.00	139.00	143.00	2.88%
	<b>(Non Resident):</b>					
	For one set of ashes. Further sets of ashes at same time will be charge as per item (7)	NB	354.00	556.00	572.00	2.88%
<b>Interment of ashes interred at same time of another burial in same grave or ashes plot</b>						
(7) Interment of single set ashes buried same time as a coffin burial or another set of ashes in same grave or burial plot. Fee charged for each additional set	Per set of ashes *	NB	n/a	70.00	72.00	2.86%
	<b>(Non Resident):</b>					
	Per set of ashes *	NB	n/a	280.00	288.00	2.86%

## DISCRETIONARY &amp; STATUTORY FEES 2022/23

## Cemetery Charges

Item	Description/Comments	VAT Indicator	Charge 2020/21 £	Charge 2021/22 £	Charge 2022/23 £	Increase / Decrease on 2021/22 %
<b>Memorials</b>						
<b>Memorial permit giving permission to erect a memorial</b>						
(8) Application for a memorials for graves in all cemeteries excluding Woodland Sections where memorials are not permitted. One application required per element of memorial required.  NOTE: Not all sections of the cemtery are permitted kerbstones, these sections are detailed in the rules and regulations	<b>Adult (Resident)</b>					
	Headstone or tablet including inscriptions	NB	180.00	200.00	205.00	2.50%
	Kerbstone including cover slab and inscriptions	NB	255.00	200.00	205.00	2.50%
	Placement of a vase including inscriptions	NB	85.00	85.00	87.00	2.35%
	<b>Adult (Non Resident):</b>					
	Headstone or tablet including inscriptions	NB	540.00	800.00	820.00	2.50%
	Kerbstone including cover slab and inscriptions	NB	765.00	800.00	820.00	2.50%
	Placement of a vase including inscriptions	NB	255.00	340.00	348.00	2.35%
	<b>Child - up to 18 years (Non Resident):</b>					
	Headstone or tablet including inscriptions	NB	180.00	200.00	205.00	2.50%
	Kerbstone including cover slab and inscriptions	NB	255.00	200.00	205.00	2.50%
	Placement of a vase including inscriptions *	NB		85.00	87.00	2.35%
<b>Inscription Application</b>						
(9) Application for additional inscription on existing memorial.	<b>(Resident):</b>					
	New inscription on an existing memorial	VT	60.00	85.00	87.00	2.35%
	<b>(Non Resident):</b>					
New inscription on an existing memorial	VT	180.00	340.00	348.00	2.35%	
<b>Exclusive Right of Burial</b>						
<b>Purchase of Exclusive Right of Burial</b>						
(10) Purchase of right of burial for 30 years (applies to pre-purchase of graves and where burial rights that were not purchaed prior to introduction of the composite fee)	<b>(Resident)</b>					
	One grave space	NB	540.00	540.00	556.00	2.96%
	Large cremation plot	NB	301.00	301.00	310.00	2.99%
	Small cremation plot	NB	166.00	166.00	170.00	2.88%
	<b>(Non Resident)</b>					
	One grave space	NB	1,620.00	2,160.00	2,224.00	2.96%
Large cremation plot	NB	903.00	1,204.00	1,240.00	2.99%	
Small cremation plot	NB	498.00	664.00	680.00	2.41%	

## DISCRETIONARY &amp; STATUTORY FEES 2022/23

## Cemetery Charges

Item	Description/Comments	VAT Indicator	Charge 2020/21 £	Charge 2021/22 £	Charge 2022/23 £	Increase / Decrease on 2021/22 %
<b>Memorials</b>						
<b>Memorial permit giving permission to erect a memorial</b>						
(11) Extension of a right of burial for period of 5 years	<b>(Resident)</b>					
	One grave space	EX	75.00	90.00	92.50	2.78%
	Large cremation plot	EX	n/a	50.00	51.50	3.00%
	Small cremation plot	EX	n/a	28.00	28.50	1.79%
	<b>(Non Resident)</b>					
	One grave space	EX	225.00	360.00	370.00	2.78%
	Large cremation plot	EX	n/a	200.00	206.00	3.00%
(12) Transfer of a right of burial	<b>(Resident)</b>					
	Per transfer completed	EX	75.00	90.00	92.00	2.22%
	Per transfer completed *	EX	n/a	360.00	368.00	2.22%
<b>Exhumations</b>						
(13) Exhumation and reinterment in same grave		VT	AT COST	AT COST	AT COST	
(14) Exhumation and reinterment in another grave in ABC cemetery		EX	AT COST	AT COST	AT COST	
(15) Exhumation for transportation to non ABC cemetery		EX	AT COST	AT COST	AT COST	
<b>Other Cemetery Charges</b>						
(16) Selection of grave space by customer instead of using next available space		EX	100.00	105.00	108.00	2.86%
(17) Incorrect arrival time in excess of 30 mins at cemetery		NB	105.00	105.00	108.00	2.86%
(18) Family history search for genealogy purposes	Up to 3 names in single application	VT	30.00	30.00	30.00	0.00%
	4 - 10 names in same application (per name) **	VT			5.00	
	11+ names in same application (per name) **	VT			2.50	

## DISCRETIONARY &amp; STATUTORY FEES 2022/23

## Cemetery Charges

Item	Description/Comments	VAT Indicator	Charge 2020/21	Charge 2021/22	Charge 2022/23	Increase / Decrease on 2021/22
			£	£	£	%
(19) Temporary Marker with plaque for reopened graves or new graves that were prepurchased - Excludes woodland graves	Wooden cross	VT	60.00	60.00	62.00	3.33%
	Wooden plaque holder	VT	n/a	50.00	51.50	3.00%
(20) Additional memorial plaque for woodland grave or wooden marker	Additional plaque for reopen burial or interment in a pre-purchased grave, or replacement of existing plaque	VT	n/a	45.00	46.25	2.78%
(22) Tree Replacement in woodland section (Bybrook or Tenterden cemetery). Includes purchase and planting. Excludes a tree planting ceremony	Replacement of tree that has failed after being planted for more than 12 months.	VT	n/a	100.00	103.00	3.00%
(23) Cancellation of service	Fee chargeable if grave has been dug and date is rescheduled or interment has repeat rescheduling	NB	n/a	105.00	108.00	2.86%
(24) Reservation Fee to secure burial plot for a six month period. Amount payable is deducted from total cost when paid in full. No refund if burial plot is not fully purchased within six months.	<b>(Resident)</b>					
	One grave space	NB	n/a	108.00	111.00	2.78%
	Large cremation plot	NB	n/a	60.00	62.00	3.33%
	Small cremation plot	NB	n/a	33.00	34.00	3.03%
	<b>(Non Resident)</b>					
	One grave space	NB	n/a	432.00	444.00	2.78%
	Large cremation plot	NB	n/a	240.00	248.00	3.33%
	Small cremation plot	NB	n/a	132.00	136.00	3.03%

\*\* new fee being charged

**VAT Indicator:**

**NB = Non Business no VAT**

**EX = Exempt from VAT**

**VT = Inclusive of VAT**



## DISCRETIONARY &amp; STATUTORY FEES 2022/23

## Property Services

Item	Description/Comments	VAT Indicator	Charge 2020/21 £	Charge 2021/22 £	Charge 2022/23 £	Increase / Decrease on 2021/22 %
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 fee may depend upon whether a new boundary fence needs to be erected.	VT	205.00	250.00	250.00	0.00%
Land sales - valuation	If external valuers are appointed, the charge will be the amount invoiced by the valuer. Initial payment of £500 is requested	EX	at cost recovery	at cost recovery	at cost recovery	n/a
Land sales - inspection/administration	Cost of the site inspection £324 up to sales value of £2500, where sales value exceeds £2500 cost will be £334 + 1% of sales value. Reflects more appropriate charge.	VT	315.00	324.00	334.00	3.09%
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	138.00	200.00	200.00	0.00%
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	138.00	300.00	300.00	0.00%
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	205.00	211.00	217.00	2.84%
Development Administration Fee	To cover overheads in relation to officer time for processing, site visits for monitoring purposes for duration of works, insurance checks, review of method statements and risk assessments.	VT	436.00	449.00	462.00	2.90%
AutoCAD plan production fee	Production of drawings for the purpose of ABC legal agreements	VT	109.00	112.00	115.00	2.68%
Wayleaves - inspection/administration		VT	138.00	250.00	250.00	0.00%

## DISCRETIONARY &amp; STATUTORY FEES 2022/23

## Property Services

Item	Description/Comments	VAT Indicator	Charge 2020/21 £	Charge 2021/22 £	Charge 2022/23 £	Increase / Decrease on 2021/22 %
<b>Garage and Parking Space Fees and Charges</b>						
Garage and Parking Space Fees and Charges	Council Tenant Low per week	EX	10.50	11.00	11.50	4.55%
	Council Tenant High per week	EX	10.50	11.00	11.50	4.55%
	Non Council Tenant Low (plus VAT) per week	VT	12.60	13.20	13.80	4.55%
	Non Council Tenant High (plus VAT) per week	VT	12.60	13.20	13.80	4.55%
	Deposit for all new Garage Tenancies (new charge)	EX		One months rent	One months rent	
	Parking Spaces (on garage sites only) per year in advance (new charge in 20/21 as we will be demolishing a number of garage sites and creating parking spaces, this will then be in place going forward)	VT	200.00	210.00	220.00	4.76%
<i>In line with the agreed Garage Commercialisation Strategy all profit of monies received for the sale of garage sites into the General</i>						

VAT Indicator:

NB = Non Business no VAT

EX = Exempt from VAT

VT = Exclusive of VAT

## DISCRETIONARY &amp; STATUTORY FEES 2022/23

## LEGAL &amp; ELECTORAL SERVICES

## Legal Fees

Item	Description/Comments	VAT Indicator	Charge 2020/21 £	Charge 2021/22 £	Charge 2022/23 £	Increase / Decrease on 2021/22 %
S9 Agreements	(including caution/note on Register)	NB	320.00	330.00	340.00	3.03%
S9 Transfers	Plus Land Registry Fees	NB	320.00	330.00	340.00	3.03%
S106 (and supplementary) deeds		NB	933.00	961.00	990.00	3.02%
Grazing Licences		NB	117.00	121.00	125.00	3.31%
Licences to Assign		NB	214.00	220.00	227.00	3.18%
Sales or Easements	Up to £2,500 in value	NB	306.00	315.00	324.00	2.86%
Sales or Easements	over £2,500 in value - Basic Fee Charge as listed plus 1% of actual sale price	NB	344.00	354.00	365.00	3.11%
Commercial Leases		NB	333.00	343.00	353.00	2.92%
Commercial lease renewals		NB	225.00	232.00	239.00	3.02%
Surrenders		NB	204.00	210.00	216.00	2.86%
Landlord consent etc		NB	108.00	111.00	114.00	2.70%
Transfer of Equity (mortgage)		NB	226.00	233.00	240.00	3.00%
Redemptions		NB	117.00	121.00	125.00	3.31%
Mortgagees Enquiries		NB	213.00	219.00	226.00	3.20%
Deed of Postponement		NB	97.00	100.00	103.00	3.00%
Release of expired Statutory Charge		NB	104.00	107.00	110.00	2.80%
Waiver (Improvement Grant)		NB	104.00	107.00	110.00	2.80%
Notice of Charge		NB	75.00	77.00	79.00	2.60%
Counterpart Lease		NB	75.00	77.00	79.00	2.60%
Engross Transfer/conveyance		NB	54.00	56.00	58.00	3.57%
Notice to Assign		NB	75.00	77.00	79.00	2.60%
Wayleaves		NB	187.00	193.00	199.00	3.11%

## DISCRETIONARY &amp; STATUTORY FEES 2022/23

## LEGAL &amp; ELECTORAL SERVICES

## Legal Fees

Item	Description/Comments	VAT Indicator	Charge 2020/21 £	Charge 2021/22 £	Charge 2022/23 £	Increase / Decrease on 2021/22 %
------	----------------------	---------------	---------------------	---------------------	---------------------	-------------------------------------

**IMPORTANT NOTE:** The above represent a minimum level of charge, not a fixed level of charge.

Where the commercial value of the time worked on a matter exceeds the minimum charge stated above, the commercial value of the time (at a fair and reasonable hourly rate reflecting the skill and knowledge applied by the fee-earner; the urgency, importance, complexity and novelty of the work; the value involved; and all other relevant circumstances) will be charged unless it is deemed by the The Solicitor to the Council (or, in his absence, a Principal Solicitor) to be inappropriate or unreasonable to charge the full commercial value.

## Electoral Services

Postal votes pack	Postal votes pack (Charge to Parish Councils for by-elections)	VT	Actual	Actual	Actual	
Poll Cards	Poll card (Charge to Parish Councils for by-elections)	VT	Actual	Actual	Actual	
	<b>Statutory Charges (restricted availability for full register and overseas lists)</b>					
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%

## VAT Indicator:

**NB = Non Business no VAT**

**EX = Exempt from VAT**

**VT = Inclusive of VAT**

## DISCRETIONARY &amp; STATUTORY FEES 2022/23

## LICENSING FEES

Item	Statutory or Discretionary	Description/Comments	VAT Indicator	Charge 2020/21 £	Charge 2021/22 £	Charge 2022/23 £	Increase / Decrease on 2021/22 %
<b>Licensing Act</b>							
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 <u>double</u> 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 <u>triple</u> the fee	NB	635.00	635.00	635.00	0.00%
		Premises allowing 5000+ people attract additional fees	See regulation for detail				
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 <u>double</u> 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 <u>triple</u> 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 loss/theft etc)	Statutory		NB	10.50	10.50	10.50	0.00%

## DISCRETIONARY &amp; STATUTORY FEES 2022/23

## LICENSING FEES

Item	Statutory or Discretionary	Description/Comments	VAT Indicator	Charge 2020/21	Charge 2021/22	Charge 2022/23	Increase / Decrease on 2021/22
				£	£	£	%
<b>Licensing Act</b>							
Designated premises supervisor variation	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 matters	Statutory		NB	21.00	21.00	21.00	0.00%
Minor Variation	Statutory		NB	89.00	89.00	89.00	0.00%
Check & send (pre-app) service	Discretionary		VT	N/A	120.00	120.00	0.00%
<b>Animal Welfare and Public Health Licences</b>							
Dangerous Wild Animals	Discretionary	New Licence (2 year licence)	NB	977.00	977.00	977.00	0.00%
	Discretionary	Renewal (2 year licence)	NB	669.00	669.00	669.00	0.00%
	Discretionary	Variation	NB	344.00	344.00	344.00	0.00%
	Discretionary	Concurrent 2nd application	NB	87.00	87.00	87.00	0.00%
Zoos	Discretionary	Consideration	NB	1,218.00	1,218.00	1,218.00	0.00%
	Discretionary	Licence (4 year licence)	NB	2,008.00	2,008.00	2,008.00	0.00%
	Discretionary	Renewal (6 year licence)	NB	3,013.00	3,013.00	3,013.00	0.00%
	Discretionary	Dispensation - 14(1)(a)	NB	491.00	491.00	491.00	0.00%
Boarding of animals	Discretionary	(New app) Application fee - up to 50 animals	NB	260.00	260.00	260.00	0.00%
	Discretionary	(New app) Grant fee - up to 50 animals	NB	200.00	200.00	200.00	0.00%
	Discretionary	(New app) Application fee - 51 or more animals	NB	295.00	295.00	295.00	0.00%
	Discretionary	(New app) Grant fee - 51 or more animals	NB	230.00	230.00	230.00	0.00%
	Discretionary	(Renewal) Application fee - up to 50 animals	NB	225.00	225.00	225.00	0.00%
	Discretionary	(Renewal) Grant fee - up to 50 animals	NB	200.00	200.00	200.00	0.00%
	Discretionary	(Renewal) Application fee - 51 or more animals	NB	255.00	255.00	255.00	0.00%
	Discretionary	(Renewal) Grant fee - 51 or more animals	NB	230.00	230.00	230.00	0.00%

## DISCRETIONARY &amp; STATUTORY FEES 2022/23

## LICENSING FEES

Item	Statutory or Discretionary	Description/Comments	VAT Indicator	Charge 2020/21 £	Charge 2021/22 £	Charge 2022/23 £	Increase / Decrease on 2021/22 %
<b>Animal Welfare and Public Health Licences</b>							
Selling of Animals	Discretionary	(New app) Application fee	NB	280.00	280.00	280.00	0.00%
	Discretionary	(New app) Grant fee	NB	215.00	215.00	215.00	0.00%
	Discretionary	(Renewal) Application fee	NB	240.00	240.00	240.00	0.00%
	Discretionary	(Renewal) Grant fee	NB	215.00	215.00	215.00	0.00%
Home boarding or day care	Discretionary	(New app) Application fee	NB	245.00	245.00	245.00	0.00%
	Discretionary	(New app) Grant fee	NB	180.00	180.00	180.00	0.00%
	Discretionary	(Renewal) Application fee	NB	210.00	210.00	210.00	0.00%
	Discretionary	(Renewal) Grant fee	NB	180.00	180.00	180.00	0.00%
Riding Establishments	Discretionary	(New app) Application fee - up to 10 horses	NB	280.00	280.00	280.00	0.00%
	Discretionary	(New app) Grant fee - up to 10 horses	NB	215.00	215.00	215.00	0.00%
	Discretionary	(New app) Application fee - 11 or more horses	NB	310.00	310.00	310.00	0.00%
	Discretionary	(New app) Grant fee - 11 or more horses	NB	245.00	245.00	245.00	0.00%
	Discretionary	(Renewal) Application fee - up to 10 horses	NB	240.00	240.00	240.00	0.00%
	Discretionary	(Renewal) Grant fee - up to 10 horses	NB	215.00	215.00	215.00	0.00%
	Discretionary	(Renewal) Application fee - 11 or more horses	NB	270.00	270.00	270.00	0.00%
	Discretionary	(Renewal) Grant fee - 11 or more horses	NB	245.00	245.00	245.00	0.00%
Keeping animals for exhibition	Discretionary	(New app) Application fee	NB	230.00	230.00	230.00	0.00%
	Discretionary	(New app) Grant fee	NB	165.00	165.00	165.00	0.00%
	Discretionary	(Renewal) Application fee	NB	190.00	190.00	190.00	0.00%
	Discretionary	(Renewal) Grant fee	NB	165.00	165.00	165.00	0.00%

## DISCRETIONARY &amp; STATUTORY FEES 2022/23

## LICENSING FEES

Item	Statutory or Discretionary	Description/Comments	VAT Indicator	Charge 2020/21 £	Charge 2021/22 £	Charge 2022/23 £	Increase / Decrease on 2021/22 %
<b>Animal Welfare and Public Health Licences</b>							
Breeding Establishments	Discretionary	(New app) Application fee - up to 5 dogs	NB	230.00	230.00	230.00	0.00%
	Discretionary	(New app) Grant fee - up to 5 dogs	NB	165.00	165.00	165.00	0.00%
	Discretionary	(New app) Application fee - 6-10 dogs	NB	245.00	245.00	245.00	0.00%
	Discretionary	(New app) Grant fee - 6-10 dogs	NB	180.00	180.00	180.00	0.00%
	Discretionary	(New app) Application fee - 11+ dogs	NB	260.00	260.00	260.00	0.00%
	Discretionary	(New app) Grant fee - 11+ dogs	NB	200.00	200.00	200.00	0.00%
	Discretionary	(Renewal) Application fee - up to 5 dogs	NB	190.00	190.00	190.00	0.00%
	Discretionary	(Renewal) Grant fee - up to 5 dogs	NB	165.00	165.00	165.00	0.00%
	Discretionary	(Renewal) Application fee - 6-10 dogs	NB	210.00	210.00	210.00	0.00%
	Discretionary	(Renewal) Grant fee - 6-10 dogs	NB	180.00	180.00	180.00	0.00%
	Discretionary	(Renewal) Application fee - 11+ dogs	NB	225.00	225.00	225.00	0.00%
	Discretionary	(Renewal) Grant fee - 11+ dogs	NB	200.00	200.00	200.00	0.00%
Variation to increase animals or activities	Discretionary	Application fee	NB	90.00	90.00	90.00	0.00%
	Discretionary	Grant fee	NB	40.00	40.00	40.00	0.00%
Variation to reduce animals or activities	Discretionary	Grant fee	NB	40.00	40.00	40.00	0.00%
Request for re-rating inspection	Discretionary	Application fee	NB	90.00	90.00	90.00	0.00%
	Discretionary	Grant fee	NB	40.00	40.00	40.00	0.00%
<b>Public Health Licences *</b>							
Acupuncture	Discretionary	Initial registration practitioner/premises	NB	177.00	177.00	150.00	-15.25%
	Discretionary	Additional practitioner/premises	NB	109.00	109.00	70.00	-35.78%
	Discretionary	Minor variation	NB	30.00	30.50	30.50	0.00%
Tattooing (including semi-permanent skin-colouring)	Discretionary	Initial registration practitioner/premises	NB	342.00	200.00	150.00	-25.00%
	Discretionary	Additional practitioner/premises	NB	109.00	109.00	70.00	-35.78%
	Discretionary	Minor variation	NB	30.00	30.50	30.50	0.00%



