

SEVENOAKS DISTRICT COUNCIL

FINANCE ADVISORY GROUP

24 October 2012 at 9.30 am in the
Conference Room, Argyle Road, Sevenoaks

AGENDA

Membership:

Chairman: Cllr. Ramsay

Cllrs. Firth, Fittock, Grint, McGarvey and Scholey

Apologies for Absence

1. **Minutes** (Pages 1 - 6)
Notes of the meeting held on 25 July 2012
2. **Declarations of Interest**
Any interests not already registered
3. **Matters Arising including actions from last meeting** (Pages 7 - 8) Adrian Rowbotham Ext. 7153
4. **Referrals from Performance & Governance Committee:**
None
5. **Direct Services** (Pages 9 - 26) Richard Wilson Ext. 7262
Verbal update
6. **Property Review - Cobden Road Centre, Cobden Road, Sevenoaks** (Pages 27 - 32) Jim Latheron Ext. 7209
7. **Financial Prospects** Adrian Rowbotham Ext. 7153
Verbal update
8. **Update on Localisation of Council Tax Support** Adrian Rowbotham Ext. 7153
Verbal update
9. **Financial Results 2012/13 - to the end of September 2012** Helen Martin Ext. 7483
Circulated separately

10. **Financial Performance Indicators 2012/13 - to the end of September 2012**
Circulated separately

Helen Martin
Ext. 7483

11. **Forward Programme**

(Pages 33 - 34)

Please note: The date of the next meeting is 23 January 2013

Members wishing to obtain factual information on above items are asked to enquire of the appropriate Director or Contact Officer before the meeting

FINANCE ADVISORY GROUP

Minutes of the meeting held on 25 July 2012 commencing at 9.30 am

Present: Cllr. Ramsay (Chairman).

Cllrs. Fittock, Grint and McGarvey.

Apologies for absence were received from Cllrs. Firth and Scholey.

12. Minutes

The notes of the meeting of 13 June 2012 were agreed as a correct record.

13. Declarations of Interest

No declarations of interest were made.

14. Matters Arising Including Actions From The Last Meeting

An updated Action Sheet was tabled. The actions taken since the last meeting were noted.

15. Referrals From Performance & Governance Committee

There were none.

16. Argyle Road Offices, Accommodation For Outside Organisations

Members considered the report of the Property Services Manager. Members commended Officers for converting the capital into revenue which meant a lot for the future especially with the challenges ahead and expressed a wish to see more of this type of approach. It was viewed as an excellent use of resources whilst keeping the Council's capital intact. Members were pleased to see that the service charge was to be annually reviewed and understood the position with regards to the competitiveness of rent, commenting on the number of empty properties currently in the immediate area.

Members wished to know the service charge per square foot rather than per desk, and were keen to know how the rent figure was arrived at. There was also interest expressed in knowing the costs of running the building without IT or desk costs. The Chairman advised that he would ensure that the proposed rent and service charge figures in the Heads of Terms would be completed before submission to the Performance and Governance Committee, and an explanation of the approach included.

Resolved: That it be RECOMMENDED to Performance and Governance Committee that, subject to the points raised above, capital reserves be used to provide office accommodation for Moat Housing on the terms and conditions detailed in the report and to such other conditions as the Council's legal advisors consider necessary to protect the Council's interests.

Agenda Item 1

Finance Advisory Group - Wednesday, 25 July 2012

17. Investment Strategy Update

The Principal Accountant tabled two papers listing investments as at 25 July 2012. The report updated Members on treasury activity in the first quarter of the current financial year as required by the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Treasury Management. The annual report on performance in the previous financial year would be reported to the next Performance and Governance Committee.

Provisional figures for the previous financial year were comparing favourably with the London Interbank Bid Rate (LIBID) benchmark, with last years investment income exceeding the target by just over £120,000. Investment income in the first quarter of the current financial year was also exceeding target. The June 2012 outcome of the benchmarking carried out with neighbouring authorities was now available. As a result of further credit rating downgrades it had been necessary to revert to options such as lending to other local authorities and the UK Governments Debt Management Office at inferior rates. There had been success with recent investments in Money Market Funds which is why the report proposed to increase the lending as set out in the recommendations.

In response to a question the Principal Accountant advised that KPMG had produced a report on building societies, and further advised that the Government had recently issued a consultation document as to the future role of building societies which indicated the Government may be looking to protect and/or expand their role.

Action 1: The KPMG report to be circulated to Members.

In response to further questions he advised that only a small amount of the money received from Landsbanki Islands hf was in Icelandic Krona, the remainder was in Sterling, US Dollars and Euros. Iceland was not allowing any of its own currency out of the country at the moment, which once released would be converted to sterling. The latest advice received was that 100% of the investment would be returned ultimately.

