

Agenda Item No: 7
Report To: CABINET
Date of Meeting: 14 February 2019
Report Title: Budget 2019/20
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Portfolio Holder Cllr. Shorter
Portfolio Holder for: Finance & ICT



Summary: This report is the culmination of a number of financial planning reports that have been received by Cabinet over the last year. In November Cabinet received a report updating the Council's Medium Term Financial Plan 2019-2024; this informed the draft budget that was presented to Cabinet in December and a consultation exercise and scrutiny process followed. This budget has been updated for the provisional funding announcements and this report presents the final budget for 2019/20 for consideration by Cabinet. Cabinet's recommendations will then be presented to the full Council.

The budget supports the fourth year of the Council's Corporate Plan, including the Big 8 projects and a number of other approved commercial and regeneration projects.

The report covers the Housing Revenue Account, which includes a 1% reduction in rents, the fourth and last year of the four-year reduction programme, the capital programme and the council's Treasury Management Strategy.

For some time this Borough's council tax has been the lowest of Kent districts and well below the national average. This budget proposes a £5.00 (3.17%) rise in the Borough's annual council tax with a Band D (the standard council tax band) charge moving to £162.50 for the year. It is expected this will remain the lowest of any Kent district. This excludes changes to Parish Councils' precepts, which vary from parish to parish.

Key Decision: YES

Significantly Affected Wards: All

Recommendations: The Cabinet is recommended to:-

Part 1

- I. Note the budget context and MTFP position

Part 2

- II. Recommend the Revenue Budget 2019/20 including the net budget requirement of **£15,725,930 (excluding parish precepts)**
- III. Recommend the level of Discretionary Fees to be levied from 1st April 2019 (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 **£162.50**.

Part 3

- VIII. Resolve that the Housing Revenue Account budget for 2019/20 be approved.
- IX. Resolve the estimated average rent decrease of 1%, in accordance with government guidelines, and that rent setting for the future continues to follow movements in the 'limit rent' set by government.

Part 4

- X. Capital Plan 2018/19 to 2021/22 in **Appendix G** is approved.

Part 5

- XI. Recommend to Council that the 2019/20 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 Risk Based Verification policy as outlined in **Appendix L**
- XIV. Recommend to Council to adopt the new Council empty homes premium from 2019/20 **Appendix M**

Part 7

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

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 £162.50 at a Band D
- Staff cost of living increase of £400 or 1.5% whichever is greater, second year of the two year agreement
- Housing rents to reduce by 1% as per Government policy, final year of the four year reduction plan
- Revised services fees and charges

Legal Implications

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

Equalities Impact Assessment

See Attached in **Appendix E**

Other Material Implications:

The budget's plans are in-line with the Corporate Plan. In the light of the risks and opportunities associated with the government's financial reforms, the Management Team should monitor these and establish recommendations for handling future budget gaps.

Exempt from Publication:

NO

Background Papers:

None

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Report Title: Budget 2019/20

Introduction and Background

1. This report presents the final draft 2019/20 budget for approval and recommendation to the full Council. A draft budget was approved by Cabinet in December.
2. This budget supports the corporate plan's key themes 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; the investment strategy and key decision thresholds and risks.
3. It follows on from the corporate plan 2015-2021 and 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 and commenced in January.
4. Full details of the revenue budget, HRA budget and capital programme will be contained in the 'Budget Book 2019/20' and will be published once the budget has been approved by Full Council.
5. 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	-	Risk Based Verification and Long Term Empty Homes Policy
Part Seven	-	Robustness of the Estimates and Adequacy of Reserves

Consultation

6. Consultation with the public and the business community has taken place and the results will be reported to this meeting. To facilitate this, a summary of the Budget proposals was posted on the council's website for general access.

Portfolio Holder's Views

7. I am pleased that the Council has again set the lowest Council Tax in Kent even though this is the first year of the Council being free from Government grant funding whilst maintaining services to our residents. I would like to thank the Overview and Scrutiny task group for its work in reviewing the budget and its report, that is earlier on the agenda, shows an understanding of the risks within the budget that we will need to monitor and review over the coming year.
8. This budget has been built to support the delivery of the Corporate Plan, which includes investment in commercial activities and builds upon the solid financial planning that this administration has undertaken.
9. The Council reserves are adequate and the budget includes further significant transfers to reserves, this provides cover to support income streams from Business Rates and commercial activities should there be a decline in the

economy and can be redeployed to manage risks in the budget should spending pressures arise.

10. The budget for the housing revenue account manages the final year of reductions in housing rents that we have managed through efficiencies, whilst maintaining decent homes and continuing to invest in our housing stock.
11. This report contains far more than budgets, it contains the frameworks (for how we manage our investments, capital investments and financial procedure rules) that we will manage our finances over the coming year.

PART ONE – CONTEXT AND GOVERNMENT GRANT

The Corporate Plan

12. The Council adopted the Corporate Plan in October 2015 and 2019/20 forms the fourth year of the plan. The plan identified the key themes for the council to focus upon over the next five years, which are:
 - a) Enterprising Ashford
 - b) Living Ashford
 - c) Active and Creative Ashford
 - d) Attractive Ashford
13. The council has a Medium Term Financial Plan which is a rolling five yearly budget that seeks to put the Corporate Plan into financial terms. This is reviewed regularly with any changes in priorities of new projects being incorporated. This report discussed a future emerging budget gap and how this will be managed through managing demand on services through digital transformation and investment strategies currently being developed.
14. The Council also has A Better Choice for Property Ltd. a subsidiary company which are exploring opportunities to enable the Council to work towards the self-sufficiency agenda adopted by the Council.
15. The budget included in this report has been built in accordance with the strategy adopted.

Provisional Settlement

16. Overall it is a positive picture for next year when taking into account the reductions in government grant and New Homes Bonus, the Council accepted the Governments offer of a 4 year settlement which has provided a degree of certainty to the councils funding.

Formula Grant

17. The Revenue Support Grant (RSG) formed part of the four year settlement which was accepted at the October Cabinet meeting. For 2019/20 the Grant moved to negative grant (RSNG) for Ashford as part of this settlement, which would see the Council paying £240,000 to Government rather than receiving a grant. The Provisional Funding Settlement was announced in early January and this payment has been removed for 2019/20. This was reflected in the draft budget for 2019/20.

Business Rates

18. The calculation for business rates takes into account a number of factors (tariff, yield and Small Business Rate Relief) affect the budget.
19. The statutory business rates forecast return (called the NNDR1) has been submitted and shows a decrease to the budgeted income, however, this is offset by an increase of the section 31 grant, given by Government to compensate for the increase in reliefs that is affecting the income position.
20. The budget has a net total of Business Rate income and Section 31 grant of £4,721,050. The NNDR1, submitted to government at the end of January, is broadly in line with these figures.

21. The elements of these estimates are discussed below.

Yield

22. The NNDR1 calculates a yield for Ashford Borough Council (40%) of £19,877,566. This includes changes made to transitional relief to cushion the impact of the revaluation, accordingly, as stated above this is a risk to the budget.

Tariff

23. The level of Tariff is a fixed amount that we pay to the pool, for 2019/20 Government have set the tariff level for Ashford at £15,849,000 and this has been included in the budget.

Levy

24. This is made on 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 closer to 10% but for budgeting purposes we retain the national level. This is budgeted at £1,461,000.

Section 31 Grant

25. To compensate Local Government for changes that have been imposed on the Business Rates Retention scheme by central government a grant is paid.

26. 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. The 2019/20 NNDR1 shows this figure as £2,751,192, 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.

New Homes Bonus

27. The national fund for New Homes Bonus distribution was increased by £18m for 2019/20. The government also did not make changes to the payment methodology and this ensured that the Council's final settlement was in line with expectations.

28. The final budget includes a New Homes Bonus of £2,954,410, an increase of £453,180 from 2018/19 contributions.

Council Tax

29. The draft budget assumed a £5.00 (3.17%) increase in Council Tax bringing in the band D payment to £162.50 (£157.50 in 2018/19), this Council can opt to raise the Council Tax by the higher of 3% or £5 (£5 equates to 3.17%).
30. The table below shows the proposed (not approved) Council Tax increases in Kent. This table shows that Ashford will still be the lowest Council Tax in Kent by over £10 and an increasing differential in tax level with our county neighbours.

Table 1 – Proposed Council Tax increases 2019/20

District	Proposed Increase		Proposed Band D charge
Ashford	£5.00	3.17%	£162.50
Canterbury	£6.11	2.98%	£211.31
Dartford	£4.94	2.86%	£177.74
Dover	£4.92	2.70%	£187.26
Folkestone & Hythe	£5.17	2.00%	£263.56
Gravesham	£5.86	2.97%	£203.14
Maidstone	£7.59	3.00%	£260.49
Sevenoaks	£6.20	2.97%	£215.00
Swale	£5.09	3.00%	£174.92
Thanet	£6.75	2.98%	£233.19
Tonbridge & Malling	£6.08	2.99%	£209.50
Tunbridge Wells	£5.21	3.00%	£178.78

Medium Term Financial Plan

31. We have reviewed the Medium Term Finance Plan and there are no material changes from what was previously reported.

Recommendations (Part One)

32. The Cabinet is asked to:
- I. Note the budget context and MTFP position

PART TWO – GENERAL FUND REVENUE BUDGET

33. A summary of the general fund budget, including a forecast of outturn for 2018/19 as at 30 September 2018, is shown at Table 3 below.
34. Necessary changes to the preliminary draft budget have been made and raised with the Overview and Scrutiny Committee’s Budget Task Group.
35. The Overview and Scrutiny Budget Task Group scrutinised the budget during December and January and did not raise any issues of concern over the draft budget for 2019/20, however they acknowledged that the financial position in subsequent years is going to be increasingly challenging.

Table 3 - General Fund Summary

Budget 2018/19 £	Detail	Budget 2019/20 £
16,314,150	Service Expenditure	15,725,930
(3,387,820)	Capital Charges & Net Interest	(2,492,440)
256,250	Levies	259,130
1,228,180	Contribution to/(from) Balances	1,739,120
(4,537,670)	Retained Business Rates & S31 Grants	(4,721,050)
(2,478,400)	New Homes Bonus	(2,954,410)
(7,394,690)	Council Tax	(7,556,280)
0		0

36. The table below details contributions to reserves the form part of the proposed 2019/20 Final Budget. These contributions support the Council’s Corporate Plan to deliver Projects and mitigate risk from commercial activities.

Table 4 - Analysis of Contributions to From Balances

Detail	Budget 2019/20 £
NHB & New Initiative Reserve	883,000
Transfer to Repairs and Renewals	250,000
Economic Risk Reserve	104,410
GF Reserve Funding	301,710
Service Contingency	200,000
Contribution to/(from) Balances	1,739,120

37. A summary of service expenditure is provided at **Appendix A** and **Appendix B**. The detailed budget pages available in the draft budget book 2019/20 support this.

Principal changes to December's preliminary draft budget

38. Following government announcements and consultation on the draft budget the following changes to the draft budget have been made:-
- a) Increase in New Homes Bonus receipt £134,000 used to fund sk8side £30,000 in 2019/20 with the balance of £104,000 being transferred to the economic risk reserve. The support for Sk8side is a two year agreement and it is recommended that the funding for 2020/21 be met from the NHB project fund reserve.
 - b) Increase in community grants fund by £75,000, funded from New Homes Bonus project fund.
 - c) Increase in Town Centre events £130,000, funded from New Homes Bonus project fund.
 - d) Employee costs were also over forecast by 0.5% in the draft budget, budgets have been reduced accordingly with the £62,000 saving being retained within the service budgets for emerging growth items in 2019/20.
39. These movements are detailed in the table below:

Table 5 – movement from draft budget

	£'000
Draft budget position reported to the December Cabinet	0
New Homes Bonus – compared to draft budget	(134)
Support for Sk8side facility (from additional NHB receipt)	30
Transfer to economic risk reserve (additional NHB receipt)	104
Increase in community grants fund	75
Increase in Town Centre events funding	130
Transfer from NHB Project Fund	(205)
Reduction on service employees costs across all services	(62)
Employee cost saving held for future growth items	62
Final budget position	0

Council Tax

40. The Final Budget in summarised in **Table 3** includes a Council Tax increase of 3.17% would result in an annual Council Tax amount of £5.00 per household based on a band D property.
41. Ashford Borough Council would remain the lowest Council Tax in Kent.
42. This increase allows the council to have a balanced budget with a contingency for operational service risks in this year, and is in accordance with the council's adopted inflation management strategy and in line with the council's Medium Term Financial Plan assumptions.

Discretionary Fees

43. The inflation management strategy determined that discretionary fees for several services should be increased above the level of inflation which was 2.3% in November 2018. For 2019/20 this results in increases of around 3% on average, see **Appendix D** for details.
44. It is recognised that some of the fees and charges appear to be considerably higher than inflation and the average increase, these increase 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, such as telecare installations

costs. Where costs have been significantly increased by contractors then these costs need to be passed on to ensure the sustainability of the service.

45. The Garages rent has been increase by CPI plus 1.5%. CPI was 2.4% in September therefore the increase will be 3.9% (to the nearest penny).
46. The basic rate for the Council Green Waste service has stayed the same at £37.50, there is a £5.00 reduction for Direct Debit customers though to promote a digital agenda and encourage residents to switch to electronic payment methods which reduce administrative costs for the Council.
47. The Building Control Fee Earning Account aims to break even in accordance with the building control regulations.
48. The budget has been built with this level of fees and charges.

Reserves

49. A schedule of reserves is attached at **Appendix C**, which shows a total of revenue reserves estimated at 31 March 2019 of £12.8m, excluding Developer Contributions. There has been significant investment in the Borough over the last few years and there will be further investment in the borough during 2019/20 which will reduce reserves to a lower level and closer to the minimum requirement set by the council.
50. Whilst these levels are planned for and within the tolerances agreed, consideration will need to be given to the replenishment of these reserves in the medium term. The risk contingency for Business Rates and unallocated new homes bonus are sources for increasing the reserves to fund future expenditure and have offset the planned reductions.

Table 6 - Summary of Reserves

	As at 31/03/2018 £000	Estimated as at 31/03/2019 £000	Estimated as at 31/03/2020 £000
General fund balance	(2,552)	(2,452)	(2,297)
Corporate Plan	(6,201)	(4,976)	(4,464)
Fund future expenditure	(3,823)	(3,790)	(3,605)
Provide for the maintenance or purchase of assets	(1,374)	(1,429)	(1,184)
Required by statute reserves	(196)	(196)	(196)
Total revenue reserves	(14,146)	(12,843)	(11,746)

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

circumstances where it is apparent to government that a council is not acting prudently and not following advice.

52. The Council has a policy that the general fund balance was reviewed last year and states that it should be no less than 15% of net budget requirement, for 2019/20 this will be £2,359,000.
53. The Council has also introduced a reserve to manage fluctuations in the economy due to the Council making more commercial decisions with investment in a number of ventures including commercial property and equity investments. This reserve, the economic risk reserve, is being built up over the new few years and is project to have a balance of £700,000 by the start of 2019/20.
54. The Council's agenda for it to be self-sufficient over the life of the MTFP. This reserves strategy supports the direction of the Corporate Plan with the economic expansion of housing and business in the district helps to underpin the risks that have been transferred to the Council.

Budget Scrutiny and Risk

55. The Overview and Scrutiny Committee budget task group has examined the detailed budget proposals and reported it findings back to the full Overview and Scrutiny Committee dated 22nd January 2019. The committee regards the 2019/20 budget as sound and deliverable.
56. 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 N**.

Equalities Impact Assessment

57. 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. The assessment does highlight some areas however overall the budget does not discriminate against any group in society.
58. Members are referred to the attached Assessment at **Appendix E**.

Recommendations (Part Two)

59. The Cabinet is asked to:
 - II. Recommend the Revenue Budget 2019/20 including the net budget requirement of **£15,725,930 (excluding parish precepts)**
 - III. Recommend the level of Discretionary Fees to be levied from 1st April 2019 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 reserves summary **Table 6 and Appendix C**
 - VI. Note the Equality Impact Assessment in **Appendix E**
 - VII. Recommend the Band D council tax at **£162.50**.

PART THREE – HOUSING REVENUE ACCOUNT

Housing Revenue Account Budget

60. The 2019/20 position is broadly in line with the position reported to Members in the 30 year HRA business plan (December 2018 Cabinet).
61. **Table 7** shows a net deficit in the HRA for 2019/20 this reflects the drawdown from HRA reserves approved for the repayment of debt and capital expenditure including a number of affordable housing projects.
62. This deficit will be funded from HRA reserves, the HRA revenue reserve was £7,183,000 at the start of 2018/19, and will be utilised for a number of affordable housing projects. The HRA business plan shows that the current plan remains affordable over the life of the plan.
63. It should be noted that the HRA Business Plan is currently being reviewed in light of the Government announcement removing the HRA debt cap. The results of this review will be reported to Members as soon as it is available.
64. The information in **Table 7** is shown in more detail, analysed to subjective level, at **Appendix F**

Table 7 – Housing Revenue Account Budget 2019/20

REVENUE BUDGET				
Housing Revenue Account				
ACTUAL	BUDGET	PROJECTED	DETAIL	ESTIMATE
2017/18	2018/19	OUTTURN		2019/20
£	£	2018/19		£
		£		
6,424,511	5,268,380	5,207,580	Supervision & Management	5,769,750
(24,704,303)	(24,978,930)	(25,287,080)	Income	(24,843,280)
16,038,828	17,445,420	17,407,660	Other	16,030,460
3,461,712	3,418,400	3,538,900	Repairs & Maintenance	3,478,370
1,220,748	1,153,270	867,060	SERVICE EXPENDITURE	435,300

Housing Revenue Account - Rents

65. In line with rent setting formula, set by Government, rents will continue to decrease by 1% per annum. Based on communication from Government 2019/20 will be the final year of these decreases, with rents expected to 'revert back' to an increase of CPI+1% in 2020/21.
66. In order to remain in line with Universal Credit payments there will be 52 weekly payments in 2019/20 even though there are 53 chargeable weeks; this is to ensure no tenant is left with excess rent over Universal Credit receivable.

67. For 2019/20 this means that the average weekly rent, for social housing, will be £88.06 (£88.95 in 2018/19). For tenants receiving housing benefit the decrease will not have any cash impact, although some council tenants could be affected by other aspects of the government's welfare reforms.
68. The 1% decrease in rent 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 decreased by the 1% each year thereafter (until 2020/21). The average rent for 2019/20 will be £93.26 (£94.20 in 2018/19).
69. Officers will review these calculations once the Government have released the Limit Rent calculations, any changes to the estimated rent figures will be calculated in line with any movements in the Limit Rent.
70. The impact of this reduction is being monitored by officers, and has been modelled in the 30 year Business Plan, and as such the HRA is affordable for the next 30 years.

Recommendations (Part Three)

71. The Cabinet is asked to:
 - VIII. Resolve that the Housing Revenue Account budget for 2019/20 be approved
 - IX. Resolve the estimated average rent decrease of 1%, in accordance with government guidelines, and that rent setting for the future continues to follow movements in the 'limit rent' set by government.

