

# Finance and Governance Cabinet      12 November 2019 Advisory Board

Is the final decision on the recommendations in this report to be made at this meeting?      **No**

## Draft Budget 2020/21 and Medium Term Financial Strategy Update

<b>Final Decision-Maker</b>	Cabinet
<b>Portfolio Holder(s)</b>	Cllr. Tom Dawlings, Finance and Governance
<b>Lead Director</b>	Lee Colyer, Director of Finance, Policy and Development
<b>Head of Service</b>	Jane Fineman, Head of Finance and Procurement
<b>Lead Officer/Report Author</b>	Lee Colyer, Director of Finance, Policy and Development
<b>Classification</b>	Non-exempt
<b>Wards affected</b>	All

### This report makes the following recommendation to the final decision-maker:

1. That Cabinet comments on the draft budget and identifies any areas that they believe need to be strengthened or where there are omissions; and
2. That, subject to the above recommendation, Cabinet agrees the draft budget for public consultation.

### This report relates to the following Five Year Plan Key Objectives:

- A Prosperous Borough
- A Green Borough
- A Confident Borough

The Council's budget involves the allocation of financial resources to deliver the Council's Key Objectives.

### Timetable

<b>Meeting</b>	<b>Date</b>
Management Board	23 October 2019
Discussion with Portfolio Holder	28 October 2019
Finance & Governance Cabinet Advisory Board	12 November 2019
Cabinet	5 December 2019

# Draft Budget 2020/21 and Medium Term Financial Strategy Update

## 1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 This report outlines the assumptions that have been built into the draft budget for 2020/21.
  - 1.2 Provided there are no adverse consequences from either the Government's Budget or the Local Government Settlement then the draft revenue budget for 2020/21 is balanced. However, further challenges remain that if left unmanaged this would produce a deficit of £1.3 million by 2025/26 (Appendix A), which would need to be funded from new income or further efficiencies.
  - 1.3 The Gross Cost of New Capital Schemes is £3,072,050. The funding of the Capital Programme would require external borrowing of £1,653,700 which would have a revenue budget impact of £116,000. This would unbalance the revenue budget and leave a deficit that will need to be off-set with new savings and service changes to be identified prior to approval in February 2020.
  - 1.4 For 2020/21 Revenue Support Grant for this Council is expected to remain at zero. This will leave the total reduction in central government support for local services since 2010 as £4.6 million. By balancing the budget every year without the use of reserves the Council has managed to deal with this reduction and is financially self-sufficient.
  - 1.5 The draft budget is a projection and following approval it will be published on to the Council's website for consultation.
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## 2. INTRODUCTION AND BACKGROUND

- 2.1 Cabinet received the first report leading to the setting of the 2020/21 budget at the meeting on 1 August 2019 entitled Budget Projection and Strategy which had also been considered by the Finance & Governance Cabinet Advisory Board. This was followed by a Budget Update report on 24 October 2019.

### **Four-Year Settlement**

- 2.2 The Government's four-year funding settlement has now come to an end and the Council is financially self-sufficient. The ability to fund local services is now dependent on growing the local economy and sharing in the proceeds of business rates growth.

### **Spending Round (SR19)**

- 2.3 The Comprehensive Spending Review (CSR) has been put back by the Government and has been replaced with a one-year Spending Round (SR19).

2.4 On 4 September 2019 the Chancellor of the Exchequer announced details of SR19 to Parliament. Not only is SR19 a departure from the norm it is without any recent updates to forecasts from the Office for Budget Responsibility (OBR), and therefore spending commitments are based on fiscal forecasts produced back in March 2019. Below are the main headlines for Local Government:

- The Business Rates Reset and the Fair Funding Review will be deferred until 2021/22.
- No new Business Rates Pilots are planned for 2020/21
- Legacy payments for New Homes Bonus will be paid, but there still remains uncertainty regarding new payments.
- A 2 per cent Council Tax referendum limit (or £5 for district councils if this is greater) will be proposed.
- An additional £54 million in 2020/21 to help reduce homelessness and rough sleeping to add to the funding already provided in 2019/20.

### **Local Government Finance Settlement 2020/21 Technical Consultation**

2.5 On 3 October 2019, the Ministry of Housing Communities and Local Government (MHCLG) issued a technical consultation in advance of the publication of the Provisional Settlement. The relevant key points and context are summarised below and have been used to inform the Council's strategy in producing this Draft Budget for consultation.

#### New Homes Bonus (NHB)

2.6 The NHB scheme was introduced by the Government in 2011 as a “powerful, predictable, permanent incentive to reward the delivery of housing growth”, funded by a £900 million top-slice of Revenue Support Grant.

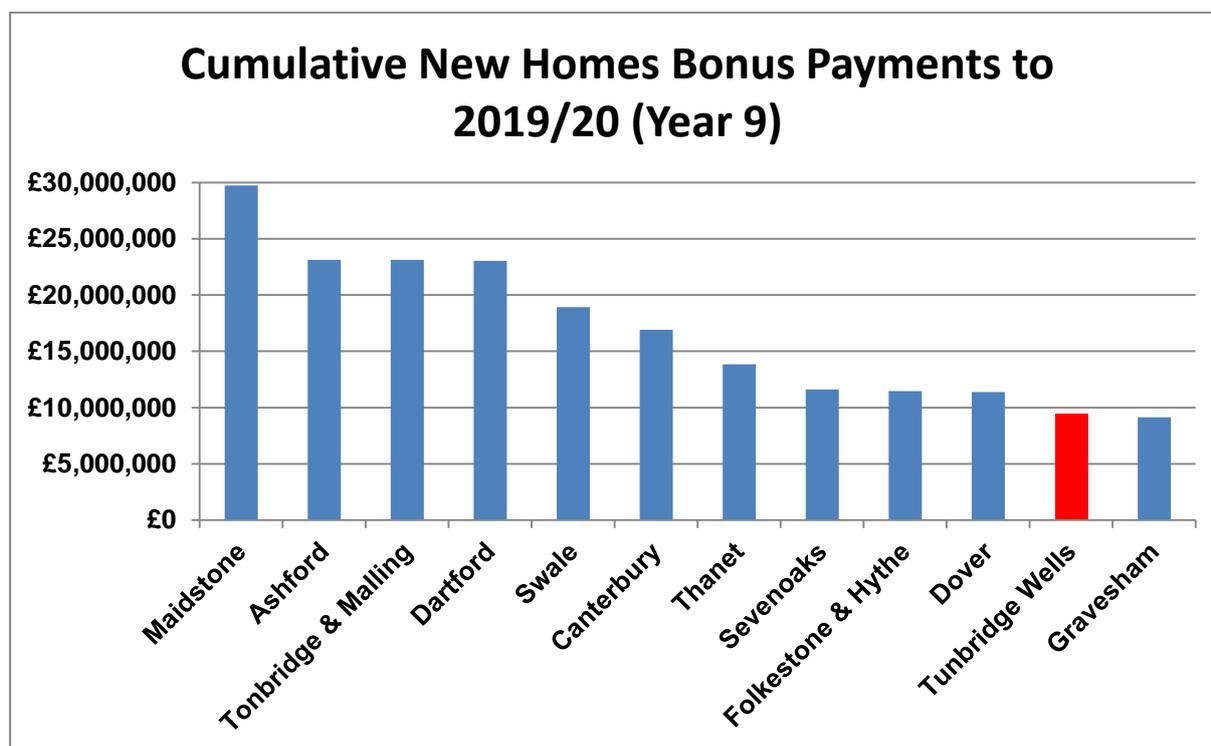
2.7 The technical consultation says that the Government is “minded to make a new round of allocations for 2020/21” but that, “any new allocations in 2020/21 will not result in legacy payments being made in subsequent years on those allocations”. This raises doubts regarding the reliability of NHB payments going forward. The official responses from the Government is as follows;

