



**Sevenoaks**  
DISTRICT COUNCIL

Despatched: 05.11.12

**PERFORMANCE AND GOVERNANCE COMMITTEE**

**13 November 2012 at 7.00 pm**  
**Conference Room - Council Office**

**AGENDA**

**Membership:**

Chairman: Cllr. Fittock Vice-Chairman: Cllr. Walshe  
Cllrs. Mrs. Bayley, Clark, Mrs. Cook, Davison, Dickins, Firth, Gaywood, Grint, London,  
McGarvey and Piper and one vacancy

	<u>Pages</u>	<u>Contact</u>
Apologies for Absence.		
1. <b>Minutes</b> Minutes of the meeting held on 18 September 2012.	(Pages 1 - 6)	
2. <b>Declarations of interest</b> Any interests not already registered.		
3. <b>Audit Manager Questions (with no management present)</b>		
4. <b>Formal Response or Consultation Requests from the Cabinet and/or Select Committees following matters referred by the Committee:</b>	(Pages 7 - 8)	
a) Performance Management End of Year Results <i>(Response from Services Select Committee – 25 September 2012)</i>		
b) Argyle Road Offices, Accommodation for Outside Organisations <i>(Cabinet 11.10.12)</i>		
c) Annual Treasury Management Report 2011/12 <i>(Cabinet 11.10.12)</i>		
d) Performance Monitoring (LPI CD 007 number of domestic burglaries per 1,000 households) (Response from Social Affairs Select Committee 30.10.12)	To follow	

- |     |  |                 |   |
|-----|--|-----------------|---|
| 5.  | <b>To receive the Minutes of the Finance Advisory Group for information.</b>   | To follow       |   |
|     | Minutes of the meeting held on 24 October 2012.  |                 |   |
| 6.  | <b>Actions from the last meeting of the Committee (attached)</b>   | (Pages 9 - 10)  |   |
| 7.  | <b>Future Business, the Work Plan 2011/12 (attached) and the Forward Plan.</b>   | (Pages 11 - 12) |   |
|     | Members will develop a schedule of work over the year to reflect the terms of reference of the Committee focussing on the Council's priorities for policy development. This includes opportunities to invite other organisations who provide services in the District to provide information to the Committee and discuss issues of importance to the Community. |                 |   |
| 8.  | <b>Annual Complaints Monitoring Report</b>   | (Pages 13 - 22) | Jim Carrington-<br>West<br>Tel: 01732<br>227286 |
| 9.  | <b>Performance Report</b>  | (Pages 23 - 34) | Lee Banks<br>Tel: 01732<br>227161               |
| 10. | <b>Property Review - Cobden Road Centre, Cobden Road, Sevenoaks</b>  | (Pages 35 - 42) | Jim Latheron<br>Tel: 01732<br>227209            |
| 11. | <b>Treasury Management Update</b>  | (Pages 43 - 64) | Adrian Rowbotham<br>Tel: 01732<br>227153        |
| 12. | <b>Budget Monitoring September 2012</b>  | (Pages 65 - 72) | Adrian Rowbotham<br>Tel: 01732<br>227153        |

#### EXEMPT ITEMS

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

To assist in the speedy and efficient despatch of business, Members wishing to obtain factual information on items included on the Agenda are asked to enquire of the appropriate Director or Contact Officer named on a report prior to the day of the meeting.

Should you require a copy of this agenda or any of the reports listed on it in another format please do not hesitate to contact the Democratic Services Team as set out below.

For any other queries concerning this agenda or the meeting please contact:

**The Democratic Services Team (01732 227241)**

PERFORMANCE AND GOVERNANCE

Minutes of the meeting held on 18 September 2012 commencing at 7.00 pm

Present: Fittock (Chairman)

Cllrs. Clark, Mrs. Cook, Davison, Dickins, Firth, Gaywood, London and Piper.

Apologies for absence were received from Cllrs. Mrs. Bayley, Grint, McGarvey and Walshe.

Cllrs. Mrs. Davison and Ramsay were also present.

79. Declarations of interest.

No new declarations of interest were made.

With the agreement of the Committee, the Chairman reordered the agenda items.

80. Statement of Accounts 2011/12 - Outcome of External Audit

Members were presented a report that set out the external audit findings of the 2011/12 accounts. The changes made following and since the meeting of the Finance Advisory Group in July 2012 and the commentary on the Auditor's report including the main changes highlighted in the Annual Governance Report were noted.

Andy Mack, District Auditor, presented the Annual Governance Report, accompanied by Richard Smith (Audit Manager) and Lauren Massoud (Team Manager) attended for the last time as representatives of the Audit Commission. The District Auditor explained that as of 1 November 2012 they would transfer under TUPE to the Council's new external Auditors, Grant Thornton, combining their public sector expertise with private sector efficiencies. With regards to the Financial Statements the District Auditor reported that there were some highlighted amendments but none of them had any material impact. Historically the Council had performed well with regards to Value for Money and continued to demonstrate strong medium term and robust long term financial planning in a difficult external environment and were well placed to meet the challenges ahead. It was a particular credit to the finance team when they had also recently lost a senior position to another authority.

Members considered the report in detail and asked questions of Officers.

*Action 1: A note be added to the Statement of Accounts with respect to the Landsbanki investment impairment, and a factual amendment be made with regard to the number of Sevenoaks District Council Members listed as members of the Sevenoaks Town Council and trustees of the Sevenoaks Community Arts Centre Limited.*

Members thanked the Officers for their dedication and hard work in completing the accounts.

## Agenda Item 1 Performance and Governance - 18 September 2012

Resolved: That subject to the amendments above, the Statement of Accounts 2011/12 be approved.

Cllr. Cook abstained from voting as she had not had time to read the papers in detail as she had been away and only received the papers that day.

### 81. Minutes

Resolved: That the Minutes of the meeting of the Performance and Governance Committee held on 19 June 2012, be approved and signed by the Chairman as a correct record subject to Cllr. Cook's apologies being noted.

### 82. Asset Management Plan - Annual Report

The Property Services Manager presented the report which detailed the progress made against the Asset Management Plan, reported on the performance of the Council's properties and identified further improvements to be undertaken in the forthcoming year.

A Member reported that Parish Council's were having difficulty understanding why transfer of deeds took so long.

*Action 2: Officers to investigate what affects timescales for the transfer of deeds and report back.*

Resolved: That the report be noted.

### 83. Argyle Road Offices, Accommodation for Outside Organisations

Members considered the report of the Property Services Manager.

Resolved: That it be RECOMMENDED to Cabinet that capital reserves are used to provide office accommodation for Moat Housing and Kent County Council 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.

### 84. Formal Response or Consultation Requests from the Cabinet and/or Select Committees following matters referred by the Committee:

- (a) Performance Monitoring: LPI HR 003 – Number of working days lost through long term sickness absence per FTE (>20cumulative days) (Response from Services Select Committee - 19 June 2012, referred on 13 March 2012)

The Director of Corporate Resources, Deputy Chief Executive, advised Members that figures had improved and were being reported back as part of the 'Actions from the Previous meeting' report to Services Select Committee the following week.

A Member queried whether the strategies in place would work in addressing issues of acute illness. The Director of Corporate Resources, Deputy Chief Executive, explained that many of the strategies were to prevent work related stress. Members highlighted some issues they would raise at the next meeting of Services Select Committee.

The report was noted.

85. To receive the minutes of the Finance Advisory Group for information

Members noted the Minutes of the meetings of the Finance Advisory Group held on 13 June 2012 and 25 July 2012.

86. Actions from the last meeting of the Committee (attached)

The completed actions were noted.

87. Future Business, the Work Plan 2012/13 (attached) and the Forward Plan

The Work Plan was noted.

88. Performance Monitoring

The Policy and Performance Manager's report provided the Committee with a summary of Council performance and detailed all 'Red' performance indicators for the period to the end of July 2012. It was noted that there were 13 'Red' performance indicators and not 14 as stated in the report.

A Member requested further details on what the District Council and Kent County Council were responsible for, and why some items may be left behind. A report on fly tipping had been considered at the meeting of the Environment Select Committee.

The Cabinet Member for Planning and Improvement addressed the Committee in response to a question concerning whether anything had been done to improve documentation and decision recording with regards to planning appeals. She advised that action had been taken but that the indicators before the Committee were appeals against decisions taken before these had been put in place.

A Member advised that he had requested from the Group Manager – Planning Services, a breakdown of the number of appeals against planning application refusals where Members had taken decisions contrary to Officer advice. He also asked whether this information was reported to Environment Select Committee.

Members requested more details on the number of missed green waste collections to be available at the next meeting of the Services Select Committee.

A number of Members queried the relevance of performance indicator concerning the number of domestic burglaries per 1,000 households, as it did not measure the quality of the work carried out by the District Council. The Director of Corporate Resources, Deputy Chief Executive, explained that it was an indicator of the performance of the Community Safety Partnership of which the Council was a member. It was noted that Cabinet set the performance indicators.

## Agenda Item 1 Performance and Governance - 18 September 2012

Resolved: That

- a) the contents of the report be noted; and
- b) LPI CD 007 number of domestic burglaries per 1,000 households, be referred to the Social Affairs Select Committee to consider whether a more appropriate target could be identified.

### 89. Financial Prospects and Budget Strategy 2012/14 and Beyond

The Director of Corporate Resources, Deputy Chief Executive, gave a presentation to help provide a context and understanding. The report before Members set out the major financial pressures the Council was likely to face over the next four years, together with a proposed strategy for setting a balanced and sustainable budget for 2013/14 and beyond. The report also provided the proposed timetable for the budget setting process. Members noted that a further review would be carried out once the government grant settlement had been finalised and Officers would report back to Cabinet with a revised 10-year budget, highlighting any significant variations.

One of the pressures mentioned was the assumptions of future pay awards bearing in mind the fact that there has been no national pay awards for the past three years. A Member asked what proportion of staff had received an incremental pay rise in the last year.

*Action 3: That the Group Manager – Financial Services provide details of the proportion of staff who received an incremental pay rise last year.*

In response to questions the Director of Corporate Resources, Deputy Chief Executive, pointed out that the setting of Council Tax was a Member decision and the rise was an assumption so if it remained frozen savings would need to be found. He also noted the DCLG promise of additional funding for neighbourhood plans had not been factored in.

A Member reported that with regards to Universal Credit, Lord Freud had said that the cost of the changes needed to implement Universal Credit was to be considered a new burden and therefore possibly attract funding.

*Action 4: That the Director of Corporate Resources, Deputy Chief Executive work with the Portfolio Holder for Finance and Value for Money to consider a contingency plan if the Council's council tax did not increase in line with the assumption in the 10-year budget.*

Officers were thanked for a clear report.

Resolved: That the report be noted.

### 90. Annual Review of the Committee's Terms of Reference

The report updated the Committee's Terms of Reference in order to reflect organisational changes and changes in statutory or regulatory requirements.

Resolved: That the revisions be approved and it be RECOMMENDED to Council that the revised terms of reference be adopted.

91. Internal Audit Progress Report - Quarter 1

The report summarised the progress of the team in delivering the Annual Internal Audit Plan 2012/13 and the audits issued during the year to date.

Resolved: That the content of the report and the progress made by the audit team in delivering the 2012/13 Annual Internal Audit Plan, be noted.

92. Budget Monitoring July 2012

Members considered the budget monitoring figures to date and noted the favourable year end forecast.

In looking at the investment strategy a Member queried whether local authorities could go bankrupt. It was generally considered that the Government would not let this happen, but a definitive answer would need investigation.

Resolved: That the report be noted.

93. Annual Treasury Management Report 2011-12

The report provided the customary review of investment activity during 2011/12 as required by the Council's Financial Procedure Rules. It outlined the strategy adopted during the year, showed the position of the investment portfolio at the beginning and the end of the year and gave details of how the fund performed in comparison with previous years and against various benchmarks.

Resolved: That the Annual Treasury Management Report for 2011/12 be commended to Cabinet.

THE MEETING WAS CONCLUDED AT 9.20 PM

CHAIRMAN





**FORMAL RESPONSE OR CONSULTATION REQUESTS FROM THE CABINET AND/OR SELECT COMMITTEES FOLLOWING MATTERS REFERRED BY THE COMMITTEE**

- a) Performance Management End of Year Results (Response from Services Select Committee – 25 September 2012)

Minute 14 - Performance Management End of Year Results (Referral from Performance and Governance Committee – 12 June 2012)

Members noted that the Performance Indicators for the Housing Benefits Service would be considered at Agenda Item 8 (Minute 19). The Committee also noted the additional information tabled referring to the Green Waste Service Performance Indicators and the update from the Head of Environmental and Operational Services.