## DISCRETIONARY &amp; STATUTORY FEES 2022/23

## LICENSING FEES

Item	Statutory or Discretionary	Description/Comments	VAT Indicator	Charge 2020/21 £	Charge 2021/22 £	Charge 2022/23 £	Increase / Decrease on 2021/22 %
<b>Public Health Licences *</b>							
Electrolysis	Discretionary	Initial registration practitioner/premises	NB	177.00	200.00	150.00	-25.00%
	Discretionary	Additional practitioner/premises	NB	109.00	109.00	70.00	-35.78%
	Discretionary	Minor variation	NB	30.00	30.50	30.50	0.00%
Cosmetic Piercing (excluding ear piercing)	Discretionary	Initial registration practitioner/premises	NB	342.00	200.00	150.00	-25.00%
	Discretionary	Additional practitioner/premises	NB	109.00	109.00	70.00	-35.78%
	Discretionary	Minor variation	NB	30.00	30.50	30.50	0.00%
Ear Piercing	Discretionary	Initial registration practitioner/premises	NB	177.00	200.00	150.00	-25.00%
	Discretionary	Additional practitioner/premises	NB	30.00	30.50	70.00	129.51%
	Discretionary	Minor variation	NB	30.00	30.50	30.50	0.00%
<b>Sex Establishments Licence</b>							
Sex Shops, Sex Cinemas and Sexual Entertainment Venue Licences	Discretionary	Grant	NB	3,397.00	3,499.00	3,499.00	0.00%
	Discretionary	Renewal	NB	324.00	334.00	334.00	0.00%
	Discretionary	Transfer	NB	324.00	334.00	334.00	0.00%
<b>Street Trading and Consents</b>							
Street Trading Licence	Discretionary	Yearly	NB	78.00	81.00	83.00	2.47%
Ashford Town Market pitch fee (per ft)	Discretionary	Collected by DD	NB	1.10	1.10	1.10	0.00%
Casual Street Trading Licence/Consent For One Off Event (per stall)	Discretionary	Grant	NB	20.00	21.00	21.50	2.38%
Casual Street Trading Licence for Market	Discretionary	Monthly	NB	30.00	31.00	32.00	3.23%
Street Trading Consent	Discretionary	Yearly	NB	79.00	81.00	83.00	2.47%
New Site Street Trading Consent - static	Discretionary	Grant	NB	110.00	113.00	116.00	2.65%

## DISCRETIONARY &amp; STATUTORY FEES 2022/23

## LICENSING FEES

Item	Statutory or Discretionary	Description/Comments	VAT Indicator	Charge 2020/21 £	Charge 2021/22 £	Charge 2022/23 £	Increase / Decrease on 2021/22 %
<b>Street Trading and Consents</b>							
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	£105 per site plus £27 per additional site	£106 per site plus £28 per additional site	£106 per site plus £28 per additional site	
Hawker Street Trading Consent	Discretionary	Yearly	NB	79.00	81.00	83.00	2.47%
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	156.00	156.00	156.00	0.00%
Town Centre Commercial Booking	Discretionary	Small, local businesses (and charity collections by professional canvassing companies) 1-7 day block (flat fee)	NB	N/A	40.00	40.00	0.00%
Town Centre Commercial Booking	Discretionary	1 day (Saturday)	NB	205.00	205.00	205.00	0.00%
<b>Street Trading Consent Rents</b>							
Furners Wood Lay-by - cherry stall	Discretionary	Monthly rents	NB	158.00	163.00	168.00	3.07%
Furners Wood Lay-by - hot food	Discretionary	Monthly rents	NB	237.00	244.00	251.00	2.87%
Great Chart - A28 Tenterden bound - Food	Discretionary	Monthly rents	NB	237.00	244.00	251.00	2.87%
Great Chart - A28 Tenterden bound - Non Food	Discretionary	Monthly rents	NB	158.00	163.00	168.00	3.07%
Great Chart - A28 Ashford bound - Food	Discretionary	Monthly rents	NB	237.00	244.00	251.00	2.87%
Great Chart - A28 Ashford bound Non Food	Discretionary	Monthly rents	NB	158.00	163.00	168.00	3.07%
Hothfield - A20 Maidstone bound - Non Food	Discretionary	Monthly rents	NB	158.00	163.00	168.00	3.07%
Hothfield - A20 Maidstone bound - Food	Discretionary	Monthly rents	NB	237.00	244.00	251.00	2.87%
Hothfield - A20 Ashford bound - Non Food	Discretionary	Monthly rents	NB	158.00	163.00	168.00	3.07%
Hothfield - A20 Ashford bound - Food	Discretionary	Monthly rents	NB	237.00	244.00	251.00	2.87%
Henwood	Discretionary	Monthly rents	NB	218.00	224.00	231.00	3.13%
Recreation Ground Road car park	Discretionary	Monthly rents	NB	401.00	413.00	420.00	1.69%
Potters Corner, Hothfield	Discretionary	Monthly rents	NB	237.00	244.00	251.00	2.87%
Hall Avenue, Sevington	Discretionary	Max 28 days use per year	NB	253.00	261.00	269.00	3.07%
Chilham Mill	Discretionary		NB	237.00	244.00	251.00	2.87%

## DISCRETIONARY &amp; STATUTORY FEES 2022/23

## LICENSING FEES

Item	Statutory or Discretionary	Description/Comments	VAT Indicator	Charge 2020/21 £	Charge 2021/22 £	Charge 2022/23 £	Increase / Decrease on 2021/22 %
<b>Council Land</b>							
Charity and Community Events	Discretionary		NB	40.00	40.00	40.00	0.00%
Commercial: Small	Discretionary	per operating day	NB	292.00	292.00	292.00	0.00%
	Discretionary	per non-operating day	NB	200.00	200.00	200.00	0.00%
Commercial: Medium	Discretionary	per operating day	NB	600.00	600.00	600.00	0.00%
	Discretionary	per non-operating day	NB	200.00	200.00	200.00	0.00%
Commercial: Large	Discretionary	per operating day	NB	1,200.00	1,200.00	1,200.00	0.00%
	Discretionary	per non-operating day	NB	200.00	200.00	200.00	0.00%
<b>Safety Advisory Group</b>							
SAG application	Discretionary		NB	40.00	40.00	40.00	0.00%
Road closure application s21 TPCA 1847	Discretionary		NB	25.00	25.00	25.00	0.00%
<b>Food Hygiene</b>							
Level 1 course	Discretionary		EX	35.00	35.00	35.00	0.00%
Level 2 course	Discretionary		EX	48.00	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%
<b>Food Safety Charges</b>							
Food surrender inspection and issuing of certificate	Discretionary	Set fee for first hour, then officers hourly rate thereafter.	NB	100.00	103.00	106.00	2.91%
Disposal/tipping costs charge at cost	Charged by tip		NB	Cost recovery	Cost recovery	Cost recovery	N/A
Food Hygiene Rating Scheme (FHRS) re-inspection to rescore following request from the food business operator	Discretionary		NB	N/A	90.00	90.00	N/A
Food safety advisory visits - to include a 2 hour consultation, follow up reports and supporting documentation.	Discretionary		NB	N/A	120.00	120.00	N/A
Food Export - confirmation enforcement / compliance. (Not EHC)	Discretionary	Original with seal	NB	60.00	75.00	75.00	0.00%

## DISCRETIONARY &amp; STATUTORY FEES 2022/23

## LICENSING FEES

Item	Statutory or Discretionary	Description/Comments	VAT Indicator	Charge 2020/21 £	Charge 2021/22 £	Charge 2022/23 £	Increase / Decrease on 2021/22 %
<b>Private Water Supplies</b>							
Private Water Supplies (England) Regulations 2016 Risk assessment	Statutory	Time taken to carry out the risk assessment (including travel and administration) at the officers hourly rate. This must be carried out at least every five years for each supply.	NB	N/A	Up to £500	Up to £500	N/A
Private Water Supplies (England) Regulations 2016 Sampling visit	Statutory	Time taken to carry out the sampling (including travel and administration) at the (sampling and administration) officers' hourly rate. Charge for a visit and to take a sample + administrative costs (including arranging with laboratory and invoicing).	NB	N/A	Up to £100	Up to £100	N/A
Private Water Supplies (England) Regulations 2016 Investigation e.g. of a complaint or a breach of a regulatory standard	Statutory	Time taken to carry out the investigation (including travel and administration) at the officers hourly rate.	NB	N/A	Up to £100	Up to £100	N/A
Private Water Supplies (England) Regulations 2016 Granting an authorisation	Statutory	Time taken to carry out the work involved in granting an authorisation at the officers and administrative officers hourly rates. This follows an application by the owner of a supply for permission to breach a standard temporarily whilst remedial work is carried out	NB	N/A	Up to £100	Up to £100	N/A
Private Water Supplies (England) Regulations 2016 Sample analysis at a laboratory	Statutory	Actual charge levied by the laboratory up to the maximum. Check monitoring is carried out to ensure that water complies with standards. Where possible it is carried out at the same time as any requirement for audit monitoring, to keep cost down. Single/small supply rates £25 and large/commercial supplies £100.	NB	N/A	Up to £100	Up to £100	N/A
<b>Miscellaneous</b>							
Scrap Metal Site Licence	Discretionary		NB	334.00	344.00	354.00	2.91%
Scrap Metal Collectors Licence	Discretionary		NB	224.00	231.00	237.00	2.60%
Scrap Metal Site Licence - Renewal	Discretionary		NB	224.00	231.00	237.00	2.60%
Scrap Metal Collectors Licence - Renewal	Discretionary		NB	112.00	115.00	118.00	2.61%

## DISCRETIONARY &amp; STATUTORY FEES 2022/23

## LICENSING FEES

Item	Statutory or Discretionary	Description/Comments	VAT Indicator	Charge 2020/21 £	Charge 2021/22 £	Charge 2022/23 £	Increase / Decrease on 2021/22 %
<b>Miscellaneous</b>							
Scrap Metal Variations	Discretionary		NB	84.00	87.00	89.00	2.30%
Scrap Metal Replacement Licence	Discretionary		NB	12.00	12.50	12.50	0.00%
Distribution of free printer material - week permit	Discretionary		NB	variable depending on time, duration, and no of	30.00	31.00	3.33%
Distribution of free printer material - month permit	Discretionary		NB	variable depending on time, duration, and no of	55.00	57.00	3.64%
Distribution of free printer material - year permit	Discretionary		NB	variable depending on time, duration, and no of	100.00	103.00	3.00%
<b>Gambling Act</b>							
New small casino	Statutory Maximum	New application	NB	7,103.00	7,316.00	7,535.00	2.99%
		Annual fee	NB	4,032.00	4,153.00	4,277.00	2.99%
		Variation	NB	2,908.00	2,995.00	3,084.00	2.97%
		Transfer	NB	1,690.00	1,741.00	1,794.00	3.04%
		Re-instatement	NB	1,420.00	1,463.00	1,507.00	3.01%
		Provisional statement	NB	7,103.00	7,316.00	7,536.00	3.01%
		Provisional statement holders	NB	2,523.00	2,599.00	2,677.00	3.00%
		Copy licence	NB	25.00	25.00	25.00	0.00%
		Notification of change	NB	50.00	50.00	50.00	0.00%

## DISCRETIONARY &amp; STATUTORY FEES 2022/23

## LICENSING FEES

Item	Statutory or Discretionary	Description/Comments	VAT Indicator	Charge 2020/21 £	Charge 2021/22 £	Charge 2022/23 £	Increase / Decrease on 2021/22 %
<b>Gambling Act</b>							
New large casino	Statutory Maximum	New application	NB	8,450.00	8,704.00	8,966.00	3.01%
		Annual fee	NB	8,130.00	8,374.00	8,626.00	3.01%
		Variation	NB	3,843.00	3,958.00	4,077.00	3.01%
		Transfer	NB	1,984.00	2,044.00	2,106.00	3.03%
		Re-instatement	NB	2,150.00	2,150.00	2,150.00	0.00%
		Provisional statement	NB	8,498.00	8,753.00	9,016.00	3.00%
		Provisional statement holders	NB	4,174.00	4,299.00	4,428.00	3.00%
		Copy licence	NB	25.00	25.00	25.00	0.00%
		Notification of change	NB	50.00	50.00	50.00	0.00%
Regional casino	Statutory Maximum	New application	NB	13,385.00	13,787.00	14,201.00	3.00%
		Annual fee	NB	12,552.00	12,929.00	13,317.00	3.00%
		Variation	NB	6,270.00	6,458.00	6,652.00	3.00%
		Transfer	NB	4,573.00	4,710.00	4,852.00	3.01%
		Re-instatement	NB	4,573.00	4,710.00	4,852.00	3.01%
		Provisional statement	NB	13,385.00	13,787.00	14,201.00	3.00%
		Provisional statement holders	NB	6,517.00	6,713.00	6,915.00	3.01%
		Copy licence	NB	25.00	25.00	25.00	0.00%
		Notification of change	NB	50.00	50.00	50.00	0.00%
Bingo club	Statutory Maximum	New application	NB	2,432.00	2,505.00	2,581.00	3.03%
		Annual fee	NB	757.00	780.00	804.00	3.08%
		Variation	NB	1,665.00	1,715.00	1,750.00	2.04%
		Transfer	NB	924.00	952.00	981.00	3.05%
		Re-instatement	NB	924.00	952.00	981.00	3.05%
		Provisional statement	NB	2,432.00	2,505.00	2,581.00	3.03%
		Provisional statement holders	NB	1,005.00	1,035.00	1,067.00	3.09%
		Copy licence	NB	25.00	25.00	25.00	0.00%
		Notification of change	NB	50.00	50.00	50.00	0.00%

## DISCRETIONARY &amp; STATUTORY FEES 2022/23

## LICENSING FEES

Item	Statutory or Discretionary	Description/Comments	VAT Indicator	Charge 2020/21 £	Charge 2021/22 £	Charge 2022/23 £	Increase / Decrease on 2021/22 %
<b>Gambling Act</b>							
Betting Premises (excluding tracks)	Statutory Maximum	New application	NB	2,475.00	2,549.00	2,626.00	3.02%
		Annual fee	NB	491.00	506.00	522.00	3.16%
		Variation	NB	1,406.00	1,448.00	1,492.00	3.04%
		Transfer	NB	924.00	952.00	981.00	3.05%
		Re-instatement	NB	924.00	952.00	981.00	3.05%
		Provisional statement	NB	2,432.00	2,505.00	2,581.00	3.03%
		Provisional statement holders	NB	1,005.00	1,035.00	1,067.00	3.09%
		Copy licence	NB	25.00	25.00	25.00	0.00%
		Notification of change	NB	50.00	50.00	50.00	0.00%
Tracks	Statutory Maximum	New application	NB	1,902.00	1,959.00	2,018.00	3.01%
		Annual fee	NB	757.00	780.00	804.00	3.08%
		Variation	NB	1,250.00	1,250.00	1,250.00	0.00%
		Transfer	NB	924.00	950.00	950.00	0.00%
		Re-instatement	NB	924.00	950.00	979.00	3.05%
		Provisional statement	NB	1,902.00	1,959.00	2,018.00	3.01%
		Provisional statement holders	NB	950.00	950.00	950.00	0.00%
		Copy licence	NB	25.00	25.00	25.00	0.00%
		Notification of change	NB	50.00	50.00	50.00	0.00%

DISCRETIONARY & STATUTORY FEES 2022/23

LICENSING FEES

Item	Statutory or Discretionary	Description/Comments	VAT Indicator	Charge 2020/21 £	Charge 2021/22 £	Charge 2022/23 £	Increase / Decrease on 2021/22 %
<b>Gambling Act</b>							
Family Entertainment Centres	Statutory Maximum	New application	NB	1,902.00	1,959.00	2,000.00	2.09%
		Annual fee	NB	654.00	674.00	695.00	3.12%
		Variation	NB	860.00	886.00	913.00	3.05%
		Transfer	NB	924.00	950.00	950.00	0.00%
		Re-instatement	NB	924.00	950.00	950.00	0.00%
		Provisional statement	NB	1,902.00	1,959.00	2,000.00	2.09%
		Provisional statement holders	NB	832.00	857.00	883.00	3.03%
		Copy licence	NB	25.00	25.00	25.00	0.00%
		Notification of change	NB	50.00	50.00	50.00	0.00%
Adult Gaming Centre	Statutory Maximum	New application	NB	1,902.00	1,959.00	2,000.00	2.09%
		Annual fee	NB	762.00	785.00	809.00	3.06%
		Variation	NB	860.00	886.00	913.00	3.05%
		Transfer	NB	924.00	952.00	981.00	3.05%
		Re-instatement	NB	924.00	952.00	981.00	3.05%
		Provisional statement	NB	1,902.00	1,959.00	2,000.00	2.09%
		Provisional statement holders	NB	1,002.00	1,032.00	1,063.00	3.00%
		Copy licence	NB	25.00	25.00	25.00	0.00%
		Notification of change	NB	50.00	50.00	50.00	0.00%
Temporary Use Notices	Statutory Maximum	New application	NB	210.00	216.00	223.00	3.24%
		Copy licence	NB	25.00	25.00	25.00	0.00%



DISCRETIONARY & STATUTORY FEES 2022/23

LICENSING FEES

Item	Statutory or Discretionary	Description/Comments	VAT Indicator	Charge 2020/21 £	Charge 2021/22 £	Charge 2022/23 £	Increase / Decrease on 2021/22 %
<b>Gambling Act</b>							
Licensed Premises Gaming Machine Permit	Statutory Maximum	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%

DISCRETIONARY & STATUTORY FEES 2022/23

LICENSING FEES

Item	Statutory or Discretionary	Description/Comments	VAT Indicator	Charge 2020/21 £	Charge 2021/22 £	Charge 2022/23 £	Increase / Decrease on 2021/22 %
<b>Gambling Act</b>							
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 &amp; STATUTORY FEES 2022/23

## LICENSING FEES

Item	Statutory or Discretionary	Description/Comments	VAT Indicator	Charge 2020/21 £	Charge 2021/22 £	Charge 2022/23 £	Increase / Decrease on 2021/22 %
<b>Hackney Carriage/Private Hire *</b>							
Hackney Carriage & Private Hire Drivers Licence	Discretionary	For 1 year	NB	70.00	72.00	75.00	4.17%
		For 3 years	NB	145.00	149.00	154.00	3.36%
Vehicle Licence	Discretionary	New	NB	320.00	335.00	346.00	3.28%
		Renewal	NB	300.00	300.00	305.00	1.67%
Additional Hackney Carriage & Private Hire Drivers licence	Discretionary		NB	30.00	31.00	32.00	3.23%
Private Hire Operators	Discretionary	1-3 Vehicles	NB	139.00	143.00	148.00	3.50%
		4-10 Vehicles	NB	460.00	474.00	483.00	1.90%
		11-20 Vehicles	NB	919.00	947.00	960.00	1.37%
Drivers Badge (replacement)	Discretionary		NB	12.00	12.50	13.00	4.00%
Fee for Returned (Bounced) Cheques	Discretionary		NB	17.00	17.50	19.00	8.57%
Transfer of vehicle licence (including plate)	Discretionary		NB	32.00	35.00	38.00	8.57%
Replacement Plate (internal/external)	Discretionary		NB	20.50	21.00	22.00	4.76%
Additional Vehicle under an Operators Licence	Discretionary	Category 1-3	NB	137.00	141.00	146.00	3.55%
	Discretionary	Category 4-10	NB	318.00	328.00	334.00	1.83%
	Discretionary	Category 11-20	NB	461.00	475.00	483.00	1.68%
Replacement Licence	Discretionary		NB	12.00	12.50	13.00	4.00%
Hackney carriage knowledge test	Discretionary		NB	57.00	59.00	61.00	3.39%
DBS	Set by Home Office		NB	40.00	40.00	40.00	0.00%
<b>Environmental Protection</b>							
Contaminated land conveyance searches	Discretionary		NB	N/A	25.00	25.00	

## VAT Indicator:

NB = Non Business no VAT

EX = Exempt from VAT

VT = Exclusive of VAT

\* Last year saw a large overhaul of charges hence the variances on some fees.