“It is the Government’s intention to look again at the New Homes Bonus and explore the effective way to incentivise housing growth.”

2.8 It would now be prudent for the Council to remove the use of NHB from its base budget and not to be reliant upon future funding from this source of income. Any NHB received will be placed into reserves and can be used to help fund the capital programme. The receipt and use of NHB is shown below. Final notifications of NHB allocations for 2020/21 are not expected until February 2020.

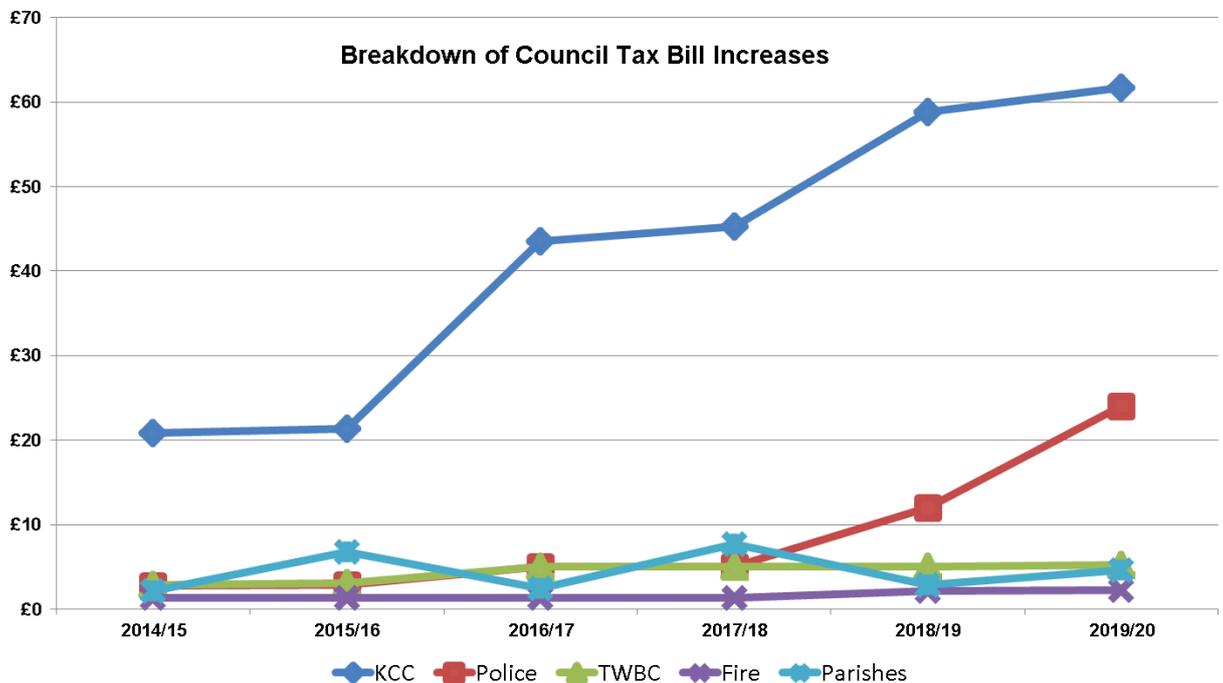
	16/17	17/18	18/19	19/20	20/21	21/22	22/23
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Year 10 - Net TBC					300		
Year 9 - Net				222	222	222	222
Year 8 - Net			184	184	184	184	
Year 7 - Net		183	183	183	183		
Year 6	554	554	554	554			
Year 5	135	135	135				
Year 4	96	96					
Year 3	390	390					
Year 2	339						
Year 1	259						
<b>NHB Allocation</b>	1,773	1,358	1,056	1,143	889	406	222
<b>NHB in Budget</b>	1,773	1,358	1,056	921			
<b>NHB to Reserves</b>	0	0	0	222	889	406	222
<b>Total</b>	<b>1,773</b>	<b>1,358</b>	<b>1,056</b>	<b>1,143</b>	<b>889</b>	<b>406</b>	<b>222</b>

2.9 Since the creation of NHB this Council has received tens of millions of pounds less funding from NHB than neighbouring councils who have delivered far greater levels of housing building which is shown below:



## Council Tax 'Cap'

- 2.10 A universal source of funding for the provision of local services is council tax. This Council has historically had very low levels of council tax but since the introduction of central government 'capping' it has not been possible for district councils to increase their council tax charge above the 'cap' without triggering a referendum.
- 2.11 In recognition of the perverse consequences of having a percentage based 'cap' which rewards inefficient council's with higher council tax rates the government introduced a £5 deminimis in 2015. This deminimis limit has recently been increased for the Police and Crime Commissioner's element of the council tax bill to £12 in 2018/19 and then to £24 in 2019/20. This is illustrated on the graph below.



- 2.12 There are currently no proposals to uplift the £5 limit for shire district councils. The technical consultation has asked "whether there should be a separate council tax referendum of 2 per cent or £5, whichever is greater, for shire district councils in 2020/21?" The Government has also said that there will be no limits on the ability of Parish and Town Council's to increase council tax.
- 2.13 The Council's Council Tax Strategy is to apply increases up to the 'cap' threshold as this is what the Government expects this council to do as part of their assessment of this council's spending power. In light of a lower 2 per cent 'cap' the forecast within the Medium-Term Financial Strategy will now revert to £5 increases rather than 3 per cent.
- 2.14 Confirmation is expected to be set out in the Provisional Local Government Settlement 2020/21 sometime in December 2019.

