Sevenoaks
DISTRICT COUNCIL

CABINET
04 February 2016 at 7.00 pm

Further to the recent despatch of agenda and papers for the above meeting, please find the following item(s) which were marked as 'to follow':

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Item 7 – Discretionary Rate Relief

The attached report was considered by the Finance Advisory Committee relevant Minute extract below

Finance Advisory Committee – 25 January 2016 (Minute 30)

The Head of Revenues and Benefits presented the report on discretionary rate relief.

The Council requires potential recipients of discretionary rate relief to submit a formal application every two years. However, in view of the changes brought about by business rate retention, the proposals for awarding relief are to be reported annually. This report sets out the proposals for awarding discretionary rate relief for 2016/17.

Public Sector Equality Duty

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

> Resolved: That it be **recommended to Cabinet** that it approves the proposals for granting relief from business rates for 2016/17 set out in Appendix B of the Discretionary Rate Relief report.

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Item 8 - Capital Programme & Asset Maintenance 2016/19

The attached report was considered by the Finance Advisory Committee relevant Minute extract below

Finance Advisory Committee – 25 January 2016 (Minute 33)

The Head of Finance presented the report on the proposed 2016/19 Capital programme.

The report set out the proposed 2016/19 Capital Programme, with supporting documentation in a standard format for individual scheme bids. Projected capital receipts were included, indicating the proposed financing of the Programme. A proposed overall provision limit for Asset Maintenance was also made.

A revised Appendix B was tabled which incorporated a capital programme bid for 2016/17 for an additional £40K in relation to the replacement backup power generator at Argyle Road and included the Property Investment Strategy. A copy of the capital programme bid was also tabled at the meeting.

Members raised concerns about the need for additional funding for the backup power generator and asked for the rationale behind this bid.

> *Action 2: The Head of Finance to provide to the Committee details of the rationale of the capital programme bid for 2016/17 for the replacement backup power generator at Argyle Road.*

After some discussion Members were questioning the need for a replacement power generator.

Public Sector Equality Duty

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

Resolved: That it be **recommended to Cabinet** that:

i) the Capital Programme 2016/19 and funding method set out in the tabled Appendix B to the Capital Programme and Asset Maintenance 2016/19 report be approved;

ii) it reassess the capital programme bid for 2016/17 for the replacement backup power generator at Argyle Road; and

iii) the proposed Asset Maintenance budget of £490k be agreed for 2016/17.

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Capital Programme and Asset Maintenance

Capital Programme 2016-19

Appendix B

Chief Officer/Scheme	Funding Source	2015/16 Budget £000	2015/16 Forecast £000	2015/16 Likely C/F £000	2016/17 £000	2017/18 £000	2018/19 £000
Corporate Support							
Back-up generator	Capital Receipts	140	-	140	40	-	-
Communities and Business							
Parish projects	Capital Receipts	61	-	61	-	-	-
Sennocke and Bradbourne Hotel	Fin Plan Reserve & Capital Receipts	-	-	-	1,500	7,700	-
Sennocke and Bradbourne Car Parks	Internal Borrowing	-	-	-	5,300	0	-
Environmental and Operational Services							
Commercial vehicle replacements	Vehicle Renewal Res.	489	489	-	514	451	469
Dunbrik Vehicle Workshop	Capital Receipts	234	234	-	-	-	-
Dunbrik Vehicle Workshop - Roof	Capital Receipts	-	-	-	20	-	-
Car Park	External Borrowing	4,000	-	-	4,000	-	-
Housing							
Improvement Grants (gross)	Gov Grant/ cap reserve	534	534	-	534	534	534
Finance							
Property Investment Strategy	Prop. Inv. Reserve	8,000	8,000	-	10,000	-	-
TOTAL		13,458	9,257	201	21,908	8,685	1,003

Funding Sources

	2016/17	2017/18	2018/19
Capital Receipts	-	-	-
Financial Plan Reserve & Cap Receipts	1,560	7,700	-
Vehicle Renewal Reserve	514	451	469
Property Investment Strategy Reserve ***	10,000	-	-
Government Disabled Facilities Subsidy	477	477	477
Capital Financing Reserve	57	57	57
Internal Borrowing	5,300	-	-
External Borrowing	4,000	-	-
	21,908	8,685	1,003

*** Part will be funded from Capital Receipts

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Item 9 – Treasury Management Strategy 2016/17

The attached report was considered by the Finance Advisory Committee relevant minute extract below

Finance Advisory Committee – 25 January 2016 (Minute 32)

The Principal Accountant presented the report on the Council's Treasury Management Strategy for 2016/17.