Action 2: List of investments to be amended to reflect the amount recovered from Landsbanki Islands hf.

Members felt that there did not need to be undue concern with regards to the recent publicised issues surrounding the Council's bankers, Barclays resulting in their financial strength being placed on negative outlook.

Resolved: That it be RECOMMENDED to Performance and Governance Committee that

- a) the update on treasury management activity in the first quarter of 2012/13 be noted; and
- b) the upper investment limits for the Ignis and Insight Money Market Funds be increased to £3m each.

18. Draft Statement of Accounts 2011/12

The Finance Manager presented the draft statement of accounts for the financial year ended 31 March 2012. The accounts were completed within the statutory deadline of 30

June and were currently open to public inspection following the advertisement in the Public Notices, though so far, no one had asked to see them. The annual audit had already begun and the team from District Audit were due to start on site the next day and be here until the end of August.

The format of the statement followed the same layout as the previous year but the Finance Manager proposed that the final version include a note on the position of the Council's heritage assets. This was a new requirement for 2011/12 to report on material property or assets held only for their historical or cultural value of more than £15,000. She did not believe that the Council had any such assets meeting this definition but a note would still be required. In response to a question she believed Otford Gate House was below the material limit. There may be an issue with the civic regalia however again, no individual item was above the material limit.

Since the statement had been printed on the agenda, an error had been identified on page 51 and an amendment was tabled. The amount put into the budget stabilisation fund for 2011/12 was £728k and not as shown. That sum represented the final favourable variance for the year and included the VAT refund of £552k. The tabled papers also explained the major reasons for the differences between the statement of accounts and the budget monitoring given at the last meeting.

Members acknowledged the hard work that went into producing these accounts to the new standards. However they did feel that the new reporting standards made it much more difficult to understand, especially to a member of the public.

Action 3: The 'Movement in Reserves Statement' be amended so that the year end balance transferred to the Budget Stabilisation Reserve can be clearly identified.

Resolved: That

- a) the Draft Statutory Statement of Accounts be noted; and
- b) Performance and Governance Committee be asked to consider writing a letter expressing concern and dismay that the current accounting standards lead to Council accounts being too complicated and opaque and detracting from accountability to the Public.

19. Financial Prospects

The Group Manager Financial Services reported that the purpose of the Financial Prospects report, which would go to Performance and Governance Committee in September, was to set out the major financial pressures the Council was likely to face in the short to medium term, together with a proposed strategy for setting a balanced and sustainable budget for 2013/14 and beyond. This would be a significant part of the budget process.

The overall emphasis would be on building on the strong framework provided by the 10-year budget, whilst taking into account any new financial burdens and changes in the economy that could have an impact on budget assumptions. This was the first stage of the budget process that would see a revision to the 10-year budget being approved by Members in February 2013.

Agenda Item 1

Finance Advisory Group - Wednesday, 25 July 2012

Apart from Council Tax, the largest funding source in the budget was Government Support. There was still significant uncertainty as to the amount of Government Support the Council was likely to receive in 2013/14 and beyond. The effect of the change to Business Rates Retention in particular was still unknown. In the current 10-year budget Government Support reductions of 9% in 2013/14 and 10% in 2014/15 had been assumed. However, more recent information would indicate reductions in grant would be higher than this.

The Director of Corporate Resources (Deputy Chief Executive) was originally planning to attend the meeting, and was able to do so if Members still wished, but given the uncertainties he had decided to attend the next meeting or invite members of the Group to visit him to run through the issues before the Financial Prospects report was formally presented to members at Performance and Governance Committee and Cabinet.

Members agreed that the Director of Corporate Resources (Deputy Chief Executive) did not need to attend this meeting and would catch up in early autumn or possibly at one of the meetings offered.

20. Update on Localisation of Council Tax Support

The Group Manager Financial Services reminded Members of the verbal update given at the last Finance Advisory Group and that a detailed report was provided to Services Select Committee on 19 June 2012. Reports were also presented to Cabinet on 12 July and Council on 24 July.

Currently council tax benefit was a national scheme administered by Local Authorities but funded by central government. This would be replaced on 1 April 2013 by a local scheme for council tax support, and government funding would be 10% less than under Council Tax benefits. Only pensioners were fully protected, therefore in theory a 10% saving needed to be spread over the remaining current claimants.