Minute 19 - Benefits Performance - Verbal Update

The Group Manager – Financial Resources gave a verbal update on the red status of the benefits performance indicators in response to the referral from the Performance and Governance Committee (Minute 14 (a)), and referred Members to the updated results which had been tabled.

He reported that, as detailed in the Universal Credits report, activity levels had increased by 70% since April 2011. The number of claimants had not significantly changed but there were many more changes of circumstances. These were due to: the economy; people moving and work changes (e.g. reduced hours, short contracts; redundancy; and increased workload from the DWP via the ATLAS system (automatic transfer to local authorities for changes of circumstances) - started in July 2011. Other core reasons for the performance levels were the loss of a number of staff. It was difficult to recruit assessors in an environment where people were changing careers due to the uncertainty caused by Universal Credits for Benefits professionals. The uncertainties and complexities in benefits elsewhere was also causing the need to spend more time with people who were contacting the Council. In future there would also be additional work required for welfare reform changes.

Actions that had been taken so far included: recruiting additional temporary staff in a competitive market; development of the apprentices who started two years ago; the use of an external agency to process some new claims on a unit cost basis; redirection of some calls to the Dartford Borough Council Contact Centre; and the re-engineering of some processes.

Referring to the tabled information, the Group Manager – Financial Services reported that the average number of days to process new benefits claims had improved in the past two months and with dedicated staff in place he expected a steady and sustainable improvement over the coming months.

- b) Argyle Road Offices, Accommodation for Outside Organisations (Cabinet 11.10.12 Minute 36)

Members considered a report outlining proposals for the use of the office accommodation vacated following the relocation of Environmental Health to Dartford. The District Council had been approached by Moat Housing, currently renting 12 desk spaces, with a request to rent a further 3 desk spaces. In order to accommodate the

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additional desk spaces it was proposed that Moat Housing move to the area vacated by Environmental Health on the first floor of the Argyle Road Offices.

Officers were also in discussion with Kent County Council Social Services who were looking for accommodation for 6 staff. These staff could be accommodated within the second floor area that would be vacated as a result of the proposed Moat Housing move with the remaining 6 desk being used as corporate hot desks until an alternative occupier was identified.

To achieve this capital expenditure in the sum of £7,000 was needed to be invested by the District Council in respect of furniture and alterations to the power supply with each proposed tenant being responsible for providing their own IT and telephony systems at no cost to the District Council.

The Property Manager explained that the proposals would increase income to the Council and would reduce revenue costs on the building.

In response to a question from a visiting Member, the Property Manager explained that staff from outside organisations were given coded Entacards which enabled them to access the building but restricted access to the car park.

Resolved: That capital reserves be used to provide office accommodation for Moat housing and Kent County Council 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.

c) Annual Treasury Management Report 2011-12 (Cabinet 11.10.12 Minute 37)

Members considered a report providing a review of investment activity during 2011/12 as required by the Council's Financial Procedure Rules. The report outlined the strategy adopted during the year, showed the position of the investment portfolio at the beginning and the end of the year and provided details of how the fund performed in comparison with previous years and against various benchmarks.

The Deputy Chief Executive and Director of Corporate Resources reported as a result of the issues experienced with the Icelandic investments the Council has taken a more cautious approach when considering potential investments.

Members noted that a further review would be undertaken by the Performance and Governance Committee in November 2012.

Resolved: That the Annual Treasury Management Report for 2011/12 be approved.

d) Performance Monitoring (LPI CD 007 number of domestic burglaries per 1,000 households) (Response from Social Affairs Select Committee 30.10.12)

To follow.

ACTIONS FROM THE MEETING HELD ON 18.09.12			
Action	Description	Status and last updated	Contact Officer
ACTION 1	A note be added to the Statement of Accounts with respect to the Landsbanki investment impairment, and a factual amendment be made with regard to the number of Sevenoaks District Council Members listed as members of the Sevenoaks Town Council and trustees of the Sevenoaks Community Arts Centre Limited.	Note 4 of the Explanatory Foreword (Re Landsbanki), and Note 30 (Related Party Transactions) were amended. The revised Statement of Accounts has been published on paper and on the Councils website	H Martin
ACTION 2	Officers to investigate what affects timescales for the transfer of deeds and report back.	Section 106 Agreements because of their statutory time limitations are given precedents over other matters. Legal generally have a heavy workload and have to prioritise the matters accordingly. Legal endeavour to give specific priority to individual matters wherever they can.	Legal
ACTION 3	That the Group Manager – Financial Services provide details of the proportion of staff who received an incremental pay rise last year.	<b>Email Response sent 24.09.12:</b> 52% of staff received an incremental pay increase on 1 April 2012.  Members will recall that there has not been a pay award within the national scheme for the last three years and that changes to staff terms and conditions were agreed at Council on 18 October 2011. These	A Rowbotham

		changes were made to achieve the savings item relating to staff terms and conditions in the 10-year budget and included a reduction in the number of spinal points in each pay band which will result in fewer staff receiving incremental pay increases in future years	
ACTION 4	That the Director of Corporate Resources, Deputy Chief Executive work with the Portfolio Holder for Finance and Value for Money to consider a contingency plan if the Council's council tax did not increase in line with the assumption in the 10-year budget.	Scenario and sensitivity analysis has already been undertaken and further work is planned once more information has become available from the Government.	Director of Corporate Resources, Deputy Chief Executive / Portfolio Holder for Finance and Value for Money

Performance and Governance Committee 2012/13 – Work Plan

Topic	13 November 2012	8 January 2013	12 March 2013	June 2013	September 2013
Governance			Update of the Council's Anti-Fraud and Corruption Strategy to reflect the requirements of the Bribery Act 2010 (commencement Order 2011).	Annual review of Terms of Reference	
Internal Audit (Irregularities to be reported confidentially as & when necessary)		Q2 Report	Internal Audit Plan Q3 Progress Report	Review of effectiveness of Internal Audit  Annual Governance Statement  Internal Audit Annual Report	Internal Audit Quarter 1 report
Risk Management		Update		Risk Management Plan	
Accounts and External Audit		District Auditor's Annual Audit Letter	Annual Audit Plan		Draft Statement of Accounts  Outcome of the External Audit

Topic	13 November 2012	8 January 2013	12 March 2013	June 2013	September 2013
Treasury Management & Investment Strategy	Treasury Management Update	Treasury Management Strategy 2012/13			Annual Treasury Management Report 2012-13
Strategic Business & Finance Planning (Budget Strategy)	Budget Strategy				
Budget Monitoring	September figures	November Figures	January Figures	Outturn Figures	July Figures
Property					Asset Management Property Review Update
Performance Management	Performance Report		Performance Report	End of Year Results	Performance Report
Other	Annual Complaints Monitoring Report Finance Advisory Board Minutes (if met)	Finance Advisory Board Minutes (if met)	Finance Advisory Board Minutes (if met)	Finance Advisory Board Minutes (if met)	Finance Advisory Board Minutes (if met)

**ANNUAL COMPLAINTS REPORT 2011/12**

**Performance & Governance Committee – 13 November 2012**

Report of the: Corporate Resources Director

Status: For Information

Key Decision: No

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**Executive Summary:** This report updates Members regarding customer complaints and feedback monitoring for the year 2011/12 and includes information from the Local Government Ombudsman's Annual letter.

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**This report supports the Key Aim** of improving the key services we deliver to the public.

**Portfolio Holder** Cllr. Fleming

**Head of Service** Head of Information & Customer Service – Jim Carrington-West

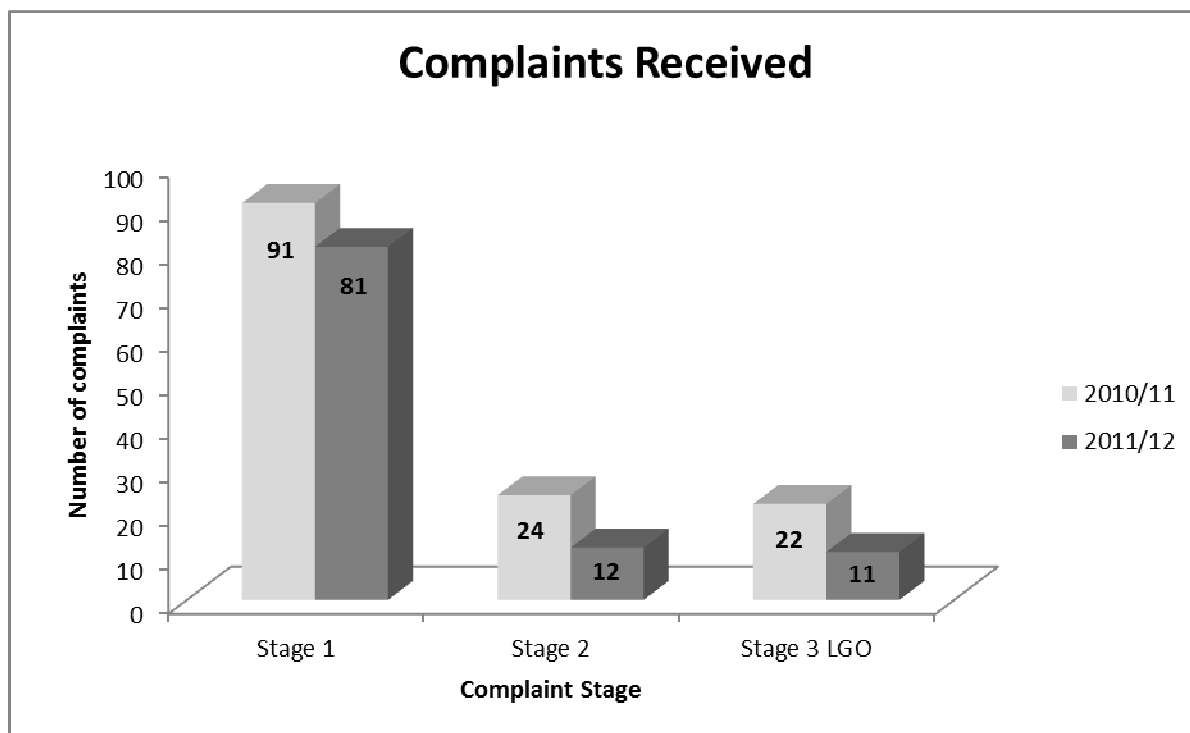
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**Recommendation to Performance & Governance Committee:** That the report be noted

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**Introduction**

- 1 This report provides details of formal complaints received by Sevenoaks District Council during the period 1st April 2011 to 31st March 2012. It includes information from the Local Government Ombudsman's (LGO) annual letter. Complaints data is viewed by the Council as providing a useful tool to highlight specific concerns, assist in the identification of trends and act as a guide to which remedial action may be required.
- 2 The Council's formal complaints procedure defines a complaint as '*any expression of dissatisfaction with our services whether justified or not*'. If a customer is contacting the Council for the first time regarding assistance for a Council service then this will be dealt with as a service request. The complaints process will be used if a customer specifically states they would like us to follow the "complaints process" and/or they make reference to items from within the formal process (e.g. stage 1) or the customer is contacting us for a second time regarding the same matter and wishes to make a complaint.
- 3 The procedure is based on a two-stage internal process. If complainants are still dissatisfied with the outcome after both stage 1 and stage 2, they can then request the Local Government Ombudsman investigate at stage 3.
- 4 The Council received 104 complaints in 2011/12, 33 less than the 137 received in 2010/11. The following graph shows at which stage of the complaints process each of the complaints were received.



**Stage 1 complaints**

5 Stage 1 complaints involve an investigation carried out by the relevant Service Manager and the reply being sent by the Head of Service. A response is aimed to be sent within 15 working days of the acknowledgement

**6 Stage 1 complaints received by directorate**

	2010/11	% of total	2011/12	% of total
Community & Planning	76	84	61	76
Corporate Resources	15	16	20	24
<b>Total</b>	<b>91</b>		<b>81</b>	

7 There has been a reduction in the number of stage 1 complaints received this year. Development Services and Local Tax continue to generate the highest number of complaints at stage 1. No complaints were received this year for the Chief Executive’s department. For stage 1 complaints received broken down by service area see appendix A.