The Local Government Act 2003 (the Act) and supporting regulations requires the Council to 'have regard to' the Prudential Code and to set Prudential Indicators for the next three years to ensure that the Council's capital investment plans are affordable, prudent and sustainable.

The Act therefore requires the Council to set out its treasury strategy for borrowing and to prepare an Annual Investment Strategy (as required by investment guidance issued subsequent to the Act). This sets out the Council's policies for managing its investments and for giving priority to the security and liquidity of those investments.

Members' particular attention was drawn to paragraph 68 of the report, which discussed a new investment option.

An updated interest rate forecast from Capita Asset Services was tabled at the meeting together with an update on Santander UK Plc latest credit ratings.

Public Sector Equality Duty

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

> Resolved: That it be **recommended to Cabinet** that, with the inclusion of Santander UK Plc as an investment counterparty, Cabinet recommend the Council approve the Treasury Management Strategy for 2016/17.

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Santander UK plc

	S&P	Moody's	Fitch
Long-term rating	A	A1	A
Long-term rating outlook	Stable	Stable	Positive
Short-term rating	A-1	P-1	F1
Latest rating report*	19-01-2016 (PDF)	16-09-2015 (PDF)	16-07-2015 (PDF)

Santander UK Group Holdings plc

	S&P	Moody's	Fitch
Long-term rating	BBB	Baa1	A
Long-term rating outlook	Stable	Stable	Positive
Short-term rating	A-2	P-2	F1

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Research Update:

Santander UK PLC Outlook Revised To Stable; 'A/A-1' Ratings Affirmed; Three Hybrids Upgraded

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Research Update:

Santander UK PLC Outlook Revised To Stable; 'A/A-1' Ratings Affirmed; Three Hybrids Upgraded

Overview

- Since its creation a year ago, Santander UK Group Holdings PLC has issued meaningful amounts of additional tier 1, tier 2, and--more recently--senior unsecured debt.
- We therefore see only a remote possibility that the additional loss-absorbing capacity (ALAC) buffer of its subsidiary, Santander UK, will fall short of our projection of at least 8%, in the next 12-18 months.
- We are therefore revising our outlook on Santander UK to stable from negative and affirming the 'A/A-1' long- and short-term counterparty credit ratings. We continue to include two notches of ALAC uplift in the long-term rating.
- The stable outlook on Santander UK reflects our expectation that it will see continued gradual strengthening of capitalization over the next two years and continued issuance of a meaningful amount of senior debt at the holding company level.
- We have raised by one notch to 'BB' our ratings on three legacy deferrable hybrid instruments, reflecting our view of a lower risk of coupon deferral.

Rating Action

On Jan. 19, 2016, Standard & Poor's Ratings Services revised the outlook on Santander UK PLC to stable from negative and affirmed its 'A/A-1' long- and short-term counterparty credit ratings on the bank.

At the same time, we affirmed the 'BBB/A-2' counterparty credit ratings on nonoperating holding company (NOHC) Santander UK Group Holdings PLC (or the UK NOHC). The outlook is stable.

We also raised to 'BB' from 'BB-' our rating on three legacy instruments (ISIN XS0124569566, XS0188550114, and XS0502105454) issued by Santander UK and affirmed the ratings on all other hybrid instruments.

Rationale

The revision of our outlook on Santander UK's long-term rating incorporates the significant amount of debt that the UK NOHC has issued externally since April 2015. As a result, we see a smaller risk that the U.K. banking group's issuance of additional loss-absorbing capacity (ALAC) buffer may fall short of our projections.

We continue to include two notches of uplift in the long-term rating on Santander UK because we consider it is likely to increase ALAC above our 8% threshold over the next two years. We estimate that the bank's buffer was close to 6% at end-2015. The projected increase is mainly attributable to expected senior unsecured issuance by Santander UK's intermediate holding company, Santander UK Group Holdings. We observe, for instance, the latter's benchmark US$1 billion senior unsecured bond issuance in October 2015, and its US$1 billion and £500 million issuance in January 2016. We expect continued market appetite for these instruments in 2016. We therefore believe that Santander UK's ALAC buffer will exceed 8% by end-2016, based mostly on further senior unsecured issuance by the UK NOHC.