## **Budget 2019**

- 2.15 The Chancellor of the Exchequer had announced that the Budget 2019 will take place on 6 November 2019, but this has now been cancelled due to the uncertainty over Brexit and a General Election. A verbal update will be provided of the main points of relevance for this Council should any information be release prior to Cabinet taking a decision on the budget.

## **National Economic Data**

- 2.16 To be released by the Office of Budget Responsibility as part of the Government's budget.

## **Economic Data for the Borough of Tunbridge Wells**

### Gross Disposal Household Income (GDHI)

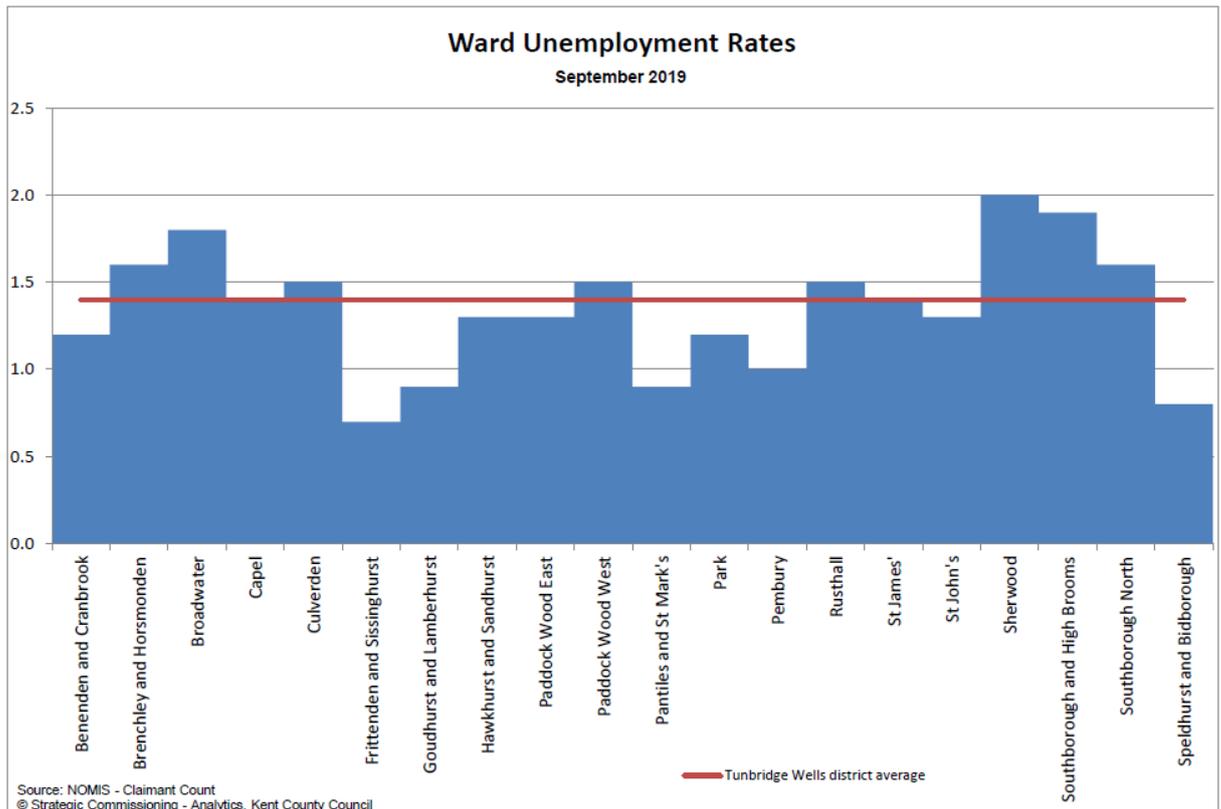
- 2.17 Residents of the borough continue to enjoy the highest GDHI per head in Kent at £25,957. GDHI estimates are published by the Office for National Statistics (ONS) and represent the amount of money individuals have to spend on goods and services, to save or invest, after taxes, National Insurance, pension contributions and interest have been paid.

### Annual Earnings

- 2.18 The highest earners in Kent live within the borough of Tunbridge Wells with an average of £33,969 per annum. This is almost £10,000 more a year than those in parts of East Kent. Earnings data comes from the Annual Survey of Hours and Earnings (ASHE) from the ONS based on a sample of employees jobs taken from HM Revenue & Customs PAYE records.

### Unemployment

- 2.19 The unemployed rate for the borough was 1.4 per cent as at September 2019. This is significantly below both the national level (2.8 per cent) and the level for Kent (2.6 per cent). Tonbridge & Malling is the only other borough in Kent to not have any wards within the highest 20 percent unemployment rate across Kent. A breakdown per ward is shown below.



## Business Stock

2.20 For 2019 the number of VAT registered businesses in the borough of Tunbridge Wells was 7,000 (6,940 for 2018) which continues the year on year upward trajectory since 2015 (6,460).

## Employees in the Knowledge Economy

2.21 The borough of Tunbridge Wells is second only to Sevenoaks in the percentage of employees in the Knowledge Economy in Kent at 23.5 per cent and significantly above the average for Kent at 14.9 per cent. The Knowledge Economy comprises those industries whose main purpose centres on knowledge or information, from highly technical industries and knowledge intensive services to creative industries. The knowledge economy has been identified as a key sector to drive future economic growth.

## Three-Year New Business Survival Rates

2.22 The borough of Tunbridge Wells has a three-year new business survival rate of 62 percent (66 per cent for 2018) which is just below the Kent average of 63 per cent.

## Qualifications

2.23 The borough of Tunbridge Wells has 50 per cent of residents aged between 16-64 who are qualified to NVQ level 4 or above. This is the highest in Kent which has an average of 35 per cent.