On 25 May 2012 the Kent Forum for Leaders and Chief Executives agreed in principle to a Kent-wide scheme which proposed:

- Standard deduction of 18.5% on all non pensioner claimants,
- Reduce empty property exemption (Class C) from 6 months to 3 months
- Major precepting authorities (MPA's) will pay £125k to each billing authority – admin, collection, recovery costs,
- MPA's will reimburse any increased admin costs if the case load of the local scheme increases significantly.
- Agreement to operate for three years (after next election)

Further legislation had been produced, which did not appear to allow the reduction of the empty property reduction from six months to three months, but Officers were investigating other ways of achieving the same result. Work was also continuing with the major precepting authorities to try to lower the 18.5% deduction currently proposed for non pensioner claimants.

The modelling tool had been received which would be used to provide equalities and parish information. There would be an 8 week consultation period from 6 August to 30 September 2012.

After discussion Members noted that there was an expectation that the Council Tax collection rate may drop as a direct consequence of the changes.

21. Financial Results 2012/13 - to the end of June 2012

The Finance Manager presented the budget monitoring results for the end of June 2012. She reported that the year end position was forecast to be £174,000 better than budget, but with Building Control, Land charges and pre application fees currently showing adverse variances for the year to date. Corporately the Council had benefited from reduced audit fees, additional income from court costs, market rents, income from investments and the Head of Community Development had received £17,000 from LOCOG. However income from Planning Fees (pre application and s106 monitoring) was down. Under the Localism Act planning fees could be increased by 15 % from August, however 20% had been budgeted for.

The Finance Manager reported that last Friday she had been advised that Wendy Fair Markets was planning to go into voluntary liquidation.. They currently owed the Council £74,000 and there was a creditors meeting on 3 August 2012. The Principal Legal Executive was looking at the papers. The markets would continue to operate for the time being. It was noted that even when in administration the company could continue operating.

Action 4: The Director of Corporate Resources (Deputy Chief Executive), Property Services Manager and Portfolio Holder for Finance and Value for Money to meet and discuss the way forward should the company go into liquidation.

With regards to Building Control Members wondered whether it was possible to decrease the number of visits made to help reduce costs. A Member was concerned about the principle of them operating in a commercial environment. Members asked why costs had not yet been cut with regards to the housing register.

Action 5: Head of Housing and Communications to be asked to include reasons and time frame for cutting the costs of the housing register.

The report was noted.

22. Financial Performance Indicators 2012/13 - To The End Of June 2012

The Finance Manager advised that Wendy Fair was not shown on the sundry debtors list as there was a payment plan in place.

The report was noted.

23. Forward Programme

Members considered the Forward Programme. It was discussed and agreed that further updates on the Localisation of Council Tax Support and Financial Prospects be considered at the next meeting.

Agenda Item 1

Finance Advisory Group - Wednesday, 25 July 2012

THE MEETING WAS CONCLUDED AT 11.52 am

Chairman

Action Sheet - Actions from the previous meeting

ACTIONS FROM 25.07.12			
Action	Description	Status	Contact Officer
1	The KPMG report on building societies be circulated to Members.	An email and attachment was sent 27.07.12.	Roy Parsons Ext. 7204
2.	List of investments to be amended to reflect the amount recovered from Landsbanki Islands hf.	An updated list of investments to be tabled at the meeting of the Group on 24.10.2012.	Roy Parsons Ext. 7204
3	That in the Draft Statement of Accounts the "Movement in Reserves Statement" be amended so that the year end balance transferred to the Budget Stabilisation Reserve can be clearly identified.	Completed. Statement of Accounts approved by Performance and Governance Committee meeting on 18.09.2012.	Adrian Rowbotham Ext. 7153
4	The Director of Corporate Resources (Deputy Chief Executive), Property Services Manager and Portfolio Holder for Finance and Value for Money to meet and discuss the way forward should the Wendy Fair go into liquidation.	Portfolio Holder Decision taken 18.09.2012.	Pav Ramewal Jim Latheron Cllr. Ramsay
5.	Head of Housing and Communications to be asked to include reasons and time frame for cutting the costs of the housing register.	This has been included in the September commentary.	Helen Martin Ext. 7483

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COMMUNITY & PLANNING SERVICES

DIRECT SERVICES

BUSINESS REPORTS
2012/13
September 2012

Direct Services

BUSINESS REPORTS

TRADING ACCOUNTS

1. Refuse Collection
2. Street Cleansing
3. Trade Waste
4. Transport Workshop
5. Green Waste
6. Premises Cleaning
7. Cesspool Emptying
8. Pest Control
9. Grounds Maintenance

