

23 January 2017 at 10.00am
(postponed from 12 January 2017)

Conference Room, Argyle Road, Sevenoaks
Despatched: Agenda originally despatched on 4.01.17

Cabinet

Membership:

Chairman, Cllr. Fleming; Vice-Chairman, Cllr. Lowe
Cllrs. Dickins, Firth, Hogarth, Piper and Scholey

Agenda

	Pages	Contact
Apologies for Absence		
1. Minutes To agree the Minutes of the meeting of the Committee held on 1 December 2016, as a correct record.	(Pages 1 - 6)	
2. Declarations of interest Any interests not already registered.		
3. Questions from Members (maximum 15 minutes)		
4. Matters referred from Council, Audit Committee, Scrutiny Committee or Cabinet Advisory Committees		
5. Budget Update	(Pages 7 - 28)	Adrian Rowbotham/Helen Martin Tel: 01732 227153/7483
6. Calculation of Council Tax Base and other tax setting issues	(Pages 29 - 36)	Roy Parsons Tel: 01732 227204



Indicates a Key Decision



indicates a matter to be referred to Council

EXEMPT INFORMATION

At the time of preparing this agenda there were no exempt items. During any such items which may arise the meeting is likely NOT to be open to the public.

If you wish to obtain further factual information on any of the agenda items listed above, please contact the named officer prior to the day of the meeting.

Should you need this agenda or any of the reports in a different format, or have any other queries concerning this agenda or the meeting please contact Democratic Services on 01732 227000 or democratic.services@sevenoaks.gov.uk.

CABINET

Minutes of the meeting held on 1 December 2016 commencing at 7.00 pm

Present: Cllr. Fleming (Chairman)

Cllr. Lowe (Vice Chairman)

Cllrs. Dickins, Firth, Hogarth, Piper and Scholey

Cllrs. Edwards-Winsor, Hunter and Pett were also present.

48. Minutes

Resolved: That the minutes of the meetings of Cabinet held on 10 November and 22 November 2016, be approved and signed as a correct record.

49. Declarations of interest

There were no additional declarations of interest.

50. Questions from Members

There were none.

51. Matters referred from Council, Audit Committee, Scrutiny Committee or Cabinet Advisory Committees (if any)

There were none.

52. Budget Update

The Portfolio Holder for Finance introduced the report and set out that the first stage of the budget process was the 'Financial Prospects and Budget Strategy' report to the Finance Advisory Committee and Cabinet in September. The report had taken the budget agreed by Full Council in February and updated it, which included rolling the 10-year budget on a further year.

He set out that the report under consideration set out progress made in preparing the 2017/18 budget since then. All seven Advisory Committees had discussed growth and savings suggestions relating to services within their terms of reference.

The Portfolio Holder was pleased to report that it remained very likely that the Council would continue to have a balanced 10-year budget and be financially self-sufficient from direct government funding.

The Chief Finance Officer then explained the latest 10-year budget position. He then updated Cabinet on the budget reports which had gone through the Advisory

Committees. He reported that since the last report there had been no major changes which affected the 10-year budget position.

However, based on a recent government consultation question it seemed likely that the Council Tax Band D increase referendum limit would be £5 rather than 2%, which would be the same as the late change made by government last year. If this change did occur and Members chose to take the £5 increase, this would result in an additional £50,000 of Council Tax income per annum.

He reported that the Council had also received summary details of the superannuation fund triennial valuation. He was pleased to report that the funding level had increased and that the full amount assumed in the 10-year budget should not be required for this purpose.

He stated that changes to the Council Tax Reduction Scheme were approved by Council on 22 November 2016, a prudent view has been taken to not make any budgetary changes for the scheme in 2017/18 so that the real implications could be included from 2018/19.

The Chief Finance Officer then reported that the Autumn Statement announced in the previous week had not included anything in detail that was likely to have a major effect on the Council's budget. The Provisional Local Government Finance Settlement was expected to be announced in mid December.

He then summarised that if the net savings target of £100k were achieved the council would continue to have a balanced 10-year budget and remain self-sufficient from direct government funding, which would still be a unique achievement in local government.

The Chief Finance Officer then indicated that he had taken a budget report to all of the Advisory Committees. Each of the growth and savings proposals presented to the Advisory Committees were being recommended to Cabinet (listed in Appendix D of the report with further details in Appendix E).

However, he stated that for SCIA 2 - 'Distribution of Planning Applications to Town and Parish Councils' (p.29 of the report), the Planning Advisory Committee had requested that Town and Parish Councils provide their views on the potential change prior to Cabinet. All 33 Town and Parish Councils had been contacted and 19 had responded. All of those that had responded did not agree with the proposed change.

The Chief Finance Officer continued and explained that if Cabinet did agree all of the growth and savings proposals that had been presented to the Advisory Committees, then the net savings target of £100,000 would have been achieved. The Advisory Committees had also discussed many other ideas and a number of those were being put forward to Cabinet for debate (listed in Appendix F of the report).

The Chief Finance Officer therefore asked Cabinet to decide whether they approved the growth and savings proposals listed in Appendix D of the report (with

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further details in Appendix E) and secondly whether they wished to progress any of the further suggestions put forward by the Advisory Committees in Appendix F.

Cabinet considered the report and debated the savings proposed in SCIA 2 (distribution of planning applications to Town and Parish Councils). Cabinet considered representations against the proposal and that the responding Town and Parish Councils had been unanimous in their opposition. The Portfolio Holder for Planning made clear his opposition to the proposal and explained that when Planning Advisory Committee had considered growth and savings options they were keen that Cabinet should hear from Town and Parish Clerks as to the implications of ceasing paper notification of planning applications before deciding on the proposal.

Cabinet also considered SCIA 3 (elimination of the duty planner service). It was debated whether the service could be replicated by the contact centre and the relaunched website. However, Members were not content to agree to SCIA 3.

The Chief Finance Officer reminded Cabinet that if any of the SCIA's were not approved further savings may be required. He asked whether Members had any preferences for where those savings could come from and stated that if they did not an increase in Band D Council Tax of £5 instead of 2% could cover the required savings, or officers could consider the issue further.

