THE DRAFT BUDGET

Each December Ashford Borough Council proposes a draft budget that looks ahead to the next financial year, which runs from 1st April to 31st March.

It gives both the national and local context in which the borough council's budget is set and, as you would expect of a democratic organisation, asks residents, businesses and parishes for feedback on the proposals put forward by the council's finance team and cabinet members.

The draft budget for the financial year 2018-19 has just been published and been approved for consultation by the council’s cabinet members. The full details will be available online in February. The document is a long and complicated document. While this makes it a challenging read, it is necessary as every detail about our finances must be included in the interests of full transparency.

So, to ensure that our finances are accessible, we also produce this summary document so that residents, businesses and organisations with an interest in the proposals can still make an informed comment on our proposals if they wish.

Please take the time to read this summary version and use the contact details at the end to let us have your constructive thoughts. This is important – last year we received just one response, so assumed that everyone else was content with our proposals. If you do not tell us about something that concerns you then we are not able to consider it. So please take the time to respond.

There is no questionnaire to complete, we just want your thoughts by email or post using the addresses at the end of the document.
THE PRESENT CLIMATE

Our draft budget is presented to members at a time when the Chancellor of the Exchequer has just delivered his Autumn Budget 2017 to parliament. It is also set against the backdrop of the negotiations to leave the European Union, which continue to cause uncertainty.

As the council anticipated some years ago, central government funding (which was known as the revenue support grant [RSG]) will cease after the 2018-19 financial year.

From 2019-20 onwards the council will be expected to be self-sufficient. This is why you may have seen information sent out by the borough council detailing our game-changing involvement that sees us fund the £42m construction of the new leisure facilities at Elwick Place – which includes an hotel, food and beverage establishments and a town centre cinema, which will be operated by Cineworld’s PictureHouse boutique brand. The build is on schedule and on budget.

This is also why we have been reporting on the returns on previous investments – such as at International House, Wilko, Park Mall and Ellingham Industrial Estate.

These investments provide rents and business rates, bringing us additional income streams. With government grant funding stopping, it is vital that we take these innovative steps to ensure we can continue to deliver cost-effective services that residents expect, and enhance the future of the whole of the borough.

We remain confident with the bold approach we have adopted. The opportunities that are being created by delivering this programme of regeneration are now visible for all to see. We are well-placed to meet the challenges ahead in the coming years.

The council is, however, estimating it will be liable for ‘negative RSG’ in future years. This will see the council actually paying government so that it can help less-advantaged councils. In the 2019-20 financial year the council is expected to pay a net amount of £140,000, rising to £358,000 by 2022-23.

The council will continue to lobby government about the fairness of negative RSG. On the one hand we are becoming self-sufficient and responding well to government policy, but on the other we are being asked to pay over money partly earned through commercial means. However, it should be noted that the fact the council is liable for negative RSG indicates that our finances are in a healthy position, despite continuing to set the lowest council tax in Kent.
RETENTION OF BUSINESS RATES

The council has previously welcomed government proposals around the 100% retention of business rates. In October, the council’s cabinet members agreed that the council should investigate the possibility of a Kent-wide bid for pilot status to trial 100% business rate retention at a local level. If this moves forward significantly and the pilot status for Kent is secured then every authority in the county could be as much as £500,000 better off, so this is worth exploring.

NEW HOMES BONUS

New Homes Bonus (NHB) is measured on the number of properties that have been completed in a year (from October to September). An amount is paid to the council for a period of four years per property. This calculation has changed, with the number of eligible years for payment reducing from six to four over the last two years, thus reducing the overall funding to the council.

Ashford Borough Council is projecting to receive £2.6m in the 2018-19 financial year but if it were to fall to below £2.1m there would be insufficient money to fund the base budget. Building homes therefore, is not only an obligation but critical to our success.
The housing revenue account (HRA) is a separate account into which rent paid by tenants in the council’s housing stock is collected. The money collected in this account is solely for the use of management, maintenance, repairs and upgrading of these properties.