## Kent Pool for 75 per cent Localisation of Business Rates

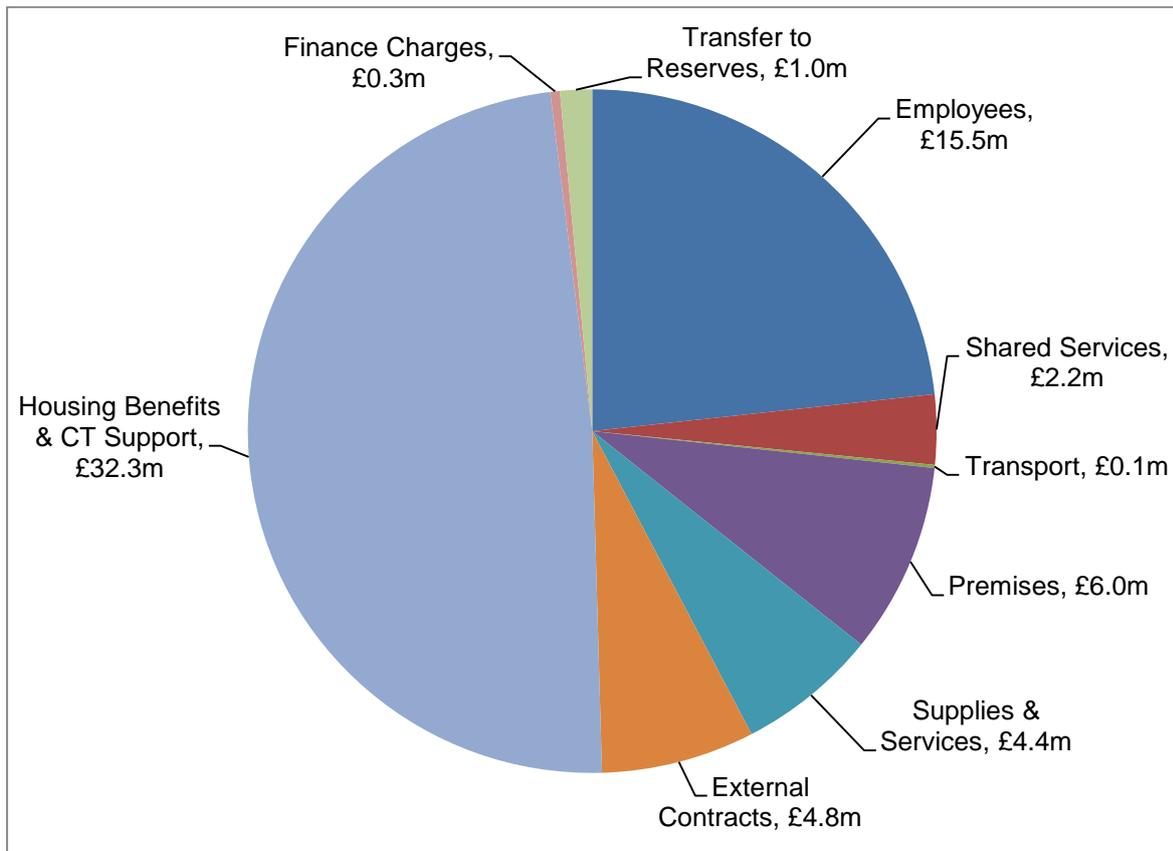
2.24 On 17 September 2019 all local authorities within Kent were invited to continue to be a pool for 75 per cent localisation of business rate growth for 2020/21. This Council will continue to part of the Kent Pool where it is financially advantageous to do so. The strategy is to not use business rate growth proceeds in the base budget but to transfer any proceeds to reserves to help fund the capital programme. The headline distribution of growth proceeds is as follows.

Type of Authority	Local Business Rate Growth Share
Districts	52.5%
Kent County Council	21.5%
Kent Fire & Rescue Service	1.0%
<b>Total</b>	<b>75.0%</b>

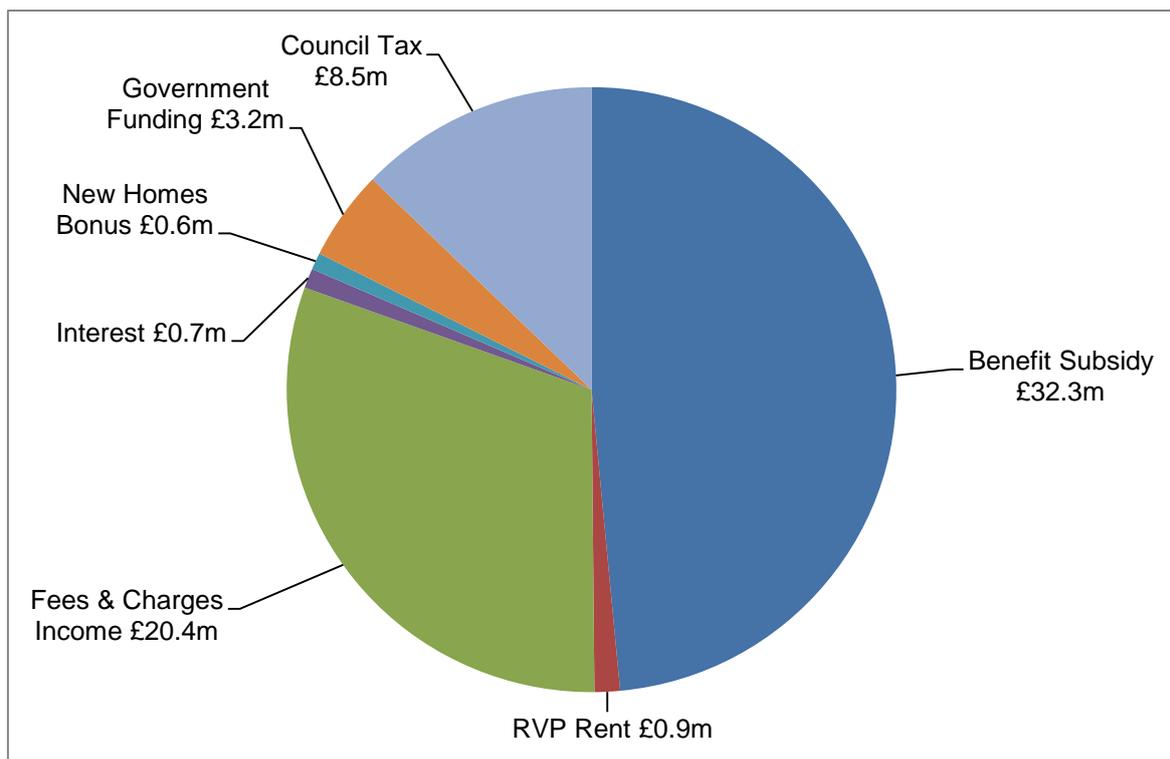
## Budget Breakdown

2.25 The Council provides a diverse range of services across the Borough which is estimated to cost £66.6 million. The services are provided either by contractors, through partnership with other councils or by directly employing staff. The draft budget is based on an approved establishment of 312.57 FTEs (full time equivalents). The following pie charts show the draft revenue expenditure and how this is funded.

### 2020/21 Revenue Expenditure



### 2020/21 Revenue Funding



2.26 A breakdown of the draft budget by Management Account is provided in Appendix B. A subjective breakdown of the current budget per cost centre is available on the Council's website.

### Latest Budget Projection 2020/21

2.27 The latest budget projection has been developed using estimates on how various types of costs and income will look when the detailed budget is finalised.