Members considered that any shortfall could partially be made up by further increasing the pre-application charges proposed in SCIA4. They also proposed that Band D Council Tax could increase by £5 instead of 2%.

Cabinet then discussed the further growth and savings items suggested by Advisory Committees set out in Appendix F and indicated that some items would be worth bringing forward in future years.

Public Sector Equality Duty

Members noted that consideration had been given to impacts under the Public Sector Equality Duty.

Resolved: That

- a) the savings item relating to the distribution of planning applications at SCIA 2 be removed;
- b) the savings item relating to the duty planner service at SCIA 3 be removed;
- c) an increase in the savings proposed by the savings item at SCIA 4 relating to charges for pre-application advice be sought;
- d) an increase in Council Tax of £5 rather than 2% for a Band D property be sought.

53. Treasury Management Mid Year Update 2016-17

The Portfolio Holder for Finance presented the report and said that it was one of a number recommended for submission to Members before, during and after the financial year in order to comply with the CIPFA Code of Practice on Treasury Management.

The report constituted the mid-year update, concentrating on activity in the first six months of the financial year. It had also been considered by the Finance Advisory Committee on 15 November 2016.

He stated that the Municipal Bonds Agency was moving forward with its inaugural £100m bond issue. Although the Council had no plans to borrow for the time being, the recommendation to Cabinet was to sign up to the Municipal Bonds Agency's Framework Agreement.

The Chief Finance Officer stated that the report gave an economic update, interest rate forecasts, a review of the agreed strategy and a review of the council's investment portfolio. He stated that the Treasury Management Strategy had been approved in February and there had been no changes since that date.

The Council's Investment Portfolio at the end of September was included as Appendix A to the report (page 89) and showed the amounts, counterparties and investment terms.

The investment yield for the first 6 months of the year was 0.62% and the budgeted investment return was £277,000; performance for the year to date was just £1,000 below budget. The year-end forecast was for investment returns to be at or very slightly below budget.

The Chief Finance Officer reported that the Municipal Bonds Agency was moving forward with its inaugural £100m bond issue. The Agency had asked for all shareholders to sign up to its framework agreement and for that reason further details on the process are included in the report.

A summary of the risks and disadvantages of entering into the agreement appeared in paragraph 10 of the Appendix on Page 109 of the report.

Members were asked to approve the mid-year update and to agree that the Framework Agreement be signed.

The Finance Advisory Committee had considered the same report and had agreed to recommend it to Cabinet.

Public Sector Equality Duty

Members noted that consideration had been given to impacts under the Public Sector Equality Duty.

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Resolved: That

- a) the Treasury Management Mid-Year Update for 2016/17, be approved; and
- b) the Council sign up to the Municipal Bonds Agency's Framework Agreement, and delegated authority be given to the Section 151 Officer and the Monitoring Officer to sign the documents, as appropriate, on behalf of the Council.

54. Financial Results 2016/17 - to the end of September 2016

The Portfolio Holder for Finance presented the report which on the Council's financial results 2016/17 to the end of September 2016, which showed the year end position forecast was currently an adverse variance of £284,000. The report provided information on the budget monitoring position as at end of September 2016.

The Head of Finance further reported that at the end of September there was an unfavourable year end forecast variance of £284,000 and that within that variance there were several items where additional revenue expenditure would be incurred (or income lost) in the financial year as a consequence of longer term capital projects expected to generate income in later years.

She reported that the net income in 2016/17 from acquisitions would be £110,000 less than originally budgeted due to refurbishment works and a rent free period awarded at the start of a new ten year lease. She reported that this would result in additional income over the 10-year budget period that would more than compensate for the deficit. Finance Advisory Committee had therefore recommended a supplementary estimate of £210k in respect of those items.

She advised that the results for end of October were available and had been emailed to Cabinet Members. She reported that subject to approval of the supplementary estimate, the latest forecast was an unfavourable variance of £17,000

The Finance Advisory Committee had considered the same report and had agreed to recommend it to Cabinet to approve a supplementary estimate to cover the revenue consequences arising from the Investment Strategy.

Public Sector Equality Duty

Members noted that consideration had been given to impacts under the Public Sector Equality Duty.

Resolved: That

- a) the report be noted ; and

- b) a supplementary estimate of £210,000 be approved in respect of timing issues arising from the Council's Property Investment Strategy.

55. Risk Based Verification

The Portfolio Holder for Finance presented the report which sought approval of a Risk Based Verification Policy. The Head of Revenues and Benefits advised Cabinet that the confidential appendix to the report contained information relating to any action taken or to be taken in connection with the prevention, investigation or prosecution of crime and for that reason should not be made public. No members of the public were present at the meeting and Members indicated that they did not wish to discuss the confidential appendix.

Finance Advisory Committee had considered the same report and had agreed to recommend it to Cabinet.

Public Sector Equality Duty

Members noted that consideration had been given to impacts under the Public Sector Equality Duty.

Resolved: That the Risk Based Verification Policy attached as a confidential Appendix A to the report, be approved.

THE MEETING WAS CONCLUDED AT 8.20 PM

CHAIRMAN

IMPLEMENTATION OF DECISIONS

This notice was published on 5 December 2016. The decisions contained in minutes 52, 53, 54 and 55 take effect immediately.

BUDGET UPDATE 2017/18

Cabinet - 12 January 2017

Report of Chief Finance Officer

Status: For Consideration

Key Decision: No

Executive Summary: The Council has an excellent track record in identifying, planning for and addressing financial challenges. In light of the challenging financial position facing all authorities six years ago, for 2011/12 the Council produced a 10-year budget together with a savings plan for the first time. This will be the seventh year this method has been used and provides the Council with a stable basis for future years.

This report sets out progress made in preparing the 2017/18 budget and updates Members on key financial information.