DIRECT SERVICES

BUSINESS REPORTS

OVERHEAD

ACCOUNTS

- 1. Fleet Management**
- 2. Depot**
- 3. Emergency**

FLEET 2012-13

DETAIL	PREVIOUS MONTHS					THIS MONTH SEPT		FUTURE MONTHS							TOTALS					
	APR/MAY	JUNE	JULY	AUG	AUG	ACTUAL	TARGET	VARIANCE	OCT	NOV	DEC	JAN	FEB	MAR	BUDGET	ACTUAL TO DATE	BALANCE	BUDGET TO DATE	VARIANCE	
INCOME:																				
SERVICING	13,381	6,681	6,681	6,554	6,554	6,554	6,561	(7)	6,561	6,561	6,561	6,561	6,561	6,564	78,735	39,851	38,884	39,368	484	
DEPRECIATION	81,019	39,844	39,815	39,849	39,849	38,587	42,537	(3,950)	42,537	42,537	42,537	42,537	42,537	42,531	510,438	239,114	271,324	255,219	(16,105)	
MANAGEMENT FEE	40,916	20,441	20,440	20,402	20,402	19,810	20,484	(674)	20,484	20,484	20,484	20,484	20,484	20,480	245,804	122,009	123,795	122,902	(893)	
OTHER	883	330	147	331	331	145	0	145	0	0	0	0	0	0	0	1,836	(1,836)	0	1,836	
TOTAL INCOME:	136,199	67,296	67,083	67,136	67,136	65,096	69,582	(4,486)	69,582	69,582	69,582	69,582	69,582	69,575	834,977	402,810	432,167	417,489	(14,679)	
EXPENDITURE:																				
SALARIES	6,056	2,813	2,833	2,825	2,825	2,834	2,940	106	2,940	2,940	2,940	2,940	2,940	2,934	35,274	17,361	17,913	17,637	276	
DEPOT RECHARGE	5,666	2,833	2,833	2,833	2,833	2,833	2,833	0	2,833	2,833	2,833	2,833	2,833	2,837	34,000	16,998	17,002	17,000	2	
WORKSHOP SERVICING	13,381	6,681	6,681	6,554	6,554	6,554	6,561	7	6,561	6,561	6,561	6,561	6,561	6,564	78,735	39,851	38,884	39,368	(484)	
MISC FLEET EXPENSES	1,765	320	1,643	1,328	1,328	1,329	1,698	369	1,698	1,698	1,698	1,698	1,698	1,667	20,365	6,385	13,980	10,183	3,798	
INSURANCE	17,092	8,546	8,546	8,546	8,546	8,546	8,546	0	8,546	8,546	8,546	8,546	8,546	8,557	102,563	51,276	51,287	51,282	6	
FIXED TRANSPORT	8,179	3,491	3,999	5,887	5,887	4,440	3,585	(855)	3,585	3,585	3,585	3,585	3,585	3,577	43,012	25,996	17,016	21,506	(4,490)	
SUPPORT COSTS	1,598	799	799	799	799	799	799	0	799	799	799	799	799	801	9,590	4,794	4,796	4,795	1	
DEPRECIATION	81,019	39,844	39,815	39,849	39,849	38,587	42,537	3,950	42,537	42,537	42,537	42,537	42,537	42,531	510,438	239,114	271,324	255,219	16,105	
TOTAL EXPENDITURE:	134,756	65,327	67,149	68,621	68,621	65,922	69,499	3,577	69,499	69,499	69,499	69,499	69,499	69,488	833,977	401,775	432,202	416,989	15,214	
NET BUDGET:	1,443	1,969	(66)	(1,485)	(1,485)	(826)	83	(909)	83	83	83	83	83	87	1,000	1,035	(35)	500	535	
				Exp to Date	401,775	417,492	15,717													
				Actual profit/(1,035	0	1,035													