The Chancellor’s 2017 Autumn Budget referenced the possibility for local authorities in areas of high demand to increase the debt caps within their housing revenue accounts (HRAs) to build new homes.

Before the announcement of a pot of funding being made available for local authorities during the Prime Minister’s conference speech in October, the council submitted a request to the Department for Communities and Local Government to increase our HRA debt cap by £21m to build 108 homes over the next five years. We await the official outcome of our request, and believe this will now be in 2019.

You may recall that in 2015 councils were told they must apply a 1% reduction in social housing rents in each of the next four years. This meant that there was an identified shortfall in our HRA of £10m over that period. This affected some of our planned maintenance and remodelling works. Following the 2016 restructure of the housing department, proactive work – such as the remodelling of the sheltered housing accommodation at Danemore in Tenterden and East Stour Court in Willesborough - has begun.
INFLUENCES ON THE 2018-19 BUDGET

While the council’s current financial position is strong, there are some major influences on the budget.

- The need to attract jobs and businesses to the borough through a positive inward investment campaign – this remains the council’s number one priority
- The aforementioned reduction, then cessation, in funding from central government, coupled with the uncertainty caused by the negotiations to leave the European Union
- The continued reductions faced by the housing revenue account
  - i.e. the 1% reduction in social housing rents
- Inflationary pressures which mean the council needs to find additional funds every year just to maintain services at their current level
- Other pressures on the 2018-19 draft budget are the increase in homelessness and planning appeals
- The need to act commercially and entrepreneurially to grasp opportunities as they come to our attention to secure additional revenue streams for the future
- The aforementioned retention of business rates, which will be more advantageous for Ashford
- The council’s intention to deliver cost-effective services across the borough, keeping its council tax as the lowest in Kent – a key driver for the council
- The council is looking to achieve 1% efficiency savings in the 2018-19 financial year, running our services as lean as we can

THE BUDGET PROCESS

The proposed budget will be available to view on the council’s website in early February. Ashford Borough Council’s cabinet members agreed the draft budget on 7th December. Residents, businesses and organisations such as parish councils are now invited to comment on the proposals. The council’s overview and scrutiny committee will look at the document in detail, as part of the democratic process, and its comments reported back to cabinet.

A final budget will be considered by cabinet on 8th February 2018, when recommendations will be made for council to consider one week later. If you have any comments on information in this summary or contained in the full version, please respond to the consultation by using the contact details at the end of this document.
COUNCIL TAX

Council tax is a local tax on residential properties that helps to pay for local services provided by Kent County Council (KCC), Ashford Borough Council, Kent Police, Kent Fire and Rescue Service (KFRS) and services you may receive from parish councils if you live in a parished area.

Ashford Borough Council is responsible for collecting the council tax payments made by Ashford residents. We keep 10p out of every £1 you pay to provide our services and distribute the rest to KCC, Kent Police, KFRS and the parishes. The graphic below indicates where your council tax goes and how every £1 you pay is divided among these other organisations.

The amount you have to pay depends on the property band that your home is placed in. This is based on the value of your property and is determined by the Valuation Office Agency.

On 16th February 2017 the council set its budget for the financial year we are now in. This included ensuring that Ashford’s council tax remains the lowest in Kent by some distance.

The council can increase the level at which their portion of council tax is set – either 2% or £5, whichever is greater.

However, Ashford Borough Council cabinet members have proposed to raise it by £3.50 (2.273%) for the average Band D property for the 2018-19 financial year – working out to under 7p per week on the average Band D property and is a lower increase than last year.
People living in a Band D property in Ashford, for the 2017-18 financial year, paid £154 to Ashford Borough Council. It is proposed that this will increase to £157.50 for the 2018-19 financial year.

For context, even if all the other local authorities in Kent froze their council tax Ashford would still be setting the lowest council tax in the county by £7.38 per year.

As indicated, the council’s Five-Year Corporate Plan 2015-2020 is focused on the delivery of business and housing growth as well as income generation from commercial activities – such as Elwick Place. The commercial approach needs time to mature and so for now we propose to increase council tax but the future ambition of the current administration is to do so by a smaller amount every year.

