

**Agenda Item No:** 7  
**Report To:** CABINET  
**Date of Meeting:** 27 February 2020  
**Report Title:** Budget 2020/21  
**Report Author & Job Title:** Maria Stevens – Head of Finance  
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**Portfolio Holder** Cllr. Bell  
**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 2020-2025; this informed the draft budget that was presented to Cabinet the same meeting, the draft budget was then put forward to the Overview and Scrutiny Budget Task Group for review, and put out to public consultation.

This paper provides updates from the draft budget presented in November, including provisional funding announcements and presents the final budget for 2020/21 for consideration by Cabinet. Cabinet's recommendations will then be presented to full Council.

This budget has been built with a lack of certainty over long term Government Funding as the Governments fair funding and spending review has been deferred to 2020/21, resulting in a one year settlement only. There is also some economic risk as the UK leaves the European Union and enters the transitional stage of the arrangement.

This budget has been built to support the current activities of the Council and represents the final year of the 2015-2020 Corporate Plan.

The report covers the Housing Revenue Account, which includes an increase in rents of CPI + 1% in line with government guidance. The budget report also reflects the business plan which was presented to Cabinet in October. A number of strategies and framework documents are also included for consideration.

This budget proposes a £5.00 (3.08%) rise in the Borough's annual council tax, with a Band D (the standard council tax band) charge moving to £167.50 for the year. Ashford will continue to have the lowest council tax for Kent District Councils.

**Key Decision:** YES

**Significantly Affected Wards:** All

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

**Part 1**

- I. Note the budget context

**Part 2**

- II. Recommend the Revenue Budget 2020/21 including the net budget requirement of **£17,129,560 (excluding parish precepts)**.
- III. Recommend the level of Discretionary Fees to be levied from 1st April 2020 (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. Recommend that all profit from garage sales to the general fund be earmarked to enable investment and renovation of existing let sites.
- VI. Note the summary of reserves **Table 6** and **Appendix C**
- VII. Note the Equality Impact Assessment in **Appendix E**
- VIII. Recommend the Band D council tax at **£167.50**.

**Part 3**

- IX. Resolve that the Housing Revenue Account budget for 2020/21 be approved.
- X. Resolve the estimated average rent increase of CPI + 1% (2.7%), in accordance with government guidelines, and that rent setting for the future continues to follow government guidelines.

**Part 4**

- XI. Capital Plan 2019/20 to 2022/23 in **Appendix G** is approved.

**Part 5**

- XII. Recommend to Council that the 2020/21 Capital Strategy be approved **Appendix H**
- XIII. 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**

- XIV. Approve the Risk Based Verification policy as outlined in **Appendix L**
- XV. Approve the ABC Exceptional Circumstances Policy as outlined in **Appendix M**

#### **Part 7**

- XVI. 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 £167.50 for a Band D property.
- Staff cost of living increase of 2%.
- Housing rents to increase by CPI+1% as per Government policy.
- Revised service fees and charges be agreed

#### **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 light of the risks and opportunities associated with the government's financial reforms, which Management Team should monitor and establish recommendations for handling future budget gaps.

#### **Exempt from Publication:**

**NO**

#### **Background Papers:**

- Medium Term Financial Plan
- Draft Budget 2020/21

Both presented to Cabinet on the 28 November 2019

- Housing Current Delivery, Finance and Onward Strategy  
– Cabinet 10 October 2019

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## Agenda Item No.7

### Report Title: Budget 2020/21

#### Introduction and Background

2. This report presents the final 2020/21 budget for approval and recommendation to full Council. The draft budget was approved by Cabinet in November.
3. This budget has been built with regard to Sections 3 and 4 of CIPFA's new Financial Management Code which has been introduced to demonstrate good financial management within the public sector. The full code which contains 7 crosscutting sections will be fully embedded throughout 2020/21 in accordance with the code.
4. 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; and the investment strategy.
5. It follows on from the corporate plan 2015-2020 priorities 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 which commenced in December.
6. Full details of the revenue budget, HRA budget and capital programme will be contained in the 'Budget Book 2020/21' which will be published once the budget has been approved by Full Council.
7. 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 Exceptional Circumstances Policies
Part Seven	-	Robustness of the Estimates and Adequacy of Reserves

#### Consultation

8. A summary of the budget proposals were available for consultation from the end of December 2019 to the beginning of February 2020. The consultation was promoted through the Council's online media platforms and posted on the council's website for general access.
9. Consultation with the public and the business community has taken place and the results will be reported to this meeting. One of the responses received was from the Kent Invicta Chamber of Commerce who unanimously supported the document and congratulated Ashford for its position in the comparative levels Council Tax for 2020/21.

## Portfolio Holder's Views

10. This budget has been set against a backdrop of economic and funding uncertainty as we enter the transitional period having left the EU, and as Government review key funding streams for the Council. I would like to thank the work done by the Accountancy Team, Budget Managers, and members of the Overview and Scrutiny task group for its work in scrutinising the adequacy of the 2020/21 budget.
11. This budget has been built to support the delivery of the Corporate Plan and the current activities of the Council, and continues to work towards a self-funding agenda through commercialisation, and builds upon the solid financial planning that this administration has undertaken.
12. The Council reserves are adequate and the budget includes further significant transfers to reserves, whilst recognising the role of reserves in supporting economic pressures as our commercial acquisitions mature.
13. The Council's housing revenue account has been built to support its ambition for developing new sites for new social housing, and embarking on an ambitious programme of buying back former housing stock. All enabled following the removal of the Government Debt Cap which restricted its borrowing capacity.
14. It is also the first time rent has been allowed to increase in five years and this is welcomed, to both support the new ambition, and ensure the current stock remains at a decent homes standard.
15. This report contains also contains a number of frameworks and strategies which will guide how we will manage our finances over the coming year.

# **PART ONE – CONTEXT AND GOVERNMENT GRANT**

## **The Corporate Plan**

16. The Council adopted its Corporate Plan in October 2015 for the period 2015-2020 and this budget represents the final year of that plan. The corporate plan identified key themes for the council to focus upon which are:
  - a) Enterprising Ashford
  - b) Living Ashford
  - c) Active and Creative Ashford
  - d) Attractive Ashford
17. A new Corporate Plan is currently being developed and is expected to be adopted in September 2020.
18. The council has a Medium Term Financial Plan (MTFP) which was presented to Cabinet in November 2019 and is a rolling five yearly budget. The MTFP is reviewed regularly and updated to reflect changes in corporate priorities and incorporate new projects/information into the plan.
19. This MTFP Report highlighted an emerging budget gap and how this will be managed in 2021/22 by deploying the Economic Resilience Reserve. Beyond 2021/22 further budget pressures will be targeted through cost awareness, income generation and by working smarter, digital transformation and investment strategies continue to support these new themes.
20. The Council is also created (in November 2014) its wholly owned subsidiary A Better Choice for Property Ltd. which is expanding its portfolio and generating income to the Council.
21. All the above measures will ensure the Council can work towards being self-sufficient of Government funding which is an ambition adopted by the Council.
22. The budget included in this report has been built in accordance with the strategy adopted.

## **Provisional Local Government Finance Settlement**

23. The local government finance settlement is the annual determination of funding to local government from central government and was published on 20 December 2019, and is expected to be laid before the House of Commons for approval in late January or early February 2020.
24. The provisional settlement is largely based on a one year extension to the previous 4 year settlement due to delays in Governments spending review which would have provided a longer term settlement and surety over longer term funding.
25. Overall the settlement is in line with the assumptions made in the draft budget, further information is provided below in more detail.

## **Formula Grant**

26. The Council no longer receives a Revenue Support Grant (RSG) from Government. However, for the last few years the concept of a Negative RSG has been discussed which would see the Council paying £240,000 to Government. However, as anticipated, and in the face of strong opposition, the Government has confirmed that negative RSG will be eliminated for 2020/21.

## **Business Rates**

27. The calculation for business rates takes into account a number of factors (tariff, yield and Small Business Rate Relief) affect the budget. The valuation methodology of business premises and the multiplier is set by Central Government. The Council acts as a collection agent for business rates.
28. The statutory business rates forecast return (called the NNDR1) has been submitted and is in line with budget estimates.
29. The budget has a net total of Business Rate income and Section 31 grant of £4,991,320. The NNDR1, submitted to government at the end of January, is broadly in line with these figures.
30. The elements of these estimates are discussed below.

### *Yield*

31. The NNDR1 calculates a yield for Ashford Borough Council (40%) of £21,184,323. 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*

32. The level of Tariff is an amount that we pay to the pool, for 2020/21 Government have set the tariff level for Ashford at £16,322,410 and this has been included in the budget. The tariff is subject to indexing which is repayable through Section 31 grant.

### *Levy*

33. This is a charge against income received over the government's baseline and charged at a rate of 50%. The Council has reduced this by being a member of the Kent Business rates pool and in reality will pay a lower levy rate closer to 10%, but for budgeting purposes we retain the national level. This is budgeted at £2,060,602.

### *Section 31 Grant*

34. To compensate Local Government for changes that have been imposed on the Business Rates Retention scheme by central government a grant is paid.
35. 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 2020/21 NNDR1 shows this figure as £2,894,427, 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. This amount is reduced by £654,188 to reflect the adjustment for indexing the tariff.

## **New Homes Bonus**

36. The national fund for New Homes Bonus (NHB) distribution has been increased by £7m for 2020/21 by Government, this is to ensure that the base level of properties before NHB is applied (known as the deadweight calculation) has not been increased.
37. The Government has indicated that the scheme will be reviewed in the spring which will include moving to a new, more targeted approach which will be aligned with other measures around planning performance.

38. In preparation for a change in scheme, the Government has removed the 4 year legacy payment entitlement for the 2020/21 payment with it only now being paid for one year. Changes to the NHB scheme could have a significant impact on Council funding and the Accountancy Team will keep abreast of developments and support consultations where appropriate.
39. The final budget for New Homes Bonus for 2020/21 is £3,053,420, an increase of £99,010 from 2019/20 contributions, and £152,420 more than original forecast for 2020/21.

## Council Tax

40. The draft budget assumed a £5.00 (3.08%) increase in Council Tax bringing in the band D payment to £167.50 (£162.50 in 2018/19), this Council can opt to raise the Council Tax by up to the higher of 2% or £5 (£5 equates to 3.08%).
41. The table below shows the proposed (not approved) Council Tax increases across Kent Districts. This table shows that Ashford will still be the lowest Council Tax in Kent by over £11 against our county neighbours.

**Table 1 – Proposed Council Tax increases 2020/21**

District	Proposed Increase		Proposed Band D charge
Ashford	£5.00	3.08%	£167.50
Canterbury	£4.95	2.34%	£216.26
Dartford	£3.55	2.00%	£181.29
Dover	£4.87	2.60%	£192.13
Folkestone & Hythe	£5.27	2.00%	£268.83
Gravesham	£4.06	2.00%	£207.20
Maidstone	£5.21	2.00%	£265.70
Sevenoaks	£5.00	2.33%	£220.00
Swale	£4.45	2.54%	£179.37
Thanet	£4.66	2.00%	£237.85
Tonbridge & Malling	£5.00	2.39%	£214.50
Tunbridge Wells	£5.00	2.80%	£183.78

## Medium Term Financial Plan

42. A review of the Medium Term Finance Plan which was presented to Cabinet in November 2019 has been undertaken and there are no material changes from what was previously reported for 2020/21.
43. However, following the provisional finance settlement for 2020/21, proposed changes to NHB, the pending fair funding review, and changes to business rates, forecasting assumptions beyond 2021/22 are uncertain. As information becomes available finance will amount the MTFP accordingly for future presentation.

## Recommendations (Part One)

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

## PART TWO – GENERAL FUND REVENUE BUDGET

45. A summary of the General Fund budget, including a forecast of outturn for 2019/20 as at 30 September 2019, is shown at Table 3 below.
46. Necessary changes to the preliminary draft budget have been made and raised with the Overview and Scrutiny Committee’s Budget Task Group.
47. The Overview and Scrutiny Budget Task Group scrutinised the budget during December and January and made a recommendation to increase the service contingency budget by £150,000 to support any emerging pressures within the Planning service.
48. The recommendation from Overview and Scrutiny has been incorporated into the final budget and a full list of changes from the draft budget are detailed later in the report.

**Table 3 - General Fund Summary**

Budget 2019/20 £	Detail	Budget 2020/21 £
<b>15,725,930</b>	<b>Service Expenditure</b>	<b>17,129,560</b>
(2,492,440)	Capital Charges & Net Interest	(2,587,480)
259,130	Levies	270,500
1,739,120	Contribution to/(from) Balances	1,154,910
(4,721,050)	Retained Business Rates	(4,991,320)
(2,954,410)	New Homes Bonus	(3,053,420)
(7,556,280)	Council Tax	(7,922,750)
<b>0</b>		<b>0</b>

49. The table below details contributions to and (from) reserves which form part of the proposed 2020/21 Final Budget. These contributions support the Council’s Corporate Plan to deliver Projects and mitigate risk from commercial activities. The proposed increase in the service contingency budget from £200,000 to 350,000 as per the O&S Budget Task Group is reflected below.

**Table 4 - Analysis of Contributions to From Balances**

Description	Budget 2020/21 £
New Homes Bonus Project Fund	744,000
Transfer to Repairs and Renewals	500,000
Economic Resilience Reserve	(413,000)
Service Pressure Reserve	(50,000)
GF Reserve Funding	23,910
Service Contingency	350,000
<b>Contribution to/(from) Balances</b>	<b>1,154,910</b>

50. A summary of service expenditure is provided at **Appendix A** at Directorate and service level, and **Appendix B** at a budget page level. Detailed budget pages will be available in the budget book for 2020/21 which will be published following approval of the Budget by Full Council.

## Principal changes to draft budget

51. Following government announcements and consultation on the draft budget the following changes to the draft budget have been made:-
- Increase Service Contingency budget by £150,000 following recommendation from O&S Budget Task Group.
  - Increase in New Homes Bonus receipt by £152,420 following better than expected property growth figures.
  - Increase salary budgets by £59,650 to reflect increase in pay award from 1.7% to 2% and make allowance for Ashford Living Wage and Apprentice cost increases.
  - Increase salary budget by £428,000 to reflect increase in employer pension contributions from 14.4% to 17.9% following the pension actuarial review.
  - Reduce pension back funding costs by £537,620 following the pension actuarial review.
  - Increase Planning Policy budget by £64,200 for budget omitted in draft budget.
  - Increase homelessness grant income by £102,000 following higher than expected award from Government.
  - Reduce expected income from Coachworks property by £50,000.
  - Correction of Council Tax requirement figure by £1,980 and approval of growth in Economic Development by £14,300.
  - Balance of £23,910 moved to reserves.
52. These movements are summarised in the table below:

**Table 5 – movement from draft budget**

	£'000
<b>Draft budget position reported to the November Cabinet</b>	<b>0</b>
Increase service contingency budget	150
Increase in New Homes Bonus grant	(152)
Increase Salaries from 1.7% to 2%	40
Provision of Ashford Living Wage and Apprentice cost increases	20
Increase employer pension costs from 14.4% to 17.9%	428
Reduce pension back funding costs	(538)
Increase Planning Policy Budget	64
Increase Homelessness Grant	(102)
Reduce Coachworks income projection	50
Council tax Adjustment and Economic Development Growth	16
Balance to reserves	24
<b>Final budget position</b>	<b>0</b>

53. The change in the pension provisions referenced above follows the triennial review of the Kent County Council (KCC) Pension Fund value, and determines the amounts that need to be contributed by each member of the fund for the period commencing 1 April 2020.
54. The key messages from the review determine that the KCC Pensions fund overall has increased from 89.3% funded in 2016 to 98% funded in 2019. Ashford has also increased its funding rate from 79% funded in 2016 to 85.5% funded in 2019. The back funding deficit has also reduced from £22m to £18.4m over the same period.

55. In terms of the 2020/21 budget this has allowed the Council to recognise net savings on pension contributions of £110,000.

## **Council Tax**

56. The Final Budget in summarised in **Table 3** includes a Council Tax increase of 3.08% would result in an annual Council Tax increase of £5.00 per household based on a band D property.
57. Ashford Borough Council would remain the lowest Council Tax in Kent.
58. This increase allows the council to have a balanced budget with a contingency for operational service risks in year, and is in accordance with the council's adopted inflation management strategy and in line with the council's Medium Term Financial Plan assumptions.

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

59. Cabinet was presented in July 2019 with a proposal to revise the current scheme. The proposal looks to introduce a Banded Scheme, based on a range of income bands. This proposal seeks to simplify the scheme for both the claimant and the administrator
60. The scheme will operate within the existing cost envelope and the exceptional hardship scheme has been enhanced to protect claimants who have been disadvantaged by the proposed changes. The final scheme proposal was approved at Cabinet in January 2020

## **Business Rate Relief**

61. Due to the nature of the business rates system there are two ways that reliefs can be granted, either through the introduction of legislation or to allow authorities to do this locally under powers included in the localism act.
62. The government is introducing new reliefs for 2020/21 for authorities to implement, those being the (re)introduction of relief for public houses, and the increase of the retail relief from 33% to 50% (and the retail relief is being extended to cinemas and live music venues). New legislation is not being introduced to achieve this, instead the government has asked authorities to use its discretionary powers to award the new reliefs, and the government will reimburse authorities for the cost of these reliefs through section 31 grants.
63. In addition, in 2020/21 authorities are entering the fourth (and final) year of the local revaluation relief that was introduced from April 2017 as a result of the revaluation of business rates. This is awarded under the authority's discretionary powers, again reimbursed by government.
64. In terms of the wider policy concerning discretionary rate reliefs, there is an intention during 2020/21 to review the discretionary rate relief policy introduced from April 2013, with a view to implementing a revised policy from April 2021. This will involve a consultation exercise.
65. Therefore, in view of all the above points, it is recommended that powers to establish local reliefs/discounts within the localism act are delegated to the Chief Finance Officer, as in previous years.

## **Discretionary Fees**

66. The MTFP makes an assumption that discretionary fees should be increased by around 3% which is above the current level of inflation which was 1.5% in

November 2019. For 2020/21 this resulted in increases of around 1.75% on average across all fees and charges, see **Appendix D** for details.

67. It is recognised that some of the fees and charges appear to be considerably higher than inflation and the average increase, these increases are generally a result of low fees where a small increase in monetary terms translates to a significant percentage increase. Additionally some of the services provided by the Council are reliant on external providers, 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.
68. Parking services presented their three yearly review of parking charges to Cabinet on the 30 January 2020. The recommendations within the report were approved by Cabinet and have been incorporated into the fees and charges section of this report.
69. The Building Control Fee Earning Account aims to break even in accordance with the building control regulations.
70. In line with the agreed Garage Commercialisation Strategy, it is recommended that any profit for the sale of garage sites received by the general fund be allocated into the Garage budget to enable the investment for renovation and upgrade of existing let sites.
71. The budget has been built with this level of fees and charges.

## Reserves

72. A schedule of reserves is attached at **Appendix C**, which shows a total of revenue reserves estimated at 31 March 2020 of £15.9m, 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 2020/21 which will reduce reserves to a lower level and closer to the minimum requirements set by the council.
73. 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.

**Table 6 - Summary of Reserves**

	As at 31/03/2019 £0	Estimated as at 31/03/2020 £0	Estimated as at 31/03/2021 £0
General fund balance	(2,275)	(2,395)	(2,525)
Corporate Plan	(7,951)	(5,136)	(2,680)
Fund future expenditure	(7,117)	(6,675)	(7,080)
Provide for the maintenance or purchase of assets	(1,487)	(1,572)	(1,353)
Required by statute reserves	(158)	(158)	(158)
<b>Total revenue reserves</b>	<b>(18,988)</b>	<b>(15,936)</b>	<b>(13,796)</b>

74. CIPFA (the principal accounting body that provides statutory advice and guidance on accounting and financial management to local government chief

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

75. The Council has a policy that the general fund balance should be no less than 15% of net budget requirement, for 2020/21 this will be £2,395,000.
76. The Council also has an Economic Resilience Reserve which is forecast to be £2,809,000 at the start of 2020/21.
77. The Council's agenda was for it to be self-sufficient over the life of the MTFP. This reserve 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 introduced to the Council.

### **Budget Scrutiny and Risk**

78. The Overview and Scrutiny Committee budget task group has examined the detailed budget proposals and reported its findings back to the full Overview and Scrutiny Committee dated 21 January 2020. The committee made a recommendation to increase the annual Service Contingency budget by £150,000 due to ongoing concerns with the Planning Service. With the addition of this recommendation the Committee found the 2020/21 budget proposal to be sound and deliverable.
79. 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**

80. 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.
81. Members are referred to the attached Assessment at **Appendix E**.

### **Recommendations (Part Two)**

82. The Cabinet is asked to:
  - II. Recommend the Revenue Budget 20120/21 including the net budget requirement of **£17,129,560 (excluding parish precepts)**
  - III. Recommend the level of Discretionary Fees to be levied from 1st April 2020 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. Recommend that all profit from garage sales to the general fund be earmarked to enable investment and renovation of existing let sites.
- VI. Note the reserves summary **Table 6 and Appendix C**
- VII. Note the Equality Impact Assessment in **Appendix E**
- VIII. Recommend the Band D council tax at **£167.50**.