PART FOUR – CAPITAL PROGRAMME

Capital Resources and New Allocations to Projects

72. This section gives consideration to the level of capital resources that are potentially available to support priorities including the business plan and other requirements
73. 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 2019/20 budget provides specific support to borrow £500,000 for general fund property works, with a further £2m for strategic acquisitions that must be supported by a business plan.
 - Decision on additional borrowing will be subject to an affordability test.
 - 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 £7m (capital & revenue), £4.8m of section 106, will be used to support projects in the current capital programme and expected to be spent over the next few years on community assets such as community buildings, open space and play areas throughout the borough.
 - f) In the future from the Community Infrastructure Levy

Debt Cap (Housing Revenue Account)

74. Government announced, as part of the Autumn Statement, that the HRA debt cap would be removed with immediate effect. Following this announcement the HRA Business Plan is being reviewed to incorporate a number of potential projects as well as changing the timing of existing projects, officers will continue this work and report on the results to members early this year.
75. In addition to borrowing, HRA funding sources include:
- External contributions from Home England
 - Capital receipts, including retained 'Right to Buy' capital receipts for 'one for one replacement'
 - Surpluses within the revenue budget

Borrowing and Acquisition Policy

76. At the October 2016 Cabinet meeting, the agenda item titled “Corporate Plan Update: The Corporate Delivery Programme & MTFP” re-endorsed the Borrowing and Acquisitions Strategy which was previously adopted and approved in January 2014. The strategy amalgamates a number of capital and investment projects into one Policy including:
1. Delivery of strategic priorities
 2. Property and commercial investment
 3. Development of cultural and community facilities
 4. Investment in the Housing Revenue Account (must operate within the statutory debt cap)
77. The main elements of the strategy included:
- To achieve self-sufficiency from government grant
 - Set sensible principles for making investments and undertaking borrowing
 - Future General Fund borrowing to be around £100m, approved on a case by case basis. HRA borrowing will be within the debt cap
 - To allocate a proportion of the Council’s reserves to form a ‘cash backed’ element to investments
 - A minimum of 10% of any return on an investment will be allocated to an investment reserve (debt/cash backed) to support future investments
78. To ensure all risks are monitored and managed the following measures will be required before an investment can take place:
- A project list will be maintained and prioritised to enable decisions to be taken in the round.
 - Each project will have a full business case (including NPV and Internal Rate of Return Calculations) which will demonstrate it delivers acceptable worth for the Council.
 - All investments will be appraised using the 25 year PWLB interest rate (or rate applicable to the life of the asset if it is lower)
 - The Economic Regeneration & Investment Board will provide the authority to enter into land transactions (including at an undervalue) and contractual obligations (including the lending of money and the making of grants) up to the value of £2m.
 - Decisions on capital expenditure above £2m will be recommended to Full Council for approval.
 - Capital receipts from the sale of any asset will firstly repay any debt secured upon it and secondly be recycled for further investment
79. The acceptable worth to the Council will be established by Cabinet and should take into account the three R’s below:
- Recovering the borrowing within a reasonable time frame
 - Replacing income lost from grants, so that we work towards self-sufficiency

- Reputational enhancement for the Borough and the Council

Capital Expenditure 2019/20

Property Portfolio

80. 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.
81. There has been £2m set aside for strategic acquisitions, this allocation was approved in January 2014 and now forms part of the Borrowing and Acquisition Strategy. All projects will be supported with a business plan ensuring all investments are viable.

Regeneration Projects

Coachworks Phase 1

82. The overall budget for phase 1 of the redevelopment of the Victorian buildings and spaces in Dover Place has increased to £850,000. Architects Carl Turner have been appointed to deliver and run the project on site. Phase 1 of the project will deliver a food hall, flexible office accommodation and shared outdoor space being delivered in summer 2019. The increase is subject to approval with a report to following.

Coachworks Phase 2

83. A provisional amount of £1m has been included in future years for the second phase of this regeneration project. This amount will be supported by a business plan at a future date.

Mecca site

84. Following the purchase of 35-37 High Street Ashford, formally the Mecca building an amount of £1.3m has been included in preparation for redevelopment of the site. However the final proposal has yet to be agreed by Council and a number of options are being explored.

Green Energy

85. In July 2017 the Council purchased land at Blind Grooms Lane and along with existing sites that it already owns, has aspirations to develop with Solar PV. The aim is to reduce the Council's carbon imprint and provide a return on investment. A provisional amount of £8.5m has been included and this will be subject to future agreement by Council once a detailed business case has been developed.

Property Company – A Better Choice for Property

86. The Council's property company, A Better Choice for Property, requires financing to purchase its assets. The company's business plan is looking to acquire 400 - 500 properties over the next 5 years; loans to the company have been included in the plan for the period 2018-22 totalling £72m.
87. The company has been successful in acquiring land acquisitions during 2018/19 and will look to build these out over the next few years to achieve its company objectives.

Support to Reduce Homelessness

88. The Council is continuing in its legal process to purchase a further property to support short stay temporary accommodation, similar to the Christchurch House accommodation it currently owns. The new acquisition will need conversion works to provide eight individual units with washing facilities for both families and single people. A budget of £500,000 has been included in 2019/20 to complete the works.

Culture and the Environment

89. Cabinet agreed on 6 December 2018 to submit the Heritage Lottery Funds Park for People Bid and to fund a Council contribution of £1.3m split between Section 106 contributions and Council reserves. The bid for £3m will, if successful, see investment in Victoria Park and Watercross Fields resulting in improved toilet facilities, play areas, car parking, river corridor enhancements and other wildlife habitat improvements. Making the area a high quality attraction that complements and enhances the Council's investment into the Elwick Place Plaza on the other side of the linking bridge.
90. Conningbrook lakes country park redevelopment master plan will be presented to Cabinet shortly. This will be funded by section 106 contributions, the report will describe the works in detail and the anticipated scheduled timings of the redevelopment. In anticipation of this report, the capital plan has made assumptions of the possible spending profile.

Health, Parking and Community Safety

91. A business plan is currently being developed to present proposals for a new 500-space multi storey car park on land at the rear of the Bowling Centre off Station Road in Ashford. These plans are in the initial drafting stage however, estimates indicate that this could be in the region of £9.5m. This will be subject to further due diligence and full Council approval.

Housing Revenue Account Capital Programme

92. There are a number of Housing Revenue Account projects currently underway as well as a number of projects due to being during 2019/20, as follows:
- Continuation of the affordable housing programme, while the current phase (Phase 5) of the Affordable Homes Programme is expected to be completed in 2019/20.
 - Work has started in the planning of affordable housing plan - Phase 6 and plans will come forward early in the year
 - Work to remodel East Stour Court is to begin in 2019/20, there are 29 units expected at this site.
 - A new 20 unit sheltered housing block at Halstow Way
 - Work is due to begin on the 30 units at Poplars

Recommendations (Part Four)

93. The Cabinet is asked to:
- X. Recommend to Council that the Capital Plan for 2018/19 – 2021/22 in **Appendix G** be approved.

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

Capital Strategy

94. The Capital Strategy is a new requirement for 2019/20 under the revised CIPFA Prudential code 2018.
95. This new requirement 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.
96. The Capital Strategy also incorporates the exiting 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.
97. 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'.
98. The Capital Strategy recommended for 2019/20 is attached at **Appendix H**.

Treasury Management Strategy Statement & Annual Investment Strategy

99. 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.
100. 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.
101. 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 2018 the Council had £114.6m of borrowing relating to HRA reform and £61m relating to general fund capital investment. The Council had investments of £47.6m at this time.
102. In 2019/20 the Council's General Fund Net Interest on Borrowing and Investments is forecast to generate a net surplus of circa £1.44m. This is a decrease of £595,000m from 2018/19 as debt expenses for the organisation have increased following the completion of the Elwick Development. 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.

103. The proposed Treasury Management Strategy Statement for 2019/20 is attached at **Appendix J** (it is a requirement to review this annually).

Investment Strategy

104. This investment strategy is a new report for 2019/20, meeting the requirements of statutory guidance issued by the government (*2018 MHCLG Investment Guidance*) in January 2018.
105. The 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 Ministry of Housing, Communities and Local Government (MHCLG) defines property to be an investment that is held primarily or partially to generate a profit.
106. The Investment Strategy for 2019/20 is attached at **Appendix K**

HRA Debt Pools

107. 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.
108. Where the HRA or GF has surplus cash balances which allow either account to have external borrowing below its level of CFR (internal borrowing), the rate charged on this internal borrowing will be based on the average rate of interest earned on cash balances for the financial year.

Annual Minimum Revenue Provision Policy Statement

109. Each year the council must agree a statement on its policy for making a minimum revenue provision (MRP) (set aside for debt repayment).
110. 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 the average relevant PWLB rate for the year of expenditure)
 - Option 4: Depreciation Method (dependent on depreciation policy)

Proposed MRP Policy

111. Options 3 and 4 apply to new capital expenditure, and Option 3 is the most practical to adopt.
112. 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.
113. The Council has previously adopted option 'a', (pre 2017/18) but now uses option 'b' as this generates short term savings for the Council and more appropriately matches the MRP expense with the cash flows for the assets going forward.
114. MRP for Loans to wholly owned Council companies will be calculated on an annuity basis using the interest rates agreed for the loan for 50 years or an appropriate term based on the life of the asset being funded.
115. 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.
116. 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.
117. The MRP Policy for 2019/20 is attached at **Appendix I**.

Recommendations (Part Five)

118. 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 –RISK BASED VERIFICATION AND LONG TERM EMPTY HOMES POLICY

Risk Based Verification

119. The risk based verification procedure for Housing Benefit and Council Tax Benefit/Support was introduced from 1 April 2012. DWP guidance at the time specified that any such policy must be approved by members annually.
120. The policy for 2019/20 needs to be adopted, and there have been no changes made.
121. The full policy can be found in **Appendix L**

Long Term Empty Property discount

122. The Council currently charges a 50% council tax premium on properties that have been empty for more than two years. New regulations have been introduced that allow Councils to increase the percentage of council tax premium that is charged from 1 April 2019, 1 April 2020 and 1 April 2021.
123. The increase in premium is to ensure that empty homes are encouraged to be occupied and income to the Council maximised.
124. Cabinet is asked to recommend to Council that the new long term empty home premium be adopted, the full policy is shown at **Appendix M**.

Recommendations (Part Six)

125. The Cabinet is asked to:
 - XIII. Approve the Risk Based Verification policy as outlined in **Appendix L**
 - XIV. Recommend to council the adoption of the revised long term empty home premium rates as per **Appendix M**

PART SEVEN – ROBUSTNESS OF THE ESTIMATES AND ADEQUACY OF RESERVES

Background

126. The council has a legal duty to set a balanced budget and must take all reasonable factors into account when doing so. Under the Local Government Act 2003 the Chief Financial Officer (the Director of Finance & Economy) 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.
127. Next year will be the last year of the four year financial settlement which the Council accepted in October 2016. There is some uncertainty ahead as the government are currently revisiting the fair funding formula to which the Council has been consulting on accordingly. It is anticipated though that should Councils' be worse off as a result of the spending review a transitional period would be introduced.
128. Government is consulting on reforms to Business Rates to allow authorities to retain 75% of Business Rates (split between the two tiers and Fire Authorities). This principle is generally welcomed although the distribution of funding needs to be understood. The Kent and Medway Towns business rates pilot application was rejected for 2019/20, this is being raised with Government further. Greater financial independence and possible extra financial gain also attracts more risk as councils would carry much of the downside risks associated with business rates which includes Business Rates appeals which are expected to increase in view of the recent revaluation. To help mitigate this risk the Council currently holds an earmarked reserve as set out in **Appendix C**.
129. For prudence and as a financial planning target our Medium Term Financial Plan reflects 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). 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, new revenue from targeted housing and property investments. The plan assumes continued support from new homes bonus for projects of the total potential bonuses. The Plan also assumes increases in Council Tax at the maximum of £5 or 3% per annum whichever is the maximum building in some scope to manage funding risk if necessary.
130. Given the lengthy and comprehensive business and financial planning and the scrutiny processes leading up to this point, including members' roles in business plan, project delivery and the corporate plan, members and officers have had a full opportunity to understand the context and the issues facing the council. This has included financial planning involving the cabinet, and the full part played recently by the Overview and Scrutiny Committee and its Task Group.
131. This evidence is clear demonstration the council and its management team give serious regard to financial planning, to the management of resources, and to assessments of financial and operational risk.

Robustness

132. Robustness involves three considerations:
- I. consideration of the **context** in which the budget is set and how that context is understood, may develop and therefore influence budgetary issues,
 - II. consideration of the various **components** of the budget, and
 - III. **weighing-up** all factors and taking a balanced view.

Context

133. 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.
134. As with any budget there are uncertainties as no budget can capture all future risks, however there is a corporate contingency within the budget for general unforeseen pressures.
135. This budget is set at a time when the economy is showing signs of slowing down, however there is considerable uncertainty in light of Brexit negotiations on the UK's exit from the EU. Inflation has risen, however it is expected to return to trend, and interest rates remain low. There has been a fall in consumer confidence, although unemployment levels are at low levels and wage inflation is growing. Some service pressures remain for local authorities associated with the welfare reforms and pressures on housing (both HRA and temporary accommodation) which are likely to continue for the foreseeable future.
136. Ashford's local position is relatively stronger with positive signs of commercial expansion over the coming years and new housing supply remaining buoyant.
137. The Council, along with all Kent colleagues have been part of the pilot 100% business rates retention pool this year (2018/19), this was a one year agreement and generated additional one off funds for the Council, in the region of £500,000 and around £4m for East Kent Regeneration. The £500,000 will be used to increase the Economic Risk Reserve to smooth future corporate property risks.
138. With good opportunities and risks still to manage this budget (and the associated Medium Term Financial Plan) takes a considered view of both. It builds in prudent allowances as contingencies, and contributions for reserves given the cuts in future funding – the council needs a cushion to help manage the transition. The policy of not budgeting to use new homes bonus rewards for new projects until bonuses are achieved is to be maintained.
139. During 2019/20 the Council will continue to see proposals and affects arising from the expanded use of the council's prudential borrowing to support asset purchases and other investments, including further lending to the council's property company. Appropriate business planning and governance arrangements are in place to ensure that opportunities and associated risks are evaluated as part of the decision-making processes. It is important these processes be maintained.

140. The Council has worked hard to manage budget reductions in recent years, without passing through significant increases in Council Tax or service reductions. Whilst we have been able to manage this, the Council's budgetary flexibility and ability to respond to sudden changes in spending power has been reduced. 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, changes in borrowing and investment regulations, 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

141. Detailed advice is set out in **Appendix N**, 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 after considerable work scrutinising the draft budget regarded it as sound and deliverable.
142. The Overview and Scrutiny Budget Task Group focused on a number of key themes in forming their opinion which are identified below:-
- I. GDPR/Cyber Security
 - II. Parking Income
 - III. Town Centre Place Making
 - IV. Street Scene
 - V. Corporate Property Income and Capital Programme
143. From the above areas of coverage listed above cabinet were asked to note, and be advised of a number of matters arising, with the only proposed change in budget being to consider an increase in the pest control budget in recognition of the expansion of the Waterbrook truck stop. This has been considered and it is felt that the existing budget is sufficient. However, the service will consider the wider issues around monitoring potential pest control issues around the site with the appropriate governmental department.
144. The full report on the review of the Draft Budget was reported to, and can be found at Agenda item 6 of the Overview and Scrutiny Committee dated 22 January 2019.

Weighing-up

145. This budget is developed against a backcloth of substantial externally influence, including the uncertainty impact of Brexit upon the economy. **Appendix N** and the Overview and Scrutiny Committee's review highlight, risks should be manageable through processes in place supported by the totality of the council's contingencies and reserves.
146. 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

147. Section Two covers the reserves position with a detailed forecast included in **Appendix C**.

148. 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.
149. For 2019/20 this amounts to a minimum unallocated reserve requirement of circa £2.36m. Un-earmarked reserves, after planned drawings will stand at £2.4m, and with additional earmarked reserves to take account of risk within the budget of £2.9m.
150. Earmarked reserves (excluding section 106 developer contributions), again after planned drawings stand at £10.4m. By the end of 2019/20 total revenue reserves are expected to amount to circa £11.7m (excluding Section 106 developer contributions).
151. 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.
152. As ever reserve levels need close management to ensure they remain adequate and that longer term MTFP plans for resilience are sustainable.
153. 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.
154. 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. Usable capital reserves for the General Fund (excluding Section 106 developer contributions held) are £1,178,000 as at 31/03/2018, however these receipts are allocated to the College on Elwick Road when the loan transfers to a grant.
155. 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, as this can and will be used to fund investments that yield suitable returns that cover financing costs. Further, New Homes Bonus has provided an alternative source for capital investments and this may continue, although there we could see future cuts in NHB funds through the fair funding review.
156. As **Appendix N** and the Overview and Scrutiny Committee's review highlight, risks should be manageable through this proposed budget and the decision-making processes in place. The Council's reserves although reducing due to the investments made remain reasonably healthy and provide the means to cushion unexpected shocks.
157. 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):

158. 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 N**

Contact and Email

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LIST OF APPENDICES

Part Two	A	Summary of Expenditure
	B	Service Expenditure
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Part Three	F	HRA Budget, analysed to subjective level
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Appendix A

FINAL REVENUE BUDGET				
DIRECTORATE SUMMARY				
Actuals 2017/18 £	Budget 2018/19 £	Projected Outturn 2018/19 £	Directorate	Budget 2019/20 £
1,281,734	1,218,170	1,193,210	Chief Executive	1,328,560
4,338,711	2,787,820	3,214,271	Director of Finance & Economy	2,526,660
1,887,883	2,088,570	2,140,122	Director of Law & Governance	1,200,130
9,710,807	10,219,590	10,076,042	Director of Place & Space	10,670,580
17,219,135	16,314,150	16,623,645	Service Expenditure	15,725,930
(300,056)	(1,903,390)	(1,957,440)	Non service specific	(494,190)
16,919,079	14,410,760	14,666,205	ABC Budget Requirement	15,231,740
(16,899,992)	(14,410,760)	(14,410,760)	Financing	(15,231,740)
19,087	0	255,445		0

Appendix A continued

REVENUE BUDGET				
SERVICE SUMMARY				
Actuals 2017/18 £	Budget 2018/19 £	Projected Outturn 2018/19 £	Service	Budget 2019/20 £
1,281,734	1,218,170	1,193,210	Corporate Policy, Economic Development & Communications	1,328,560
1,425,945	1,414,090	1,544,084	Legal & Democratic Services	1,352,760
1,660,794	1,787,440	1,766,562	Planning	2,120,500
4,609,305	3,668,940	3,624,495	Finance & IT	3,852,960
19,732	105,010	102,170	HR & Customer Services	140,070
1,136,195	689,780	903,713	Housing General Fund Services	964,100
442,206	569,470	493,868	Community Safety and Wellbeing	(292,700)
4,724,330	5,186,090	5,035,930	Environmental & Land Management	5,254,840
(1,406,789)	(1,570,900)	(1,313,937)	Corporate Property & Projects	(2,290,400)
3,325,684	3,246,060	3,273,550	Culture	3,295,240
17,219,136	16,314,150	16,623,645	Service Expenditure	15,725,930
(2,897,466)	(3,387,820)	(3,441,870)	Capital Charges & Net Interest	(2,492,440)
249,629	256,250	256,250	Levies	259,130
2,347,782	1,228,180	1,228,180	Contribution to Balances	1,739,120
16,919,081	14,410,760	14,666,205	ABC Budget Requirement	15,231,740
			Income	
(710,713)	0	0	Government Grant	0
(5,292,227)	(4,537,670)	(4,537,670)	Retained Business Rates & S31 Grants	(4,721,050)
(3,401,256)	(2,478,400)	(2,478,400)	New Homes Bonus	(2,954,410)
(7,495,797)	(7,394,690)	(7,394,690)	Council Tax	(7,556,280)
19,088	0	255,445		0

Appendix B

General Fund Final Budget 2019/20				
Actuals 2017/18 £	Budget 2018/19 £	Projected Outturn 2018/19 £	Department	Budget 2019/20 £
			Corporate Policy, Economic Development & Communications	
157,635	71,400	39,380	Chilmington	(140)
342,826	245,100	245,100	Policy and Performance	256,290
433,158	476,150	479,550	Economic Development	639,330
348,115	425,520	429,180	Communications & Marketing	433,080
1,281,734	1,218,170	1,193,210		1,328,560
			Legal & Democratic Services	
983,036	852,470	852,489	Democratic Representation	825,050
380,085	503,210	498,685	Electoral Services	472,960
10,496	0	130,000	Legal	(4,500)
52,328	58,410	62,910	Mayor	59,250
1,425,945	1,414,090	1,544,084		1,352,760
			Planning	
30,712	117,810	117,810	Building Control	115,940
1,122,523	1,066,350	1,056,909	Development Control	1,136,210
(2,816)	(41,150)	(41,150)	Land Charges	(26,860)
(0)	31,920	49,814	Planning Administration	253,960
510,375	612,510	583,179	Strategic Planning	641,250
1,660,794	1,787,440	1,766,562		2,120,500
			Finance & IT	
40,884	35,840	(71,145)	Accountancy	72,560
16	(60)	7,360	Audit Partnership	(50)
675,537	799,670	805,170	Benefits Administration	834,800
280,477	417,870	417,870	Council Tax Collection	541,440
20	120	120	Debtors/Debt Recovery	(240)
21,230	10,840	10,840	Exchequer	47,120
(102,485)	(256,040)	(256,040)	Housing Benefits Payments	(256,000)
261,093	(64,220)	(64,220)	NNDR Collection	(38,850)
1,729,178	1,653,810	1,574,080	Non-Distributed Costs	1,661,320
149,687	7,760	55,760	ICT	12,780
175	(30)	(30)	Telephony	20
1,447,232	950,140	1,016,820	Strategic Corporate Costs	790,660
106,262	113,240	127,910	Corporate Management	187,400
4,609,306	3,668,940	3,624,495		3,852,960
			HR & Customer Services	
19,500	105,000	102,160	Human Resources	155,030
232	10	10	Visitor & Call Centre	(14,960)
19,732	105,010	102,170		140,070