8 The main reasons for complaint at stage 1 were employee behaviour/actions of individual employees, failure to consider relevant matters, delays/complaints about admin process, dissatisfaction with Council policies, failure to fulfil statutory responsibilities and failure to provide service when requested.

9 Of the 81 stage 1 complaints, 49% were found to be not valid. This was because customers had made unrealistic claims, incorrect claims or had contacted the wrong organisation. 45% of complaints were given partial



consideration/consideration with no local settlement and just 6% of complaints were given partial consideration with local settlements agreed.

10 Outcome of complaints by Directorate:

	Community & Planning	Corporate Resources	Total	% of Total
Complaint invalid	24	16	40	49
Complaint given partial consideration – no local settlement	4	1	5	7
Complaint given partial consideration – local settlement	0	2	2	2
Complaint given consideration – no local settlement	30	1	31	38
Complaint given consideration –local settlement	3	0	3	4
<b>Total</b>	<b>61</b>	<b>20</b>	<b>81</b>	

11 Two financial compensation payments were made at stage 1 totalling £150; £40 in respect of a benefit complaint and £110 in respect of a local tax complaint.

**Stage 2 Complaints**

12 Stage 2 complaints are investigated by a Head of Service independent to the service being complained about and the reply sent from the relevant Service Director on behalf of the Chief Executive. A response is aimed to be sent within 20 working days of the acknowledgement.

13 Stage 2 Complaints received by Directorate:

	2010/11	% of total	2011/12	% of total
Community & Planning	15	63	9	75
Corporate Resources	9	37	3	25
<b>Total</b>	<b>24</b>		<b>12</b>	

14 There has been a 50% reduction in the number of stage 2 complaints received this year with Development Services attracting the highest number at this stage. For stage 2 complaints received broken down by service area see appendix B.

15 The main reasons for complaint at stage 2 included failure to consider relevant matters, delays/complaints about admin process, employee behaviour, failure to provide service when requested and failure to fulfil statutory responsibilities.

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16 In 2011/12 of the 12 stage 2 complaints investigated, 50% were found to be not valid. This was because customers had made incorrect claims or unrealistic claims. 42% of complaints were given partial consideration/consideration with no local settlement and just 1 complaint was given consideration with a local settlement agreed.

17 **Outcome of complaints by Directorate:**

	Community & Planning	Corporate Resources	Total	% of Total
Complaint invalid	4	2	6	50
Complaint given partial consideration – no local settlement	1	1	2	17
Complaint given partial consideration – local settlement	0	0	0	0
Complaint given consideration – no local settlement	3	0	3	25
Complaint given consideration – local settlement	1	0	1	8
<b>Total</b>	<b>9</b>	<b>3</b>	<b>12</b>	

18 One financial compensation payment of £100 was made at stage 2 in respect of a Development Control complaint.

### Stage 3 complaints – Local Government Ombudsman

19 The Local Government Ombudsman (LGO) is made up of an Advice Team and an Investigation team. The Advice Team dealt with 18 enquiries and complaints this year which was 4 less than the previous year. Of the 18 enquiries and complaints received, 2 were premature and so were referred back to the Council for investigation within its own complaints process. Advice was provided on a further 5 enquiries. The Ombudsman Advice Team forwarded 11 complaints to the investigation team, 4 less than the previous year. Community & Planning Services Directorate accounted for the majority of the enquiries and complaints received.

20 It should be noted that the number of complaints received by the Ombudsman will not always be the same as the number of decisions made as some complaints are received in one year and a decision taken in the next financial year.

21 The Ombudsman decided 11 complaints in the year. Appendix C provides a breakdown on this figure. The Ombudsman was pleased to report she had no concerns about this authority's response times and there were no issues arising from complaints that she wanted to bring to the Council's attention.

22 One compensation payment of £250 was made by Sevenoaks District Council in respect of a housing complaint.

23 Complaints Investigated by the LGO - Comparison to other Kent Councils

Local Authority	Complaints received (2011/12)
Tonbridge & Malling Borough	5
Tunbridge Wells Borough	8
Swale Borough	8
Canterbury City	9
Sevenoaks District	11
Dartford Borough	11
Thanet District	14
Shepway District	15
Dover District	15
Gravesham Borough	17
Ashford Borough	25
Maidstone Borough	29
Medway	59
Kent County	147

Source: Local Government Ombudsman website

### Key Implications

#### Financial

24 The Council made four financial payments as compensation in 2011/12 to resolve complaints. Any such payments are met from within the relevant service budget

	Compensation Paid (£)	
	2010/11	2011/12
Stage 1	49	150
Stage 2	175	100
LGO	0	250
<b>Total</b>	<b>224</b>	<b>500</b>

## Agenda Item 8

### Community Impact and Outcomes

- 25 The Complaints process is designed to be used to feedback any issues arising to Service Managers so that service improvements can be made.

### Legal, Human Rights etc.

- 26 The complaints process meets all legal requirements, and recognises Human Rights through the comprehensive 3 stage process.

### **Conclusions**

- 27 The Complaints process is accessible and allows customers and residents to formally raise issues in their dealing with the Council. Overall there is no indication that there is any major problem area within service operations, and the process is viewed as providing a useful tool to highlight customer concerns, assist in the identification of trends and identify where procedural or training improvements can be made.

### **RISK ASSESSMENT STATEMENT**

- 28 The complaints process gives good opportunity to identify and deal with any service problem from a customer perspective. The operation of the system is subject to external rigorous appraisal by the LGO stage 3 processes. This and the results of the last year indicate that the current system is working well.

### **Appendices**

Appendix A - Table to show stage 1 complaints received by service area.

Appendix B – Table to show stage 2 complaints received by service area

Appendix C – Statistics from LGO annual review letter

### **Background Papers:**

LGO annual review letter

### **Contact Officer(s):**

Jim Carrington-West 7286, Amy Wilton 7280, Julie Heather 7125

**Dr Pav Ramewal**

**Deputy Chief Executive and Director of Corporate Resources**

Appendix A – Stage 1 complaints received by service area

Community & Planning Services				
Service area	2010/11	% of total CPS	2011/12	% of total CPS
Building Control	1	1	0	0
Communications	0	0	0	0
Community Development	2	2	2	3
Development Services	29	38	22	36
Direct Services	17	23	11	18
Housing	7	9	10	17
Environmental Health	5	7	4	7
Licensing	1	1	2	3
Parking & Amenities	14	19	10	16
Planning Policy	0	0	0	0
<b>TOTAL</b>	<b>76</b>	<b>100</b>	<b>61</b>	<b>100</b>

Corporate Resources				
Service area	2010/11	% of total CR	2011/12	% of total CR
Benefits	0	0	5	25
Customer Services	1	6	0	0
Democratic Services	0	0	0	0
Electoral Services	0	0	1	5
Finance	0	0	0	0
Human Resources	0	0	0	0
IT Services	0	0	0	0
Legal	0	0	0	0
Local Tax	13	88	14	70
Property	1	6	0	0
<b>TOTAL</b>	<b>15</b>	<b>100</b>	<b>20</b>	<b>100</b>

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### Appendix B – Stage 2 complaints received by service area

Community & Planning Services				
Service area	2010/11	% of total CPS	2011/12	% of total CPS
Building Control	0	0	0	0
Communications	0	0	0	0
Community Development	0	0	1	11
Development Services	9	60	7	78
Direct Services	0	0	0	0
Housing	1	7	0	0
Environmental Health	1	7	0	0
Licensing	0	0	0	0
Parking & Amenities	4	26	1	11
Planning Policy	0	0	0	0
<b>TOTAL</b>	<b>15</b>	<b>100</b>	<b>9</b>	<b>100</b>

Corporate Resources				
Service area	2010/11	% of total CR	2011/12	% of total CR
Benefits	0	0	1	34
Customer Services	0	0	0	0
Democratic Services	0	0	0	0
Electoral Services	0	0	0	0
Finance	0	0	0	0
Human Resources	0	0	0	0
IT Services	0	0	0	0
Legal	0	0	0	0
Local Tax	8	89	2	66
Property	1	11	0	0
<b>TOTAL</b>	<b>9</b>	<b>100</b>	<b>3</b>	<b>100</b>

Appendix C Statistics from LGO annual review letter

**Local authority report - Sevenoaks DC  
LGO advice team**

**for the period - 01/04/2011 to 31/03/2012**

Enquiries and complaints received	Benefits & Tax									Total
	Corporate & Other Services	Environmental Services & Public Protection & Regulation	Highways & Transport	Housing	Planning & Development	Other Services	Public Protection & Regulation	Highways & Transport	Housing	
Advice given	1	0	2	1	0	1	0	5		5
Premature complaints	0	0	0	1	1	0	1	0	2	2
Forwarded to Investigative team (new)	0	1	2	2	2	2	2	5	11	11
<b>Total</b>	<b>1</b>	<b>1</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>5</b>	<b>18</b>	<b>18</b>

**Investigative team - Decisions**

No power to investigate	Not investigated			Investigated			Report	Total
	No reason to use exceptional power to Investigate	Investigation not justified & Other	Not enough evidence of fault	No or minor injustice & Other	Injustice remedied during enquiries			
0	3	2	4	0	2	0	0	11
<b>Response times to first enquiries</b>	<b>No of first enquiries</b>		<b>Avg no of days to respond</b>					
	5		31.6					

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**PERFORMANCE AND GOVERNANCE COMMITTEE – 13 NOVEMBER 2012**

**PERFORMANCE MONITORING**

Report of the: Deputy Chief Executive and Director of Corporate Resources

Status: For Consideration

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**Executive Summary:** This report provides the Committee with a summary of Council performance and through the exceptions report details of all ‘Red’ performance indicators for the period to the end of September 2012.

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**This report supports the Key Aim of Corporate Performance Plan “Effective Management of Council Resources”**

**Portfolio Holder** Cllr. Mrs. Davison

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**Recommendation:** It be RESOLVED that Members:

- (a) Note the contents of this report, and
  - (b) Where appropriate, refer areas of concern to the Finance Advisory Group or the appropriate Select Committee for further action.
- 

**Reason for recommendation:** To ensure that Council services that are deemed to be underperforming are subject to appropriate scrutiny and with the support of Members develop action plans for improvement where it is appropriate to do so.

---

**Background**

- 1 The Council’s performance management arrangements are supported by a software system which allows performance to be monitored using a simple traffic light system i.e. Green for good, Amber if caution is required and Red if the indicator requires attention. This allows the Council to both celebrate good practice and take early steps to rectify actual and potential problem areas. The system allows for the review of historical performance as well as tracking progress against performance targets.
- 2 The Council’s performance management system, Covalent, is available to all Members via the Members Portal. All of the current performance indicators agreed by Members are available on the system and Members are encouraged to use this to access performance information across all service areas.

**Performance Reporting**

- 3 The Committee has agreed that the performance monitoring report will show only the ‘Red’ indicators, separated in to the responsibilities of each Select Committee, allowing for a strong focus on areas of underperformance.

## Agenda Item 9

- 4 Performance reports provide Members with the most up to date information accompanied by management commentaries on the reasons for underperformance and the actions being taken to improve the service.

### Performance Overview – April to September 2012/13

- 5 The following table summarises the performance levels to the end of September 2012.

<b>Red</b>	<b>Amber</b>	<b>Green</b>
<i>10% or more below target</i>	<i>Less than 10% below target</i>	<i>At or above target</i>
10	11	36
18%	19%	63%

- 6 Set out at Appendix 1 are details of each of the 10 'Red' performance indicators categorised by the Select Committee which holds responsibility for scrutinising that service's performance. Alongside the performance data is a trend chart, showing all performance for the year and a commentary provided by the manager of the service. Commentaries include additional context data where it is available and explain the reason behind the performance and any actions that are planned or are currently being taken to improve performance.
- 7 Since the last report to Members there has been improved performance against 4 indicators which are no longer red but performance against one indicator (LPI HB 006) has declined and has therefore been added to the report. As a result, between July and September 2012 the number of red indicators has reduced from 13 to 10.
- 8 In summary improved performance has been delivered against:
- LPI Clean 001 – To the end of September a total of 66 justified street cleaning complaints has been received against a target of 65 and is now 'Amber'. 12 complaints were received in August but no complaints were received during September bringing performance back in line with expectations.
  - LPI Clean 002 – On average the number of days taken to remove fly-tips which the District Council has responsibility to clear has reduced to 5.5 days against a target of 5 days and is now 'Amber'. Performance in August and September was below target and if this is sustained overall performance for the year should be within target in the coming months.
  - LPI CD 007 – The number of domestic burglaries per 1,000 households has reduced to 4.1 against a target of 4 and is now 'Amber'. If crime levels continue to reduce at the same rate over the remainder of the year the anticipated level of 8 domestic burglaries per 1,000 households will be achieved.
  - LPI EH 004 – 100% of higher risk food inspections due to the end of September have been completed and performance against this indicator is 'Green'. It is

fully expected that all inspections due for the remainder of the year will be completed by March 2013 and year end performance will be 'Green'.