2.28 There are still some uncertainties that will impact on the budget for 2020/21. Notwithstanding these, Portfolio-Holders have been busy with their Directors/Heads of Service in trying to identify efficiency options and ideas to reduce the cost of services or to increase income.

2.29 The Council has already taken many difficult decisions since 2008, which have mitigated the impact of the financial and economic crisis. But the culture of innovation and rigorous reduction combined with income optimisation will need to continue and there are likely to be further strategic decisions required. The Council is on a firm financial footing and has an embedded culture of change and efficiency from which to face the challenges ahead.

2.30 Provided all the corporate savings and budget work streams are delivered then the draft budget is currently forecast to be balanced. A snapshot of major changes over the current year are summarised in the table below.

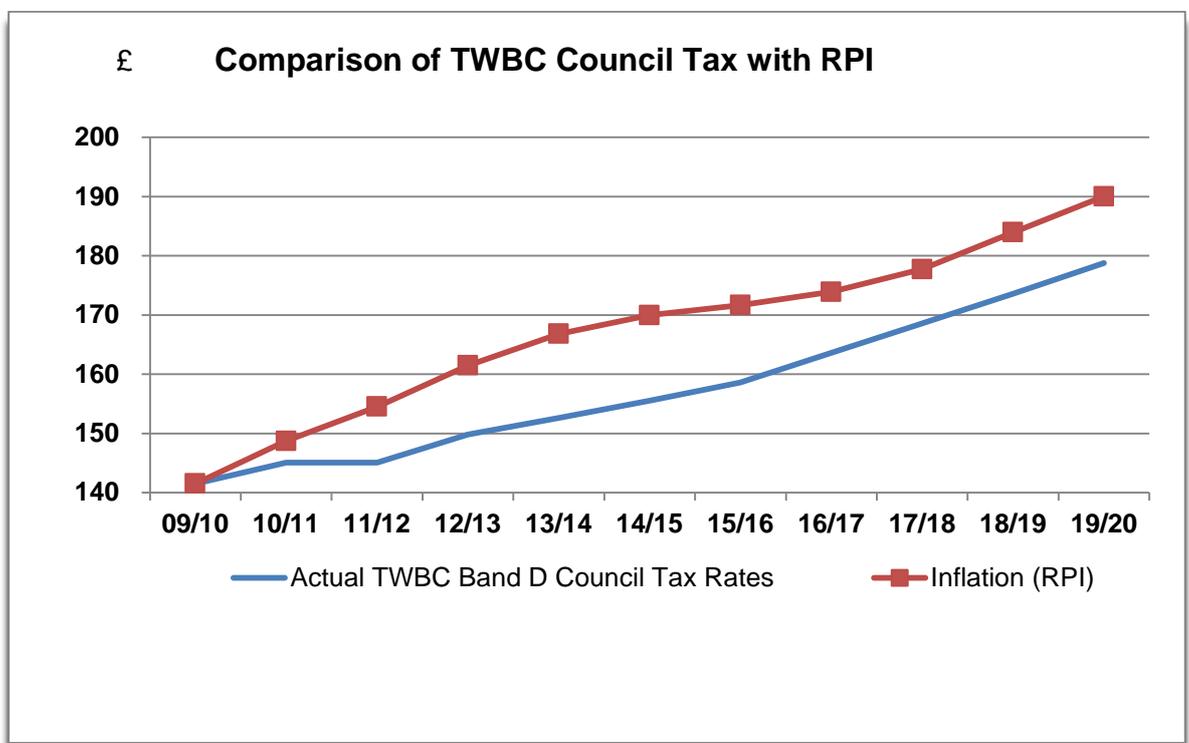
	£000s
<b>Fair Funding Review (Delayed to 2021/22)</b>	<b>0</b>
Employment Costs	615
The Amelia Business Development Manager	55
Additional housing demand for Temporary Accommodation	150
Additional subsidy required for the Assembly Hall	67
Additional Business Rates on Council Properties	30
Increase in Grounds Maintenance Costs	20
Increase in Gas	10
Increase in Electricity	17
Additional Net Car Parking Income	(197)
Additional Council Tax Income	(312)
Garden Waste Income	(1,048)
End of Calverley Square Funding Strategy	(328)
Removal of New Homes Bonus from the base budget	921
<b>Shortfall</b>	<b>0</b>

### Calverley Square

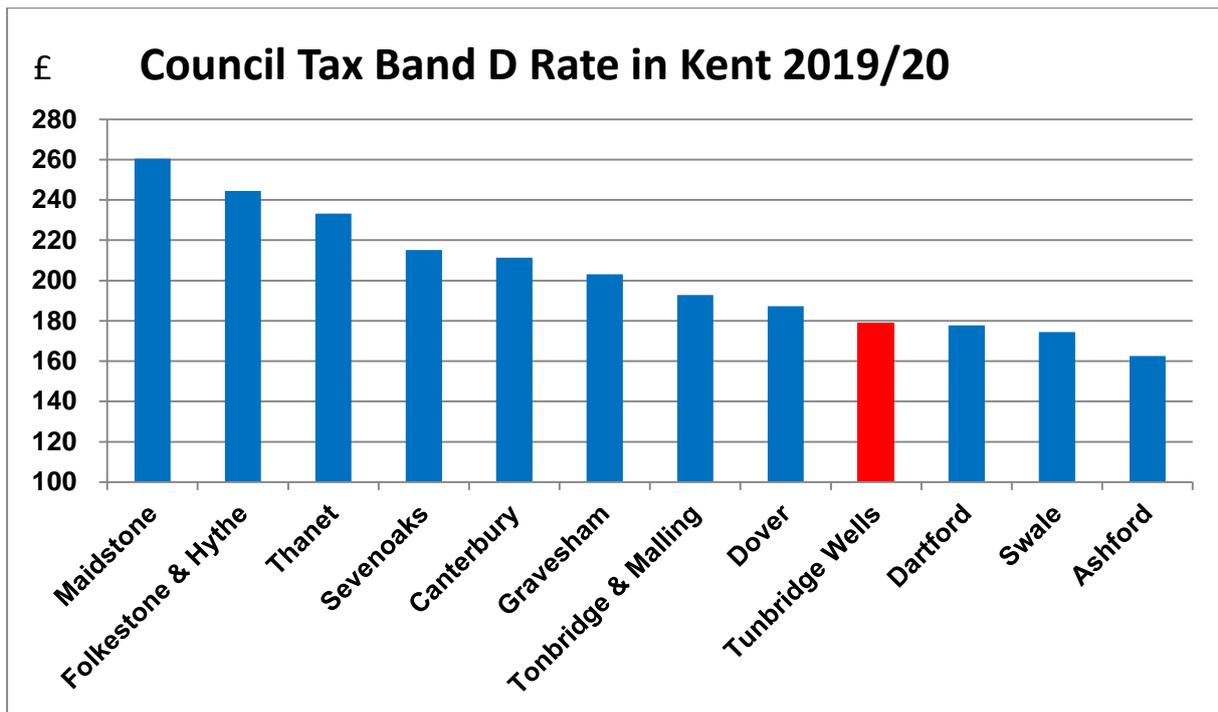
2.31 On the 8 October 2019 Full Council decided that the Council would not be delivering the Calverley Square scheme. The financial consequences are that the associated Funding Strategy and the Calverley Square Reserve are ended with funding restored to the base budget and useable reserves respectively.