## PART THREE – HOUSING REVENUE ACCOUNT

### Housing Revenue Account Budget

83. The 2020/21 position is broadly in line with the position reported to Members in the 30 year HRA business plan (Cabinet October 2019: Housing – Current Delivery, Finance and Onward Strategy).
84. **Table 7** shows a net deficit in the HRA for 2020/21 which reflects increased work being undertaken to deliver the capital projects identified in the HRA business plans and the acquisition of on street properties.
85. This deficit will be funded from HRA reserves, the HRA revenue reserve was £2,634,500 at the start of 2019/20, 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.
86. The HRA Business Plan is ambitious, with its focus to increase housing provision, this requires a significant amount of investment, not only in new builds but also acquiring existing properties, for example former council houses that were sold through Right to Buy.
87. This increase in affordable housing supply is designed to not only reduce the waiting list but also to reduce the pressure on temporary accommodation by providing homeless families with a long-term, affordable housing solution as highlighted in the HRA Business Plan presented to Cabinet in October 2019.
88. As a result of this investment in house building and buying there has been growth in the HRA budget, which reflects the growth in the establishment, this has been necessary to support the projects and aspirations of the council.
89. The information in **Table 7** is shown in more detail, analysed to subjective level, at **Appendix F**

**Table 7 – Housing Revenue Account Budget 2020/21**

REVENUE BUDGET				
Housing Revenue Account				
ACTUAL	BUDGET	PROJECTED	DETAIL	ESTIMATE
2018/19	2019/20	OUTTURN		2020/21
£	£	2019/20		£
		£		
5,098,886	5,769,750	6,058,400	Supervision & Management	6,282,870
(25,358,470)	(24,843,280)	(24,834,280)	Income	(25,369,020)
16,515,011	16,030,460	15,955,650	Other	15,958,050
4,142,261	3,478,370	3,724,050	Repairs & Maintenance	3,758,000
<b>397,688</b>	<b>435,300</b>	<b>903,820</b>	<b>SERVICE EXPENDITURE</b>	<b>629,900</b>

### Housing Revenue Account - Rents

90. In line with rent setting formula, set by Government, the new rent standard will allow the Council to increase rents by CPI + 1%, this is the first rent increase since 2016/17. CPI at September 2019 was 1.7%, therefore the weekly rent increase will be, on average 2.7%.

91. The new rent standard provides additional income to support the ambitious plans of the service and is in accordance with the assumptions made in the HRA Business Plan which was presented to Cabinet in October 2019.
92. For 2020/21 this means that the average weekly rent, for social housing, will be £90.46 (£88.09 for 2019/20). For tenants receiving housing benefit the increase will not have any cash impact, although some council tenants could be affected by other aspects of the government's welfare reforms.
93. The rent increase also applies to those tenants in affordable housing, although it should be noted that affordable rents are re-based to 80% of market rent each time a new tenancy agreement is made (i.e. upon vacancy) and will be increased by in line with the Government formula each year. The average rent for 2020/21 will be £140.57 (£136.88 in 2019/20).
94. Recommendations (Part Three)
95. **The Cabinet is asked to:**
  - IX. **Resolve that the Housing Revenue Account budget for 2020/21 be approved**
  - X. **Resolve the estimated average rent increase of CPI + 1%, in accordance with government guidelines, and that rent setting for the future continues to follow guidance, set by government.**

## **PART FOUR – CAPITAL PROGRAMME**

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

96. This section gives consideration to the level of capital resources that are potentially available to support priorities including the business plan and other requirements
97. Capital investment currently may be funded from:
  - a) Internal resources such as capital receipts and revenue reserves.
  - b) New Homes Bonus
  - c) Prudential (external) borrowing.
    - The 2020/21 budget provides specific support to borrow £500,000 for general fund property works, with a further £2,000,000 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 £6,000,000 (capital & revenue), £3,700,000 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

### **Housing Revenue Account**

98. Following the removal of the debt cap imposed by central government in October 2018, the capital plan has been updated to reflect the ambition of the HRA in increasing to its existing stock through new developments, and a significant increase in purchasing on-street properties, targeting former Council stock.
99. 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

## **Capital Expenditure 2020/21**

### **Property Portfolio**

100. 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.
101. There has been £2,000,000 set aside for strategic acquisitions, this allocation was approved in January 2014 and now forms part of the Borrowing and Acquisition Strategy. All projects will be supported with a business plan ensuring all investments are viable.

### **Regeneration Projects**

#### Vicarage Lane Car Park Redevelopment

102. Following acquisition of the Mecca bingo hall in March 2018, the Council has developed plans to regenerate the lower high street and the wider town centre. Within this regeneration project is the transformation of the council owned Vicarage Lane car park. The overall scheme will deliver a mix of residential and commercial uses together with improved public realm, outdoor performance space and community facilities. Key appointments such as the Development Manager, Programme Manager, Quantative Surveyor and Employers Agent have been progressed. An application to list the Mecca building has been reviewed by Historic England and it has been determined that the building is not designated for listing. The budget approved at Council April 2019 of £21,500,000 has been profiled over the expected timeframes of the schemes delivery plan.

### **Carbon Neutrality**

103. As part of the Council's commitment to becoming carbon neutral by 2030, a provisional amount of £8,500,000 has been included for the installation of Solar PV. This project underpins the Carbon Neutral Strategy in generating income from investing in carbon neutrality opportunities. There are currently various sites under review and a business case will be produced to support the bid for release of these funds at a later date.

### **Property Companies – A Better Choice for Property**

104. 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 2019-23 totalling £95,000,000, including existing borrowing.
105. Currently the company has 98 units within the portfolio, made up of a mix of flats and houses of varying sizes. The company has been successful in acquiring land acquisitions and a subsidiary company has been formed, A Better Choice for Property Development, to develop out these acquisitions. This progression to developing its own schemes is now the preferred method of the company to achieve its overall property target and to ensure a quality product in the rental market.

### **Culture and the Environment**

#### Victoria Park

106. It was announced at the July 2019 Cabinet meeting, that the Heritage lottery bid of £3,049,000 had been successful. Along with £1,369,000 of investment by the Council, will see Victoria Park and Watercress Fields benefitting from improved toilet facilities, café, play areas, car parking, river corridor enhancements and other wildlife habitat improvements. The parks forms an integral part of the Council's commitment to providing and supporting public open space within the borough.

#### Conningbrook Country Park

107. Included in the plan is £2,054,727 of Section 106 funding to deliver key infrastructure elements of the country park. In July 2019 Cabinet endorsed the country park master plan, the park is designated as a Strategic Park in the Council's Open Space Strategy (2017 – 2030). The funding for the proposed works in the Country Park are provided by the enabling housing development that is currently under construction on land immediately adjacent to the main lake. Early access works undertaken to make the park available to the public in 2015, have been borne by the Council and are to be repaid from S106 contributions at a time to be determined. The strategic park within Ashford will provide a number of functions including a mix of passive, active and recreational facilities and opportunities for residents and visitors alike to enjoy. The country park provides a unique opportunity to capture a strong natural environment on the edge of a main urban area.

#### Leisure Procurement

108. As part of the leisure procurement exercise and in anticipation of appointment of a new Leisure Operator to manage the Council's leisure facilities an amount of £7,500,000 has been included in the capital plan.

#### Community Safety and Wellbeing

109. Cabinet approval was sought in December 2019 for £160,000 to provide installation of Automatic Number Plate Recognition in two town centre locations, Elwick Place and the new Victoria Road car parks. APNR systems and the associated technology provides visitors with a secure and efficient parking system. Neighbouring Councils who have installed this technology have had positive customer feedback and increased dwell time within their town centres, benefitting both the Council and businesses within the town centre.
110. A provisional amount of £160,000 has been included for future years, with several sites under consideration. This amount will at a later date be supported with a separate proposal to Cabinet for authority to access this funding.

#### Housing Revenue Account Capital Programme

111. There are a number of Housing Revenue Account projects currently underway as well as a number of projects due to commence during 2020/21, as follows:
- Phase 5 of the Affordable Homes Programme is slightly delayed, with completion expected in May 2020
  - Work to remodel East Stour Court began in 2019/20 with completion expected in March 2021, 30 units are expected at this site
  - A new sheltered housing block at Halstow Way, delivering 17 units, work on this scheme is due to start in 2020/21
  - The 30 units at Poplars are progressing, it is expected that work on site will commence summer 2020

- 23 units are expected at the site of 55 Mabledon Avenue, the existing site is due to be demolished early 2020/21, however there is still work required on planning and procurement, therefore the build is not due to start until the end of 2020/21
- The sheltered scheme at Oakleigh, which involves demolishing the existing sheltered scheme, will deliver around 73 units and is expected to start during 2020/21
- Regeneration of the Court Wurtin area is to continue
- Street Purchases are a key focus, we are anticipating 75 purchases in 2020/21

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

112. The Cabinet is asked to:

- XI. Recommend to Council that the Capital Plan for 2019/20 – 2022/23 in **Appendix G** be approved.

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

## **Capital Strategy**

113. The Capital Strategy was a new requirement for 2019/20 under the revised CIPFA Prudential code 2018.
114. The Capital Strategy demonstrates that the authority takes capital expenditure and investment decisions in line with service objectives. Providing a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of local public services along with an overview of how associated risk is managed and the implications for future financial sustainability.
115. The Capital Strategy also incorporates the prudential indicators which are updated on an annual basis. They are set to a level that will allow the council to meet its Medium Term Financial Plan, accommodate the debt for HRA reform and make provision for the Council's Capital Programme ensuring it is affordable, prudent and sustainable.
116. 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'.
117. The Capital Strategy recommended for 2020/21 is attached at **Appendix H**.

## **Treasury Management Strategy Statement & Annual Investment Strategy**

118. 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.
119. 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.
120. 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 2019 the Council had £113.6m of borrowing relating to HRA reform and £71.5m relating to general fund capital investment. The Council had investments of £44m at this time.
121. In 2020/21 the Council's General Fund Net Interest on Borrowing and Investments is forecast to generate a net surplus of circa £1.657m. This is an increase of £213,000 as debt expenses for the organisation have reduced and with more borrowing forecast to be taken short. 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.

122. The proposed Treasury Management Strategy Statement for 2020/21 is attached at **Appendix J** (it is a requirement to review this annually).

### **Investment Strategy**

123. This investment strategy was a new report introduced for 2019/20, meeting the requirements of statutory guidance issued by the government (*2018 MHCLG Investment Guidance*) in January 2018.
124. 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.
125. The Investment Strategy for 2020/21 is attached at **Appendix K**

### **HRA Debt Pools**

126. 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.
127. 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**

128. Each year the council must agree a statement on its policy for making a minimum revenue provision (MRP) (set aside for debt repayment).
129. There are four options available to the council as set out below:
- Option 1: Regulatory Method (4% borrowing requirement)
  - Option 2: Capital Financing Requirement (CFR) Method (4% of non-housing borrowing requirement)
  - Option 3: Asset Life Method (based on an annuity with an annual interest rate equal to an appropriate PWLB rate for the year of expenditure)
  - Option 4: Depreciation Method (dependent on depreciation policy)

#### *Proposed MRP Policy*

130. Only options 3 and 4 can be applied to new capital expenditure, with Option 3 the most practical to adopt and a better fit for the Council's borrowing requirements.
131. 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.
132. The Council has previously adopted option 'a', (pre 2017/18) but now uses option 'b' as this more appropriately matches the MRP expense with the cash flows of the assets going forward.
133. No MRP is payable on the Loans to wholly owned Council companies as these are made on an annuity basis where the principal element of the loan is used to repay the debt.
134. 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.
135. 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.
136. The MRP Policy for 2020/21 is attached at **Appendix I**.

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

137. The Cabinet is asked to:
- XII. Recommend the Capital Strategy is approved as set out in **Appendix H**.
  - XIII. 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 EXCEPTIONAL CIRCUMSTANCES POLICY**

#### **Risk Based Verification**

138. The risk based verification procedure for Housing Benefit and Council Tax Benefit/Support was introduced from 1 April 2012. DWP guidance at the time specified that any such policy must be approved by members annually.
139. The policy for 2020/21 needs to be adopted, there has only been one change which will now allow the high risk category of cases to be contacted by email.
140. The full policy can be found in **Appendix L**

#### **Exceptional Circumstances Policy**

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

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

144. The Cabinet is asked to:
  - XIV. Approve the Risk Based Verification policy as outlined in **Appendix L**
  - XV.

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

### **Background**

145. 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.
146. Next year will be a one year only financial settlement from Government. The one year funding settlement is necessary as delays to the comprehensive spending review prevented a longer term settlement being possible. As a result of these delays, and information drawn from the 2020/21 provisional settlement there is considerable uncertainty around funding moving beyond 2020/21. This uncertainty is largely driven by the cessation of New Homes Bonus funding which will see Council funding reduce by £3m over the next few years. It is proposed that a new scheme will be introduced but the details are yet to be considered. It is anticipated though that should Councils' be worse off as a result of the spending review a transitional period would be introduced to allow budget reductions to be implemented.
147. Reforms to the Business Rates retention scheme are also due in 2020/21 and it is anticipated that the new Government will look to consult with those effected before a final scheme is introduced. There is currently limited information as to what a new scheme will look like, although the original intention was to increase the scheme to 75% retention. With the new scheme due to be implemented in April 2021, it adds further uncertainty to future funding streams to the Council. To help mitigate this risk the Council currently holds an earmarked reserve (Business rate income reserve) as set out in **Appendix C**.
148. For prudence the Council's Medium Term Financial Plan continues to reflect government formula grants to be zero, although in future years the Council may need to incorporate a negative revenue support grant (a payment to Government) although this is likely to be scrapped as part of the 2020/21 fair funding review. 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 and new revenue from targeted housing and property investments. The plan assumes continued support from new homes bonus and allows for a similar level of overall funding incorporating a replacement scheme. However, the cessation of NHB will cost the Council £3m over the next few year and there is no guarantee that the new scheme will directly replace this lost income, it likely to be reduced which will create a pressure and saving requirement by the Council. The Plan also assumes increases in Council Tax at the maximum of £5 or 2% per annum whichever is the maximum. The latter assumption to increase Council Tax by the maximum amount permitted in keeping with Government's expectations when setting the Council's base line need for funding.
149. The financial planning has been comprehensive leading up to this point and reports have been presented at various Cabinet meetings on the HRA Business Plan, Medium Term Financial Plan and Draft Budget which has allowed members to comment and engage in the financial planning of the organisation. The latter of these reports was the basis for a comprehensive

review by the Council's Overview and Scrutiny Committee and its Task Group which subject to one recommendation to increase the service contingency reserves by £150,000 to be both sound and deliverable. The budget has also been put out to public consultation.

150. This evidence clearly demonstrates that the council and its management team give serious regard to financial planning, to the management of resources, and to assessments of financial and operational risk.

## Robustness

151. 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

152. 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.
153. 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 which has been recommended for increase by the Overview and Scrutiny Budget Task Group.
154. This budget is set in a period of low economic growth and uncertainty following the UK's departure from the EU on the 31 January 2020, and the following transitional period. As a result of a slowing economy, inflation has started to fall although this is expected to return to the 2% around 2022. Interest rates remain low and at the time of writing this report risk was weighted to the downside with a rate cut more likely than a rate rise. There has been a fall in consumer confidence, although unemployment levels are low 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.
155. Ashford's local position is relatively stronger with positive signs of commercial expansion, such as Elwick place and the extension to the Designer outlet, and new housing supply remaining buoyant. The Housing team is also working on temporary accommodation solutions to ease temporary accommodation pressures, and our work on welfare reform is bucking the national trend.
156. That being said the Council has used additional funding and income in recent years to establish an Economic Resilience Reserve of nearly £3m. Some of this has been used to support reduced rents forecast in the 2020/21 budget and some allowance has been made in the MTFP assumptions as property portfolios mature.
157. With good opportunities and risks to manage within this budget (and the associated Medium Term Financial Plan) a considered view is taken of both. It

builds in prudent allowances as contingencies, and allows for contributions to and from reserves given possible further cuts in future funding. It also recognises the support reserves play as the Council's transition to a self-funding authority as its commercialisation agenda matures. Given the pending replacement of New Homes Bonus scheme, the policy of not budgeting to use new homes bonus income for new projects until bonuses are achieved is to be maintained.

158. During 2020/21 the Council will continue to see proposals and affects arising from the expanded use of the council's prudential borrowing to support asset purchases, including the expansion of the HRA and other investments, including further lending to the council's property company. Appropriate business planning and governance arrangements are in place to ensure that opportunities and associated risks are evaluated as part of the decision-making processes. It is important these processes be maintained.
159. 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, cessation of New Homes Bonus etc. To manage these risks the Council will need to continue to be actively involved in consulting with government on policy changes.

### **Key components of the budget**

160. 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 were presented to the Overview and Scrutiny committee on the 21 January 2020, after considerable work scrutinising the draft budget it was found to be sound and deliverable.
161. The Overview and Scrutiny Budget Task Group focused on a number of key themes in forming their opinion which are identified below:-
  - I. Planning Service including S106 contributions
  - II. Commercial Property
  - III. Interest receipts from form A Better Choice of Property Ltd.
  - IV. Analysis of Reserves, Capital Plan, Capital Charges and Treasury Management.
  - V. Collection fund, council tax and business rates.
  - VI. Universal Credit
162. 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 one change from the draft budget in that the service contingency budget be

increased by £150,000 to address any potential pressures arising in the planning service. This has been added to the final budget.

163. A number of other general recommendations were made including to note that the increase in Council Tax by £5.
164. The full report on the review of the Draft Budget was reported to, and can be found at Agenda item 4 of the Overview and Scrutiny Committee dated 21 January 2020.

## **Weighing-up**

165. This budget is developed against a backdrop of substantial externally influence, including the uncertainty of leaving the European Union and the transitional period, and uncertainty over the future of government funding. **Appendix N** and the Overview and Scrutiny Committee's endorsement, highlight that risks should be manageable through processes in place supported by the totality of the council's contingencies and reserves.
166. 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**

167. Section Two covers the reserves position with a detailed forecast included in **Appendix C**.
168. 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.
169. For 2020/21 this amounts to a minimum unallocated reserve requirement of circa £2.395m which is in the reserve. In addition to the General Fund Reserve, the Council also has earmarked reserves which includes the Economic Resilience, New Homes Bonus, new initiatives reserve that could be re-designated to mitigate unforeseen risks. It should be noted though that not all earmarked reserves are deployable.
170. Earmarked reserves (excluding section 106 developer contributions), after planned drawings are expected to be in the region of £11.9m by the end of 2020/21.
171. 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.
172. As ever reserve levels need close management to ensure they remain adequate and that longer term MTFP plans for resilience are sustainable.
173. 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.
174. 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.
175. 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 where yield suitable returns cover financing costs. New Homes Bonus project fund has provided an alternative source for capital investments and this may continue, however the NHB scheme is being reviewed in 20/21 which is likely to see cuts to support the fair funding review which is also being reviewed in 2020/21.

176. 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.
177. 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):**

178. The Cabinet is asked to:

XVI. 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**

179. Maria Stevens – [maria.stevens@ashford.gov.uk](mailto:maria.stevens@ashford.gov.uk)
180. Lee Foreman – [lee.foreman@ashford.gov.uk](mailto:lee.foreman@ashford.gov.uk)

## LIST OF APPENDICES

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

## Appendix A

FINAL REVENUE BUDGET				
DIRECTORATE SUMMARY				
Actuals 2018/19 £	Budget 2019/20 £	Projected Outturn 2019/20 £	Directorate	Budget 2020/21 £
1,461,350	1,328,560	1,357,820	Chief Executive	1,416,220
4,181,597	2,526,660	3,312,624	Director of Finance & Economy	2,688,560
1,887,363	1,200,130	1,773,302	Director of Law & Governance	2,050,770
10,896,642	10,670,580	10,769,541	Director of Place & Space	10,974,010
<b>18,426,952</b>	<b>15,725,930</b>	<b>17,213,287</b>	<b>Service Expenditure</b>	<b>17,129,560</b>
(3,157,623)	(494,190)	(1,689,401)	Non service specific	(1,162,070)
<b>15,269,329</b>	<b>15,231,740</b>	<b>15,523,886</b>	<b>ABC Budget Requirement</b>	<b>15,967,490</b>
(15,370,304)	(15,231,740)	(15,231,740)	Financing	(15,967,490)
<b>(100,975)</b>	<b>0</b>	<b>292,146</b>		<b>0</b>

Projected outturn is as at 30 September 2019

## Appendix A continued

FINAL REVENUE BUDGET				
SERVICE SUMMARY				
Actuals 2018/19 £	Budget 2019/20 £	Projected Outturn 2019/20 £	Service	Budget 2020/21 £
1,461,350	1,328,560	1,357,820	Corporate Policy, Economic Development & Communications	1,416,220
1,404,725	1,352,760	1,323,659	Legal & Democratic Services	1,425,830
2,162,643	2,120,500	2,133,914	Planning	2,126,510
3,802,017	3,852,960	3,697,310	Finance & IT	3,658,460
(10)	140,070	81,820	HR & Customer Services	197,340
865,704	974,170	1,256,480	Housing General Fund Services	860,250
482,648	(292,700)	367,823	Community Safety and Wellbeing	427,600
4,935,379	5,254,840	5,225,297	Environmental & Land Management	5,505,270
(486,124)	(2,300,470)	(1,641,166)	Corporate Property & Projects	(1,830,150)
3,798,621	3,295,240	3,410,330	Culture	3,342,230
<b>18,426,953</b>	<b>15,725,930</b>	<b>17,213,287</b>	<b>Service Expenditure</b>	<b>17,129,560</b>
(5,101,037)	(2,492,440)	(2,978,651)	Capital Charges & Net Interest	(2,587,480)
254,702	259,130	259,130	Levies	270,500
1,688,711	1,739,120	1,030,120	Contribution to Balances	1,154,910
<b>15,269,329</b>	<b>15,231,740</b>	<b>15,523,886</b>	<b>ABC Budget Requirement</b>	<b>15,967,490</b>
			<b>Income</b>	
(3,529,353)	(4,706,300)	(4,706,300)	Retained Business Rates	(5,598,610)
(2,114,591)	(14,750)	(14,750)	Government & Business Rates Grants	607,290
(2,501,000)	(2,954,410)	(2,954,410)	New Homes Bonus	(3,053,420)
(7,225,359)	(7,556,280)	(7,556,280)	Council Tax	(7,922,750)
<b>(100,975)</b>	<b>0</b>	<b>292,146</b>		<b>0</b>