- 9 In any further instances where the Performance and Governance Committee is dissatisfied with the performance level and the plans for improvement it is recommended that they refer the issue to the Finance Advisory Group or the relevant Select Committee for scrutiny. Where performance concerns are referred for scrutiny the appropriate Head of Service or Service Manager would attend the Select Committee to provide further information and analysis and where relevant an improvement plan. Any recommendations made by the Select Committee would also be referred to Cabinet.

### Key Implications

#### Financial

- 10 Effective performance management monitoring arrangements will assist the Council in diverting resources to areas or services where it is considered to be a greater priority.

#### Community Impact and Outcomes

- 11 Robust performance management arrangements ensure services continue to be measured against targets for improvement. Striving to meet these targets and developing action plans where performance needs to be improved helps to ensure the delivery of high quality services to the community.

#### Legal, Human Rights etc.

- 12 None

#### Resource (non-financial)

- 13 None

#### Value For Money

- 14 A strong performance culture and effective performance management monitoring arrangements contribute to improved services and ultimately more cost effective Value for Money services.

#### Equality Impacts

<b>Consideration of impacts under the Public Sector Equality Duty:</b>		
<b>Question</b>	<b>Answer</b>	<b>Explanation / Evidence</b>
a. Does the decision being made or recommended through this paper have potential to disadvantage or discriminate against different groups in the community?	No	The recommendation is concerned with the performance of the service and not concerned with the way in which the service is designed to meet the needs of the community. Impact assessments for

## Agenda Item 9

<b>Consideration of impacts under the Public Sector Equality Duty:</b>		
<b>Question</b>	<b>Answer</b>	<b>Explanation / Evidence</b>
b. Does the decision being made or recommended through this paper have the potential to promote equality of opportunity?	No	each of the Council's services are undertaken separately to ensure potential impacts are understood and evaluated.
c. What steps can be taken to mitigate, reduce, avoid or minimise the impacts identified above?		No mitigating steps are required.

### **RISK ASSESSMENT STATEMENT**

<b>Risk</b>	<b>Impact</b>	<b>Control</b>	<b>Residual Risk</b>
1. Inaccurate data could be used in the assessment of performance	High	Robust data collection arrangements in place. Annual data quality audit is carried out by Internal Audit.	Low. Risk Adequately Controlled
2. Poor performance might not be identified	High	Performance indicators are reviewed annually to ensure all key areas of service delivery are appropriately monitored. Members focus on exceptions in their performance reporting.	Low. Risk Adequately Controlled
3. Poor performance might not be addressed	High	Performance management is embedded in the organisation with robust performance review and monitoring arrangements in place. Coalent updated monthly with data and made available to officers and Members to review. Formal performance reports to Management Team, Performance and Governance Committee and Cabinet. Service Review processes in place.	Low. Risk Adequately Controlled

**Sources of Information:**

Coalent Performance Management Software

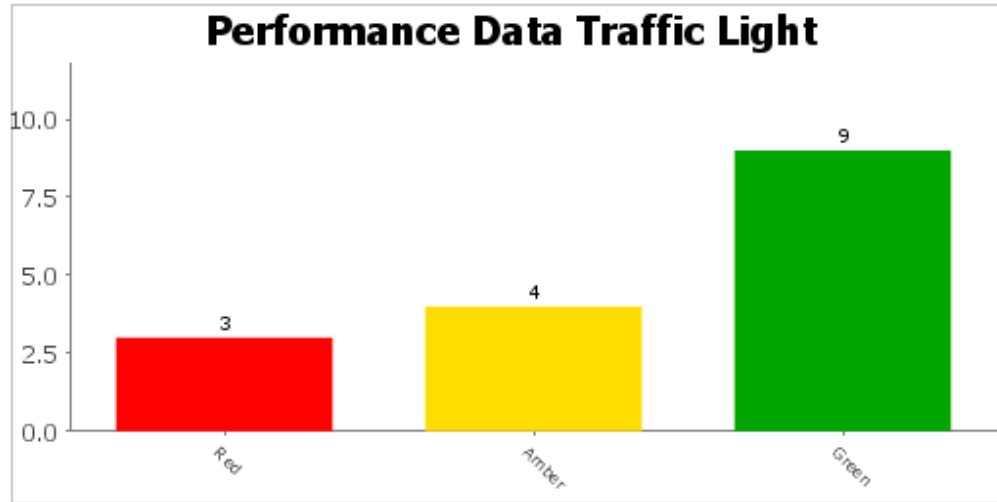
**Contact Officer(s):**

Lee Banks, Policy and Performance Manager.  
Ext 7161

**Dr. Pav Ramewal**

**Deputy Chief Executive and Director of Corporate Resources**


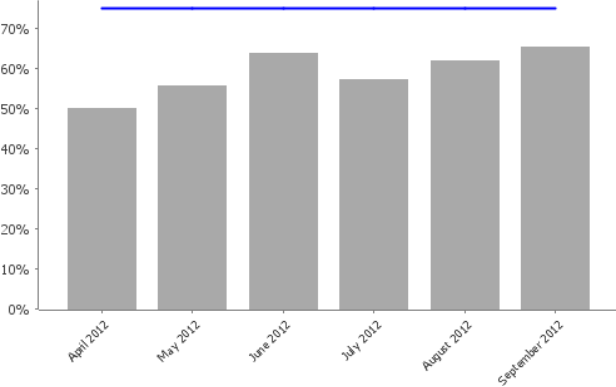
## 2012/13 Environment Select Committee PI's


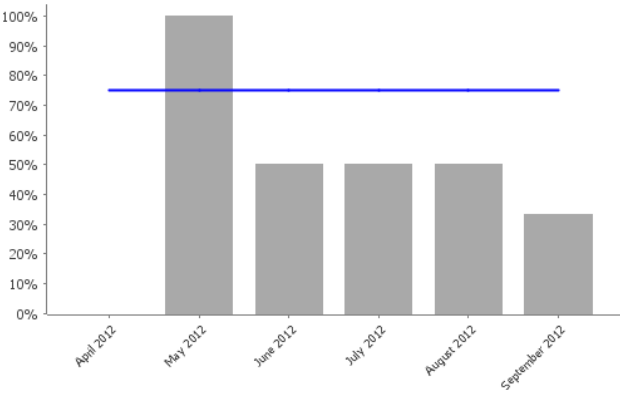


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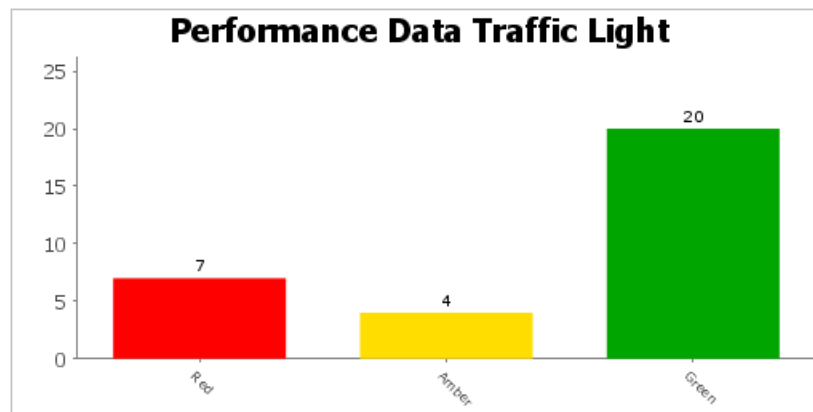
Code	Description	Year to Date Value	Year to Date Target	Status	Trend Chart	Latest Note														
LPI DC 007a	Processing of planning applications: Major applications in 13 weeks	61.54%	84.00%		<table border="1"> <thead> <tr> <th>Month</th> <th>Performance (%)</th> </tr> </thead> <tbody> <tr> <td>April 2012</td> <td>100.00%</td> </tr> <tr> <td>May 2012</td> <td>50.00%</td> </tr> <tr> <td>June 2012</td> <td>50.00%</td> </tr> <tr> <td>July 2012</td> <td>55.00%</td> </tr> <tr> <td>August 2012</td> <td>55.00%</td> </tr> <tr> <td>September 2012</td> <td>61.54%</td> </tr> </tbody> </table>	Month	Performance (%)	April 2012	100.00%	May 2012	50.00%	June 2012	50.00%	July 2012	55.00%	August 2012	55.00%	September 2012	61.54%	<p>There have been 7 decisions on major applications issued this quarter, bringing the total of decisions for the year to 13, of which 8 have been decided within 13 weeks. With low numbers of applications for decision any determined outside of the 13 week target will have a disproportionate effect on the overall percentage. However since the beginning of September, 4 out of the 5 decisions on major applications were determined within 13 weeks. This provides a cumulative figure for performance in September and October of 80%, illustrating that there has been a high level of improvement in recent performance.</p>
Month	Performance (%)																			
April 2012	100.00%																			
May 2012	50.00%																			
June 2012	50.00%																			
July 2012	55.00%																			
August 2012	55.00%																			
September 2012	61.54%																			

Agenda Item 9

Code	Description	Year to Date Value	Year to Date Target	Status	Trend Chart	Latest Note														
	Percentage of appeals against planning application refusal dismissed	65.12%	75%		 <table border="1"> <caption>Monthly Percentage of Appeals Dismissed (2012)</caption> <thead> <tr> <th>Month</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>April 2012</td> <td>50%</td> </tr> <tr> <td>May 2012</td> <td>56%</td> </tr> <tr> <td>June 2012</td> <td>64%</td> </tr> <tr> <td>July 2012</td> <td>58%</td> </tr> <tr> <td>August 2012</td> <td>62%</td> </tr> <tr> <td>September 2012</td> <td>66%</td> </tr> </tbody> </table>	Month	Percentage	April 2012	50%	May 2012	56%	June 2012	64%	July 2012	58%	August 2012	62%	September 2012	66%	<p>The proportion of appeals dismissed this year is broadly in line with what is expected nationally (66%). Looking at the appeals issued for September and the beginning of October, 3 have been allowed and 12 dismissed so it is anticipated that performance will improve significantly for the next month.</p> <p>Of the three recent appeals allowed, two are for the same property, where evidence was provided at the hearing by a local resident that affected the Inspectors decision to allow the loss of a community facility/ service, which the Council could not have foreseen.</p> <p>In looking at why the figures are improving, there is no clear pattern emerging. However it is noted that on each of the appeals where the Inspector has supported the Council's decision in refusing the application, they have commented that the Council has made its concerns clear through the appeal statement and officers delegated report. This will be reported back to Team Managers to continue.</p>
Month	Percentage																			
April 2012	50%																			
May 2012	56%																			
June 2012	64%																			
July 2012	58%																			
August 2012	62%																			
September 2012	66%																			

Code	Description	Year to Date Value	Year to Date Target	Status	Trend Chart	Latest Note														
LPI DC 010	Percentage of all enforcement appeals dismissed	33.33%	75%		 <table border="1"> <caption>Trend Chart Data</caption> <thead> <tr> <th>Month</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>April 2012</td> <td>0%</td> </tr> <tr> <td>May 2012</td> <td>100%</td> </tr> <tr> <td>June 2012</td> <td>50%</td> </tr> <tr> <td>July 2012</td> <td>50%</td> </tr> <tr> <td>August 2012</td> <td>50%</td> </tr> <tr> <td>September 2012</td> <td>33.33%</td> </tr> </tbody> </table>	Month	Percentage	April 2012	0%	May 2012	100%	June 2012	50%	July 2012	50%	August 2012	50%	September 2012	33.33%	<p>There has only been one appeal issued by the Planning Inspectorate within this category for this quarter which was withdrawn. As there are very low numbers in this category, any appeals that are allowed or withdrawn will have a disproportionate effect on the overall percentage. Our most recent appeal in this category (in October) has been dismissed so it is hoped that this will improve the figures for the next quarter.</p>
Month	Percentage																			
April 2012	0%																			
May 2012	100%																			
June 2012	50%																			
July 2012	50%																			
August 2012	50%																			
September 2012	33.33%																			