The Provisional Local Government Finance Settlement was announced on 15 December 2016 which has no material impact on the 10-year budget position. The basis of the New Homes Bonus has been changed which does not help to fund the revenue budget but does support the Property Investment Strategy.

Adjustments since the last report include changing the Council Tax increase assumption for 2017/18 from 2% to 2.5% and including the actual Council Tax base.

Cabinet will make its final recommendation on the budget at its meeting on 9 February 2017, after taking into account any updated information available at that date.

Portfolio Holder Cllr. Scholey

Contact Officers Adrian Rowbotham Ext. 7153

Helen Martin Ext. 7483

Recommendation to Cabinet: Members give consideration to the growth and savings proposals in Appendix E and the current budget position and then provide officers with any further instructions.

Introduction and Background

- 1 At the Cabinet meeting on 15 September 2016, Members considered a report setting out the Council's financial prospects for 2017/18 and beyond. That report set out the major financial pressures the Council is likely to face,

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together with a proposed strategy for setting a balanced and sustainable budget for 2017/18 and beyond.

- 2 As part of the budget process officers put forward their Service Dashboards to the Advisory Committees between September and November, which set out a summary of current and future challenges and risks. The Advisory Committees recommended new growth and savings items which were considered at the Cabinet meeting on 1 December 2016.
- 3 The report to Cabinet on 1 December 2016 also contained updates to the Financial Prospects report.
- 4 This report sets out the current position for the 2017/18 budget and updates Members on key financial information received since the last report, including the Provisional Local Government Finance Settlement announced on 15 December 2016.

Financial Self-Sufficiency

- 5 The Council's Corporate Plan, introduced in 2013, set out an ambition for the Council to become financially self-sufficient which was achieved in 2016/17. This means that the Council no longer requires direct funding from Government, through Revenue Support Grant or New Homes Bonus, to deliver its services.
- 6 This approach was adopted in response to the financial challenges the Country is faced with in bringing its public spending down to ensure it is able to live within its means. In practice this has seen Government funding to local authorities dramatically reduced since 2010/11 with Sevenoaks District Council expecting to receive no Revenue Support Grant from 2017/18.
- 7 The decision to become financially self-sufficient is intended to give the Council greater control over its services, reducing the potential for decision making to be influenced by the level of funding provided by government to local authorities.
- 8 The Council's decision to seek to become financially self-sufficient was subject to scrutiny by the Local Government Associations Peer Challenge of the District Council during December 2013. In their closing letter to the Council they concluded that they 'fully support that aspiration and given the existing and anticipated squeeze upon public finances this makes much sense'.
- 9 With the Council expecting to receive no Revenue Support Grant from 2017/18 and New Homes Bonus expected to reduce from 2018/19, this approach remains appropriate. The attached 10-year budget assumes no Revenue Support Grant or New Homes Bonus. Any funding received from these sources will be put into the Financial Plan Reserve which can be used to support the 10-year budget by funding invest to save initiatives and supporting the Property Investment Strategy. One of the aims of the Property Investment Strategy is to achieve returns of 6%; therefore using

funding for this purpose will result in additional year on year income that is not impacted by Government decisions.

- 10 Cabinet are keen to remain financially self-sufficient and be ahead of the game. This will allow this Council to move ahead in the knowledge that this Council has the financial resources to provide the services that the district's residents want into the future.

Updates to the Financial Prospects Report

- 11 The Financial Prospects report considered in September raised a number of financial risk areas for the Council. These were updated in the December report but further information has been received since which is explained below.
- 12 **The Provisional Local Government Finance Settlement** for 2017/18 was announced on 15 December 2016. This included confirmation that this council was one of the 97% of councils that applied for the multi-year settlement that was offered last year. The grants included in this offer are:
- Revenue Support Grant - nil in 2017/18 to 2019/20.
 - Transitional Grant - £123,000 in 2017/18, nil in 2018/19 to 2019/20.
 - Rural Services Delivery Grant - nil in 2017/18 to 2019/20.
- 13 **Government Support: Revenue Support Grant (RSG)** (£0.6m received in 2016/17 but not used to fund the revenue budget) - As previously assumed, this council will no longer receive Revenue Support Grant from 2017/18.
- 14 **Council Tax Support Funding for Town and Parish Councils** - The Local Government Finance Settlement did not include a separate amount for Town and Parish Councils therefore the assumption in the 10-year budget remains that no funding will be passed on. Members will be asked whether they wish to continue with this approach at the Council meeting on 21 February 2017.
- 15 Members may wish to note that in the first year of the Council Tax Support Scheme an amount of £1.008m was included within RSG for this purpose. The total RSG for 2017/18 is nil.
- 16 **New Homes Bonus (NHB)** (£2.2m received in 2016/17 but not used to fund the revenue budget) - The Government has announced that the basis of NHB has been changed. Previously it was based on cumulative figures for 6 years but this is being reduced to 5 years from 2017/18 and 4 years from 2018/19. Also in future NHB will only be received on tax base growth above 0.4% instead of on all growth.

New Homes Bonus (estimated amounts)