Ashford will still set the lowest council tax in Kent.

COUNCIL TAX SUPPORT SCHEME

There are no planned changes to the council tax support scheme for 2018-19. Therefore, it remains as it did for the current financial year. This sees people who are of working age being incentivised to return to work, while those who find that returning to work is more challenging (such as disabled claimants) are protected. Pensioners are not affected by the scheme.

For more details about the council’s current council tax support scheme visit www.ashford.gov.uk/counciltaxsupport
WHAT HAS GUIDED THE SETTING OF THE BUDGET?

The council’s Five-Year Corporate Plan 2015-2020 sets out the council’s direction and priorities. It was approved by Cabinet in October 2015. It shows the importance the major regeneration projects in the borough will play in its future prosperity. Within the report, entitled Aspiration, Action and Achievement, there are four priority areas:

1) **Enterprising Ashford** - Economic investment and growth
2) **Living Ashford** - Quality housing and homes for all
3) **Active and Creative Ashford** - Healthy choices through physical, cultural and leisure engagement
4) **Attractive Ashford** - Countryside and townscape, heritage and conservation

Ashford’s growing population will mean greater demands on services while the council is coping with ever-reducing funding and the challenges of finding alternative ways of income generation. The plan reflects a diverse but growing borough and focuses on exciting opportunities to encourage and invest in economic growth.
2018-19 service spending totalling £94.3m
Chart to show how it is proposed that money will be spent by each council department.

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<th>2017/18 £,000</th>
<th>SERVICE</th>
<th>2018/19 £’000</th>
<th>PER HEAD*</th>
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<tr>
<td>1,966</td>
<td>Cultural</td>
<td>2,104</td>
<td>16.67</td>
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<td>8,339</td>
<td>Environmental</td>
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<td>68.54</td>
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<td>Planning</td>
<td>3,545</td>
<td>28.09</td>
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<td>1,680</td>
<td>Parking and Highways</td>
<td>1,921</td>
<td>15.22</td>
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<td>72,396</td>
<td>Housing</td>
<td>68,435</td>
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<td>8,846</td>
<td>Central Services to the Public</td>
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<td><strong>GROSS EXPENDITURE</strong></td>
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<td>(82,965)</td>
<td>Less Grants and Other Income</td>
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<td>(644.56)</td>
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<td>13,686</td>
<td><strong>NET EXPENDITURE</strong></td>
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<td>1,141</td>
<td>Contribution to/(from) Reserves</td>
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<td>14,827</td>
<td><strong>BUDGET REQUIREMENT</strong></td>
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<td>115.10</td>
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**FINANCED BY:**

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<tr>
<td>(3,424)</td>
<td>Government Grants</td>
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<td>(21.05)</td>
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<tr>
<td>(4,502)</td>
<td>Business Rates</td>
<td>(4,675)</td>
<td>(37.04)</td>
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<td></td>
<td>(including Section 31 Grants - e.g. Discretionary Rate Relief)</td>
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<tr>
<td>6,901</td>
<td><strong>FUNDING REQUIREMENT</strong></td>
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<td>57.01</td>
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*126,200, based on “2016 Mid-Year Population Estimates (census based)” as published by the Office for National Statistics on 22nd June 2016.
THE BIG 8

Underlining its commitment to the number one priority in its Corporate Plan, the council continues to enable and deliver strong economic development results within the borough. This is most notable of course in the large-scale projects that are bringing opportunities for residents, unlocking new possibilities, delivering new jobs, housing, retail and cultural facilities. An update on these projects follows:

The Commercial Quarter

This is a mixed-use development, stimulating major investment opportunities in its prime location adjacent to the international station. It will create several hundred jobs, 590,000 square feet of office space and 150 homes. Building work is progressing ahead of schedule, with completion anticipated in March 2018 – within a year of the build starting.

Elwick Place

Work is well under way on this pivotal project to stimulate Ashford’s night-time economy. The development includes a six screen circa 900-seat cinema (which will be operated by Cineworld’s Picturehouse brand), a circa 60-bed family hotel and eight restaurant/bar spaces, helping to bring extra vitality to the town centre. In a truly innovative agreement, Ashford Borough Council will be funding the construction of the leisure development on its land and then using the income generated through rents and business rates to sustain and improve its services across the borough.