## Appendix B

General Fund Final Budget 2020/21				
Actuals 2018/19 £	Budget 2019/20 £	Projected Outturn 2019/20 £	Department	Budget 2020/21 £
			<b>Corporate Policy, Economic Development &amp; Communications</b>	
225,082	(140)	1,420	Chilmington	48,410
330,913	256,290	287,770	Policy and Performance	280,250
497,696	639,330	638,150	Economic Development	638,660
407,659	433,080	430,480	Communications & Marketing	448,900
<b>1,461,350</b>	<b>1,328,560</b>	<b>1,357,820</b>		<b>1,416,220</b>
			<b>Legal &amp; Democratic Services</b>	
936,504	825,050	837,150	Democratic Representation	851,890
398,196	472,960	472,709	Electoral Services	478,990
1,217	(4,500)	(49,500)	Legal	27,910
68,808	59,250	63,300	Mayor	67,040
<b>1,404,725</b>	<b>1,352,760</b>	<b>1,323,659</b>		<b>1,425,830</b>
			<b>Planning</b>	
70,317	115,940	123,136	Building Control	74,350
1,444,587	1,136,210	1,362,242	Development Control	949,490
4,417	(26,860)	(26,369)	Land Charges	(1,770)
11,569	253,960	55,562	Planning Administration	12,350
631,754	641,250	619,343	Strategic Planning	1,092,090
<b>2,162,644</b>	<b>2,120,500</b>	<b>2,133,914</b>		<b>2,126,510</b>
			<b>Finance &amp; IT</b>	
86,142	72,560	37,330	Accountancy	91,450
(345)	(50)	(50)	Audit Partnership	(10)
673,820	834,800	671,940	Benefits Administration	804,840
303,918	541,440	541,440	Council Tax Collection	487,940
(5)	(240)	(240)	Debtors/Debt Recovery	2,100
42,840	47,120	59,320	Exchequer	68,000
(476,304)	(256,000)	(256,000)	Housing Benefits Payments	(175,000)
(63,827)	(38,850)	(27,850)	NNDR Collection	(40,090)
1,747,872	1,661,320	1,661,320	Non-Distributed Costs	1,406,310
77,066	12,780	(41,270)	ICT	26,310
(2)	20	20	Telephony	220
1,260,575	790,660	859,950	Strategic Corporate Costs	782,980
150,267	187,400	191,400	Corporate Management	203,410
<b>3,802,016</b>	<b>3,852,960</b>	<b>3,697,310</b>		<b>3,658,460</b>
			<b>HR &amp; Customer Services</b>	
(15)	155,030	92,490	Human Resources	181,220
5	(14,960)	(10,670)	Visitor & Call Centre	16,120
<b>(10)</b>	<b>140,070</b>	<b>81,820</b>		<b>197,340</b>

**Appendix B continued**

<b>Actuals</b>	<b>Budget</b>	<b>Projected</b>	<b>Department</b>	<b>Budget</b>
<b>2018/19</b>	<b>2019/20</b>	<b>Outturn</b>		<b>2020/21</b>
<b>£</b>	<b>£</b>	<b>2019/20</b>		<b>£</b>
		<b>£</b>		
			<b>Housing General Fund Services</b>	
129,952	155,270	155,270	Private Sector Housing	144,600
68,028	81,980	81,980	Housing Strategy and Enabling	96,760
793,760	746,240	1,012,970	Housing Options	609,520
(149,527)	(230)	0	Refugee Project	3,620
23,491	(9,090)	6,260	Gypsy Site - Chilmington	5,750
<b>865,703</b>	<b>974,170</b>	<b>1,256,480</b>		<b>860,250</b>
			<b>Community Safety and Wellbeing</b>	
548,848	574,860	630,465	Community Safety,AMC,Licencing	692,610
686,627	558,310	586,938	Environmental Health	632,350
(752,827)	(1,425,870)	(849,580)	Parking & Engineering	(897,360)
<b>482,648</b>	<b>(292,700)</b>	<b>367,823</b>		<b>427,600</b>
			<b>Environmental &amp; Land Management</b>	
247,081	340,880	343,500	Street Scene	341,830
3,162,410	3,280,420	3,252,130	Refuse,Recycling,Street Clean	3,421,280
1,525,887	1,633,540	1,629,667	Grounds Maintenance	1,742,160
<b>4,935,379</b>	<b>5,254,840</b>	<b>5,225,297</b>		<b>5,505,270</b>
			<b>Corporate Property &amp; Projects</b>	
3,042	19,660	6,111	Project Delivery Team	17,880
4,987	(10,070)	(9,770)	Facilities Management	2,820
0	0	0	Town Centre Development	0
(494,152)	(2,310,060)	(1,637,507)	Corporate Property	(1,850,850)
<b>(486,124)</b>	<b>(2,300,470)</b>	<b>(1,641,166)</b>		<b>(1,830,150)</b>
			<b>Culture</b>	
353,831	389,310	380,860	Cultural Services Management	318,750
1,827,587	1,398,380	1,516,450	Leisure Centres	1,490,220
276,724	270,620	277,520	Open Spaces and Conservation	295,090
346,728	446,760	446,760	Single Grants Gateway	446,760
218,262	242,680	237,710	Tourism & Heritage	220,810
775,489	547,490	551,030	Cultural Projects	570,600
<b>3,798,621</b>	<b>3,295,240</b>	<b>3,410,330</b>		<b>3,342,230</b>
<b>18,426,952</b>	<b>15,725,930</b>	<b>17,213,287</b>	<b>Service Expenditure</b>	<b>17,129,560</b>
			<b>Other Items</b>	
(5,101,037)	(2,492,440)	(2,978,651)	Capital Charges & Net Interest	(2,587,480)
254,702	259,130	259,130	Levies & Precepts	270,500
1,688,711	1,739,120	1,030,120	Contributions to/from Reserves	1,154,910
<b>15,269,329</b>	<b>15,231,740</b>	<b>15,523,886</b>	<b>ABC Budget Requirement</b>	<b>15,967,490</b>

## Analysis of Estimated Reserves

## Appendix C

	2019/20			2020/21			Balance at 31st March 2021 £'000
	Balance at 31st March 2019	Transfers In	Transfers Out	Balance at 31st March 2020	Transfers In	Transfers Out	
	£'000	£'000	£'000	£'000	£'000	£'000	
<b>General Fund Balance</b>	(2,275)	(120)	0	(2,395)	(130)	0	(2,525)
	<b>(2,275)</b>	<b>(120)</b>	<b>0</b>	<b>(2,395)</b>	<b>(130)</b>	<b>0</b>	<b>(2,525)</b>

### Earmarked Reserves

Business Rate Income Res	(1,402)	(825)	700	(1,527)	(825)		(2,352)
Elections	(249)	(60)	193	(116)	(60)		(176)
Green Transport Initiatives	(65)			(65)			(65)
Land Searches Reserve	(158)			(158)			(158)
New Homes Bonus	(3,232)	(683)	2,198	(1,717)	(744)	2,000	(461)
New Initiatives Reserve	(4,654)	(200)	1,500	(3,354)		1,200	(2,154)
Planning Delivery Grant	(237)			(237)			(237)
Repairs & Renewals	(1,408)	(165)	86	(1,487)	(675)	900	(1,262)
Section 106 Monitoring Fee	(301)			(301)			(301)
Economic Resilience Reserve	(2,905)	(104)	200	(2,809)			(2,809)
Service Pressure Reserve	(1,379)	(15)	425	(969)	(5)	557	(417)
Small property maintenance reserves	(79)	(6)		(85)	(6)		(91)
Stour Centre	(283)	(72)		(355)	(72)		(427)
Refugee Reserve	(246)			(246)			(246)
Revenue Grants	(115)			(115)			(115)
<b>Developer Contributions</b>							
S106 Unapplied Grants	(4,686)		1,015	(3,671)		800	(2,871)
Commuted Sums Unapplied Grants	(623)			(623)			(623)
Spg6 Unapplied Grants	(916)			(916)			(916)
<b>Total Earmarked Reserves</b>	<b>(22,938)</b>	<b>(2,130)</b>	<b>6,317</b>	<b>(18,751)</b>	<b>(2,387)</b>	<b>5,457</b>	<b>(15,681)</b>

## DISCRETIONARY &amp; STATUTORY FEES 2020/21

## LICENSING FEES

Item	Statutory or Discretionary	Description/Comments	VAT Indicator	Charge 2018/19 £	Charge 2019/20 £	Proposed Charge 2020/21 £	Increase / Decrease on 2019/20 %
<b>Licensing Act</b>							
Premises - new application	Statutory	Fee band - A	NB	100.00	100.00	100.00	0.00%
		Fee band - B	NB	190.00	190.00	190.00	0.00%
		Fee band - C	NB	315.00	315.00	315.00	0.00%
		Fee band - D - if exclusively or primarily for supply, sale or consumption of alcohol <u>double</u> the fee	NB	450.00	450.00	450.00	0.00%
		Fee band - E - if exclusively or primarily for supply, sale or consumption of alcohol <u>triple</u> the fee	NB	635.00	635.00	635.00	0.00%
		Premises allowing 5000+ people attract additional fees		See regulation for detail			
		Premises 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 &amp; STATUTORY FEES 2020/21

## LICENSING FEES

Item	Statutory or Discretionary	Description/Comments	VAT Indicator	Charge 2018/19 £	Charge 2019/20 £	Proposed Charge 2020/21 £	Increase / Decrease on 2019/20 %
<b>Animal Welfare and Public Health Licences</b>							
Dangerous Wild Animals	Discretionary	New Licence (2 year licence)	NB	954.00	977.00	977.00	0.00%
	Discretionary	Renewal (2 year licence)	NB	653.00	669.00	669.00	0.00%
	Discretionary	Variation	NB	336.00	344.00	344.00	0.00%
	Discretionary	Concurrent 2nd application	NB	85.00	87.00	87.00	0.00%
Zoos	Discretionary	Consideration	NB	1,189.00	1,218.00	1,218.00	0.00%
	Discretionary	Licence (4 year licence)	NB	1,961.00	2,008.00	2,008.00	0.00%
	Discretionary	Renewal (6 year licence)	NB	2,942.00	3,013.00	3,013.00	0.00%
	Discretionary	Dispensation - 14(1)(a)	NB	479.00	491.00	491.00	0.00%
Boarding of animals	Discretionary	(New app) Application fee - up to 50 animals	NB	260.00	260.00	260.00	0.00%
	Discretionary	(New app) Grant fee - up to 50 animals	NB	200.00	200.00	200.00	0.00%
	Discretionary	(New app) Application fee - 51 or more animals	NB	295.00	295.00	295.00	0.00%
	Discretionary	(New app) Grant fee - 51 or more animals	NB	230.00	230.00	230.00	0.00%
	Discretionary	(Renewal) Application fee - up to 50 animals	NB	225.00	225.00	225.00	0.00%
	Discretionary	(Renewal) Grant fee - up to 50 animals	NB	200.00	200.00	200.00	0.00%
	Discretionary	(Renewal) Application fee - 51 or more animals	NB	255.00	255.00	255.00	0.00%
	Discretionary	(Renewal) Grant fee - 51 or more animals	NB	230.00	230.00	230.00	0.00%

## DISCRETIONARY &amp; STATUTORY FEES 2020/21

## LICENSING FEES

Item	Statutory or Discretionary	Description/Comments	VAT Indicator	Charge 2018/19 £	Charge 2019/20 £	Proposed Charge 2020/21 £	Increase / Decrease on 2019/20 %
<b>Animal Welfare and Public Health Licences</b>							
Selling of Animals	Discretionary	(New app) Application fee	NB	280.00	280.00	280.00	0.00%
	Discretionary	(New app) Grant fee	NB	215.00	215.00	215.00	0.00%
	Discretionary	(Renewal) Application fee	NB	240.00	240.00	240.00	0.00%
	Discretionary	(Renewal) Grant fee	NB	215.00	215.00	215.00	0.00%
Home boarding or day care	Discretionary	(New app) Application fee	NB	245.00	245.00	245.00	0.00%
	Discretionary	(New app) Grant fee	NB	180.00	180.00	180.00	0.00%
	Discretionary	(Renewal) Application fee	NB	210.00	210.00	210.00	0.00%
	Discretionary	(Renewal) Grant fee	NB	180.00	180.00	180.00	0.00%
Riding Establishments	Discretionary	(New app) Application fee - up to 10 horses	NB	280.00	280.00	280.00	0.00%
	Discretionary	(New app) Grant fee - up to 10 horses	NB	215.00	215.00	215.00	0.00%
	Discretionary	(New app) Application fee - 11 or more horses	NB	310.00	310.00	310.00	0.00%
	Discretionary	(New app) Grant fee - 11 or more horses	NB	245.00	245.00	245.00	0.00%
	Discretionary	(Renewal) Application fee - up to 10 horses	NB	240.00	240.00	240.00	0.00%
	Discretionary	(Renewal) Grant fee - up to 10 horses	NB	215.00	215.00	215.00	0.00%
	Discretionary	(Renewal) Application fee - 11 or more horses	NB	270.00	270.00	270.00	0.00%
	Discretionary	(Renewal) Grant fee - 11 or more horses	NB	245.00	245.00	245.00	0.00%
Keeping animals for exhibition	Discretionary	(New app) Application fee	NB	230.00	230.00	230.00	0.00%
	Discretionary	(New app) Grant fee	NB	165.00	165.00	165.00	0.00%
	Discretionary	(Renewal) Application fee	NB	190.00	190.00	190.00	0.00%
	Discretionary	(Renewal) Grant fee	NB	165.00	165.00	165.00	0.00%

DISCRETIONARY & STATUTORY FEES 2020/21

LICENSING FEES

Item	Statutory or Discretionary	Description/Comments	VAT Indicator	Charge 2018/19 £	Charge 2019/20 £	Proposed Charge 2020/21 £	Increase / Decrease on 2019/20 %
<b>Animal Welfare and Public Health Licences</b>							
Breeding Establishments	Discretionary	(New app) Application fee - up to 5 dogs	NB	230.00	230.00	230.00	0.00%
	Discretionary	(New app) Grant fee - up to 5 dogs	NB	165.00	165.00	165.00	0.00%
	Discretionary	(New app) Application fee - 6-10 dogs	NB	245.00	245.00	245.00	0.00%
	Discretionary	(New app) Grant fee - 6-10 dogs	NB	180.00	180.00	180.00	0.00%
	Discretionary	(New app) Application fee - 11+ dogs	NB	260.00	260.00	260.00	0.00%
	Discretionary	(New app) Grant fee - 11+ dogs	NB	200.00	200.00	200.00	0.00%
	Discretionary	(Renewal) Application fee - up to 5 dogs	NB	190.00	190.00	190.00	0.00%
	Discretionary	(Renewal) Grant fee - up to 5 dogs	NB	165.00	165.00	165.00	0.00%
	Discretionary	(Renewal) Application fee - 6-10 dogs	NB	210.00	210.00	210.00	0.00%
	Discretionary	(Renewal) Grant fee - 6-10 dogs	NB	180.00	180.00	180.00	0.00%
	Discretionary	(Renewal) Application fee - 11+ dogs	NB	225.00	225.00	225.00	0.00%
	Discretionary	(Renewal) Grant fee - 11+ dogs	NB	200.00	200.00	200.00	0.00%
	Variation to increase animals or activities	Discretionary	Application fee	NB	90.00	90.00	90.00
Discretionary		Grant fee	NB	40.00	40.00	40.00	0.00%
Variation to reduce animals or activities	Discretionary	Grant fee	NB	40.00	40.00	40.00	0.00%
	Discretionary	Application fee	NB	90.00	90.00	90.00	0.00%
Request for re-rating inspection	Discretionary	Application fee	NB	90.00	90.00	90.00	0.00%
	Discretionary	Grant fee	NB	40.00	40.00	40.00	0.00%

DISCRETIONARY & STATUTORY FEES 2020/21								
LICENSING FEES								
Item	Statutory or Discretionary	Description/Comments	VAT Indicator	Charge 2018/19 £	Charge 2019/20 £	Proposed Charge 2020/21 £	Increase / Decrease on 2019/20 %	
<b>Public Health Licences</b>								
Acupuncture	Discretionary	Initial registration practitioner/premises	NB	177.00	177.00	177.00	0.00%	
	Discretionary	Additional practitioner/premises	NB	109.00	109.00	109.00	0.00%	
	Discretionary	Minor variation	NB	30.00	30.00	30.00	0.00%	
Tattooing (including semi-permanent skin-colouring)	Discretionary	Initial registration practitioner/premises	NB	342.00	342.00	342.00	0.00%	
	Discretionary	Additional practitioner/premises	NB	109.00	109.00	109.00	0.00%	
	Discretionary	Minor variation	NB	30.00	30.00	30.00	0.00%	
Electrolysis	Discretionary	Initial registration practitioner/premises	NB	177.00	177.00	177.00	0.00%	
	Discretionary	Additional practitioner/premises	NB	109.00	109.00	109.00	0.00%	
	Discretionary	Minor variation	NB	30.00	30.00	30.00	0.00%	
Cosmetic Piercing (excluding ear piercing)	Discretionary	Initial registration practitioner/premises	NB	342.00	342.00	342.00	0.00%	
	Discretionary	Additional practitioner/premises	NB	109.00	109.00	109.00	0.00%	
	Discretionary	Minor variation	NB	30.00	30.00	30.00	0.00%	
Ear Piercing	Discretionary	Initial registration practitioner/premises	NB	177.00	177.00	177.00	0.00%	
	Discretionary	Additional practitioner/premises	NB	30.00	30.00	30.00	0.00%	
	Discretionary	Minor variation	NB	30.00	30.00	30.00	0.00%	
Hairdressing	Statutory	Registration	No fee payable					
<b>Sex Establishments Licence</b>								
Sex Shops, Sex Cinemas and Sexual Entertainment Venue Licences	Discretionary	Grant	NB	3,317.00	3,397.00	3,397.00	0.00%	
	Discretionary	Renewal	NB	308.00	315.00	324.00	2.86%	
	Discretionary	Transfer	NB	308.00	315.00	324.00	2.86%	

## DISCRETIONARY &amp; STATUTORY FEES 2020/21

## LICENSING FEES

Item	Statutory or Discretionary	Description/Comments	VAT Indicator	Charge 2018/19 £	Charge 2019/20 £	Proposed Charge 2020/21 £	Increase / Decrease on 2019/20 %
<b>Street Trading and Consents</b>							
Publicity Displays	Statutory			No fee payable	No fee payable	No fee payable	
Street Collection Permit	Statutory			No fee payable	No fee payable	No fee payable	
Street Trading Licence	Discretionary	Yearly	NB	75.00	77.00	78.00	1.30%
Ashford Town Market pitch fee (per ft)	Discretionary	Collected by DD	NB	1.00	1.10	1.10	0.00%
Casual Street Trading Licence/Consent For One Off Event (per stall)	Discretionary	Grant	NB	13.00	14.00	20.00	42.86%
Casual Street Trading Licence for Market	Discretionary	Monthly	NB	27.00	28.00	30.00	7.14%
Street Trading Consent	Discretionary	Yearly	NB	75.00	77.00	79.00	2.60%
New Site Street Trading Consent - static	Discretionary	Grant -if planning permission already granted	NB	104.00	106.50	110.00	3.29%
New Site Street Trading Consent - static	Discretionary	Grant - if no planning permission at time of application	NB	207.00	212.00	218.00	2.83%
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	£102 per site plus £26 per additional site	£105 per site plus £27 per additional site	
Hawker Street Trading Consent	Discretionary	Yearly	NB	75.00	77.00	79.00	2.60%
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	156.00	156.00	0.00%
Town Centre Commercial Booking	Discretionary	Small, local businesses, weekdays and Sundays	NB	51.00	52.00	52.00	0.00%
Town Centre Commercial Booking	Discretionary	Small, local businesses, Saturdays	NB	76.00	78.00	78.00	0.00%
Town Centre Commercial Booking	Discretionary	1 day (Saturday)	NB	200.00	205.00	205.00	0.00%

## DISCRETIONARY &amp; STATUTORY FEES 2020/21

## LICENSING FEES

Item	Statutory or Discretionary	Description/Comments	VAT Indicator	Charge 2018/19 £	Charge 2019/20 £	Proposed Charge 2020/21 £	Increase / Decrease on 2019/20 %
<b>Street Trading Consent Rents</b>							
Furners Wood Lay-by - cherry stall	Discretionary	Monthly rents	NB	150.00	153.50	158.00	2.93%
Furners Wood Lay-by - hot food	Discretionary	Monthly rents	NB	225.00	230.50	237.00	2.82%
Great Chart - A28 Tenterden bound - Food	Discretionary	Monthly rents	NB	225.00	230.50	237.00	2.82%
Great Chart - A28 Tenterden bound - Non Food	Discretionary	Monthly rents	NB	150.00	153.50	158.00	2.93%
Great Chart - A28 Ashford bound - Food	Discretionary	Monthly rents	NB	225.00	230.50	237.00	2.82%
Great Chart - A28 Ashford bound Non Food	Discretionary	Monthly rents	NB	150.00	153.50	158.00	2.93%
Hothfield - A20 Maidstone bound - Non Food	Discretionary	Monthly rents	NB	150.00	153.50	158.00	2.93%
Hothfield - A20 Maidstone bound - Food	Discretionary	Monthly rents	NB	225.00	230.50	237.00	2.82%
Hothfield - A20 Ashford bound - Non Food	Discretionary	Monthly rents	NB	150.00	153.50	158.00	2.93%
Hothfield - A20 Ashford bound - Food	Discretionary	Monthly rents	NB	225.00	230.50	237.00	2.82%
Henwood	Discretionary	Monthly rents	NB	206.50	211.50	218.00	3.07%
Recreation Ground Road car park	Discretionary	Monthly rents	NB	380.00	389.00	401.00	3.08%
Potters Corner, Hothfield	Discretionary	Monthly rents	NB	225.00	230.50	237.00	2.82%
Hall Avenue, Sevington	Discretionary	Max 28 days use per year	NB	240.00	246.00	253.00	2.85%
Chilham Mill	Discretionary		NB	225.00	230.50	237.00	2.82%
<b>Council Land</b>							
Event fee for Council Land	Discretionary			No fee payable	No fee payable	40.00	
Commercial: Small (an audience up to 1000 at any one time, on Council land)	Discretionary	per operating day	NB	277.00	284.00	292.00	2.82%
	Discretionary	per non-operating day	NB	195.00	200.00	200.00	0.00%
Commercial: Medium (an audience of 1000-4999 at any one time, on Council land)	Discretionary	per operating day	NB	-	-	600.00	
	Discretionary	per non-operating day	NB	-	-	200.00	
Commercial: Large (an audience of over 5000 at any one time, on Council land)	Discretionary	per operating day	NB	-	-	1,200.00	
	Discretionary	per non-operating day	NB	-	-	200.00	
Charity/Community events (an audience of over 50 at any one time, on Council land)	Discretionary		NB	-	-	40.00	
Administration for road closure	Discretionary		NB	-	-	25.00	