Agenda Item 5

DEPOT 2012/13

DETAIL	PREVIOUS MONTHS					THIS MONTH SEPT		FUTURE MONTHS												TOTALS		
	APR/MAY	JUNE	JULY	AUG	ACTUAL	TARGET	VARIANCE	OCT	NOV	DEC	JAN	FEB	MAR	BUDGET	ACTUAL TO DATE	BALANCE TO DATE	VARIANCE					
INCOME:																						
INCOME:	28,912	11,440	11,431	11,431	11,431	11,431	0	11,431	11,431	11,431	11,431	11,440	143,231	74,645	68,586	74,636	9					
OTHER	11,860	5,425	5,507	7,647	3,591	10,500	(6,909)	10,500	10,500	15,000	20,000	20,000	150,000	34,030	115,970	63,000	(28,970)					
TOTAL INCOME:	40,772	16,865	16,938	19,078	15,022	21,931	(6,909)	21,931	21,931	26,431	31,431	31,431	293,231	108,675	184,556	137,636	(28,961)					
	Cumulative Actual to Date																					
					108,675	137,636	(28,961)															
EXPENDITURE:																						
SALARIES	15,096	5,311	7,296	6,500	6,813	7,614	801	7,614	7,614	7,614	7,614	7,614	91,370	41,016	50,354	45,684	4,668					
REPAIRS AND MAINTENANC	4,471	1,662	2,153	1,590	1,285	1,200	(85)	600	200	1,700	800	300	17,000	11,161	5,839	11,900	739					
ELECTRICITY/GAS	6,151	1,998	3,992	548	232	900	668	1,400	800	1,400	2,100	1,300	17,000	12,921	4,079	8,000	(4,921)					
P & R RECHARGE	4,166	2,083	2,083	2,083	2,083	2,083	0	2,083	2,083	2,083	2,083	2,087	25,000	12,498	12,502	12,498	0					
WATER/SEWERS	0	0	0	5,400	897	250	(647)	250	250	250	250	250	3,000	6,297	(3,297)	1,500	(4,797)					
STAFF REFRESHMENTS	1,130	1,020	376	588	623	413	(210)	623	413	413	623	413	5,800	3,737	2,063	2,898	(839)					
CLEANING OF PREMISES	240	540	240	0	300	250	(50)	250	250	250	250	250	3,000	1,320	1,680	1,500	180					
COMMUNICATIONS	1,174	0	101	1,211	0	0	0	100	1,175	0	100	1,175	5,000	2,486	2,514	2,450	(36)					
SUPPORT COSTS	1,810	905	905	905	905	905	0	905	905	905	905	905	10,860	5,430	5,430	5,430	0					
SUPPLIES & SERVICES	15,159	2,432	(604)	926	703	2,400	1,697	2,400	2,500	2,500	6,000	6,000	63,800	18,616	45,184	38,400	19,784					
FUEL	307	60	261	316	35	200	165	200	200	200	200	200	2,400	979	1,421	1,200	221					
TRANSPORT REPAIRS	1,308	26	200	0	318	417	99	417	417	417	417	413	5,000	1,852	3,148	2,502	650					
FIXED TRANSPORT	2,590	1,402	1,403	1,409	1,409	1,476	67	1,476	1,476	1,476	1,476	1,479	17,715	8,213	9,502	8,856	643					
CAPITAL FINANCING	34	17	17	17	17	17	0	17	17	17	17	16	203	102	101	102	0					
TOTAL EXPENDITURE	53,636	17,456	18,423	21,493	15,620	18,125	2,505	18,335	18,300	19,225	22,835	22,400	267,148	126,628	140,520	142,920	16,292					
NET BUDGET:	(12,864)	(591)	(1,485)	(2,415)	(598)	3,806	(4,404)	3,596	3,631	7,206	8,596	9,031	26,083	(17,953)	44,036	(5,284)	(12,669)					
	Exp to Date 126,628 (17,953) 16,292																					
	Actual profit/(loss) (5,284) (12,669)																					

EMERGENCY 2012/13

LINE NO	DETAIL	PREVIOUS MONTHS					THIS MONTH SEPT					FUTURE MONTHS					TOTALS			
		APR/MAY	JUNE	JULY	AUG	ACTUAL	TARGET	VARIANCE	OCT	NOV	DEC	JAN	FEB	MAR	BUDGET	ACTUAL TO DATE	BALANCE TO DATE	VARIANCE		
1	INCOME:																			
2	INCOME:	7,714	3,857	3,857	3,857	3,857	3,857	0	3,857	3,857	3,857	3,857	3,857	3,857	46,284	23,142	23,142	0		
3																				
4																				
5																				
6																				
7																				
8																				
9																				
10																				
11																				
12																				
13																				
14																				
15																				
	TOTAL INCOME:	7,714	3,857	3,857	3,857	3,857	3,857	0	3,857	3,857	3,857	3,857	3,857	46,284	23,142	23,142	0			
	EXPENDITURE:	Cumulative Actual to Date																		
16	SALARIES	722	327	325	326	325	303	(22)	303	303	303	303	307	3,640	2,025	1,615	1,818	(207)		
17	DEPOT RECHARGE	834	417	417	417	417	417	0	417	417	417	413	5,000	2,502	2,498	2,502	0			
18	SUPPLIES & SERVICES	0	0	0	0	0	8	8	8	8	8	9	100	0	100	48	48			
19	FUEL	0	67	0	0	0	83	83	83	83	83	87	1,000	67	933	498	431			
20	REPAIRS	347	230	58	138	0	494	494	494	494	494	490	5,924	773	5,151	2,964	2,191			
21	FIXED TRANSPORT	2,663	1,323	1,322	1,329	1,329	1,673	344	1,672	1,672	1,672	1,672	20,070	7,966	12,104	10,038	2,072			
22	SUPPORT COSTS	1,758	879	879	879	879	879	0	879	879	879	881	10,550	5,274	5,274	5,274	0			
23																				
24																				
25																				
26																				
27																				
28																				
29																				
30																				
	TOTAL EXPENDITURE:	6,324	3,243	3,001	3,089	2,950	3,857	907	3,856	3,857	3,857	3,859	46,284	18,607	27,677	23,142	4,535			
	NET BUDGET:	1,390	614	856	768	907	0	907	1	1	0	(2)	0	4,535	(4,535)	0	0	4,535		
		Exp to Date																		
		Actual profit/(loss)																		
		18,607	23,142	23,142	4,535	4,535	0	4,535												