Appendix B continued

			Housing General Fund Services	
134,870	117,410	113,440	Private Sector Housing	155,270
20,134	36,880	57,500	Housing Strategy and Enabling	81,980
844,664	535,270	719,080	Housing Options	746,240
741	9,060	(30,300)	Facilities Management	(10,070)
131,223	0	0	Refugee Project	(230)
4,564	(8,840)	43,993	Gypsy Site - Chilmington	(9,090)
1,136,195	689,780	903,713		964,100
			Community Safety and Wellbeing	
419,208	574,040	530,211	Community Safety,AMC,Licencing	574,860
693,640	618,160	670,581	Environmental Health	558,310
(670,642)	(622,730)	(706,924)	Parking & Engineering	(1,425,870)
442,206	569,470	493,868		(292,700)
			Environmental & Land Management	
329,756	303,490	306,430	Street Scene	340,880
2,908,586	3,292,380	3,172,380	Refuse,Recycling,Street Clean	3,280,420
1,485,988	1,590,220	1,557,120	Grounds Maintenance	1,633,540
4,724,330	5,186,090	5,035,930		5,254,840
			Corporate Property & Projects	
4,753	6,960	40,720	Project Delivery Team	19,660
0	0	0	Town Centre Development	0
(1,411,542)	(1,577,860)	(1,354,657)	Corporate Property	(2,310,060)
(1,406,789)	(1,570,900)	(1,313,937)		(2,290,400)
			Culture	
319,508	279,780	279,780	Cultural Services Management	389,310
1,659,474	1,591,700	1,591,700	Leisure Centres	1,398,380
259,113	260,080	267,660	Open Spaces and Conservation	270,620
339,519	359,760	359,760	Single Grants Gateway	446,760
227,860	236,440	236,880	Tourism & Heritage	242,680
520,209	518,300	537,770	Cultural Projects	547,490
3,325,683	3,246,060	3,273,550		3,295,240
17,219,136	16,314,150	16,623,645	NET EXPENDITURE ON SERVICES	15,725,930
			Other Items	
(2,897,465)	(3,387,820)	(3,441,870)	Capital Charges & Net Interest	(2,492,440)
249,629	256,250	256,250	Levies & Precepts	259,130
2,347,782	1,228,180	1,228,180	Contributions to/from Reserves	1,739,120
16,919,081	14,410,760	14,666,205		15,231,740

Analysis of Reserves

	2018/19			2019/20			Balance at 31st March 2020 £'000
	Balance at 31st March 2018 £'000	Transfers In £'000	Transfers Out £'000	Balance at 31st March 2019 £'000	Transfers In £'000	Transfers Out £'000	
	General Fund Balance	(2,552)	0	100	(2,452)	(345)	
	(2,552)	0	100	(2,452)	(345)	500	(2,297)
<i>Earmarked Reserves</i>							
Business Rate Income Res	(1,387)		200	(1,187)		260	(927)
Elections	(189)	(40)		(229)	(40)	140	(129)
Green Transport Initiatives	(60)			(60)			(60)
Land Searches Reserve	(162)			(162)			(162)
Members' IT	(18)	(5)		(23)	(5)	28	0
New Homes Bonus	(3,312)	(825)	1,550	(2,587)	(888)	800	(2,675)
New Initiatives Reserve	(2,829)		500	(2,329)		600	(1,729)
Planning Delivery Grant	(380)		380	0			0
Repairs & Renewals	(1,305)	(290)	240	(1,355)	(290)	540	(1,105)
Section 106 Monitoring Fee	(162)		20	(142)		20	(122)
Economic Risk Reserve	(200)	(500)		(700)	(250)		(950)
Service Pressure Reserve	(979)			(979)			(979)
Small property maintenance reserves	(69)	(5)		(74)	(5)		(79)
Stour Centre	(211)	(72)		(283)			(283)
Transport Initiatives	(34)			(34)			(34)
Refugee Reserve	(82)		50	(32)		32	0
Revenue Grants	(215)			(215)			(215)
<i>Developer Contributions</i>							
S106 Unapplied Grants	(5,608)		500	(5,108)		500	(4,608)
Commuted Sums Unapplied Grants	(814)		180	(634)		180	(454)
Spg6 Unapplied Grants	(897)		200	(697)		200	(497)
Total Earmarked Reserves	(18,913)	(1,737)	3,820	(16,830)	(1,478)	3,300	(15,008)

DISCRETIONARY & STATUTORY FEES 2019/20

LICENSING FEES

Item	Statutory or Discretionary	Description/Comments	VAT Indicator	Charge 2017/18 £	Charge 2018/19 £	Proposed Charge 2019/20 £	Increase / Decrease on 2018/19 %	
Licensing Act								
Premises - new application	Statutory	Fee band - A	NB	100.00	100.00	100.00	0.00%	
		Fee band - B	NB	190.00	190.00	190.00	0.00%	
		Fee band - C	NB	315.00	315.00	315.00	0.00%	
		Fee band - D - if exclusively or primarily for supply, sale or consumption of alcohol <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 where only licensable activity is regulated entertainment & premises is education, church hall, village hall or similar		No fee payable				
Premises - annual fee	Statutory	Fee band - A	NB	70.00	70.00	70.00	0.00%	
		Fee band - B	NB	180.00	180.00	180.00	0.00%	
		Fee band - C	NB	295.00	295.00	295.00	0.00%	
		Fee band - D - if exclusively or primarily for supply, sale or consumption of alcohol <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%	
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%	

DISCRETIONARY & STATUTORY FEES 2019/20

LICENSING FEES

Item	Statutory or Discretionary	Description/Comments	VAT Indicator	Charge 2017/18 £	Charge 2018/19 £	Proposed Charge 2019/20 £	Increase / Decrease on 2018/19 %
Animal Welfare and Public Health Licences							
Dangerous Wild Animals	Discretionary	New Licence (2 year licence)	NB	931.00	954.00	977.00	2.41%
	Discretionary	Renewal (2 year licence)	NB	637.00	653.00	669.00	2.45%
	Discretionary	Variation	NB	328.00	336.00	344.00	2.38%
	Discretionary	Concurrent 2nd application	NB	83.00	85.00	87.00	2.35%
Zoos	Discretionary	Consideration	NB	1,160.00	1,189.00	1,218.00	2.44%
	Discretionary	Licence (4 year licence)	NB	1,913.00	1,961.00	2,008.00	2.40%
	Discretionary	Renewal (6 year licence)	NB	2,870.00	2,942.00	3,013.00	2.41%
	Discretionary	Dispensation - 14(1)(a)	NB	467.00	479.00	491.00	2.51%
Boarding of animals	Discretionary	(New app) Application fee - up to 50 animals	NB		260.00	260.00	0.00%
	Discretionary	(New app) Grant fee - up to 50 animals	NB		200.00	200.00	0.00%
	Discretionary	(New app) Application fee - 51 or more animals	NB		295.00	295.00	0.00%
	Discretionary	(New app) Grant fee - 51 or more animals	NB		230.00	230.00	0.00%
	Discretionary	(Renewal) Application fee - up to 50 animals	NB		225.00	225.00	0.00%
	Discretionary	(Renewal) Grant fee - up to 50 animals	NB		200.00	200.00	0.00%
	Discretionary	(Renewal) Application fee - 51 or more animals	NB		255.00	255.00	0.00%
	Discretionary	(Renewal) Grant fee - 51 or more animals	NB		230.00	230.00	0.00%
Selling of Animals	Discretionary	(New app) Application fee	NB		280.00	280.00	0.00%
	Discretionary	(New app) Grant fee	NB		215.00	215.00	0.00%
	Discretionary	(Renewal) Application fee	NB		240.00	240.00	0.00%
	Discretionary	(Renewal) Grant fee	NB		215.00	215.00	0.00%
Home boarding or day care	Discretionary	(New app) Application fee	NB		245.00	245.00	0.00%
	Discretionary	(New app) Grant fee	NB		180.00	180.00	0.00%
	Discretionary	(Renewal) Application fee	NB		210.00	210.00	0.00%
	Discretionary	(Renewal) Grant fee	NB		180.00	180.00	0.00%

DISCRETIONARY & STATUTORY FEES 2019/20

LICENSING FEES

Item	Statutory or Discretionary	Description/Comments	VAT Indicator	Charge 2017/18 £	Charge 2018/19 £	Proposed Charge 2019/20 £	Increase / Decrease on 2018/19 %
Animal Welfare and Public Health Licences							
Dangerous Wild Animals	Discretionary	New Licence (2 year licence)	NB	931.00	954.00	977.00	2.41%
Riding Establishments	Discretionary	(New app) Application fee - up to 10 horses	NB		280.00	280.00	0.00%
	Discretionary	(New app) Grant fee - up to 10 horses	NB		215.00	215.00	0.00%
	Discretionary	(New app) Application fee - 11 or more horses	NB		310.00	310.00	0.00%
	Discretionary	(New app) Grant fee - 11 or more horses	NB		245.00	245.00	0.00%
	Discretionary	(Renewal) Application fee - up to 10 horses	NB		240.00	240.00	0.00%
	Discretionary	(Renewal) Grant fee - up to 10 horses	NB		215.00	215.00	0.00%
	Discretionary	(Renewal) Application fee - 11 or more horses	NB		270.00	270.00	0.00%
	Discretionary	(Renewal) Grant fee - 11 or more horses	NB		245.00	245.00	0.00%
Keeping animals for exhibition	Discretionary	(New app) Application fee	NB		230.00	230.00	0.00%
	Discretionary	(New app) Grant fee	NB		165.00	165.00	0.00%
	Discretionary	(Renewal) Application fee	NB		190.00	190.00	0.00%
	Discretionary	(Renewal) Grant fee	NB		165.00	165.00	0.00%
Breeding Establishments	Discretionary	(New app) Application fee - up to 5 dogs	NB		230.00	230.00	0.00%
	Discretionary	(New app) Grant fee - up to 5 dogs	NB		165.00	165.00	0.00%
	Discretionary	(New app) Application fee - 6-10 dogs	NB		245.00	245.00	0.00%
	Discretionary	(New app) Grant fee - 6-10 dogs	NB		180.00	180.00	0.00%
	Discretionary	(New app) Application fee - 11+ dogs	NB		260.00	260.00	0.00%
	Discretionary	(New app) Grant fee - 11+ dogs	NB		200.00	200.00	0.00%
	Discretionary	(Renewal) Application fee - up to 5 dogs	NB		190.00	190.00	0.00%
	Discretionary	(Renewal) Grant fee - up to 5 dogs	NB		165.00	165.00	0.00%
	Discretionary	(Renewal) Application fee - 6-10 dogs	NB		210.00	210.00	0.00%
	Discretionary	(Renewal) Grant fee - 6-10 dogs	NB		180.00	180.00	0.00%
	Discretionary	(Renewal) Application fee - 11+ dogs	NB		225.00	225.00	0.00%
	Discretionary	(Renewal) Grant fee - 11+ dogs	NB		200.00	200.00	0.00%

DISCRETIONARY & STATUTORY FEES 2019/20

LICENSING FEES

Item	Statutory or Discretionary	Description/Comments	VAT Indicator	Charge 2017/18 £	Charge 2018/19 £	Proposed Charge 2019/20 £	Increase / Decrease on 2018/19 %
Variation to increase animals or activities	Discretionary	Application fee	NB		90.00	90.00	0.00%
	Discretionary	Grant fee	NB		40.00	40.00	0.00%
Variation to reduce animals or activities	Discretionary	Grant fee	NB		40.00	40.00	0.00%
Request for re-rating inspection	Discretionary	Application fee	NB		90.00	90.00	0.00%
	Discretionary	Grant fee	NB		40.00	40.00	0.00%
Public Health Licences							
Acupuncture	Discretionary	Initial registration practitioner/premises	NB	173.00	177.00	177.00	0.00%
	Discretionary	Additional practitioner/premises	NB	106.00	109.00	109.00	0.00%
	Discretionary	Minor variation	NB	29.00	30.00	30.00	0.00%
Tattooing (including semi-permanent skin-colouring)	Discretionary	Initial registration practitioner/premises	NB	334.00	342.00	342.00	0.00%
	Discretionary	Additional practitioner/premises	NB	106.00	109.00	109.00	0.00%
	Discretionary	Minor variation	NB	29.00	30.00	30.00	0.00%
Electrolysis	Discretionary	Initial registration practitioner/premises	NB	173.00	177.00	177.00	0.00%
	Discretionary	Additional practitioner/premises	NB	106.00	109.00	109.00	0.00%
	Discretionary	Minor variation	NB	29.00	30.00	30.00	0.00%
Cosmetic Piercing (excluding ear piercing)	Discretionary	Initial registration practitioner/premises	NB	334.00	342.00	342.00	0.00%
	Discretionary	Additional practitioner/premises	NB	106.00	109.00	109.00	0.00%
	Discretionary	Minor variation	NB	29.00	30.00	30.00	0.00%
Ear Piercing	Discretionary	Initial registration practitioner/premises	NB	173.00	177.00	177.00	0.00%
	Discretionary	Additional practitioner/premises	NB	29.00	30.00	30.00	0.00%
	Discretionary	Minor variation	NB	29.00	30.00	30.00	0.00%
Hairdressing	Statutory	Registration		No fee payable			

DISCRETIONARY & STATUTORY FEES 2019/20

LICENSING FEES

Item	Statutory or Discretionary	Description/Comments	VAT Indicator	Charge 2017/18 £	Charge 2018/19 £	Proposed Charge 2019/20 £	Increase / Decrease on 2018/19 %
Sex Establishments Licence							
Sex Shops, Sex Cinemas and Sexual Entertainment Venue Licences	Discretionary	Grant	NB	3,236.00	3,317.00	3,397.00	2.41%
	Discretionary	Renewal	NB	300.00	308.00	315.00	2.27%
	Discretionary	Transfer	NB	300.00	308.00	315.00	2.27%
Street Trading and Consents							
Publicity Displays	Statutory			No fee payable			
Street Collection Permit	Statutory			No fee payable			
Street Trading Licence	Discretionary	Yearly	NB	73.00	75.00	77.00	2.67%
Ashford Town Market pitch fee (per ft)	Discretionary	Collected by DD	NB	1.00	1.00	1.10	10.00%
Casual Street Trading Licence/Consent For One Off Event	Discretionary	Grant	NB	12.00	13.00	14.00	7.69%
Casual Street Trading Licence for Market	Discretionary	Monthly	NB	26.00	27.00	28.00	3.70%
Street Trading Consent	Discretionary	Yearly	NB	73.00	75.00	77.00	2.67%
New Site Street Trading Consent - static	Discretionary	Grant -if planning permission already granted	NB	101.00	104.00	106.50	2.40%
New Site Street Trading Consent - static	Discretionary	Grant - if no planning permission at time of application	NB	202.00	207.00	212.00	2.42%
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	£100 per site plus £25 per additional site	£100 per site plus £25 per additional site	£102 per site plus £26 per additional site	0.00%
Hawker Street Trading Consent	Discretionary	Yearly	NB	73.00	75.00	77.00	2.67%
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	152.00	152.00	156.00	2.63%
Town Centre Commercial Booking	Discretionary	Small, local businesses, weekdays and Sundays	NB	51.00	51.00	52.00	1.96%
Town Centre Commercial Booking	Discretionary	Small, local businesses, Saturdays	NB	76.00	76.00	78.00	2.63%
Town Centre Commercial Booking	Discretionary	1 day (Saturday)	NB	200.00	200.00	205.00	2.50%

DISCRETIONARY & STATUTORY FEES 2019/20

LICENSING FEES

Item	Statutory or Discretionary	Description/Comments	VAT Indicator	Charge 2017/18 £	Charge 2018/19 £	Proposed Charge 2019/20 £	Increase / Decrease on 2018/19 %
Street Trading Consent Rents							
Furners Wood Lay-by - cherry stall	Discretionary	Monthly rents	NB	150.00	150.00	153.50	2.33%
Furners Wood Lay-by - hot food	Discretionary	Monthly rents	NB	225.00	225.00	230.50	2.44%
Great Chart - A28 Tenterden bound - Food	Discretionary	Monthly rents	NB	225.00	225.00	230.50	2.44%
Great Chart - A28 Tenterden bound - Non Food	Discretionary	Monthly rents	NB	150.00	150.00	153.50	2.33%
Great Chart - A28 Ashford bound - Food	Discretionary	Monthly rents	NB	225.00	225.00	230.50	2.44%
Great Chart - A28 Ashford bound Non Food	Discretionary	Monthly rents	NB	150.00	150.00	153.50	2.33%
Hothfield - A20 Maidstone bound - Non Food	Discretionary	Monthly rents	NB	150.00	150.00	153.50	2.33%
Hothfield - A20 Maidstone bound - Food	Discretionary	Monthly rents	NB	225.00	225.00	230.50	2.44%
Hothfield - A20 Ashford bound - Non Food	Discretionary	Monthly rents	NB	150.00	150.00	153.50	2.33%
Hothfield - A20 Ashford bound - Food	Discretionary	Monthly rents	NB	225.00	225.00	230.50	2.44%
Henwood	Discretionary	Monthly rents	NB	206.50	206.50	211.50	2.42%
Recreation Ground Road car park	Discretionary	Monthly rents	NB	380.00	380.00	389.00	2.37%
Potters Corner, Hothfield	Discretionary	Monthly rents	NB	225.00	225.00	230.50	2.44%
Hall Avenue, Sevington	Discretionary	Max 28 days use per year	NB	240.00	240.00	246.00	2.50%
Chilham Mill	Discretionary		NB	225.00	225.00	230.50	2.44%
Council Land							
Charity	Discretionary			No fee payable			
Commercial (e.g. circuses and funfairs)	Discretionary	per operating day	NB	270.00	277.00	284.00	2.53%
	Discretionary	per non-operating day	NB	190.00	195.00	200.00	2.56%
Food Hygiene							
Level 1 course	Discretionary		EX		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%

DISCRETIONARY & STATUTORY FEES 2019/20

LICENSING FEES

Item	Statutory or Discretionary	Description/Comments	VAT Indicator	Charge 2017/18 £	Charge 2018/19 £	Proposed Charge 2019/20 £	Increase / Decrease on 2018/19 %
Food Safety Charges							
Food Surrender Certificate	Discretionary		NB	97.00	99.00	99.00	0.00%
Food surrender inspection and issuing of certificate	Discretionary		NB	95.00	97.00	100.00	3.09%
Disposal/tipping costs charge at cost	Charged by tip			N/A	N/A	N/A	N/A
Export Certificate for food manufacture	Discretionary		NB	55.00	60.00	60.00	0.00%
Miscellaneous							
Scrap Metal Site Licence	Discretionary		NB	308.00	316.00	324.00	2.53%
Scrap Metal Collectors Licence	Discretionary		NB	207.00	212.00	217.00	2.36%
Scrap Metal Site Licence - Renewal	Discretionary		NB	207.00	212.00	217.00	2.36%
Scrap Metal Collectors Licence - Renewal	Discretionary		NB	103.00	106.00	109.00	2.83%
Scrap Metal Variations	Discretionary		NB	78.00	80.00	82.00	2.50%
Scrap Metal Replacement Licence	Discretionary		NB	11.00	11.00	11.50	N/A
Gambling Act							
New small casino	Statutory Maximum	New application	NB	6,570.00	6,734.00	6,896.00	2.41%
		Annual fee	NB	3,730.00	3,823.00	3,915.00	2.41%
		Variation	NB	2,690.00	2,757.00	2,823.00	2.39%
		Transfer	NB	1,564.00	1,603.00	1,641.00	2.37%
		Re-instatement	NB	1,314.00	1,347.00	1,379.00	2.38%
		Provisional statement	NB	6,570.00	6,734.00	6,896.00	2.41%
		Provisional statement holders	NB	2,335.00	2,393.00	2,450.00	2.38%
		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 2019/20