## DISCRETIONARY &amp; STATUTORY FEES 2020/21

## LICENSING FEES

Item	Statutory or Discretionary	Description/Comments	VAT Indicator	Charge 2018/19 £	Charge 2019/20 £	Proposed Charge 2020/21 £	Increase / Decrease on 2019/20 %
<b>Safety Advisory Group</b>							
SAG application (non-abc land)	Discretionary		NB	No fee payable	No fee payable	40	
Road closure application s21 TPCA 1847	Discretionary		NB	No fee payable	No fee payable	25	
<b>Food Hygiene</b>							
Level 1 course	Discretionary		EX	35.00	35.00	35.00	0.00%
Level 2 course	Discretionary		EX	48.00	48.00	48.00	0.00%
Re-sit (at time of next course)	Discretionary		EX	18.00	18.00	18.00	0.00%
Re-sit (oral)	Discretionary		EX	42.00	42.00	42.00	0.00%
<b>Food Safety Charges</b>							
Food Surrender Certificate	Discretionary		NB	99.00	99.00	0.00	
Food surrender inspection and issuing of certificate	Discretionary		NB	97.00	100.00	100.00	0.00%
Disposal/tipping costs charge at cost	Charged by tip			N/A	N/A	N/A	N/A
Export Certificate for food manufacture	Discretionary		NB	60.00	60.00	60.00	0.00%
<b>Miscellaneous</b>							
Scrap Metal Site Licence	Discretionary		NB	316.00	324.00	334.00	3.09%
Scrap Metal Collectors Licence	Discretionary		NB	212.00	217.00	224.00	3.23%
Scrap Metal Site Licence - Renewal	Discretionary		NB	212.00	217.00	224.00	3.23%
Scrap Metal Collectors Licence - Renewal	Discretionary		NB	106.00	109.00	112.00	2.75%
Scrap Metal Variations	Discretionary		NB	80.00	82.00	84.00	2.44%
Scrap Metal Replacement Licence	Discretionary		NB	11.00	11.50	12.00	4.35%

## DISCRETIONARY &amp; STATUTORY FEES 2020/21

## LICENSING FEES

Item	Statutory or Discretionary	Description/Comments	VAT Indicator	Charge 2018/19 £	Charge 2019/20 £	Proposed Charge 2020/21 £	Increase / Decrease on 2019/20 %
<b>Gambling Act</b>							
New small casino	Statutory Maximum	New application	NB	6,734.00	6,896.00	7,103.00	3.00%
		Annual fee	NB	3,823.00	3,915.00	4,032.00	2.99%
		Variation	NB	2,757.00	2,823.00	2,908.00	3.01%
		Transfer	NB	1,603.00	1,641.00	1,690.00	2.99%
		Re-instatement	NB	1,347.00	1,379.00	1,420.00	2.97%
		Provisional statement	NB	6,734.00	6,896.00	7,103.00	3.00%
		Provisional statement holders	NB	2,393.00	2,450.00	2,523.00	2.98%
		Copy licence	NB	25.00	25.00	25.00	0.00%
		Notification of change	NB	50.00	50.00	50.00	0.00%
		New large casino	Statutory Maximum	New application	NB	8,057.00	8,250.00
Annual fee	NB			7,708.00	7,893.00	8,130.00	3.00%
Variation	NB			3,644.00	3,731.00	3,843.00	3.00%
Transfer	NB			1,881.00	1,926.00	1,984.00	3.01%
Re-instatement	NB			2,122.00	2,150.00	2,150.00	0.00%
Provisional statement	NB			8,057.00	8,250.00	8,498.00	3.01%
Provisional statement holders	NB			3,957.00	4,052.00	4,174.00	3.01%
Copy licence	NB			25.00	25.00	25.00	0.00%
Notification of change	NB			50.00	50.00	50.00	0.00%
Regional casino	Statutory Maximum			New application	NB	12,690.00	12,995.00
		Annual fee	NB	11,900.00	12,186.00	12,552.00	3.00%
		Variation	NB	5,945.00	6,087.00	6,270.00	3.01%
		Transfer	NB	4,336.00	4,440.00	4,573.00	3.00%
		Re-instatement	NB	4,336.00	4,440.00	4,573.00	3.00%
		Provisional statement	NB	12,690.00	12,995.00	13,385.00	3.00%
		Provisional statement holders	NB	6,181.00	6,329.00	6,517.00	2.97%
		Copy licence	NB	25.00	25.00	25.00	0.00%
		Notification of change	NB	50.00	50.00	50.00	0.00%

## DISCRETIONARY &amp; STATUTORY FEES 2020/21

## LICENSING FEES

Item	Statutory or Discretionary	Description/Comments	VAT Indicator	Charge 2018/19 £	Charge 2019/20 £	Proposed Charge 2020/21 £	Increase / Decrease on 2019/20 %
<b>Gambling Act</b>							
Bingo club	Statutory Maximum	New application	NB	2,306.00	2,361.00	2,432.00	3.01%
		Annual fee	NB	718.00	735.00	757.00	2.99%
		Variation	NB	1,579.00	1,617.00	1,665.00	2.97%
		Transfer	NB	876.00	897.00	924.00	3.01%
		Re-instatement	NB	876.00	897.00	924.00	3.01%
		Provisional statement	NB	2,306.00	2,361.00	2,432.00	3.01%
		Provisional statement holders	NB	953.00	976.00	1,005.00	2.97%
		Copy licence	NB	25.00	25.00	25.00	0.00%
		Notification of change	NB	50.00	50.00	50.00	0.00%
Betting Premises (excluding tracks)	Statutory Maximum	New application	NB	2,347.00	2,403.00	2,475.00	3.00%
		Annual fee	NB	466.00	477.00	491.00	2.94%
		Variation	NB	1,333.00	1,365.00	1,406.00	3.00%
		Transfer	NB	876.00	897.00	924.00	3.01%
		Re-instatement	NB	876.00	897.00	924.00	3.01%
		Provisional statement	NB	2,306.00	2,361.00	2,432.00	3.01%
		Provisional statement holders	NB	953.00	976.00	1,005.00	2.97%
		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	1,804.00	1,847.00	1,902.00	2.98%
		Annual fee	NB	718.00	735.00	757.00	2.99%
		Variation	NB	1,210.00	1,239.00	1,250.00	0.89%
		Transfer	NB	876.00	897.00	924.00	3.01%
		Re-instatement	NB	876.00	897.00	924.00	3.01%
		Provisional statement	NB	1,804.00	1,847.00	1,902.00	2.98%
		Provisional statement holders	NB	953.00	976.00	950.00	-2.66%
		Copy licence	NB	25.00	25.00	25.00	0.00%
		Notification of change	NB	50.00	50.00	50.00	0.00%

## DISCRETIONARY &amp; STATUTORY FEES 2020/21

## LICENSING FEES

Item	Statutory or Discretionary	Description/Comments	VAT Indicator	Charge 2018/19 £	Charge 2019/20 £	Proposed Charge 2020/21 £	Increase / Decrease on 2019/20 %
<b>Gambling Act</b>							
Family Entertainment Centres	Statutory Maximum	New application	NB	1,804.00	1,847.00	1,902.00	2.98%
		Annual fee	NB	620.00	635.00	654.00	2.99%
		Variation	NB	815.00	835.00	860.00	2.99%
		Transfer	NB	876.00	897.00	924.00	3.01%
		Re-instatement	NB	876.00	897.00	924.00	3.01%
		Provisional statement	NB	1,804.00	1,847.00	1,902.00	2.98%
		Provisional statement holders	NB	789.00	808.00	832.00	2.97%
		Copy licence	NB	25.00	25.00	25.00	0.00%
		Notification of change	NB	50.00	50.00	50.00	0.00%
Adult Gaming Centre	Statutory Maximum	New application	NB	1,804.00	1,847.00	1,902.00	2.98%
		Annual fee	NB	723.00	740.00	762.00	2.97%
		Variation	NB	815.00	835.00	860.00	2.99%
		Transfer	NB	876.00	897.00	924.00	3.01%
		Re-instatement	NB	876.00	897.00	924.00	3.01%
		Provisional statement	NB	1,804.00	1,847.00	1,902.00	2.98%
		Provisional statement holders	NB	950.00	973.00	1,002.00	2.98%
		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	210.00	2.94%
		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%

## DISCRETIONARY &amp; STATUTORY FEES 2020/21

## LICENSING FEES

Item	Statutory or Discretionary	Description/Comments	VAT Indicator	Charge 2018/19 £	Charge 2019/20 £	Proposed Charge 2020/21 £	Increase / Decrease on 2019/20 %
<b>Gambling Act</b>							
Lottery Registration	Statutory Maximum	New Application	NB	40.00	40.00	40.00	0.00%
		Renewal	NB	20.00	20.00	20.00	0.00%
Licensed Premises Automatic Notification Process	Statutory Maximum	Notification	NB	50.00	50.00	50.00	0.00%
Club Gaming Permits	Statutory Maximum	Grant	NB	200.00	200.00	200.00	0.00%
		Grant (Club Premises Certificate holder)	NB	100.00	100.00	100.00	0.00%
		Existing operator grant	NB	100.00	100.00	100.00	0.00%
		Variation	NB	100.00	100.00	100.00	0.00%
		Renewal	NB	200.00	200.00	200.00	0.00%
		Renewal (Club Premises Certificate holder)	NB	100.00	100.00	100.00	0.00%
		Annual Fee	NB	50.00	50.00	50.00	0.00%
		Copy of permit	NB	15.00	15.00	15.00	0.00%
Club Machine Permits	Statutory Maximum	Grant	NB	200.00	200.00	200.00	0.00%
		Grant (Club Premises Certificate holder)	NB	100.00	100.00	100.00	0.00%
		Existing operator grant	NB	100.00	100.00	100.00	0.00%
		Variation	NB	100.00	100.00	100.00	0.00%
		Renewal	NB	200.00	200.00	200.00	0.00%
		Renewal (Club Premises Certificate holder)	NB	100.00	100.00	100.00	0.00%
		Annual Fee	NB	50.00	50.00	50.00	0.00%
		Copy of permit	NB	15.00	15.00	15.00	0.00%
Family Entertainment Centre Gaming Machine Permit	Statutory Maximum	Grant	NB	300.00	300.00	300.00	0.00%
		Renewal	NB	300.00	300.00	300.00	0.00%
		Existing operator grant	NB	100.00	100.00	100.00	0.00%
		Change of name	NB	25.00	25.00	25.00	0.00%
		Copy of permit	NB	15.00	15.00	15.00	0.00%
Prize Gaming Permits	Statutory Maximum	Grant	NB	300.00	300.00	300.00	0.00%
		Renewal	NB	300.00	300.00	300.00	0.00%
		Existing operator grant	NB	100.00	100.00	100.00	0.00%
		Change of name	NB	25.00	25.00	25.00	0.00%
		Copy of permit	NB	15.00	15.00	15.00	0.00%
		Annual Fee	NB	20.00	20.00	20.00	0.00%

## DISCRETIONARY &amp; STATUTORY FEES 2020/21

## LICENSING FEES

Item	Statutory or Discretionary	Description/Comments	VAT Indicator	Charge 2018/19 £	Charge 2019/20 £	Proposed Charge 2020/21 £	Increase / Decrease on 2019/20 %
<b>Hackney Carriage/Private Hire</b>							
Hackney Carriage & Private Hire Drivers Licence	Discretionary	For 1 year	NB	52.00	56.00	70.00	25.00%
		For 3 years	NB	104.00	112.00	145.00	29.46%
Vehicle Licence	Discretionary	New	NB	316.00	320.00	320.00	0.00%
		Renewal	NB	295.00	300.00	300.00	0.00%
Additional Hackney Carriage & Private Hire Drivers licence	Discretionary		NB	21.00	25.00	30.00	20.00%
Private Hire Operators	Discretionary	1-3 Vehicles	NB	129.00	134.00	139.00	3.73%
		4-10 Vehicles	NB	435.00	445.00	460.00	3.37%
		11-20 Vehicles	NB	869.00	890.00	919.00	3.26%
Drivers Badge (replacement)	Discretionary		NB	11.00	11.50	12.00	4.35%
Fee for Returned (Bounced) Cheques	Discretionary		NB	16.00	16.50	17.00	3.00%
Transfer of vehicle licence (including plate)	Discretionary		NB	20.00	30.00	32.00	6.67%
Replacement Plate (internal/external)	Discretionary		NB	20.00	20.00	20.50	2.50%
Additional Vehicle under an Operators Licence	Discretionary	Category 1-3	NB	129.00	132.00	137.00	3.79%
	Discretionary	Category 4-10		300.00	307.00	318.00	3.58%
	Discretionary	Category 11-20	NB	435.00	445.00	461.00	3.60%
Replacement Licence	Discretionary		NB	11.00	11.50	12.00	4.35%
Hackney carriage knowledge test	Discretionary			52.00	55.00	57.00	3.64%
CRB	Set by Home Office		NB	44.00	44.00	40.00	-9.09%

## VAT Indicator:

NB = Non Business no VAT

EX = Exempt from VAT

## DISCRETIONARY &amp; STATUTORY FEES 2020/21

## Parking Charges

Item	Description/Comments	VAT Indicator	Charge 2018/19 £	Charge 2019/20 £	Proposed Charge 2020/21 £	Increase / Decrease on 2019/20 %
<b>Season Tickets (Ashford)</b>						
	Edinburgh Road Reserved 12 months	VT	1,520.00		Scheme withdrawn	
	Flour Mills car park 1 month	VT	68.00	68.00	74.00	8.82%
	Flour Mills car park 3 months	VT	191.00	191.00	210.00	9.95%
	Flour Mills car park 6 months	VT	360.00	360.00	396.00	10.00%
	Flour Mills car park 12 months	VT	675.00	675.00	742.00	9.93%
	Town Centre 1 month	VT	76.00	76.00	83.00	9.21%
	Town Centre 3 Months	VT	215.00	215.00	236.00	9.77%
	Town Centre 6 Months	VT	405.00	405.00	445.00	9.88%
	Town Centre 12 Months	VT	760.00	760.00	836.00	10.00%
	Henwood Parking Area 1 month	VT	54.00	54.00	59.00	9.26%
	Henwood Parking Area 3 months	VT	153.00	153.00	168.00	9.80%
	Henwood Parking Area 6 months	VT	288.00	288.00	316.00	9.72%
	Henwood Parking Area 12 months	VT	540.00	540.00	594.00	10.00%
	Henwood Business Permit 12 months	VT	360.00	360.00	396.00	10.00%
<b>Season Tickets (Tenterden)</b>						
	Bridewell Lane car park 1 month	VT	76.00	76.00	83.00	9.21%
	Bridewell Lane car park 3 months	VT	215.00	215.00	236.00	9.77%
	Bridewell Lane car park 6 months	VT	405.00	405.00	445.00	9.88%
	Bridewell Lane car park 12 months	VT	760.00	760.00	836.00	10.00%
	Bridewell Lane Reserved 12 months	VT	1,520.00	1,520.00	1,672.00	10.00%
	<i>*Season Tickets issued for Bridewell Lane car park are also valid in the rear car park at Tenterden Leisure Centre</i>					
	Admin Charge for loss of season ticket	VT	10.00	10.00	11.00	10.00%
	Admin Charge for refund of Season ticket	VT	10.00	10.00	11.00	10.00%

## DISCRETIONARY &amp; STATUTORY FEES 2020/21

## Parking Charges

Item	Description/Comments	VAT Indicator	Charge 2018/19 £	Charge 2019/20 £	Proposed Charge 2020/21 £	Increase / Decrease on 2019/20 %
<b>Residents Permits</b>						
	Zone A Annual	EX	120.00	120.00	125.00	4.17%
	Zone B Annual	EX	50.00	50.00	55.00	10.00%
	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	35.00	16.67%
	Zone E Annual	EX	30.00	30.00	35.00	16.67%
	Zone F Annual	EX	30.00	30.00	35.00	16.67%
	Zone G Annual	EX	30.00	30.00	35.00	16.67%
	Admin Charge for loss of permit	EX	5.00	5.00	5.00	0.00%
<b>Other Permits</b>						
	Visitor's permits each	EX	1.00	1.00	1.00	0.00%
	Admin Charge for loss of staff card/permit	VT	5.00	10.00	10.00	0.00%
	HPA parking permit annual	VT	760.00	760.00	760.00	0.00%
	DSA parking permit annual	VT	760.00	760.00	760.00	0.00%
	International House permit discounted 12 months	VT	380.00	380.00	380.00	0.00%
	International House permit full price 12 months	VT	760.00	760.00	760.00	0.00%
	Admin charge for lost permit	VT	10.00	10.00	10.00	0.00%
<b>Misc Charges</b>						
	Waivers/Dispensations - per week or part week	VT	30.00	30.00	30.00	0.00%
	Waivers/Dispensations - Additional Charge for occupying on street pay and display bay, per bay per day (only applies for individual days if fully week £30 charge applies effectively 2 days free)	VT	10.00	10.00	10.00	0.00%
	Waivers/Dispensations - Additional Charge for occupying on street pay and display bay, per bay per week	VT	30.00	30.00	30.00	0.00%
	Bay Suspensions per week	VT	50.00	50.00	50.00	0.00%
	Replacement of lost cones per cone	VT	20.00	20.00	20.00	0.00%
	Locked car park-vehicle release fee	VT	55.00	55.00	55.00	0.00%
	Clamping release fee - Day	VT	40.00	40.00	40.00	0.00%
	Clamping release fee - Night	VT	150.00	150.00	150.00	0.00%
	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 &amp; STATUTORY FEES 2020/21

## Parking Charges

Item	Description/Comments	VAT Indicator	Charge 2018/19 £	Charge 2019/20 £	Proposed Charge 2020/21 £	Increase / Decrease on 2019/20 %
<b>Car Park Charges (Ashford)</b>						
	Civic Centre and Stour Centre car park per hour. Linear Charge in 5p increments	VT	1.10	1.10	1.20	9.09%
	Civic Centre and Stour Centre car park charge over 4 hours Mon-Fri	VT	11.00	11.00	12.00	9.09%
	Civic Centre and Stour Centre car park charge over 4 hours Sat and Sun	VT	5.00	5.00	5.50	10.00%
	Civic Centre and Stour Centre car park per hour Coach Charge (Linear Charge in 5p increments)	VT	1.70	1.70	1.85	8.82%
	Civic Centre and Stour Centre car park Coach charge over 4 hours	VT	11.00	11.00	12.00	9.09%
	Dover Place car park per hour	VT	1.10	1.10	1.20	9.09%
	Dover Place car park over 4 hours	VT	5.00	5.00	5.50	10.00%
	Elwick Road car park per hour	VT	1.50	1.10	1.20	9.09%
	Elwick Road car park over 4 hours	VT	1.10	5.00	5.50	10.00%
	Elwick Place car park up to 2 hours	VT	11.00	2.20	2.40	0.00%
	Elwick Place car park up to 3 hours	VT	5.00	3.30	3.60	0.00%
	Elwick Place car park up to 4 hours	VT	1.70	4.40	4.80	0.00%
	Elwick Place car park up to 5 hours	VT	11.00	5.50	5.50	0.00%
	Elwick Place car park over 5 hours	VT	1.10	11.00	12.00	0.00%
	Elwick Place car park Travelodge	VT	7.50	7.50	7.50	0.00%
	Edinburgh Road car park per hour	VT	1.10	1.10	1.20	9.09%
	Edinburgh Road car park charge over 4 hours	VT	5.00	5.00	5.50	10.00%
	Flour Mills car park per hour	VT	1.10	1.10	1.20	9.09%
	Flour Mills car park charge over 4 hours	VT	4.40	4.40	4.80	9.09%
	Henwood car park per hour	VT	0.90	0.90	1.00	11.11%
	Henwood car park charge over 4 hours	VT	3.60	3.60	4.00	11.11%
	Station Road Ashford car park per hour	VT	1.10	1.10	1.20	9.09%
	Station Road Ashford car park charge over 4 hours	VT	5.00	5.00	5.50	10.00%
	Vicarage Lane car park per hour	VT	1.10	1.10	1.20	9.09%
	Vicarage Lane car park charge over 4 hours	VT	11.00	11.00	12.00	9.09%

## DISCRETIONARY &amp; STATUTORY FEES 2020/21

## Parking Charges

Item	Description/Comments	VAT Indicator	Charge 2018/19 £	Charge 2019/20 £	Proposed Charge 2020/21 £	Increase / Decrease on 2019/20 %
<b>Car Park Charges (Tenterden)</b>						
	Bridewell Lane car park per hour	VT	1.10	1.10	1.20	9.09%
	Bridewell Lane car park over 4 hours	VT	5.00	5.00	5.50	10.00%
	Recreation Ground Road car park per hour	VT	1.10	1.10	1.20	9.09%
	Recreation Ground Road car park over 4 hours	VT	11.00	11.00	12.00	9.09%
	Station Road car park Tenterden per hour	VT	1.10	1.10	1.20	9.09%
	Station Road car park Tenterden over 4 hours	VT	11.00	11.00	12.00	9.09%
	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	12.00	9.09%
	Tenterden Leisure Centre car park per hour	VT	1.10	1.10	1.20	9.09%
	Tenterden Leisure Centre car park over 4 hours	VT	11.00	11.00	12.00	9.09%
	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	12.00	9.09%
<b>On Street Parking Charges</b>						
	Charge per hour before 6pm	EX	1.10	1.10	1.20	9.09%
	Charge after 6pm for parking up to 1 hour	EX	1.10	1.10	1.20	9.09%
	Charge after 6pm for parking over one hour	EX	3.00	3.00	3.30	10.00%
<b>Penalty Charge Notices</b>						
	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 &amp; STATUTORY FEES 2020/21