DIRECT SERVICES

BUSINESS REPORTS

SUMMARY PAGES

	PERIOD				Y-T-D				ANNUAL				Y-T-D NET VARIANCE				ANNUAL NET VARIANCE			
	Budget	Actual	Actual /	Variance	Budget	Actual	Actual /	Variance	Budget	Forecast	Variance	Net Budget by	Net Actual by Service	Variance by Service	Net Budget by	Net Actual by Service	Variance by Service			
	£'000	£'000	%	£'000	£'000	£'000	%	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000			
Income																				
Refuse	-177	-177	0%		-1,054	-1,057	0%	2	-2,109		-2,109	33	13	21	67					
Street Cleaning	-93	-94	1%	1	-559	-558	0%		-1,117		-1,117	19	32	-13	38					
Trade	-28	-26	-9%	-3	-218	-199	-9%	-20	-400		-400	-29	-41	13	-21					
Workshop	-47	-45	-5%	-2	-282	-260	-8%	-22	-564		-564	-8	-6	-2	-17					
Green Waste	-42	-44	5%	2	-260	-256	-1%	-3	-389		-389	95	-107	12	-60					
Premises Cleaning	-17	-17	0%		-99	-106	7%	7	-199		-199	5	-2	7	10					
Cesspools	-23	-19	-14%	-3	-135	-118	-13%	-17	-270		-270	-26	-11	-15	-52					
Pest Control	-13	-6	-55%	-7	-59	-23	-62%	-36	-79		-79	-20	15	-35						
Grounds	-10	-10	0%		-60	-60	0%		-122		-122	5	10	-5	-2					
Fleet	-70	-65	-6%	-4	-417	-403	-4%	-15	-835		-835		-1	1						
Depot	-22	-15	-32%	-7	-138	-109	-21%	-29	-293		-293	5	18	-13	-26					
Emergency	-4	-4	0%		-23	-23	0%		-46		-46		-5	5						
Total Income	-545	-521	-4%	-23	-3,304	-3,171	-4%	-133	-6,423		-6,423	-110	-84	-27	-64					
Expenditure																				
Refuse	181	183	-1%	-2	1,088	1,069	2%	18	2,175		2,175									
Street Cleaning	96	96	0%		578	591	-2%	-13	1,155		1,155									
Trade	32	23	28%	9	190	157	17%	32	379		379									
Workshop	46	36	21%	9	273	254	7%	19	547		547									
Green Waste	26	25	2%		165	150	9%	15	329		329									
Premises Cleaning	17	14	18%	3	105	104	0%		209		209									
Cesspools	18	17	4%	1	109	107	2%	2	218		218									
Pest Control	6	6	7%		39	38	3%	1	79		79									
Grounds	11	11	2%		65	70	-8%	-5	119		119									
Fleet	70	66	5%	4	417	402	4%	16	835		835									
Depot	18	16	14%	3	143	127	11%	16	267		267									
Emergency	4	3	24%	1	23	19	20%	5	46		46									
Total Expenditure	525	496	5%	28	3,194	3,088	3%	106	6,359		6,359	-110	-84	-27	-64					
Net	-20	-25	25%	5	-110	-84	-24%	-27	-64		-64									

PROPERTY REVIEW - COBDEN ROAD CENTRE, COBDEN ROAD, SEVENOAKS

Finance Advisory Group – 24 October 2012

Report of the: Corporate Resources Director

Status: For Consideration / For Information

Also to be considered by: Performance & Governance Committee – 13 November 2012
Cabinet – 6 December 2012

Key Decision: No

This report supports the Key Aim of

Effective Management of Council Resources (Review of the Council's property holdings)

Portfolio Holder Cllr. Ramsay

Head of Service Head of Legal & Democratic Services – Mrs. Christine Nuttall

Recommendation to Performance & Governance Committee

That the performance & Governance Committee recommend to the Cabinet of the Council that the Cobden Road Centre, Sevenoaks be sold on the open market by auction.