## DISCRETIONARY &amp; STATUTORY FEES 2022/23

## Monitoring Centre

Item	Description/Comments	VAT Indicator	Charge 2020/21 £	Charge 2021/22 £	Charge 2022/23 £	Increase / Decrease on 2021/22 %
<b>Telecare/Lifeline</b>						
Telecare Lifeline/Addition Installation (Within Kent)	One Off Payment per client	VT	80.00	82.00	82.00	0.00%
Telecare Lifeline/addition Postage and self install - Nation Wide	One off payment per client	VT	15.00	15.00	15.00	0.00%
Telecare Lifeline Monitoring and Equipment Hire	Annual Fee per client	VT	160.00	165.00	165.00	0.00%
Supply of Second Pendant sensor	One off payment per client	VT	55.00	57.00	57.00	0.00%
Supply of Key safe - new style	One Off Payment per client	VT	70.00	72.00	72.00	0.00%
Supply of Key release Door Chain - new style	One Off Payment per client	VT	63.00	65.00	65.00	0.00%
Telecare/Lifeline Equipment	Replacement of Equipment due to Damage/Non Return	VT	205.00	211.00	211.00	0.00%
Purchase of Safe Socket	One off payment per safe socket required	VT	25.00	26.00	26.00	0.00%
Purchase of BT Cable for Lifeline	One off payment per BT cable required	VT	15.00	15.00	15.00	0.00%
Purchase of Fall Detector	One off payment per fall detector	VT	110.00	113.00	113.00	0.00%
Purchase of Carbon Monoxide Detector	One off payment per Carbon Monoxide Detector	VT	121.00	125.00	125.00	0.00%
Purchase of Flood Detector	One off payment per Flood Detector	VT	110.00	113.00	113.00	0.00%
Purchase of Pendant Easy Press	One off payment per Pendant Easy Press	VT	10.00	10.00	10.00	0.00%

## DISCRETIONARY &amp; STATUTORY FEES 2022/23

## Monitoring Centre

Item	Description/Comments	VAT Indicator	Charge 2020/21 £	Charge 2021/22 £	Charge 2022/23 £	Increase / Decrease on 2021/22 %
<b>Telecare/Lifeline</b>						
Purchase of Smoke Alarm Detector	One off payment per Smoke Alarm Detector	VT	110.00	113.00	113.00	0.00%
Purchase of Power Cable	One off payment per Power Cable	VT	35.00	36.00	36.00	0.00%
Insurance CCTV review/download	One off payment for a data protection request from an insurance company	VT	125.00	125.00	125.00	0.00%

**VAT Indicator:****NB = Non Business no VAT****EX = Exempt from VAT****VT = Exclusive of VAT**

## DISCRETIONARY &amp; STATUTORY FEES 2022/23

## Parking Charges

Item	Description/Comments	VAT Indicator	Charge 2020/21 £	Charge 2021/22 £	Charge 2022/23 £	Increase / Decrease on %
<b>Season Tickets (Ashford)</b>						
	Flour Mills car park 1 month	VT	68.00	74.00	74.00	0.00%
	Flour Mills car park 3 months	VT	191.00	210.00	210.00	0.00%
	Flour Mills car park 6 months	VT	360.00	396.00	396.00	0.00%
	Flour Mills car park 12 months	VT	675.00	742.00	742.00	0.00%
	Town Centre 1 month	VT	76.00	83.00	83.00	0.00%
	Town Centre 3 Months	VT	215.00	236.00	236.00	0.00%
	Town Centre 6 Months	VT	405.00	445.00	445.00	0.00%
	Town Centre 12 Months	VT	760.00	836.00	836.00	0.00%
	Henwood Parking Area 1 month	VT	54.00	59.00	59.00	0.00%
	Henwood Parking Area 3 months	VT	153.00	168.00	168.00	0.00%
	Henwood Parking Area 6 months	VT	288.00	316.00	316.00	0.00%
	Henwood Parking Area 12 months	VT	540.00	594.00	594.00	0.00%
	Henwood Business Permit 12 months	VT	360.00	360.00	360.00	0.00%
<b>Season Tickets (Tenterden)</b>						
	Bridewell Lane car park 1 month	VT	76.00	83.00	83.00	0.00%
	Bridewell Lane car park 3 months	VT	215.00	236.00	236.00	0.00%
	Bridewell Lane car park 6 months	VT	405.00	445.00	445.00	0.00%
	Bridewell Lane car park 12 months	VT	760.00	863.00	863.00	0.00%
	Bridewell Lane Reserved 12 months	VT	1,520.00	1,672.00	1,672.00	0.00%
	<i>*Season Tickets issued for Bridewell Lane car park are also valid in the rear car park at Tenterden Leisure Centre</i>					
	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 &amp; STATUTORY FEES 2022/23

## Parking Charges

Item	Description/Comments	VAT Indicator	Charge 2020/21 £	Charge 2021/22 £	Charge 2022/23 £	Increase / Decrease on %
<b>Residents Permits</b>						
	Zone A Annual	NB	120.00	125.00	125.00	0.00%
	Zone B Annual	NB	50.00	55.00	55.00	0.00%
	Zone B Annual - Off Street Residents Parking Permit	VT	135.00	135.00	135.00	0.00%
	Zone D Annual	NB	30.00	35.00	35.00	0.00%
	Zone E Annual	NB	30.00	35.00	35.00	0.00%
	Zone F Annual	NB	30.00	35.00	35.00	0.00%
	Zone G Annual	NB	30.00	35.00	35.00	0.00%
<b>Other Permits</b>						
	Visitor's permits each	EX	1.00	1.00	1.00	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%
	International House permit discounted 12 months	VT	380.00	380.00	380.00	0.00%
	International House permit full price 12 months	VT	760.00	760.00	760.00	0.00%
<b>Misc Charges</b>						
	Waivers/Dispensations - per week or part week	VT	30.00	30.00	30.00	0.00%
	Waivers/Dispensations - Additional Charge for occupying on street pay and display bay, per bay per day (only applies for individual days if fully week £30 charge applies effectively 2 days free)	VT	10.00	10.00	10.00	0.00%
	Waivers/Dispensations - Additional Charge for occupying on street pay and display bay, per bay per week	VT	30.00	30.00	30.00	0.00%
	Bay Suspensions per week	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%
	Clamping release fee - Day	VT	40.00	40.00	40.00	0.00%
	Clamping release fee - Night	VT	150.00	150.00	150.00	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 &amp; STATUTORY FEES 2022/23

## Parking Charges

Item	Description/Comments	VAT Indicator	Charge 2020/21 £	Charge 2021/22 £	Charge 2022/23 £	Increase / Decrease on %
<b>Car Park Charges (Ashford)</b>						
	Civic Centre and Stour Centre car park per hour over 2 hours. Linear Charge in 5p increments	VT	1.10	1.20	1.20	0.00%
	Civic Centre and Stour Centre car park charge over 4 hours Mon-Fri	VT	11.00	12.00	12.00	0.00%
	Civic Centre and Stour Centre car park charge over 4 hours Sat and Sun	VT	5.00	5.50	5.50	0.00%
	Civic Centre and Stour Centre car park per hour Coach Charge (Linear Charge in 5p	VT	1.70	1.85	1.85	0.00%
	Civic Centre and Stour Centre car park Coach charge over 4 hours	VT	11.00	12.00	12.00	0.00%
	Dover Place car park per hour	VT	1.10	1.20	1.20	0.00%
	Dover Place car park over 4 hours	VT	5.00	5.50	5.50	0.00%
	Elwick Road car park per hour	VT	1.10	1.20	1.20	0.00%
	Elwick Road car park over 4 hours	VT	5.00	5.50	5.50	0.00%
	Elwick Place car park up to 2 hours	VT	2.20	2.40	2.40	0.00%
	Elwick Place car park up to 3 hours	VT	3.30	3.60	3.60	0.00%
	Elwick Place car park up to 4 hours	VT	4.40	4.80	4.80	0.00%
	Elwick Place car park up to 5 hours	VT	5.50	6.00	6.00	0.00%
	Elwick Place car park over 5 hours	VT	11.00	12.00	12.00	0.00%
	Elwick Place car park Travelodge	VT	7.50	7.50	7.50	0.00%
	Edinburgh Road car park per hour	VT	1.10	1.20	1.20	0.00%
	Edinburgh Road car park charge over 4 hours	VT	5.00	5.50	5.50	0.00%
	Flour Mills car park per hour	VT	1.10	1.20	1.20	0.00%
	Flour Mills car park charge over 4 hours	VT	4.40	4.80	4.80	0.00%
	Henwood car park per hour	VT	0.90	1.00	1.00	0.00%
	Henwood car park charge over 4 hours	VT	3.60	4.00	4.00	0.00%



## DISCRETIONARY &amp; STATUTORY FEES 2022/23

## Parking Charges

Item	Description/Comments	VAT Indicator	Charge 2020/21 £	Charge 2021/22 £	Charge 2022/23 £	Increase / Decrease on %
<b>Car Park Charges (Ashford)</b>						
	Station Road Ashford car park per hour	VT	1.10	1.20	1.20	0.00%
	Station Road Ashford car park charge over 4 hours	VT	5.00	5.50	5.50	0.00%
	Vicarage Lane car park per hour	VT	1.10	1.20	1.20	0.00%
	Vicarage Lane car park charge over 4 hours	VT	11.00	12.00	12.00	0.00%
	Victoria Road car park per hour ** (new car park)	VT	n/a	n/a	1.20	
	Victoria Road car park charge over 4 hours ** (new car park)	VT	n/a	n/a	5.50	
<b>Car Park Charges (Tenterden)</b>						
	Bridewell Lane car park per hour	VT	1.10	1.20	1.20	0.00%
	Bridewell Lane car park over 4 hours	VT	5.00	5.50	5.50	0.00%
	Recreation Ground Road car park per hour	VT	1.10	1.20	1.20	0.00%
	Recreation Ground Road car park over 4 hours	VT	11.00	12.00	12.00	0.00%
	Station Road car park Tenterden per hour	VT	1.10	1.20	1.20	0.00%
	Station Road car park Tenterden over 4 hours	VT	11.00	12.00	12.00	0.00%
	Station Road car park Tenterden per hour Coach charge	VT	1.70	1.85	1.85	0.00%
	Station Road car park Tenterden over 4 hours coach charge	VT	11.00	12.00	12.00	0.00%
	Tenterden Leisure Centre car park per hour	VT	1.10	1.20	1.20	0.00%
	Tenterden Leisure Centre car park over 4 hours	VT	11.00	12.00	12.00	0.00%
	Tenterden Leisure Centre car park Coach charge per hour	VT	1.70	1.85	1.85	0.00%
	Tenterden Leisure Centre car park Coach charge over 4 hours	VT	11.00	12.00	12.00	0.00%

DISCRETIONARY & STATUTORY FEES 2022/23

Parking Charges

Item	Description/Comments	VAT Indicator	Charge 2020/21 £	Charge 2021/22 £	Charge 2022/23 £	Increase / Decrease on %
<b>On Street Parking Charges</b>						
	Charge per hour before 6pm	NB	1.10	1.20	1.20	0.00%
	Charge after 6pm for parking up to 1 hour	NB	1.10	1.20	1.20	0.00%
	Charge after 6pm for parking over one hour	NB	3.00	3.30	3.30	0.00%
<b>Penalty Charge Notices</b>						
	Lower level	NB	50.00	50.00	50.00	0.00%
	Higher level	NB	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:**  
**EX = Exempt from VAT**  
**VT = Inclusive of VAT**  
**NB = Non Business no VAT**

## DISCRETIONARY &amp; STATUTORY FEES 2022/23

## Planning Services

Item	Description/Comments	VAT Indicator	Charge 2020/21 £	Charge 2021/22 £	Charge 2022/23 £	Increase / Decrease on 2021/22 %
Pre-Application Planning & Policy Advice	Level 1 will be charged for written advice on all proposals that will require consent from the Local Planning Authority under the Planning Acts, other than those listed above and in levels 2 and 3	VT	95.00	98.00	Cost recovery	
	Level 2 will be charged for written advice on all minor developments	VT	182.00	187.00	Cost recovery	
	Level 3 will be charged for meetings with officers (If the meeting is on site then travelling time will be included in the assessment). The charge is per hour or part thereof	VT	488.00	503.00	Cost recovery	
Compliance Check ( Confirmation that a development has been built in accordance with the approved plans)	For domestic Development	VT	90.00	93.00	96.00	3.23%
	For a Domestic proposal that requires a site visit	VT	175.00	180.00	185.00	2.78%
Research of Planning History	To confirm whether or not permitted development rights have been removed from a dwelling	VT	46.00	47.00	48.00	2.13%
Formal Complaint under High Hedges Legalisation		VT	497.00	512.00	527.00	2.93%

All other Statutory charges apply

VAT Indicator:

NB = Non Business no VAT

EX = Exempt from VAT

VT = Inclusive of VAT

## DISCRETIONARY &amp; STATUTORY FEES 2022/23

## Other Charges

Item	Description/Comments	VAT Indicator	Charge 2020/21 £	Charge 2021/22 £	Charge 2022/23 £	Increase / Decrease on 2021/22 %
<b>Land Charges</b>						
Standard Search Fee	Domestic Properties	NB				Cost Recovery
	Non-Domestic Properties	NB				Cost Recovery
Extra Questions		NB				Cost Recovery
	<i>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.</i>					
<b>Street Administration</b>						
Street Naming and numbering	1 Unit	NB	55.00	57.00	59.00	3.51%
	2-10 units	NB	45.00	46.00	47.00	2.17%
	Over 10 units	NB	41.00	42.00	43.00	2.38%
New Street Name		NB	132.00	136.00	140.00	2.94%
Rename Existing Street		NB	281.00	289.00	298.00	3.11%
Address Change	per property	NB	55.00	57.00	59.00	3.51%
<b>Building Control</b>						
Discretionary Works	Including Party Wall surveying, Fire Risk assessments, Access audits, SBEM, SAP ratings and other surveying activities	VT				Cost Recovery

## DISCRETIONARY &amp; STATUTORY FEES 2022/23

## Other Charges

Item	Description/Comments	VAT Indicator	Charge 2020/21 £	Charge 2021/22 £	Charge 2022/23 £	Increase / Decrease on 2021/22 %
<b>Charge for the Supply of Information and Photocopies of Documents</b>						
Notices and Extracts	Authenticated Building Control Regulation Approval or Completion Certificate (photocopy - copying charge only)	VT	10.99	11.32	11.66	3.00%
	Architects Plans (A3 & A4)	VT	0.40	0.41	0.42	2.44%
	Architects Plans (A2+)	VT	6.87	7.08	7.29	2.97%
Fact sheets	Major Development Proposals in Ashford (per page)	VT	1.87	1.93	1.99	3.11%
	All other fact sheets (per page)	VT	0.40	0.41	0.42	2.44%
Requests for Planning Information*		VT	59.26	61.04	62.87	3.00%
Requests for Building Control Information*		VT	59.26	61.04	62.87	3.00%
Inspection of approved Building Regulation Plans*		VT	59.26	61.04	62.87	3.00%
Gas and Pipeline Extracts*		VT	7.41	7.63	7.86	3.01%
Postage and Packing		VT	1.03	1.06	1.09	2.83%
*Fee for additional work on information that is freely available on website						

## VAT Indicator:

NB = Non Business no VAT

EX = Exempt from VAT

VT = Exclusive of VAT

**DISCRETIONARY & STATUTORY FEES 22/23**

**Other Charges**

Item	Description/Comments	VAT Indicator	Charge 2020/21 £	Charge 2021/22 £	Charge 2022/23 £	Increase / Decrease on 2021/22 %
<b>Council Tax Collection</b>						
Court costs	Summons costs	NB	60.00	60.00	60.00	0.00%
	Liability orders	NB	65.00	65.00	65.00	0.00%
<b>Business Rates</b>						
Court costs	Liability orders	NB	180.00	180.00	180.00	0.00%

**VAT Indicator:**

**NB = Non Business no VAT**

**EX = Exempt from VAT**

**VT = Exclusive of VAT**

## DISCRETIONARY &amp; STATUTORY FEES 2022/23

## Other Charges

Item	Description/Comments	VAT Indicator	Charge 2020/21 £	Charge 2021/22 £	Charge 2022/23 £	Increase / Decrease on 2021/22 %
<b>Chilmington Road Travellers Site</b>						
Rent	Charge per week	NB	48.96	50.43	51.94	3.00%
Service Charge	Charge per week	NB	38.11	39.25	40.43	3.00%
<b>Mobile Homes</b>						
Annual monitoring fee *	Charge per pitch	NB	7.40	7.40	7.21	-2.57%
Check & Depositing Site Rules		NB	67.00	69.00	71.00	2.90%
Site Licence Application Fees	Band 1 - 1-10 pitches	NB	380.50	392.00	404.00	3.06%
	Band 2 - 11-50 pitches	NB	425.50	438.00	451.00	2.97%
	Band 3 - 51-99 pitches	NB	562.00	579.00	596.00	2.94%
	Band 4 - 100-199 pitches	NB	697.00	718.00	740.00	3.06%
	Band 5 - 200+ pitches	NB	854.50	880.00	906.00	2.95%
Application to transfer a site licence	Band 1 - 1-10 pitches	NB	76.10	78.00	80.00	2.56%
	Band 2 - 11-50 pitches	NB	85.10	88.00	91.00	3.41%
	Band 3 - 51-99 pitches	NB	112.40	116.00	119.00	2.59%
	Band 4 - 100-199 pitches	NB	139.40	144.00	148.00	2.78%
	Band 5 - 200+ pitches	NB	170.92	176.00	181.00	2.84%
Application to amend a site ..	Band 1 - 1-10 pitches	NB	125.57	129.00	133.00	3.10%
	Band 2 - 11-50 pitches	NB	140.42	145.00	149.00	2.76%
	Band 3 - 51-99 pitches	NB	185.46	191.00	197.00	3.14%
	Band 4 - 100-199 pitches	NB	230.01	237.00	244.00	2.95%
	Band 5 - 200+ pitches	NB	281.99	290.00	299.00	3.10%

## DISCRETIONARY &amp; STATUTORY FEES 2022/23

## Other Charges

Item	Description/Comments	VAT Indicator	Charge 2020/21 £	Charge 2021/22 £	Charge 2022/23 £	Increase / Decrease on 2021/22 %
<b>Homelessness</b>						
Copy of File		VT	10.00	10.00	10.00	0.00%
<b>Private Sector Housing</b>						
Charge for service of enforcement notices Housing Act 2004 (per notice)	Incorporating improvement notices, prohibition orders, emergency remedial action, emergency prohibition orders, demolition orders	NB	300.00	309.00	318.00	2.91%
Charge to carry out inspections in respect of a UK entry application		NB	120.00	124.00	128.00	3.23%
Making a prohibition notice (Housing Act 2004 sec 20 or 21)	Discretion regarding matters relating to overcrowding, but other issues which require a notice to be charged at £300	NB	340.00	350.00	361.00	3.14%
Charge for making an emergency prohibition order - Housing Act 2004		NB	226.00	233.00	240.00	3.00%
Charge for undertaking emergency remedial action (Housing Act 2004)	Charge between £100 - £500, depending on the extent of emergency works carried out	VT	100 - 500	100 - 500	100 - 500	N/A
Penalty Charge notices - the smoke and carbon monoxide alarm regulations 2015	First Offence £5,000, an early payment will attract a discount of 50% making it £2,500	NB	2,500.00	2,575.00	2,652.00	2.99%
	For subsequent offences the penalty will be £5,000 to deter continued non-compliance. No early payment discount would apply	NB	5,000.00	5,150.00	5,305.00	3.01%
House in Multiple Occupation Licence Fee	Five Year Licence - 1st property	NB	563.71	581.00	802.00	38.04%
	Five Year Licence - subsequent properties	NB	563.71	581.00	802.00	38.04%



**DISCRETIONARY & STATUTORY FEES 2022/23**

**Other Charges**

Item	Description/Comments	VAT Indicator	Charge 2020/21 £	Charge 2021/22 £	Charge 2022/23 £	Increase / Decrease on 2021/22 %
<b>ABC Lettings</b>						
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%	Cost +10%	0.00%

**VAT Indicator:**

**NB = Non Business no VAT**

**EX = Exempt from VAT**

**VT = Exclusive of VAT**

**Notes**

\* The charge is worked out retrospectively on an annual basis and covers costs such as officer time, petrol, paper etc. Therefore the cost fluctuates yearly depending on how many visits there were and is set in July each year as per the Park Home Policy.