## Charge for the Supply of Information and Photocopies of Documents

Item	Description/Comments	VAT Indicator	Charge 2018/19 £	Charge 2019/20 £	Proposed Charge 2020/21 £	Increase / Decrease on 2019/20 %
General Photocopying	Per sheet of photocopy (for the first 10 sheets)	VT	0.38	0.39	0.40	2.56%
	Further Copies	VT	0.18	0.19	0.20	5.26%
Fax	First Page	VT	1.46	1.50	1.55	3.33%
	Each page thereafter	VT	0.78	0.80	0.82	2.50%
Notices and Extracts	Authenticated Building Control Regulation Approval or Completion Certificate (photocopy - copying charge only)	VT	10.36	10.67	10.99	3.00%
	Architects Plans (A3 & A4)	VT	0.38	0.39	0.40	2.56%
	Architects Plans (A2+)	VT	6.48	6.67	6.87	3.00%
Fact sheets	Major Development Proposals in Ashford (per page)	VT	1.77	1.82	1.87	2.75%
	All other fact sheets (per page)	VT	0.38	0.39	0.40	2.56%
Requests for Planning Information*		VT	55.85	57.53	59.26	3.01%
Requests for Building Control Information*		VT	55.85	57.53	59.26	3.01%
Inspection of approved Building Regulation Plans*		VT	55.85	57.53	59.26	3.01%
Gas and Pipeline Extracts*		VT	6.98	7.19	7.41	3.06%
Hard Copy Provision of Weekly List		VT	181.61	187.06	192.67	3.00%
Postage and Packing		VT	0.97	1.00	1.03	3.00%
*Fee for additional work on information that is freely available on website						

## DISCRETIONARY &amp; STATUTORY FEES 2020/21

## Sale of Documents and Room Hire

Item	Description/Comments	VAT Indicator	Charge 2018/19 £	Charge 2019/20 £	Proposed Charge 2020/21 £	Increase / Decrease on 2019/20 %	
Minutes	Council and Committees - per annum	VT	192.37	198.14	204.08	3.00%	
	(excluding the Planning Committee) - per cycle	VT	38.90	40.07	41.27	2.99%	
	Cabinet only	- per annum	VT	127.51	131.34	135.28	3.00%
		- per cycle	VT	26.11	26.89	27.70	3.01%
	Planning Committee only	- per annum	VT	127.51	131.34	135.28	3.00%
		- per cycle	VT	26.11	26.89	27.70	3.01%
	A single committee and its Sub- Committee (excluding the Planning Committee)	- per annum	VT	64.67	66.61	68.61	3.00%
		- per cycle	VT	13.42	13.82	14.23	2.97%
	Agendas and Reports	Council and Committees - per annum	VT	344.38	354.71	365.35	3.00%
		(excluding the Planning Committee) - per cycle	VT	69.46	71.54	73.69	3.01%
Cabinet only		- per annum	VT	644.07	663.39	683.29	3.00%
		- per cycle	VT	27.60	28.43	29.28	2.99%
Planning Committee only		- per annum	VT	644.07	663.39	683.29	3.00%
		- per cycle	VT	27.60	28.43	29.28	2.99%
A single committee and its Sub- Committee (excluding the Planning Committee)		- per annum	VT	69.46	71.54	73.69	3.01%
		- per cycle	VT	14.46	14.89	15.34	3.02%
<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	9.02	9.29	9.57	3.01%	
	- requested by commercial bodies	VT	44.32	45.65	47.02	3.00%	
	Council Year Book	VT	3.61	3.72	3.83	2.96%	
	Copy of Lease, Order etc	VT	7.93	8.17	8.42	3.06%	
Copy of Byelaws - Statutory Fee	VT	0.27	0.28	0.29	3.57%		

**DISCRETIONARY & STATUTORY FEES 2020/21**

**Sale of Documents and Room Hire**

Item	Description/Comments	VAT Indicator	Charge 2018/19 £	Charge 2019/20 £	Proposed Charge 2020/21 £	Increase / Decrease on 2019/20 %
Room Hire	Council Chamber	- Up to 4 hours	163.69	164.00	164.00	0.00%
		- Full Day	287.34	288.00	288.00	0.00%
		- Evening after 5pm	263.48	264.00	264.00	0.00%
	Committee Rooms	- Up to 4 hours	85.79	86.00	86.00	0.00%
		- Full Day	154.09	155.00	155.00	0.00%
		- Evening after 5pm	148.30	149.00	149.00	0.00%

**VAT Indicator:**  
**VT = Inclusive of VAT**

## DISCRETIONARY &amp; STATUTORY FEES 2020/21

## Cemetery Charges

Item	Description/Comments	VAT Indicator	Charge 2018/19 £	Charge 2019/20 £	Proposed Charge 2020/21 £	Increase / Decrease on 2019/20 %
<b>Cemetery Charges - Bybrook and Willesborough Cemeteries</b>						
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	1,152.86	1,190.00	3.22%
	(2) Double Grave Depth	NB	1,237.00	1,271.02	1,310.00	3.07%
	(3) Triple Grave Depth	NB	1,446.00	1,485.77	1,530.00	2.98%
	(4) Child under 3 months (Resident)	NB	FREE			
	(5) Child under 3 Months (Non Resident)	NB	80.00	82.20	85.00	3.22%
	(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	82.20	85.00	3.22%
	(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	267.15	275.00	2.94%
	(10) Cremated Remains Willesborough - Large Plot (section 58) Willesborough - Small Plot (section 42) Bybrook - Large Plot Bybrook - Small Plot	NB	403.00	414.08	427.00 387.00 427.00 387.00	
	(11) Single grave depth - includes boarding out with timber	NB	1,339.00	1,375.82	1,417.00	2.99%

## DISCRETIONARY &amp; STATUTORY FEES 2020/21

## Cemetery Charges

Item	Description/Comments	VAT Indicator	Charge 2018/19 £	Charge 2019/20 £	Proposed Charge 2020/21 £	Increase / Decrease on 2019/20 %
<b>Cemetery Charges - Bybrook and Willesborough Cemeteries</b>						
REOPENING OF EXISTING GRAVES/OPENING OF PRE-PURCHASED GRAVES	(1) Single Grave Depth	NB	530.00	544.58	560.00	2.83%
	(2) Double Grave Depth	NB	650.00	667.88	690.00	3.31%
	(3) Triple Grave Depth	NB	930.00	955.58	985.00	3.08%
	(4) Cremated Remains	NB	111.00	114.05	now split - see below	
	- Single interment of ashes				118.00	
	- Double interment of ashes at same time				167.00	
<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 200% ON THE ABOVE SCALE OF CHARGES IS MADE FOR PERSONS WHO LIVE OUTSIDE ASHFORD BOROUGH. (THIS IS COMMON PRACTICE WITH OTHER AUTHORITIES)</i>						

## DISCRETIONARY &amp; STATUTORY FEES 2020/21

## Cemetery Charges

Item	Description/Comments	VAT Indicator	Charge 2018/19 £	Charge 2019/20 £	Proposed Charge 2020/21 £	Increase / Decrease on 2019/20 %
<b>Cemetery Charges - Tenterden Cemetery</b>						
COMPOSITE BURIAL FEE FOR NEW GRAVES (Includes Digging Fee, Purchase of Right of Burial for 30 years and wooden cross marker)	(1) Single Grave Depth	NB	1,125.00	1,155.94	1,190.00	2.95%
	(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	1,651.19	1,700.00	2.96%
	(3) Child under 3 months (Resident)		FREE			
	(4) Child under 3 Months (Non Resident)	NB	80.00	82.20	85.00	3.41%
	(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	82.20	85.00	3.41%
	(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	267.15	275.00	2.94%
	(9) Cremated Remains - Garden of Remembrance - Large Plot	NB	472.00	484.98	500.00	3.10%
	(10) Cremated Remains - Garden of Remembrance - Small Plot	NB	326.00	334.97	345.00	3.00%

## DISCRETIONARY &amp; STATUTORY FEES 2020/21

## Cemetery Charges

Item	Description/Comments	VAT Indicator	Charge 2018/19 £	Charge 2019/20 £	Proposed Charge 2020/21 £	Increase / Decrease on 2019/20 %
<b>Cemetery Charges - Tenterden Cemetery</b>						
REOPENING OF EXISTING GRAVES/OPENING OF PRE-PURCHASED GRAVES	(1) Single Grave Depth	NB	606.00	622.67	640.00	2.78%
	(2) Double Grave Depth	NB	716.00	735.69	760.00	3.30%
	(3) Cremated Remains	NB				
	- Single interment of ashes	NB	182.00	187.01	193.00	3.21%
	- Double interment of ashes at same time	NB			245.00	
<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 200% ON THE ABOVE SCALE OF CHARGES IS MADE FOR PERSONS WHO LIVE OUTSIDE ASHFORD BOROUGH. (THIS IS COMMON PRACTICE WITH OTHER AUTHORITIES)</i>						
<b>Cemetery Charges - All Cemeteries</b>						
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	524.03	540.00	3.05%
	(2) One cremation plot	NB	285.00	292.13	now split - see below	
	- Willesborough - Large plot (section 58)				301.00	
	- Willesborough - Small plot (section 42)				166.00	
	- Bybrook - Large plot				301.00	
	- Bybrook - Small plot				166.00	
	- Tenterden Large plot (Section F)				301.00	
- Tenterden Small plot (Section E)				166.00		

## DISCRETIONARY &amp; STATUTORY FEES 2020/21

## Cemetery Charges

Item	Description/Comments	VAT Indicator	Charge 2018/19 £	Charge 2019/20 £	Proposed Charge 2020/21 £	Increase / Decrease on 2019/20 %
<b>Cemetery Charges - All Cemeteries</b>						
RIGHT TO ERECT A MEMORIAL	(1) Right to erect a headstone or tablet ( including inscription to one person) (Resident)					
	- Adult	NB	167.00	171.59	180.00	4.90%
	- Child up to 18 years	NB	FREE			
	(2) Right to erect a headstone or tablet ( including inscription to one person) (Non Resident)					
	- Adult	NB	334.00	343.19	355.00	3.44%
	- Child up to 18 years	NB	167.00	171.59	180.00	4.90%
	(3) Right to erect a kerbstone (including inscription to one person) (Resident)					
	- Adult	NB	241.00	247.63	255.00	2.98%
	- Child to 18 years	NB	FREE			
	(4) Right to erect a kerbstone (including inscription to one person) (Non Resident)					
- Adult	NB	482.00	495.26	510.00	2.98%	
- Child to 18 years	NB	241.00	247.63	255.00	2.98%	
(5) Additional inscription (per person after first)	VT	55.00	56.51	60.00	6.17%	
(6) Right to place a vase (including inscription to one person)	NB	80.00	82.20	85.00	3.41%	
PURCHASE OF WOODEN CROSS INCLUDING PLAQUE	(Ashford Borough Cemeteries only)	VT	40.00	41.10	60.00	45.99%
PURCHASE OF ALTERNATIVE MARKER INCLUDING PLAQUE	(Ashford Borough Cemeteries only)	VT			50.00	
FAMILY HISTORY SEARCH	Per Name	VT	26.00	26.72	30.00	12.30%
	Over 4 Names	VT	80.00	82.20	90.00	9.49%
NB IF NOT ALREADY DETAILED ABOVE A SURCHARGE OF 200% ON THE ABOVE SCALE OF CHARGES IS MADE FOR PERSONS WHO LIVE OUTSIDE ASHFORD BOROUGH. (THIS IS COMMON PRACTICE WITH OTHER AUTHORITIES)						

## Cemetery Charges

Item	Description/Comments	VAT Indicator	Charge 2018/19 £	Charge 2019/20 £	Proposed Charge 2020/21 £	Increase / Decrease on 2019/20 %
<b>WOODLAND BURIALS</b>						
BYBROOK WOODLAND CEMETERY	Woodland Burial Fee including grave purchase, digging, plaque and post					
	- one grave	EX	723.00	742.88	765.00	2.98%
	- two adjacent graves	EX	1,349.00	1,386.10	1,430.00	3.17%
	- double depth in new section	EX	1,349.00	1,386.10	1,430.00	3.17%
	Interment of cremated remains (in grave space) including grave purchase, digging, plaque and post	EX	621.00	638.08	657.00	2.97%
TENTERDEN WOODLAND CEMETERY	Woodland Burial Fee including grave purchase, digging, plaque and post					
	- one grave	EX	787.00	808.64	835.00	3.26%
	- two adjacent graves	EX	1,416.00	1,454.94	1,500.00	3.10%
	Interment of cremated remains (in grave space) including grave purchase, digging, plaque and post	EX	692.00	711.03	732.00	2.95%
BYBROOK & TENTERDEN WOODLAND CEMETERY	Further interment of cremated remains					
	- Ashford	EX	129.00	132.55	137.00	3.36%
	- Tenterden	EX	196.00	201.39	207.00	2.79%
	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	355.00	3.13%
	Grave reservation	EX	174.00	178.79	185.00	3.48%
NB IF NOT ALREADY DETAILED ABOVE A SURCHARGE OF 200% 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 2020/21**

**Cemetery Charges**

Item	Description/Comments	VAT Indicator	Charge 2018/19 £	Charge 2019/20 £	Proposed Charge 2020/21 £	Increase / Decrease on 2019/20 %
<b>OTHER RELATED CHARGES</b>						
TRANSFER OF EXCLUSIVE RIGHT OF BURIAL OR EXTENTION FOR A BURIAL OF 5 YEARS	per request	EX	50.00	51.38	75.00	45.99%
SELECTION OF GRAVE SPACE AT ANY CEMETERY INSTEAD OF USING NEXT AVAILABLE GRAVE		EX	88.00	90.42	100.00	10.60%
LATE ARRIVAL AT CEMETERY OF MORE THAN 30 MINS		NB	100.00	102.75	105.00	2.19%
TO INTER 2 OR MORE SETS OF ASHES AT THE SAME TIME	additional fee to cover admin costs	EX	25.00	25.69	26.50	3.16%
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
<i>NB IF NOT ALREADY DETAILED ABOVE A SURCHARGE OF 200% ON THE ABOVE SCALE OF CHARGES IS MADE FOR PERSONS WHO LIVE OUTSIDE ASHFORD BOROUGH. (THIS IS COMMON PRACTICE WITH OTHER AUTHORITIES)</i>						

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## DISCRETIONARY &amp; STATUTORY FEES 2020/21

## Planning Services

Item	Description/Comments	VAT Indicator	Charge 2018/19 £	Charge 2019/20 £	Proposed Charge 2020/21 £	Increase / Decrease on 2019/20 %
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	89.00	92.00	95.00	3.26%
	Level 2 will be charged for written advice on all minor developments	VT	172.00	177.00	182.00	2.82%
	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	460.00	474.00	488.00	2.95%
Compliance Check  ( Confirmation that a development has been built in accordance with the approved plans	For domestic Development	VT	84.00	87.00	90.00	3.45%
	For a Domestic proposal that requires a site visit	VT	165.00	170.00	175.00	2.94%
Research of Planning History	To confirm whether or not permitted development rights have been removed from a dwelling	VT	44.00	45.00	46.00	2.22%
	(Copies of Decision Notices are charged extra)		0.00	0.00	0.00	
Formal Complaint under High Hedges Legalisation		VT	469.00	483.00	497.00	2.90%

All other Statutory charges apply

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## DISCRETIONARY &amp; STATUTORY FEES 2020/21

## Monitoring Centre

Item	Description/Comments	VAT Indicator	Charge 2018/19 £	Charge 2019/20 £	Proposed Charge 2020/21 £	Increase / Decrease on 2019/20 %
<b>Telecare/Lifeline</b>						
Telecare Lifeline/Addition Installation (Within Kent)	One Off Payment per client	VT	30.00	35.00	80.00	128.57%
Telecare Lifeline/addition Postage and self install - Nation Wide	One off payment per client	VT	N/A	N/A	15.00	
Telecare Lifeline Installation (Outside Kent)	One Off Payment per client	VT	60.00	65.00	0.00	-100.00%
Telecare Lifeline Monitoring and Equipment Hire	Annual Fee per client	VT	161.00	166.00	160.00	-3.61%
Telecare Monitoring Fee only (no longer available to clients) - for purchased equipment - Prior to 1/04/11	Annual	VT	28.00	32.00	0.00	-100.00%
Supply of Second Pendant sensor	One off payment per client	VT	52.00	54.00	55.00	1.85%
Supply of Key safe - new style	One Off Payment per client	VT	76.00	78.00	70.00	-10.26%
Supply of Key release Door Chain - new style	One Off Payment per client	VT	61.00	63.00	63.00	0.00%
Telecare/Lifeline Equipment	Replacement of Equipment due to Damage/Non Return	VT	199.00	205.00	205.00	0.00%
Purchase of Safe Socket	One off payment per safe socket required	VT	22.00	23.00	25.00	8.70%
Purchase of BT Cable for Lifeline	One off payment per BT cable required	VT	12.00	13.00	15.00	15.38%
Purchase of Fall Detector	One off payment per fall detector	VT	103.00	106.00	110.00	3.77%

**DISCRETIONARY & STATUTORY FEES 2020/21**

**Monitoring Centre**

Item	Description/Comments	VAT Indicator	Charge 2018/19 £	Charge 2019/20 £	Proposed Charge 2020/21 £	Increase / Decrease on 2019/20 %
<b>Telecare/Lifeline</b>						
Purchase of Carbon Monoxide Detector	One off payment per Carbon Monoxide Detector	VT	118.00	121.00	121.00	0.00%
Purchase of Flood Detector	One off payment per Flood Detector	VT	103.00	106.00	110.00	3.77%
Purchase of Pendant Easy Press	One off payment per Pendant Easy Press	VT	16.00	17.00	10.00	-41.18%
Purchase of Smoke Alarm Detector	One off payment per Smoke Alarm Detector	VT	103.00	106.00	110.00	3.77%
Purchase of Power Cable	One off payment per Power Cable	VT	32.00	33.00	35.00	6.06%

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## DISCRETIONARY &amp; STATUTORY FEES 2020/21

## LEGAL &amp; ELECTORAL SERVICES

## Legal Fees

Item	Description/Comments	VAT Indicator	Charge 2018/19 £	Charge 2019/20 £	Proposed Charge 2020/21 £	Increase / Decrease on 2019/20 %
S9 Agreements	(including caution/note on Register)	NB	311.00	311.00	320.00	2.89%
S9 Transfers	Plus Land Registry Fees	NB	311.00	311.00	320.00	2.89%
S106 (and supplementary) Deeds		NB	906.00	906.00	933.00	2.98%
Grazing Licences		NB	114.00	114.00	117.00	2.63%
Licences to Assign		NB	208.00	208.00	214.00	2.88%
Sales or Easements	Up to £2,500 in value	NB	297.00	297.00	306.00	3.03%
Sales or Easements	over £2,500 in value - Basic Fee Charge as listed plus 1% of actual sale price	NB	334.00	334.00	344.00	2.99%
Commercial Leases		NB	323.00	323.00	333.00	3.10%
Commercial lease renewals		NB	218.00	218.00	225.00	3.21%
Surrenders		NB	198.00	198.00	204.00	3.03%
Landlord consent etc		NB	105.00	105.00	108.00	2.86%
Transfer of Equity (mortgage)		NB	219.00	219.00	226.00	3.20%
Redemptions		NB	114.00	114.00	117.00	2.63%
Mortgagees Enquiries		NB	207.00	207.00	213.00	2.90%
Deed of Postponement		NB	94.00	94.00	97.00	3.19%
Release of expired Statutory Charge		NB	101.00	101.00	104.00	2.97%
Waiver (Improvement Grant)		NB	101.00	101.00	104.00	2.97%
Notice of Charge		NB	63.00	63.00	65.00	3.17%
Counterpart Lease		NB	63.00	63.00	65.00	3.17%
Engross Transfer/conveyance		NB	52.00	52.00	54.00	3.85%
Notice to Assign		NB	63.00	63.00	65.00	3.17%
Wayleaves		NB	182.00	182.00	187.00	2.75%

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

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

## DISCRETIONARY &amp; STATUTORY FEES 2020/21

## LEGAL &amp; ELECTORAL SERVICES

## Legal Fees

Item	Description/Comments	VAT Indicator	Charge 2018/19 £	Charge 2019/20 £	Proposed Charge 2020/21 £	Increase / Decrease on 2019/20 %
<b>Electoral Services</b>						
Confirmation of Registration letters	Letters required due to the credit reference agencies not updating their information	VT	10.00	10.00	No charge due to new legislation	
Postal votes pack	Postal votes pack (Charge to Parish Councils for by-elections)	VT	1.30	1.30	Actual	
Poll Cards	Poll card (Charge to Parish Councils for by-elections)	VT	0.60	0.60	Actual	
	<b>Statutory Charges (restricted availability for full register and overseas lists)</b>					
Sales of full and edited register	Data £20 plus £1.50 per 1,000 entries or part of 1,000	NB	21.50	21.50	21.50	0.00%
Sales of full and edited register	Printed £10 plus £5 per 1,000 or part of 1,000	NB	15.00	15.00	15.00	0.00%
Overseas electors List	Data £20 plus £1.50 per 100 entries or part of 100	NB	21.50	21.50	21.50	0.00%
Overseas electors List	Printed £10 plus £1.50 per 100 or part of 100	NB	11.50	11.50	11.50	0.00%