Consistent with our criteria, we continue to rate Santander UK above its parent Banco Santander (A-/Stable/A-2) as a result of ALAC. This is because we believe that the subsidiary is clearly subject to a separate resolution process; that the subsidiary will be able to continue operating without defaulting on its senior unsecured obligations in the event of a resolution of the parent; and that Santander UK's ALAC cannot be used to recapitalize another part of the Banco Santander group.

We have maintained the unsupported group credit profile (GCP) at 'bbb+', reflecting the Santander UK group's sound capitalization and risk position, and the gradual strengthening of its franchise. We expect that the bank's risk-adjusted capital (RAC) ratio will be in the 9.25%-9.75% range in the next two years, with sound earnings generation offsetting a sustained growth in exposures and the distribution of about half the net income through dividends. Therefore, our projected RAC edges toward the upper-end of the 7%-10% range we typically ascribe to an adequate assessment of capital and earnings. Our projection does not incorporate any possible subsequent AT1 issuance or refinancing of legacy issues currently excluded from our ratio.

The upgrade of three legacy tier 1 instruments reflects our view of a lower risk of coupon deferral. We rate most of Santander UK's legacy tier 1 instruments four notches below the stand-alone credit profile. We previously rated these three instruments one notch lower, with the extra notch reflecting our view that--given their fully discretionary nature--coupon payments could be deferred in the event of coupon deferral on instruments issued by Banco Santander, which are themselves subject to earnings tests. The upgrade considers, among other things, our continued expectation of sound earnings generation by the bank and its parent, and the upgrade of Banco Santander and its hybrids in the fourth quarter of 2015.

Outlook

Santander UK PLC

The stable outlook on Santander UK reflects our expectation of continued gradual strengthening in capitalization over the next two years and the continued issuance of a material buffer of senior debt at the holding company level.

We could lower the ratings if the Santander UK group's issuance of ALAC-eligible instruments in the next 18 months--including NOHC senior debt--were to fall materially short of our expectations. We currently project that most of the ALAC progression to above 8% over the next 18 months will stem from holding company senior debt issuance. We see limited downside risk to Santander UK's stand-alone creditworthiness.

Although unlikely at this stage, we could raise our rating on Santander UK if the successful implementation of its corporate banking strategy led to materially improved diversification of its revenue streams. Further capital strengthening, with a RAC ratio remaining above 10%, could exert positive pressure on the unsupported GCP; but we would not expect this to lead us to raise the ratings on Santander UK as this would likely result in a related one-notch reduction in the ALAC uplift.

Santander UK Group Holdings PLC

The stable outlook on Santander UK Group Holdings reflects our view of the stable stand-alone creditworthiness of the Santander UK group.

We could raise the rating on Santander UK Group Holdings if we revised upward the unsupported GCP, as mentioned above.

We see limited downside risk to the ratings on the UK NOHC, reflecting our view of the Santander UK group's resilient intrinsic creditworthiness.

Rating Score Snapshot

Issuer Credit Rating*: A/Stable/A-1

SACP: bbb+
Anchor: bbb+

- Business Position: Adequate (0)
- Capital and Earnings: Adequate (0)
- Risk Position: Adequate (0))
- Funding and Liquidity: Average and Adequate (0)

Support: +2
- ALAC Support: +2
- GRE Support: 0
- Group Support: 0

- Sovereign Support: 0

Additional Factors: 0

*Santander UK PLC.

Related Criteria And Research

Related criteria

- Banks: Bank Rating Methodology And Assumptions: Additional Loss-Absorbing Capacity, April 27, 2015
- Banks: Bank Hybrid Capital And Nondeferrable Subordinated Debt Methodology And Assumptions, Jan. 29, 2015
- General Criteria: Group Rating Methodology, Nov. 19, 2013
- Banks: Assessing Bank Branch Creditworthiness, Oct. 14, 2013
- Banks: Quantitative Metrics For Rating Banks Globally: Methodology And Assumptions, July 17, 2013
- Banks: Revised Market Risk Charges For Banks In Our Risk-Adjusted Capital Framework, June 22, 2012
- Banks: Banks: Rating Methodology And Assumptions, Nov. 9, 2011
- Banks: Banking Industry Country Risk Assessment Methodology And Assumptions, Nov. 9, 2011
- Banks: Bank Capital Methodology And Assumptions, Dec. 6, 2010
- Banks: Methodology For Mapping Short- And Long-Term Issuer Credit Ratings For Banks, May 4, 2010
- General Criteria: Use Of CreditWatch And Outlooks, Sept. 14, 2009
- Banks: Commercial Paper I: Banks, March 23, 2004