## DISCRETIONARY &amp; STATUTORY FEES 2022/23

## Other Charges

Item	Description/Comments	VAT Indicator	Charge 2020/21 £	Charge 2021/22 £	Charge 2022/23 £	Increase / Decrease on 2021/22 %
<b>Waste Collection</b>						
Bulky Collection	Base Charge	NB	25.00	26.00	27.00	3.85%
Garden Waste Bins	Wheellie Bin for Garden Waste - Previously agreed by Cabinet	NB	37.50	40.00	42.50	6.25%
Full household bin set (new developments)	Set of one recycle (240L) one refuse (180L) one food caddy (23L) and one silver kitchen caddy (5L)	NB	77.00	80.00	80.00	0.00%
Recycle bin (New development)	Green (240L)	NB	40.00	41.00	42.00	2.44%
Refuse bin (New development)	Black (180L)	NB	40.00	41.00	42.00	2.44%
Food caddy (New development)	Orange & black (23L)	NB	10.00	10.00	10.00	0.00%
Kitchen food caddy (New development)	Silver (5L)	NB	8.00	8.00	8.00	0.00%
Food bin	Orange & black (140L)	NB	35.00	36.00	37.00	2.78%
Replacement resident refuse bin	Black (180L)	NB	25.00	25.00	25.00	0.00%
Replacement resident recycle bin	Green (240L)	NB	25.00	25.00	25.00	0.00%
Bulk refuse bin (New or replacement) <i>(Includes signage on bins)</i>	1100L steel/black lid	NB	345.00	355.00	366.00	3.10%
Bulk refuse bin (New or replacement) <i>(Includes signage on bins)</i>	1100L steel/black lid (each additional bulk refuse bin in same delivery)	NB	300.00	309.00	318.00	2.91%
Bulk recycle bin (New or replacement) <i>(Includes signage on bins)</i>	1100L full green	NB	370.00	381.00	392.00	2.89%
Bulk recycle bin (New or replacement) <i>(Includes signage on bins)</i>	1100L full green (each additional bulk recycle bin in same delivery)	NB	330.00	340.00	350.00	2.94%
Bin store/compound recycle information sign (A2)	Colour signage on diabond board - Bin use	NB			40.00	
<b>Dog Warden Fees</b>						
Stray Dogs	Statutory fee for dog not being on lead	NB	25.00	25.00	25.00	0.00%
Dog Control Costs	Collection/delivery of dog	NB	45.00	45.00	50.00	11.11%
Kennelling costs	Per 24 hour period, day one due on admission	NB	10.00	11.00	12.00	9.09%
Administration charge	Office Hours	NB	15.00	16.00	18.00	12.50%
	Outside Office Hours	NB	33.00	35.00	36.00	2.86%
Veterinary Treatment	As required	NB	Cost Recovery			

## DISCRETIONARY &amp; STATUTORY FEES 2022/23

## Other Charges

Item	Description/Comments	VAT Indicator	Charge 2020/21 £	Charge 2021/22 £	Charge 2022/23 £	Increase / Decrease on 2021/22 %
<b>Fixed Penalty Notices</b>						
Non compliance of micro chip for a dog	*	NB	500.00	500.00	500.00	0.00%
Dog fouling	*	NB	n/a	50.00	50.00	0.00%
Littering	*	NB	n/a	75.00	75.00	0.00%
Flytipping	*	NB	n/a	400.00	400.00	0.00%
Failure to fulfil duty of care (Domestic Waste)	*	NB	n/a	400.00	400.00	0.00%
Failure to comply with a Community Protection Notice	*	NB	n/a	100.00	100.00	0.00%
Failure to comply with a Public Space Protection Order	*	NB	n/a	100.00	100.00	0.00%
<b>Allotment Rents</b>						
Plot rent		EX	7.00	7.20	7.50	4.17%
Concessionary rate rent	50% for 1st 5 perch,full price after	EX	3.50	3.60	3.75	4.17%
<b>Memorial Benches</b>						
Hereford Seat or similar style	15 year lease plus supply and Installation of bench	NB / VT**	758.00	780.74	804.16	3.00%
Georgian Seat or similar style	15 year lease plus supply and Installation of bench	NB / VT**	987.00	1016.61	1047.11	3.00%
Cavendish Seat or similar style	15 year lease plus supply and Installation of bench	NB / VT**	898.00	924.94	952.69	3.00%
Recasting of memorial plaque	Changing the inscription for example, adding an additional name	NB / VT**	250.00	257.50	265.23	3.00%
Extending the lease of a bench	Extending the lease of the bench at the end of the initial 15 year period for a period of 5 years (subject to condition)	NB / VT**	300.00	309.00	318.27	3.00%

DISCRETIONARY & STATUTORY FEES 2022/23

Other Charges

Item	Description/Comments	VAT Indicator	Charge 2020/21 £	Charge 2021/22 £	Charge 2022/23 £	Increase / Decrease on 2021/22 %
<b>Tree Planting</b>						
Dedicate a tree	Lower end of price scale	NB / VT**	195.00	198.90	204.87	3.00%
	Higher end of price scale	NB / VT**	240.00	244.80	252.15	3.00%
Sponsor a tree		NB / VT**	98.00	99.96	102.96	3.00%
Plant a woodland tree		NB / VT**	25.00	25.50	26.26	2.98%

VAT Indicator:

NB = Non Business no VAT

EX = Exempt from VAT

VT = Exclusive of VAT

Other Notes

Fees where an \* has been placed in the description/comments box were not detailed in the fees and charges prior to last year.

\*\* VAT rate depends whether relates to a cemetery or other open space. Cemeteries are NB rate and other are VT standard rate

\*\*\* New fee introduced

## DISCRETIONARY &amp; STATUTORY FEES 2022/23

## Charges for Room Hire

Item	Description/Comments	VAT Indicator	Charge 2020/21 £	Charge 2021/22 £	Charge 2022/23 £	Increase / Decrease on 2021/22 %
Room Hire	Council Chamber - Up to 4 hours	VT	164.00	164.00	164.00	0.00%
	- Full Day	VT	288.00	288.00	288.00	0.00%
	- Evening after	VT	264.00	264.00	264.00	0.00%
	Committee Rooms - Up to 4 hours	VT	86.00	86.00	86.00	0.00%
	- Full Day	VT	155.00	155.00	155.00	0.00%
	- Evening after 5pm	VT	149.00	149.00	149.00	0.00%

VAT Indicator:

VT = Inclusive of VAT

## Equality Impact Assessment

<b>Lead officer:</b>	Head of Finance and IT
<b>Decision maker:</b>	Full Council
<b>Decision:</b> <ul style="list-style-type: none"> <li>• Policy, project, service, contract</li> <li>• Review, change, new, stop</li> </ul>	The report contains the annual budget for 2022/23 which supports the new Corporate Plan (including the medium term financial plan) and individual service plans
<b>Date of decision:</b> The date when the final decision is made. The EIA must be complete before this point and inform the final decision.	Approved annually (February each year)
<b>Summary of the proposed decision:</b> <ul style="list-style-type: none"> <li>• Aims and objectives</li> <li>• Key actions</li> <li>• Expected outcomes</li> <li>• Who will be affected and how?</li> <li>• How many people will be affected?</li> </ul>	<p>The budgets role is to set council tax and rent levels, providing a framework to measure performance and to allocate resources to match the priorities established within the Corporate Plan.</p> <p>The Members are asked to approve the revenue and capital budgets for both the General Fund and the Housing Revenue Account for 2022/23 and associated recommendations.</p> <p>Approve the capital strategy, investment strategy treasury strategy, investment policy and fees and charges for 2022/23.</p> <p>The budget affects the whole borough and its population.</p>
<b>Information and research:</b> <ul style="list-style-type: none"> <li>• Outline the information and research that has informed the decision.</li> <li>• Include sources and key findings.</li> </ul>	<p>Budget Monitoring reports for the current year 2021/22 –September/November/February Cabinet reports.</p> <p>MTFP Cabinet report – October Cabinet</p> <p>Draft Budget report – November Cabinet</p> <p>HRA Business Plan – December Cabinet</p> <p>Budget Scrutiny (O&amp;S) task group – throughout December and January, each service and budget area scrutinised with further focus on key areas of risk.</p> <p>Public consultation December to mid February</p> <p>JCC – staff consultation February</p>

<p><b>Consultation:</b></p> <ul style="list-style-type: none"> <li>• What specific consultation has occurred on this decision?</li> <li>• What were the results of the consultation?</li> <li>• Did the consultation analysis reveal any difference in views across the protected characteristics?</li> <li>• What conclusions can be drawn from the analysis on how the decision will affect people with different protected characteristics?</li> </ul>	<p>Budget Scrutiny (O&amp;S) task group – throughout December and January, each service budget area scrutinised, a report from the task group is referenced within this report. Full report to full meeting of O&amp;S in February 2022.</p> <p>JCC – staff consultation February 2022.</p> <p>Public consultation late December to mid-February – Borough wide consultation, communicated via website and appropriate media channels.</p> <p>Responses to public consultation will be published at February 2022 Cabinet.</p>	
<p><b>Assess the relevance of the decision to people with different protected characteristics and assess the impact of the decision on people with different protected characteristics.</b></p> <p>When assessing relevance and impact, make it clear who the assessment applies to within the protected characteristic category. For example, a decision may have high relevance for young people but low relevance for older people; it may have a positive impact on women but a neutral impact on men.</p>		
Protected characteristic	Relevance to Decision High/Medium/Low/None	Impact of Decision Positive (Major/Minor) Negative (Major/Minor) Neutral
<p><u>AGE</u></p> <p>Elderly</p>	<p>Low/Medium</p>	<p>Positive Minor– No contribution required through Council Tax support</p>
<p>Middle age</p>	<p>Low</p>	<p>Negative Minor – Increased level of contribution through Council Tax Support Scheme.</p>

## Appendix E

Young adult	Low	<p>Negative Minor - The provision of some services is not even across the borough (rural areas).</p> <p>Negative Minor – Increased level of contribution through Council Tax Support Scheme.</p>
Children	None	
<u>DISABILITY</u> Physical	Low/Medium	<p>Positive - The Council Tax Support Scheme will impact upon this group however additional protection has been built into the scheme for disabled people</p> <p>Negative – Disabled Facility grants budgets are usually lower than demand</p>
Mental	Low	<p>Positive - The Council Tax Support Scheme will impact upon this group however additional protection has been built into the scheme for disabled people</p>
Sensory	Low	<p>Positive - The Council Tax Support Scheme will impact upon this group however additional protection has been built into the scheme for disabled people</p>
<u>GENDER RE-ASSIGNMENT</u>	None	
<u>MARRIAGE/CIVIL PARTNERSHIP</u>	None	



<u>PREGNANCY/MATERNITY</u>	None	
<u>RACE</u>	None	
<u>RELIGION OR BELIEF</u>	None	
<u>SEX</u>	None	
Men		
Women	None	
<u>SEXUAL ORIENTATION</u>	None	
<p><b>Mitigating negative impact:</b> Where any negative impact has been identified, outline the measures taken to mitigate against it.</p>	<p>The negative impacts relate to the Council Tax Support scheme which was introduced in 2017/18 and requires middle aged and young adults to contribute to Council Tax when in receipt of benefit. This was an agreed policy following consultation and therefore no mitigation is recommended.</p>	

**Is the decision relevant to the aims of the equality duty?**

Guidance on the aims can be found in the EHRC's *Essential Guide*, alongside fuller *PSED Technical Guidance*.

<b>Aim</b>	<b>Yes / No / N/A</b>
1) Eliminate discrimination, harassment and victimisation	n/a
2) Advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it	n/a
3) Foster good relations between persons who share a relevant protected characteristic and persons who do not share it	n/a

<p><b>Conclusion:</b></p> <ul style="list-style-type: none"> <li>• Consider how due regard has been had to the equality duty, from start to finish.</li> <li>• There should be no unlawful discrimination arising from the decision (see guidance above).</li> <li>• Advise on whether the proposal meets the aims of the equality duty or whether adjustments have been made or need to be made or whether any residual impacts are justified.</li> <li>• How will monitoring of the policy, procedure or decision and its implementation be undertaken and reported?</li> </ul>	<p>There has been a full consultation process and Equalities Impact Assessment for the local council tax reduction scheme.</p> <p>Individual Services will look at discrimination for service provision, if a regular theme of those reviews suggests that financial resources are the key factor barring minorities from accessing our services then perhaps we need to elevate this higher.</p>
<p><b>EIA completion date:</b></p>	<p>7 February 2022</p>

## Budget Housing Revenue Account 2022/23

SUBJECTIVE ANALYSIS - 2022/23 Budget Housing Revenue Account						
	Supervision & Management	Income	New Builds	Other	Repairs & Maintenance	Total
EXPENDITURE						
Employees	2,832,330	-	-	-	-	2,832,330
Premises	1,090,460	-	47,620	-	4,352,700	5,490,780
Supplies and Services	805,680	-	156,600	280,000	32,400	1,274,680
Transport	127,470	-	-	-	-	127,470
<b>TOTAL EXPENDITURE</b>	<b>4,855,940</b>	<b>-</b>	<b>204,220</b>	<b>280,000</b>	<b>4,385,100</b>	<b>9,725,260</b>
INCOME						
Grants	-	-	-	( 2,999,850)	-	( 2,999,850)
Fees & Charges	( 67,950)	( 28,775,130)	( 8,000)	-	( 38,000)	( 28,889,080)
<b>TOTAL INCOME</b>	<b>( 67,950)</b>	<b>( 28,775,130)</b>	<b>( 8,000)</b>	<b>( 2,999,850)</b>	<b>( 38,000)</b>	<b>( 31,888,930)</b>
<b>NET CONTROLLABLE EXPENDITURE</b>	<b>4,787,990</b>	<b>( 28,775,130)</b>	<b>196,220</b>	<b>( 2,719,850)</b>	<b>4,347,100</b>	<b>( 22,163,670)</b>
NON CONTROLLABLE ITEMS						
Support Services	2,066,990	-	4,390	870,850	-	2,942,230
Capital Charges	-	-	-	17,808,600	-	17,808,600
Recharges	( 123,120)	-	-	-	-	( 123,120)
Transfers to/from Reserves	-	-	-	-	-	-
<b>TOTAL NON-CONTROLLABLE ITEMS</b>	<b>1,943,870</b>	<b>-</b>	<b>4,390</b>	<b>18,679,450</b>	<b>-</b>	<b>20,627,710</b>
<b>NET EXPENDITURE</b>	<b>6,731,860</b>	<b>( 28,775,130)</b>	<b>200,610</b>	<b>15,959,600</b>	<b>4,347,100</b>	<b>( 1,535,960)</b>

Capital Programme 2022/23 - 2024/25						
	Current budget	Previous Exp	2021/22	2022/23	2023/24	2024/25
	£'000	£'000	£'000	£'000	£'000	£'000
Planned Minor Capital Works for General Fund Assets	2,000	0	500	500	500	500
Ellingham Roof	500	0	0	500	0	0
Tenterden Leisure Centre Roof	1,178	7	863	308	0	0
Stour Centre Pool Tiles	750	0	0	375	375	0
Victoria Park Fountain & Carpark	570	0	0	420	150	0
Provisional for Economic Investment & Regeneration Board	8,000	0	2,000	2,000	2,000	2,000
Property Company Acquisitions - based on current business plan	150,000	36,628	407	23,000	34,000	18,000
International House Works	2,700	327	50	300	1,700	323
Solar PV (various sites)	10,800	37	347	3,100	7,028	288
Stodmarsh	15,000	0	0	2,000	7,000	6,000
Public Sector Decarbonisation Works	2,000	0	0	1,000	1,000	0
<b>Total - Corporate Property and Projects</b>	<b>338,435</b>	<b>39,663</b>	<b>4,667</b>	<b>87,852</b>	<b>118,677</b>	<b>49,611</b>
<b>Community &amp; Housing</b>						
Henwood Temporary Accommodation	4,700	16	50	4,634	0	0
Rough Sleepers Accommodation Programme	3,376	0	1,776	1,600	0	0
External Funding	(1,228)	0	(764)	(464)	0	0
	2,148	0	1,012	1,136	0	0
Mandatory Disabled Facility Grants						
Expenditure	3,862	0	802	1,020	1,020	1,020
External Funding	(3,502)	0	(712)	(930)	(930)	(930)
	360	0	90	90	90	90
<b>Total - Community &amp; Housing</b>	<b>11,938</b>	<b>16</b>	<b>2,628</b>	<b>7,254</b>	<b>1,020</b>	<b>1,020</b>
<b>Information Technology</b>						
Digital Transformation	664	119	313	121	111	0
<b>Total - Information Technology</b>	<b>664</b>	<b>119</b>	<b>313</b>	<b>121</b>	<b>111</b>	<b>0</b>
<b>Culture &amp; the Environment</b>						
Single Grants Gateway Fund	300	0	75	75	75	75
Victoria Park Rejuvenation Project	4,418	103	71	1,002	3,173	69
Courtside Pitchside Replacement 3G & Lighting	300	36	0	264	0	0
Conningbrook Lakes Country Park development	2,055	26	50	950	500	529
JVC Facility	375	0	0	375	0	0
Stour Centre Decarbonisation works	1,454	1,154	300	0	0	0
Tenterden Decarbonisation Works	1,251	0	246	1,005	0	0
Civic Centre Decarbonisation Works	1,005	0	0	1,005	0	0
Play Parks	1,100	0	0	1,100	0	0
Leisure Procurement Capital Investment	7,660	3,425	4,235	0	0	0
External Funding	(9,539)	(1,283)	(667)	(4,226)	(2,834)	(529)
	10,379	(1,118)	(471)	(1,935)	914	144
<b>Total Culture &amp; the Environment</b>	<b>19,918</b>	<b>4,744</b>	<b>4,977</b>	<b>5,776</b>	<b>3,748</b>	<b>673</b>
<b>Community Safety and Wellbeing</b>						
Automatic Number Plate Recognition	320	87	10	223	0	0
<b>Total Community Safety and Wellbeing</b>	<b>320</b>	<b>87</b>	<b>10</b>	<b>223</b>	<b>0</b>	<b>0</b>
<b>General Fund Total</b>	<b>371,275</b>	<b>44,629</b>	<b>12,595</b>	<b>101,226</b>	<b>123,556</b>	<b>51,304</b>

Capital Programme 2022/23 - 2024/25						
	Current budget	Previous Exp	2021/22	2022/23	2023/24	2024/25
	£'000	£'000	£'000	£'000	£'000	£'000
<b>HRA Capital Works - as current business plan</b>						
Programmed Works	27,119	0	3,078	4,254	6,906	5,571
Adaptions to Disabled Properties	2,576	0	500	1,076	500	500
Play Areas	300	0	180	62	58	0
Street Purchases	39,074	0	6,300	7,893	8,090	8,292
Digitalisation	90	0	10	20	20	20
Decarbonisation	85,165	0	0	800	3,245	3,245
Lifeline	220	0	0	52	54	56
CRM	37	0	0	37	0	0
Court Wurtin	455	180	0	166	109	0
St Stephens Walk	3,165	0	550	1,285	1,330	0
Halstow Way	6,997	1,403	3,000	2,594	0	0
55 Mabledon (Piper Joinery)	7,246	1,671	2,500	3,075	0	0
Oakleigh House	15,946	199	200	5,125	5,253	5,169
Ford Way	9,042	0	0	0	4,465	4,577
Coneybeare	9,776	0	200	1,538	3,152	3,231
Tile Kiln	7,210	1,085	100	1,025	2,469	2,531
Infill Sites	6,274	0	0	2,460	2,522	1,292
Hamlet Chilmington	1,970	0	700	1,270	0	0
	<b>222,662</b>	<b>4,538</b>	<b>17,318</b>	<b>32,732</b>	<b>38,173</b>	<b>34,484</b>
<b>Total HRA</b>	<b>222,662</b>	<b>4,538</b>	<b>17,318</b>	<b>32,732</b>	<b>38,173</b>	<b>34,484</b>
<b>Total Capital Spend</b>	<b>593,937</b>	<b>49,167</b>	<b>29,913</b>	<b>133,958</b>	<b>161,729</b>	<b>85,788</b>

Capital Programme 2022/23 - 2024/25						
	Current budget	Previous Exp	2021/22	2022/23	2023/24	2024/25
	£'000	£'000	£'000	£'000	£'000	£'000
<b>CAPITAL SUMMARY</b>						
Corporate Property and Projects	338,435	39,663	4,667	87,852	118,677	49,611
Community & Housing	11,938	16	2,628	7,254	1,020	1,020
Information Technology	664	119	313	121	111	0
Culture & the Environment	19,918	4,744	4,977	5,776	3,748	673
Community Safety and Wellbeing	320	87	10	223	0	0
<b>GENERAL FUND</b>	<b>371,275</b>	<b>44,629</b>	<b>12,595</b>	<b>101,226</b>	<b>123,556</b>	<b>51,304</b>
	0	0	0	0	0	0
<b>HOUSING REVENUE ACCOUNT</b>	<b>222,662</b>	<b>4,538</b>	<b>17,318</b>	<b>32,732</b>	<b>38,173</b>	<b>34,484</b>
	0	0	0	0	0	0
<b>TOTAL CAPITAL PROGRAMME</b>	<b>593,937</b>	<b>49,167</b>	<b>29,913</b>	<b>133,958</b>	<b>161,729</b>	<b>85,788</b>

Capital Programme 2022/23 - 2024/25						
	Current budget	Previous Exp	2021/22	2022/23	2023/24	2024/25
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Funding Source</b>						
Capital Receipts - HRA	14,973	1,841	3,973	2,672	2,109	2,162
Capital Receipts - GF	660	0	165	165	165	165
Borrowing HRA	170,091	1,700	8,482	25,004	27,068	22,981
Borrowing GF	336,490	43,191	9,474	83,496	112,753	49,611
External grants & contributions HRA	8,350	868	1,285	302	1,590	3,270
External grants & contributions GF	31,078	1,319	2,643	15,969	9,688	1,459
Major Repairs Reserve HRA	29,119	0	3,578	4,754	7,406	6,071
Other Reserve HRA	129	129	0	0	0	0
Other Reserve GF	3,047	119	313	1,596	950	69
	<b>593,937</b>	<b>49,167</b>	<b>29,913</b>	<b>133,958</b>	<b>161,729</b>	<b>85,788</b>
<b>External Grants</b>						
Homes & Communities Agency (HCA)	9,373	868	1,906	704	1,590	3,270
Section 106	2,877	62	50	1,275	961	529
Heritage Lottery fund	3,049	103	71	1,002	1,873	0
Better Care Fund - Disabled Facility Grants	3,502	0	712	930	930	930
Public Sector Decarbonisation Scheme Grant	5,711	1,154	546	3,011	1,000	0
KCC - Contain Outbreak Management Fund (COMF)	143	0	143	0	0	0
Department for Levelling Up	14,773	0	500	9,349	4,924	0
	<b>39,428</b>	<b>2,187</b>	<b>3,928</b>	<b>16,271</b>	<b>11,278</b>	<b>4,729</b>

## Capital Strategy Report 2022/23

### Introduction

The capital strategy was a new requirement introduced in 2019/20 under the revised CIPFA Prudential code 2018. CIPFA published their updated 2021 edition of the Prudential Code on 20 December 2021. Although the principles of the updated Code apply with immediate effect, however due to the late publication date Local Authorities are permitted to defer introducing the revised reporting requirements until the 2023/24 financial year. The main updates surround investments, risks, absorbing losses and using prudential indicators. Further inclusions were capital expenditure plans and investment plans to ensure that they are affordable and proportionate; and that all external borrowing and other long-term liabilities are within prudent and sustainable levels; that the risks associated with investments for commercial purposes are proportionate to their financial capacity and that treasury management decisions are taken in accordance with good professional practice. Reporting on and clearly distinguishing investments for treasury management, service, and commercial purposes, providing a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of local public services along with an overview of how associated risk is managed and the implications for future financial sustainability.