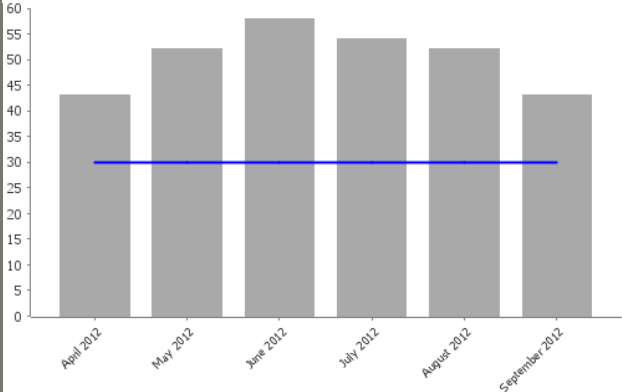

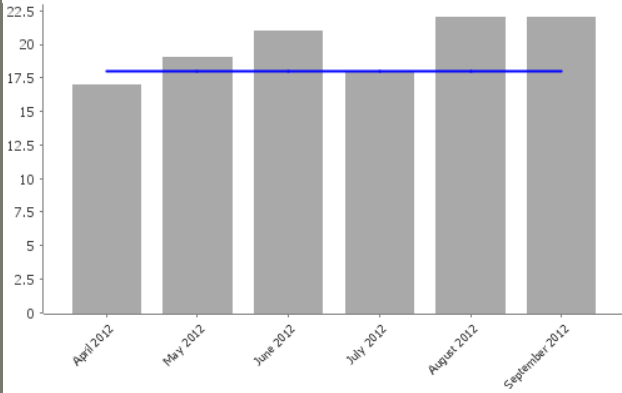
## 2012/13 Services Select Committee PI's


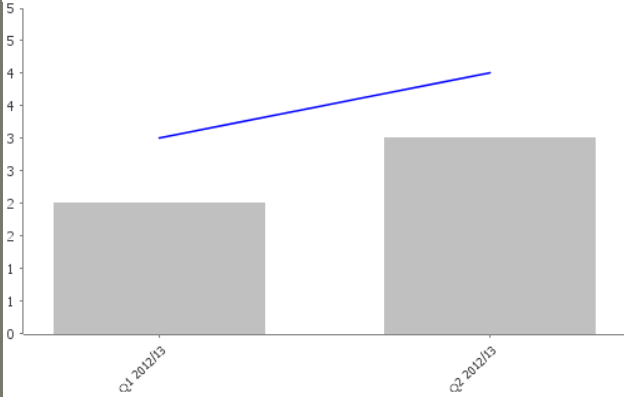

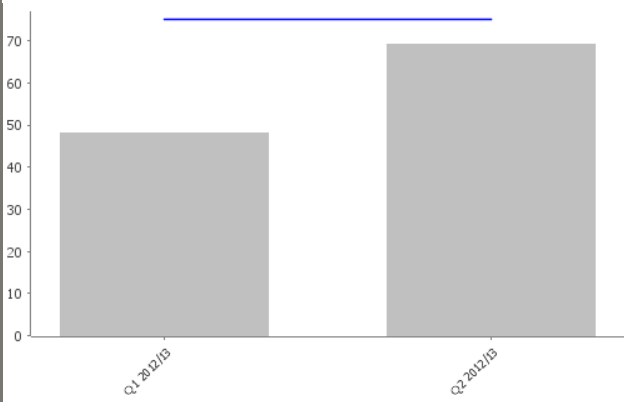



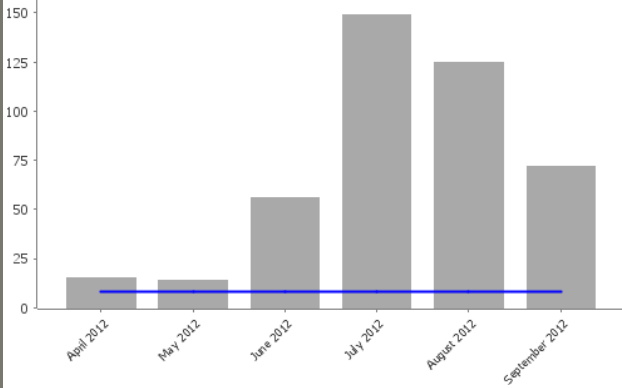

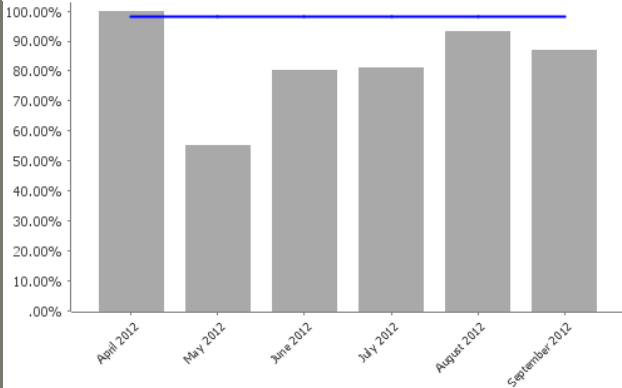
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Code	Description	Year to Date Value	Year to Date Target	Status	Trend Chart	Latest Note
LPI FS 003	Debts outstanding more than 61 days	£27,798	£20,000			Debts outstanding continue to be actively pursued. The larger outstanding debts are currently with the Debt Collection Agency and proceeding through Legal recovery. The others have been issued with final reminder letters. If that is unsuccessful then they will be forwarded to the Debt Collection Agency.

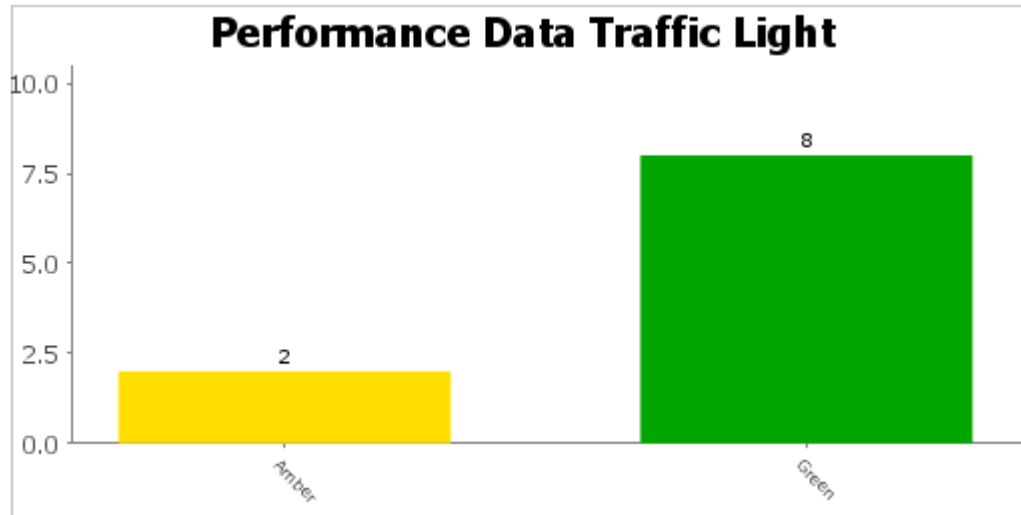


Code	Description	Year to Date Value	Year to Date Target	Status	Trend Chart	Latest Note														
LPI HB 001	Average number of days to process new benefits claims	43	30		 <table border="1"> <caption>Trend Chart Data for LPI HB 001</caption> <thead> <tr> <th>Month</th> <th>Average Days</th> </tr> </thead> <tbody> <tr> <td>April 2012</td> <td>43</td> </tr> <tr> <td>May 2012</td> <td>52</td> </tr> <tr> <td>June 2012</td> <td>58</td> </tr> <tr> <td>July 2012</td> <td>54</td> </tr> <tr> <td>August 2012</td> <td>52</td> </tr> <tr> <td>September 2012</td> <td>43</td> </tr> </tbody> </table>	Month	Average Days	April 2012	43	May 2012	52	June 2012	58	July 2012	54	August 2012	52	September 2012	43	Demand for the service continues to be high. A number of actions have been taken to address this issue which has resulted in a gradual improvement in each of the last three months which is expected to continue.
Month	Average Days																			
April 2012	43																			
May 2012	52																			
June 2012	58																			
July 2012	54																			
August 2012	52																			
September 2012	43																			
LPI HB 006	Average number of days to process change of events	19.83	18		 <table border="1"> <caption>Trend Chart Data for LPI HB 006</caption> <thead> <tr> <th>Month</th> <th>Average Days</th> </tr> </thead> <tbody> <tr> <td>April 2012</td> <td>17.5</td> </tr> <tr> <td>May 2012</td> <td>19</td> </tr> <tr> <td>June 2012</td> <td>21</td> </tr> <tr> <td>July 2012</td> <td>18</td> </tr> <tr> <td>August 2012</td> <td>22</td> </tr> <tr> <td>September 2012</td> <td>22</td> </tr> </tbody> </table>	Month	Average Days	April 2012	17.5	May 2012	19	June 2012	21	July 2012	18	August 2012	22	September 2012	22	In recent months the emphasis has been on reducing the average number of days to process new benefits (LPI HB 001), resulting on a small detrimental effect on performance of this PI. As the outstanding caseload on new claims begins to fall we expect performance on change events to improve in the coming months.
Month	Average Days																			
April 2012	17.5																			
May 2012	19																			
June 2012	21																			
July 2012	18																			
August 2012	22																			
September 2012	22																			

Code	Description	Year to Date Value	Year to Date Target	Status	Trend Chart	Latest Note						
LPI HP 001	The number of dwellings vacant for more than six months returned to occupation or demolished	5	7		 <table border="1"> <caption>Trend Chart Data for LPI HP 001</caption> <thead> <tr> <th>Quarter</th> <th>Value</th> </tr> </thead> <tbody> <tr> <td>Q1 2012/13</td> <td>2</td> </tr> <tr> <td>Q2 2012/13</td> <td>3</td> </tr> </tbody> </table>	Quarter	Value	Q1 2012/13	2	Q2 2012/13	3	The Empty Homes Officer continues to work effectively and proactively to achieve year end target of 15. It is difficult to predict when works will be completed and some take longer than others. The Officer has helped to bring in Kent wide funding and has achieved positive media coverage for the Council as a result of the work undertaken to bring empty homes back in to use.
Quarter	Value											
Q1 2012/13	2											
Q2 2012/13	3											
LPI PH 001	Number of Home Improvement Agency projects completed	117	150		 <table border="1"> <caption>Trend Chart Data for LPI PH 001</caption> <thead> <tr> <th>Quarter</th> <th>Value</th> </tr> </thead> <tbody> <tr> <td>Q1 2012/13</td> <td>48</td> </tr> <tr> <td>Q2 2012/13</td> <td>68</td> </tr> </tbody> </table>	Quarter	Value	Q1 2012/13	48	Q2 2012/13	68	The Kent wide tender process for Home Improvement Agency works has been completed and awarded to Family Mosaics. The Council now shares the scheme with Tonbridge & Malling, Tunbridge Wells and Maidstone Borough Councils and Family Mosaics have promised an improved service. The Council are currently looking at whether the local authority partners should put in core funding or to accept a lesser service with only Supporting People funding in place.
Quarter	Value											
Q1 2012/13	48											
Q2 2012/13	68											