LICENSING FEES

Item	Statutory or Discretionary	Description/Comments	VAT Indicator	Charge 2017/18	Charge 2018/19	Proposed Charge 2019/20	Increase / Decrease on 2018/19
				£	£	£	%
New large casino	Statutory Maximum	New application	NB	7,860.00	8,057.00	8,250.00	2.40%
		Annual fee	NB	7,520.00	7,708.00	7,893.00	2.40%
		Variation	NB	3,555.00	3,644.00	3,731.00	2.39%
		Transfer	NB	1,835.00	1,881.00	1,926.00	2.39%
		Re-instatement	NB	2,070.00	2,122.00	2,150.00	1.32%
		Provisional statement	NB	7,860.00	8,057.00	8,250.00	2.40%
		Provisional statement holders	NB	3,860.00	3,957.00	4,052.00	2.40%
		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	12,380.00	12,690.00	12,995.00	2.40%
		Annual fee	NB	11,610.00	11,900.00	12,186.00	2.40%
		Variation	NB	5,800.00	5,945.00	6,087.00	2.39%
		Transfer	NB	4,230.00	4,336.00	4,440.00	2.40%
		Re-instatement	NB	4,230.00	4,336.00	4,440.00	2.40%
		Provisional statement	NB	12,380.00	12,690.00	12,995.00	2.40%
		Provisional statement holders	NB	6,030.00	6,181.00	6,329.00	2.39%
		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	2,250.00	2,306.00	2,361.00	2.39%
		Annual fee	NB	700.00	718.00	735.00	2.37%
		Variation	NB	1,540.00	1,579.00	1,617.00	2.41%
		Transfer	NB	855.00	876.00	897.00	2.40%
		Re-instatement	NB	855.00	876.00	897.00	2.40%
		Provisional statement	NB	2,250.00	2,306.00	2,361.00	2.39%
		Provisional statement holders	NB	930.00	953.00	976.00	2.41%
		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 2019/20

LICENSING FEES

Item	Statutory or Discretionary	Description/Comments	VAT Indicator	Charge 2017/18	Charge 2018/19	Proposed Charge 2019/20	Increase / Decrease on 2018/19
				£	£	£	%
Betting Premises (excluding tracks)	Statutory Maximum	New application	NB	2,290.00	2,347.00	2,403.00	2.39%
		Annual fee	NB	455.00	466.00	477.00	2.36%
		Variation	NB	1,300.00	1,333.00	1,365.00	2.40%
		Transfer	NB	855.00	876.00	897.00	2.40%
		Re-instatement	NB	855.00	876.00	897.00	2.40%
		Provisional statement	NB	2,250.00	2,306.00	2,361.00	2.39%
		Provisional statement holders	NB	930.00	953.00	976.00	2.41%
		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	1,760.00	1,804.00	1,847.00	2.38%
		Annual fee	NB	700.00	718.00	735.00	2.37%
		Variation	NB	1,180.00	1,210.00	1,239.00	2.40%
		Transfer	NB	855.00	876.00	897.00	2.40%
		Re-instatement	NB	855.00	876.00	897.00	2.40%
		Provisional statement	NB	1,760.00	1,804.00	1,847.00	2.38%
		Provisional statement holders	NB	930.00	953.00	976.00	2.41%
		Copy licence	NB	25.00	25.00	25.00	0.00%
		Notification of change	NB	50.00	50.00	50.00	0.00%
Family Entertainment Centres	Statutory Maximum	New application	NB	1,760.00	1,804.00	1,847.00	2.38%
		Annual fee	NB	605.00	620.00	635.00	2.42%
		Variation	NB	795.00	815.00	835.00	2.45%
		Transfer	NB	855.00	876.00	897.00	2.40%
		Re-instatement	NB	855.00	876.00	897.00	2.40%
		Provisional statement	NB	1,760.00	1,804.00	1,847.00	2.38%
		Provisional statement holders	NB	770.00	789.00	808.00	2.41%
		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 2019/20

LICENSING FEES

Item	Statutory or Discretionary	Description/Comments	VAT Indicator	Charge 2017/18 £	Charge 2018/19 £	Proposed Charge 2019/20 £	Increase / Decrease on 2018/19 %
Adult Gaming Centre	Statutory Maximum	New application	NB	1,760.00	1,804.00	1,847.00	2.38%
		Annual fee	NB	705.00	723.00	740.00	2.35%
		Variation	NB	795.00	815.00	835.00	2.45%
		Transfer	NB	855.00	876.00	897.00	2.40%
		Re-instatement	NB	855.00	876.00	897.00	2.40%
		Provisional statement	NB	1,760.00	1,804.00	1,847.00	2.38%
		Provisional statement holders	NB	930.00	950.00	973.00	2.42%
		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	204.00	204.00	204.00	0.00%
		Copy licence	NB	25.00	25.00	25.00	0.00%
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 2019/20

LICENSING FEES

Item	Statutory or Discretionary	Description/Comments	VAT Indicator	Charge 2017/18 £	Charge 2018/19 £	Proposed Charge 2019/20 £	Increase / Decrease on 2018/19 %
Club Machine Permits	Statutory Maximum	Grant	NB	200.00	200.00	200.00	0.00%
		Grant (Club Premises Certificate holder)	NB	100.00	100.00	100.00	0.00%
		Existing operator grant	NB	100.00	100.00	100.00	0.00%
		Variation	NB	100.00	100.00	100.00	0.00%
		Renewal	NB	200.00	200.00	200.00	0.00%
		Renewal (Club Premises Certificate holder)	NB	100.00	100.00	100.00	0.00%
		Annual Fee	NB	50.00	50.00	50.00	0.00%
		Copy of permit	NB	15.00	15.00	15.00	0.00%
Family Entertainment Centre Gaming Machine Permit	Statutory Maximum	Grant	NB	300.00	300.00	300.00	0.00%
		Renewal	NB	300.00	300.00	300.00	0.00%
		Existing operator grant	NB	100.00	100.00	100.00	0.00%
		Change of name	NB	25.00	25.00	25.00	0.00%
		Copy of permit	NB	15.00	15.00	15.00	0.00%
Prize Gaming Permits	Statutory Maximum	Grant	NB	300.00	300.00	300.00	0.00%
		Renewal	NB	300.00	300.00	300.00	0.00%
		Existing operator grant	NB	100.00	100.00	100.00	0.00%
		Change of name	NB	25.00	25.00	25.00	0.00%
		Copy of permit	NB	15.00	15.00	15.00	0.00%
		Annual Fee	NB	20.00	20.00	20.00	0.00%

DISCRETIONARY & STATUTORY FEES 2019/20

LICENSING FEES

Item	Statutory or Discretionary	Description/Comments	VAT Indicator	Charge 2017/18 £	Charge 2018/19 £	Proposed Charge 2019/20 £	Increase / Decrease on 2018/19 %
Hackney Carriage/Private Hire							
Hackney Carriage & Private Hire Drivers Licence	Discretionary	For 1 year	NB	51.00	52.00	56.00	7.69%
		For 3 years	NB	101.00	104.00	112.00	7.69%
Vehicle Licence	Discretionary	New	NB	308.00	316.00	320.00	1.27%
		Renewal	NB	288.00	295.00	300.00	1.69%
Additional Hackney Carriage & Private Hire Drivers licence	Discretionary		NB	20.00	21.00	25.00	19.05%
Private Hire Operators	Discretionary	1-3 Vehicles	NB	126.00	129.00	134.00	3.88%
		4-10 Vehicles	NB	424.00	435.00	445.00	2.30%
		11-20 Vehicles	NB	848.00	869.00	890.00	2.42%
Drivers Badge (replacement)	Discretionary		NB	11.00	11.00	11.50	4.55%
Fee for Returned (Bounced) Cheques	Discretionary		NB	16.00	16.00	16.50	3.13%
Transfer of vehicle licence (including plate)	Discretionary		NB	20.00	20.00	30.00	50.00%
Replacement Plate (internal/external)	Discretionary		NB	26.00	20.00	20.00	0.00%
Additional Vehicle under an Operators Licence	Discretionary	Category 1-3	NB	293.00	129.00	132.00	2.33%
	Discretionary	Category 4-10			300.00	307.00	2.33%
	Discretionary	Category 11-20	NB	424.00	435.00	445.00	2.30%
Replacement Licence	Discretionary		NB	11.00	11.00	11.50	4.55%
Hackney carriage knowledge test	Discretionary			51.00	52.00	55.00	5.77%
CRB	Set by Home Office		NB	44.00	44.00	44.00	0.00%

VAT Indicator:

NB = Non Business no VAT

EX = Exempt from VAT

DISCRETIONARY & STATUTORY FEES 2019/20

Parking Charges

Item	Description/Comments	VAT Indicator	Charge 2017/18 £	Charge 2018/19 £	Proposed Charge 2019/20 £	Increase / Decrease on 2018/19 %
Season Tickets (Ashford)						
	Edinburgh Road Reserved 12 months	VT	1,520.00		Scheme withdrawn	
	Flour Mills car park 1 month	VT	68.00	68.00	68.00	0.00%
	Flour Mills car park 3 months	VT	191.00	191.00	191.00	0.00%
	Flour Mills car park 6 months	VT	360.00	360.00	360.00	0.00%
	Flour Mills car park 12 months	VT	675.00	675.00	675.00	0.00%
	Town Centre 1 month	VT	76.00	76.00	76.00	0.00%
	Town Centre 3 Months	VT	215.00	215.00	215.00	0.00%
	Town Centre 6 Months	VT	405.00	405.00	405.00	0.00%
	Town Centre 12 Months	VT	760.00	760.00	760.00	0.00%
	Henwood Parking Area 1 month	VT	54.00	54.00	54.00	0.00%
	Henwood Parking Area 3 months	VT	153.00	153.00	153.00	0.00%
	Henwood Parking Area 6 months	VT	288.00	288.00	288.00	0.00%
	Henwood Parking Area 12 months	VT	540.00	540.00	540.00	0.00%
	Henwood Business Permit 12 months	VT		360.00	360.00	0.00%
Season Tickets (Tenterden)						
	Bridewell Lane car park 1 month	VT	76.00	76.00	76.00	0.00%
	Bridewell Lane car park 3 months	VT	215.00	215.00	215.00	0.00%
	Bridewell Lane car park 6 months	VT	405.00	405.00	405.00	0.00%
	Bridewell Lane car park 12 months	VT	760.00	760.00	760.00	0.00%
	Bridewell Lane Reserved 12 months	VT	1,520.00	1,520.00	1,520.00	0.00%
	<i>*Season Tickets issued for Bridewell Lane car park are also valid in the rear car park at Tenterden</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 & STATUTORY FEES 2019/20

Parking Charges

Item	Description/Comments	VAT Indicator	Charge 2017/18 £	Charge 2018/19 £	Proposed Charge 2019/20 £	Increase / Decrease on 2018/19 %
Residents Permits						
	Zone A Annual	EX	120.00	120.00	120.00	0.00%
	Zone B Annual	EX	50.00	50.00	50.00	0.00%
	Zone B Annual - Off Street Residents Parking Permit	VT	135.00	135.00	135.00	0.00%
	Zone D Annual	EX	30.00	30.00	30.00	0.00%
	Zone E Annual	EX	30.00	30.00	30.00	0.00%
	Zone F Annual	EX	30.00	30.00	30.00	0.00%
	Zone G Annual	EX	30.00	30.00	30.00	0.00%
	Admin Charge for loss of permit	EX	5.00	5.00	5.00	0.00%
Other Permits						
	Visitor's permits each	EX	1.00	1.00	1.00	0.00%
	Admin Charge for loss of staff card/permit	VT	5.00	5.00	10.00	100.00%
	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%
	Admin charge for lost permit	VT	10.00	10.00	10.00	0.00%
Misc Charges						
	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	40.00	150.00	150.00	0.00%
	Install white access highlight markings (dog-bones)	VT	121.00	121.00	121.00	0.00%
	Refresh white access highlight markings (dog-bones)	VT	158.00	158.00	158.00	0.00%
	Printing Charges Up to 5 pages per page	VT	0.50	0.50	0.50	0.00%
	Printing Charges more than 5 pages per page	VT	0.10	0.10	0.10	0.00%

DISCRETIONARY & STATUTORY FEES 2019/20

Parking Charges

Item	Description/Comments	VAT Indicator	Charge 2017/18 £	Charge 2018/19 £	Proposed Charge 2019/20 £	Increase / Decrease on 2018/19 %
Car Park Charges (Ashford)						
	Civic Centre and Stour Centre car park minimum charge up to 2 hours	VT	0.80	1.50	1.50	0.00%
	Civic Centre and Stour Centre car park per hour over 2 hours. Linear Charge in 5p increments	VT	1.00	1.10	1.10	0.00%
	Civic Centre and Stour Centre car park charge over 4 hours Mon-Fri	VT	10.00	11.00	11.00	0.00%
	Civic Centre and Stour Centre car park charge over 4 hours Sat and Sun	VT	4.50	5.00	5.00	0.00%
	Civic Centre and Stour Centre car park per hour Coach Charge (Linear Charge in 5p increments)	VT	1.50	1.70	1.70	0.00%
	Civic Centre and Stour Centre car park Coach charge over 4 hours	VT	10.00	11.00	11.00	0.00%
	Dover Place car park per hour	VT	1.00	1.10	1.10	0.00%
	Dover Place car park over 4 hours	VT	4.50	5.00	5.00	0.00%
	Elwick Road car park per hour	VT		1.10	1.10	0.00%
	Elwick Road car park over 4 hours	VT		5.00	5.00	0.00%
	Elwick Place car park up to 2 hours	VT		2.20	2.20	0.00%
	Elwick Place car park up to 3 hours	VT		3.30	3.30	0.00%
	Elwick Place car park up to 4 hours	VT		4.40	4.40	0.00%
	Elwick Place car park up to 5 hours	VT		5.50	5.50	0.00%
	Elwick Place car park over 5 hours	VT		11.00	11.00	0.00%
	Elwick Place car park after 4pm to 9am next day	VT		1.00	1.00	0.00%
	Elwick Place car park Travelodge	VT		7.50	7.50	0.00%
	Edinburgh Road car park per hour	VT	1.00	1.10	1.10	0.00%
	Edinburgh Road car park charge over 4 hours	VT	4.50	5.00	5.00	0.00%
	Flour Mills car park per hour	VT	1.00	1.10	1.10	0.00%
	Flour Mills car park charge over 4 hours	VT	4.00	4.40	4.40	0.00%
	Henwood car park per hour	VT	0.80	0.90	0.90	0.00%
	Henwood car park charge over 4 hours	VT	3.20	3.60	3.60	0.00%
	Station Road Ashford car park per hour	VT	1.00	1.10	1.10	0.00%
	Station Road Ashford car park charge over 4 hours	VT	4.50	5.00	5.00	0.00%
	Vicarage Lane car park per hour	VT	1.00	1.10	1.10	0.00%
	Vicarage Lane car park charge over 4 hours	VT	10.00	11.00	11.00	0.00%

DISCRETIONARY & STATUTORY FEES 2019/20

Parking Charges

Item	Description/Comments	VAT Indicator	Charge 2017/18 £	Charge 2018/19 £	Proposed Charge 2019/20 £	Increase / Decrease on 2018/19 %
Car Park Charges (Tenterden)						
	Bridewell Lane car park per hour	VT	1.10	1.10	1.10	0.00%
	Bridewell Lane car park over 4 hours	VT	5.00	5.00	5.00	0.00%
	Recreation Ground Road car park per hour	VT	1.10	1.10	1.10	0.00%
	Recreation Ground Road car park over 4 hours	VT	11.00	11.00	11.00	0.00%
	Station Road car park Tenterden per hour	VT	1.10	1.10	1.10	0.00%
	Station Road car park Tenterden over 4 hours	VT	11.00	11.00	11.00	0.00%
	Station Road car park Tenterden per hour Coach charge	VT	1.70	1.70	1.70	0.00%
	Station Road car park Tenterden over 4 hours	VT	11.00	11.00	11.00	0.00%
	Tenterden Leisure Centre car park per hour	VT	1.10	1.10	1.10	0.00%
	Tenterden Leisure Centre car park over 4 hours	VT	11.00	11.00	11.00	0.00%
	Tenterden Leisure Centre car park Coach charge per hour	VT	1.70	1.70	1.70	0.00%
	Tenterden Leisure Centre car park Coach charge over 4 hours	VT	11.00	11.00	11.00	0.00%
On Street Parking Charges						
	Charge per hour before 6pm	EX	1.10	1.10	1.10	0.00%
	Charge after 6pm for parking up to 1 hour	EX	1.10	1.10	1.10	0.00%
	Charge after 6pm for parking over one hour	EX	3.00	3.00	3.00	0.00%
Penalty Charge Notices						
	Lower level	EX	50.00	50.00	50.00	0.00%
	Higher level	EX	70.00	70.00	70.00	0.00%

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

VAT Indicator:
EX = Exempt from VAT
VT = Inclusive of VAT

DISCRETIONARY & STATUTORY FEES 2019/20

Charge for the Supply of Information and Photocopies of Documents

Item	Description/Comments	VAT Indicator	Charge 2017/18 £	Charge 2018/19 £	Proposed Charge 2019/20 £	Increase / Decrease on 2018/19 %
General Photocopying	Per sheet of photocopy (for the first 10 sheets)	VT	0.37	0.38	0.39	2.63%
	Further Copies	VT	0.18	0.18	0.19	5.56%
Fax	First Page	VT	1.42	1.46	1.50	2.74%
	Each page thereafter	VT	0.76	0.78	0.80	2.56%
Notices and Extracts	Authenticated Building Control Regulation Approval or Completion Certificate (photocopy - copying charge only)	VT	10.11	10.36	10.67	2.99%
	Architects Plans (A3 & A4)	VT	0.37	0.38	0.39	2.63%
	Architects Plans (A2+)	VT	6.32	6.48	6.67	2.93%
Fact sheets	Major Development Proposals in Ashford (per page)	VT	1.73	1.77	1.82	2.82%
	All other fact sheets (per page)	VT	0.37	0.38	0.39	2.63%
Requests for Planning Information*		VT	54.49	55.85	57.53	3.01%
Requests for Building Control Information*		VT	54.49	55.85	57.53	3.01%
Inspection of approved Building Regulation Plans*		VT	54.49	55.85	57.53	3.01%
Gas and Pipeline Extracts*		VT	6.81	6.98	7.19	3.01%
Hard Copy Provision of Weekly List		VT	177.18	181.61	187.06	3.00%
Postage and Packing		VT	0.95	0.97	1.00	3.09%

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

DISCRETIONARY & STATUTORY FEES 2019/20

Sale of Documents and Room Hire

Item	Description/Comments	VAT Indicator	Charge 2017/18	Charge 2018/19	Proposed Charge 2019/20	Increase / Decrease on 2018/19	
			£	£	£	%	
Minutes	Council and Committees - per annum	VT	187.68	192.37	198.14	3.00%	
	(excluding the Planning Committee) - per cycle	VT	37.95	38.90	40.07	3.01%	
	Cabinet only	- per annum	VT	124.40	127.51	131.34	3.00%
		- per cycle	VT	25.47	26.11	26.89	2.99%
	Planning Committee only	- per annum	VT	124.40	127.51	131.34	3.00%
		- per cycle	VT	25.47	26.11	26.89	2.99%
	A single committee and its Sub- Committee (excluding the Planning Committee)	- per annum	VT	63.09	64.67	66.61	3.00%
		- per cycle	VT	13.09	13.42	13.82	2.98%
Agendas and Reports	Council and Committees - per annum	VT	335.98	344.38	354.71	3.00%	
	(excluding the Planning Committee) - per cycle	VT	67.77	69.46	71.54	2.99%	
	Cabinet only	- per annum	VT	628.36	644.07	663.39	3.00%
		- per cycle	VT	26.93	27.60	28.43	3.01%
	Planning Committee only	- per annum	VT	628.36	644.07	663.39	3.00%
		- per cycle	VT	26.93	27.60	28.43	3.01%
	A single committee and its Sub- Committee (excluding the Planning Committee)	- per annum	VT	67.77	69.46	71.54	2.99%
		- per cycle	VT	14.11	14.46	14.89	2.97%
<i>NB Head of Legal and Democratic Services may determine a higher charge where the Agenda and Reports are in excess of 200 pages</i>							
Other Publications	Annual Budget Book / Statement of Accounts						
	- requested by individuals	VT	8.80	9.02	9.29	2.99%	
	- requested by commercial bodies	VT	43.24	44.32	45.65	3.00%	
	Council Year Book	VT	3.52	3.61	3.72	3.05%	
	Copy of Lease, Order etc	VT	7.74	7.93	8.17	3.03%	
Copy of Byelaws - Statutory Fee	VT	0.26	0.27	0.28	3.70%		
Room Hire	Council Chamber - Up to 4 hours	VT	163.69	163.69	164.00	0.19%	
	- Full Day	VT	287.34	287.34	288.00	0.23%	
	- Evening after 5pm	VT	263.48	263.48	264.00	0.20%	
	Committee Rooms	- Up to 4 hours	VT	85.79	85.79	86.00	0.24%
		- Full Day	VT	154.09	154.09	155.00	0.59%
		- Evening after 5pm	VT	148.30	148.30	149.00	0.47%