2017/18	£1.756m
2018/19	£1.339m
2019/20	£1.284m

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- 17 A reduction was previously assumed from 2018/19 but the latest announcement results in the reduction starting a year earlier. NHB is not used to fund the revenue budget but does support the Property Investment Strategy (PIS) therefore other funding sources may be required to fund future PIS schemes. There will be a review of reserves included in the February Budget report where funds may be reallocated to the PIS.
- 18 **Council Tax** (£9.7m) - The Government has announced that the referendum limit for the Council Tax Band D increase for district council's in 2017/18 is the higher of 2% or £5.
- 19 The previous assumption in the 10-year budget was a 2% increase for all years based on previous referendum limits. On 1 December 2016 Cabinet proposed that Council Tax for 2017/18 should increase by the maximum amount of £4.95 (2.5%). This change has been included in the attached 10-year Budget and results in an additional £49,000 of Council Tax income per annum.
- 20 Details of the Council Tax Base for 2017/18 are contained in a separate report to this meeting. The impact of these changes is £18,000 less income per annum compared to the assumption included in the report to Cabinet in December.
- 21 The Collection Fund position, which is where Council Tax and Business Rates income is initially held before being distributed, will be reviewed in January which may result in additional one-off income in 2017/18.
- 22 **Locally Retained Business Rates** (£2.0m) - The basis for allocating Government Support from 2013/14 changed to the Business Rates Retention Scheme. This scheme initially allows billing authorities, such as this council, to keep 40% of Business Rates received. However tariffs and top-ups are applied to ensure that the funding received by each local authority is not significantly different to pre 2013/14 amounts.
- 23 The Department for Communities and Local Government (DCLG) has undertaken a consultation called 'Self-sufficient local government: 100% Business Rates Retention'. The Government intends to introduce 100% Business Rates Retention to local government by the end of the current Parliament. It is expected that, at the same time, the Government will update the relative needs formulae (i.e. that determine the amount of resources that an authority will have if it collects at its Business Rates target) but this has not yet been announced.
- 24 Revised 'safety-net' amounts were included in the settlement which have been included in the attached 10-year budget. These are slightly higher than the amounts announced last year.

Business Rates Safety-Net

2017/18	£1.990m
2018/19	£2.055m
2019/20	£2.128m

- 25 A full revaluation of business rates premises has been completed by the Valuation Office Agency (VOA) and full details were released on 20 December 2016. This will result in an increased cost to this council and is explained in SCIA28 included in Appendix E.
- 26 **Property Investment Strategy** - This has been updated to reflect income from the latest acquisitions and the final hotel scheme.
- 27 **Use of Reserves** - Ensuring the adequacy and sustainability of the Council's reserves continues to be a key part of the budget process. A detailed review of reserves will be included in the February Cabinet report.
- 28 **Growth and Savings** - The items supported by Cabinet on 1 December 2016 result in an average net saving of £69,000 per annum. If the additional items included in Appendix E are supported by Cabinet, the average net saving for all new growth and savings items will be £49,000 per annum.

Current Budget Position

- 29 The 10-year budget (Appendix B) shows a fully funded 10-year position.
- 30 The total impact of the new growth and savings items, together with the increased Council Tax assumption, Council Tax Base changes and small increase to the Business Rates Safety Net amount result in a net saving of £100,000 per annum as assumed in the 10-year budget approved by Council in February 2016.
- 31 Members are asked to give consideration to the growth and savings proposals in Appendix E and the current budget position and then provide officers with further instructions.

Key Implications

Financial

All financial implications are covered elsewhere in this report.

Legal Implications and Risk Assessment Statement.

There are no legal implications.

For the effective management of our resources and in order to achieve a sustainable budget it is essential that all service cost changes and risks are identified and considered.

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Current and future challenges together with risks were included in the Service Dashboards presented to the Advisory Committees and each Service Change Impact Assessment (SCIA) includes the likely impacts including a risk analysis.

An effective integrated policy and priority driven long-term financial and business process is required for the Council to deliver on its priorities and maintain a sustainable budget. It is also essential that continuous improvements are identified and implemented in order to take account of the changing climate within which the Council operates and to meet the expectations of both Government and the public on the quality of service demanded from this Council.

The risks associated with the 10-year budget approach include uncertainty around the level of shortfall and the timing of key announcements such as future grant settlements. The risk will be mitigated by continuing to review assumptions and estimates and by updating Members throughout the process.

Equality Assessment

Members are reminded of the requirement, under the Public Sector Equality Duty (section 149 of the Equality Act 2010) to have due regard to (i) eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Equality Act 2010, (ii) advance equality of opportunity between people from different groups, and (iii) foster good relations between people from different groups.

Individual equality impact assessments have been completed for all Service Change Impact Assessments (SCIAs) to ensure the decision making process is fair and transparent.

Community Impact and Outcomes

Members' early consideration of the issues raised in this report would be beneficial to residents in that a planned approach to achieving a balanced budget should produce the best outcome for the community in limiting the level in budget reductions.

Appendices

Appendix A - Budget Timetable

Appendix B - 10-year Budget

Appendix C - Summary of the Council's agreed savings and growth items

Appendix D - Growth and savings proposals

Appendix E - Service Change Impact Assessment forms (SCIAs) for new growth and savings proposals in Appendix D

Background Papers:

[Report to Cabinet 16 February 2016 - Budget and Council Tax Setting 2016/17](#)

[Report to Cabinet 15 September 2016 - Financial Prospects and Budget Strategy 2017/18 and Beyond](#)

[Report to Planning Advisory Committee 22 September 2016, Housing and Health Advisory Committee 4 October 2016, Policy and Performance Advisory Committee 6 October 2016, Economic and Community Development Advisory Committee 11 October 2016, Legal and Democratic Services Advisory Committee 18 October 2016, Direct and Trading Advisory Committee 1 November 2016, Finance Advisory Committee 15 November 2016 - Budget 2017/18: Service Dashboards and Service Change Impact Assessments \(SCIAs\)](#)

[Report to Cabinet 1 December 2016 - Budget Update 2017/18](#)

**Adrian Rowbotham
Chief Finance Officer**

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2017/18 Budget Setting Timetable

	Date	Committee
Stage 1		
Financial Prospects and Budget Strategy 2017/18 and Beyond	6 September	Finance AC
	15 September	Cabinet
↓		
Stage 2		
Review of Service Dashboards and Service Change Impact Assessments (SCIAs)	22 September	Planning AC
	4 October	Housing & Health AC
	6 October	Policy & Performance AC
	11 October	Economic & Comm. Dev. AC
	18 October	Legal & Dem. Svs AC
	1 November	Direct & Trading AC
	15 November	Finance AC
↓		
Stage 3		
Budget Update (incl. Service Change Impact Assessments (SCIAs), feedback from Advisory Committees)	1 December	Cabinet
↓		
Stage 4		
Budget Update (incl. Government Settlement information)	12 January	Cabinet
↓		
Stage 5		
<i>Budget Update and further review of Service Change Impact Assessments (if required)</i>	<i>January - February</i>	<i>Advisory Committees</i>
↓		
Stage 6		
Budget Setting Meeting (Recommendations to Council)	9 February	Cabinet
↓		
Stage 7		
Budget Setting Meeting (incl. Council Tax setting)	21 February	Council

Note: The Scrutiny Committee may 'call in' items concerning the budget setting process.