Code	Description	Year to Date Value	Year to Date Target	Status	Trend Chart	Latest Note														
LPI Waste 004	Number of missed green waste collections	431	50		 <table border="1"> <caption>Missed Green Waste Collections (LPI Waste 004)</caption> <thead> <tr> <th>Month</th> <th>Value</th> </tr> </thead> <tbody> <tr> <td>April 2012</td> <td>15</td> </tr> <tr> <td>May 2012</td> <td>12</td> </tr> <tr> <td>June 2012</td> <td>55</td> </tr> <tr> <td>July 2012</td> <td>145</td> </tr> <tr> <td>August 2012</td> <td>125</td> </tr> <tr> <td>September 2012</td> <td>70</td> </tr> </tbody> </table>	Month	Value	April 2012	15	May 2012	12	June 2012	55	July 2012	145	August 2012	125	September 2012	70	<p>The performance issues with the garden waste collection crew have started to gradually improve with the introduction of new staff following several departures. All 3 collection rounds have been reviewed by the new Supervisor/Driver and improved routes help to ensure the crews are required to visit every road on their round, not only to collect from residents who have purchased a bin/permit, but also residents who choose to use the garden waste sacks. The crew are provided with addresses for all households issued with a bin/permit. Performance is monitored weekly and interventions are in place to bring performance up to a weekly target of no more than 10 missed collections for the remainder of this financial year.</p>
Month	Value																			
April 2012	15																			
May 2012	12																			
June 2012	55																			
July 2012	145																			
August 2012	125																			
September 2012	70																			
LPI Waste 005	Percentage of missed green waste collections corrected by next working day	82.67%	98.00%		 <table border="1"> <caption>Percentage of Missed Green Waste Collections Corrected (LPI Waste 005)</caption> <thead> <tr> <th>Month</th> <th>Value (%)</th> </tr> </thead> <tbody> <tr> <td>April 2012</td> <td>100.00</td> </tr> <tr> <td>May 2012</td> <td>55.00</td> </tr> <tr> <td>June 2012</td> <td>80.00</td> </tr> <tr> <td>July 2012</td> <td>80.00</td> </tr> <tr> <td>August 2012</td> <td>92.00</td> </tr> <tr> <td>September 2012</td> <td>88.00</td> </tr> </tbody> </table>	Month	Value (%)	April 2012	100.00	May 2012	55.00	June 2012	80.00	July 2012	80.00	August 2012	92.00	September 2012	88.00	<p>Performance against this target is directly related to the number of missed collections, 431 to the end of September. To date, 83% of missed collections have been collected by the next working day. A detailed commentary on action taken has been provided against LPI Waste 004 above.</p>
Month	Value (%)																			
April 2012	100.00																			
May 2012	55.00																			
June 2012	80.00																			
July 2012	80.00																			
August 2012	92.00																			
September 2012	88.00																			

## 2012/13 Social Affairs Select Committee PI's



No red performance indicators to report

**PROPERTY REVIEW - COBDEN ROAD CENTRE, COBDEN ROAD, SEVENOAKS**

**Performance and Governance Committee – 13 November 2012**

Report of the: Corporate Resources Director

Status: For Consideration

Also to be considered by: Finance Advisory Group 24 October 2012  
Cabinet – 6 December 2012

Key Decision: No

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**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

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**Recommendation to Performance & Governance Committee**

That it be recommended to the Cabinet of the Council that the Cobden Road Centre, Sevenoaks be sold on the open market by auction.

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**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 10

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 m<sup>2</sup> 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 and the cost of refurbishing the accommodation to a lettable standard would be prohibitive
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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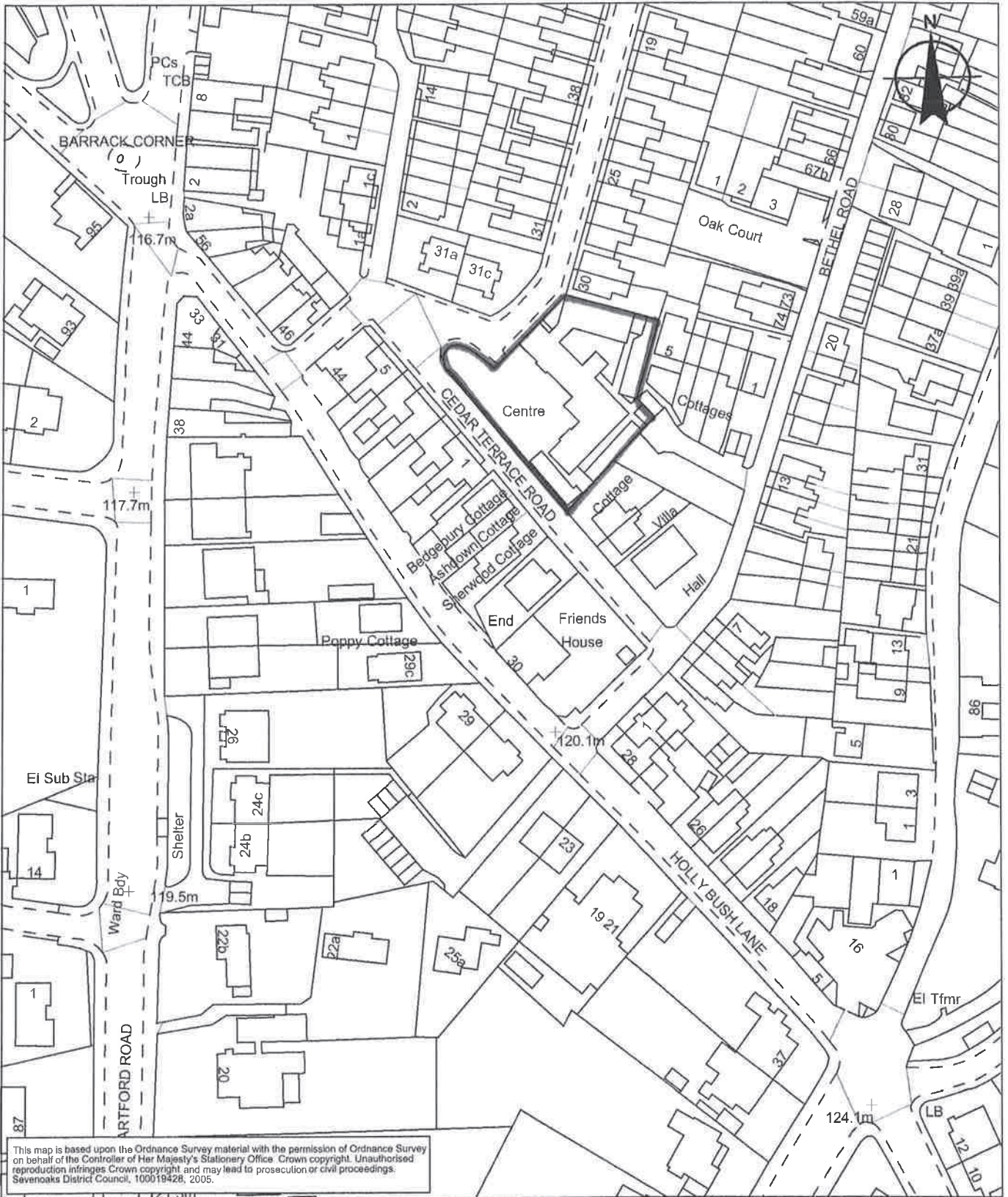




Location: The Cobden Road Centre, Cobden Road, Sevenoaks

Scale 1:1,250

Map center: 553213, 155798



This map is based upon the Ordnance Survey material with the permission of Ordnance Survey on behalf of the Controller of Her Majesty's Stationery Office. Crown copyright. Unauthorised reproduction infringes Crown copyright and may lead to prosecution or civil proceedings. Sevenoaks District Council, 100019428, 2005.

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**Jim Latheron**

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**From:** Cllr Purves, Elizabeth  
**Sent:** 11 October 2012 18:49  
**To:** Jim Latheron  
**Cc:** Cllr Walshe, Roger  
**Subject:** Cobden Road Centre

Dear Jim

Thank you for letting me know that the Cobden Road Centre is to be put on the market.

Cobden Road School, an old Victorian Board School needs to be retained as it is an essential feature of the Hartslands Conservation area. If no longer required by the District Council, it should be converted sympathetically into private homes with adequate parking in the old yard. Such conversion would greatly enhance the townscape significance of both this imposing building and its surrounding space. Local examples of sympathetic conversion are the St John's Hall in Hollybush Lane and the Old Police Station in the High Street.

The school, designed by the Sevenoaks architect E Evans Cronk, contributes significantly to the historic character of the Conservation area and is a much loved feature for local residents. The Hartslands Conservation Area Appraisal (2011) identifies the building and the surrounding yard as contributing to the character of the area. A plaque on the façade is inscribed " School Board for Sevenoaks Public Elementary School for Infants 1877". The Appraisal concludes, " It is important to retain the character of buildings and a mix of commercial, community and residential uses in order to protect the architectural and historic character of the area." Cobden Road School adds to the character of the area, it should be sympathetically converted.

Below for interest is an extract about the history of the Cobden Road School from Sevenoaks: An Historical Dictionary, (to which you contributed) to be published early November.

I hope you can include these points in your report.

Best wishes

Elizabeth

**Cobden Road School.** *The school built in 1877, was administered by the local School Board, for the children living in the Hartsland area. It was typical of such schools built after the 1870 Education Act, single storey red brick, with large high windows, lofty ceilings, pointed cowls on chimneys, picturesque detailing in its brickwork, and with a marching yard. Originally for the education of boys and girls from five to seven years, this was extended in 1884 to include schooling for the girls up to the age of 14. In 1899 the register shows an attendance of 324 pupils, 193 girls and 131 infants. In the 1934 edition of the Cobnut, the School magazine, news of old girls showed that most were employed as clerks in shops, or as domestics. The school closed in 1975.*

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TREASURY MANAGEMENT UPDATE

Performance & Governance Committee – 13 November 2012

Report of the: Deputy Chief Executive and Director of Corporate Resources

Status: For consideration and recommendation to Cabinet

Also considered by: Cabinet – 6 December 2012

Key Decision: No

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**Executive Summary:** Members approved the Investment Strategy as part of the budget-setting process in February 2012. In considering that Strategy Members were advised that, given the current economic climate, the Strategy would need to be monitored and reviewed, where necessary, during the year.

This report gives details of recent developments in the financial markets, changes to credit ratings and fulfils the reporting requirements of the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice for Treasury Management.

An update on the Council's Icelandic bank investment is also provided.

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This report supports the Key Aim of effective management of Council resources.

**Portfolio Holder** Cllr. Ramsay

**Head of Service** Group Manager - Financial Services – Adrian Rowbotham

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**Recommendations to Cabinet:**

- a) that the report be noted;
- b) that the use of Money Market Funds as outlined in paragraphs 17 to 20 of the report be increased as described; and
- c) that, when setting the investment strategy for 2103/14, consideration be given to increasing the counterparty limits for Lloyds Bank Group and the Royal Bank of Scotland Group to £8m each.

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**Background**

- 1 The Treasury Management Strategy for 2012/13, which includes the Annual Investment Strategy, was approved by the Council on 21 February 2012. It sets out the Council's investment priorities as being:
  - Security of capital
  - Liquidity

## Agenda Item 11

- Yield
- 2 The Council aims to achieve the optimum return (yield) on investments commensurate with proper levels of security and liquidity. In the current economic climate and the heightened credit concerns, it is considered appropriate to keep investments short term with a maximum duration of 3 months.
  - 3 This limit applies to all institutions on the Counterparty List supplied by the Council's treasury management advisors, Sector Treasury Services Limited, with the following exceptions:
    - UK Government and related entities such as Local Authorities. The suggested duration limit is 5 years
    - UK semi-nationalised institutions (Lloyds/RBS). The current significant UK Government ownership of these entities is seen as providing comfort to investors.
    - Money Market Funds
  - 4 A full list of investments held at 30 September 2012 appears at Appendix A in both alphabetical and maturity date orders. Appendix B contains Sector's Investment Report for September 2012.

### Investment Performance in 2012/13

- 5 As detailed above, it is a very difficult investment market in terms of earning the level of interest rates commonly seen in previous decades as rates are very low and in line with the 0.5% Bank Rate. The continuing Eurozone sovereign debt crisis, and its potential impact on banks, prompts a low risk and short term strategy. Given this risk averse environment, investment returns are likely to remain low.
- 6 There was one small breach of investment limits in the first six months of 2012/13. Over the weekend from 28 September to 1 October, the sum of £4.4m was held in the Business Premium Account with Barclays. Together with fixed deposits of £2m, the total held with Barclays was £6.4m, compared with the limit of £6m. This situation was corrected on 1 October.
- 7 The budgeted investment income for 2012/13 is £206k and performance for the year to date is £65k above budget. The forecast outturn is £317k.
- 8 The return on the investment portfolio stands at 1.1%, compared with the average 7 Day and 3 Month LIBID rates of 0.44% and 0.79% respectively.