Introduction

1. The District Council has owned the Cobden Road Centre for some 22 years, having acquired this former Kent County Council school in the sum of £270,000 to provide voluntary sector accommodation.
2. At the time of the purchase the property had the benefit of a planning consent to demolish the premises and to construct 6 town houses on the site (this consent has been long expired)
3. The property was converted in the sum of £125,000 to provide three areas of accommodation, the bulk (approx.. 90%) of the original school buildings was let to Age Concern as a day centre and offices, a portacabin in the former playground was let to Relate (West Kent Marriage Guidance) as counselling rooms and one room within the main building was let to Parenthood (Time to Talk) as an office and counselling room Age Concern contributed a further £112,800 towards fitting out their accommodation.
4. The Cobden Road Centre was originally constructed in the 1880's and although maintained over the years many of the building elements are close to their life expectancy. The 10 year Asset Maintenance plan identified £445,000 of work

Agenda Item 6

necessary just to maintain the property not including improvements or the cost of compliance with legislation (Disability Discrimination Act, Fire Precautions Act, Electricity in the Workplace regulations etc.).

5. Age Concern relocated to their own purpose built premises in 2007 and Relate surrendered their lease in 2010. The last remaining tenant, Time to Talk, vacated their accommodation in August 2012 and now operate from accommodation shared with Sevenoaks Mind in St John's Road, Sevenoaks.
6. Maintenance and running costs over the 5 years has averaged £5,000 p.a. of which a proportion was recharged to the tenants. With the property now vacant the Council's liability for non domestic rates amounts to some £9,700 p.a. and the annual insurance premium amounts to £1,190 p.a.
7. The District Council had purchased the property to provide accommodation for voluntary sector organisations and given the future costs of renovation, modernisation and the lack of possible tenants for this size of accommodation (some 570 m² of usable floor area) it is recommended that the Cobden Road Centre be declared surplus to the Council's requirements.
8. The property is located with the Hartslands Conservation Area and as such there is a presumption that the property would be retained for conversion (subject to planning consent) and could only be considered for redevelopment in exceptional circumstances.
9. If sold on the open market and given the conservation area status it is anticipated that conversion into one or more dwellings would be favoured by any purchaser in which case a capital receipt in the region of £400,000 could be expected (this could have increased to in excess of £500,000 if redevelopment were permitted).
10. With a property such as this former school and given its location within a conservation area it is important to ensure that it is widely marketed and it is recommended that the property be placed in a suitable auction.
11. Any sale particulars will include a suitable statement relating to the planning status of the property and location.

Other Options Considered and/or Rejected

12. Retain the property – there are no operational requirements for this accommodation
13. Renovate the property for disposal – this would involve the Council in capital expenditure and may not deliver what is required by the market
14. Dispose of the property for redevelopment – this course of action is not considered feasible given its planning status

Key Implications

Financial

15. The disposal of the is property will add a capital sum to the Council's reserves and reduce revenue expenditure in respect of non domestic rates, insurance and which could be incurred in maintaining it in a safe and acceptable condition

Community Impact and Outcomes

16. The impact of the change of status of this property within the Hartslands Conservation Area will be controlled as part of the planning process. There is currently an informal agreement to allow local residents to park within the site which will cease upon change of ownership.

Legal, Human Rights etc.

17. There are no legal or humans rights issues identified

Resource (non-financial)

18. There are no non-financial resource issues

Value For Money and Asset Management

19. This proposal conforms to the Councils' strategy of not retaining property that does not accommodate a service requirement and reduces revenue costs to the Council whist increasing the Council capital reserves.

Equality Impacts

20. This proposal is not a policy issue nor has any equality impacts

RISK ASSESSMENT STATEMENT

21. Retaining the property will incur the Council in maintenance and security costs with no identifiable accommodation requirements.
22. Disposal by auction may lead to pressures for the property to be redeveloped this can be mitigated by ensuring that the planning status is well publicised in advance of any disposal.