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Ten Year Budget - Revenue

	Budget 2016/17	Plan 2017/18	Plan 2018/19	Plan 2019/20	Plan 2020/21	Plan 2021/22	Plan 2022/23	Plan 2023/24	Plan 2024/25	Plan 2025/26
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Expenditure										
Net Service Expenditure c/f	14,253	13,689	14,470	14,556	14,705	15,200	15,558	15,908	16,265	16,627
Inflation	569	494	611	435	627	443	450	457	462	467
Superannuation Fund deficit and staff recruitment & retention	(721)	300	0	0	200	0	0	0	0	0
Net savings (approved in previous years)	(412)	(134)	(271)	(186)	(187)	15	0	0	0	0
New growth	0	331	0	0	(45)	0	0	0	0	0
New savings/Income	0	(210)	(254)	(100)						
Net Service Expenditure b/f	13,689	14,470	14,556	14,705	15,200	15,558	15,908	16,265	16,627	16,994
Financing Sources										
Government Support										
: Revenue Support Grant	0	0	0	0	0	0	0	0	0	0
New Homes Bonus	0	0	0	0	0	0	0	0	0	0
Council Tax	(9,672)	(10,013)	(10,333)	(10,661)	(10,998)	(11,345)	(11,701)	(12,066)	(12,442)	(12,828)
Locally Retained Business Rates	(1,951)	(1,990)	(2,055)	(2,128)	(2,171)	(2,214)	(2,258)	(2,303)	(2,349)	(2,396)
Collection Fund Surplus	(333)	0	0	0	0	0	0	0	0	0
Interest Receipts	(250)	(130)	(130)	(250)	(250)	(250)	(250)	(250)	(250)	(250)
Property Investment Strategy Income	(500)	(500)	(735)	(1,185)	(1,185)	(1,185)	(1,185)	(1,285)	(1,329)	(1,329)
Contributions to/(from) Reserves	100	(353)	(353)	(353)	(353)	(353)	(179)	(179)	(635)	148
Total Financing	(12,606)	(12,986)	(13,606)	(14,577)	(14,957)	(15,347)	(15,573)	(16,083)	(17,005)	(16,655)
Budget Gap (surplus)/deficit	1,083	1,484	950	128	243	211	335	182	(378)	339
Contribution to/(from) Stabilisation Reserve	(1,083)	(1,484)	(950)	(128)	(243)	(211)	(335)	(182)	378	(339)
Unfunded Budget Gap (surplus)/deficit	0	0	0	0	0	0	0	0	0	0

Assumptions	
Revenue Support Grant:	nil all years
Locally Retained Business Rates:	2% all years
Council Tax:	2.5% in 17/18, 2% in later years
Interest Receipts:	£130,000 in 17/18 - 18/19, £250,000 in later years
Property Inv. Strategy:	£500,000 from 16/17, £735,000 from 18/19, £835,000 from 23/24, £1.035m from 26/27 onwards. Sennocke Hotel income included from 2019/20.
Pay award:	1% in 16/17 - 19/20, 2% in later years
Other costs:	2.25% in all years
Income:	2.5% in all years

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Summary of the Council's Agreed Savings and Growth Items

Appendix C

SCIA		Description	2011/12 £000	2012/13 £000	2013/14 £000	2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000	Later Years £000	Total £000
Year	No.										
Direct and Trading Advisory Committee											
2016/17	8	Playgrounds: Reduction in asset maintenance (reversal of temporary saving item)								7	
2016/17	9	Public Conveniences: Reduction in asset maintenance (reversal of temporary saving item)								8	
Economic and Community Development Advisory Committee											
2014/15	2	Economic Development & Property Team - SCIA originally called 'Broadband and business growth' (reversal of temporary growth item)								(30)	
Finance Advisory Committee											
2011/12	62,63	Staff terms and conditions - savings agreed by Council 18/10/11							(162)	(674)	
2015/16	10	External Audit fee reduction (reversal of temporary saving item)								30	
Housing and Health Advisory Committee											
No savings or growth agreed from 2017/18 onwards											
Legal and Democratic Services Advisory Committee											
No savings or growth agreed from 2017/18 onwards											
Planning Advisory Committee											
No savings or growth agreed from 2017/18 onwards											
Policy and Performance Advisory Committee											
2016/17	1	Ec. Dev. & Property: Staffing levels made permanent							28	30	
Total Savings			(2,984)	(841)	(314)	(479)	(533)	(721)	(162)	(599)	(6,633)
Total Growth			371	45	50	327	177	309	28	(30)	1,277
Net Savings			(2,613)	(796)	(264)	(152)	(356)	(412)	(134)	(629)	(5,356)

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Growth and Savings Proposals

SCIA Year	Advisory Committee No.	Description	Year	Ongoing	2017/18 Impact £000	10-year Budget Impact £000
Growth						
Items Supported by Cabinet 01/12/16						
2017/18	1	PAC Building Control: Reduction in budgeted income	2017/18	yes	39	390
2017/18	6	HHAC HERO service	2017/18	yes	35	350
2017/18	8	PPAC Increase in website support costs	2017/18	yes	39	390
2017/18	9	PPAC Increase in IT resource	2017/18	yes	50	500
2017/18	10	PPAC Apprenticeship levy	2017/18	3 years	45	135
		DTSAC none				
2017/18	15	ECDAC Sevenoaks DC Business Prospectus	2017/18	yes	5	50
2017/18	16	LDSAC Increase in contribution to District Elections	2017/18	yes	22	220
2017/18	17	LDSAC Resourcing of Electoral Services	2017/18	yes	60	600
2017/18	22	FAC Procurement: electronic software	2017/18	yes	6	60
Sub Total					301	2,695
New Items with SCIA's in Appendix E						
2017/18	28	DTSAC Car Parks: Business Rates	2017/18	yes	30	300
Sub Total					30	300