VAT Indicator:

VT = Inclusive of VAT

DISCRETIONARY & STATUTORY FEES 2019/20

Cemetery Charges

Item	Description/Comments	VAT Indicator	Charge 2017/18 £	Charge 2018/19 £	Proposed Charge 2019/20 £	Increase / Decrease on 2018/19 %
Cemetery Charges - Bybrook and Willesborough Cemeteries						
COMPOSITE BURIAL FEE FOR NEW GRAVES (Includes Digging Fee, Purchase of Right of Burial for 30 years and wooden cross)	(1) Single Grave Depth	NB	1,122.00	1,122.00	1,152.86	2.75%
	(2) Double Grave Depth	NB	1,237.00	1,237.00	1,271.02	2.75%
	(3) Triple Grave Depth	NB	1,446.00	1,446.00	1,485.77	2.75%
	(4) Child under 3 months (Resident)	NB	FREE			
	(5) Child under 3 Months (Non Resident)	NB	80.00	80.00	82.20	2.75%
	(6) Child aged 3 to 5 years (Resident) <i>(NB If grave required to be reopened to enable further family burial(s) the fees in (2) and (3) apply)</i>	NB	FREE			
	(7) Child aged 3 to 5 years (Non Resident) (please note if the family wish to erect a memorial at a future date a purchase fee and permit fee will be required) <i>(NB If grave required to be reopened to enable further family burial(s) the fees in (2) and (3) apply)</i>	NB	80.00	80.00	82.20	2.75%
	(8) Child aged 5 to 18 years (Resident) <i>(NB If grave required to be reopened to enable further family burial(s) the fees in (2) and (3) apply)</i>	NB	FREE			
	(9) Child aged 5 to 18 years (Non Resident) (please note if the family wish to erect a memorial at a future date a purchase fee and permit fee will be required) <i>(NB If grave required to be reopened to enable further family burial(s) the fees in (2) and (3) apply)</i>	NB	260.00	260.00	267.15	2.75%
	(10) Cremated Remains - Garden of Remembrance Willesborough	NB	403.00	403.00	414.08	2.75%
	(11) Single grave depth - includes boarding out with timber	NB	1,339.00	1,339.00	1,375.82	2.75%

DISCRETIONARY & STATUTORY FEES 2019/20

Cemetery Charges

Item	Description/Comments	VAT Indicator	Charge 2017/18 £	Charge 2018/19 £	Proposed Charge 2019/20 £	Increase / Decrease on 2018/19 %
REOPENING OF EXISTING GRAVES/OPENING OF PRE-PURCHASED GRAVES	(1) Single Grave Depth	NB	530.00	530.00	544.58	2.75%
	(2) Double Grave Depth	NB	650.00	650.00	667.88	2.75%
	(3) Triple Grave Depth	NB	930.00	930.00	955.58	2.75%
	(4) Cremated Remains	NB	111.00	111.00	114.05	2.75%
<i>Non standard grave sizes may require the adjacent grave to be purchased if this grave is put out of use due to the over size coffin</i>						
<i>NB IF NOT ALREADY DETAILED ABOVE A SURCHARGE OF 100% ON THE ABOVE SCALE OF CHARGES IS MADE FOR PERSONS WHO LIVE OUTSIDE ASHFORD BOROUGH. (THIS IS COMMON PRACTICE WITH OTHER AUTHORITIES)</i>						

DISCRETIONARY & STATUTORY FEES 2019/20

Cemetery Charges

Item	Description/Comments	VAT Indicator	Charge 2017/18 £	Charge 2018/19 £	Proposed Charge 2019/20 £	Increase / Decrease on 2018/19 %
Cemetery Charges - Tenterden Cemetery						
COMPOSITE BURIAL FEE FOR NEW GRAVES (Includes Digging Fee, Purchase of Right of Burial for 30 years and wooden cross)	(1) Single Grave Depth	NB	1,125.00	1,125.00	1,155.94	2.75%
	(2) Single Grave Depth (plus purchase of right of burial in adjoining grave) (i.e. single depth charge plus purchase charge)	NB	1,607.00	1,607.00	1,651.19	2.75%
	(3) Child under 3 months (Resident)	FREE				
	(4) Child under 3 Months (Non Resident)	NB	80.00	80.00	82.20	2.75%
	(5) Child aged 3 to 5 years (Resident) <i>(NB If grave required to be reopened to enable further family burial(s) the fees in (2) and (3) apply)</i>	FREE				
	(6) Child aged 3 to 5 years (Non Resident) (please note if the family wish to erect a memorial at a future date a purchase fee and permit fee will be required) <i>(NB If grave required to be reopened to enable further family burial(s) the fees in (2) and (3) apply)</i>	NB	80.00	80.00	82.20	2.75%
	(7) Child aged 5 to 18 years (Resident) <i>(NB If grave required to be reopened to enable further family burial(s) the fees in (2) and (3) apply)</i>	FREE				
	(8) Child aged 5 to 18 years (Non Resident) (please note if the family wish to erect a memorial at a future date a purchase fee and permit fee will be required) <i>(NB If grave required to be reopened to enable further family burial(s) the fees in (2) and (3) apply)</i>	NB	260.00	260.00	267.15	2.75%
	(9) Cremated Remains - Garden of Remembrance - Large Plot	NB	472.00	472.00	484.98	2.75%
	(10) Cremated Remains - Garden of Remembrance - Small Plot	NB	326.00	326.00	334.97	2.75%
REOPENING OF EXISTING GRAVES/OPENING OF PRE-PURCHASED GRAVES	(1) Single Grave Depth	NB	606.00	606.00	622.67	2.75%
	(2) Double Grave Depth	NB	716.00	716.00	735.69	2.75%
	(3) Cremated Remains	NB	182.00	182.00	187.01	2.75%
<i>Non standard grave sizes may require the adjacent grave to be purchased if this grave is put out of use due to the over size coffin</i>						
<i>NB IF NOT ALREADY DETAILED ABOVE A SURCHARGE OF 100% ON THE ABOVE SCALE OF CHARGES IS MADE FOR PERSONS WHO LIVE OUTSIDE ASHFORD BOROUGH. (THIS IS COMMON PRACTICE WITH OTHER AUTHORITIES)</i>						

DISCRETIONARY & STATUTORY FEES 2019/20

Cemetery Charges

Item	Description/Comments	VAT Indicator	Charge 2017/18 £	Charge 2018/19 £	Proposed Charge 2019/20 £	Increase / Decrease on 2018/19 %
Cemetery Charges - All Cemeteries						
PURCHASE OF RIGHT OF BURIAL FOR 30 YEARS (Applies to pre-purchase of graves and where burial rights were not purchased prior to introduction of composite)	(1) One grave space	NB	510.00	510.00	524.03	2.75%
	(2) One cremation plot - (holds 4 sets of ashes)	NB	285.00	285.00	292.13	2.50%
RIGHT TO ERECT A MEMORIAL	(1) Right to erect a headstone or tablet (including inscription to one person) (Resident) - Adult - Child up to 18 years	NB	167.00	167.00	171.59	2.75%
		NB	FREE			
	(2) Right to erect a headstone or tablet (including inscription to one person) (Non Resident) - Adult - Child up to 18 years	NB	334.00	334.00	343.19	2.75%
		NB	167.00	167.00	171.59	2.75%
	(3) Right to erect a kerbstone (including inscription to one person) (Resident) - Adult - Child to 18 years	NB	241.00	241.00	247.63	2.75%
		NB	FREE			
	(4) Right to erect a kerbstone (including inscription to one person) (Non Resident) - Adult - Child to 18 years	NB	482.00	482.00	495.26	2.75%
		NB	241.00	241.00	247.63	2.75%
	(5) Additional inscription (per person after first)	NB	55.00	55.00	56.51	2.75%
	(6) Right to place a vase (including inscription to one person)	NB	80.00	80.00	82.20	2.75%

DISCRETIONARY & STATUTORY FEES 2019/20

Cemetery Charges

Item	Description/Comments	VAT Indicator	Charge 2017/18 £	Charge 2018/19 £	Proposed Charge 2019/20 £	Increase / Decrease on 2018/19 %
Cemetery Charges - All Cemeteries						
PURCHASE OF WOODEN CROSS INCLUDING PLAQUE	(Ashford Borough Cemeteries only)	VT	40.00	40.00	41.10	2.75%
FAMILY MANAGED BURIALS	Additional administrative cost of this option	NB	166.00	166.00	170.57	2.75%
FAMILY HISTORY SEARCH	Per Name	VT	26.00	26.00	26.72	2.75%
	Over 4 Names	VT	80.00	80.00	82.20	2.75%
<i>NB IF NOT ALREADY DETAILED ABOVE A SURCHARGE OF 100% ON THE ABOVE SCALE OF CHARGES IS MADE FOR PERSONS WHO LIVE OUTSIDE ASHFORD BOROUGH. (THIS IS COMMON PRACTICE WITH OTHER AUTHORITIES)</i>						
MAINTENANCE OF GRAVES	(1) Maintenance and Planting twice yearly with plants supplied by the Council	VT	157.00	157.00	161.32	2.75%
	(2) Cleaning of kerbstone (per annum)	VT	93.00	93.00	95.56	2.75%
	(3) Cleaning of headstone or memorial (per annum)	VT	156.00	156.00	160.29	2.75%
WOODLAND BURIALS						
BYBROOK CEMETERY	Woodland Burial Fee including grave purchase, digging, plaque and post					
	- one grave	EX	723.00	723.00	742.88	2.75%
	- two adjacent graves	EX	1,349.00	1,349.00	1,386.10	2.75%
	- double depth in new section	EX		1,349.00	1,386.10	2.75%
	Interment of cremated remains (in grave space) including	EX	621.00	621.00	638.08	2.75%
	Selection of grave space	EX	88.00	88.00	90.42	2.75%
<i>(* These fees may be prepaid)</i>						
TENTERDEN CEMETERY	Woodland Burial Fee including grave purchase, digging, plaque and post					
	- one grave	EX	787.00	787.00	808.64	2.75%
	- two adjacent graves	EX	1,416.00	1,416.00	1,454.94	2.75%
	Interment of cremated remains (in grave space) including	EX	692.00	692.00	711.03	2.75%
	Selection of grave space	EX	88.00	88.00	90.42	2.75%
<i>(* These fees may be prepaid)</i>						

DISCRETIONARY & STATUTORY FEES 2019/20

Cemetery Charges

Item	Description/Comments	VAT Indicator	Charge 2017/18 £	Charge 2018/19 £	Proposed Charge 2019/20 £	Increase / Decrease on 2018/19 %
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Cemetery Charges - All Cemeteries

ALL CEMETERIES	Further interment of cremated remains including casket					
	- Ashford	EX	129.00	129.00	132.55	2.75%
	- Tenterden	EX	196.00	196.00	201.39	2.75%
	Interment of a child to 18 years (Resident) (NOT including coffin or tree)	EX	Free			
	Interment of a child to 18 years (Non Resident) (NOT including coffin or tree)	EX		335.00	344.21	2.75%
	Grave reservation	EX	174.00	174.00	178.79	2.75%
	Selection of grave space	EX	88.00	88.00	90.42	2.75%

NB IF NOT ALREADY DETAILED ABOVE A SURCHARGE OF 100% ON THE ABOVE SCALE OF CHARGES IS MADE FOR PERSONS WHO LIVE OUTSIDE ASHFORD BOROUGH. (THIS IS COMMON PRACTICE WITH OTHER AUTHORITIES)

OTHER RELATED CHARGES

MEMORIAL BENCH WITH DEDICATION INSCRIPTION (Subject to space being available)		EX	AT COST	AT COST	AT COST	N/A
TRANSFER OF EXCLUSIVE RIGHT OF BURIAL	per request	EX	50.00	50.00	51.38	2.75%
LATE ARRIVAL AT CEMETERY OF MORE THAN 30 MINS		NB	100.00	100.00	102.75	2.75%
EXTEND EXCLUSIVE RIGHT OF BURIAL FOR A PERIOD OF 5 YEARS	No more than 30 years can be held at one time	EX	85.00	85.00	87.34	2.75%
TO INTER 2 OR MORE SETS OF ASHES AT THE SAME TIME	additional fee to cover admin costs	EX	25.00	25.00	25.69	2.75%
EXHUMATION OF COFFIN IF REBURYING IN SAME PLOT		VT	AT COST	AT COST	AT COST	N/A
EXHUMATION OF COFFIN IF REBURYING IN DIFFERENT PLOT		EX	AT COST	AT COST	AT COST	N/A

NB IF NOT ALREADY DETAILED ABOVE A SURCHARGE OF 100% ON THE ABOVE SCALE OF CHARGES IS MADE FOR PERSONS WHO LIVE OUTSIDE ASHFORD BOROUGH. (THIS IS COMMON PRACTICE WITH OTHER AUTHORITIES)

DISCRETIONARY & STATUTORY FEES 2019/20

Planning Services

Item	Description/Comments	VAT Indicator	Charge 2017/18 £	Charge 2018/19 £	Proposed Charge 2019/20 £	Increase / Decrease on 2018/19 %
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	87.00	89.00	92.00	3.37%
	Level 2 will be charged for written advice on all minor developments	VT	168.00	172.00	177.00	2.91%
	Level 3 will be charged for meetings with officers (If the meeting is on site then travelling time will be included in the assessment)	VT	449.00	460.00	474.00	3.04%
Compliance Check	For domestic Development	VT	82.00	84.00	87.00	3.57%
	<i>(Confirmation that a development has been built in accordance with the approved plans</i> For a Domestic proposal that requires a site visit	VT	161.00	165.00	170.00	3.03%
Research of Planning History	To confirm whether or not permitted development rights have been removed from a dwelling	VT	43.00	44.00	45.00	2.27%
	<i>(Copies of Decision Notices are charged extra)</i>			0.00	0.00	
Formal Complaint under High Hedges Legalisation		VT	458.00	469.00	483.00	2.99%

All other Statutory charges apply

VAT Indicator:

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DISCRETIONARY & STATUTORY FEES 2019/20

Monitoring Centre

Item	Description/Comments	VAT Indicator	Charge 2017/18 £	Charge 2018/19 £	Proposed Charge 2019/20 £	Increase / Decrease on 2018/19 %
Telecare/Lifeline						
Telecare Lifeline Installation (Within Kent)	One Off Payment per client	VT	30.00	30.00	35.00	16.67%
Telecare Lifeline Installation (Outside Kent)	One Off Payment per client	VT	60.00	60.00	65.00	8.33%
Telecare Lifeline Monitoring and Equipment Hire	Annual Fee per client	VT	156.69	161.00	166.00	3.11%
Telecare Monitoring Fee only (no longer available to clients) - for purchased equipment - Prior to 1/04/11	Annual	VT	27.29	28.00	32.00	14.29%
Supply of Second Pendant sensor	One off payment per client	VT	50.54	52.00	54.00	3.85%
Supply of Key safe - new style	One Off Payment per client	VT	74.31	76.00	78.00	2.63%
Supply of Key release Door Chain new style	One Off Payment per client	VT	59.64	61.00	63.00	3.28%
Telecare/Lifeline Equipment	Replacement of Equipment due to Damage/Non Return	VT	193.57	199.00	205.00	3.02%

DISCRETIONARY & STATUTORY FEES 2019/20

Monitoring Centre

Item	Description/Comments	VAT Indicator	Charge 2017/18 £	Charge 2018/19 £	Proposed Charge 2019/20 £	Increase / Decrease on 2018/19 %
Additional sensor installation	One Off Payment per client per visit for install of items	VT	30.00	31.00	35.00	12.90%
Additional sensor Installation (Outside Kent)	One Off Payment per client	VT	60.00	62.00	65.00	4.84%
Purchase of Safe Socket	One off payment per safe socket required	VT	21.49	22.00	23.00	4.55%
Purchase of BT Cable for Lifeline	One off payment per BT cable required	VT	11.49	12.00	13.00	8.33%
Purchase of Fall Detector	One off payment per fall detector	VT	99.99	103.00	106.00	2.91%
Purchase of Carbon Monoxide Detector	One off payment per Carbon Monoxide Detector	VT	114.99	118.00	121.00	2.54%
Purchase of Flood Detector	One off payment per Flood Detector	VT	99.99	103.00	106.00	2.91%
Purchase of Pendant Easy Press	One off payment per Pendant Easy Press	VT	15.49	16.00	17.00	6.25%
Purchase of Smoke Alarm Detector	One off payment per Smoke Alarm Detector	VT	99.99	103.00	106.00	2.91%
Purchase of Power Cable	One off payment per Power Cable	VT	30.99	32.00	33.00	3.13%

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DISCRETIONARY & STATUTORY FEES 2019/20

LEGAL & ELECTORAL SERVICES

Legal Fees						
Item	Description/Comments	VAT Indicator	Charge 2017/18 £	Charge 2018/19 £	Proposed Charge 2019/20 £	Increase / Decrease on 2018/19 %
S9 Agreements	(including caution/note on Register)	NB	303.00	311.00	320.00	2.89%
S9 Transfers	Plus Land Registry Fees	NB	303.00	311.00	320.00	2.89%
S106 agreements		NB	884.00	906.00	933.00	2.98%
Grazing Licences		NB	111.00	114.00	117.00	2.63%
Licences to Assign		NB	203.00	208.00	214.00	2.88%
Sales or Easements	Up to £2,500 in value	NB	290.00	297.00	306.00	3.03%
Sales or Easements	over £2,500 in value - Basic Fee of £300.00 plus 1% of sale price	NB	326.00	334.00	344.00	2.99%
Ellingham Leases		NB	315.00	323.00	333.00	3.10%
Ellingham lease renewals		NB	213.00	218.00	225.00	3.21%
Surrenders		NB	193.00	198.00	204.00	3.03%
Landlord consent etc		NB	102.00	105.00	108.00	2.86%
Transfer of Equity (mortgage)		NB	214.00	219.00	226.00	3.20%
Redemptions		NB	111.00	114.00	117.00	2.63%
Mortgagees Enquiries		NB	202.00	207.00	213.00	2.90%
Deed of Postponement		NB	92.00	94.00	97.00	3.19%
Release of expired Statutory Charge		NB	99.00	101.00	104.00	2.97%
Waiver (Improvement Grant)		NB	99.00	101.00	104.00	2.97%
Notice of Charge		NB	61.00	63.00	65.00	3.17%
Counterpart Lease		NB	61.00	63.00	65.00	3.17%
Engross Transfer/conveyance		NB	51.00	52.00	54.00	3.85%
Notice to Assign		NB	61.00	63.00	65.00	3.17%
Wayleaves		NB	178.00	182.00	187.00	2.75%

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

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

DISCRETIONARY & STATUTORY FEES 2019/20

LEGAL & ELECTORAL SERVICES

Legal Fees

Item	Description/Comments	VAT Indicator	Charge 2017/18 £	Charge 2018/19 £	Proposed Charge 2019/20 £	Increase / Decrease on 2018/19 %
Electoral Services						
Confirmation of Registration letters	Letters required due to the credit reference agencies not updating their information	VT	10.00	10.00	10.00	0.00%
Postal votes pack	Postal votes pack (Charge to Parish Councils for by-elections)	VT	1.30	1.30	1.30	0.00%
Poll Cards	Poll card (Charge to Parish Councils for by-elections)	VT	0.60	0.60	0.60	0.00%
	Statutory Charges (restricted availability for full register and overseas lists)					
Sales of full and edited register	Data £20 plus £1.50 per 1,000 entries or part of 1,000	NB	21.50	21.50	21.50	0.00%
Sales of full and edited register	Printed £10 plus £5 per 1,000 or part of 1,000	NB	15.00	15.00	15.00	0.00%
Overseas electors List	Data £20 plus £1.50 per 100 entries or part of 100	NB	21.50	21.50	21.50	0.00%
Overseas electors List	Printed £10 plus £1.50 per 100 or part of 100	NB	11.50	11.50	11.50	0.00%

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DISCRETIONARY & STATUTORY FEES 2019/20

Property Services

Item	Description/Comments	VAT Indicator	Charge 2017/18 £	Charge 2018/19 £	Proposed Charge 2019/20 £	Increase / Decrease on 2018/19 %
Licences - valuation	If external valuers are appointed, the charge will be the amount invoiced by the valuer.	EX	at cost recovery	at cost recovery	at cost recovery	n/a
Licences - inspection/administration	The cost of the site inspection has not previously been charged for. The fee may be £75 or £100 depending upon whether a new boundary fence needs to be erected.	VT	188.00	193.00	199.00	3.11%
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 £297 up to sales value of £2500, where sales value exceeds £2500 cost will be £334 + 1% of sales value. Reflects more appropriate charge.	VT	188.00	297.00	306.00	3.03%
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	127.00	130.00	134.00	3.08%
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	127.00	130.00	134.00	3.08%
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	188.00	193.00	199.00	3.11%
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	n/a	411.00	423.00	2.92%
AutoCAD plan production fee	Production of drawings for the purpose of ABC legal agreements	VT	n/a	103.00	106.00	2.91%
Wayleaves - inspection/administration	The cost of the site inspection has not previously been charged for.	VT	127.00	130.00	134.00	3.08%