Ratings List

Ratings Affirmed; Outlook Action

	To	From
Santander UK PLC		
Counterparty Credit Rating	A/Stable/A-1	A/Negative/A-1
Subordinated	BBB-	BBB-
Junior Subordinated	BB	BB
Junior Subordinated	BB+	BB+
Preference Stock	BB	BB

Upgraded

Santander UK PLC		
Junior Subordinated	BB	BB-
Preferred Stock	BB	BB-
Preference Stock	BB	BB-

Affirmed

Santander UK Group Holdings PLC	
Counterparty Credit Rating	BBB/Stable/A-2
Senior Unsecured	BBB
Subordinated	BB+
Junior Subordinated	B+
Abbey National Capital Trust I	
Preferred Stock	BB
Abbey National North America LLC	
Commercial Paper*	A-1
Abbey National Treasury Services PLC	
Senior Unsecured*	A
Certificate Of Deposit*	A-1
Commercial Paper*	A-1
Abbey National Treasury Services PLC (Hong Kong branch)	
Certificate Of Deposit*	A/A-1

*Guaranteed by Santander UK PLC.

Additional Contact:
Financial Institutions Ratings Europe; FIG_Europe@standardandpoors.com

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CAPITA

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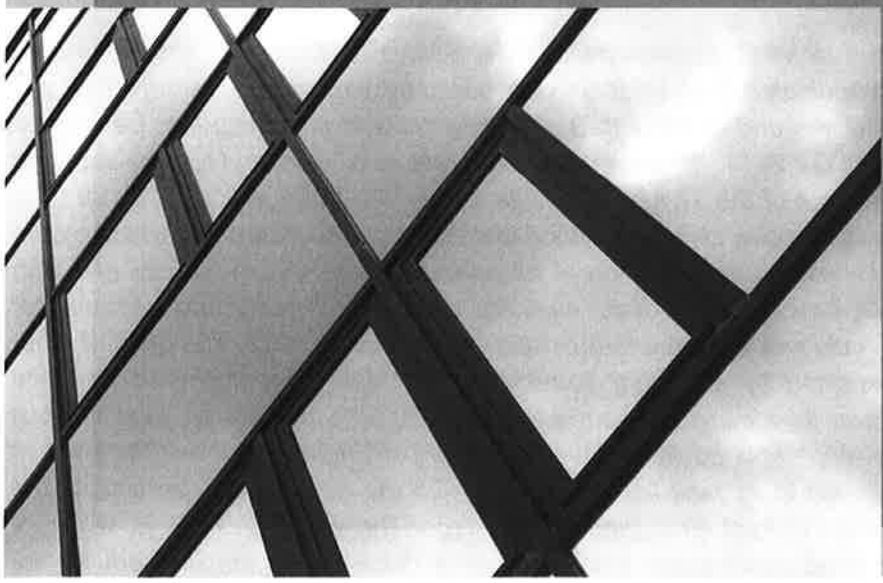
Updated Interest Rate Forecast
20 January 2016



Capita Asset Services Updated Interest Rate Forecast

Not a very happy new year!

- *We have undertaken an early revision of our interest rate forecasts before our previously scheduled revision after the February Inflation Report as a result of the downbeat UK and world economic news in recent weeks and the extreme volatility we have seen in financial markets, with a few doom and gloom commentators unable to see any silver linings at all.*

- *Our revised forecast has pushed back the timing of the start of increases in Bank Rate from quarter 2 2016 to quarter 4. The pace of increases has remained slow and gradual. Our PWLB forecasts similarly now reflect a slower pace of increase.*

- *Our forecasts reflect the differences in the strength and pace of recovery between the US and UK which has resulted in the Fed. making a start on increasing rates in December 2015 while the slower and weaker pace of recovery in the UK, and continuing measures to reduce Government budget deficits in the UK, mean that the UK's MPC will take a slower and more gradual path in increasing rates than in the US.*