## VAT Indicator:

NB = Non Business no VAT

EX = Exempt from VAT

VT = Inclusive of VAT

## DISCRETIONARY &amp; STATUTORY FEES 2020/21

## Property Services

Item	Description/Comments	VAT Indicator	Charge 2018/19 £	Charge 2019/20 £	Proposed Charge 2020/21 £	Increase / Decrease on 2019/20 %
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	193.00	199.00	205.00	3.02%
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	297.00	306.00	315.00	2.94%
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	130.00	134.00	138.00	2.99%
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	130.00	134.00	138.00	2.99%
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	193.00	199.00	205.00	3.02%
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	411.00	423.00	436.00	3.07%
AutoCAD plan production fee	Production of drawings for the purpose of ABC legal agreements	VT	103.00	106.00	109.00	2.83%
Wayleaves - inspection/administration	The cost of the site inspection has not previously been charged for.	VT	130.00	134.00	138.00	2.99%

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

## DISCRETIONARY &amp; STATUTORY FEES 2020/21

## Property Services

Item	Description/Comments	VAT Indicator	Charge 2018/19 £	Charge 2019/20 £	Proposed Charge 2020/21 £	Increase / Decrease on 2019/20 %
<b>Garage and Parking Space Fees and Charges</b>						
Garage and Parking Space Fees and Charges	Council Tenant Low per week	EX		7.99	10.50	31.41%
	Council Tenant High per week	EX		9.05	10.50	16.02%
	Non Council Tenant Low (plus VAT) per week	VT		9.59	12.60	31.39%
	Non Council Tenant High (plus VAT) per week	VT		10.86	12.60	16.02%
	Deposit for all new Garage Tenancies (new charge)	EX			One months rent	
	Parking Spaces (on garage sites only) per year in advance (new charge as we will be demolishing a number of garage sites and creating parking spaces, this will then be in place going forward)	VT			200.00	
<i>In line with the agreed Garage Commercialisation Strategy all profit of monies received for the sale of garage sites into the General Fund be allocated into the Garage budget to enable the investment for renovation and upgrade of existing let sites in order to maintain the highest level of revenue into the General Fund going forward.</i>						

## VAT Indicator:

NB = Non Business no VAT

EX = Exempt from VAT

VT = Exclusive of VAT

## DISCRETIONARY &amp; STATUTORY FEES 2020/21

## Other Charges

Item	Description/Comments	VAT Indicator	Charge 2018/19 £	Charge 2019/20 £	Proposed Charge 2020/21 £	Increase / Decrease on 2019/20 %
<b>Waste Collection</b>						
Bulky Collection	Base Charge	NB	24.00	24.00	25.00	4.17%
Garden Waste Bins	Wheelie Bin for Garden Waste	NB	37.50	37.50	37.50	0.00%
Garden Waste Bins (DD charge)	Wheelie Bin for Garden Waste	NB	35.00	35.00	37.50	7.14%
Full household bin set (new developments)	Set of one recycle (240L) one refuse (180L) one food caddy (23L) and one silver kitchen caddy (5L)	NB	75.00	75.00	77.00	2.67%
Recycle bin	Green (240L)	NB			40.00	
Refuse bin	Black (180L)	NB			40.00	
Food caddy	Orange & black (23L)	NB			10.00	
Kitchen food caddy	Silver (5L)	NB			8.00	
Food bin	Orange & black (140L)	NB			35.00	
Bulk refuse bin	1100L steel/black lid	NB		Cost recovery	345.00	
Bulk refuse bin	1100L steel/black lid (each additional bulk refuse bin in same delivery)	NB		Cost recovery	300.00	
Bulk recycle bin	1100L full green	NB		Cost recovery	370.00	
Bulk recycle bin	1100L full green (each additional bulk recycle bin in same delivery)	NB		Cost recovery	330.00	
<b>Dog Warden Fees</b>						
Stray Dogs	Statutory fee for dog not being on lead	NB	27.00	28.00	25.00	-10.71%
Dog Control Costs	Collection/delivery of dog	NB	41.00	42.00	45.00	7.14%
Kennelling costs	Per 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	31.00	32.00	33.00	3.13%
Vetinary Treatment	As required	NB	Cost Recovery			

## DISCRETIONARY &amp; STATUTORY FEES 2020/21

## Other Charges

Item	Description/Comments	VAT Indicator	Charge 2018/19 £	Charge 2019/20 £	Proposed Charge 2020/21 £	Increase / Decrease on 2019/20 %
<b>Allotment Rents</b>						
Plot rent		EX	6.00	7.00	7.00	0.00%
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	3.50	3.50	0.00%
<b>Chilmington Road Travellers Site</b>						
Rent	Charge per week	NB	46.15	47.53	48.96	3.00%
Service Charge	Charge per week	NB	35.92	37.00	38.11	3.01%
<b>Mobile Homes</b>						
Annual monitoring fee	Charge per pitch	NB	5.40	5.40	3.90	-27.78%
Check & Depositing Site Rules		NB	63.00	65.00	67.00	3.08%
Site Licence Application Fees	Band 1 - 1-10 pitches	NB	402.00	414.00	380.50	-8.09%
	Band 2 - 11-50 pitches	NB	470.00	484.00	425.50	-12.09%
	Band 3 - 51-99 pitches	NB	654.00	674.00	562.00	-16.62%
	Band 4 - 100-199 pitches	NB	790.00	814.00	697.00	-14.37%
	Band 5 - 200+ pitches	NB	978.00	1007.00	854.50	-15.14%
Application to transfer a site licence	Band 1 - 1-10 pitches	NB	80.00	82.00	76.10	-7.20%
	Band 2 - 11-50 pitches	NB	94.00	97.00	85.10	-12.27%
	Band 3 - 51-99 pitches	NB	131.00	135.00	112.40	-16.74%
	Band 4 - 100-199 pitches	NB	158.00	163.00	139.40	-14.48%
	Band 5 - 200+ pitches	NB	196.00	202.00	170.92	-15.39%
Application to amend a site licence	Band 1 - 1-10 pitches	NB	134.00	138.00	125.57	-9.01%
	Band 2 - 11-50 pitches	NB	157.00	162.00	140.42	-13.32%
	Band 3 - 51-99 pitches	NB	218.00	225.00	185.46	-17.57%
	Band 4 - 100-199 pitches	NB	263.00	271.00	230.01	-15.13%
	Band 5 - 200+ pitches	NB	326.00	336.00	281.99	-16.07%
<b>Homelessness</b>						
Copy of File		VT	10.00	10.00	10.00	0.00%

DISCRETIONARY & STATUTORY FEES 2020/21						
Other Charges						
Item	Description/Comments	VAT Indicator	Charge 2018/19 £	Charge 2019/20 £	Proposed Charge 2020/21 £	Increase / Decrease on 2019/20 %
<b>Private Sector Housing</b>						
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	86.00	120.00	120.00	0.00%
Making a prohibition notice (Housing Act 2004 sec 20 or 21)	Discretion regarding matters relating to overcrowding, but other issues which require a notice to be charged at £300	NB	311.00	320.00	330.00	3.13%
Charge for making an emergency prohibition order - Housing Act 2004		NB	207.00	213.00	219.00	2.82%
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 For subsequent offences the penalty will be £5,000 to deter continued non-compliance. No early payment discount would apply	NB	2,500.00	2,500.00	2,500.00	0.00%
		NB	5,000.00	5,000.00	5,000.00	0.00%
House in Multiple Occupation Licence Fee	Five Year Licence - 1st property Five Year Licence - subsequent properties	NB	397.00	563.71	563.71	0.00%
		NB	365.00	365.00	563.71	2.56%
<b>ABC Lettings</b>						
Management charge	Agreed with landlord	VT	10% -12.5%	10% -12.5%	10% -12.5%	0.00%
Landlords one-off set up fee		VT	250.00	250.00	250.00	0.00%
Repairs Service		VT	Cost +10%	Cost +10%	Cost +10%	

DISCRETIONARY & STATUTORY FEES 2020/21						
Other Charges						
Item	Description/Comments	VAT Indicator	Charge 2018/19 £	Charge 2019/20 £	Proposed Charge 2020/21 £	Increase / Decrease on 2019/20 %
<b>Tourist Information Service</b>						
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. M	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%
<b>National Express</b>	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	
<b>Council Tax Collection</b>						
Court costs	Summons costs	NB	60.00	60.00	60.00	0.00%
	Liability orders	NB	65.00	65.00	65.00	0.00%
<b>Business Rates</b>						
Court costs	Summons costs	NB	0.00	0.00	0.00	0.00%
	Liability orders	NB	180.00	180.00	180.00	0.00%
<b>Land Charges</b>						
Standard Search Fee	Domestic Properties	NB	Cost Recovery			
	Non-Domestic Properties	NB	Cost Recovery			
Extra Questions		NB	Cost Recovery			
	<i>NB All Land Charges Fees are to be set at on full cost recovery Basis - these need to be reviewed periodically throughout the year to ensure that this is achieved.</i>					

DISCRETIONARY & STATUTORY FEES 2020/21						
Other Charges						
Item	Description/Comments	VAT Indicator	Charge 2018/19 £	Charge 2019/20 £	Proposed Charge 2020/21 £	Increase / Decrease on 2019/20 %
<b>Street Administration</b>						
Street Naming and numbering	1 Unit	NB	51.00	53.00	55.00	3.77%
	2-10 units	NB	43.00	44.00	45.00	2.27%
	Over 10 units	NB	39.00	40.00	41.00	2.50%
New Street Name		NB	124.00	128.00	132.00	3.13%
Rename Existing Street		NB	265.00	273.00	281.00	2.93%
Address Change	per property	NB	51.00	53.00	55.00	3.77%
<b>Building Control</b>						
Discretionary Works	Including Party Wall surveying, Fire Risk assessments, Access audits, SBEM, SAP ratings and other surveying activities	VT	Cost Recovery			
Exempt Letters		VT	41.00	42.00	43.00	2.38%

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

## Equality Impact Assessment

<b>Lead officer:</b>	Head of Finance
<b>Decision maker:</b>	Full Council
<b>Decision:</b> <ul style="list-style-type: none"> <li>• Policy, project, service, contract</li> <li>• Review, change, new, stop</li> </ul>	The report contains the annual budget for 2020/21 which is supported by the five year corporate plan 2015-2020 (including the medium term financial plan) and individual service plans
<b>Date of decision:</b> The date when the final decision is made. The EIA must be complete before this point and inform the final decision.	Approved annually (February each year)
<b>Summary of the proposed decision:</b> <ul style="list-style-type: none"> <li>• Aims and objectives</li> <li>• Key actions</li> <li>• Expected outcomes</li> <li>• Who will be affected and how?</li> <li>• How many people will be affected?</li> </ul>	<p>The budgets role is to set council tax and rent levels, providing a framework to measure performance and to allocate resources to match the priorities established within the 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 2020/21 and associated recommendations.</p> <p>Approve the capital strategy, investment strategy treasury strategy, investment policy, fees and charges, and the Council Tax Benefit E-Claim Risk Based Verification Policy for 2020/21.</p> <p>The budget affects the whole borough and its population.</p>
<b>Information and research:</b> <ul style="list-style-type: none"> <li>• Outline the information and research that has informed the decision.</li> <li>• Include sources and key findings.</li> </ul>	<p>Quarterly Budget Monitoring reports for the current year 2019/20 –  September/November/February Cabinet reports  MTFP Cabinet report – November Cabinet  Draft Budget report – November Cabinet  HRA Business Plan – October Cabinet  Budget Scrutiny (O&amp;S) task group – throughout December &amp; January, each service and budget area scrutinised with further focus on key areas of risk.</p> <p>Public consultation late December to early February  JCC – staff consultation early February</p>

<p><b>Consultation:</b></p> <ul style="list-style-type: none"> <li>• What specific consultation has occurred on this decision?</li> <li>• What were the results of the consultation?</li> <li>• Did the consultation analysis reveal any difference in views across the protected characteristics?</li> <li>• What conclusions can be drawn from the analysis on how the decision will affect people with different protected characteristics?</li> </ul>	<p>Budget Scrutiny (O&amp;S) task group – throughout December &amp; 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 Late December to early February – Borough wide consultation, communicated via website and appropriate media channels.</p> <p>Responses to public consultation will be published at February 2020 Cabinet.</p>
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**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.**

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.

<b>Protected characteristic</b>	<b>Relevance to Decision</b> High/Medium/Low/None	<b>Impact of Decision</b> <b>Positive</b> (Major/Minor) <b>Negative</b> (Major/Minor) <b>Neutral</b>
<u>AGE</u> Elderly	Low/Medium	Positive – No contribution required through Council Tax support
Middle age	Low	Negative – Increased level of contribution through Council Tax Support Scheme.

## Appendix E

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

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

<p><b>Is the decision relevant to the aims of the equality duty?</b> Guidance on the aims can be found in the EHRC's <i>Essential Guide</i>, alongside fuller <i>PSED Technical Guidance</i>.</p>	
<b>Aim</b>	<b>Yes / No / N/A</b>
1) Eliminate discrimination, harassment and victimisation	n/a
2) Advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it	n/a
3) Foster good relations between persons who share a relevant protected characteristic and persons who do not share it	n/a

<p><b>Conclusion:</b></p> <ul style="list-style-type: none"> <li>• Consider how due regard has been had to the equality duty, from start to finish.</li> <li>• There should be no unlawful discrimination arising from the decision (see guidance above ).</li> <li>• Advise on whether the proposal meets the aims of the equality duty or whether adjustments have been made or need to be made or whether any residual impacts are justified.</li> <li>• How will monitoring of the policy, procedure or decision and its implementation be undertaken and reported?</li> </ul>	<p>There has been a full consultation process and Equalities Impact Assessment for the local council tax reduction scheme.</p> <p>Individual Services will look at discrimination for service provision, if a regular theme of those reviews suggests that financial resources are the key factor baring minorities from accessing our services then perhaps we need to elevate this higher.</p>
<p><b>EIA completion date:</b></p>	<p>31/01/2020</p>

## Budget Housing Revenue Account 2020/21

SUBJECTIVE ANALYSIS - 2020/21 ESTIMATE					
Housing Revenue Account					
	Supervision & Management	Income	Other	Repairs & Maintenance	Total
EXPENDITURE					
Employees	2,639,930	-	-	-	2,639,930
Premises	805,350	-	-	3,754,500	4,559,850
Supplies and Services	933,640	-	100,000	33,500	1,067,140
Transport	134,200	-	-	-	134,200
<b>TOTAL EXPENDITURE</b>	<b>4,513,120</b>	<b>-</b>	<b>100,000</b>	<b>3,788,000</b>	<b>8,401,120</b>
INCOME					
Grants	-	-	( 2,999,850)	-	( 2,999,850)
Fees & Charges	( 61,520)	( 25,369,020)	-	( 30,000)	( 25,460,540)
<b>TOTAL INCOME</b>	<b>( 61,520)</b>	<b>( 25,369,020)</b>	<b>( 2,999,850)</b>	<b>( 30,000)</b>	<b>( 28,460,390)</b>
<b>NET CONTROLLABLE EXPENDITURE</b>	<b>4,451,600</b>	<b>( 25,369,020)</b>	<b>( 2,899,850)</b>	<b>3,758,000</b>	<b>( 20,059,270)</b>
NON CONTROLLABLE ITEMS					
Support Services	1,962,330	-	937,770	-	2,900,100
Capital Charges	-	-	17,920,130	-	17,920,130
Recharges	( 131,060)	-	-	-	( 131,060)
Transfers to/from Reserves	-	-	-	-	-
<b>TOTAL NON-CONTROLLABLE ITEMS</b>	<b>1,831,270</b>	<b>-</b>	<b>18,857,900</b>	<b>-</b>	<b>20,689,170</b>
<b>NET EXPENDITURE</b>	<b>6,282,870</b>	<b>( 25,369,020)</b>	<b>15,958,050</b>	<b>3,758,000</b>	<b>629,900</b>

## Appendix G

Capital Programme 2019/20 - 2022/23						
	Current budget	Previous Exp	2019/20	2020/21	2021/22	2022/23
	£	£	£	£	£	£
<b>Corporate Property and Projects</b>						
Planned Capital Works to Commercial Property	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	95,393,600	27,573,406	820,194	28,000,000	29,000,000	10,000,000
Elwick Place leisure, retail and car park development	42,330,000	36,950,630	5,379,370	0	0	0
International House Works	650,000	297,080	36,000	250,000	66,920	0
Commercial Qrt - pedestrian link path and footbridge	250,000	0	0	250,000	0	0
Solar PV (various sites)	8,500,000	0	0	90,000	4,030,000	4,380,000
Vicarage Lane redevelopment	21,500,000	1,890,000	534,000	2,881,600	8,801,700	7,392,700
<b>Total - Corporate Property and Projects</b>	<b>178,623,600</b>	<b>66,711,116</b>	<b>9,269,564</b>	<b>33,971,600</b>	<b>44,398,620</b>	<b>24,272,700</b>
<b>Community &amp; Housing</b>						
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
<b>Total - Community &amp; Housing</b>	<b>3,358,000</b>	<b>0</b>	<b>952,000</b>	<b>802,000</b>	<b>802,000</b>	<b>802,000</b>
<b>Information Technology</b>						
Digital Transformation	350,000	0	200,000	150,000	0	0
<b>Total - Information Technology</b>	<b>350,000</b>	<b>0</b>	<b>200,000</b>	<b>150,000</b>	<b>0</b>	<b>0</b>
<b>Culture &amp; the Environment</b>						
Single Grants Gateway Fund	300,000	0	75,000	75,000	75,000	75,000
Victoria Park Rejuvenation Project	4,418,000	0	140,200	1,001,950	3,166,150	109,700
Courtside Pitchside Replacement 3G & Lighting	300,000	0	0	300,000	0	0
Conningbrook Lakes Country Park development	2,054,727	575,000	0	500,000	500,000	479,727
Leisure Procurement Capital Investment	7,500,000	0	0	3,500,000	4,000,000	0
External Funding	(2,815,675)	(575,000)	0	(800,000)	(960,948)	(479,727)
	11,757,052	0	215,200	4,576,950	6,780,202	184,700
<b>Total Culture &amp; the Environment</b>	<b>14,572,727</b>	<b>575,000</b>	<b>215,200</b>	<b>5,376,950</b>	<b>7,741,150</b>	<b>664,427</b>
<b>Community Safety and Wellbeing</b>						
Automatic Number Plate Recognition	320,000	0	80,000	80,000	160,000	0
Street Lighting replacement	1,000,000	7,960	625,000	367,040	0	0
Multi Storey Car Park	9,500,000	0	0	0	1,500,000	8,000,000
<b>Total Community Safety and Wellbeing</b>	<b>10,820,000</b>	<b>7,960</b>	<b>705,000</b>	<b>447,040</b>	<b>1,660,000</b>	<b>8,000,000</b>
<b>General Fund Total</b>	<b>207,724,327</b>	<b>67,294,076</b>	<b>11,341,764</b>	<b>40,747,590</b>	<b>54,601,770</b>	<b>33,739,127</b>
<b>HRA Capital Works - as current business plan</b>						
Programmed Works	24,096,000	0	4,411,000	4,435,000	6,510,000	8,740,000
Affordable Housing Programme Phase 5	6,604,000	5,604,000	1,000,000	0	0	0
Court Wurtin	6,880,000	180,000	200,000	700,000	3,000,000	2,800,000
East Stour Court	7,867,000	367,000	2,000,000	3,000,000	2,500,000	0
Street Purchases	78,200,000	0	9,200,000	23,000,000	23,000,000	23,000,000
Halstow Way	7,004,000	4,000	2,000,000	3,000,000	2,000,000	0
The Poplars	6,933,000	733,000	500,000	3,000,000	2,700,000	0
Affordable Housing Programme Phase 6 (smaller sites)	2,636,000	0	0	0	1,318,000	1,318,000
Piper Joinery	6,900,000	0	1,900,000	3,000,000	2,000,000	0
Oakleigh House	8,000,000	0	0	2,000,000	3,000,000	3,000,000
Pym House	2,000,000	0	0	0	0	2,000,000
Ford Way	10,000,000	0	0	3,000,000	4,000,000	3,000,000
Coneybeare	6,000,000	0	0	0	3,000,000	3,000,000
Play Areas	180,000	0	0	60,000	60,000	60,000
Tile Kiln	4,549,000	0	983,000	1,783,000	1,783,000	0
	<b>177,849,000</b>	<b>6,888,000</b>	<b>22,194,000</b>	<b>46,978,000</b>	<b>54,871,000</b>	<b>46,918,000</b>
<b>Total HRA</b>	<b>177,849,000</b>	<b>6,888,000</b>	<b>22,194,000</b>	<b>46,978,000</b>	<b>54,871,000</b>	<b>46,918,000</b>
<b>Total Capital Spend</b>	<b>385,573,327</b>	<b>74,182,077</b>	<b>33,535,764</b>	<b>87,725,590</b>	<b>109,472,770</b>	<b>80,657,127</b>

## Appendix G

	Current budget £	Previous Exp £	2019/20 £	2020/21 £	2021/22 £	2022/23 £
<b>CAPITAL SUMMARY</b>						
Corporate Property and Projects	178,623,600	66,711,116	9,269,564	33,971,600	44,398,620	24,272,700
Community & Housing	3,358,000	0	952,000	802,000	802,000	802,000
Information Technology	350,000	0	200,000	150,000	0	0
Culture & the Environment	14,572,727	575,000	215,200	5,376,950	7,741,150	664,427
Community Safety and Wellbeing	10,820,000	7,960	705,000	447,040	1,660,000	8,000,000
<b>GENERAL FUND</b>	<b>207,724,327</b>	<b>67,294,076</b>	<b>11,341,764</b>	<b>40,747,590</b>	<b>54,601,770</b>	<b>33,739,127</b>
<b>HOUSING REVENUE ACCOUNT</b>	<b>177,849,000</b>	<b>6,888,000</b>	<b>22,194,000</b>	<b>46,978,000</b>	<b>54,871,000</b>	<b>46,918,000</b>
<b>TOTAL CAPITAL PROGRAMME</b>	<b>385,573,327</b>	<b>74,182,077</b>	<b>33,535,764</b>	<b>87,725,590</b>	<b>109,472,770</b>	<b>80,657,127</b>

Funding Statement 2019/20 - 2022/23						
	Current budget £	Previous Exp £	2019/20 £	2020/21 £	2021/22 £	2022/23 £
<b>Funding Source</b>						
Capital Receipts - HRA	28,700,805	1,470,805	5,030,000	7,800,000	7,500,000	6,900,000
Capital Receipts - GF	860,000	0	365,000	165,000	165,000	165,000
Borrowing HRA	99,292,701	447,701	5,513,000	30,518,000	36,511,000	26,303,000
Borrowing GF	196,693,600	66,719,077	9,974,564	37,668,640	50,058,620	32,272,700
External grants & contributions HRA	8,385,000	220,000	940,000	900,000	4,350,000	1,975,000
External grants & contributions GF	8,662,675	575,000	802,200	2,513,950	3,579,798	1,191,727
Major Repairs Reserve HRA	24,096,000		4,411,000	4,435,000	6,510,000	8,740,000
Other Reserve HRA	17,374,494	4,749,494	6,300,000	3,325,000	0	3,000,000
Other Reserve GF	1,508,052		200,000	400,000	798,352	109,700
	<b>385,573,327</b>	<b>74,182,077</b>	<b>33,535,764</b>	<b>87,725,590</b>	<b>109,472,770</b>	<b>80,657,127</b>
<b>External Grants</b>						
Homes & Communities Agency (HCA)	7,445,000	220,000	0	900,000	4,350,000	1,975,000
Section 106	3,755,675	575,000	940,000	800,000	960,948	479,727
Heritage Lottery fund	3,049,000	0	140,200	1,001,950	1,906,850	0
Better Care Fund - Disabled Facility Grants	2,798,000	0	662,000	712,000	712,000	712,000
	<b>17,047,675</b>	<b>795,000</b>	<b>1,742,200</b>	<b>3,413,950</b>	<b>7,929,798</b>	<b>3,166,727</b>

## Capital Strategy Report 2020/21

### Introduction

The capital strategy was a new requirement introduced in 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. This strategy provides a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of local public services along with an overview of how associated risk is managed and the implications for future financial sustainability.