### Economic Update

- 9 An economic update and outlook for the remaining six months of the financial year appear at Appendix C.

### Interest Rate Forecast

- 10 Sector have provided the following forecast:

	Dec-12	Mar-13	Jun-13	Sep-13	Dec-13	Mar-14	Jun-14	Sep-14	Dec-14	Mar-15
Bank rate	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.75%	1.00%
5yr PWLB rate	1.50%	1.50%	1.50%	1.60%	1.70%	1.80%	1.90%	2.00%	2.10%	2.30%
10yr PWLB rate	2.50%	2.50%	2.50%	2.60%	2.70%	2.80%	2.90%	3.00%	3.20%	3.30%
25yr PWLB rate	3.70%	3.70%	3.70%	3.80%	3.80%	3.90%	4.00%	4.10%	4.20%	4.30%
50yr PWLB rate	3.90%	3.90%	3.90%	4.00%	4.00%	4.10%	4.20%	4.30%	4.40%	4.50%

- 11 Sector undertook a review of its interest rate forecasts following the issue of the Bank of England Inflation Report for August 2012. Consequently, it pushed back the first rise in Bank Rate from Q1 2014 to Q4 2014, as well as lowering the pace of rises in gilt yields.
- 12 The Bank of England forecasts of the speed and strength of recovery and rate of reduction of CPI inflation over the last four years had been attracting increasing criticism for being consistently over optimistic. In this latest inflation report, the bank changed its position significantly, markedly downgrading its forecasts for the strength and speed of recovery in GDP growth. Whereas previously it had consistently been forecasting a strong recovery to over 3% p.a., it was now only forecasting growth to recover to around 2% during the period from early 2013 to the end of 2015.

### Credit rating issues

- 10 The first half of the financial year has seen some stabilisation in credit ratings. The number of downgrades has reduced compared with previous years, but there has been little sign of ratings improving.
- 11 At present, the Council's preference is for investment in UK based institutions only and so Sector's Counterparty List, mentioned above, has been severely curtailed.
- 12 Within Kent, there is little appetite for investment outside the UK, with only Svenska Handelsbanken (based in Sweden) being popular amongst other Kent districts. However, they have just given notice that the rate on their call account is to be halved to 0.40%
- 13 This appears to be the trend of late, with Santander reducing its call account rate from 0.80% to 0.50% and the semi-nationalised banks also cutting rates on their fixed deposit products. Members should note that we have not placed any deposits with Santander since late 2011 owing to concerns about the Spanish economy and, in fact, they do not currently meet Sector's minimum rating requirement.
- 14 Two Money Market Funds (MMFs) have been opened in the current financial year and they are operating well at the moment. We have set a maximum investment of £5m per MMF and, with the approval of the Finance Advisory Group, current balances in each stand at £3m. The yields for the month of September were 0.62% and 0.55%, but, again, these are on a decreasing trend.
- 15 The lack of availability of suitable counterparties has made investment decisions quite difficult within the present cash limits of £5m per counterparty (or £6m if a call account is included). This has resulted in a significant proportion of the portfolio having to be invested with the Government's Debt Management Office (DMO) at a standard rate of 0.25% for any period out to six months. Some success was achieved in placing money with other Local Authorities, but the rates were only marginally better than those offered by the DMO.
- 16 The result of this will be to reduce the yield on the portfolio for the financial year.

### Future investment options

- 17 Discussions with other Local Authorities in Kent have revealed that most have, or intend to, increase the maximum amounts that they are prepared to lend to

## Agenda Item 11

institutions on their counterparty lists. The aim is to maximise yield by concentrating more investment with the semi-nationalised banks (Lloyds TSB Bank Group and Royal Bank of Scotland Group). Despite the recent downward movement in rates, Lloyds, for example, still pays 2.25% on a one year fixed term deposit.

- 18 There also appears to be a greater use of MMFs within Kent. Some authorities have up to five open at any one time.
- 19 When considering next year's investment strategy (or indeed a revision to the current year's strategy), Members may wish to take these factors into account as a means of improving our yield, particularly if there are other budget pressures. It would also ease the problem of finding suitable counterparties mentioned in paragraph 15. In the short term, increasing the amount held in the existing MMFs up to the £5m limit, or opening new ones, would fall in line with the current investment strategy and would not require the approval of full Council. However, to increase the counterparty limits for fixed deposits and call accounts above the present £6m would require approval as the sums are specified within the strategy.
- 20 An option would be to increase the limit for fixed deposits and call accounts held with either Lloyds or RBS to £8m each, whilst keeping the other counterparty limits at £6m. An £8m holding in either of these Groups would represent about 40% of the portfolio as at year end and something like 25% during the year when cashflow balances are held. I am aware of at least one authority that is prepared to hold in excess of 50% of its internally managed portfolio with either Lloyds or RBS.

### **Icelandic bank defaults**

- 21 This authority currently has an investment of £1m frozen in Landsbanki Islands hf. The investment was placed on 25 June 2007 at 6.32%, to mature on 25 June 2009.
- 22 The Icelandic Government has stated its intention to honour all its commitments as a result of their banks being placed into receivership. The U.K. Government is working with the Icelandic Government to help bring this about. The Local Government Association is coordinating the efforts of all UK authorities with Icelandic investments.
- 23 At the current time, the process of recovering assets is still ongoing with the administrators. Investments outstanding with the two Iceland-domiciled banks (Glitnir Bank hf and Landsbanki Islands hf) have been subject to decisions of the Icelandic Courts. Following the successful outcome of legal test cases in the Icelandic Supreme Court in late 2011, the Administrators have now commenced the process of dividend payments in respect of both of these banks.
- 24 At the beginning of October 2012, a third distribution was made to priority creditors such as ourselves. Sums were received in Sterling, US Dollars and Euros. The foreign currency was converted to Sterling as soon as possible after it was received.
- 25 Our original claim in the insolvency was for £1m plus interest up to the official winding up date of 22 April 2009 amounting to just over £52k. To date, just over



£495k has been received back. There is a very small sum, paid in Icelandic Krona, which remains in escrow in Iceland due to currency controls in operation there. The Sterling equivalent is in the region of £7k and it is earning interest at a rate in excess of 3%. The current indications are that 100% of the deposit plus interest up to April 2009 will be recovered over the period extending to 2018 or 2019.

- 26 Members will continue to be updated on the latest developments in these efforts.

### **Key Implications**

#### Financial

- 27 The management of the Council's investment portfolio and cash-flow generated balances plays an important part in the financial planning of the authority. The security of its capital and liquidity of its investments is of paramount importance.

#### Community Impact and Outcomes

- 28 There are no community impacts arising from this report.

#### Legal, Human Rights etc.

- 29 Under Section 151 of the Local Government Act 1972, the Section 151 Officer has statutory duties in relation to the financial administration and stewardship of the authority, including securing effective arrangements for treasury management.
- 30 This half year review report fulfils the requirements of The Chartered Institute of Public Finance & Accountancy's Code of Practice on Treasury Management 2009.

### **Conclusions**

- 31 The overall return on the Council's investments is exceeding budget in 2012/13 by approximately £65,000 as at the end of September 2012.
- 32 The economic situation both globally and within the Eurozone in particular remains volatile with inevitable consequences for the UK economy. Treasury management in the past six months has been conducted against this background and with a cautious investment approach.
- 33 Consideration should be given to increasing investment limits in order to maintain or increase yield and to offer an alternative to investment with the DMO or other local authorities.
- 34 Recovery of the Icelandic deposit is ongoing and further updates will be provided as and when monies are received.

### **Risk Assessment Statement**

- 35 Treasury Management has two main risks :
- Fluctuations in interest rates can result in a reduction in income from investments; and

## Agenda Item 11

- A counterparty to which the Council has lent money fails to repay the loan at the required time.

Consideration of risk is integral in our approach to treasury management.

- 36 This report proposes new investment limits. The movement towards having a restricted lending list but higher individual limits with those institutions reduces the chance of a default. But if a default did occur, the potential loss would be greater. Previously, the preference was to have smaller investments with a greater range of institutions.
- 37 This risks are mitigated by the annual investment strategy which has been prepared on the basis of achieving the optimum return on investments commensurate with proper levels of security and liquidity. However, Members should recognise that in the current economic climate, these remain significant risks and that the strategy needs to be constantly monitored.

### **Appendices:**

Appendix A – Investment portfolio at 30 September 2012 in alphabetical and maturity date orders.

Appendix B – Monthly investment report for September 2012, produced by Sector Treasury Services Ltd.

Appendix C – Economic update and outlook for the coming six months, produced by Sector Treasury Services Ltd.

### **Background Papers:**

Treasury Management Strategy for 2012/13 - Council 21 February 2012.

### **Contact Officer(s):**

Roy Parsons ext.7204

**Dr. Pav Ramewal**

**Deputy Chief Executive and Director of Corporate Resources**

**SEVENOAKS DISTRICT COUNCIL**

List of Investments as at:- 30-Sep-12 (in alphabetical order)

Reference	Name	Rating	Country	Group	Amount	Start Date	Comm Rate	End Date	Curr Rate	Terms	Broker
	Santander UK plc (Business Reserve A/C)	A+	U.K.	Santander	0	01-Apr-99			0.60000%	Variable	Direct
	Santander UK plc (Money Market A/C)	A+	U.K.	Santander	0	09-Oct-06			0.80000%	Variable	Direct
	Clydesdale Bank plc (Base Tracker Plus - 15 Day)	A	U.K.	NAB	0	10-Sep-10			0.65000%	Variable	Direct
	Barclays Bank plc (Business Premium A/C)	A	U.K.		4,387,000	01-Oct-11			0.45000%	Variable	Direct
	National Westminster Bank plc (Liquidity Select)	A	U.K.	RBS	1,000,000	07-Oct-11			0.80000%	Variable	Direct
	Ignis Liquidity Fund (Money Market Fund)	AAA	U.K.		3,000,000	11-May-12				Variable	Direct
	Insight Liquidity Fund (Money Market Fund)	AAA	U.K.		3,000,000	11-May-12				Variable	Direct
IP1037	Aberdeen City Council		U.K.		1,000,000	29-May-12	0.48000%	29-Nov-12		6 Months	Sterling
IP1014	Bank of Scotland plc	A	U.K.	Lloyds/HBOS	1,000,000	14-Feb-12	2.50000%	12-Feb-13		1 Year	Direct
IP1018	Bank of Scotland plc	A	U.K.	Lloyds/HBOS	1,000,000	24-Feb-12	2.50000%	22-Feb-13		1 Year	Direct
IP1053	Barclays Bank plc	A	U.K.		1,000,000	02-Aug-12	0.67000%	02-Nov-12		3 Months	Direct
IP1055	Barclays Bank plc	A	U.K.		1,000,000	15-Aug-12	0.65000%	15-Nov-12		3 Months	Direct
IP1040	Greater London Authority		U.K.		3,000,000	11-Jun-12	0.34000%	02-Oct-12		3 Months	Sterling
IP1009	Lloyds TSB Bank plc	A	U.K.	Lloyds/HBOS	1,000,000	31-Jan-12	2.00000%	31-Oct-12		9 Months	Direct
IP1010	Lloyds TSB Bank plc	A	U.K.	Lloyds/HBOS	1,000,000	03-Feb-12	2.00000%	05-Nov-12		9 Months	Direct
IP1049	Lloyds TSB Bank plc	A	U.K.	Lloyds/HBOS	1,000,000	25-Jul-12	3.00000%	04-Jul-13		1 Year	Direct
IP1026	National Westminster Bank plc	A	U.K.	RBS	2,000,000	27-Apr-12	1.00000%	22-May-13	2.25000%	1 Year	Direct
IP1046	National Westminster Bank plc	A	U.K.	RBS	2,000,000	18-Jul-12	1.00000%	21-Aug-13	2.25000%	1 Year	Direct
IP1044	Nationwide Building Society	A+	U.K.		1,000,000	09-Jul-12	0.60000%	09-Oct-12		3 Months	Tradition
IP1047	Nationwide Building Society	A+	U.K.		2,000,000	23-Jul-12	0.60000%	23-Oct-12		3 Months	Sterling
IP1052	Nationwide Building Society	A+	U.K.		1,000,000	01-Aug-12	0.58000%	01-Nov-12		3 Months	Tradition
IP1057	Nationwide Building Society	A+	U.K.		1,000,000	28-Aug-12	0.54000%	28-Nov-12		3 Months	R P Martin
IP1051	Ulster Bank Ltd	A-	U.K.	RBS	1,000,000	27-Jul-12	1.20000%	28-Jan-13		6 Months	R P Martin
	<b>Total Invested</b>				<u><u>32,387,000</u></u>						
	<b>Matured Investment</b>										
IP813	Landsbanki Islands hf		Iceland		565,700	25-Jun-07	6.32000%	25-Jun-09		2 Years	R P Martin
	<b>Other Loan</b>										
	Sevenoaks Leisure Limited				250,000	29-Apr-08	7.00000%	31-Mar-18		10 Years	Direct