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DISCRETIONARY & STATUTORY FEES 2019/20						
Other Charges						
Item	Description/Comments	VAT Indicator	Charge 2017/18 £	Charge 2018/19 £	Proposed Charge 2019/20 £	Increase / Decrease on 2018/19 %
Waste Collection						
Bulky Collection	Base Charge	NB	24.00	24.00	24.00	0.00
Garden Waste Bins	Wheelie Bin for Garden Waste - Previously agreed by Cabinet	NB	35.00	37.50	37.50	0.00
Garden Waste Bins (DD charge)	Wheelie Bin for Garden Waste	NB	35.00	35.00	35.00	0.00
Dog Warden Fees						
Stray Dogs	Statutory fee for dog not being on lead	NB	26.00	27.00	28.00	0.04
Dog Control Costs	Collection/delivery of dog	NB	40.00	41.00	42.00	0.02
Kennelling costs	Pe 24 hour period, day one due on admission	NB	10.00	10.00	10.00	0.00
Administration charge	Office Hours	NB	15.00	15.00	15.00	0.00
	Outside Office Hours	NB	30.00	31.00	32.00	0.03
Vetinary Treatment	As required	NB	Cost Recovery			
Allotment Rents						
Plot rent		EX	6.00	6.00	7.00	16.67%
Key Deposit		EX	25.00	25.00	25.00	0.00%
Concessionary rate rent	50% for 1st 5 perch, full price after	EX	3.00	3.00	3.50	16.67%
Chilmington Road Travellers Site						
Rent	Charge per week	NB	45.19	46.15	47.53	3.00%
Service Charge	Charge per week	NB	41.00	35.92	37.00	3.00%
Mobile Homes						
Annual monitoring fee	Charge per pitch	NB	30.00	5.40	5.40	0.00%
Check & Depositing Site Rules		NB	61.00	63.00	65.00	3.17%
Site Licence Application Fees	Band 1 - 1-10 pitches	NB	392.00	402.00	414.00	2.99%
	Band 2 - 11-50 pitches	NB	459.00	470.00	484.00	2.98%
	Band 3 - 51-99 pitches	NB	638.00	654.00	674.00	3.06%
	Band 4 - 100-199 pitches	NB	771.00	790.00	814.00	3.04%
	Band 5 - 200+ pitches	NB	954.00	978.00	1007.00	2.97%
Application to transfer a site licence	Band 1 - 1-10 pitches	NB	78.00	80.00	82.00	2.50%
	Band 2 - 11-50 pitches	NB	92.00	94.00	97.00	3.19%
	Band 3 - 51-99 pitches	NB	128.00	131.00	135.00	3.05%
	Band 4 - 100-199 pitches	NB	154.00	158.00	163.00	3.16%
	Band 5 - 200+ pitches	NB	191.00	196.00	202.00	3.06%

DISCRETIONARY & STATUTORY FEES 2019/20

Other Charges

Item	Description/Comments	VAT Indicator	Charge 2017/18 £	Charge 2018/19 £	Proposed Charge 2019/20 £	Increase / Decrease on 2018/19 %
Application to amend a site licence	Band 1 - 1-10 pitches	NB	131.00	134.00	138.00	2.99%
	Band 2 - 11-50 pitches	NB	153.00	157.00	162.00	3.18%
	Band 3 - 51-99 pitches	NB	213.00	218.00	225.00	3.21%
	Band 4 - 100-199 pitches	NB	257.00	263.00	271.00	3.04%
	Band 5 - 200+ pitches	NB	318.00	326.00	336.00	3.07%
Homelessness						
Copy of File		VT	14.00	10.00	10.00	0.00%
Private Sector Housing						
Charge for service of enforcement notices Housing Act 2004	Incorporating improvement notices, prohibition orders, emergency remedial action, emergency prohibition orders, demolition orders	NB	300.00 per notice	300.00 per notice	300.00 per notice	
Charge to carry out inspections in respect of a UK entry application		NB	84.00	86.00	120.00	39.53%
Making a prohibition notice (Housing Act 2004 sec 20 or 21)	Discretion regarding matters relating to over-crowding, but other issues which require a notice to be charged at £300	NB	303.00	311.00	320.00	2.89%
Charge for making an emergency prohibition order - Housing Act 2004		NB	202.00	207.00	213.00	2.90%
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	1,517.00	2,500.00	2,500.00	0.00%
	For subsequent offences the penalty will be £5,000 to deter continued non-compliance. No early payment discount would apply	NB	3,539.00	5,000.00	5,000.00	0.00%
House in Multiple Occupation Licence Fee	Five Year Licence - 1st property	NB	387.00	397.00	563.71	41.99%
	Five Year Licence - subsequent properties	NB	356.00	365.00		2.56%
ABC Lettings						
Management charge	Agreed with landlord	VT	10% -12.5%	10% -12.5%	10% -12.5%	0.00%
Landlords one-off set up fee		VT	250.00	250.00	250.00	0.00%
Repairs Service		VT	Cost +10%	Cost +10%	Cost +10%	

DISCRETIONARY & STATUTORY FEES 2019/20

Other Charges

Item	Description/Comments	VAT Indicator	Charge 2017/18 £	Charge 2018/19 £	Proposed Charge 2019/20 £	Increase / Decrease on 2018/19 %
Tourist Information Service						
Ticket Sales - Charitable Organisations	Per ticket VAT charged on commission	VT	10%	10%	10%	0.00%
Ticket Sales - Commercial	Per ticket VAT charged on commission	VT	10%	10%	10%	0.00%
Ticket Sales - Revelations St. Mary's	Per Ticket 10% charge of face value to customers	VT	10%	10%	10%	0.00%
West End Theatre Tokens	Per ticket VAT charged on commission	VT	5%	5%	5%	0.00%
Accommodation Booking Fees	Set fee paid by customer	VT	5.00	5.00	5.00	0.00%
Ticket Sales - Leas Cliff Hall	Per ticket (no commission paid by organisations)	VT	1.25	1.25	1.25	0.00%
Credit Card Payments	Charge per booking on Agency Sales	VT	1.50	1.50		0.00%
National Express	Commission reduced to 5% so booking fee introduced per ticket for values over £10 from 01/10/16		Oct 16 5% + £1 per ticket over £10	5% + £1 per ticket over £10	5% + £1 per ticket over £10	
Council Tax Collection						
Court costs	Summons costs	NB	61.00	60.00	60.00	0.00%
	Liability orders	NB	66.00	65.00	65.00	0.00%
Business Rates						
Court costs	Summons costs	NB	0.00	0.00	0.00	0.00%
	Liability orders	NB	182.00	180.00	180.00	0.00%
Land Charges						
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>					

Equality Impact Assessment

Lead officer:	Head of Finance
Decision maker:	Full Council
Decision: <ul style="list-style-type: none"> • Policy, project, service, contract • Review, change, new, stop 	The report contains the annual budget for 2019/20 which is supported by the five year corporate plan 2015-2020 (including the medium term financial plan) and individual service plans
Date of decision: 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)
Summary of the proposed decision: <ul style="list-style-type: none"> • Aims and objectives • Key actions • Expected outcomes • Who will be affected and how? • How many people will be affected? 	<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 business 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 2019/20 and associated recommendations.</p> <p>Approve the capital strategy, investment strategy treasury strategy, investment policy, fees and charges, and the Housing, long term empties policy and Council Tax Benefit E-Claim Risk Based Verification Policy for 2019/20.</p> <p>The budget affects the whole borough and its population.</p>
Information and research: <ul style="list-style-type: none"> • Outline the information and research that has informed the decision. • Include sources and key findings. 	<p>Quarterly Budget Monitoring reports for the current year 2018/19 –</p> <p>September/November/February Cabinet reports</p> <p>MTFP Cabinet report – October Cabinet</p> <p>Draft Budget report – December Cabinet</p> <p>Budget Scrutiny (O&S) task group – throughout December & January, each service and budget area scrutinised with further focus on key areas of risk.</p> <p>Public consultation January and early February</p> <p>JCC – staff consultation early February</p>

<p>Consultation:</p> <ul style="list-style-type: none"> • What specific consultation has occurred on this decision? • What were the results of the consultation? • Did the consultation analysis reveal any difference in views across the protected characteristics? • What conclusions can be drawn from the analysis on how the decision will affect people with different protected characteristics? 	<p>Budget Scrutiny (O&S) task group – throughout December & January, each service budget area scrutinised, a report from the task group is referenced within this report.</p> <p>JCC – staff consultation early February (still to occur)</p> <p>Public consultation January and early February – Borough wide consultation, communicated via website and appropriate media channels.</p>	
<p>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.</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>		
<p>Protected characteristic</p>	<p>Relevance to Decision High/Medium/Low/None</p>	<p>Impact of Decision Positive (Major/Minor) Negative (Major/Minor) Neutral</p>
<p><u>AGE</u> Elderly</p>	<p>Low/Medium</p>	<p>Positive – No contribution required through Council Tax support</p>
<p>Middle age</p>	<p>Low</p>	<p>Negative – Increased level of contribution through Council Tax Support Scheme.</p>

Appendix E

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

<p>Is the decision relevant to the aims of the equality duty? Guidance on the aims can be found in the EHRC's <i>Essential Guide</i>, alongside fuller <i>PSED Technical Guidance</i>.</p>	
Aim	Yes / No / N/A
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>Conclusion:</p> <ul style="list-style-type: none"> • Consider how due regard has been had to the equality duty, from start to finish. • There should be no unlawful discrimination arising from the decision (see guidance above). • 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. • How will monitoring of the policy, procedure or decision and its implementation be undertaken and reported? 	<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 baring minorities from accessing our services then perhaps we need to elevate this higher.</p>
<p>EIA completion date:</p>	<p>06/02/2019</p>

Budget Housing Revenue Account 2019/20

SUBJECTIVE ANALYSIS - 2019/20 BUDGET					
Housing Revenue Account					
	Supervision & Management	Income	Other	Repairs & Maintenance	Total
EXPENDITURE					
Employees	2,371,410	-	-	-	2,371,410
Premises	707,250	-	-	3,473,870	4,181,120
Supplies and Services	911,170	-	209,000	28,500	1,148,670
Transport	126,530	-	-	-	126,530
TOTAL EXPENDITURE	4,116,360	-	209,000	3,502,370	7,827,730
INCOME					
Grants	-	-	(2,999,850)	-	(2,999,850)
Fees & Charges	(84,520)	(24,843,280)	(2,000)	(24,000)	(24,953,800)
TOTAL INCOME	(84,520)	(24,843,280)	(3,001,850)	(24,000)	(27,953,650)
NET CONTROLLABLE EXPENDITURE	4,031,840	(24,843,280)	(2,792,850)	3,478,370	(20,125,920)
NON CONTROLLABLE ITEMS					
Support Services	1,839,780	-	878,500	-	2,718,280
Capital Charges	-	-	17,944,810	-	17,944,810
Recharges	(101,870)	-	-	-	(101,870)
Transfers to/from Reserves	-	-	-	-	-
TOTAL NON-CONTROLLABLE ITEMS	1,737,910	-	18,823,310	-	20,561,220
NET EXPENDITURE	5,769,750	(24,843,280)	16,030,460	3,478,370	435,300

Capital Programme 2018/19 - 2021/22						
	Current budget	Previous Exp	2018/19	2019/20	2020/21	2021/22
	£	£	£	£	£	£
Corporate Property and Projects						
Planned Maintenance funded from borrowing	2,000,000	0	500,000	500,000	500,000	500,000
Provisional for Economic Investment & Regeneration Board	8,000,000	0	2,000,000	2,000,000	2,000,000	2,000,000
Property Company Acquisitions - based on current business plan	72,007,000	6,007,000	13,500,000	27,500,000	15,000,000	10,000,000
Elwick Place leisure, retail and car park development	42,330,000	20,124,000	22,206,000	0	0	0
International House Works	650,000	297,080	50,000	100,000	150,000	52,920
Coachworks Phase 1	850,000	9,480	450,000	390,520	0	0
Coachworks Phase 2	1,000,000	0	0	0	1,000,000	0
Commercial Qrt - pedestrian link path and footbridge	75,000	0	0	75,000	0	0
Power supply seperation for Civic Centre	100,000	0	0	100,000	0	0
Solar PV (various sites)	8,500,000	0	0	90,000	4,030,000	4,380,000
Mecca preparation for redevelopment	1,300,000	0	200,000	1,100,000	0	0
Total - Corporate Property and Projects	136,812,000	26,437,560	38,906,000	31,855,520	22,680,000	16,932,920
Community & Housing						
Mandatory Disabled Facility Grants						
Expenditure	3,358,000	0	952,000	802,000	802,000	802,000
External Funding	(2,798,000)	0	(662,000)	(712,000)	(712,000)	(712,000)
	560,000	0	290,000	90,000	90,000	90,000
Conversion of 112 Beaver Road Homeless Shelter	500,000	0	0	500,000	0	0
Total - Community & Housing	3,858,000	0	952,000	1,302,000	802,000	802,000
Information Technology						
Digital Transformation	350,000	0	200,000	150,000	0	0
Total - Information Technology	350,000	0	200,000	150,000	0	0
Culture & the Environment						
Single Grants Gateway Fund	300,000	0	75,000	75,000	75,000	75,000
Stour Centre CHP, Roofing & PV Panels	2,060,000	1,377,610	50,000	300,000	332,390	0
Victoria Park Rejuvenation Project	4,418,000	0	0	140,200	960,000	3,317,800
Courtside Pitchside Replacement 3G & Lighting	306,000	0	0	0	306,000	0
Conningbrook Lakes Country Park development	3,100,000	0	0	100,000	1,500,000	1,500,000
Memorial Gardens Enhancement	150,000	0	150,000	0	0	0
Expenditure	150,000	0	150,000	0	0	0
External Funding	(6,965,000)	0	(150,000)	(140,200)	(1,857,000)	(4,817,800)
	3,369,000	1,377,610	125,000	475,000	1,316,390	75,000
Total Culture & the Environment	10,334,000	1,377,610	275,000	615,200	3,173,390	4,892,800
Health, Parking and Community Safety						
CCTV	480,000	29,000	451,000	0	0	0
Street Lighting replacement	1,000,000	7,960	992,040	0	0	0
Monitoring Centre Re-location	230,000	0	0	230,000	0	0
Multi Story Car park	9,500,000	0	0	1,500,000	7,500,000	500,000
Total Health, Parking and Community Safety	11,210,000	36,960	1,443,040	1,730,000	7,500,000	500,000
Planning and Development						
Junction 10a M20						
Expenditure	16,000,000	0	10,000,000	4,000,000	2,000,000	0
External Funding	(16,000,000)	0	(10,000,000)	(4,000,000)	(2,000,000)	0
	0	0	0	0	0	0
Total Planning and Development	16,000,000	0	10,000,000	4,000,000	2,000,000	0
General Fund Total	178,564,000	27,852,130	51,776,040	39,652,720	36,155,390	23,127,720
HRA Capital Works - as current business plan						
Programmed Works	20,453,000		5,221,000	4,657,000	5,430,000	5,145,000
Affordable Housing Programme	10,699,810	3,299,810	2,000,000	1,400,000	500,000	3,500,000
Danemore	7,800,000	3,557,650	4,047,350	195,000	0	0
Court Wurtin - Flats and stairwell	375,000		0	375,000	0	0
East Stour Court	6,378,090	15,000	150,000	2,777,970	2,854,360	580,760
Street Purchases	3,000,000		3,000,000	0	0	0
The Poplars	7,618,690	618,690	100,000	1,900,000	2,500,000	2,500,000
Halstow Way	5,667,810		100,000	1,839,790	1,890,380	1,837,640
Land Purchases for Affordable Homes	2,400,000		0	1,200,000	0	1,200,000
	64,392,400	7,491,150	14,618,350	14,344,760	13,174,740	14,763,400
Total HRA	64,392,400	7,491,150	14,618,350	14,344,760	13,174,740	14,763,400
Total Capital Spend	242,956,400	35,343,280	66,394,390	53,997,480	49,330,130	37,891,120

Appendix G

Capital Programme 2018/19 - 2021/22						
	Current budget £	Previous Exp £	2018/19 £	2019/20 £	2020/21 £	2021/22 £
CAPITAL SUMMARY						
Corporate Property and Projects	136,812,000	26,437,560	38,906,000	31,855,520	22,680,000	16,932,920
Community & Housing	3,858,000	0	952,000	1,302,000	802,000	802,000
Information Technology	350,000	0	200,000	150,000	0	0
Culture & the Environment	10,334,000	1,377,610	275,000	615,200	3,173,390	4,892,800
Health, Parking and Community Safety	11,210,000	36,960	1,443,040	1,730,000	7,500,000	500,000
Planning and Development	16,000,000	0	10,000,000	4,000,000	2,000,000	0
GENERAL FUND	178,564,000	27,852,130	51,776,040	39,652,720	36,155,390	23,127,720
HOUSING REVENUE ACCOUNT	64,392,400	7,491,150	14,618,350	14,344,760	13,174,740	14,763,400
TOTAL CAPITAL PROGRAMME	242,956,400	35,343,280	66,394,390	53,997,480	49,330,130	37,891,120

Funding Statement 2018/19 - 2021/22						
	Current budget £	Previous Exp £	2018/19 £	2019/20 £	2020/21 £	2021/22 £
Funding Source						
Capital Receipts - HRA	8,357,230	2,513,710	1,683,000	1,192,880	788,830	2,178,810
Capital Receipts - GF	860,000	0	365,000	165,000	165,000	165,000
Borrowing HRA	5,067,950		536,990	2,530,960	500,000	1,500,000
Borrowing GF	149,427,000	27,842,650	39,949,040	33,690,000	30,512,390	17,432,920
External grants & contributions HRA	8,761,500	1,374,000	2,890,000	1,469,410	2,191,840	836,250
External grants & contributions GF	25,763,000		10,812,000	4,852,200	4,569,000	5,529,800
Major Repairs Reserve HRA	20,452,570		5,221,370	4,657,070	5,429,380	5,144,750
Other Reserve HRA	21,753,150	3,603,440	4,286,990	4,494,440	4,264,690	5,103,590
Other Reserve GF	2,514,000	9,480	650,000	945,520	909,000	0
	242,956,400	35,343,280	66,394,390	53,997,480	49,330,130	37,891,120
External Grants						
Homes & Communities Agency (HCA)	7,821,500	1,374,000	1,950,000	1,469,410	2,191,840	836,250
Section 106	4,857,000	0	1,090,000	140,200	1,857,000	1,769,800
Heritage Lottery fund	3,048,000	0	0	0	0	3,048,000
Better Care Fund - Disabled Facility Grants	2,798,000	0	662,000	712,000	712,000	712,000
Communities and Local Government	16,000,000	0	10,000,000	4,000,000	2,000,000	0
	34,524,500	1,374,000	13,702,000	6,321,610	6,760,840	6,366,050

Capital Strategy Report 2019/20

Introduction

This report is the Council's capital strategy, this is a new requirement for 2019/20 under the revised CIPFA Prudential code 2018. This new requirements 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.

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 2019/20, the Council is planning capital expenditure of just under £54m as summarised below:

	2018/19 Revised £'000	2019/20 Estimate £'000	2020/21 Estimate £'000	2021/22 Estimate £'000
General Fund services	51,776	39,653	36,155	23,128
Council Housing (HRA)	14,618	14,345	13,175	14,763
Total Expenditure	66,394	53,997	49,330	37,891

The main General Fund capital projects include:

£27m loans to support the property company acquisitions.

An initial £1.5m for design and preliminary ground works for a new multi storey car park.

In preparation of the redevelopment of the recently purchased Mecca building, £1m has been earmarked for possible demolition costs.

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, and includes the building of 70 new homes over the forecast period.

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 and Council in February each year.