Decisions made this year on capital and treasury management activity will have financial consequences for the Authority for many years into the future. They are therefore subject to both a national regulatory framework and to local policy framework, summarised in this report.

### Capital Expenditure and Financing

Capital expenditure is where the Council spends money on assets, such as property or vehicles that will be used for more than one year. In local government, this includes spending on assets owned by other bodies, and loans and grants to other bodies enabling them to buy assets.

In 2022/23, the Council is planning capital expenditure of just under £134m as summarised below:

**Table 1. Capital Expenditure**

	<b>2021/22 Revised £'000</b>	<b>2022/23 Estimate £'000</b>	<b>2023/24 Estimate £'000</b>	<b>2024/25 Estimate £'000</b>
General Fund services	12,595	101,226	123,556	51,303
Council Housing (HRA)	17,318	32,730	38,173	34,484
<b>Total Expenditure</b>	<b>29,914</b>	<b>133,956</b>	<b>161,729</b>	<b>85,787</b>

The main General Fund capital projects included for 2022/23 are listed below:

- £23m of loans to the Council's subsidiary A Better Choice for Property Ltd.
- £49.3m for Newtown Works
- £3m for Vicarage Lane redevelopment.
- £4.6m for Henwood modular Temporary Accommodation.
- £3.1m Solar PV panels

The Housing Revenue Account (HRA) is a ring-fenced account which ensures that council housing does not subsidise, or is itself subsidised, by other local services. HRA capital expenditure is therefore recorded separately.

The capital expenditure for the HRA is significant over the next few years and supports the ambition of the HRA in delivering its business plan which was presented to Cabinet in December 2021, and looks to significantly increase its housing stock numbers through new developments, and the purchase of old housing stock from the open market.

### **Governance**

Service managers prepare Project Initial Documents (PID's) throughout the year. The PID's are supported by input from relevant professional colleagues such as Accountants, Planners and Legal specialists before presentation to Management Team. The Management Team will appraise all projects based on a comparison of service priorities, value for money, affordability and sustainability. Projects that meet an acceptable risk and return criteria will be included in the authorities capital programme. Some projects will be included as provisional figures awaiting further work to determine the final cost, but are included to give an idea of the overall level of resource commitment by the Council. The final capital programme is then presented to Cabinet in February each year in the final budget report.

- Full details of the Council's capital programme were reported to Cabinet on the 24 February 2022 as part of the 2022/23 budget report.

All capital expenditure must be financed, either from external sources (government grants and other contributions), the Council's own resources (revenue, reserves and capital receipts) or debt (borrowing, leasing). The planned financing of the above expenditure is as follows:

**Table 2: Capital financing**

	<b>2021/22 Revised £'000</b>	<b>2022/23 Estimate £'000</b>	<b>2023/24 Estimate £'000</b>	<b>2024/25 Estimate £'000</b>
Capital Receipts	4,138	2,837	2,274	2,327
Reserves	3,891	6,350	8,356	6,141
Borrowing	17,956	108,498	139,821	72,590
External Grants	3,929	16,270	11,278	4,729
<b>Total Financing</b>	<b>29,914</b>	<b>133,956</b>	<b>161,729</b>	<b>85,787</b>

Borrowing is only a temporary source of finance, since loans and leases must be repaid, and this is therefore replaced over time by other financing, usually from revenue which is known as minimum revenue provision (MRP). Alternatively, proceeds from selling capital assets (known as capital receipts) may be used to replace debt finance. Planned MRP contributions and housing contributions are as follows:

**Table 3: Replacement of debt finance**

	<b>2021/22 Revised £'000</b>	<b>2022/23 Estimate £'000</b>	<b>2023/24 Estimate £'000</b>	<b>2024/25 Estimate £'000</b>
MRP	1,835	1,664	1,839	2,020
GF Debt Repayment	375	750	750	750
HRA Debt Repayment	9,425	2,850	3,850	3,850
HRA PFI Repayment	1,108	1,089	1,039	1,026
<b>Total Repayment</b>	<b>12,743</b>	<b>6,353</b>	<b>7,478</b>	<b>7,646</b>

The Council's minimum revenue provision was reported to Cabinet on the 24 February 2022 as part of the 2022/23 budget report.

The Council's cumulative outstanding amount of debt finance is measured by the capital financing requirement (CFR). This increases with new debt-financed capital expenditure and reduces with MRP and capital receipts used to replace debt. The CFR is forecast to be circa £269m as at the 31 March 2022. Based on the above figures for expenditure and financing, the Council's estimated CFR is as follows:



**Table 4: Prudential Indicator: Estimates of Capital Financing Requirement**

	<b>31.03.22 Revised £'000</b>	<b>31.03.23 Estimate £'000</b>	<b>31.03.24 Estimate £'000</b>	<b>31.03.25 Estimate £'000</b>
General Fund	117,653	198,734	308,899	355,740
HRA	151,224	172,288	194,466	212,570
<b>Total CFR</b>	<b>268,877</b>	<b>371,022</b>	<b>503,365</b>	<b>568,310</b>

**Asset management:**

To ensure that capital assets continue to be of long-term use, the Council has an asset management strategy. The strategy recognises the critical role that real estate plays both in service delivery and in supporting the delivery of the Recovery Plan and future Corporate Plans and seeks to align property management in the wider sense to the corporate vision, plan and policies.

- The Council's Corporate Property Asset Management Strategy 2020-2024 was approved by Cabinet on the 25 June 2020.

**Asset disposals:**

When a capital asset is no longer needed, it may be sold so that the proceeds, known as capital receipts, can be spent on new assets or to repay debt. Repayments of capital grants, loans and investments also generate capital receipts.

Property is identified for disposal on the following criteria:

- It makes no contribution to the delivery of the Council's services or Corporate priorities nor generates any income and it has no potential for the future service delivery or strategic, regeneration, redevelopment purposes or
- Property or land site has been identified which would achieve a more cost effective service delivery and the existing site has no potential for future alternative service delivery or strategic, regeneration, redevelopment purposes.
- The Council's Property Acquisition and Disposal Strategy can be made available upon request.

**Treasury Management**

Treasury management is concerned with keeping sufficient but not excessive cash available to meet the Council's spending needs, while managing the risks involved. Surplus cash is invested until required, while a shortage of cash will be met by

borrowing, to avoid excessive credit balances or overdrafts in the bank current account.

Where the Council has cash injections through the year from income and grants, these surpluses are offset against capital cash shortfalls to reduce overall level of borrowing in year.

Due to decisions taken in the past, the Council currently (as at 31 December 2021) has £88.5m of short term borrowing at an average interest rate of circa 0.07% and long term borrowing of £138m. £106m relates to the HRA buy out, this debt is largely fixed with an average rate of around 3%. £15m relates to GF borrowing and a further £17m of HRA borrowing, with the interest rate for both loans being 1.56%. The Council as at the 31 December 2021 also had £65m of investments which had an average rate of circa 2.15%.

**Borrowing strategy:** The Council's current strategy is to take short term borrowing to take advantage of the low interest rate environment although this is expected to rise to 1% by May 2022. The Council's medium term financial plan does make provision for fixing a proportion of the debt in 2022/23, but to mitigate the impact of the forecast interest rate rise to 1% which is above MTFP forecasts, switching to longer term borrowing will likely to be deferred until 2023/24, although other forms of financing such as SWAPS may be considered. Current rates for short term borrowing are in the region of 0.50% whereas 25 year fixed rate maturity borrowing from the PWLB is circa 2.61% as at 10 February 2022.

Projected levels of the Council's total outstanding debt shown below, compared with the capital financing requirement as shown at **Table 4** above.

**Table 5: Prudential Indicator: Gross Debt and the Capital Financing Requirement**

	31.03.22 Revised £'000	31.03.23 Estimate £'000	31.03.24 Estimate £'000	31.03.25 Estimate £'000
<b>Total Debt</b>	<b>(253,525)</b>	<b>(352,622)</b>	<b>(490,478)</b>	<b>(554,001)</b>
<b>Total CFR</b>	<b>268,877</b>	<b>371,022</b>	<b>503,365</b>	<b>568,516</b>

Statutory guidance is that debt should remain below the capital financing requirement, except in the short-term. As can be seen from **Table 5**, the Council expects to comply with this in the medium term

**Affordable borrowing limit:** The Council is legally obliged to set an affordable borrowing limit (also termed the authorised limit for external debt) each. In line with statutory guidance, a lower "operational boundary" is also set as a warning level should debt approach the limit.

**Table 6: Prudential Indicators: Authorised limit and operational boundary for external debt.**

<b>Authorised Limit for Borrowing</b>	<b>2021/22 Limit £'000</b>	<b>2022/23 Limit £'000</b>	<b>2023/24 Limit £'000</b>	<b>2024/25 Limit £'000</b>
Borrowing	532,000	732,000	1,010,000	1,142,000
Other long-term liabilities	23,000	23,000	23,000	23,000
<b>Total Debt</b>	<b>555,000</b>	<b>755,000</b>	<b>1,033,000</b>	<b>1,165,000</b>

<b>Operational Boundary for Borrowing</b>	<b>2021/22 Limit £'000</b>	<b>2022/23 Limit £'000</b>	<b>2023/24 Limit £'000</b>	<b>2024/25 Limit £'000</b>
Borrowing	241,000	341,000	480,000	546,000
Other long-term liabilities	18,000	17,000	16,000	15,000
<b>Total Debt</b>	<b>259,000</b>	<b>358,000</b>	<b>496,000</b>	<b>561,000</b>

**Investment strategy:** Treasury investments arise from receiving cash before it is paid out again. Investments made for service reasons or for pure financial gain are not generally considered to be part of treasury management.

The Council's policy on treasury investments is to strike the balance between security, liquidity and yield. Cash that is likely to be spent in the near term is invested securely through money market funds which diversify investments extensively through secondary investments. Money that will be held for longer terms is invested more widely, including in bonds, shares and property, to balance the risk of loss against the risk of receiving returns below inflation. Both near-term and longer-term investments may be held in pooled funds, where an external fund manager makes decisions on which particular investments to buy and the Council may request its money back at short notice.

- Further details on treasury investments are in treasury management strategy which was reported to Cabinet on the 24 February 2022 as part of the 2022/23 budget report.

**Governance:** Decisions on treasury management investment and borrowing are made daily and are therefore delegated to the Deputy Chief Executive and staff, who must act in line with the treasury management strategy approved by council. Quarterly updates on treasury management activity are presented to Cabinet as part of the quarterly budget monitoring report.

### **Investments for Service Purposes**

The Council on occasion makes investments to assist local public services, including making loans to local organisations to promote economic growth. In light of the public service objective, the Council is willing to take more risk than with treasury investments.

**Governance:** Decisions on service investments are made by the relevant service manager in consultation with the Deputy Chief Executive and will be reported to full Council for approval where appropriate.

### **Commercial Activities**

With central government financial support for local public services declining, the Council invests in commercial property primarily for Social, economic and regenerative purposes although financial gain can be a consequence of such investments. The Council lends to its wholly owned subsidiary A Better Choice for Property Ltd for the same reason.

With consideration to the factors above, the Council accepts higher risk on commercial investment than with treasury investments. The principal risk exposures include general decline in the economy or decline in sectors of the economy, possible long void periods, fall in property values. These risks are managed by diversification of the commercial portfolio, between retail, industrial and office accommodation. This portfolio mix ensures the Council is not over exposed in one sector of the economy if a down turn occurs. The Council also has leases with strong covenants in terms of length of lease, which ensures the council can budget with a measure of surety to manage debt repayments. The portfolio is monitored closely and lease renewal negotiations are started at an early stage to enable officers to engage in early marketing of units if they are to become void. The Council has a history of investing in and holding its commercial assets for a long period of time, therefore over coming any short term fluctuations in real estate values.

### **Governance:**

Property and most other commercial investments are capital expenditure and purchases will therefore also be approved as part of the capital programme. As such they are subject to the same due diligence and Project Initiation Documentation as other projects.

- Details of the Council's Acquisition Strategy can be made available upon request.

## Liabilities

In addition to debt of £270m detailed above, the Council is committed to making future payments to cover its pension fund deficit (valued at £1.4m) per annum although this will reduce over the long term.

**Governance:** Decisions on incurring new discretionary liabilities are taken by the Deputy Chief Executive and will be approved accordingly through the appropriate reporting channels including Cabinet/Council where necessary. The risk of liabilities crystallising and requiring payment is monitored by the Accountancy Team.

## Revenue Budget Implications (general fund)

Although capital expenditure is not charged directly to the revenue budget, interest payable on loans and MRP are charged to revenue, offset by any investment income receivable. The net annual charge is known as financing costs; this is compared to the net revenue stream i.e. the amount funded from Council Tax, business rates and general government grants.

**Table 7: Prudential Indicator: Proportion of financing costs to net revenue stream**

	<b>2021/22 Revised</b>	<b>2022/23 Budget</b>	<b>2023/24 Budget</b>	<b>2024/25 Budget</b>
Financing costs (£,000)	850	1,775	2,918	3,831
Proportion of net revenue stream	5.64%	11.31%	21.5%	27.72%

The net financing costs as a percentage of revenue increases over the forecast period as investment balances slightly reduce as reserves are used to fund projects. Debt costs (including MRP) are also due to increase as interest rate forecasts assume that interest rates will rise over the period which will increase borrowing costs as the current strategy of short term borrowing is more susceptible to interest rate fluctuations. The revenues streams are also reducing with New Homes Bonus income totally removed from 2023/24 onwards. This strategy will be continually reviewed as per the treasury management strategy. It is worth highlighting that the increase proportion of net revenue stream does not take account of the increasing rental inflows of the assets which goes to revenue.

**Sustainability:** Due to the very long-term nature of capital expenditure and financing, the revenue budget implications of expenditure incurred in the next few years will extend for up to 50 years into the future. The Deputy Chief Executive is satisfied that the proposed capital programme is prudent, affordable and sustainable and the Council has adequate controls to review investment decisions should the funding outlook adversely change. The projects planned are supported by robust business cases that generate positive cash in-flows to the Council, the capital plan supports the growth and prosperity of the Borough which will underpin other income streams to the Council such as business rates and fees and charges income.

## **Knowledge and Skills**

The Council employs professionally qualified and experienced staff in senior positions with responsibility for making capital expenditure, borrowing and investment decisions. For example, the Deputy Chief Executive is an experienced CIPFA qualified accountant.

The Council's also identifies and supports staff training needs through the staff appraisal process, and 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 for relevant professional qualifications.

Where Council staff do not have the knowledge and skills required, use is made of external advisers and consultants that are specialists in their field. The Council currently employs Arlingclose Limited as treasury management advisers, and a variety of property consultants which are identified to ensure their strengths reflect the requirements of the council. This approach is more cost effective than employing such staff directly, and ensures that the Council has access to knowledge and skills commensurate with its risk appetite.

## Minimum Revenue Provision Annual Minimum Revenue Provision Statement 2022/23

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 former Ministry of Housing, Communities and Local Government's (MHCLG) Guidance on *Minimum Revenue Provision* most recently issued in 2018.

The broad aim of the MHCLG Guidance is to ensure that capital expenditure is financed 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 the Government Revenue Support Grant, reasonably commensurate with the period implicit in the determination of that grant

The MHCLG 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 as the principal repayment on an annuity with an interest rate in line with PWLB rates for the year of expenditure, 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, unless a bespoke MRP policy is more appropriate, bespoke MRP policies will be reported to Council accordingly.

For assets acquired by 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.

Where former operating leases have been brought onto the balance sheet on 1st April 2022 due to the adoption of the IFRS 16 Leases accounting standard, and the asset values have been adjusted for accruals, prepayments, premiums and/or discounts, then the annual MRP charges will be adjusted so that the total charge to revenue remains unaffected by the new standard.

There is no MRP provision for Loans made to the Council's wholly owned companies, however the capital receipt that arises on the repayment of principal amount will be applied on an annual basis used to reduce the CFR instead.

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

MRP in respect of the £119m 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. The outstanding balance in relation to the HRA subsidy will be £97.6m as at 1 April 2022.

Capital expenditure incurred during 2022/23 will not be subject to a MRP charge until 2023/24.

Based on the Authority's latest estimate of its Capital Financing Requirement on 31 March 2022, the budget for MRP has been set as follows:

	<b>31.03.2022 Estimated CFR £'000</b>	<b>2022/23 Estimated MRP £'000</b>
Unsupported capital expenditure after 31.03.2008	84,653	1,664
Loans to wholly owned companies *	33,000	308
<b>Total General Fund</b>	<b>117,653</b>	<b>1,972</b>
Assets in the Housing Revenue Account	<b>35,784</b>	0
Private Finance Initiative **	<b>17,776</b>	1,089
HRA subsidy reform payment ***	<b>97,664</b>	2,000
<b>Total Housing Revenue Account</b>	<b>151,224</b>	<b>3,089</b>
<b>Total</b>	<b>268,877</b>	<b>5,061</b>

\* Forecast capital receipts from repayment of principal

\*\* Annual payment to reduce CFR liability

\*\*\* Repayment of loans that reach maturity



# Treasury Management Strategy Statement 2022/23

## Introduction

Treasury management is the management of the Authority's cash flows, borrowing and investments, and the associated risks. The Authority has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the potential loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of financial risk are therefore central to the Authority's prudent financial management.

Treasury risk management is conducted within the framework of the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice 2017 Edition* (the CIPFA Code) which requires the Authority to approve a treasury management 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 the CIPFA Code.

Investments held for service purposes or for commercial profit are considered in the Investment Strategy which was presented to Cabinet on the 24 February 2022.

## 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

On 31 December 2021 the Authority held £227m borrowing, of which £88.5m related to short term borrowing, £15m long-term borrowing to the General Fund and £123.6m to the Housing Revenue Account. The Council also had investments of £64m. 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

	31.3.21	31.3.22	31.3.23	31.3.24	31.3.25
	Actual	Estimate	Estimate	Estimate	Estimate
	£'000	£'000	£'000	£'000	£'000
General Fund CFR	110,389	117,653	198,734	308,899	355,740
HRA CFR	153,275	151,224	172,288	194,466	212,570
<b>Total CFR</b>	<b>263,664</b>	<b>268,877</b>	<b>371,022</b>	<b>503,365</b>	<b>568,310</b>
Less: Other debt liabilities *	(18,884)	(17,776)	(16,687)	(15,648)	(14,622)
<b>Borrowing CFR</b>	<b>244,780</b>	<b>251,101</b>	<b>354,335</b>	<b>487,717</b>	<b>553,688</b>
Less: External borrowing	(93,500)	(117,278)	(197,984)	(308,149)	(354,990)
Less: HRA External borrowing**	(106,664)	(118,471)	(137,951)	(166,681)	(185,183)
<b>Internal borrowing</b>	<b>44,616</b>	<b>15,352</b>	<b>18,399</b>	<b>12,887</b>	<b>13,515</b>
Less: Usable reserves	(63,850)	(63,850)	(63,850)	(63,850)	(63,850)
Less: Working capital	(44,716)	(44,716)	(44,716)	(44,716)	(44,716)
Investments	(63,950)	(93,214)	(90,167)	(95,679)	(95,051)

\* finance leases, PFI liabilities and transferred debt that form part of the Council's total debt.

\*\* A significant proportion of this debt relates to the HRA stock acquisition, for the 31 March 22 estimate it will be £97.6m.

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 Council will consider the best financing options available at the time of investments/acquisitions; currently the Council is taking the opportunity to borrow short term money from the market to take advantage of low interest rates and enable long term investments to remain in place. The best approach will be considered 'as always' and placements made accordingly throughout if prudent to do so.