SCIA Year	Advisory Committee No.	Description	Year	Ongoing	2017/18 Impact £000	10-year Budget Impact £000	
Savings							
Items Supported by Cabinet 01/12/16							
2017/18	4	PAC	Development Management: Revise pre-application charges	2017/18	yes	(20)	(200)
2017/18	5	PAC	Development Management: Training	2017/18	yes	(4)	(40)
2017/18	7	HHAC	Sencio management fee	2017/18	yes	(44)	(440)
2017/18	11	PPAC	Swanley contract	2018/19	yes	0	(225)
2017/18	12	PPAC	Customer Service resource	2018/19	yes	0	(225)
2017/18	13	PPAC	Review of training budgets	2017/18	yes	(15)	(150)
2017/18	14	PPAC	Consultancy	2017/18	yes	(18)	(180)
2017/18	18	LDSAC	Licensing - fourth partner joining partnership	2017/18	yes	(15)	(150)
2017/18	19	DTSAC	Asset Maintenance - Car Parks	2017/18	yes	(19)	(190)
2017/18	20	DTSAC	Direct Services: increase in net surplus	2017/18	yes	(30)	(300)
2017/18	21	DTSAC	Environmental Health: Income generation	2017/18	yes	(4)	(40)
		ECDAC	none				
2017/18	23	FAC	Partnership work covered within existing resources	2017/18	yes	(5)	(50)
2017/18	24	FAC	Audit fees	2017/18	yes	(17)	(170)
2017/18	25	FAC	Internal Enforcement Agents for Local Tax recovery	2018/19	yes	0	(936)
2017/18	26	FAC	Council Tax: stopping paper based single person discount reviews	2017/18	yes	(9)	(90)
Sub Total						(200)	(3,386)
New Items with SCIA's in Appendix E							
2017/18	4	PAC	Development Management: Revise pre-application charges (UPDATED)	2017/18	yes	(5)	(50)
2017/18	27	PAC	Development Management: Planning application income	2017/18	yes	(5)	(50)
Sub Total						(10)	(100)
Net Savings Total (Items Supported by Cabinet 01/12/16)						101	(691)
Net Savings Total (New Items with SCIA's in Appendix E)						20	200
Net Savings Total (All)						121	(491)

a: £69,000 average net saving per annum

b: £49,000 average net saving per annum

SERVICE CHANGE IMPACT ASSESSMENT

SCIA 4 UPDATED (17/18)

Chief Officer:	Richard Morris	Service:	Planning
Activity	Development Management	No. of Staff:	26.37 fte

Activity Budget Change	Year: 2017/18 Growth / (Saving) £000	Later Years Comments (ongoing, one-off, etc.)
Revise pre-application charges	(25) increased from (20) presented to Cabinet on 01/12/16	Ongoing

Reasons for and explanation of proposed change in service

Charges were introduced for some elements of pre-application advice in 2010. These have not been reviewed since and have a number of exceptions, such as householder advice.

Revising the existing charges and introducing charging for some elements that are currently free would ensure that the service is cost neutral.

Key Stakeholders Affected

Users of the pre-application service

Likely impacts and implications of the change in service (include Risk Analysis)

Charging for pre-application advice can only recover costs, and due to the current arrangements that doesn't happen at present. The charge is only a fraction of a development's costs and can enable a discretionary service to become cost neutral.

Risk to Service Objectives (High / Medium / Low)

Medium

SERVICE CHANGE IMPACT ASSESSMENT

2016/17 Budget	£'000	Performance Indicators		
Operational Cost	1,071	Code & Description	Actual	Target
Income	(747)	Validation of planning applications	4.18 days	Under 5 days
Net Cost	324	Processing of planning applications:		
		Major (13 weeks)	100%	80%
		Minor (8 weeks)	82%	80%
		Other (8 weeks)	93%	90%

Equality Impacts

The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. There is no perceived impact on end users.

SERVICE CHANGE IMPACT ASSESSMENT

SCIA 27 (17/18)

Chief Officer:	Richard Morris	Service:	Planning
Activity	Development Management	No. of Staff:	26.37 fte

Activity Budget Change	Year: 2017/18 Growth / (Saving) £000	Later Years Comments (ongoing, one-off, etc.)
Revise Planning application income expectation	(5)	Ongoing

Reasons for and explanation of proposed change in service	Planning application fee income is uncertain, however short and medium term trends indicate that expecting an additional £5k is not unreasonable
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Key Stakeholders Affected	None
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Likely impacts and implications of the change in service (include Risk Analysis)	Application fee income is outside of our control, however the expectation is not unreasonable.
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Risk to Service Objectives (High / Medium / Low)	Medium
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SERVICE CHANGE IMPACT ASSESSMENT

2016/17 Budget	£'000	Performance Indicators		
Operational Cost	1,071	Code & Description	Actual	Target
Income	(747)	Validation of planning applications	4.18 days	Under 5 days
Net Cost	324	Processing of planning applications:		
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		Minor (8 weeks)	82%	80%
		Other (8 weeks)	93%	90%

Equality Impacts

The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. There is no perceived impact on end users.

SERVICE CHANGE IMPACT ASSESSMENT

SCIA 28 (17/18)

Chief Officer:	Richard Wilson	Service:	Car Parks
Activity	Business Rates	No. of Staff:	-

Activity Budget Change	Year: 2017/18 Growth / (Saving) £000	Later Years Comments (ongoing, one-off, etc.)
Business Rates - mainly Car Parks	30	ongoing

Reasons for and explanation of proposed change in service

A revaluation of all Business Rates premises has been completed nationally by the Valuation Office Agency (VOA) to provide new rateable values.

On 20 December 2016 the Government issued the 'Business Rates Information Letter (3/2016): Autumn Statement measures and 2017 Valuation' which provided the details required to calculate the Business Rates charges for 2017/18.