- Full details of the Council's capital programme were reported to Cabinet on the 14th February 2019 as part of the 2019/20 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

	2018/19 Revised £'000	2019/20 Estimate £'000	2020/21 Estimate £'000	2021/22 Estimate £'000
Capital Receipts	2,048	1,358	954	2,344
Reserves	10,158	10,097	10,603	10,248
Borrowing	40,486	36,221	31,012	18,933
External Grants	13,702	6,322	6,761	6,366
Total Financing	66,394	53,997	49,330	37,891

Debt 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] and use of capital receipts are as follows:

Table 3: Replacement of debt finance

	2018/19 Revised £'000	2019/20 Estimate £'000	2020/21 Estimate £'000	2021/22 Estimate £'000	2022/23 Estimate £'000
MRP	335	704	731	758	787
HRA Debt Repayment	1,000	5,000	2,000	7,000	2,000
HRA PFI Repayment	568	636	709	783	862
Total Repayment	1,903	6,340	3,440	8,541	3,649

- The Council's full minimum revenue provision was reported to Cabinet on the 14th February 2019 as part of the 2019/20 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 expected to £243,318 during 2019/20. 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

	31.03.18 Actual £'000	31.03.19 Revised £'000	31.03.20 Estimate £'000	31.03.21 Estimate £'000	31.03.22 Estimate £'000
General Fund	35,131	74,745	107,731	137,512	154,187
HRA	139,723	138,692	135,587	133,378	127,095
Total CFR	174,854	213,437	243,318	270,890	281,282

Asset management:

To ensure that capital assets continue to be of long-term use, the Council has an asset management strategy in place. The strategy recognises the critical role that real estate plays both in service delivery and in supporting the delivery of the Council's Corporate Plan 2015 to 2020 and seeks to align property management in the wider sense to the corporate vision, plan and policies.

- The strategy setting out the Council's high level strategic framework for managing its corporate property portfolio and can be read here:
<https://ashford.gov.uk/transparency/policies-and-strategies/policies/>

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. The Council is currently also permitted to spend capital receipts on service transformation projects until 2021/22, if certain criteria are met. 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 read here:
<https://www.ashford.gov.uk/media/2192/property-acquisition-investment-and-disposal-strategy.pdf>

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 31/12/2018) has £61m of short term borrowing at an average interest rate of 0.92% and long term borrowing of £115m which relates to the HRA buy out, this debt is largely fixed with an average rate of around 3%. The Council as at the 31/12/2018 also had £47m of investments which an average rate of 2.34%.

Borrowing strategy: The Council's current strategy (excluding HRA debt which is fixed) is to take short term borrowing to take advantage of the low interest rate environment. However, with rates slowly rising provision has been made in the 2019/20 budget to look at fixing a proportion of debt to balance the short term benefits of low interest rates (currently around 0.85%) with the surety of costs associated with foxed long term borrowing (currently around (2.0 to 3.0%).

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

Table 6: Prudential Indicator: Gross Debt and the Capital Financing Requirement

	31.03.18 Actual £'000	31.03.19 Revised £'000	31.03.20 Estimate £'000	31.03.21 Estimate £'000	31.03.22 Estimate £'000
Total Debt	(172,365)	(207,944)	(239,223)	(260,803)	(273,628)
Total CFR	174,854	213,437	243,318	270,890	281,282

Statutory guidance is that debt should remain below the capital financing requirement, except in the short-term. As can be seen from table 6, 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 7: Prudential Indicators: Authorised limit and operational boundary for external debt.

Authorised Limit for Borrowing	2018/19 Limit £'000	2019/20 Limit £'000	2020/21 Limit £'000	2021/22 Limit £'000
Borrowing	436,000	500,000	544,000	572,000
Other long-term liabilities	24,000	23,000	23,000	23,000
Total Debt	460,000	523,000	567,000	595,000

Operational Boundary for Borrowing	2018/19 Limit £'000	2019/20 Limit £'000	2020/21 Limit £'000	2021/22 Limit £'000
Borrowing	193,000	225,000	247,000	261,000
Other long-term liabilities	21,000	20,000	19,000	18,000
Total Debt	214,000	245,000	266,000	279,000

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 14th February 2019 as part of the 2019/20 budget report.

Governance: Decisions on treasury management investment and borrowing are made daily and are therefore delegated to the Director of Finance and the Economy 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 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 Director of Finance and Economy 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 partly for financial gain and lends to its subsidiary A Better Choice for Property Ltd for the same reason.

With financial return being an objective, 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 found here:
<https://www.ashford.gov.uk/media/2192/property-acquisition-investment-and-disposal-strategy.pdf>

Liabilities

In addition to debt of £172m detailed above, the Council is committed to making future payments to cover its pension fund deficit (valued at £1m) per annum although this will reduce over the long term.

Governance: Decisions on incurring new discretionary liabilities are taken the Director of Finance 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 9: Prudential Indicator: Proportion of financing costs to net revenue stream

	2017/18 actual	2018/19 forecast	2019/20 budget	2020/21 budget	2021/22 budget
Financing costs (£,000)	(1,090)	(1,761)	(740)	1,832	2,148
Proportion of net revenue stream	(6.73%)	(12.22%)	(4.86%)	11.82 %	13.66 %

Where the percentage is negative this indicates that the net financing costs a negative indicating that investment income is greater that the debt expenses.

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 and interest received on the Elwick Development falls out of financing costs figure, and moves into the general fund income. Debt costs 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. This strategy will be continually reviewed as per the treasury management strategy.

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 Director of Finance and Economy 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 Director of Finance and Economy 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 2019/20

Where the Authority finances capital expenditure by debt, it must put aside resources to repay that debt in later years. The amount charged to the revenue budget for the repayment of debt is known as Minimum Revenue Provision (MRP), although there has been no statutory minimum since 2008. The Local Government Act 2003 requires the Authority to have regard to the Department for Communities and Local Government's (CLG) Guidance on Minimum Revenue Provision most recently issued in 2018.

The broad aim of the CLG Guidance is to ensure that debt is repaid over a period that is either reasonably commensurate with that over which the capital expenditure provides benefits.

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

For unsupported capital expenditure incurred after 31st March 2008, MRP will be determined by charging the expenditure over the expected useful life of the relevant assets 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 (CLG Option 3), unless a bespoke MRP policy is more appropriate, bespoke MRP policies will be reported to Council accordingly.

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

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

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

MRP in respect of the £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 £114m as at 1st April 2019.

Capital expenditure incurred during 2019/20 will not be subject to a MRP charge until 2020/21.

Appendix I

Based on the Authority's latest estimate of its Capital Financing Requirement on 31st March 2019, the budget for MRP has been set as follows:

	31.03.2019 Estimated CFR £'000	2019/20 Estimated MRP £'000
Capital expenditure before 01.04.2008	0	0
Supported capital expenditure after 31.03.2008	0	0
Unsupported capital expenditure after 31.03.2008	55,238	704
Finance leases and Private Finance Initiative	0	0
Transferred debt	0	0
Loans to wholly owned companies	19,507	1,423
Total General Fund	74,745	2,127
Assets in the Housing Revenue Account	25,028	0
HRA subsidy reform payment	113,664	5,000
Total Housing Revenue Account	138,692	0
Total	213,437	7,127

Treasury Management Strategy Statement 2019/20

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 a different report, the Investment Strategy which was reported to Cabinet on the 14th February 2019 as part of the 2019/20 budget report.

External Context

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

- Economic Background
- Credit Outlook
- Interest Rate Forecast

Local Context

The Council (as at 31st December 2018) had £175.6m borrowing, of which £61m related to the General Fund and £114.6 to the Housing Revenues Account. The Council also had investments of £49.5m. 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

	31.3.18	31.3.19	31.3.20	31.3.21	31.3.22
	Actual	Estimate	Estimate	Estimate	Estimate
	£'000	£'000	£'000	£'000	£'000
General Fund CFR	35,131	74,745	107,731	137,512	154,187
HRA CFR	139,723	138,692	135,587	133,378	127,095
Total CFR	174,854	213,437	243,318	270,890	281,282
Less: Other debt liabilities *	(20,749)	(19,816)	(18,884)	(17,776)	(16,687)
Borrowing CFR	154,105	193,621	224,434	253,114	264,595
Less: External borrowing	(37,078)	(76,000)	(112,242)	(142,755)	(160,188)
Less: HRA External borrowing**	(113,664)	(111,195)	(107,164)	(99,164)	(95,664)
Internal borrowing	3,363	6,426	5,027	11,195	8,743
Less: Usable reserves	(42,789)	(42,288)	(40,381)	(40,381)	(40,381)
Less: Working capital	(3,898)	(3,898)	(3,898)	(3,898)	(3,898)
Investments	(43,324)	(39,760)	(39,252)	(33,084)	(35,536)

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

** £113.6m of this value per annum relates to the HRA stock acquisition.

The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while usable reserves and working capital are the underlying resources available for investment. The 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. However the 2019/20 interest payable budget does make provision for around £15m of borrowing to be placed over the longer term to get mitigate interest rate risk. The best approach will be considered 'as always' and placements made accordingly throughout 2019/20.

The Council has an increasing CFR due to the capital programme, which includes loans to A Better Choice for Property Ltd, Mecca, multi-story car park and the funding work undertaken by the Economic and Regeneration Board (the full capital plan was reported to Cabinet on the 14th February 2019 as part of the 2019/20 budget report). To cover off this capital investment, external borrowing of circa £160m for the general fund 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.

Usable reserves are forecast to fall slightly over the forecasted period, this is due to general fund and HRA reserves being used to part fund acquisitions.

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 in 2019/20, although forecasts show that for the 2019/20 and 2020/21 the Council will be slightly over borrowed.

Borrowing Strategy

The Council currently holds £114.6m of loans which represent the costs of the HRA Buyout and £61m of general fund loans which are being used to fund previous capital expenditure. The balance sheet forecast in table 1 shows Council expects to have borrowing of up to £187m by the end of 2019/20. The Council may also borrow additional sums to pre-fund future years' requirements, providing this does not exceed the authorised limit for borrowing of £460m.

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 using 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, however provision has been made in the 2019/20 interest payable budget to accommodate some long term borrowing should that be an advantageous strategy for the Council. 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 (which are forecast to continue to rise modestly) 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 2019/20 with a view to keeping future interest costs low, even if this causes additional cost in the short-term.

Alternatively, the Council may arrange forward starting loans during 2019/20, 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:

- Public Works Loan Board (PWLB) and any successor body
- any institution approved for investments (see below)
- any other bank or building society authorised to operate in the UK
- 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:

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

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

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

Short-term and Variable Rate loans: These loans leave the 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.

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.

Investment Strategy 2019/20

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 investment balance has ranged between £42m and £78m, levels are expected to slowly reduce over the coming years as reserves are used to support General Fund and HRA capital programmes. Further reductions could be incurred if internal borrowing is used to support capital acquisitions rather the external borrowing.

Objectives: The CIPFA Code requires the Council to invest its funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The 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.

Negative interest rates: If the UK enters into a recession in 2019/20, there is a small chance that the Bank of England could set its Bank Rate at or below zero, which is likely to feed through to negative interest rates on all low risk, short-term investment options. This situation already exists in many other European countries. In this event, security will be measured as receiving the contractually agreed amount at maturity, even though this may be less than the amount originally invested.

Strategy: Given the inherent risk and continued low returns from short-term unsecured bank investments, the Authority aims to continue diversification into more secure and higher yielding asset classes during 2019/20. Diversification will be through money market funds and further use of new equities, having originally introduced the existing funds to the portfolio in 2015/16. The Council will work closely with its treasury management advisors 'Arlingclose' to explore new investment opportunities which will complement the portfolio 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

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

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

This table must be read in conjunction with the notes below

Credit Rating: Investment limits are set by reference to the lowest published long-term credit rating from a selection of external rating agencies. 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.

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

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

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

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

Registered providers: Loans and bonds issued by, guaranteed by or secured on the assets of registered providers of social housing and 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.

Pooled Funds: shares or units in diversified investment vehicles consisting of the any of the above investment types, plus equity shares and property. These funds have the advantage of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a fee. Short-term Money Market Funds that offer same-day liquidity and very low or no volatility will be used as an alternative to instant access bank accounts, while pooled funds whose value changes with market prices and/or have a notice period will be used for longer investment periods.

Bond, equity and property funds offer enhanced returns over the longer term, but are more volatile in the short term. These allow the 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.

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. Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria then:

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

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

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

Investment Limits: The Council’s revenue reserves available to cover investment losses are forecast to be £19m on 31st March 2019. In order that no more than 53% of available reserves will be put at risk in the case of a single default, the maximum that will be lent to any one organisation (other than the UK Government) will be £10m. A group of banks under the same ownership will be treated as a single organisation for limit purposes. Limits will also be placed on fund managers, investments in brokers’ nominee accounts, foreign countries and industry sectors as below. Investments in pooled funds and multilateral development banks do not count against the limit for any single foreign country, since the risk is diversified over many countries.

Table 3: Investment Limits

	Cash limit
Any single organisation, except the UK Central Government	£10m 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	£100m 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, with receipts under-estimated and payments over-estimated to minimise the risk of the Authority being forced to borrow on unfavourable terms to meet its financial commitments. Limits on long-term investments are set by reference to the Council’s medium term financial plan and cash flow forecast.

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	6.0

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:

	2019/20	2020/21	2021/22
Limit on principal invested beyond year end	£15m	£15m	£15m

Other Items

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

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

The 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. The current value of any amount due from a derivative counterparty will count against the counterparty credit limit and the relevant foreign country limit.

Policy on Apportioning Interest to the HRA: On 1st April 2012, the 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.

Financial Implications

The general fund budget for net investment interest for 2019/20 is £1.44m, this represent debt expenses of £1.75m and interest of £3.05m of which £621,930 is interest from the Elwick Development. The remaining £2.42m is based on an investment portfolio of around £71.5m which is anticipated to provide an average return of 3.4%, this represents the change in strategy to now borrow for capital investments and place reserves in long term investments such as equities. The sum invested also includes loans to the Council's subsidiary, A Better Choice for Property Ltd in the region of £30m.

The budget for debt interest paid in 2019/20 is 1.75m, this is based on an average debt portfolio of £114m at an average interest rate of 1.53%.

In relation to the HRA, the Interest on investment income for 2019/20 is forecast at circa £30,670 which represents interest payable on their reserves. The budget for debt interest paid in the HRA for 2019/20 is forecast at £3.74m, based on an average long debt portfolio of £113.6m (HRA buyout) and internal borrowing charges from the GF with an overall average interest rate of 3.29%. 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 and 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.

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

Appendix A – Arlingclose Economic & Interest Rate Forecast December 2018**External Context**

Economic background: The UK's progress negotiating its exit from the European Union, together with its future trading arrangements, will continue to be a major influence on the Authority's treasury management strategy for 2019/20.

UK Consumer Price Inflation (CPI) for October was up 2.4% year/year, slightly below the consensus forecast and broadly in line with the Bank of England's November Inflation Report. The most recent labour market data for October 2018 showed the unemployment rate edged up slightly to 4.1% while the employment rate of 75.7% was the joint highest on record. The 3-month average annual growth rate for pay excluding bonuses was 3.3% as wages continue to rise steadily and provide some pull on general inflation. Adjusted for inflation, real wages grew by 1.0%, a level still likely to have little effect on consumer spending.

The rise in quarterly GDP growth to 0.6% in Q3 from 0.4% in the previous quarter was due to weather-related factors boosting overall household consumption and construction activity over the summer following the weather-related weakness in Q1. At 1.5%, annual GDP growth continues to remain below trend. Looking ahead, the BoE, in its November Inflation Report, expects GDP growth to average around 1.75% over the forecast horizon, providing the UK's exit from the EU is relatively smooth.

Following the Bank of England's decision to increase Bank Rate to 0.75% in August, no changes to monetary policy has been made since. However, the Bank expects that should the economy continue to evolve in line with its November forecast, further increases in Bank Rate will be required to return inflation to the 2% target. The Monetary Policy Committee continues to reiterate that any further increases will be at a gradual pace and limited in extent.

While US growth has slowed over 2018, the economy continues to perform robustly. The US Federal Reserve continued its tightening bias throughout 2018, pushing rates to the current 2%-2.25% in September. Markets continue to expect one more rate rise in December, but expectations are fading that the further hikes previously expected in 2019 will materialise as concerns over trade wars drag on economic activity.

Credit outlook: The big four UK banking groups have now divided their retail and investment banking divisions into separate legal entities under ringfencing legislation. Bank of Scotland, Barclays Bank UK, HSBC UK Bank, Lloyds Bank, National Westminster Bank, Royal Bank of Scotland and Ulster Bank are the ringfenced banks that now only conduct lower risk retail banking activities. Barclays Bank, HSBC Bank, Lloyds Bank Corporate Markets and NatWest Markets are the investment banks. Credit rating agencies have adjusted the ratings of some of these banks with the ringfenced banks generally being better rated than their non-ringfenced counterparts.

The Bank of England released its latest report on bank stress testing, illustrating that all entities included in the analysis were deemed to have passed the test once the

levels of capital and potential mitigating actions presumed to be taken by management were factored in. The BoE did not require any bank to raise additional capital.

European banks are considering their approach to Brexit, with some looking to create new UK subsidiaries to ensure they can continue trading here. The credit strength of these new banks remains unknown, although the chance of parental support is assumed to be very high if ever needed. The uncertainty caused by protracted negotiations between the UK and EU is weighing on the creditworthiness of both UK and European banks with substantial operations in both jurisdictions.

Interest rate forecast: Following the increase in Bank Rate to 0.75% in August 2018, the Authority's treasury management adviser Arlingclose is forecasting two more 0.25% hikes during 2019 to take official UK interest rates to 1.25%. The Bank of England's MPC has maintained expectations for slow and steady rate rises over the forecast horizon. The MPC continues to have a bias towards tighter monetary policy but is reluctant to push interest rate expectations too strongly. Arlingclose believes that MPC members consider both that ultra-low interest rates result in other economic problems, and that higher Bank Rate will be a more effective policy weapon should downside Brexit risks crystallise when rate cuts will be required.

The UK economic environment remains relatively soft, despite seemingly strong labour market data. Arlingclose's view is that the economy still faces a challenging outlook as it exits the European Union and Eurozone growth softens. While assumptions are that a Brexit deal is struck and some agreement reached on transition and future trading arrangements before the UK leaves the EU, the possibility of a "no deal" Brexit still hangs over economic activity (at the time of writing this commentary in mid-December). As such, the risks to the interest rate forecast are considered firmly to the downside.

Gilt yields and hence long-term borrowing rates have remained at low levels but some upward movement from current levels is expected based on Arlingclose's interest rate projections, due to the strength of the US economy and the ECB's forward guidance on higher rates. 10-year and 20-year gilt yields are forecast to remain around 1.7% and 2.2% respectively over the interest rate forecast horizon, however volatility arising from both economic and political events are likely to continue to offer borrowing opportunities.

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

Appendix B – Existing Investment & Debt Portfolio Position as at 31/12/2018

Counter Party	Deal Date	Rate %	Amount £	Fair Value £	Comment
Investment Accounts					
Goldman Sachs	Various	0.61%	50,000	51,295	**
ICD Portal - BNP Paribas	Various	0.67%	10,000,000	10,000,000	*
ICD Portal - Black Rock	Various	0.65%	2,783,000	2,783,000	*
ICD Portal - HSBC	Various	0.60%	0	0	
ICD Portal - Invesco	Various	0.63%	9,650,000	9,650,000	
Payden Global MMF	Various	0.73%	3,000,000	2,988,937	**
Total Investment Accounts			25,483,000	25,473,232	
Long Term Investments					
Local Authority Investments					
Blaenau Gwent	21/10/2014	2.00%	3,000,000	3,000,000	Matures 21/10/2019
Property Investment					
CCLA Local Authority Property Fund	Various	4.52%	10,000,000	11,269,109	
A Better Choice of Property Ltd.***	Various	3.69%	175,000	517,016	Value as at 31/03/2018
Equity Funds**					
City Financial Multi Asset Diversified Fund	27/08/2015	3.57%	997,687	918,024	**
UBS Multi Asset Income Fund	26/08/2015	2.03%	2,993,552	2,889,223	**
M&G Global Dividend Fund	27/08/2015	2.75%	997,914	1,461,902	**
Schroder Income Maximiser	03/11/2015	7.28%	992,152	1,043,643	**
CCLA Diversified Income Fund	Various	3.07%	3,000,000	2,942,067	**
Total Long Term Investments			22,156,305	24,040,984	
Total Investment Portfolio			47,639,305	49,514,216	

* 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 2018

Counter Party	Deal Date	Rate %	Amount £	Fair Value	Comment
Temporary Borrowing					
Greater Manchester Pension Fund	11/06/2018	0.80%	15,000,000		Maturity 21/05/2019
Somerset Pension Fund	06/09/2018	0.97%	8,000,000		Maturity 05/04/2019
Greater London Authority	28/09/2018	1.02%	25,000,000		Maturity 05/04/2019
Durham County Council	31/07/2018	0.92%	8,000,000		Maturity 30/04/2019
London Borough of Newham Council	21/05/2018	0.90%	5,000,000		Maturity 23/04/2019
Total Temporary Borrowing			61,000,000		
Long Term Borrowing					
Public Works Loan Board***	various	various	114,664,150		Maturity Date - various
Total Long Term Borrowing			114,664,150		
Grand Total Borrowing			175,664,150		

*** HRA borrowing

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 31st December 2018 was £18.626m.