The Council has an increasing CFR due to the capital programme, which includes loans to A Better Choice for Property Ltd, Newtown Works and Vicarage Lane redevelopment as well as support for the HRA business plan and the growth of the Council's Housing Stock (the full capital plan can be seen at Appendix G of the Revenue Budget which was presented to Cabinet on 24 February 2022). To cover off this capital investment, external borrowing of circa £355m for the general fund and £168m for the HRA is assumed over the forecasted period and is reflected in the table above. However, this is only planned at present and decisions on individual investments will be reported and fully considered at the time of investment/acquisition to best benefit the Council.

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.

### **Borrowing Strategy**

The Council currently holds £227m of loans, £123.6m represent loans to the HRA and £103.5m of general fund loans which are being used to fund previous capital expenditure. The balance sheet forecast in table 1 shows the Council expects to have borrowing of up to £235m by the end of 2021/22. The Council may also borrow additional sums to pre-fund future years' requirements, providing this does not exceed the authorised limit for borrowing of £732m.

**Objectives:** The Council'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. The Council monitors interest rate forecasts and takes advice where appropriate to determine when/if rates should be fixed.

**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; again decisions will be made accordingly at the time of investment/acquisition.

The Council is currently favouring the use of short term borrowing which enables the Council to pay interest below that forecasted in business plans, and take advantage of the low interest rate environment, despite provision within the 2022/23 budget to make further long term borrowing, due to revised forecast for interest rates the policy for 2022/23 will likely be to remain with all short to funding. By using borrowing rather than internal resources this has enabled long term investments funded from reserves to remain in place which support the borrowing costs and provides a return to the Council. The benefits of changing strategy will be monitored regularly considering interest rate forecasts and try to capture the moment when fixing borrowing long term will be advantageous over short term funds. Arlingclose will assist the Authority with this 'cost of carry' and breakeven analysis. Its output may determine whether the Council borrows additional sums at long-term fixed rates in 2022/23 with a view to keeping future interest costs low, even if this causes additional cost in the short-term.

The Council has previously raised all of its long-term borrowing from the PWLB but will consider long-term loans from other sources including banks, pensions and local authorities, and will investigate the possibility of issuing bonds and similar instruments, in order to lower interest costs and reduce over-reliance on one source

of funding in line with the CIPFA Code. PWLB loans are no longer available to local authorities planning to buy investment assets primarily for yield; the Council intends to avoid this activity in order to retain its access to PWLB loans.

Alternatively, the Council may arrange forward starting loans, 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 Council may borrow further short-term loans (normally for up to one month) to cover unplanned cash flow shortages.

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

- HM Treasury PWLB lending facility (formerly Public Works Loan Board)
- any institution approved for investments (see below)
- any other bank or building society authorised to operate in the UK
- any other UK public sector body
- 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:

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

**Municipal Bond Agency:** UK Municipal Bonds Agency plc was established in 2014 by the Local Government Association as an alternative to the PWLB. It issues bonds on the capital markets and lends the proceeds to local authorities. This is a more complicated source of finance than the PWLB for two reasons: borrowing authorities may be required to provide bond investors with a guarantee to refund their investment in the event that the agency is unable to for any reason; 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 Council exposed to the risk of short-term interest rate rises and are therefore subject to the interest rate exposure limits in the treasury management indicators below. Financial derivatives may be used to manage this interest rate risk (see section 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 Council 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.

### **Treasury Investment Strategy**

The Council holds significant invested funds, representing income received in advance of expenditure plus balances and reserves held. In the past 9 months, the Council's treasury investment balance of circa £65m although levels fluctuate with cash flows, these levels are expected to slowly reduce over the coming years as reserves are used to support the MTFP, 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:** The CIPFA Code requires the Council to invest its treasury funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Council'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. Where balances are expected to be invested for more than one year, the Authority will aim to achieve a total return that is equal or higher than the prevailing rate of inflation, in order to maintain the spending power of the sum invested.

**Strategy:** Given the increasing risk and very low returns from short-term unsecured bank investments, the Council will continue to use money market funds for liquidity which provide higher returns and stronger diversification, and will use pooled funds for strategic investments. The Council will work closely with its treasury management advisors 'Arlingclose' to explore new investment opportunities which will complement the portfolio including Tri-Repo's and Alternatives. This overall approach represents a continuation of the strategies which have been adopted over the last few years.

**Approved Counterparties:** The Council 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

Sector	Time limit	Counterparty limit	Sector limit
The UK Government	50 years	Unlimited	n/a
Subsidiary Company	50 Years	£150m	£150m
Local authorities & other government entities	25 years	£15m	Unlimited
Secured investments *	25 years	£5m	Unlimited
Banks (unsecured) *	13 months	£5m	Unlimited
Building societies (unsecured) *	13 months	£5m	£5m
Registered providers (unsecured) *	5 years	£10m	£10m
Money market funds *	n/a	£10m	£60m
Strategic pooled funds	n/a	£15m	£60m
Real estate investment trusts	n/a	£15m	£15m
Other investments *	5 years	£1.5m	£5m

This table must be read in conjunction with the notes below

**\* Minimum credit rating:** Treasury investments in the sectors marked with an asterisk will only be made with entities whose lowest published long-term credit rating is no lower than A-. Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is used. However, investment decisions are never made solely based on credit ratings, and all other relevant factors including external advice will be taken into account.

For entities without published credit ratings, investments may be made either (a) where external advice indicates the entity to be of similar credit quality; or (b) to a maximum of £1.5m per counterparty where appropriate due diligence and checks are complete and an appropriate security is in place.

**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 generally a lower risk of insolvency, although they are not zero risk. Investments with the UK Central Government are deemed to be zero credit risk due to its ability to create additional currency and therefore may be made in unlimited amounts for up to 50 years.

**Banks and building society (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. See below for arrangements relating to operational bank accounts.

**Secured investments:** Investments secured on the borrower's assets, which limits the potential losses in the event of insolvency. The amount and quality of the security

will be a key factor in the investment decision. Covered bonds and reverse repurchase agreements with banks and building societies 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. The combined secured and unsecured investments with any one counterparty will not exceed the cash limit for secured investments

**Registered providers (unsecured):** Loans and bonds issued by, guaranteed by registered providers of social housing or registered social landlords, formerly known as housing associations. These bodies are tightly regulated by the Regulator of Social Housing (in England), the Scottish Housing Regulator, the Welsh Government and the Department for Communities (in Northern Ireland). As providers of public services, they retain the likelihood of receiving government support if needed.

**Money market funds:** Pooled funds that offer same-day or short notice liquidity and very low or no price volatility by investing in short-term money markets. They have the advantage over bank accounts of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a small fee. Although no sector limit applies to money market funds, the Authority will take care to diversify its liquid investments over a variety of providers to ensure access to cash at all times.

**Strategic Pooled Funds:** Bond, equity and property funds offer enhanced returns over the longer term, but are more volatile in the short term. These allow the Council 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 Council's investment objectives will be monitored regularly.

**Real estate investment trusts:** Shares in companies that invest mainly in real estate and pay the majority of their rental income to investors in a similar manner to pooled property funds. As with property funds, REITs offer enhanced returns over the longer term, but are more volatile especially as the share price reflects changing demand for the shares as well as changes in the value of the underlying properties.

**Other investments:** This category covers treasury investments not listed above, for example unsecured corporate bonds and company loans. Non-bank companies cannot be bailed-in but can become insolvent placing the Council's investment at risk.

**Operational bank accounts:** The Council may incur operational exposures, for example through current accounts, collection accounts and merchant acquiring services, to any UK bank with credit ratings no lower than BBB- and with assets greater than £25 billion. These are not classed as investments, but are still subject to the risk of a bank bail-in, and balances will therefore be kept below £1m per bank. The Bank of England has stated that in the event of failure, banks with assets greater than £25 billion are more likely to be bailed-in than made insolvent, increasing the chance of the Authority maintaining operational continuity

**Risk Assessment and Credit Ratings:** Credit ratings are obtained and monitored by the Council's treasury advisers, who will notify changes in ratings as they occur. The credit rating agencies in current use are listed in the Treasury Management Practices document. 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 "negative watch") 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 Council 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 and analysis and advice from the Authority's treasury management adviser. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may otherwise meet the above criteria.

When deteriorating financial market conditions affect the creditworthiness of all organisations, as happened in 2008 and 2020, this is not generally reflected in credit ratings, but can be seen in other market measures. In these circumstances, the Council 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 Council's cash balances, then the surplus will be deposited with the UK Government, or with other local authorities. This will cause investment returns to fall but will protect the principal sum invested.

**Investment Limits:** The Council's revenue reserves available to cover investment losses are forecast to be £25.6m on 31st March 2022. In order to limit the Council's risk no fund shall have more than the reserve balance available. However with the exception of the UK Government and the Council's subsidiary Company, a maximum of £15m will be deposited with a single organisation. A group of entities under the same ownership will be treated as a single organisation for limit purposes.

Credit risk exposures arising from non-treasury investments, financial derivatives and balances greater than £500,000 in operational bank accounts count against the relevant investment limits.



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 3: Investment Limits

	<b>Cash limit</b>
Any single organisation, except the UK Central Government	£15m each
UK Central Government	unlimited
Any group of organisations under the same ownership**	£10m per group
Any group of pooled funds under the same management *	£15m per manager
Foreign countries	£5m per country
Registered providers and registered social landlords	£10m in total
Unsecured investments with Building Societies	£5m in total
Loans to unrated corporates	£5m in total
Loans to Council subsidiaries	£150m in total
Money Market Funds	£60m in total
Real estate investment trusts	£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.

\*\* Except where significant segregation of assets is confirmed which would stop any cross subsidising of investments in the event of default.

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

The Authority will spread its liquid cash over at least four providers (e.g. bank accounts and money market funds) to ensure that access to cash is maintained in the event of operational difficulties at any one provider.

## Treasury Management Indicators

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

**Security:** The Council 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

**Maturity Structure of Borrowing:** This indicator is set to control the Council's exposure to refinancing risk. The upper and lower limits on the maturity structure of 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 a year:** The purpose of this indicator is to control the Council'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:

	2022/23	2023/24	2024/25
Limit on principal invested beyond year end	£15m	£15m	£15m

## Related Matters

The CIPFA Code requires the Authority to include the following in its treasury management strategy

**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 Council 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 Council 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, assessed using the appropriate credit rating for derivative exposure. An allowance for credit risk calculated using the methodology in the Treasury Management Practices document will count against the counterparty credit limit and the relevant foreign country limit.

In line with the CIPFA Code, the Authority will seek external advice and will consider that advice before entering into financial derivatives to ensure that it fully understands the implications.

**Housing Revenue Account:** On 1st April 2012, the Council 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.

**Markets in Financial Instruments Directive:** The Authority has opted up to professional client status with its providers of financial services, including advisers, banks, brokers and fund managers, allowing it access to a greater range of services but without the greater regulatory protections afforded to individuals and small companies. Given the size and range of the Authority's treasury management activities, the Chief Financial Officer believes this to be the most appropriate status

**Investment Advisers:** The Council 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.

### **Financial Implications**

The general fund budget for net investment interest for 2022/23 is £1.88m, this represents a debt expenses of £1m and interest of £2.9m which includes £1.7m from the council's Property Company. The remaining £1.2m is based on an investment portfolio of around £33m which is anticipated to provide an average return of 3.6%.

The budget for debt interest payable in 2022/23 of £1m is based on an average debt portfolio of £163m at an average interest rate of 0.60%.

In relation to the HRA, the interest on investment income for 2022/23 is forecast at £10,000 which represents interest payable on their reserves. The budget for debt interest paid in the HRA for 2021/22 is forecast at £4m, based on an average long debt portfolio of £114m and internal borrowing charges from the GF with an overall average interest rate of 3.5%. 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. The actual position against budget is monitored through the Council's budget monitoring processes and reported to management on a quarterly basis accordingly.

**Other Options Considered**

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 & IT, 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.

<b>Alternative</b>	<b>Impact on income and expenditure</b>	<b>Impact on risk management</b>
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 December 2021

### External Context

**Economic background:** The ongoing impact on the UK from coronavirus, together with higher inflation, higher interest rates, and the country's trade position post-Brexit, will be major influences on the Authority's treasury management strategy for 2022/23.

The Bank of England (BoE) increased Bank Rate to 0.25% in December 2021 while maintaining its Quantitative Easing programme at £895 billion. The Monetary Policy Committee (MPC) voted 8-1 in favour of raising rates, and unanimously to maintain the asset purchase programme.

Within the announcement the MPC noted that the pace of the global recovery was broadly in line with its November Monetary Policy Report. Prior to the emergence of the Omicron coronavirus variant, the Bank also considered the UK economy to be evolving in line with expectations, however the increased uncertainty and risk to activity the new variant presents, the Bank revised down its estimates for Q4 GDP growth to 0.6% from 1.0%. Inflation was projected to be higher than previously forecast, with CPI likely to remain above 5% throughout the winter and peak at 6% in April 2022. The labour market was generally performing better than previously forecast and the BoE now expects the unemployment rate to fall to 4% compared to 4.5% forecast previously, but notes that Omicron could weaken the demand for labour.

UK CPI for November 2021 registered 5.1% year on year, up from 4.2% in the previous month. Core inflation, which excludes the more volatile components, rose to 4.0% y/y from 3.4%. The most recent labour market data for the three months to October 2021 showed the unemployment rate fell to 4.2% while the employment rate rose to 75.5%.

In October 2021, the headline 3-month average annual growth rate for wages were 4.9% for total pay and 4.3% for regular pay. In real terms, after adjusting for inflation, total pay growth was up 1.7% while regular pay was up 1.0%. The change in pay growth has been affected by a change in composition of employee jobs, where there has been a fall in the number and proportion of lower paid jobs.

Gross domestic product (GDP) grew by 1.3% in the third calendar quarter of 2021 according to the initial estimate, compared to a gain of 5.5% q/q in the previous quarter, with the annual rate slowing to 6.6% from 23.6%. The Q3 gain was modestly below the consensus forecast of a 1.5% q/q rise. During the quarter activity measures were boosted by sectors that reopened following pandemic restrictions, suggesting that wider spending was flat. Looking ahead, while monthly GDP readings suggest there had been some increase in momentum in the latter part of Q3, Q4 growth is expected to be soft.

GDP growth in the euro zone increased by 2.2% in calendar Q3 2021 following a gain of 2.1% in the second quarter and a decline of -0.3% in the first. Headline inflation has been strong, with CPI registering 4.9% year-on-year in November, the fifth successive month of inflation. Core CPI inflation was 2.6% y/y in November, the fourth month of successive increases from July's 0.7% y/y. At these levels, inflation is above the European Central Bank's target of 'below, but close to 2%', putting some pressure on its long-term stance of holding its main interest rate of 0%.

The US economy expanded at an annualised rate of 2.1% in Q3 2021, slowing sharply from gains of 6.7% and 6.3% in the previous two quarters. In its December 2021 interest rate announcement, the Federal Reserve continue to maintain the Fed Funds rate at between 0% and 0.25% but outlined its plan to reduce its asset purchase programme earlier than previously stated and signalled they are in favour of tightening interest rates at a faster pace in 2022, with three 0.25% movements now expected.

**Credit outlook:** Since the start of 2021, relatively benign credit conditions have led to credit default swap (CDS) prices for the larger UK banks to remain low and had steadily edged down throughout the year up until mid-November when the emergence of Omicron has caused them to rise modestly. However, the generally improved economic outlook during 2021 helped bank profitability and reduced the level of impairments many had made as provisions for bad loans. However, the relatively recent removal of coronavirus-related business support measures by the government means the full impact on bank balance sheets may not be known for some time.

The improved economic picture during 2021 led the credit rating agencies to reflect this in their assessment of the outlook for the UK sovereign as well as several financial institutions, revising them from negative to stable and even making a handful of rating upgrades.

Looking ahead, while there is still the chance of bank losses from bad loans as government and central bank support is removed, the institutions on the Authority's counterparty list are well-capitalised and general credit conditions across the sector are expected to remain benign. Duration limits for counterparties on the Authority's lending list are under regular review and will continue to reflect economic conditions and the credit outlook.

**Interest rate forecast:** The Authority's treasury management adviser Arlingclose is forecasting that Bank Rate will continue to rise in calendar Q1 2022 to subdue inflationary pressures and the perceived desire by the BoE to move away from emergency levels of interest rates.

Investors continue to price in multiple rises in Bank Rate over the next forecast horizon, and Arlingclose believes that although interest rates will rise again, the increases will not be to the extent predicted by financial markets. In the near-term, the risks around Arlingclose's central case are to the upside while over the medium-term the risks become more balanced.

Yields are expected to remain broadly at current levels over the medium-term, with the 5, 10 and 20 year gilt yields expected to average around 0.65%, 0.90%, and 1.15% respectively. The risks around for short and medium-term yields are initially to the upside but shifts lower later, while for long-term yields the risk is to the upside. However, as ever there will almost certainly be short-term volatility due to economic and political uncertainty and events.

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

## Appendix K

	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24
<b>Official Bank Rate</b>													
<b>Upside risk</b>	0.00	0.00	0.25	0.25	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
<b>Arlingclose Central Case</b>	0.25	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
<b>Downside risk</b>	0.00	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25
<b>3-month money market rate</b>													
<b>Upside risk</b>	0.05	0.05	0.25	0.35	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
<b>Arlingclose Central Case</b>	0.25	0.55	0.55	0.60	0.60	0.60	0.60	0.65	0.65	0.65	0.65	0.65	0.65
<b>Downside risk</b>	0.00	-0.25	-0.25	-0.30	-0.30	-0.30	-0.30	-0.35	-0.35	-0.35	-0.35	-0.35	-0.35
<b>5yr gilt yield</b>													
<b>Upside risk</b>	0.00	0.35	0.45	0.55	0.55	0.55	0.55	0.55	0.55	0.50	0.50	0.45	0.45
<b>Arlingclose Central Case</b>	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.65	0.70	0.75	0.75
<b>Downside risk</b>	-0.10	-0.20	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.25	-0.30	-0.35	-0.40	-0.40
<b>10yr gilt yield</b>													
<b>Upside risk</b>	0.10	0.25	0.35	0.40	0.45	0.50	0.50	0.50	0.50	0.50	0.55	0.55	0.55
<b>Arlingclose Central Case</b>	0.80	0.85	0.85	0.85	0.85	0.85	0.85	0.85	0.85	0.90	0.90	0.95	0.95
<b>Downside risk</b>	-0.10	-0.25	-0.30	-0.35	-0.35	-0.35	-0.35	-0.35	-0.35	-0.40	-0.40	-0.40	-0.40
<b>20yr gilt yield</b>													
<b>Upside risk</b>	0.30	0.40	0.45	0.45	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
<b>Arlingclose Central Case</b>	1.00	1.05	1.10	1.10	1.10	1.10	1.15	1.15	1.15	1.20	1.20	1.20	1.20
<b>Downside risk</b>	-0.15	-0.30	-0.35	-0.40	-0.40	-0.40	-0.40	-0.40	-0.40	-0.45	-0.45	-0.45	-0.45
<b>50yr gilt yield</b>													
<b>Upside risk</b>	0.25	0.30	0.40	0.45	0.45	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
<b>Arlingclose Central Case</b>	0.70	0.75	0.80	0.85	0.90	0.95	1.00	1.05	1.05	1.10	1.10	1.15	1.15
<b>Downside risk</b>	-0.15	-0.30	-0.35	-0.40	-0.40	-0.40	-0.40	-0.40	-0.40	-0.45	-0.45	-0.45	-0.45

PWLB Standard Rate (Maturity Loans) = Gilt yield + 1.00%

PWLB Certainty Rate (Maturity Loans) = Gilt yield + 0.80%

PWLB Infrastructure Rate (Maturity Loans) = Gilt yield + 0.60%



## Appendix B – Existing Investment &amp; Debt Portfolio Position as at 31/12/2021

## Treasury Management Portfolio as at 31 December 2021

Counter Party	Deal Date	Rate %	Amount £	Fair Value £	Comment
<b>Investment Accounts</b>					
Goldman Sachs	Various	0.53%	50,000	52,391	**
ICD Portal - Blackrock	Various	0.00%	5,777,300	5,777,300	*
ICD Portal - BNP	Various	0.09%	6,984,200	6,984,200	*
ICD Portal - CCLA	Various	0.13%	6,989,200	6,989,200	*
ICD Portal - HSBC	Various	0.01%	3,896,200	3,896,200	*
ICD Portal - Invesco	Various	0.02%	5,087,700	5,087,700	*
Payden Global MMF	Various	0.91%	3,000,000	3,006,685	**
<b>Total Investment Accounts</b>			<b>31,784,600</b>	<b>31,793,676</b>	
<b>Long Term Investments</b>					
<b>Property Investment</b>					
A Better Choice of Property Ltd.***	Various		605,001	1,142,785	Value as at 31/03/2021
CCLA Local Authority Property Fund	Various	4.85%	11,000,000	13,236,979	
<b>Equity Funds**</b>					
CCLA Diversified Income Fund	Various	3.51%	3,000,000	3,194,193	
Investec Diversified Income Fund	28/03/2019	3.74%	2,500,000	2,433,504	
Kames Diversified Income Fund	13/05/2019	4.19%	5,500,000	5,631,119	
Schroder Income Maximiser	Various	3.06%	3,500,000	3,176,654	
UBS Multi Asset Income Fund	Various	4.81%	3,000,000	2,843,719	
UBS Global Income Equity Fund	29/07/2019	4.30%	1,500,000	1,426,883	
<b>Total Long Term Investments</b>			<b>30,605,001</b>	<b>33,085,836</b>	
<b>Total Investment Portfolio</b>			<b>62,389,601</b>	<b>64,879,512</b>	

\* Money Market Fund (MMF) are AAA rated deposit facilities which have variable rates of interest but have constant net asset values. Interest rates are shown at the time of producing this report.