- *However, the key to MPC decision making will always be inflation. The November Inflation Report indicated that inflation was currently expected to struggle to get barely over 2% at the end of the 2 to 3 year time horizon assuming that Bank Rate did not go up until Q2 2017. However, once the falls in oil, gas and food prices over recent months fall out of the 12 month calculation of CPI, there will be a tick up from the current rate little above zero, and was expected to get to around 1 percent by the end of 2016. However, with the price of oil having recently fallen further, and with sanctions having been lifted on Iran, enabling it to sell oil freely into international markets, there could well be some further falls still to come in 2016. The price of other commodities exported by emerging countries could also have downside risk and several have seen their currencies already fall by 20-30%, (or more), over the last year. These developments could well lead the Bank of England to lower the pace of increases in inflation in its next Inflation Report. On the other hand, the start of the national living wage in April 2016 (and further staged increases until 2020), will raise wage inflation; however, it could also result in a decrease in employment so the overall inflationary impact may be muted.*

- *Yesterday, Bank of England Governor Carney definitively ruled out an increase in Bank Rate in the very near future. He has previously laid out three criteria that need to be met before he would look to make a start on increasing Bank Rate. These criteria are patently not being met at the current time:*
    1. *Quarter-on-quarter GDP growth is above 0.6% i.e. using up spare capacity. This condition was met in Q2 2015, but Q3 came up short and Q4 looks likely to also fall short.*

2. *Core inflation (stripping out most of the effect of decreases in oil prices), registers a concerted increase towards the MPC's 2% target. This measure was on a steadily decreasing trend since mid-2014 until November 2015 @ 1.2%. December 2015 saw a slight increase to 1.4%.*
3. *Unit wage costs are on a significant increasing trend. This would imply that spare capacity for increases in employment and productivity gains are being exhausted, and that further economic growth will fuel inflationary pressures.*

- *Confidence is another big issue to factor into forecasting. Recent volatility in financial markets could dampen investment decision making as corporates take a more cautious view of prospects in the coming years due to international risks. This could also impact in a slowdown in increases in employment. However, consumers will be enjoying the increase in disposable incomes as a result of falling prices of fuel, food and other imports from emerging countries, so this could well feed through into an increase in consumer expenditure and demand in the UK economy, (a silver lining!). Another silver lining is that the UK will not be affected as much as some other western countries by a slowdown in demand from emerging countries, as the EU and US are our major trading partners.*

CAPITA ASSET SERVICES' FORWARD VIEW

Economic forecasting remains difficult with so many external influences weighing on the UK. Our Bank Rate forecasts, (and also MPC decisions), will be liable to further amendment depending on how economic data and developments in financial markets transpire over the next year. Forecasts for average earnings beyond the three year time horizon will be heavily dependent on economic and political developments. Major volatility in bond yields is likely to endure as investor fears and confidence ebb and flow between favouring more risky assets i.e. equities, or the safe haven of bonds.

The overall longer run trend is for gilt yields and PWLB rates to rise, due to the high volume of gilt issuance in the UK, and of bond issuance in other major western countries. An eventual world economic recovery will also see investors switching from the safe haven of bonds to equities.

We have pointed out consistently that the Fed. rate is likely to go up both sooner and more strongly than Bank Rate in the UK. These increases will have corresponding effects in pushing up US Treasury and UK gilt yields. While there is normally a high degree of correlation between the two yields, we would expect to see a decoupling of yields between the two i.e. we would expect US yields to go up faster than UK yields. We will need to monitor this area closely and the resulting effect on PWLB rates.

The overall balance of risks to economic recovery in the UK is currently to the downside. Only time will tell just how long this current period of reasonably strong economic growth will last; it also remains exposed to vulnerabilities in a number of key areas.

We would, however, remind clients of the view that we have expressed in our previous interest rate revision newsflashes of just how unpredictable PWLB rates and bond yields are at present. We are experiencing exceptional levels of volatility which are highly correlated to emerging market, geo-political and sovereign debt crisis developments. Our revised forecasts are based on the Certainty Rate (minus 20 bps) which has been accessible to most authorities since 1st November 2012.

Downside risks to current forecasts for UK gilt yields and PWLB rates currently include:

- Emerging country economies, currencies and corporates destabilised by falling commodity prices and / or Fed. rate increases, causing a flight to safe havens (bonds).
- Geopolitical risks in Eastern Europe, the Middle East and Asia, increasing safe haven flows.
- UK economic growth and increases in inflation are weaker than we currently anticipate.
- Weak growth or recession in the UK's main trading partners - the EU and US.
- A resurgence of the Eurozone sovereign debt crisis.
- Recapitalisation of European banks requiring more government financial support.
- Monetary policy action failing to stimulate sustainable growth and combat the threat of deflation in western economies, especially the Eurozone and Japan.