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

### Capital Expenditure and Financing

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

In 2020/21, the Council is planning capital expenditure of just under £88m as summarised below:

	<b>2019/20 Revised</b>	<b>2020/21 Estimate</b>	<b>2021/22 Estimate</b>	<b>2022/23 Estimate</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
General Fund services	11,342	40,748	54,602	33,739
Council Housing (HRA)	22,194	46,978	54,871	46,918
<b>Total Expenditure</b>	<b>33,536</b>	<b>87,726</b>	<b>109,473</b>	<b>80,657</b>

The main General Fund capital projects include for 2020/21:

- £28m loans to support the property company acquisitions.
- £2.8m for the initial design and preliminary works on the regeneration and transformation of Vicarage Lane car park.
- £3.5m to modernise and improve leisure facilities following a change in leisure operator through a successful procurement exercise.

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

The capital expenditure for the HRA is significant over the next few years and supports the ambition of the HRA in delivering its business plan which was presented to Cabinet in October 2019, which looks to significantly increase its

housing stock numbers through new developments, and the purchase of old housing stock from the open market.

## Governance

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

- Full details of the Council's capital programme were reported to Cabinet on the 27 February 2020 as part of the 2020/21 budget report.

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

**Table 2: Capital financing**

	<b>2019/20 Revised</b>	<b>2020/21 Estimate</b>	<b>2021/22 Estimate</b>	<b>2022/23 Estimate</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Capital Receipts	5,395	7,965	7,665	7,065
Reserves	10,911	8,160	7,308	11,850
Borrowing	15,488	68,187	86,570	58,576
External Grants	1,742	3,414	7,930	3,167
<b>Total Financing</b>	<b>33,536</b>	<b>87,726</b>	<b>109,473</b>	<b>80,657</b>

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

**Table 3: Replacement of debt finance**

	<b>2019/20 Revised</b>	<b>2020/21 Revised</b>	<b>2021/22 Estimate</b>	<b>2022/23 Estimate</b>	<b>2023/24 Estimate</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
MRP	834	1,006	1,167	1,403	1,727
HRA Debt Repayment	5,000	2,000	9,000	2,000	3,000
HRA PFI Repayment	933	932	1,108	1,089	1,039
<b>Total Repayment</b>	<b>6,767</b>	<b>3,938</b>	<b>11,275</b>	<b>4,492</b>	<b>5,766</b>

The Council's full minimum revenue provision was reported to Cabinet on the 27 February 2020 part of the 2020/21 budget report.

The Council's cumulative outstanding amount of debt finance is measured by the capital financing requirement (CFR). This increases with new debt-financed capital expenditure and reduces with MRP and capital receipts used to replace debt. The CFR is forecast to be £234,630 as at the 31 March 2020. Based on the above figures for expenditure and financing, the Council's estimated CFR is as follows:

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

	<b>31.03.20 Revised</b>	<b>31.03.21 Estimate</b>	<b>31.03.22 Estimate</b>	<b>31.03.22 Estimate</b>	<b>31.03.23 Estimate</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
General Fund	97,401	134,063	182,954	213,824	244,591
HRA	137,229	164,815	191,218	214,432	235,105
<b>Total CFR</b>	<b>234,630</b>	<b>298,878</b>	<b>374,173</b>	<b>428,256</b>	<b>479,695</b>

**Asset management:**

To ensure that capital assets continue to be of long-term use, the Council has an asset management strategy. The strategy recognises the critical role that real estate plays both in service delivery and in supporting the delivery of the 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 Corporate Property Asset Management Strategy 2020-2024 is currently being reviewed and will be adopted in due course.



### **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 31/12/2019) has £71.5m of short term borrowing at an average interest rate of 0.76% and long term borrowing of £114m which relates to the HRA buy out, this debt is largely fixed with an average rate of around 3%. The Council as at the 31/12/2019 also had £42m of investments which an average rate of 2.65%.

**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. The Council's medium term financial plan does make provision for fixing a proportion of the debt in 2020/21 should interest rate forecast anticipate significant rate rises. Current rates for short term borrowing are in the region of 0.75% whereas 25 year fixed rate maturity borrowing from the PWLB is circa 3.13% as at 11/02/2020.

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**

	31.03.19 Actual £'000	31.03.20 Estimate £'000	31.03.21 Estimate £'000	31.03.22 Estimate £'000	31.03.23 Estimate £'000
<b>Total Debt</b>	<b>(210,413)</b>	<b>(227,253)</b>	<b>(289,328)</b>	<b>(361,727)</b>	<b>(414,026)</b>
<b>Total CFR</b>	<b>225,910</b>	<b>234,630</b>	<b>298,878</b>	<b>374,173</b>	<b>428,256</b>

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.**

<b>Authorised Limit for Borrowing</b>	<b>2019/20 Limit £'000</b>	<b>2020/21 Limit £'000</b>	<b>2021/22 Limit £'000</b>	<b>2022/23 Limit £'000</b>
Borrowing	476,000	602,000	748,000	856,000
Other long-term liabilities	23,000	23,000	23,000	23,000
<b>Total Debt</b>	<b>499,000</b>	<b>625,000</b>	<b>771,000</b>	<b>879,000</b>

<b>Operational Boundary for Borrowing</b>	<b>2019/20 Limit £'000</b>	<b>2020/21 Limit £'000</b>	<b>2021/22 Limit £'000</b>	<b>2022/23 Limit £'000</b>
Borrowing	213,000	276,000	349,000	403,000
Other long-term liabilities	20,000	19,000	18,000	17,000
<b>Total Debt</b>	<b>233,000</b>	<b>295,000</b>	<b>367,000</b>	<b>420,000</b>

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

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

- Further details on treasury investments are in treasury management strategy which was reported to Cabinet on the 27 February 2020 as part of the 2020/21 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 quarterly budget monitoring report.

### **Investments for Service Purposes**

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

**Governance:** Decisions on service investments are made by the relevant service manager in consultation with the 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 overcoming 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 £227m detailed above, the Council is committed to making future payments to cover its pension fund deficit (valued at £1.4m) per annum although this will reduce over the long term.

**Governance:** Decisions on incurring new discretionary liabilities are taken 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*

	<b>2018/19 Actual</b>	<b>2019/20 Forecast</b>	<b>2020/21 budget</b>	<b>2021/22 budget</b>	<b>2022/23 budget</b>
Financing costs (£,000)	(3,174)	(1,205)	(651)	1,122	1,674
Proportion of net revenue stream	(21.99%)	(7.91%)	(4.29%)	7.24 %	10.65 %

Where the percentage is negative this indicates that the net financing costs are negative indicating that investment income is greater than 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 2020/21**

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

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

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

For unsupported capital expenditure incurred after 31st March 2008, MRP will be determined by charging the expenditure over the expected useful life of the relevant assets as the principal repayment on an annuity with an interest rate in line with PWLB rates for the year of expenditure, starting in the year after the asset becomes operational. MRP on purchases of freehold land will be charged over 50 years. MRP on expenditure not related to fixed assets but which has been capitalised by regulation or direction will be charged over 20 years (MHCLG Option 3), unless a bespoke MRP policy is more appropriate, bespoke MRP policies will be reported to Council accordingly.

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

There is not MRP provision for Loans made to the Council's wholly owned companies, however the capital receipt that arises on the repayment of principal will be applied on an annual basis used to reduce the CFR instead.

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

MRP in respect of the £119m payment made in 2012 to exit the Housing Revenue Account subsidy system will be determined as being equal to the principal amount repaid on the loans borrowed to finance that payment. The outstanding balance in relation to the HRA subsidy will be £108.6m as at 1<sup>st</sup> April 2020.

Capital expenditure incurred during 2020/21 will not be subject to a MRP charge until 2021/22.

Based on the Authority's latest estimate of its Capital Financing Requirement on 31<sup>st</sup> March 2020, the budget for MRP has been set as follows:

	<b>31.03.2020 Estimated CFR  £'000</b>	<b>2020/21 Estimated MRP  £'000</b>
Unsupported capital expenditure after 31.03.2008	69,080	1,006
Loans to wholly owned companies *	28,321	270
<b>Total General Fund</b>	<b>97,401</b>	<b>1,276</b>
Assets in the Housing Revenue Account	<b>8,749</b>	0
Private Finance Initiative **	<b>19,816</b>	932
HRA subsidy reform payment ***	<b>108,664</b>	2,000
<b>Total Housing Revenue Account</b>	<b>137,229</b>	<b>2,932</b>
<b>Total</b>	<b>234,630</b>	<b>4,208</b>

\* Forecast capital receipts from repayment of principal

\*\* Annual payment to reduce CFR liability

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

# Treasury Management Strategy Statement 2020/21

## Introduction

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

Treasury risk management is conducted within the framework of the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice 2017 Edition (the CIPFA Code) which requires the Authority to approve a treasury management strategy before the start of each financial year. This report fulfils the Authority's legal obligation under the Local Government Act 2003 to have regard to the CIPFA Code.

Investments held for service purposes or for commercial profit are considered in the Investment Strategy which was presented to Cabinet on the 27 February 2020.

## 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 31<sup>st</sup> December 2019) had £185.1m borrowing, of which £71.5m related to the General Fund and £113.6m to the Housing Revenues Account. The Council also had investments of £44m. 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

	31.3.19	31.3.20	31.3.21	31.3.22	31.3.23
	Actual	Estimate	Estimate	Estimate	Estimate
	£'000	£'000	£'000	£'000	£'000
General Fund CFR	88,261	97,401	134,063	182,954	213,824
HRA CFR	137,649	137,229	164,815	191,218	214,432
<b>Total CFR</b>	<b>225,910</b>	<b>234,630</b>	<b>298,878</b>	<b>374,173</b>	<b>428,256</b>
Less: Other debt liabilities *	(20,749)	(19,816)	(18,884)	(17,776)	(16,687)
<b>Borrowing CFR</b>	<b>205,161</b>	<b>214,814</b>	<b>279,994</b>	<b>356,397</b>	<b>411,569</b>
Less: External borrowing	(76,000)	(97,401)	(134,063)	(182,954)	(213,824)
Less: HRA External borrowing **	(113,664)	(110,036)	(136,381)	(160,997)	(183,515)
<b>Internal borrowing</b>	<b>15,497</b>	<b>7,377</b>	<b>9,550</b>	<b>12,445</b>	<b>14,230</b>
Less: Usable reserves	(46,926)	(37,740)	(39,195)	(36,195)	(36,195)
Less: Working capital	(10,104)	(3,898)	(3,898)	(3,898)	(3,898)
Investments	(41,533)	(39,252)	(33,084)	(35,536)	(35,536)

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

\*\* A significant proportion of this debt relates to the HRA stock acquisition, for the 31.3.20 estimate it will be £108.6m.

The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while usable reserves and working capital are the underlying resources available for investment. The Council will consider the best financing options available at the time of investments/acquisitions; currently the Council is taking the opportunity to borrow short term money from the market to take advantage of low interest rates and enable long term investments to remain in place. However the 2020/21 interest payable budget does make provision for around £36m 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 if prudent to do so.

The Council has an increasing CFR due to the capital programme, which includes loans to A Better Choice for Property Ltd, improvements to Leisure Centres, funding for the Economic and Regeneration Investment Board and support for the HRA business plan and the growth of the Council's Housing Stock. (the full capital plan can be seen at Appendix G of the Revue Budget which was presented to Cabinet on 27 February 2020). To cover off this capital investment, external borrowing of circa £214m for the general fund and £184m for the HRA is assumed over the forecasted period and is reflected in the table above. However, this is only planned at present and decisions on individual investments will be reported and fully considered at the time of investment/acquisition to best benefit the Council.

Usable reserves are forecast to rise next year before reducing as corporate projects are delivered through the use of reserves, notably the New Homes Bonus Project Fund.

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

### **Borrowing Strategy**

The Council currently holds £113.6m of loans which represent the costs of the HRA Buyout and £71.5m 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 £207m 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 £476m.

**Objectives:** The Council's chief objective when borrowing money is to strike an appropriately low risk balance between securing low interest costs and achieving certainty of those costs over the period for which funds are required. The flexibility to renegotiate loans should the Authority's long-term plans change is a secondary objective. The Council monitors interest rate forecasts and takes advice where appropriate to determine when/if rates should be fixed.

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

The Council is currently favouring the use of short term borrowing which enables the Council to pay interest below that forecasted in business plans, and take advantage of the low interest rate environment, however provision has been made in the 2020/21 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 2020/21 with a view to keeping future interest costs low, even if this causes additional cost in the short-term.

The Authority has raised all of its long-term borrowing from the PWLB but the government increased PWLB rates by 1% in October 2019 making it now a relatively expensive options. The Authority will now look to borrow any long-term loans from other sources including banks, pensions and local authorities, and will investigate the possibility of issuing bonds and similar instruments, in order to lower interest costs and reduce over-reliance on one source of funding in line with the CIPFA Code.

Alternatively, the Council may arrange forward starting loans during 2020/21, 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:

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

**Municipal Bond Agency:** UK Municipal Bonds Agency plc was established in 2014 by the Local Government Association as an alternative to the PWLB. It 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 guarantee to refund their investment in the event that the agency is unable to for any reason; and there will be

a lead time of several months between committing to borrow and knowing the interest rate payable. Any decision to borrow from the Agency will therefore be the subject of a separate report to Cabinet.

**Short-term and Variable Rate loans:** These loans leave the Council exposed to the risk of short-term interest rate rises and are therefore subject to the interest rate exposure limits in the treasury management indicators below. Financial derivatives may be used to manage this interest rate risk (see section below).

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

## **Investment Strategy**

The Council holds significant invested funds, representing income received in advance of expenditure plus balances and reserves held. In the past 9 months, the Council's investment balance of circa £40m although levels fluctuate with cash flows, these 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 than 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 of 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 2020/21, 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 council will continue to use money market funds for liquidity which provide higher returns and stronger diversification, and will use pooled funds for strategic investments. The Council will work closely with its treasury management advisors 'Arlingclose' to explore new investment opportunities which will complement the portfolio including Tri-Repo's and Alternatives. This overall approach represents a continuation of the strategies which have been adopted over the last few years.

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

Table 2: Approved Investment Counterparties and Limits

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. Investments in REIT shares cannot be withdrawn but can be sold on the stock market to another investor.

**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 2020. In order to limit the Council's risk no fund shall have more than the reserve balance available. However with the exception of the UK Government, a maximum of £15m will be deposited with a single organisation. 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	£15m each
UK Central Government	unlimited
Any group of organisations under the same ownership**	£10m per group
Any group of pooled funds under the same management *	£15m per manager
Foreign countries	£5m per country
Registered providers and registered social landlords	£10m in total
Unsecured investments with Building Societies	£5m in total
Loans to unrated corporates	£5m in total
Loans to Council subsidiaries	£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.

	<b>Target</b>
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:

	<b>Upper</b>	<b>Lower</b>
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:

	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>
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.

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

**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.

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

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

The total amount borrowed will not exceed the authorised borrowing limit. The maximum period between borrowing and expenditure is expected to be 2 years,

although the Council is not required to link particular loans with particular items of expenditure.

### **Financial Implications**

The general fund budget for net investment interest for 2020/21 is £1.47m, this represents a debt expenses of £1.52m and interest of £3m of which £465,000 is interest from the Elwick Development, and £1.3m from the council's Property Company. The remaining £1.2m is based on an investment portfolio of around £36m which is anticipated to provide an average return of 3.4%.

The budget for debt interest paid in 2020/21 £1.52m this is based on an average debt portfolio of £138m at an average interest rate of 1.1%.

In relation to the HRA, the interest on investment income for 2020/21 is forecast at circa £16,000 which represents interest payable on their reserves. The budget for debt interest paid in the HRA for 2020/21 is forecast at £3.5m, based on an average long debt portfolio of £108.6m (HRA buyout) and internal borrowing charges from the GF with an overall average interest rate of 3.1%. 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 MHCLG Guidance and the CIPFA Code do not prescribe any particular treasury management strategy for local authorities to adopt. The Chief Finance Officer has consulted the Portfolio Holder for Finance and Budget, Resource Planning and Procurement, believes that the above strategy represents an appropriate balance between risk management and cost effectiveness. Some alternative strategies, with their financial and risk management implications, are listed below.

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

## Appendix A – Arlingclose Economic & Interest Rate Forecast November 2019

### 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 2020/21.

UK Consumer Price Inflation (CPI) for September registered 1.7% year on year, unchanged from the previous month. Core inflation, which excludes the more volatile components, rose to 1.7% from 1.5% in August. The most recent labour market data for the three months to August 2019 showed the unemployment rate ticked back up to 3.9% while the employment rate was 75.9%, just below recent record-breaking highs. The headline 3-month average annual growth rate for pay was 3.8% in August as wages continue to rise steadily. In real terms, after adjusting for inflation, pay growth increased 1.9%.

GDP growth rose by 0.3% in the third quarter of 2019 from -0.2% in the previous three months with the annual rate falling further below its trend rate to 1.0% from 1.2%. Services and construction added positively to growth, by 0.6% and 0.4% respectively, while production was flat and agriculture recorded a fall of 0.2%. Looking ahead, the Bank of England's Monetary Policy Report (formerly the Quarterly Inflation Report) forecasts economic growth to pick up during 2020 as Brexit-related uncertainties dissipate and provide a boost to business investment helping GDP reach 1.6% in Q4 2020, 1.8% in Q4 2021 and 2.1% in Q4 2022.

The Bank of England maintained Bank Rate to 0.75% in November following a 7-2 vote by the Monetary Policy Committee. Despite keeping rates on hold, MPC members did confirm that if Brexit uncertainty drags on or global growth fails to recover, they are prepared to cut interest rates as required. Moreover, the downward revisions to some of the growth projections in the Monetary Policy Report suggest the Committee may now be less convinced of the need to increase rates even if there is a Brexit deal.

Growth in Europe remains soft, driven by a weakening German economy which saw GDP fall -0.1% in Q2 and is expected to slip into a technical recession in Q3. Euro zone inflation was 0.8% year on year in September, well below the European Central Bank's target of 'below, but close to 2%' and leading to the central bank holding its main interest rate at 0% while cutting the deposit facility rate to -0.5%. In addition to maintaining interest rates at ultra-low levels, the ECB announced it would recommence its quantitative easing programme from November.

In the US, the Federal Reserve began easing monetary policy again in 2019 as a pre-emptive strike against slowing global and US economic growth on the back on of the ongoing trade war with China. At its last meeting the Fed cut rates to the range of 1.50-1.75% and financial markets expect further loosening of monetary policy in 2020. US GDP growth slowed to 1.9% annualised in Q3 from 2.0% in Q2.

**Credit outlook:** Credit conditions for larger UK banks have remained relatively benign over the past year. The UK's departure from the European Union was delayed three times in 2019 and while there remains some concern over a global economic slowdown, this has yet to manifest in any credit issues for banks. Meanwhile, the post financial crisis banking reform is now largely complete, with the new ringfenced banks embedded in the market.

Challenger banks hit the news headlines in 2019 with Metro Bank and TSB Bank both suffering adverse publicity and falling customer numbers.

Looking forward, the potential for a “no-deal” Brexit and/or a global recession remain the major risks facing banks and building societies in 2020/21 and a cautious approach to bank deposits remains advisable.

**Interest rate forecast:** The Council’s treasury management adviser Arlingclose is forecasting that Bank Rate will remain at 0.75% until the end of 2022. The risks to this forecast are deemed to be significantly weighted to the downside, particularly given the upcoming general election, the need for greater clarity on Brexit and the continuing global economic slowdown. The Bank of England, having previously indicated interest rates may need to rise if a Brexit agreement was reached, stated in its November Monetary Policy Report and its Bank Rate decision (7-2 vote to hold rates) that the MPC now believe this is less likely even in the event of a deal.