\*\* Equity funds and the Property fund have variable rates of interest and also have fluctuating capital values, the amount stated is the current fair value.

\*\*\* A Better Choice Of Property Ltd. is a solely owned subsidiary of ABC

## Debt Portfolio as at 31 December 2021

Counter Party	Deal Date	Rate %	Amount £	Maturity Date
<b>Temporary Borrowing</b>				
Wokingham Borough Council	21/06/2021	0.05%	10,000,000	21/01/2022
London Borough of Sutton	22/06/2021	0.05%	3,000,000	24/01/2022
Vale of Glamorgan Council	19/07/2021	0.08%	2,500,000	13/05/2022
Lichfield District Council	19/07/2021	0.07%	2,000,000	19/04/2022
Wigan Metropolitan Borough Council	20/07/2021	0.05%	5,000,000	20/01/2022
Comhairle Nan Eilean Siar	20/07/2021	0.04%	5,000,000	20/01/2022
Middlesbrough Council	21/07/2021	0.04%	5,000,000	21/01/2022
Tendering District Council	22/07/2021	0.04%	4,000,000	24/01/2022
Cambridge City Council	22/07/2021	0.04%	5,000,000	05/01/2022
Warwickshire County Council	05/08/2021	0.06%	10,000,000	05/04/2022
Middlesbrough Teeside PF	19/08/2021	0.07%	7,000,000	19/04/2022
Bridgend County Borough Council	24/08/2021	0.04%	5,000,000	24/02/2022
Mersyside Fire & Rescue	24/08/2021	0.06%	2,000,000	25/04/2022
North Somerset Council	25/08/2021	0.06%	2,000,000	25/04/2022
West Yorkshire Combined Authority	22/11/2021	0.07%	3,000,000	22/08/2022
New Forest District Council	24/11/2021	0.06%	1,500,000	24/05/2022
Winchester City Council	24/11/2021	0.06%	1,500,000	24/05/2022
Hampshire County Council	24/11/2021	0.09%	3,000,000	24/05/2022
Ryedale District Council	25/11/2021	0.08%	2,000,000	24/11/2022
Oxfordshire County Council	17/12/2021	0.15%	5,000,000	17/10/2022
North East Derbyshire District Council	17/12/2021	0.15%	5,000,000	16/12/2022
<b>Total Temporary Borrowing</b>			<b>88,500,000</b>	
<b>Long Term Borrowing</b>				
Public Works Loan Board - HRA	various	various	123,664,150	various
Public Works Loan Board - GF	13/07/2021	1.56%	15,000,000	13/07/2041
<b>Total Long Term Borrowing</b>			<b>138,664,150</b>	
<b>Grand Total Borrowing</b>			<b>227,164,150</b>	

Note: the loans made to ABCFP Ltd are not shown in the investment portfolio above, for completeness though the total draw down value of loans to the company as at 31<sup>st</sup> December 2021 was £32m

## Detail of PWLB Loans Outstanding at 31 December 2021

Date of Advance	Loan Ref Number	Date of Repayment	Amount Outstanding £	Rate %
28/03/2012	*499500	28/03/2022	7,000,000	0.90%
28/03/2012	499516	28/03/2022	2,000,000	2.40%
28/03/2012	499514	28/03/2023	2,000,000	2.56%
28/03/2012	499507	28/03/2024	3,000,000	2.70%
28/03/2012	499503	28/03/2025	3,000,000	2.82%
28/03/2012	499505	28/03/2026	1,000,000	2.92%
28/03/2012	499496	28/03/2027	1,000,000	3.01%
28/03/2012	499509	28/03/2028	2,000,000	3.08%
28/03/2012	499497	28/03/2029	2,000,000	3.15%
28/03/2012	499510	28/03/2030	2,000,000	3.21%
28/03/2012	499498	28/03/2031	8,000,000	3.26%
28/03/2012	499511	28/03/2032	9,000,000	3.30%
28/03/2012	499499	28/03/2033	10,000,000	3.34%
28/03/2012	499512	28/03/2034	11,000,000	3.37%
28/03/2012	499506	28/03/2035	12,000,000	3.40%
28/03/2012	499513	28/03/2036	9,000,000	3.42%
28/03/2012	499515	28/02/2037	16,713,000	3.44%
29/03/2011	498502	29/03/2061	5,951,150	5.26%
13/07/2021	374161	13/07/2041	17,000,000	1.56%
<b>Total HRA Borrowing</b>			<b>123,664,150</b>	
13/07/2021	374159	13/07/2041	15,000,000	1.56%
<b>Total GF Borrowing</b>			<b>15,000,000</b>	

\* Variable Rate Loan, the others are fixed rate

## Investment Strategy Report 2022/23

### Introduction

The Authority invests its money for three broad purposes:

- because it has surplus cash as a result of its day-to-day activities, for example when income is received in advance of expenditure (known as **treasury management investments**),
- to support local public services by lending to or buying shares in other organisations (**service investments**), and
- to earn investment income (known as **commercial investments** where this is the main purpose).

This investment strategy meet the requirements of statutory guidance issued by the government in January 2018, and focuses on the second and third of these categories.

### Treasury Management Investments

The Authority typically receives its income in cash (e.g. from taxes and grants) before it pays for its expenditure in cash (e.g. through payroll and invoices). It also holds reserves for future expenditure and collects local taxes on behalf of other local authorities and central government. These activities, plus the timing of borrowing decisions, lead to a cash surplus which is invested in accordance with guidance from the Chartered Institute of Public Finance and Accountancy (CIPFA). The balance of treasury management investments is expected to average around £40m during the 2022/23 financial year.

**Contribution:** The contribution that these investments make to the objectives of the Authority is to support effective treasury management activities.

**Further details:** Full details of the Authority's policies and its plan for 2022/23 for treasury management investments are covered in a separate document, the treasury management strategy which was reported to Cabinet on the 24 February 2022 as part of the Budget Setting Report.

### Service Investments: Loans

**Contribution:** The Council lends money to local businesses, parish councils and its employees to support local public services and stimulate local economic growth. These service investments include loans to Councils subsidiary which is supporting the local economy as a high quality private landlord for privately rented residential units in addition supporting council services over a long term when dividends are payable. Other examples include temporary loans to businesses to enable/facilitate development and investment within the borough, and small loans to Parish councils to support urgent local issues in advance of raising precepts to fund the expenditure.

**Security:** The main risk when making service loans is that the borrower will be unable to repay the principal lent and/or the interest due. In order to limit this risk, and ensure that total exposure to service loans remains proportionate to the size of the Authority, upper limits on the outstanding loans to each category of borrower have been set as follows:

*Table 1: Loans for service purposes*

Category of borrower	31.3.2021 actual	2022/23
	Net figure in accounts	Approved Limit
	£'000	£'000
Subsidiaries	32,705	150,000
Parish Councils	20	200
Suppliers	0	10,000
Local businesses	0	1,500
Employees	0	100
<b>TOTAL</b>	<b>32,705</b>	<b>161,800</b>

Accounting standards require the Authority to set aside loss allowance for loans, reflecting the likelihood of non-payment. The figures for loans in the Authority's statement of accounts are shown net of this loss allowance. However, the Authority makes every reasonable effort to collect the full sum lent and has appropriate credit control arrangements in place to recover overdue repayments.

**Risk assessment:** The Authority assesses the risk of loss before entering into and whilst holding service loans by:-

**Subsidiaries:** The Council loans money to its subsidiary A Better Choice for Property Ltd. (the Property Company) to enable it to make acquisitions in support of its business plan. The development of the property company was in response to government funding cuts and the ambition of the Council to be self-sufficient of government grant through its entrepreneurial approach and commercial mind-set.

The original concept of the property company was subject to legal and professional advice and a full business model developed and approved by full council. The company became operational in November 2014 and made its first acquisitions.

With the Council being the sole shareholder of the property company it has good oversight and awareness of the ongoing obligations of the Company and receives reports to its Trading and Enterprise Board (TEB) which was established to oversee the Council's subsidiary companies.

TEB approved the Business Plans of the Property Company and recommends to Council any increases in the facilities agreement which provide the framework under which the property company can borrow money from the Council. The £150m approved limit recommended at Table 1 represents the current value approved by the Council. However, for the money to be drawn down, business models of proposed acquisition have to be presented to the TEB, and Full Council where appropriate for sign off before borrowing is approved.

In relation to monitoring risk of default, the loan facilities agreement has a number of financial covenants, one of which is the loan to current value (total borrowings outstanding to value of assets) which is monitored and reported to TEB on an annual basis.

The facilities agreement also ensures that the Council has appropriate security over sums borrowed with first charge, or an appropriate form of security over the assets of the Company. Should the property market move against the property Company then the Council will review and consider its options accordingly.

**Parish Councils:** The Council has made a number of loans in recent years to support parish councils with liquidity issues and to help fund costs associated with locally defending planning applications.

Where the council makes these loans appropriate loan agreements are in place to ensure that the money is recovered in a timely manner. In relation to risk the loans to Parish Councils are effectively underwritten by the ability of the Parish Council to raise precept accordingly to repay borrowed amounts.

**Suppliers/Local Businesses/Employees:** the Council as at 31/03/2021 did not have any loans made to these organisation, however it is felt prudent to make a provisional limit available under this strategy should any requirement arise in 2022/23.

As with the examples of lending as outlined above, any decision to lend within the limit stipulated within this report would require further approval at an appropriate level, with appropriate supporting material before funds were released.

**Service Investments: Shares**

**Contribution:** The Council invests in the shares for its subsidiary so that it can develop and high quality private landlord function as aforementioned under service investment loans.

**Security:** One of the risks of investing in shares is that they fall in value meaning that the initial outlay may not be recovered. In order to limit this risk, upper limits on the sum invested in each category of shares have been set as follows, the approval limit is comparable to the amount investment and not the current fair value:-

*Table 2: Shares held for service purposes*

Category of company	31.3.2021 actual			2022/23
	Amounts invested	Gains or losses	Value in accounts	Approved Limit
	£'000	£'000	£'000	£'000
Subsidiaries	605	537	1,142	1,000

**Risk assessment:** Shares in the Council's subsidiary property company have been made to enable the property company to have an element of working capital which enable it to explore investment opportunities.

The investment in Council subsidiary is not purely for financial return but to enable the development of a high quality landlord in the local area with a view to changing the offerings available through private renting, such as longer tenancy terms.

As the sole shareholder of the Property Company the council would have to consider the shares in this company in the wider context to encompass the loans as outlined earlier in this strategy.

As with all company related matters, any concerns the council or company have would be reported through the TEB accordingly.

**Liquidity:** In relation to the property company the Council views this as a long term investment and has therefore not defined a maximum period for which the funds are deposited.

If the Council made acquisitions of shares in other entities, it would consider the business model and set an initial investment period in conjunction with professional advisors. Where investment periods are for a long period they would still be regularly reviews and the investment time frame re-set accordingly based on the prevailing circumstances at the time. Longer term investments would generally be placed with a 5 year outlook subject to review.

**Non-specified Investments:** Shares are the only investment type that the Authority has identified that meets the definition of a non-specified investment in the

government guidance. The limits above on share investments are therefore also the Authority's upper limits on non-specified investments. The Authority has not adopted any procedures for determining further categories of non-specified investment since none are likely to meet the definition.

### **Commercial Investments: Property**

**Contribution:** The Council invests in local, commercial property with the intention of making a contribution to the local economy through regeneration and a profit that will be spent on local public services.

The most recent example of this would be the completion of the Elwick development which transformed an empty space into a vibrant facility containing a Cinema, eateries and hotel. This site will also generate income through additional business rates to the council in addition to rental income streams.

Another recent example would also be the light industrial units which have been constructed at Carlton Road. These units have been developed to support small businesses expand in the local area and provide more units to support the Council existing offering at Ellingham industrial estate. Again, in addition to the economic benefits of Carlton Road it is expected to provide an income stream to the Council which can be used to maintain the current level of public services in Ashford as government support is cut.

The final example of Council intervention in supporting local prosperity was the acquisition of Park Mall, this shopping mall had high void rates and little prospects of improvement, however following the Council's acquisition and work in offering attractive tenancies and support to small businesses, this area has turned into a thriving mall once more with very few empty properties.

All commercial investments carry an element of risk and the individual schemes highlighted above have all been adversely impacted by the Covid19 Pandemic. However, the recovery from Covid19 has commenced with the majority of these investments recovering and delivering the regeneration and economic benefits as intended.



Table 3: Property held for investment purposes

Property	Actual	31.3.2021 actual		31.3.2022 forecast	
	Purchase cost	Gains or (losses)	Value in accounts	Gains or (losses)	Value in accounts
	£'000	£'000	£'000	£'000	£'000
Ellingham Industrial estate units	2,780*	3905	6,685	334	7,019
Park Mall (retail units) purchase	4,404	2975	7,379	(184)	7,195
International House (Offices)	7,731	7362	15,093	(377)	14,716
Carlton Road light industrial units	6,823	162	6,985	349	7,334
Elwick – Restaurants, Cinema, Hotel	35,915 (as at 31/03/2021)	(14,326)	21,589	(540)	21,049
Matalan	5,031	(145)	4,886	(122)	4,764
<b>TOTAL</b>	<b>62,684</b>	<b>(67)</b>	<b>62,617</b>	<b>(540)</b>	<b>62,077</b>

\* Historical value as at 2007 – Acquisition of site was purchased between 1935 and 1980 as it was acquired in stages.

It is anticipated that the Ashford Market will continue to drop during 2022/23 and movements will be reflected in the Council's accounts accordingly.

**Security:** In accordance with government guidance, the Authority considers a property investment to be secure if its accounting valuation is at or higher than its purchase cost including taxes and transaction costs.

The Council's budget setting and budget reporting arrangements will highlight and manage any impacts arising from this reduction in security.

**Risk assessment:** The Authority assesses the risk of loss before entering into and whilst holding property investments by engaging professional consultants to ensure the existing valuation of the acquisition is fair, and also provide commentary on the market the asset will be competing with. As a council though it is accepted that

these assets are not purely acquired for financial gain and therefore the return on investment required will not be as high as for a private investor when considering an acquisition. That being said the Council will not pay above a fair valuation unless it had a significant strategic purpose to the Authority.

As part of the business plan the council will consider the ongoing requirements of the investment in terms of repairs and maintenance and future capital costs, it will also understand the requirement to tenant commercial property and consider who tenants will be attracted and lease renewals conducted where incumbent tenants are in place. As part of this process the Council will carry out due diligence on any new tenant to ensure that they are financially sound and able to meet the lease obligations.

The ongoing monitoring of tenants is performed by Council as part of its budget monitoring arrangements, the Council's Corporate Property Team deal with lease events and the repairs and maintenance of assets. During the Covid19 Pandemic additional support was offered to tenants to support them through this period.

This report currently reflects that the asset values are above acquisition costs although these are expected to drop as at 31 March 2022. It is accepted that capital values rise and fall and therefore significant consideration is also given to the income streams of the assets to ensure that the cash inflows are sufficient to meet related expenditure, i.e. borrowing, repairs and maintenance costs.

**Liquidity:** Compared with other investment types, property is relatively difficult to sell and convert to cash at short notice, and can take a considerable period to sell in certain market conditions. When making acquisitions the Council takes a long term view and anticipates the borrowing requirement accordingly. In terms of liquidity the Council has the ability to borrow from a number of sources and therefore it is unlikely that an event occurred where the Council would be required to sell assets to re-pay the linked debt. This long term view is more prevalent now than ever as property values decline and any asset disposals could lead to losses real losses.

### **Loan Commitments and Financial Guarantees**

Although not strictly counted as investments, since no money has exchanged hands yet, loan commitments and financial guarantees carry similar risks to the Authority and are included here for completeness.

The Authority has contractually committed to make up to £150m of loans to its Subsidiary A Better Choice for Property Ltd. as part of the facilities agreement, should it request it and it is supported by an approved business plan. This is covered under service loans.

### **Capacity, Skills and Culture**

**Elected members and statutory officers:**

The Council has treasury management advisors that are contracted to provide training and support to both officers and members. This includes regular strategy meetings which statutory officers and the responsible portfolio holder attend. The CFO has to be a member of professional accountancy body and participate in its Continual Professional Development scheme so that their skills are maintained and current.

**Commercial deals:** On the occasions that the Council undertakes to make a commercial deal the statutory officers are required to ensure that Members have appropriate information to make an informed decision. This requires the Council to seek appropriate professional advice to inform decisions from properly qualified advisors. This advice is then reported to members to support the decision making process. As mentioned previously the Council has contracts Treasury Management advisors, Valuers and other specialists to ensure that there is ready access to support.

**Corporate governance:** The Council's Constitution outlines the decision making process that has been put in place and the governance arrangements to ensure transparency and openness in decision making. Investment decisions are taken in the context of the Council's Corporate Plan and medium term financial plans.

### **Investment Indicators**

The Authority has set the following quantitative indicators to allow elected members and the public to assess the Authority's total risk exposure as a result of its investment decisions.

**Total risk exposure:** The first indicator shows the Authority's total exposure to potential investment losses. This includes amounts the Authority is contractually committed to lend but have yet to be drawn down.

Table 5: Total investment exposure

<b>Total investment exposure</b>	<b>31.03.2021 Actual</b>	<b>31.03.2022 Forecast</b>	<b>31.03.2023 Forecast</b>
	£'000	£'000	£'000
Treasury management investments	30,000	30,000	30,000
Service investments: Loans	32,705	33,113	56,113
Service investments: Shares	475	605	810
Commercial investments: Property	62,684	62,614	62,077
<b>TOTAL INVESTMENTS</b>	<b>125,864</b>	<b>126,332</b>	<b>149,000</b>
Commitments to lend	117,295	116,887	93,887
<b>TOTAL EXPOSURE</b>	<b>243,159</b>	<b>243,219</b>	<b>242,887</b>

**How investments are funded:** Government guidance is that these indicators should include how investments are funded. Since the Authority does not normally associate particular assets with particular liabilities, this guidance is difficult to comply with. However, the following investments could be described as being funded by borrowing. The remainder of the Authority's investments are funded by usable reserves and income received in advance of expenditure.

Table 6: Investments funded by borrowing

<b>Investments funded by borrowing</b>	<b>31.03.2021 Actual</b>	<b>31.03.2022 Forecast</b>	<b>31.03.2023 Forecast</b>
	£'000	£'000	£'000
Service investments: Loans	32,705	33,113	56,113
Commercial investments: Property	62,684	62,614	62,077
<b>TOTAL FUNDED BY BORROWING</b>	<b>95,389</b>	<b>95,727</b>	<b>118,190</b>

**Rate of return received:** This indicator shows the investment income received less the associated costs, including the cost of borrowing where appropriate, as a proportion of the sum initially invested. Note that due to the complex local government accounting framework, not all recorded gains and losses affect the revenue account in the year they are incurred.

*Table 7: Investment rate of return (net of all costs)*

<b>Investments net rate of return</b>	<b>2020/21 Actual</b>	<b>2021/22 Forecast</b>	<b>2022/3 Forecast</b>
Service investments: Loans	2.55%	2.51%	2.60%
Service investments: Shares	0%	0%	0%
Commercial investments: Property	0.2%	1.3%	1.5%
<b>ALL INVESTMENTS</b>	<b>2.75%</b>	<b>3.81%</b>	<b>4.1%</b>

# **Ashford Borough Council Council Tax Reduction**

## **Exceptional Circumstances Policy 2022/23**

## 1 Background

1.1 An Exceptional circumstances Policy has been created by Ashford Borough Council to assist persons who have applied for Council Tax Reduction and who are facing 'exceptional circumstances'. This is to provide further assistance where an applicant has made a claim for Council Tax Reduction but do not qualify for support or even with support are unable to meet their Council Tax liability.

1.2 The main features of the policy are as follows:

- \* The operation of the policy will be at the total discretion of the Council;
- \* The policy will be applied by the Revenues and Benefits section on behalf of the Council;
- \* Exceptional circumstances falls within S13(A)(1a) of the Local Government Finance Act 1992 and forms part of the Council Tax Reduction scheme;
- \* Exceptional circumstances awards will only be available for a Council Tax liability from 1 April 2022 onwards and will not be available for any other debt other than outstanding Council Tax;
- \* To receive an award, an application for a Council Tax Reduction will need to be made, unless there are exceptional circumstances which would preclude any entitlement to a Council Tax Reduction.
- \* Where an Exceptional circumstances award is requested for a previous period, Exceptional circumstances must have been proven to have existed throughout the whole of the period requested and will only be backdated to the start of the financial year in which the claim is made;
- \* Exceptional circumstances awards are designed as short-term help to the applicant only; and
- \* All applicants will be expected to engage with the Council and undertake the full application process. Failure to do so may mean that no payment will be made.