The potential for upside risks to current forecasts for UK gilt yields and PWLB rates, especially for longer term PWLB rates include: -

- Uncertainty around the risk of a UK exit from the EU.
- The pace and timing of increases in the Fed. funds rate causing a fundamental reassessment by investors of the relative risks of holding bonds as opposed to equities and leading to a major flight from bonds to equities.
- UK inflation returning to significantly higher levels than in the wider EU and US, causing an increase in the inflation premium inherent to gilt yields.

	NOW	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19
BANK RATE	0.50	0.50	0.50	0.50	0.75	0.75	1.00	1.00	1.25	1.25	1.50	1.50	1.75	1.75
3 month LIBID	0.52	0.50	0.50	0.60	0.80	0.90	1.00	1.10	1.30	1.40	1.50	1.60	1.80	1.90
6 month LIBID	0.66	0.70	0.70	0.80	0.90	1.00	1.20	1.30	1.50	1.60	1.70	1.80	2.00	2.20
12 month LIBID	0.98	1.00	1.00	1.10	1.20	1.30	1.50	1.60	1.80	1.90	2.00	2.10	2.30	2.40
5 yr PWLB	1.92	2.00	2.10	2.20	2.30	2.40	2.50	2.60	2.70	2.80	2.90	3.00	3.10	3.20
10 yr PWLB	2.58	2.60	2.70	2.80	2.90	3.00	3.10	3.20	3.30	3.40	3.50	3.60	3.60	3.70
25 yr PWLB	3.36	3.40	3.40	3.50	3.60	3.70	3.70	3.80	3.90	4.00	4.00	4.10	4.10	4.10
50 yr PWLB	3.18	3.20	3.20	3.30	3.40	3.50	3.60	3.70	3.80	3.90	3.90	4.00	4.00	4.00

BANK RATE	now	previously
Q1 2016	0.50%	0.50%
Q1 2017	0.75%	1.00%
Q1 2018	1.25%	1.75%
Q1 2019	1.75%	2.00%

Our target borrowing rates and the current PWLB (certainty) borrowing rates are set out below.

PWLB debt	Current borrowing rate as at 19.1.16	Target borrowing rate now (Q1 2016)	Target borrowing rate previous (Q1 2016)
5 year	1.92%	2.00%	2.40%
10 year	2.58%	2.60%	3.00%
25 year	3.36%	3.40%	3.70%
50 year	3.18%	3.20%	3.60%

Our suggested budgeted investment earnings rates for investments up to about three months duration in each financial year for the next seven years are as follows: -

Average earnings in each year	Now	Previously
2015/16	0.50%	0.50%
2016/17	0.60%	0.90%
2017/18	1.25%	1.50%
2018/19	1.75%	2.00%
2019/20	2.25%	2.25%
2020/21	2.50%	2.50%
2021/22	2.75%	3.00%
2022/23	2.75%	3.00%
2023/24	3.00%	3.00%
Later years	3.00%	3.00%

As there are significant potential risks from the Eurozone and from financial flows from emerging markets in particular, caution must be exercised in respect of all interest rate forecasts at the current time. The general expectation for an eventual trend of gently rising gilt yields and PWLB rates is expected to remain unchanged, as market fundamentals will focus on the sheer volume of UK gilt issuance, (and also US Treasury issuance), and the price of those new debt issues. Negative, (or positive), developments in the EZ sovereign debt crisis and some emerging market countries could significantly impact safe-haven flows of investor money into UK, US and German bonds and produce shorter term movements away from our central forecasts.

Our interest rate forecast for Bank Rate is in steps of 25 bps whereas PWLB forecasts have been rounded to the nearest 10 bps and are central forecasts within bands of + / - 25 bps.

Naturally, we continue to monitor events and will update our forecasts as and when appropriate.

Interest Rate Strategy Group

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www.capitaassetservices.com

Item 10 - Financial Results 2015/16 - to the end of November 2015

The attached report was considered by the Finance Advisory Committee relevant minute extract below

Finance Advisory Committee – January 2016 (Minute 35)

The Head of Finance presented a report on the Council's financial results 2015/16 to the end of November 2015.