Ashford International College Campus (Phase 1)

This is the first of Ashford’s ‘Big 8’ projects to be completed. The new state-of-the-art £26 million Ashford College campus, has welcomed its first intake of about 900 students. The town centre campus is a first-class education centre which will help provide a future workforce for one of the fastest growing towns in the south east.

Ashford College is a hugely significant project for Ashford. Not only is it a cornerstone of the drive to regenerate the town centre, but it adds momentum to nearly £700m worth of investment in the area’s retail, education, leisure, commercial, residential and transport sectors.

The Designer Outlet Expansion

Planning permission has been approved for an expanded outlet centre, which will form a stronger link to the town centre with a complementary offer, attracting around seven million visitors each year. Highway works around the site are expected to begin early in the New Year.
Junction 10a of the M20
A £104 million project to create a new motorway junction on the M20 at Ashford in Kent was granted development consent by central government as recently as 1st December 2017. J10a will be built around 700 metres east of the existing junction 10. Ashford Borough Council has long campaigned for the delivery of extra road transport capacity to cater for the town’s future needs. Junction 10a is another piece of the borough’s integrated transport infrastructure jigsaw to fall into place.

Chilmington Green
Outline planning permission has been granted for a major new residential community that, subject to further planning consents, will see the development of up to 5,750 quality homes, with schools and infrastructure. Infrastructure works are well under way and detailed plans are expected to come forward for the first full phase of the development shortly.

Jasmin Vardimon Company (JVC)
The internationally renowned dance company is a much valued asset for the borough. Kent County Council is leading on the project and scoping out the feasibility of relocating JVC to a new fit-for-purpose location in the borough. A funding bid has been submitted to assist in the relocation.

International signalling
This project is needed to provide a signalling solution for Ashford International Station, enabling the new generation of Eurostar trains to continue to stop there. Funding is in place and the solution will be implemented in the spring of 2018 with the new train services anticipated to run from 1st April 2018.

...AND OTHER SIGNIFICANT PROJECTS

Victoria Way
This is a £55 million scheme for a new 18,500 sq ft Aldi supermarket, 216 homes, a brewery which will be opened by Chapel Down and will expand sales of its award-winning Curious Brew brand on a brownfield site near the town centre. The project has been granted planning permission and work will begin on site soon.
Ashford International Model Railway Education Centre (AIMREC)

This is a model railway centre, which is expected to attract up to 500,000 visitors a year to Kent. The council awaits the outcome of a bid to the Housing Infrastructure Fund to see if it can acquire the land at Newtown Works in the borough, part of which is proposed to be the home of the AIMREC project.

Conningbrook Lakes

The former quarry site next to the Julie Rose Stadium in Ashford was transformed into a stunning family orientated country park offering a range of leisure and water-based activities for residents and visitors. There is no denying it is a jewel in the borough’s crown. It is already a firm favourite for walkers, dog walkers and water-based sports clubs.

Farrow Court

Phases one and two of the £16m improved sheltered housing scheme at Farrow Court are now open meaning 104 units of accommodation are available and delighted residents now call it home. It provides purpose-built dementia friendly accommodation. Phase two, which opened this autumn, delivered 71 of the homes, including 12 learning disability units and eight recuperative care units for people who need care or a package put in place before they can return to their own homes.

Work at Danemore in Tenterden is now under way and residents in East Stour Court have been moved to enable improvement works to begin there as well, as we seek to address the needs of an ageing population.
2018-19 FUNDING OF EXPENDITURE

Chart to show the proportion of how the council receives its funding:

- Other Income: 7%
- Housing rents: 26%
- Specific Grants: 18%
- New Homes Bonus: 5%
- NNDR and RSG: 3%
- Council tax: 41%
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To comment on the draft budget please contact:

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Civic Centre
Tannery Lane
Ashford
Kent TN23 1PL

Please ensure all comments reach us by Wednesday 7th February 2018.