## 2 Exceptional circumstances and Equalities

2.1 The creation of an Exceptional Circumstances Policy facility meets the Council's obligations under the Equality Act 2010.

2.2 The Council recognises the impact the changes to our Council Tax Reduction Scheme will have on our most vulnerable residents and therefore the importance this policy has in protecting those applicants most in need. It should be noted that an Exceptional Circumstances Policy is intended to help in cases of extreme financial difficulty and not support a lifestyle or lifestyle choice.

### 3 Purpose of this policy

3.1 The purpose of this policy document is to specify how Ashford Borough Council will operate the scheme, to detail the application process and indicate a number of factors, which will be considered when deciding if an Exceptional circumstances payment can be made.

3.2 Each case will be treated on its own merits and all applicants will be treated fairly and equally in both accessibility and also decisions made.

### 4 The Exceptional circumstances process

4.1 As part of the process of applying for additional support, all applicants must be willing to undertake all of the following:

- \* Make a separate application in writing for assistance;
- \* Provide full details of their income and expenditure;
- \* Where a person is self-employed or a director of a private limited company, provide details of their business including supplying business accounts;
- \* Accept assistance from either the Council or third parties where applicable (such as Citizens Advice Bureau and Money Advice Service) to enable them to manage their finances more effectively - including the termination of non-essential expenditure and assessment of the potential for additional paid employment where applicable;
- \* Identify potential changes in payment methods and arrangements to assist them;
- \* Assist the Council to minimise liability by ensuring that all discounts, exemptions and reductions are properly granted; and
- \* Maximise their income through the application for other welfare benefits, cancellation of non-essential contracts and outgoings and by identifying the most economical tariffs for the supply of utilities and services generally.

4.2 Through the operation of this policy the Council will look to:

- \* Allow a short period of time for someone to adjust to unforeseen short-term circumstances and to enable them to “bridge the gap” during this time, whilst the applicant seeks alternative solutions;
- \* Help applicants through personal crises and difficult events that affect their finances;
- \* Help those applicants who are trying to help themselves financially; and
- \* Encourage applicants to contact the Job Centre Plus or the Job Club to obtain and sustain employment, where applicable.

4.3 An Exceptional circumstances award will not be considered in the following circumstances:

- \* Where the full Council Tax liability is being met by Council Tax Reduction;
- \* For any other reason, other than to reduce Council Tax liability;



- \* Where the Council considers that there are unnecessary expenses/debts etc and that the applicant has not taken reasonable steps to reduce them; or
- \* To cover previous years Council Tax arrears.

## **5 Exceptional circumstances award**

5.1 The Council will decide whether or not to make an Exceptional circumstances award, and how much any award might be.

5.2 When making this decision the Council will consider:

- \* The shortfall between Council Tax Reduction and Council Tax liability;
- \* Whether the applicant has engaged with the Exceptional circumstances process;
- \* The personal circumstances, age and medical circumstances (including ill health and disabilities) of the applicant, their partner any dependants and any other occupants of the applicant's home;
- \* The difficulty experienced by the applicant, which prohibits them from being able to meet their Council Tax liability, and the length of time this difficulty will exist;
- \* The income and expenditure of the applicant, their partner and any dependants or other occupants of the applicant's home;
- \* All income received by the applicant, their partner and any member of their household irrespective of whether the income may fall to be disregarded under the Council Tax Reduction scheme;
- \* Any savings or capital that might be held by the applicant, their partner and any member of their household irrespective of whether the capital may fall to be disregarded under the Council Tax Reduction scheme;
- \* Other debts outstanding for the applicant and their partner;
- \* The exceptional nature of the applicant and/or their family's circumstances that impact on finances, and
- \* The length of time they have lived in the property;

5.3 The above list is not exhaustive and other relevant factors and special circumstances will be considered.

5.4 An Exceptional circumstances award does not guarantee that a further award will be made at a later date, even if the applicant's circumstances have not changed.

5.5 An Exceptional circumstances award may be less than the difference between the Council Tax liability and the amount of Council Tax Reduction paid. The application may be refused if the authority feels that, in its opinion, the applicant is not suffering 'exceptional circumstances or where the applicant has failed to comply with the Exceptional circumstances process.

## **6 Publicity**

6.1 The Council will make a copy of this policy available for inspection and will be published on the Council's website.

## **7 Claiming an Exceptional circumstances award**

7.1 An applicant must make a claim for an Exceptional circumstances award by submitting an online application to the Council via the Council's website.

7.2 Applicants can get assistance with the completion of the form from the Revenues and Benefits Service or Customer Services at the Council.

7.3 The application form must be fully completed and supporting information or evidence provided, as reasonably requested by the Council.

7.4 In most cases the person who claims the Exceptional circumstances award will be the person entitled to Council Tax Reduction. However, a claim can be accepted from someone acting on another's behalf, such as an appointee, if it is considered reasonable.

## **8 Changes in circumstances**

8.1 The Council may revise an Exceptional circumstances award where the applicant's circumstances have changed which either increases or reduces their Council Tax Reduction entitlement. The Exceptional circumstances award may be increased or decreased.

## **9 Duties of the applicant and the applicant's household**

9.1 A person claiming an Exceptional circumstances payment is required to:

- \* Provide the Council with such information as it may require to make a decision; and
- \* Tell the Council of any changes in circumstances that may be relevant to their ongoing claim within 21 days of the change

## **10 The award and duration of an Exceptional circumstances award**

10.1 Both the amount and the duration of the award are determined at the discretion of the Council, and will be done so on the basis of the evidence supplied and the circumstances of the claim.

10.2 The start date and duration of any award will be determined by the Council. The maximum length of the award will be limited to the financial year in which the claim is received.

## **11 Payment**

11.1 Any Exceptional circumstances award will be made direct onto the taxpayer's Council Tax account, thereby reducing the amount of Council Tax payable.

## **12 Overpaid Exceptional circumstances payments**

12.1 Overpaid Exceptional circumstances payments will generally be recovered directly from the applicant's council tax account, thus increasing the amount of council tax due and payable.

## **13 Notification of an award**

13.1 The Council will notify the resident of the outcome of their application for an Exceptional circumstances award.

## **14 Appeals**

14.1 Exceptional circumstances awards are granted under S13A(1a) of the Local Government Finance Act 1992 as part of the Council Tax Reduction scheme, as such the normal Council Tax appeal process applies and an appeal can be made at any time. The initial appeal should be made to the Council who will review any decision. Ultimately any decision can be considered by an independent Valuation Tribunal.

## **15 Fraud**

15.1 The Council is committed to protect public funds and ensure funds are awarded to the people who are rightfully eligible to them.

15.2 An applicant who tries to fraudulently claim an Exceptional circumstances payment by falsely declaring their circumstances, providing a false statement or evidence in support of their application, may have committed an offence under The Fraud Act 2006.

15.3 Where the Council suspects that such a fraud may have been committed, this matter will be investigated as appropriate and may lead to criminal proceedings being instigated.

## **16 Complaints**

16.1 The Council's 'Complaints Procedure' (available on the Councils website) will be applied in the event of any complaint received about the application of this policy.

## **17 Policy Review**

17.1 This policy will be reviewed on an annual basis and updated as appropriate to ensure it remains fit for purpose. However, a review may take place sooner should there be any significant changes in legislation.

## **18 Benchmarking**

18.1 Ashford Borough Council will monitor overall Exceptional circumstances expenditure annually and will benchmark against the other Kent Local Authorities.

**2022/23 Budget Report**

**The following table represents risks to the 2022/23 budget at both a service and economic level. These risks were presented with the draft budget and have been updated where appropriate to support the final budget.**

Budget Component	Financial standing and management
1. Covid19 Pandemic	<p>The Covid19 pandemic has delivered an unprecedented economic shock across the Globe that will be felt for many years to come.</p> <p>We are now entering the recovery phase of the pandemic and starting to understand what long term changes in habits might mean for Ashford both from an economic, societal and employer perspective.</p> <p>From an economic perspective the Council made significant budget revisions in 2021/22 for areas impacted by the pandemic, notably Parking and Corporate property income streams. The reductions in these income budgets were necessary and the Council is now starting to see stability and slow increases in parking income, and strong interest in commercial properties which have supported the 2022/23 draft budget.</p> <p>There is still a risk of further Covid measure being implemented by government which could slow the recovery.</p> <p>To deal with pressures arising from Covid19, and cuts in government funding, the Council identified savings of £3m in 2021/22 to be delivered over a 3 year period.</p> <p>Having delivered year 1, year 2 savings of £762,800 were identified to be incorporated into the 2022/23 budget. A significant proportion of these savings are still to be delivered and in some instances new proposals and strategies will be necessary.</p> <p>Having identified the savings and factored them into the draft 2022/23 budget and MTFP, it is now imperative that we closely monitor the delivery of these savings.</p> <p>Failure not to deliver the required savings will result in further draws on reserves and undermine the MTFP and financial sustainability of the Council.</p>

Budget Component	Financial standing and management
2. Ashford Port Health Authority	<p>The Council has recruited a substantial number of Officers to deliver the Ashford Port Health Facility at Sevington.</p> <p>Despite Ashford being ready to deliver this statutory service, Government has delayed the opening of the facility and therefore no fees or charges are being collected to offset costs. The Council is working closely with DEFRA with the expectation that all lost income from the delays in opening will be met to cover expenditure. The Council will also push for a longer agreement to underwrite any losses in the first years of operation to mitigate any risk to the Ashford Tax Payer.</p> <p>Perhaps a greater risk is the need to build a specific contingency reserve to manage fluctuations in income streams in this business area. This contingency may not be funded by government and it need to be accrue over the first years of operation as a safety net. If DEFRA do not support this then any costs could fall upon the Councils other earmarked reserves to manage.</p>
3. Exit from the European Union	<p>The UK exited the European Union (EU) just before the Covid19 Pandemic started to have wider implication for the world.</p> <p>The Council was well prepared for exiting the EU and had significant contingency plans in place and was supported by government funding.</p> <p>Originally it was envisaged that disruption would be to controls at the ports etc. that would bring transportation issues to Ashford, this was indeed the case but more as a result of Covid that exiting the EU.</p> <p>Things have moved on since at it is now becoming apparent that changes to legislation have created employment issues most notably a shortage of HGV drivers that is creating supply chain issues.</p> <p>These issues have driven up costs of services and materials that could have an impact on the revenue budgets but more notably the Capital Plans for the Council.</p> <p>These prices will need to be monitored and decisions taken as to how the Council can balance resources, and perceived market fluctuations against the need to deliver the works/projects.</p>

Budget Component	Financial standing and management
4. Government Spending Review	<p>Although the Government Department received a three year settlement, this only transpired into a further single year deal for Local Authorities with significant reviews such as fair funding and business rates continuing to be unresolved. This approach continues to provide significant uncertainty over long term funding especially with changes direction to meet new Government policies, such as levelling up.</p> <p>The spending review announced further funding for local authorities, circa £3.5bn although Ashford was 1 of 34 authorities who received no increase in core spending power, representing a real terms loss to the Council once inflation adjusted. Additionally this meant that new burdens such as the NHS and Social care levy and business rates freeze were funded from cuts in funding, rather than new monies as promised.</p> <p>The one year settlement, and continued freeze to business rates does have some benefit though as we retain our growth since the last baseline reset. However this continues to be a significant risk and is cover separately within this section.</p> <p>The Council will contribute to consultations where appropriate to encourage Government to deliver policies that are fair to Ashford, but also other public sector bodies.</p>



<p>5. Pressure on the 2021/22 Budget and impact going forward.</p>	<p>2021/22 is still experiencing additional costs arising from Covid19 directly, but also through supporting other parties. The risks below will try to look through the one off pressures arising from Covid19 and focus on risks going forward.</p> <p><b>Homelessness</b> – This area has been under pressure for a number of years which worsened due to the pandemic and is still continuing to experience pressure on its budget.</p> <p>To address the long term issues in this area a specialist consultant was engaged during 2021/22 to fully review and makes recommendation on how the service could be strengthened and what resources were necessary.</p> <p>The 2022/23 budget has been developed using the findings of this report and it is felt that this budget is more robust to support the challenges posed from homelessness. This change did result in a net increase in the budget which has allowed more money to be earmarked for prevention of homelessness and more accurately reflect the cost differential between benefits claimable and temporary accommodation costs.</p> <p>Going forward it is anticipated that some of the increased costs will be recovered as the Council is developing bespoke homeless accommodation such as Christchurch Lodge which is already operational, and Henwood Modular units which will be applying for planning permission in the near future. This development will save money by taking people out of expensive nightly and B&amp;B accommodation.</p> <p>There is still some risk to the budget due to covid and the end of the furlough scheme, removal of the universal credit top up, and rising prices due to the current economic climate that could put pressure on tenants ability to pay accommodation costs, and therefore could be evicted and present as homeless.</p> <p><b>Parking Income</b></p> <p>The 2021/22 budget was impacted by further nation lockdown measures that placed significant pressure on the parking income budget for the first quarter of 2021/22. Parking income has since started to pick up although the increase in usage is slower than early trends predicted.</p> <p>To recognise the slowdown in usage the parking budget has been kept broadly in line with the 2021/22 budget which was reduced by 15% to recognise the impact of covid on usage.</p> <p>This budget will continue to be a risk in 2022/23 though if any new covid restrictions are put in place. Equally, if usage and returns to pre pandemic levels quicker than expected then additional revenues may be recognised.</p>
--------------------------------------------------------------------	-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

Budget Component	Financial standing and management
	<p><b>Planning</b></p> <p>Planning continues to have some pressure around staffing levels and the need for consultants to support the service, although this position is improving and new incentives have been developed to attract and retain staff.</p> <p>The other pressures arising in planning is the cost of planning appeals, despite some allowance being available for counsel fees within the budget, any increase in Planning Enforcement activity or the need to defend against major planning appeals will need to be funded from general reserves.</p> <p>The Stodmarsh issues and current economic climate will continue to pose a risk to the planning budget in 2022/23.</p> <p><b>Cultural service</b></p> <p>This budget area is reporting a pressure within 2021/22 as the Council has supported an extension to the Leisure facilities contract in Tenterden for 2021/22. We are still awaiting confirmation of the plans for 2022/23 however, it is expected that the current operator will extend their management whilst the operation is tendered. This will require a degree of underwrite from the Council of approximately £250,000.</p> <p>The risk to the budget is if the Council needs to further intervene to ensure the facility retains a service operator.</p> <p><b>Environmental Services</b></p> <p>The environmental services budget has provision for the Waste refuse and recycling contract which is budgeted to be nearly £4m in 2022/23, this is an increase 4.5% since previous years and represents contractual inflation and an element of new property growth. Although the contractual increase is compiled from a number of weighted indices there is a high risk that the contractual inflation costs could be higher as a result of the increase CPI figure than forecast resulting in a potential budgetary pressure.</p> <p>The service has had really strong growth in the garden collection waste service in recent years, however if the economic conditions start to impact household income then renewals maybe be under pressure and new customers may delay taking up the service.</p>

Budget Component	Financial standing and management
6. Commercialisation	<p>The Council's commercialisation agenda is progressing and has a number of successes with Garden waste and the Electrical Services Division, it is now reviewing its inaugural year to see what lessons can be learnt and how the process can be strengthened.</p> <p>This is seen as an area to promote continued improvement in what we do going into 2022/23 and a budget of £60,000, funded from the additional income achieved is available to support existing and new ideas.</p> <p>In terms of the wider context, the Council continues to have good reserves which have recently been re-purposed as part of the MTFP report to provide greater flexibility to protect budgets from economic shocks and uncertainty.</p>
7. Transformation and digitalisation	<p>Digitalisation continues to be a key priority for the organisation to ensure systems work effectively and efficiently to deliver excellent services for our external stakeholders. The digitalisation programme is targeting systems to ensure efficiencies through digitalisation can be maximised to create staffing capacity to manage business growth within existing resources.</p> <p>One of the most significant areas under review will be the implementation of a new planning system which is in progress.</p>
8. Assumptions about increases in service income.	<p>For budget setting purposes income has been increased by an average of 3.0%, for legislative reasons or demand some charges will be lower or higher than this.</p> <p>The proposed fees and charges are presented in detail as part of the budget report. Any amendments to the proposals may involve a slight risk to the budget.</p>
9. Housing Revenue Account	<p>The HRA has an ambition development plan and this plan is built into the HRA's 30 year business plan and will also include a retrofit programme to reduce the carbon footprint of the stock, the 30 year business was presented at December Cabinet.</p> <p>The business plan is currently affordable although the inclusion of the retrofit programme limits its debt repayments over the long term, the model will be kept under review to ensure that new opportunities are properly assessed for viability as to not place pressure on the HRA model.</p> <p>Regular updating of the HRA business plan to include new projects and financial monitoring will occur during 2022/23.</p>

Budget Component	Financial standing and management
10. Estimates of the level and timing of capital receipts.	<p>Capital receipts are now low in the General Fund, the budgets and financing of the capital plan reflects this.</p> <p>The Housing Revenue Account capital receipts have reduced over the last couple of years as right to buy sales have reduced due to Covid and the current economic conditions, although 2021/22 is on track to increase on 2020/21.</p> <p>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.</p> <p>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. These funds are currently being spent well in advance of need as the on street purchasing programme was really strong, this scheme is now being reviewed to determine best used of resources moving forward.</p>
11. Major Capital Projects	<p>The Council has just published a new corporate plan that will be used to guide capital investment within the borough.</p> <p>However, there is a risk to projects of a capital nature at present as supply chain and economic conditions are significantly increasing tender prices that can challenge the affordability of self-funding schemes, or reduce that amount of work that can be undertaken for asset repairs and maintenance as we only have limited amount of capital resource.</p> <p>The report has highlighted that the Council has a limited capacity to deliver these projects and so it may be necessary to focus these resources on the delivery of priority projects.</p> <p>To maintain financial stability Members and Officers need to thoroughly assess new projects to ensure that they will not increase annual revenue costs to the Council, by way of additional unfunded borrowing costs or maintenance liabilities.</p> <p>It is acknowledged that some capital projects are delivered for more wider social and economic reasons, and that these schemes will need to be judged on their individual merits and the cost implications to the Council fully understood.</p>

Budget Component	Financial standing and management
12. Business Rates	<p>Risks to the council's business rates yield is a major risk to the budget as the revaluation of rates and the level of appeals against new valuations are likely to affect the overall level of rateable value within the borough.</p> <p>However, commentators are suggesting that a business rates baseline reset is now not likely until 2025/26. The delay to the baseline reset is actually favourable to Ashford as we have good growth since the previous baseline was determined. However, there is a risk that government may look to design a mechanism to target Councils with strong growth to redistribute.</p> <p>The future of business rate retention is now also uncertain as the review which commenced in 2016 has all but been ceased as the proposal for 100% retention, then 75% retention are inconsistent with Governments levelling up agenda. The current level of retention is 50%.</p> <p>As the economy recover from the impact of Covid19 Business rates will be monitored regularly and any movement against budget will be flagged as part of the budget monitoring process.</p>

Budget Component	Financial standing and management
13. Inflation, Interest Rate and Pay Award	<p>Inflation is a factor that needs to be managed carefully within any financial planning regime. Inflation has been gradually climbing over the last few years and is now well above the Bank of England's (BOE) 2% target as spikes in energy prices and supply chain issues have driven up costs. Inflation is expected to continue to rise and will peak in April 2022 at circa 7.25% before dropping back to target over the medium term, although it is anticipated to remain high throughout 2022.</p> <p>Interest rates were forecast in line with the Arlingclose (Treasury Management Advisors) forecasts although in response to growing inflationary pressures the BOE increased rates to 0.50% in its February 2022 meeting and further increase in March and May 2022 taking the bank rate to 1%. This has exposed to the Council debt portfolio to higher borrowing costs than anticipated and the Treasury Management Strategy will be adapted accordingly to mitigate risks to the Revenue budget, while accepting a proportionate amount of Interest Rate risk moving forward.</p> <p>To mitigate some of this pressure the Council took some fixed rate 20 year borrowing from the Public Works Loans Board (PWLB) in 2021/22.</p> <p>Inflation is also a major driver in capital works and many of the council contracts are inflation linked, or inflationary rises will be applied. Some allowance has been built into the MTFP and bespoke increases have been applied to the largest contracts and utility costs.</p> <p>Pay – the draft budget has made an overall allowance of 4.4% for pay, this is 3% cost of living, 0.7% for increments and 0.7% for increased costs relating to the new Health and Social Care Levy. At the time of writing this report, a pay award has not been agreed and therefore any movement away from this expectation will have a positive or negative influence on the budget.</p>
14. Regulatory risk, revisions to the prudential code.	<p>As covered previously business rates reform looks like it will be reviewed which will likely lead to a revised consultation. The Council will monitor appropriate channels to determine what future proposals look like and how they will possibly impact on the Council. This is not necessarily and immediate risk but certainly will be a factor for significant consideration over the medium term.</p>