There had been a number of key issues that affected the financial results 2015/16 – to the end of November 2015. These included:

- Property Investment Strategy Income
- Revenues and Benefits Partnership
- Income
- Pay costs
- Corporate Savings

The year end position was forecast to be £76,000 worse than budget. Unforeseen pressures included:

- Costs incurred at Farningham Woods – containing the infestation of Chestnut Gall Wasp
- Individual Electoral Registration Canvass exceeding budget
- Termination of agreement with Tandridge District Council
- Asset maintenance work at Hever Road site exceeding budget

Public Sector Equality Duty

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

> Resolved: That the report be noted and **recommended to Cabinet** with no additional comments.

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Item 11 – Scrap Metal Dealers Act 2013: Scrap Metal Dealer Licence Fees 2016/2017

The attached report was considered by the Legal & Democratic Services Advisory Committee relevant minute extract below

Legal & Democratic Services Advisory Committee – 26 January 2016 (Minute 24)

Members considered the report which proposed fees that maintained a 'self financing' position for the service in providing the Council's statutory duty under the Scrap Metal Dealers Act 2013, in accordance with the Council's Service and Budget Plan. It was noted that the recommendation should have read paragraph 24, and the legislation in the title should read 'Scrap Metal Dealers Act 2013' not Local Government (Miscellaneous provisions) Act 1982. This had been corrected on web versions of the report.

In response to questions, the Licensing Partnership Manager advised that the legislation was quite prescriptive as to what could be charged for and that the fees could be reviewed as and when necessary.

Public Sector Equality Duty

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

> Resolved: That it be **recommended to Cabinet** that the appropriate fee levels set out below, be approved

Site Licence – Grant (3 years)	£460
Site Licence - Renewal (3 years)	£390
Collectors Licence – Grant/renewal (3 years)	£280
Minor administrative change to licence -	£30
Variation - change of site manager -	£165
Variation from collector to site licence -	£200
Variation from site to collector licence -	£130

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Item 12 – Sevenoaks District Council Trading Company named Quercus7 Ltd

The attached report was considered by the Legal & Democratic Services Advisory Committee, relevant minute extract below

Legal & Democratic Services Advisory Committee – 26 January 2016 (Minute 26)

The Chief Officer Legal & Governance presented a report which provided information on how the new Trading Company Quercus 7 Limited would work operationally and requested Cabinet to approve the current working and further proposed arrangements. It was important that Members were fully informed of the need to have a Trading Company and how the new Trading Company Quercus 7 Limited would work operationally as they would form the Company Shareholders. The views of the Advisory Committee would be taken into account by Cabinet when approving the current working arrangements and further proposed arrangements for the future success of the Company.

The Chairman welcomed Amardeep Gill from Trowers & Hamlins. All Members present had the opportunity to ask a number of questions of clarification concerning the report and proposals.

One of the concerns was that if staff were acting on behalf of the company, but being paid for that time by the Council not the Trading Company, how was that not in breach of state aid regulations. It was noted that it would not be in breach as all time and resources would be specifically accounted for and charged to the Company, however Members wanted to be more certain of this. It was also queried whether there was a need for a Company Secretary, and the salary cost if an external provider was used. Members were advised that there was no specific requirement to have a Company Secretary. Some mention was made of possibly using the relevant Portfolio Holder's Advisory Committee as a scrutiny function of the Cabinet acting as the Trading Board, but other Members thought it was sufficient just to have Cabinet overseeing the activities of the Company. Members also discussed a preference for being able to 'approve' not merely note, the year end reports being presented by the Trading Company to the Annual General Meeting.

With regards to the Non Executive Directors advert, Members wished to add reference to the Greenbelt in the description of the District as well as it being made up of Areas of Outstanding Natural Beauty (AONB).

Public Sector Equality Duty

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

Resolved: That subject to the comments and queries raised above, it be **recommended to Cabinet** that

a) the appointment of Chief Officers initially put forward as Directors on incorporation;

b) the composition of The Trading Board, established to oversee the trading activities of the Company, to comprise the Cabinet with a quorum of three Members to be chaired by the Leader of the Council;

c) the job description and specification required to recruit the 2 Non-Executive Directors as set out at Appendix B and such recruitment to be either using internal resources or through a firm of specialist Management & Recruitment Consultants with an approved budget of up to £6,000 in this respect;

d) remuneration to be paid to the Non-Executive Directors up to £5,000 each; and

e) the Chief Officer Legal and Governance in conjunction with the Chief Finance Officer be authorised to finalise a Shareholder Agreement and Loan Arrangements for the Company in conjunction with relevant Portfolio Holders.