The Government has stated that nationally the changes will be neutral but there is an increase to the premises owned by this council. There are minor increases and decreases on other premises but car parks have increased by £36,000. The VOA has explained that car parking assessments have generally gone up substantially in rateable value (RV) across the country because the property rental market for this type of property has increased.

Key Stakeholders Affected

None

Likely impacts and implications of the change in service (include Risk Analysis)

The council is required to pay the business rates due for all premises that it occupies.

External valuers will be appointed to advise whether there is scope to appeal about the re-valuations for all council premises.

SERVICE CHANGE IMPACT ASSESSMENT

Risk to Service Objectives (High / Medium / Low)

Low

2016/17 Budget (all SDC business rates)	£'000	Performance Indicators		
		Code & Description	Actual	Target
Operational Cost	584			
Income	-	None		
Net Cost	584			

Equality Impacts

The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. There is no perceived impact on end users.

CALCULATION OF COUNCIL TAX BASE AND OTHER TAX SETTING ISSUES

Cabinet - 12 January 2017

Report of the: Chief Finance Officer

Status: For Decision

Also considered by: Council - 21 February 2017

Key Decision: No

Executive Summary:

This report sets out details of the calculation of the District’s tax base for council tax setting purposes. These figures are used to determine tax rates for each of the council tax bands once the Council’s budget requirement is known. The report also advises Members of the timetable for setting the 2017/18 council tax.

This report supports the Key Aim of efficient management of the Council’s resources.

Portfolio Holder Cllr. Scholey

Contact Officer Roy Parsons, Principal Accountant - Ext 7204

Recommendation to Cabinet: That it be recommended to Council that:

- (a) the report of the Chief Finance Officer for the calculation of the Council’s tax base for the year 2017/18 be approved;
- (b) pursuant to the report of the Chief Finance Officer and in accordance with the Local Authorities (Calculation of Council Tax Base) Regulations 1992 (as amended) the amount calculated by the Sevenoaks District Council as its council tax base for the whole area for the year 2017/18 shall be 49,382.42;
- (c) pursuant to the report of the Chief Finance Officer and in accordance with the Local Authorities (Calculation of Council Tax Base) Regulations 1992 (as amended) the amount calculated by the Sevenoaks District Council as the council tax base for 2017/18 for the calculation of local precepts shall be:

<u>Parish</u>	<u>Tax Base</u>
Ash-cum-Ridley	2,417.81
Badgers Mount	329.71
Brasted	772.34

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Chevening	1,448.06
Chiddingstone	595.80
Cowden	406.15
Crockenhill	647.99
Dunton Green	1,116.66
Edenbridge	3,505.34
Eynsford	929.09
Farningham	650.57
Fawkham	284.48
Halstead	760.41
Hartley	2,527.05
Hever	599.88
Hextable	1,650.64
Horton Kirby & South Darent	1,292.20
Kemsing	1,824.29
Knockholt	619.36
Leigh	818.76
Otford	1,668.43
Penshurst	829.69
Riverhead	1,237.13
Seal	1,198.96
Sevenoaks Town	9,315.37
Sevenoaks Weald	619.66
Shoreham	682.88
Sundridge	924.22
Swanley	5,407.86
Westerham	1,979.25
West Kingsdown	2,322.38

- (d) any expenses incurred by the Council in performing in part of its area a function performed elsewhere in its area by a parish or community council or the chairman of a parish meeting shall not be treated as special expenses for the purposes of section 35 of the Local Government Finance Act 1992.

Recommendation to Council: That the various calculations detailed above be approved.

Reason for recommendations: As part of the tax setting process for 2017/18, the Council needs to formally approve the tax base at individual town and parish level as well as for the District as a whole.

Introduction and Background

- 1 The Local Authorities (Calculation of Council Tax Base) Regulations 1992, made under powers of the Local Government Finance Act 1992, specify formulae for calculating the council tax base which must be set between 1 December and 31 January.
- 2 The council tax base is a measure of the number of dwellings to which council tax is chargeable in an area or part of an area. It is used for the purposes of calculating a billing authority's and other precepting authorities' band D council tax.
- 3 Under the regulations, the council tax base is the aggregate of the relevant amounts calculated for each valuation band multiplied by the Council's estimated collection rate for the year.
- 4 The Council is required to calculate a tax base figure for the Department for Communities & Local Government (DCLG). This is based on the valuation list as at 12 September 2016 and occupancy information at 3 October 2016. The tax base for tax setting purposes is based on information available in December 2016. In addition, other factors may be taken into account to reflect likely changes to the tax base during 2017/18. These factors include:-
 - An allowance for changes in the amount of disabled relief
 - An allowance for changes in the number of exempt properties
 - An estimate of the number of new properties liable to council tax
 - An estimate of the number of properties ceasing to be liable to council tax
 - An allowance for changes in the number of single person discounts
 - An allowance for the effect of appeals by taxpayers on the banding of their properties
- 5 It has always been the practice to assume that these items will be self-balancing and hence no adjustment to the overall tax base was made other than the usual allowance for non-collection. Over the last few years the tax base has been rising due to new properties being built. However, the rate of increase is not significant enough to warrant a change from the self-balancing assumption.

Detailed Tax Base Calculations

- 6 The current year's tax base calculation assumes a 99.4% collection rate, which also allows for some movement in the items mentioned in Paragraph

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4. Having assessed previous years' collection rates plus the effect of changes to council tax support, it is considered prudent to maintain the assumed collection rate at 99.4% for 2017/18.

- 7 The second column of the table below sets out the number of band D equivalents based on the valuation list and occupancy information at 1 December 2016 for each parish, together with a summary for the District. The figures are then subjected to the collection rate adjustment in column 3 to arrive at the tax base for council tax setting purposes appearing in column 4. The corresponding figures for 2016/17 appear in column 5.