Breakdown of HRA Debt Portfolio as at 31/12/2018

Loan Amount £'000	Start Date	Interest Type	Interest Rate %	Repayment Type	Redemption Date
7,000	28/03/2012	Variable	0.6200	Maturity	27/03/2022
1,000	28/03/2012	Fixed	1.7600	Maturity	27/03/2019
5,000	28/03/2012	Fixed	1.9900	Maturity	27/03/2020
2,000	28/03/2012	Fixed	2.2100	Maturity	27/03/2021
2,000	28/03/2012	Fixed	2.4000	Maturity	27/03/2022
2,000	28/03/2012	Fixed	2.5600	Maturity	27/03/2023
3,000	28/03/2012	Fixed	2.7000	Maturity	27/03/2024
3,000	28/03/2012	Fixed	2.8200	Maturity	27/03/2025
1,000	28/03/2012	Fixed	2.9200	Maturity	27/03/2026
1,000	28/03/2012	Fixed	3.0100	Maturity	27/03/2027
2,000	28/03/2012	Fixed	3.0800	Maturity	27/03/2028
2,000	28/03/2012	Fixed	3.1500	Maturity	27/03/2029
2,000	28/03/2012	Fixed	3.2100	Maturity	27/03/2030
8,000	28/03/2012	Fixed	3.2600	Maturity	27/03/2031
9,000	28/03/2012	Fixed	3.3000	Maturity	27/03/2032
10,000	28/03/2012	Fixed	3.3400	Maturity	27/03/2033
11,000	28/03/2012	Fixed	3.3700	Maturity	27/03/2034
12,000	28/03/2012	Fixed	3.4000	Maturity	27/03/2035
9,000	28/03/2012	Fixed	3.4200	Maturity	27/03/2036
16,713	28/03/2012	Fixed	3.4400	Maturity	27/03/2037
5,951	29/03/2011	Fixed	5.2600	Maturity	26/03/2061
114,664					

Investment Strategy Report 2019/20

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 is a new report for 2019/20, meeting the requirements of statutory guidance issued by the government (*2018 MHCLG Investment Guidance*) 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 fluctuate between £25m and £50m during the 2019/20 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 2019/20 for treasury management investments are covered in a separate document, the treasury management strategy which was reported to Cabinet on the 14 February 2019 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 A Better Choice for Property Ltd. which is delivering a high quality private landlord function 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, such as the Elwick development and K-College funding, 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 in £'000

Category of Borrower	Net figure in accounts	Approved Limit
Subsidiaries	5,935	100,000
Parish Councils	45	200
Suppliers	0	10,000
Local businesses	0	1,000
Employees	0	100
TOTAL	5,935	111,200

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 from 2018/19 onwards will be 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 £100m approved limit recommended at Table 1 represents the current value approved by Council. However, for the money to be drawn down detailed business cases are

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 secured against the ability of the Parish Council to raise precepts to repay borrowed amounts.

Suppliers/Local Businesses/Employees: the Council as at 31/03/2018 did not have any significant loans made to these groups, however it is felt prudent to make a provisional limit available under this strategy should the arise materialise in 2019/20.

As with the other groups above, any decision to lend within the limits stipulated within Table 1 would require further approval at an appropriate level, with supporting evidence to support any decision 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:-

Table 2: Shares held for service purposes in £'000

Category of company	31.3.2018 actual			2019/20
	Amounts invested	Gains or losses	Value in accounts	Approved Limit
Subsidiaries	175	313	488	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 function in the local area with a view to changing the offerings available to private tenants, such as longer tenancy terms.

As the sole shareholder of the Property Company the council would have to consider any risk to share values in the wider context and 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 defined as 'long term' they would still be regularly reviewed 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 has transformed empty space into a vibrant facility containing a Cinema, eateries and hotel. This site will generate rental income from the investment in addition to generating additional business rates to the council.

Another recent example would 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.

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.

The table below shows the material investment that are held by the Council and valuation information.

Table 3: Property held for investment purposes in £'000

Property	Actual	31.3.2018 actual		31.3.2019 expected	
	Purchase cost	Gains or (losses)	Value in accounts	Gains or (losses)	Value in accounts
Ellingham Industrial estate units	2,780*	1,428	4,208	0	4,208
Park Mall (retail units) purchase	4,404	4,171	8,575	0	8,575
International House (Offices)	7,731	5,604	13,335	0	13,335
Carlton Road light industrial units Acquired in 2018/19	6,823	0	0	0	6,823
Elwick completed in 2018/19 – Restaurants, Cinema, Hotel	19,299 (as at 31/03/2018)	0	19,299	22,305 (Additional Spend)	41,604
TOTAL	41,037	11,203	45,417	0	74,545

* 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 has stayed relatively flat during 2018/19 due to economic uncertainty, therefore valuation for 31 March 2019 are not expected to materially change from the 31 March 2018 valuation.

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.

A fair value assessment of the Authority's investment property portfolio has been made within the past twelve months, and the underlying assets provide security for capital investment. Should the 2018/19 year end accounts preparation and audit process value these properties below their purchase cost, then an updated investment strategy will be presented to full council detailing the impact of the loss on the security of investments and any revenue consequences arising therefrom.

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 within. 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 how 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.

This report currently reflects that the asset values are above acquisition costs and therefore the asset values are greater than the level of debt. 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.

Loan Commitments

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

The Authority has contractually committed to make up to £100m 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 contracted 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 in £'000

Total investment exposure	31.03.2018 Actual	31.03.2019 Forecast	31.03.2020 Forecast
Treasury management investments	38,900	25,000	30,000
Service investments: Loans	5,935	19,500	47,000
Service investments: Shares	488	488	488
Commercial investments: Property	45,417	74,545	77,000
TOTAL INVESTMENTS	90,740	119,533	154,488
Commitments to lend	38,565	80,500	53,000
TOTAL EXPOSURE	129,305	200,033	207,488

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 in £'000

Investments funded by borrowing	31.03.2018 Actual	31.03.2019 Forecast	31.03.2020 Forecast
Service investments: Loans	5,935	19,500	47,000
Commercial investments: Property	30,065	57,000	65,000
TOTAL FUNDED BY BORROWING	36,000	76,000	112,000

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)

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

The table above does not include the Elwick Development due to the timing of completion and the complexities of the funding agreement which could distort the figures at present. Once the final contributions are calculated for the scheme then it will be incorporated into the above Ratio.

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



ASHFORD
BOROUGH COUNCIL

1. Introduction

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

The emphasis of this procedure is to operate a strict regime of preventing fraud and error entering the system whilst continuing with live caseload intervention and will take effect from 1st April 2019. Risk Based Verification will also be used for E- Claim Verification of claims for Council Tax Support.

2. Background

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

Housing Benefit Regulation 86 states

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

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

(1A) No person whose entitlement to any benefit depends on his making a claim shall be entitled to the benefit unless subsection (1B) below is satisfied in relation both to the person making the claim and to any other person in respect of whom he is claiming benefit.

(1B) this subsection is satisfied in relation to a person if–

- (a) The claim is accompanied by–*
 - (i) a statement of the person's national insurance number and information or evidence establishing that that number has been allocated to the person; or*
 - (ii) information or evidence enabling the national insurance number that has been allocated to the person to be ascertained; or*
- (b) the person makes an application for a national insurance number to be allocated to him which is accompanied by information or evidence enabling such a number to be so allocated.*

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

3. Risk Based Verification

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

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

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

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

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

Low Risk 65-55%

The only checks to be made on cases classed as low risk are proof of identity, production of a National Insurance Number and if they are a student formal confirmation. As per DWP Circular A34/2004 checks performed by DWP can be accepted as sufficient by Local Authorities for the purpose of awarding HB/CTS. A CIS check should be carried out and evidenced, a dated notebook will suffice.

Medium Risk 25-20%

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

High Risk 20-15%

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

4. Recording and Monitoring

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

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

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

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

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

5. Audit

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

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

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

Fraud Manager

Revenue and Benefits Manager

Audit Manager

Section 151 Officer

Dated

Appendix 1

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

COUNCIL TAX LONG-TERM EMPTY HOME PREMIUM

SUMMARY

The Council currently charges a 50% council tax premium on properties that have been empty for more than two years. New regulations have been introduced that allow Councils to increase the percentage of council tax premium that is charged from 1 April 2019, 1 April 2020 and 1 April 2021. It is recommended that these changes are introduced.

Cabinet is asked to agree the recommendation set out below to ensure that empty homes are encouraged to be occupied and income to the council is maximised.

RECOMMENDATION

Cabinet is asked:

- To recommend to Council to adopt the new Council Tax empty home premiums from the 2019/20 financial year onwards.

BACKGROUND

From 1 April 2013 a long term empty home premium of 50% has been applied to council tax accounts that have been empty for more than two years. The definition of empty for council tax purposes is unoccupied and substantially unfurnished.

This provision was introduced by government as a tool to assist local authorities in the drive to bring empty properties back into use.

On 1 November 2018 the Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018 was introduced, which allows Councils to apply a higher percentage of premium for long term empty dwellings with effect from 1 April 2019.

This premium cannot apply to homes that are empty due to the occupant living in armed forces accommodation for job-related purposes or to annexes being used as part of a main property. The Council can also choose not to charge a premium for properties that are being actively marketed for rent or sale – however this is not a requirement in the legislation and such cases will be considered on a case-by-case basis.

This new legislation increases the premium's maximum level to 100% from 1st April 2019, to 200% from 1st April 2020 and to 300% from 1st April 2021, in each case depending upon the amount of time the property is empty.

AMENDMENTS

Amendments will allow Councils to introduce an increase in the existing premium and two further phases of premium as detailed here:

From 1 April 2019	100% premium for properties empty 2 years +
From 1 April 2020	100% premium for properties empty 2 – 5 years 200% premium for properties empty 5 years +
From 1 April 2021	100% premium for properties empty 2 – 5 years 200% premium for properties empty 5 – 10 years 300% premium for properties empty 10 years +

The amendments have effect for financial years beginning on or after 1 April 2019 and it does not matter if the start date of the property being empty is before this comes into force.

It is expected that this increase in the premium will allow Councils to strengthen the incentive for owners of empty homes to bring them back into use.

No public consultation is required to introduce this change. Information about the change will be made available on the Council's website.

Liable parties will be able to appeal via standard Council Tax appeal routes if they disagree with the granting of a premium on an account based upon facts of an individual case, for example, they state that the property is not empty. The principle of a premium will not be open to appeal.

FINANCIAL IMPLICATIONS

The estimated financial impact of increasing the premium from 1st April 2019 is shown below (these are based on existing properties that are currently receiving the empty premium, so these figures are only a guide as the number of properties will change over time):

Long term empty (empty 2 years+)

Number of accounts	86
50% premium charge value	£63,569
ABC benefit	£6,350

if premium increased from 1 April 2019:

100% premium charge value	£127,138
ABC benefit	£12,700
ABC additional benefit	£6,350

PROCESS

A Council resolution is required to introduce the amendments.

2019/20 Budget Report Budget Robustness

A Commentary on Risks Associated with Components of the Budget

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

Budget Component	Financial standing and management
<p>1. Pressure on the 2018/19 Budget and impact going forward.</p>	<p>Homelessness – This has been a pressure in the past few years. Changes in legislation and the expansion of the homeless prevention team are working to reduce the pressure in this area by through preventative measures which should ease the pressure on temporary accommodation costs. Early indications show that this approach is effective and costs at Q2 budget monitoring showed no new pressures. Where homelessness cannot be prevented then initiatives such as Christchurch House will support the existing budget.</p> <p>In addition to the above a further £100,000 was added to the 2019/20 budget to further develop incentive schemes.</p> <p>Planning / Planning Reserve – There has been unprecedented recruitment issues (circa 30% vacancy rate) within the planning service which have led to increased costs through the need to engage consultants to meet the operational needs of the Service. To support the service in 2019/20 and beyond additional funding has been added to the budget to support re-engineering of the services. This additional funding will be coupled with a new structure within the service which will support the above investment.</p> <p>The planning reserve is anticipated to be fully utilised in 2018/19 and pressures arising in 2019/20 will be funded from the general reserve. However, the planning reserve is subject to these cyclical movements as planning appeals are fought (in the absence of a local plan) and the Local Plan is currently being approved by the planning inspectorate. With this stronger position it is anticipated that the planning appeal costs of recent years will now dissipate for a period.</p> <p>Although a Local Plan is about to be in place it relies upon developers utilising the identified land supply to deliver development in the borough, prevent further speculative applications on unidentified sites.</p> <p>Corporate Property – Pressures have arisen in this area through a need to employ new Officers to strengthen the Council's contract management arrangements. Tough economic conditions have also meant the previously anticipated rent increases have not been deliverable.</p>

Budget Component	Financial standing and management
	<p>For 2019/20 the new services structure has been fully built into the budget so this will not be a recurring issue. Rents have been revised to agreed levels and will therefore be received in accordance with forecast for 2019/20.</p> <p>Legal Services – legal services have had pressures arising from the need for temporary staffing in 2019/20 and a reduction in chargeable time to external clients. It is anticipated that a new legal structure and recruitment drive in 2019/20 will reduce the budgetary risk from having to engage consultants.</p>

Budget Component	Financial standing and management
2. Commercialisation	<p>2019/20 will see a number of large commercial projects coming to fruition such as Elwick, and the Carlton Road industrial units. Budgets have been built into the budget to reflect anticipated income streams, however, the first years of large schemes can be hard to accurately forecast while units are let and the site becomes established.</p> <p>Should the performance of the new assets not perform as forecast then the Council can utilise the New Initiative Reserve to support the budget or the Economic Risk Reserve which was set up last year.</p> <p>The Council has a contingent liability for 2 floors of CQ38 which will be triggered if the developer is unable to let the space, Officers are working closely with the Developer to ensure that this risk is mitigated.</p>
3. Demand-led service pressures	<p>For several services the council is less able to control demand during times of economic pressure on households. In this category are services such as: homelessness, the payment of housing benefit and council tax support payments, and servicing general customer enquiries.</p> <p>During 2018/19 the Borough transferred to the Full Universal Credit service that will see all New claims to be made under the new benefit and not the legacy benefit of Housing Benefit. The levels of claimants on UC is currently under 1,000 but as this number increases services will need to adapt to the changing demand of these customers, for example managing the impact on rent collection levels, Council Tax Collection and Council Tax Support Claims.</p> <p>The housing market poses a number of risks to this authority, with rising house prices rents are escalating and this will create a pressure on welfare and housing services.</p> <p>Management Team receives budget & performance monitoring, and has some flexibility to manage demand through transferring resources from other services, and the prudent use of reserves (subject to limits).</p> <p>There is a recognition that priority project workload will demand more resource if it is all to be managed according to the council's corporate plans, and some project work is of course influenced by government (for example, the welfare reform responses).</p> <p>The council has adequate reserves, including new homes bonus receipts to help with such pressures.</p>
4. New service developments	<p>Digitalisation is a key priority for the organisation to ensure systems work effectively and efficiently to deliver excellent services for our external stakeholders. The digitalisation programme will also target internal systems to ensure efficiencies through digitalisation can be maximised to create staffing capacity to manage business growth within existing resources.</p>

Budget Component	Financial standing and management
	<p>Reserve funding of £150,000 has been earmarked to support the digital agenda roll-out.</p> <p>The Elwick development opened in December 2018 and the budget has made an allowance for the additional costs and income from the scheme.</p> <p>Members have expressed concern over the resourcing of the planning department to cover workloads and the costs of planning appeals.</p>
<p>5. Assumptions about increases in service income.</p>	<p>The budget proposes that service income are is increased by an average of 3.0%, for legislative reasons or demand some charges will be lower of higher than this.</p> <p>The proposed service charges are presented in detail as part of the budget report. Any amendments to the proposals may involve a slight risk to the budget.</p> <p>The Council's strategy to manage its budget is dependent on the development of service income streams from property and as the portfolio increases this becomes a more significant risk to the council. The budget has been built to reflect the vacancy levels at International house and the other commercial property that the Council operates. If tenants are found we would expect there to be an increase in income.</p> <p>Experience of downturns suggests that many of the council's rental streams hold up well in times of recession there are some areas that may be more vulnerable (Shop and Office units).</p>
<p>6. Housing Revenue Account</p>	<p>The Housing Revenue Account continues to see rents reduce by 1% this year following government policy and will have to manage this pressure within the HRA as it is a ring-fenced fund.</p> <p>The HRA debt cap has now been removed and the ability to build affordable housing without the restrictions of the debt cap. The business plan is currently being reviewed to reflect new opportunities.</p> <p>Regular updating of the HRA business plan and financial monitoring will occur during 2019/20.</p>
<p>7. Estimates of the level and timing of capital receipts.</p>	<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 increased over the last couple of years due to the invigorated 'Right to Buy' policy.</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>Following the recent government announcements (reduction in rents of 1%) the estimated retained reserves within the HRA, to match-fund the affordable housing works have been significantly reduced.</p>

Budget Component	Financial standing and management
	The receipts and capital plans are being closely monitored and ensure these receipts are used to avoid repayment which would attract interest of 4% above base. (See Part 3 HRA)
8. Major Capital Projects	<p>The Council agreed the Corporate Plan at the October 2015 Cabinet meeting and work is in progress to prepare proposals for the detailed Corporate Delivery Plan.</p> <p>This plan will carefully consider the delivery of the project and the funding overall and will be monitored by the Strategic Delivery Board.</p>
9. Business Rates	<p>Advice on the risk to the council's business rates yield has been included in the report. However a major risk to the budget is the level of appeals against new valuations that are likely to affect the overall level of rateable value within the borough.</p> <p>The level of income from business rates is affected by the overall performance of the economy. Business rates are monitored regularly and any downturn will be flagged in the monitoring.</p> <p>The nature of the system for accounting for business rates means that the general fund is guaranteed to get the level of income forecast in the budget, however in the event of a decrease or increase in income it will not be distributed to the general fund and preceptors until the following year. Therefore the budget is insulated from business rates risk for the current year.</p> <p>In 2018/19 the Council was part of the 100% business rates retention pilot and bid to be a pilot under the 75% retention scheme for 2019/20. Unfortunately the Kent Pool was not selected for the 75% pilot and has reverted back to the 50% national scheme. No additional income was built into the draft budget in anticipation of being in the 75% Pilot and although disappointing, this has no impact on the 2019/20 budget presented in this report.</p>
10. Welfare Reform	The government's welfare reform agenda has been reported to cabinet and the council has established a welfare reform task group to monitor and manage the risks of this agenda. The reforms have very few direct impacts on the council however they have the potential of affecting the level of demand for council services and have an impact on the council's ability to collect taxes and rents due.
11. Inflation, Interest Rates and Pay Award	<p>Inflation is a factor that needs to be managed carefully within any financial planning regime. The council benefitted from the low levels of inflation over the last few years, however, nearing the end of 2017/18 inflation started to rise and has continued to do so and MTFP reflects a higher inflation level for 2019/20 which falls back to the 2% target by 2020/21.</p> <p>Interest rates have been forecast in line with the Arlingclose (Treasury Management Advisors) forecasts. As a net investor the General Fund is more affected by its ability to generate returns on its cash balances rather than borrowing cheaply. Savings have</p>

Budget Component	Financial standing and management
	<p>been made in recent years by not borrowing to fund projects and using cash balances, however as interest rates rise the council will want to lock into low long term rates.</p> <p>Pay – during 2018/19 a two year pay settlement was approved for 2018/19 and 2019/20 of 1.5% or £400 whichever was the higher for the individual employee, however increments are also due for new employers and these have been allowed for in the budget.</p>
12. Brexit	<p>This area gives rise to a number of separate risks, such as the Economy, Transport, Labour, and the transition period. The Audit Committee is reviewed a separate risk register at its December meeting.</p> <p>The Council's management team is also continuing to meet to identify risks and develop contingencies in relation to a number of brexit scenarios which could impact upon the borough.</p> <p>The Council is also applying for central government funding to help support costs associated with mitigating possible impacts resulting to the above.</p>