## Council Tax Strategy

- 2.32 A universal source of funding for the provision of local services is council tax. This Council has historically had a policy of very low council tax levels and the strategy is for council tax to increase up to the threshold for triggering a referendum.
- 2.33 The Council Tax 'cap' set by government for this council is currently 3 per cent a year but is now proposed to be 2 percent or £5, whichever is the greater. This may well change following the publication of the Provisional Local Government Finance Settlement. The Government assumes Council Tax will increase by the 'cap' in their assessment of this Council's available financial resources. It will be for Full Council in February 2020 to decide the level of Council Tax.
- 2.34 The following graph shows that since 2009/10 council tax has been cut in real terms compared to inflation and was frozen in 2011/12.



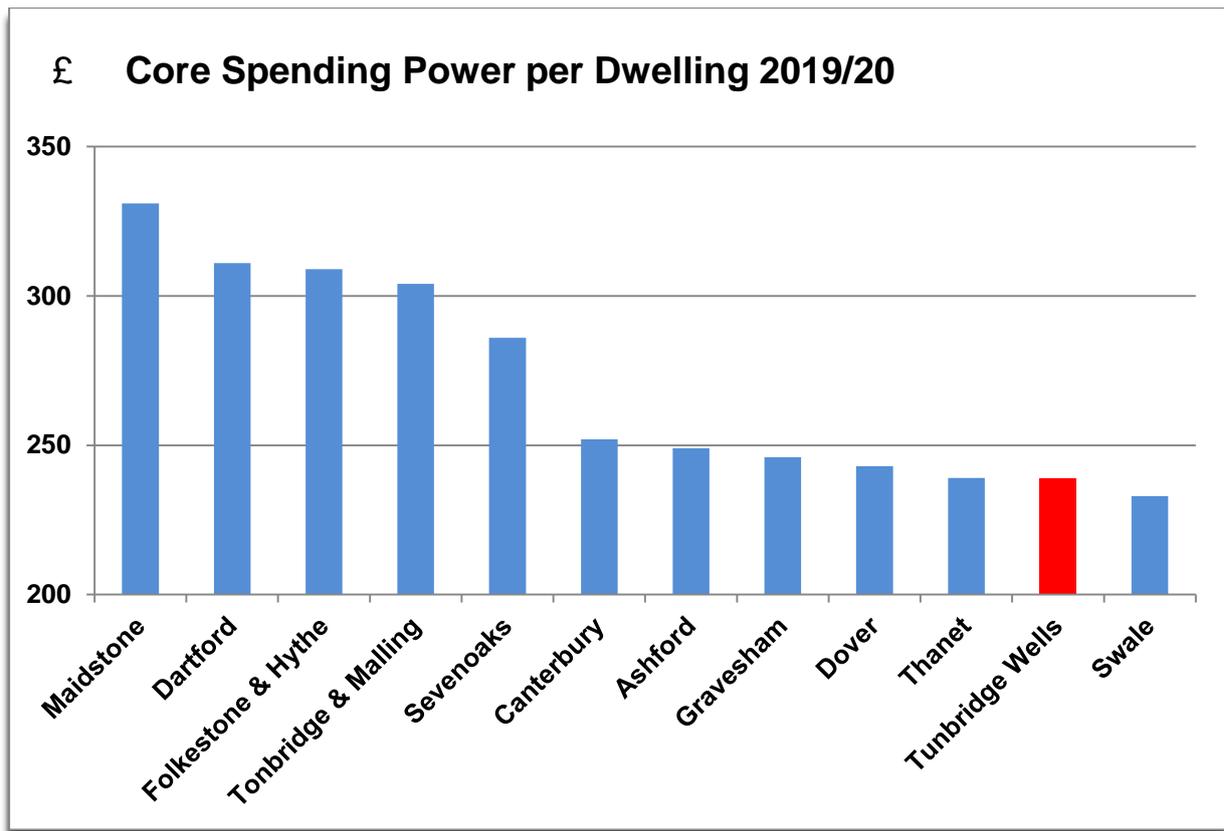
- 2.35 The graph below shows the comparison across Kent of the level of Council Tax charges for 2019/20.



2.36 The basic amount of Council Tax in the Borough is currently £178.76 (49p a day) which is the fourth lowest in Kent. By way of example if Sevenoaks and Maidstone Councils freeze their council tax every year and this Council agrees an increase up to the capping limit every year then it would take 8 years and 17 years respectively for the TWBC rate to reach the level charged by these councils.

### Spending Power

2.37 The Government has developed a universal benchmarking indicator called 'Spending Power' to enable comparisons between councils of the income they receive from national and local tax payers. This indicator appears to be the best available for identifying how much funding each council receives per household to provide local services. The graph below shows that using the Government's own calculation TWBC has the second lowest spending power in Kent at just £239 per household (£230 in 2018/19).



2.38 This graph explains why despite being very efficient (as evidenced by the external auditor's unprecedented ten consecutive clean Annual Audit Letters) and delivering excellent value for money (2015 Residents' Survey) this Council still faces financial challenges to set a balanced budget.

### **User Pays Principle**

2.39 With operating costs and taxation driving up expenditure it will be necessary to recover these costs from the user of those services rather than all council tax payers.

2.40 In November 2019, Cabinet will consider the 'fees and charges' report for areas which are not dictated by central government. The budget projections have assumed for modelling purposes that the total income from the charges set out in that report are achieved.

### **Car Parking Charges**

2.41 There are no plans to increase general pay and display car park charges.

### **Staff Savings and Efficiencies**

2.42 Directors/ Heads of Services and Portfolio Holders have been busy trying to identify further efficiency options to reduce the cost of their services and to increase income.

## Digital Transformation

- 2.43 It is not possible to keep working harder and faster with fewer resources and still provide safe, effective services. The Council will need to find new ways of working smarter and deliver services in a more digitally efficient form which meets with the way the public now interact with service providers. The Council has a Digital Services Team in place to improve operational delivery and transform the way that services are provided.