Appendices

Appendix A – Location map

Contact Officer(s):

Jim Latheron – Extn 7209

Dr. Pav Ramewal

Deputy Chief Executive and Director of Corporate Resources

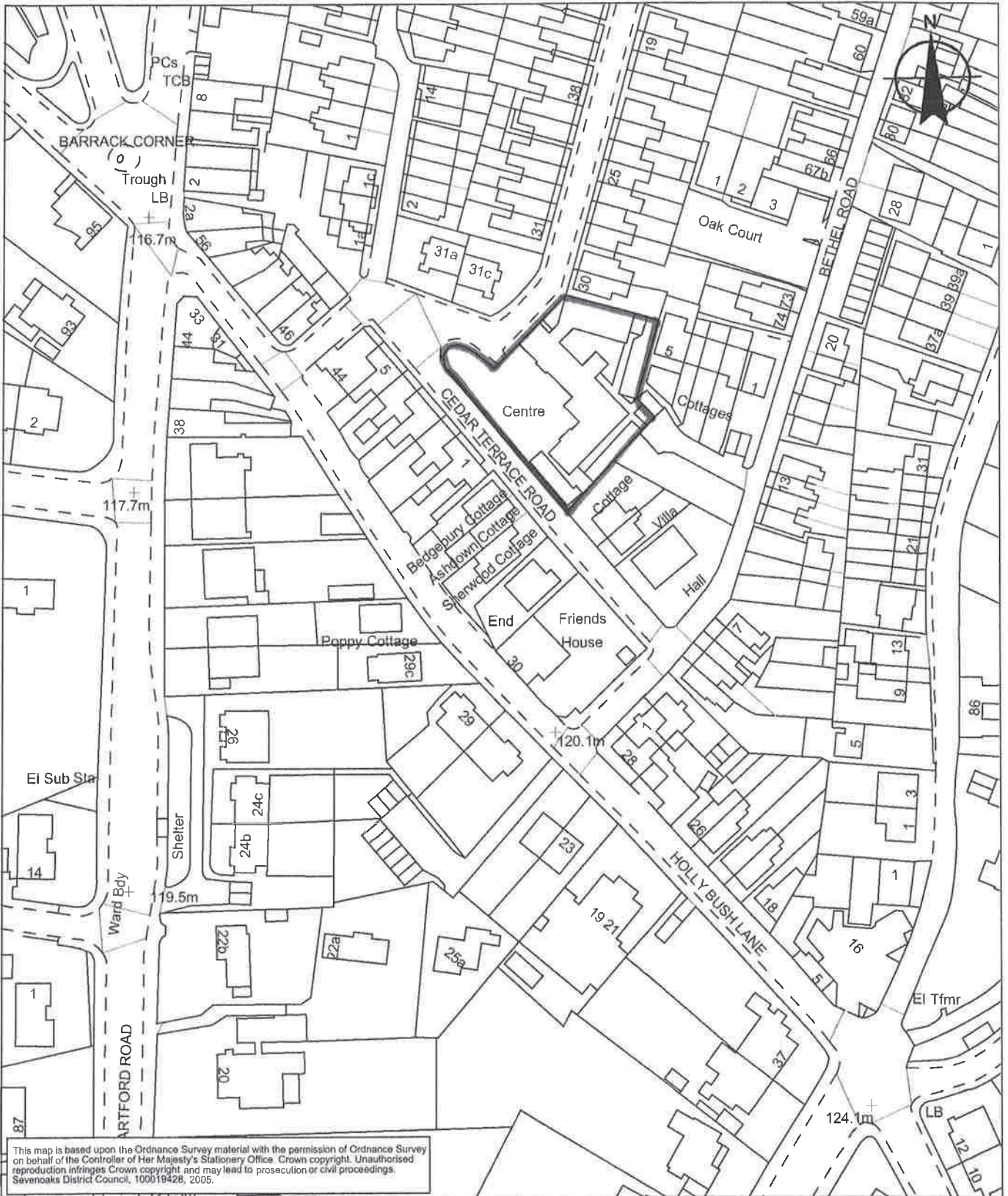
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Location: The Cobden Road Centre, Cobden Road, Sevenoaks

Scale 1:1,250

Map center: 553213, 155798



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FORWARD PROGRAMME FOR FINANCE ADVISORY GROUP

Topic	24 October 2012	23 January 2013	27 March 2013	June 2013	July 2013
Annual Accounts				Provisional Outturn 2012/13 and Carry Forward Requests	Draft Statement of Accounts 2012/13
Budget	Financial Prospects	Risks and Assumptions for Budget 2013/14			
Financial Monitoring	September 2012 Results	December 2012 Results	February 2012 Results		June 2012 Results
Financial Performance Indicators	September 2012	December 2012	February 2012	March 2013 and April 2013	June 2012
Treasury Management		Treasury Management Strategy 2013/14			Investment Strategy Update
Invitee	Head of Environmental and Operational Services (Focussing on Direct Services)				

Topic	24 October 2012	23 January 2013	27 March 2013	June 2013	July 2013
Other	Update on Localisation of Council Tax Support	Costs and Savings in Partnership Working Pensions Investments			