Gilt yields have risen but remain at low levels and only some very modest upward movement from current levels are expected based on Arlingclose’s interest rate projections. The central case is for 10-year and 20-year gilt yields to rise to around 1.00% and 1.40% respectively over the time horizon, with broadly balanced risks to both the upside and downside. However, short-term volatility arising from both economic and political events over the period is a near certainty.

	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Average
<b>Official Bank Rate</b>														
Upside risk	0.00	0.00	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.21
<b>Arlingclose Central Case</b>	<b>0.75</b>													
Downside risk	-0.50	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.73
<b>3-month money market rate</b>														
Upside risk	0.10	0.10	0.25	0.25	0.25	0.25	0.25	0.25	0.30	0.30	0.30	0.30	0.30	0.25
<b>Arlingclose Central Case</b>	<b>0.75</b>													
Downside risk	-0.50	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.73
<b>1yr money market rate</b>														
Upside risk	0.10	0.20	0.20	0.20	0.20	0.20	0.20	0.25	0.30	0.30	0.30	0.30	0.30	0.23
<b>Arlingclose Central Case</b>	<b>0.85</b>													
Downside risk	-0.30	-0.50	-0.55	-0.65	-0.65	-0.65	-0.65	-0.65	-0.65	-0.65	-0.65	-0.65	-0.65	-0.60
<b>5yr gilt yield</b>														
Upside risk	0.30	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.40	0.45	0.45	0.45	0.37
<b>Arlingclose Central Case</b>	<b>0.50</b>	<b>0.50</b>	<b>0.50</b>	<b>0.55</b>	<b>0.60</b>	<b>0.57</b>								
Downside risk	-0.35	-0.50	-0.50	-0.55	-0.60	-0.60	-0.60	-0.60	-0.60	-0.60	-0.60	-0.60	-0.60	-0.56
<b>10yr gilt yield</b>														
Upside risk	0.30	0.30	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.40	0.40	0.45	0.45	0.37
<b>Arlingclose Central Case</b>	<b>0.75</b>	<b>0.75</b>	<b>0.80</b>	<b>0.80</b>	<b>0.85</b>	<b>0.85</b>	<b>0.90</b>	<b>0.90</b>	<b>0.95</b>	<b>0.95</b>	<b>1.00</b>	<b>1.00</b>	<b>1.00</b>	<b>0.88</b>
Downside risk	-0.40	-0.40	-0.40	-0.40	-0.45	-0.45	-0.45	-0.45	-0.50	-0.50	-0.50	-0.50	-0.50	-0.45
<b>20yr gilt yield</b>														
Upside risk	0.30	0.30	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.40	0.40	0.45	0.45	0.37
<b>Arlingclose Central Case</b>	<b>1.20</b>	<b>1.20</b>	<b>1.25</b>	<b>1.25</b>	<b>1.25</b>	<b>1.30</b>	<b>1.30</b>	<b>1.30</b>	<b>1.35</b>	<b>1.35</b>	<b>1.35</b>	<b>1.40</b>	<b>1.40</b>	<b>1.30</b>
Downside risk	-0.40	-0.40	-0.45	-0.45	-0.45	-0.45	-0.45	-0.45	-0.45	-0.45	-0.45	-0.50	-0.50	-0.45
<b>50yr gilt yield</b>														
Upside risk	0.30	0.30	0.35	0.35	0.35	0.35	0.35	0.35	0.35	0.40	0.40	0.45	0.45	0.37
<b>Arlingclose Central Case</b>	<b>1.20</b>	<b>1.20</b>	<b>1.25</b>	<b>1.25</b>	<b>1.25</b>	<b>1.30</b>	<b>1.30</b>	<b>1.30</b>	<b>1.35</b>	<b>1.35</b>	<b>1.35</b>	<b>1.40</b>	<b>1.40</b>	<b>1.30</b>
Downside risk	-0.40	-0.40	-0.45	-0.45	-0.45	-0.45	-0.45	-0.45	-0.45	-0.45	-0.45	-0.50	-0.50	-0.45

## Appendix B – Existing Investment &amp; Debt Portfolio Position as at 31/12/2019

Counter Party	Deal Date	Rate %	Amount £	Fair Value £	Comment
<b>Investment Accounts</b>					
Goldman Sachs	Various	0.53%	50,000	51,295	**
ICD Portal - Invesco	Various	0.78%	9,159,000	9,159,000	*
Payden Global MMF	Various	0.91%	3,000,000	2,994,084	**
<b>Total Investment Accounts</b>			<b>12,209,000</b>	<b>12,204,379</b>	
<b>Long Term Investments</b>					
<b>Property Investment</b>					
A Better Choice of Property Ltd.***	Various		275,001	272,765	Value as at 31/03/2019
CCLA Local Authority Property Fund	Various	4.10%	11,000,000	12,155,836	
<b>Equity Funds**</b>					
CCLA Diversified Income Fund	Various	2.50%	3,000,000	3,119,291	
Investec Diversified Income Fund	28/03/2019	4.62%	2,500,000	2,479,689	
Kames Diversified Income Fund	13/05/2019	3.50%	5,500,000	5,737,716	
Schroder Income Maximiser	Various	4.19%	3,500,000	3,486,675	
UBS Multi Asset Income Fund	Various	3.35%	3,000,000	3,034,231	
UBS Global Income Equity Fund	29/07/2019	2.00%	1,500,000	1,565,850	
<b>Total Long Term Investments</b>			<b>30,275,001</b>	<b>31,852,052</b>	
<b>Total Investment Portfolio</b>			<b>42,484,001</b>	<b>44,056,431</b>	

\* Money Market Fund (MMF) are AAA rated deposit facilities which have variable rates of interest but have constant

\*\* Equity funds and the Property fund have variable rates of interest and also have fluctuating capital values, the

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

## Debt Portfolio as at 31 December 2019

Counter Party	Deal Date	Rate %	Amount £	Fair Value	Comment
<b>Temporary Borrowing</b>					
Renfrewshire Council	22/08/2019	0.82%	5,000,000		Maturity 22/04/2020
Renfrewshire Council	27/08/2019	0.75%	4,000,000		Maturity 27/02/2020
Vale of Glamorgan Council	07/10/2019	0.78%	3,000,000		Maturity 01/04/2020
Solihull Metropolitan Borough Council	07/10/2019	0.75%	5,000,000		Maturity 17/04/200
Brighton & Hove City Council	07/10/2019	0.76%	3,000,000		Maturity 07/05/2020
Leicester City Council	07/10/2019	0.80%	5,000,000		Maturity 08/06/2020
Lichfield District Council	07/10/2019	0.76%	2,000,000		Maturity 07/07/2020
Derbyshire County Council PF	08/10/2019	0.79%	10,000,000		Maturity 08/04/2020
Royal Borough of Kensington & Chelsea	21/10/2019	0.81%	7,500,000		Maturity 21/07/2020
Salford City Council	04/11/2019	0.75%	6,000,000		Maturity 30/04/2020
Swansea Council	05/11/2019	0.70%	3,000,000		Maturity 25/02/2020
Erewash Borough Council	20/11/2019	0.62%	1,000,000		Maturity 20/02/2020
East Suffolk Council	22/11/2019	0.85%	5,000,000		Maturity 22/05/2020
Wokingham Borough Council	25/11/2019	0.70%	5,000,000		Maturity 28/02/2020
London Borough of Newham Council	25/11/2019	0.80%	7,000,000		Maturity 01/04/2020
<b>Total Temporary Borrowing</b>			<b>71,500,000</b>		
<b>Long Term Borrowing</b>					
Public Works Loan Board***	various	various	113,664,150		Maturity Date - various
<b>Total Long Term Borrowing</b>			<b>113,664,150</b>		
<b>Grand Total Borrowing</b>			<b>185,164,150</b>		

\*\*\* 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 31<sup>st</sup> December 2019 was £23.394m

### Breakdown of HRA Debt Portfolio as at 31/12/2019

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
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
<b>113,664</b>					

## Investment Strategy Report 2020/21

### 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 was 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 average around £40m during the 2020/21 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 2020/21 for treasury management investments are covered in a separate document, the treasury management strategy which was reported to Cabinet on the 27 February 2020 as part of the Budget Setting Report.

### Service Investments: Loans

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

**Security:** The main risk when making service loans is that the borrower will be unable to repay the principal lent and/or the interest due. In order to limit this risk, and ensure that total exposure to service loans remains proportionate to the size of

the Authority, upper limits on the outstanding loans to each category of borrower have been set as follows:

*Table 1: Loans for service purposes*

Category of borrower	31.3.2019 actual	2020/21
	Net figure in accounts	Approved Limit
	£'000	£'000
Subsidiaries	27,611	100,000
Parish Councils	65	200
Suppliers	0	10,000
Local businesses	0	1,000
Employees	0	100
<b>TOTAL</b>	<b>27,676</b>	<b>111,300</b>

Accounting standards require the Authority to set aside loss allowance for loans, reflecting the likelihood of non-payment. The figures for loans in the Authority's statement of accounts from 2019/20 onwards are shown net of this loss allowance. However, the Authority makes every reasonable effort to collect the full sum lent and has appropriate credit control arrangements in place to recover overdue repayments.

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

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

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

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

TEB approved the Business Plans of the Property Company and recommends to Council any increases in the facilities agreement which provide the framework under

which the property company can borrow money from the Council. The £100m approved limit recommended at Table 1 represents the current value approved by the Council. However, for the money to be drawn down, business models of proposed acquisition have to be presented to the TEB, and Full Council where appropriate for sign off before borrowing is approved.

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

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

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

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

**Suppliers/Local Businesses/Employees:** the Council as at 31/03/2019 did not have any loans made to these organisations, however it is felt prudent to make a provisional limit available under this strategy should the arise materialise in 2020/21.

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

**Service Investments: Shares**

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

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

*Table 2: Shares held for service purposes*

Category of company	31.3.2019 actual			2020/21
	Amounts invested	Gains or losses	Value in accounts	Approved Limit
	£'000	£'000	£'000	£'000
Subsidiaries	275	(2)	273	1,000

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

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

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

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

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

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

**Non-specified Investments:** Shares are the only investment type that the Authority has identified that meets the definition of a non-specified investment in the government guidance. The limits above on share investments are therefore also the Authority's upper limits on non-specified investments. The Authority has not adopted any procedures for determining further categories of non-specified investment since none are likely to meet the definition.

### **Commercial Investments: Property**

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

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

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

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

Table 3: Property held for investment purposes

Property	Actual	31.3.2019 actual		31.3.2020 expected	
	Purchase cost	Gains or (losses)	Value in accounts	Gains or (losses)	Value in accounts
	£'000	£'000	£'000	£'000	£'000
Ellingham Industrial estate units	2,780*	1,406	4,186	0	4,186
Park Mall (retail units) purchase	4,404	2,801	7,205	0	7,205
International House (Offices)	7,731	5,628	13,359	0	13,359
Carlton Road light industrial units	6,823	(601)	6,222	0	6,222
Elwick – Restaurants, Cinema, Hotel – not yet fully operational	35,100 (as at 31/03/2019)	0	35,100	745 (Additional Spend)	35,845
<b>TOTAL</b>	<b>56,838</b>	<b>9,234</b>	<b>66,072</b>	<b>745</b>	<b>66,817</b>
Matalan – Acquired in 2019/20	5,031	0	0		5,031

\* 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 2019/20 due to economic slowdown, therefore the forecast valuation for 31 March 2020 is not expected to materially change from the 31 March 2019 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 2019/20 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 with. As a council though it is accepted that these assets are not purely acquired for financial gain and therefore the return on investment required will not be as high as for a private investor when considering an acquisition. That being said the Council will not pay above a fair valuation unless it had a significant strategic purpose to the Authority.

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

The ongoing monitoring of tenants is performed by Council as part of its budget monitoring arrangements, the Council's Corporate Property Team deal with lease events and the repairs and maintenance of assets.

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 and Financial Guarantees**

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

The Authority has contractually committed to make up to £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 contracts Treasury Management advisors, Valuers and other specialists to ensure that there is ready access to support.

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

### **Investment Indicators**

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

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

*Table 5: Total investment exposure*

<b>Total investment exposure</b>	<b>31.03.2019 Actual</b>	<b>31.03.2020 Forecast</b>	<b>31.03.2021 Forecast</b>
	£'000	£'000	£'000
Treasury management investments	39,890	40,000	39,000
Service investments: Loans	27,611	28,430	53,000
Service investments: Shares	272	272	272
Commercial investments: Property	56,838	61,869	70,000
<b>TOTAL INVESTMENTS</b>	<b>124,611</b>	<b>130,571</b>	<b>162,272</b>
Commitments to lend	72,389	71,570	47,000
<b>TOTAL EXPOSURE</b>	<b>197,000</b>	<b>202,141</b>	<b>209,272</b>

**How investments are funded:** Government guidance is that these indicators should include how investments are funded. Since the Authority does not normally associate particular assets with particular liabilities, this guidance is difficult to comply with. However, the following investments could be described as being funded by

borrowing. The remainder of the Authority's investments are funded by usable reserves and income received in advance of expenditure.

*Table 6: Investments funded by borrowing*

<b>Investments funded by borrowing</b>	<b>31.03.2019 Actual</b>	<b>31.03.2020 Forecast</b>	<b>31.03.2021 Forecast</b>
	£'000	£'000	£'000
Service investments: Loans	27,611	28,430	53,000
Commercial investments: Property	56,838	61,869	70,000
<b>TOTAL FUNDED BY BORROWING</b>	<b>84,449</b>	<b>90,299</b>	<b>123,000</b>

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

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

<b>Investments net rate of return</b>	<b>2018/19 Actual</b>	<b>2019/20 Forecast</b>	<b>2020/21 Forecast</b>
Service investments: Loans	2.37%	2.31%	2.35%
Service investments: Shares	0%	0%	0%
Commercial investments: Property	0.91%	2.84%	2.89%
<b>ALL INVESTMENTS</b>	<b>1.56%</b>	<b>2.57%</b>	<b>2.54%</b>

# 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 1<sup>st</sup> April 2020. 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 TransUnion 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 TransUnion’s data will come back as High risk. The CRA information from TransUnion 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 may either be: Credit Reference Agency checked, visited, e-mailed/telephoned or sent a postal review 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
<b>Identity and S19</b>	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
<b>Residency/Rent</b>	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
<b>Household Composition</b>	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
<b>Income</b>	State Benefits			
	Earnings/SMP/SSP		Originals or Photocopies/Scanned Copies	Originals required
	Self-employed earnings		Originals or Photocopies/Scanned Copies	Originals required
<b>Child Care Costs</b>			Originals or Photocopies/Scanned Copies	Originals required
<b>Student Status</b>	Income also required	Originals or Photocopies/ Scanned copies	Originals or Photocopies/Scanned Copies	Originals required
<b>Capital</b>	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

# **Ashford Borough Council Council Tax Reduction**

## **Exceptional Circumstances Policy 2020/21**

## **1 Background**

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

1.2 The main features of the policy are as follows:

- \* The operation of the policy will be at the total discretion of the Council;
- \* The policy will be applied by the Revenues and Benefits section on behalf of the Council;
- \* Exceptional circumstances falls within S13(A)(1a) of the Local Government Finance Act 1992 and forms part of the Council Tax Reduction scheme;
- \* Exceptional circumstances awards will only be available for a Council Tax liability from 1 April 2020 onwards and will not be available for any other debt other than outstanding Council Tax;
- \* To receive an award, an application for a Council Tax Reduction will need to be made, unless there are exceptional circumstances which would preclude any entitlement to a Council Tax Reduction.
- \* Where an Exceptional circumstances award is requested for a previous period, Exceptional circumstances must have been proven to have existed throughout the whole of the period requested and will only be backdated to the start of the financial year in which the claim is made;
- \* Exceptional circumstances awards are designed as short-term help to the applicant only; and
- \* All applicants will be expected to engage with the Council and undertake the full application process. Failure to do so may mean that no payment will be made.

## **2 Exceptional circumstances and Equalities**

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

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

## **3 Purpose of this policy**

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

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

## 4 The Exceptional circumstances process

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

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

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

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

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

- \* Where the full Council Tax liability is being met by Council Tax Reduction;
- \* For any other reason, other than to reduce Council Tax liability;
- \* Where the Council considers that there are unnecessary expenses/debts etc and that the applicant has not taken reasonable steps to reduce them; or
- \* To cover previous years Council Tax arrears.

## 5 Exceptional circumstances award

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

5.2 When making this decision the Council will consider:

- \* The shortfall between Council Tax Reduction and Council Tax liability;
- \* Whether the applicant has engaged with the Exceptional circumstances process;

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

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

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

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

## **6 Publicity**

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

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

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

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

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

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

## **8 Changes in circumstances**

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

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

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

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

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

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

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

## **11 Payment**

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

## **12 Overpaid Exceptional circumstances payments**

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

## **13 Notification of an award**

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

## **14 Appeals**

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

## **15 Fraud**

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

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

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

## **16 Complaints**

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

## **17 Policy Review**

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

## **18 Benchmarking**

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

**2020/21 Budget Report**

**The following table represents risks to the 2020/21 draft budget at both a service and economic level. These risks will be monitored throughout the Budget setting cycle and be updates accordingly before being presented to Cabinet in February as part of the final budget setting report.**

Budget Component	Financial standing and management
<p>1. Pressure on the 2019/20 Budget and impact going forward.</p>	<p><b>Homelessness</b> – This is a pressure for the Council in 2019/20 despite increased prevention and decreasing numbers.</p> <p>The positive progress being made to reduce the numbers seeking homelessness intervention, and plans for new temporary accommodation provision coming forward for next year, will mitigate future pressures on the existing budget.</p> <p><b>Corporate Property</b> – Due to uncertain economic conditions, income from corporate property has been under pressure during 2019/20.</p> <p>Pressure is also being identified in the Repairs and Maintenance requirements following an increase in necessary works.</p> <p>For 2020/21 Corporate Property incomes have been reviewed to ensure they reflect current market conditions and have been adjusted accordingly to reflect anticipated income for 2020/21.</p> <p>In relation to repairs and renewals, to help support and increase in maintenance and contribute to building a reserve fund, an additional £250,000 has been allocated to this area for 2020/21. Therefore for 2020/21, a £500,000 contribution to the repairs and maintenance reserves and £500,000 borrowing (capital budget) has been allowed for.</p> <p><b>Parking Income</b></p> <p>The 2019/20 parking income has been under pressure due to surplus capacity in town centre car parks. 2020/21 budgets have been built on current usage levels to limit pressure on next year's budget.</p> <p><b>Planning Service</b></p> <p>This service has been under pressure for a number of years due to a skills shortage of planner in the market which has led to the need for consultants to be engaged to support the day to day running of the service. In addition to this robust defences of opportunist planning applications have depleted the planning reserve.</p> <p>A new structure has been put in place and the recruitment process in underway to recruit into the new structure, the new structure has utilised £250,000 of change management funds which were introduced into the 2018/19 budget.</p> <p>However, recruitment is still proving challenging and this was noted by the Overview and Scrutiny Committee task group who suggested and increase to the service contingency reserve by £150,000 to support any pressures emerging in the planning service during this transitional period.</p>

Budget Component	Financial standing and management
2. Commercialisation	<p>2019/20 is the first full year in which large commercial projects such as Elwick, and the Carlton Road industrial units have been complete.</p> <p>Following the first year of operation income projections have been revised for 2020/21, and built into the budget accordingly using the data we have obtained since the opening of the sites.</p> <p>For any unforeseen events, the Council has created in recent years an Economic Resilience Reserve that could be used to support the budget.</p>
3. Transformation and digitalisation	<p>Digitalisation continues to be a key priority for the organisation to ensure systems work effectively and efficiently to deliver excellent services for our external stakeholders. The digitalisation programme is targeting systems to ensure efficiencies through digitalisation can be maximised to create staffing capacity to manage business growth within existing resources.</p>
4. Assumptions about increases in service income.	<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 fees and charges are presented in detail as part of the budget report. Any amendments to the proposals may involve a slight risk to the budget.</p>
5. Housing Revenue Account	<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 and work on new sites will be coming forward in 2020/21.</p> <p>Regular updating of the HRA business plan and financial monitoring will occur during 2020/21.</p>
6. Estimates of the level and timing of capital receipts.	<p>Capital receipts are now low in the General Fund, the budgets and financing of the capital plan reflects this.</p> <p>The Housing Revenue Account capital receipts have 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>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.</p>

Budget Component	Financial standing and management
7. Major Capital Projects	<p>The Council agreed the Corporate Plan at the October 2015 although a new corporate plan is currently being developed for adoption in September 2020.</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> <p>Following the 1% rate rise in borrowing costs by the PWLB, project viability will be reviewed in light of the new costs of borrowing. Other borrowing options will also be considered.</p>
8. Business Rates	<p>Risks to the council's business rates yield is a major risk to the budget as the revaluation of rates and the level of appeals against new valuations are likely to affect the overall level of rateable value within the borough.</p> <p>The level of income from business rates is affected by the overall performance of the economy, with a slowing economy business rates are monitored regularly and any downturn in income will be flagged in the budget monitoring.</p>
9. Welfare Reform	<p>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.</p>
10. Inflation, Interest Rate 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. Inflation is currently below the target of 2% set by the bank of England and is expected to fall further until recovering back to target between 2020 and 2022.</p> <p>Interest rates have been forecast in line with the Arlingclose (Treasury Management Advisors) forecasts. As a net borrower the Council is exposed to interest rate risk on its borrowing portfolio, especially in line with its strategy. Interest forecast look flat over the period of the MTFP with risk to the downside which could be advantageous to the Council.</p> <p>Pay – the MTFP and draft budget assumed a 1.7% pay award, however this was challenged and has subsequently been settled at 2%. Over the term of the MTFP wage inflation needs to be adjusted to reflect the current position and future challenges by the Union. The budget also makes a 0.7% allowance for increments which are due for new employees.</p>
11. Brexit	<p>This area gives rise to a number of separate risks, such as the Economy, Transport, Labour, and the transition period. A recent update was provided before Cabinet on the 10 October 2019. This risk is not just about the 31 January 2020, but will extend for the transitional period and potentially beyond as the new landscape unveils.</p>