## Budget Calculations and Adequacy of Reserves

- 2.44 When the budget is set in February the Council's Section 151 Officer must give his view on the robustness of the estimates and adequacy of reserves.
- 2.45 The Council's Medium Term Financial Strategy 2018/19 to 2022/23 (MTFS) was agreed by Full Council on 21 February 2018 and projected the financial impact of the Council's current and proposed policies in the short and medium-term. This report and the projections in Appendix A will form part of the MTFS Update for 2020/21.
- 2.46 It is important to recognise that there are a number of factors that can affect some budgets and where variances could be significant requiring closer budget management; these areas include:

Risk Area	Management
Brexit	<p>The decision of the UK to Leave the European Union is classed by the Government as a planned event. Implications continue to be monitored and are incorporated within Risk Scenario 6: Service Interruption on the Council's Strategic Risk Register.</p> <p>The latest information is maintained by the Kent Resilience Forum; <a href="https://www.kentprepared.org.uk">https://www.kentprepared.org.uk</a></p>
Planning Inquiry Costs	<p>Whilst the primacy of planning is paramount, decisions taken by the Planning Committee can lead to formal planning inquiries which have the potential for substantial costs to arise which are not budgeted for.</p>
Business Rates Retention Scheme	<p>Part of the Council's funding is now linked to the amount of business rates in the Borough. However, the Government has also transferred the liability for business rate appeals already in the system. To help mitigate the impact of appeals the Council maintains a Grant Volatility Reserve and is part of a Kent Business Rate Pool.</p>
Economic Conditions	<p>The majority of the Council's income is derived from sources which are subject to the prevailing economic conditions. Economic conditions can also alter the demand for council services and those provided by partners and the voluntary sector.</p>

Employee Costs	<p>The move to local pay offers some protection but a watching brief is still required especially regarding the vacancy factor. Changes to pensions, National Insurance and the introduction of an apprentice levy have been included where known but such further changes can have a significant cost.</p> <p>Demand for some professionals exceeds supply and this is exacerbated by the higher salaries available in London and parts of the private sector.</p>
Welfare Reform	Dependant on rent levels, unemployment rates and the huge uncertainty surrounding much of the legislative changes from Welfare Reform.
Parking Income	Dependant on usage and the economic environment.
Planning and Licensing Income	Dependant on the economy and the impact of legislative changes which limit the full recovery of the cost of providing these services.
Crematorium Income	Dependant on mortality rates and competition.
Contracts	Dependant on inflation indices and a competitive market.
Utilities	Global supply and demand plus above inflation price rises.
Land Charges	The Infrastructure Bill was approved, paving the way for Local Land Charges to be centralised into a single computer system. No details of timeframe or how the Land Registry will provide the service have been released.
Investment Returns	<p>New cash deposits are dependent on interest rates and levels of balances.</p> <p>Property investments are dependent on the type of asset and rental demands.</p>
Targeted Options to Reduce Net Expenditure	Assumes that savings identified are delivered and there are no unintended consequences.
Capital Receipts	Capital is tied up in non-operational assets which if released will help to reduce the use of cash reserves to fund the capital programme.
Government Policy and Announcements by Ministers	There has been a significant increase in volume of legislation and announcements which can undermine strategic planning and compromise budget assumptions.
Capital Programme	<p>Major capital schemes carry a significant risk which is managed through the Council's Strategic Risk Register.</p> <p>The funding of capital can also have a significant impact on the revenue budget where external borrowing is required.</p>

## Capital and Revenue Reserves

2.47 The Medium Term Financial Strategy maintains the following as an adequate level of reserves:

	Minimum
General Reserves (Revenue)	£2.0 million
Capital Reserves	£2.0 million

2.48 The reserves and balances are currently forecast to meet the above levels although maintaining this position relies on delivering not just a balanced budget in 2020/21 but a sustainable budget for the future.

## Capital Programme

2.49 At the Full Council meeting on 27 February 2019 the capital programme for 2019/20 to 2022/23 was approved.

2.50 Over the course of the past year the Council has made significant efforts to dispose of surplus land and property identified in the Asset Management Plan (AMP) with a view both to deliver capital receipts and to reduce operational running costs. The AMP provides a framework for further such work over the coming year and this work will be funded from a proportion of the capital receipts received (subject to the necessary approvals).

2.51 The four-year capital programme will be rolled forward for another year. Any subsequent additions will be considered using the formal application approval process throughout the year.

New Schemes	Total Gross Project Cost £000s	Gross Cost £000s 2020/21	Earmarked Reserve Funding £000s	Cap & Rev Initiatives Res. Funding £000s	External Funding inc. S106 £000s	Funding from Borrowing £000s
<b>A LIST - Health &amp; Safety Related, Revenue or Capital Income Stream Protection</b>						
Theatre Sound Desk	55,000	55,000	0	(55,000)	0	0
RVP Car Park Refurbishment	855,000	270,000	(270,000)	0	0	0
Crematorium Woodland Walk	18,500	18,500	0	(18,500)	0	0
Cinderhill Sewerage System	32,500	32,500	(32,500)	0	0	0
Cinderhill Additional Plot	25,500	25,500	0	(25,500)	0	0
Digital Communications	20,000	20,000	(20,000)	0	0	0
Christmas Lights	66,350	66,350	0	(41,350)	(25,000)	0
Bayham Changing Facilities	75,500	75,500	0	0	(75,500)	0
<b>TOTAL</b>	<b>1,148,350</b>	<b>563,350</b>	<b>(322,500)</b>	<b>(140,350)</b>	<b>(100,500)</b>	<b>0</b>

<b>B LIST - Civic Site Initial Essential Works</b>						
Town Hall	625,540	625,540	0	0	0	625,540
Assembly Hall Theatre	180,210	180,210	0	0	0	180,210

Great Hall Car Park	850,000	580,000	0	0	0	580,000
9/10 Calverley Terrace	211,600	211,600	0	0	0	211,600
Town Hall Access Control System	56,350	56,350	0	0	0	56,350
<b>TOTAL</b>	<b>1,923,700</b>	<b>1,653,700</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,653,700</b>

2.52 The Council currently has very low levels of debt but with reserves largely allocated it will be necessary to commence borrowing to fund additional capital schemes. The Council does have potential for using new capital receipts, building up usable reserves and access to internal and external borrowing. The determination as to which source of funding is most appropriate is a technical judgement that will be made by the s151 Officer.

2.53 Below is a summary of new applications to the capital programme which will require Full Council to agree the additional Total Gross Project funding of £3,072,050

2.54 The inclusion of the new capital schemes required to undertake initial work to the civic site properties will require external borrowing. The revenue impact of external borrowing is estimated to be £116,000 per annum for 25 years and will require new savings or service changes to be identified prior to approval in February 2020.