<u>(1)</u> Parish	<u>(2)</u> Band D Equivalents	<u>(3)</u> Collection Rate Multipliers	<u>(4)</u> Tax base 2017/18	<u>(5)</u> Tax base 2016/17
Ash-cum-Ridley	2,432.40	0.994	2,417.81	2,407.77
Badgers Mount	331.70	0.994	329.71	330.21
Brasted	777.00	0.994	772.34	783.17
Chevening	1,456.80	0.994	1,448.06	1,443.79
Chiddingstone	599.40	0.994	595.80	599.08
Cowden	408.60	0.994	406.15	416.68
Crockenhill	651.90	0.994	647.99	646.70
Dunton Green	1,123.40	0.994	1,116.66	993.01
Edenbridge	3,526.50	0.994	3,505.34	3,462.90
Eynsford	934.70	0.994	929.09	924.22
Farningham	654.50	0.994	650.57	638.94
Fawkham	286.20	0.994	284.48	283.79
Halstead	765.00	0.994	760.41	759.02
Hartley	2,542.30	0.994	2,527.05	2,510.65
Hever	603.50	0.994	599.88	599.68
Hextable	1,660.60	0.994	1,650.64	1,645.57
Horton Kirby & South Darent	1,300.00	0.994	1,292.20	1,277.09
Kemsing	1,835.30	0.994	1,824.29	1,816.83
Knockholt	623.10	0.994	619.36	619.96
Leigh	823.70	0.994	818.76	803.25
Otford	1,678.50	0.994	1,668.43	1,664.06
Penshurst	834.70	0.994	829.69	835.26
Riverhead	1,244.60	0.994	1,237.13	1,232.06

Seal	1,206.20	0.994	1,198.96	1,193.50
Sevenoaks Town	9,371.60	0.994	9,315.37	9,225.61
Sevenoaks Weald	623.40	0.994	619.66	613.40
Shoreham	687.00	0.994	682.88	677.81
Sundridge	929.80	0.994	924.22	921.84
Swanley	5,440.50	0.994	5,407.86	5,308.16
Westerham	1,991.20	0.994	1,979.25	1,957.48
West Kingsdown	2,336.40	0.994	2,322.38	2,304.19
TOTALS	49,680.50		49,382.42	48,895.68

- 8 The Council has previously resolved that its expenses are to be treated as general expenses. In addition the Council has formally to approve what are to be regarded as special expenses now that parish precepts are treated as part of the District Council's general fund and therefore its budget requirement.

Timetable for Setting the Tax

- 10 The County Council and Fire and Rescue Service have advised me of their budget meeting dates for 2017/18. Confirmation of the Police & Crime Commissioner's budget meeting date is awaited:

County Council	9 February 2017
Police & Crime Commissioner	Expected mid February 2017
Fire and Rescue Service	13 February 2017

- 11 The council tax for the Sevenoaks area cannot be set before the Fire, Police or County precepts have been ratified. There are several dates laid down in regulations on, or by which, certain tasks in relation to the budget process and tax setting have to be carried out. These key dates appear in the Appendix.
- 12 As part of the tax setting process, the Council is required to make an estimate of the collection fund surplus or deficit at 15 January 2017 or the first working day after this, for the year ending 31 March 2017.
- 13 The amount of any surplus or deficit which a billing authority estimates in its collection fund will not remain in the collection fund but will be shared and taken into account by both billing and major precepting authorities in calculating their basic amounts of council tax for 2017/18.
- 14 In estimating any surplus or deficit, items relating to community charge will not be taken into account. These are to remain with the billing authority and will be taken into account by it in calculating its basic amount of council tax for the year.

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- 15 An authority's share of any surplus or deficit relating to council tax is to be in the same proportion as its demand bears to the total demand and precepts on the collection fund for 2016/17. Payment is to be made during 2017/18 on the same dates as precept payments.

Key Implications

Financial

There are no financial implications.

Community Impact and Outcomes

There are no community impacts arising from this report.

Legal Implications and Risk Assessment Statement

Calculation of the tax base for the District is a statutory requirement. The information is used by other authorities in setting their precepts. The actual tax base will vary during the year as new properties are built and exemptions and discounts are granted or withdrawn. Any difference in the revenue raised to that needed to pay precepts remains in the collection fund to be distributed to or collected from major precepting authorities in the following year.

Equality Assessment

The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. There is no perceived impact on end users.

Conclusions

Members are asked to approve the calculation of the District's tax base for council tax setting purposes and to note the timetable for setting the 2017/18 council tax.

Appendices: Appendix A - Key dates in the council tax setting process

Background Papers: None

Adrian Rowbotham
Chief Finance Officer

KEY DATES IN THE COUNCIL TAX SETTING PROCESS

- i) By 14 October 2016 Notify tax base for grant settlement purposes to Department for Communities & Local Government (DCLG)
- ii) During December 2016 DCLG notifies schedule of payment dates for Revenue Support Grant (RSG) and Non-Domestic Rates (NDR). DCLG notifies the NDR multiplier (rate in £) for 2017/18
- iii) By 31 December 2016 Issue proposed schedule of payment dates to precepting authorities
- iv) By 31 January 2017 Agree actual schedule of precept payment dates
- v) Between 1 December 2016 and 31 January 2017 Notify tax base for tax setting purposes to KCC, Fire & Rescue Service and Police & Crime Commissioner
- vi) On 16 January 2017 Estimate collection fund surplus or deficit for year and calculate the amount to be shared between SDC, KCC, Fire and Police (where applicable)
- vii) By 23 January 2017 Notify KCC, Fire and Police of their shares of the surplus or deficit and when amounts are to be paid or transferred during 2017/18 (where applicable)
- viii) During January and February 2017 Notify Town/Parish Councils of tax bases for their areas within 10 days of them making such a request
- ix) During February 2017 DCLG notifies entitlements and payment dates of Formula Spending Share (FSS), RSG and NDR
- x) By 1 March 2017 KCC, Fire & Rescue Service, Police & Crime Commissioner and Town/Parish Councils issue their precepts
- xi) By 11 March 2017 District sets council tax for 2017/18, taking account of its own budget requirement and those of the precepting authorities.

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