2.55 In addition to the revenue and capital budget, the Council has earmarked reserves which form part of the Budget and Policy Framework and are available to fund the specific purpose of the reserve in accordance with the virement procedure rules. The projected balances of these reserves allowing for additional capital schemes of £500,000 per annum are shown below:-

	<b>31-Mar-2019</b>	<b>31-Mar-2020</b>	<b>31-Mar-2021</b>	<b>31-Mar-2022</b>	<b>31-Mar-2023</b>	<b>31-Mar-2024</b>
	<b>Actual</b>	<b>Forecast</b>	<b>Forecast</b>	<b>Forecast</b>	<b>Forecast</b>	<b>Forecast</b>
	£000's	£000's	£000's	£000's	£000's	£000's
General Fund	5,000	2,476	2,476	2,476	2,476	2,476
Earmarked Reserves	13,674	9,556	6,869	6,284	5,809	5,364
Calverley Square Reserve	1,004	0	0	0	0	0
Capital Grants & Contributions	1,156	1,156	1,156	1,156	1,156	1,156
Capital Receipts Reserve	1,000	1,000	1,000	1,000	1,000	1,000
Amelia Scott Reserve	2,579	2,025	0	0	0	0
<b>Total Reserves</b>	<b>24,413</b>	<b>16,213</b>	<b>11,501</b>	<b>10,916</b>	<b>10,441</b>	<b>9,996</b>
Outstanding Financing						
33 Monson Road	-1,639	-1,567	-1,496	-1,425	-1,354	-1,282
Dowding House	-2,138	-2,049	-1,960	-1,871	-1,781	-1,692
The Lodge, Calverley Park	-532	-511	-490	-468	-447	-427
Royal Victoria Place	-1,049	-1,007	-965	-923	-881	-840
Waste Bins & Caddies	0	-680	-612	-544	-476	-408
<b>Total Outstanding Financing</b>	<b>-5,358</b>	<b>-5,814</b>	<b>-5,523</b>	<b>-5,231</b>	<b>-4,939</b>	<b>-4,649</b>

\* Note: Schemes not funded from reserves need to be charged to revenue and this repayment is reflected in the reduction in financing over the life of the asset. The cash to service these schemes is raised through borrowing or cash flow management.

## Amelia Scott Reserve

	2017/18	2018/19	2019/20	2020/21	Total
<b>Opening position</b>	<b>0</b>	<b>1,750</b>	<b>2,579</b>	<b>2,025</b>	<b>0</b>
The Amelia Spend per year	-100	-559	-1,941	-5,080	-7,680
Holly Farm Receipt per year	1,850	1,388	1,387	3,055	7,680
<b>Closing position</b>	<b>1,750</b>	<b>2,579</b>	<b>2,025</b>	<b>0</b>	<b>0</b>

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### 3. AVAILABLE OPTIONS

- 3.1 The budget-setting process is well rehearsed and has largely been successful in delivering a balanced budget and engaging with the public. There may be other alternatives but ultimately the Council must produce a budget which meets its statutory responsibilities.
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### 4. PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS

- 4.1 To agree the content and recommendations of the report to set a balanced budget that will meet the Council's priorities.
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### 5. CONSULTATION RESULTS AND PREVIOUS COMMITTEE FEEDBACK

- 5.1 The Council already has a wealth of information from previous budget consultation exercises and residents' surveys, the most recent being undertaken in 2015.
- 5.2 Early public engagement is essential to arrive at suitable feedback which can be developed in time to be incorporated within the budget. A well-rehearsed process of public engagement will be used. An article will be published in the Local magazine which is delivered free to every household in the Borough, surveying views on how the Council should set a balanced budget.
- 5.3 This is the third report in the process of setting the 2020/21 budget and builds on the previous views and recommendations of the Finance and Governance Cabinet Advisory Board and Cabinet.
- 5.4 The above will form an overall picture of prioritisation. Cabinet proposals for savings and growth will be tested through consultation.
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### 6. NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION

- 6.1 The draft budget will be placed onto the Council's website for consultation until 17 January 2020, with responses included in the final report to Cabinet and Full Council in February 2020.
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## 7. CROSS-CUTTING ISSUES AND IMPLICATIONS

<b>Issue</b>	<b>Implications</b>	<b>Sign-off (name of officer and date)</b>
<b>Legal</b> including Human Rights Act	The Five Year Plan and budget form part of the Council's Policy Framework.	Head of Legal Partnership
<b>Finance</b> and other resources	This report forms part of the Council's Budget and Policy Framework.	Director of Finance, Policy and Development
<b>Staffing establishment</b>	Where savings proposals impact on staff then this will be managed in accordance with Human Resources policies.	Head of HR
<b>Risk management</b>	An assessment of the risk factors underpinning the budget will accompany the final budget report. The Strategic Risk Register also includes a risk on funding streams which is being monitored by Cabinet and the Audit and Governance Committee.	Head of Audit Partnership
<b>Environment and sustainability</b>	The budget has regard to the environmental sustainability priorities within the Five Year Plan.	Sustainability Manager
<b>Community safety</b>	The budget has regard to the community safety priorities within the Five Year Plan.	Community Safety Manager
<b>Health and Safety</b>	The budget has regard to the Health and Safety obligations and priorities within the Five Year Plan.	Health and Safety Advisor
<b>Health and wellbeing</b>	The budget has regard to the health and wellbeing priorities within the Five Year Plan.	Healthy Lifestyles Co-ordinator
<b>Equalities</b>	Changes to service delivery may impact on equalities; however heads of service will ensure that an equality assessment is in place where this has been identified.	West Kent Equalities Officer

## 8. REPORT APPENDICES

The following documents are to be published with this report and form part of the report:

- Appendix A: Five Year Budget Projections
- Appendix B: Net Draft Budget per Service
- Appendix C: Capital Application, Assembly Hall Sound Desk
- Appendix D: Capital Application, RVP Car Park Refurbishment
- Appendix E: Capital Application, Crematorium Woodland Walk
- Appendix F: Capital Application, Cinderhill Sewerage System
- Appendix G: Capital Application, Cinderhill Additional Plot
- Appendix H: Capital Application, Digital Communications

- Appendix I: Capital Application, Christmas Lights
  - Appendix J: Capital Application, Bayham Changing Facilities
  - Appendix K: Capital Application, Town Hall
  - Appendix L: Capital Application, Assembly Hall
  - Appendix M: Capital Application, Great Hall Car Park
  - Appendix N: Capital Application, 9/10 Calverley Terrace
  - Appendix O: Capital Application, Town Hall Access Control System
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## **9. BACKGROUND PAPERS**

None