**SEVENOAKS DISTRICT COUNCIL**

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IP813	Landsbanki Islands hf		Iceland		565,700	25-Jun-07	6.32000%	25-Jun-09		2 Years	R P Martin
<b>Other Loan</b>											
	Sevenoaks Leisure Limited				250,000	29-Apr-08	7.00000%	31-Mar-18		10 Years	Direct

**SECTOR**

**Sevenoaks District Council**

**Monthly Investment Analysis Review**

September 2012



Sevenoaks District Council

Monthly Economic Summary

**General Economy**

A sustained recovery seemed as elusive as ever this month as the economy continued to struggle to emerge from recession. GDP was revised for the third time late this month from -0.5% to -0.4% q/q, keeping the annual rate of decline to -0.5%. The weak economic backdrop hurt both sides of the public finance statistics as continual cyclical spending increased government borrowing while corporation tax receipts were also hit by the tepid economy. The budget deficit, excluding financial sector interventions, came in at £14.41bn, the biggest on record for any August. This compared to just £0.6bn in the previous month. Some forecasters had expected a better return, given that receipts should have been boosted by Olympic ticket sales, yet this failed to materialise. This data adds to speculation over whether the Chancellor will be forced to abandon some of his fiscal targets as the deficit is beyond the government's own forecasts. Retail sales also proved somewhat disappointing by dipping 0.2% on the month. On an annual basis, a rise of 2.7% seems more encouraging, yet most forecasters still believe that retail activity will remain muted for some time to come. The Office for National Statistics stated that figures were lower as consumers chose to watch the Olympics rather than shop. However, in essence, the principal reason behind the fall is likely to be consumers reducing expenditure on non-essential items as their incomes suffer due to consumer-level inflation running ahead of earning increases. On this front, consumer price inflation (CPI) did fall from 2.6% to 2.5% in August, despite a rise in oil and fuel costs. The Bank of England forecasts that this trend will continue and inflation will ease towards and perhaps below its 2% target in the coming months. Lower inflation figures indicate more leeway for the Monetary Policy Committee to undertake further quantitative easing. Following its meeting this month, the Committee made no change to either the official Bank Rate or its current plan to buy £50bn of British government bonds, which will take its total purchases to £375bn by November. Although this result was expected, many economists are speculating that the Bank will begin a fresh programme of asset purchases in November. Elsewhere, employment data provided another positive surprise with a 15,000 fall in the number claiming unemployment benefit last month. In addition, according to the International Labour Organisation (ILO), unemployment fell by 7,000 in the three months through to July to 2.59 million. Despite this, continual cuts in public sector staff, as well as the euro crisis imply this trend may not continue. On the activity front, PMI for the service sector jumped to 53.7 in August from 51.0 in July, beating the most optimistic economist's forecast. Headline PMI manufacturing activity also beat market expectations and climbed to 49.5 from 45.2 in June – the highest since April. Unfortunately, the same was not seen for construction PMI which dropped below expectations to 49.0 in August from 50.9 as new orders slumped at the fastest pace since the height of the financial crisis. Easing inflation and falling unemployment should soften the squeeze on incomes and induce consumer confidence. However, lacklustre demand, weak investment spending, continuing austerity and economic problems elsewhere, imply a sustained recovery remains a distant prospect.

**Housing Market**

Mortgage lender Halifax reported that house prices declined by 0.4% in August, compared to a 0.1% decline in July. Halifax acclaim a gradual upward trend in spending power, aided by lower inflation, should help to support housing demand in the coming months. Nevertheless, the housing market is expected to remain broadly steady for the remainder of 2012. The number of mortgages granted to homebuyers rose to 30,533 in August, up from 28,750 in July, according to the British Bankers' Association group.

**Forecast**

Sector has kept its interest rate forecast unchanged, as we are expecting a first increase in Q4 2012. UBS and Capital Economics kept their bank rate forecasts unchanged, still expecting a decrease by 0.25% in the December quarter 2012.

Bank Rate	Dec-12	Mar-13	Jun-13	Sep-13	Dec-13
Sector	0.50%	0.50%	0.50%	0.50%	0.50%
UBS	0.25%	0.25%	0.25%	0.25%	0.25%
Capital Economics	0.25%	0.25%	0.25%	0.25%	0.25%

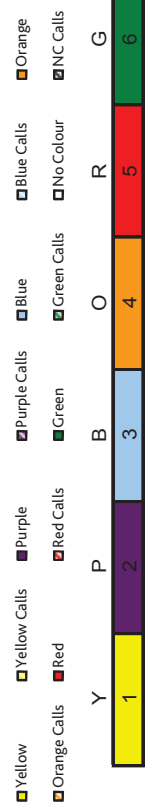
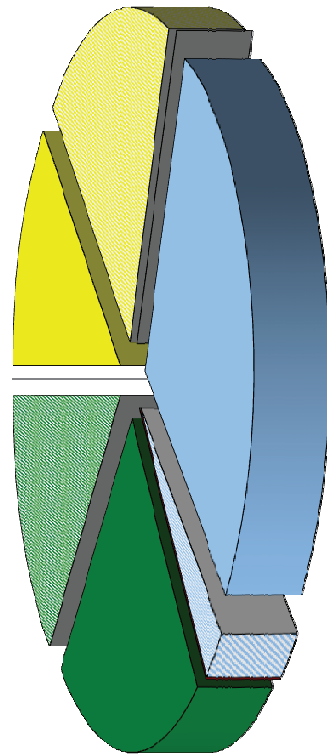
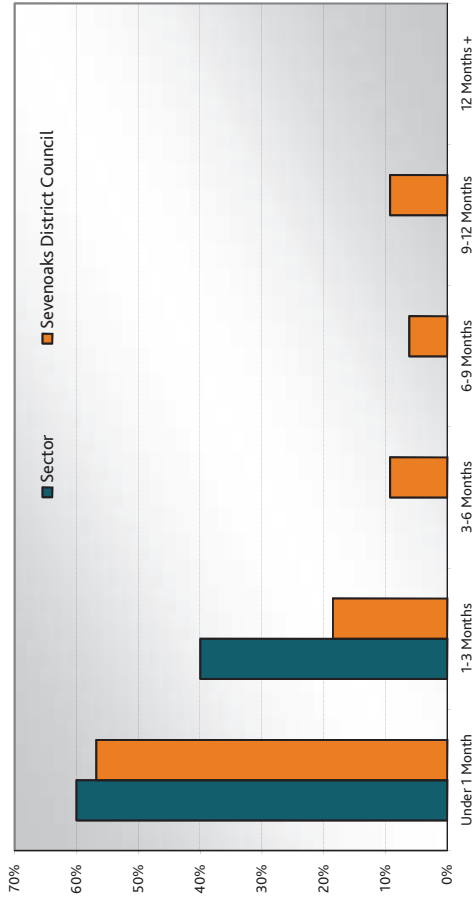
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Current Investment List

Borrower	Principal (£)	Interest Rate	Start Date	Maturity Date	Current Long Term Rating	Historic Risk of Default
Barclays Bank Plc	4,387,000	0.45%		Call	A	0.000%
National Westminster Bank Plc	1,000,000	0.80%		Call	A-	0.000%
Ignis MMF	3,000,000	0.62%		MMF	AAA	0.000%
Insight MMF	3,000,000	0.55%		MMF	AAA	0.000%
Greater London Authority	3,000,000	0.34%	11/06/2012	02/10/2012	AAA	0.000%
Nationwide Building Society	1,000,000	0.60%	09/07/2012	09/10/2012	A	0.002%
Nationwide Building Society	2,000,000	0.60%	23/07/2012	23/10/2012	A	0.006%
Lloyds TSB Bank Plc	1,000,000	2.00%	31/01/2012	31/10/2012	A	0.008%
Nationwide Building Society	1,000,000	0.58%	01/08/2012	01/11/2012	A	0.008%
Barclays Bank Plc	1,000,000	0.67%	02/08/2012	02/11/2012	A	0.008%
Lloyds TSB Bank Plc	1,000,000	2.00%	03/02/2012	05/11/2012	A	0.009%
Barclays Bank Plc	1,000,000	0.65%	15/08/2012	15/11/2012	A	0.012%
Nationwide Building Society	1,000,000	0.54%	28/08/2012	28/11/2012	A	0.015%
Aberdeen City Council	1,000,000	0.48%	29/05/2012	29/11/2012	AAA	0.000%
Ulster Bank Ltd	1,000,000	1.20%	27/07/2012	28/01/2013	BBB	0.076%
Bank of Scotland Plc	1,000,000	2.50%	14/02/2012	12/02/2013	A	0.035%
Bank of Scotland Plc	1,000,000	2.50%	24/02/2012	22/02/2013	A	0.037%
National Westminster Bank Plc	2,000,000	2.25%	27/04/2012	22/05/2013	A-	0.060%
Lloyds TSB Bank Plc	1,000,000	3.00%	25/07/2012	04/07/2013	A	0.071%
National Westminster Bank Plc	2,000,000	2.25%	18/07/2012	21/08/2013	A-	0.084%
<b>Total Investments</b>	<b>£32,387,000</b>	<b>1.06%</b>				<b>0.018%</b>

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Portfolio Composition by Sector's Suggested Lending Criteria



Portfolios weighted average risk number = 3.4

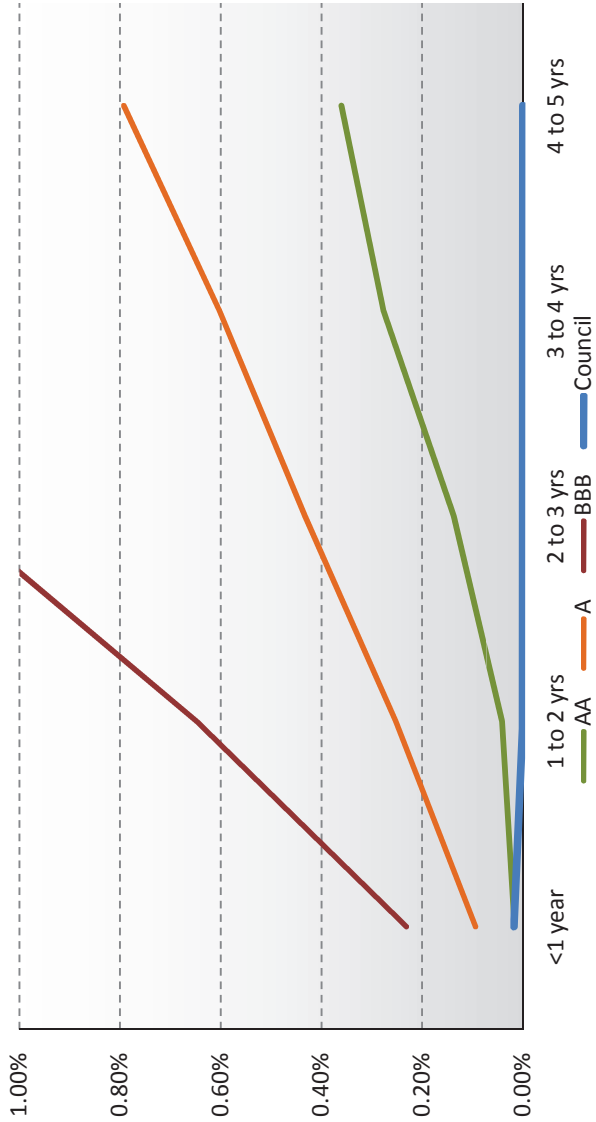
WARoR = Weighted Average Rate of Return  
WAM = Weighted Average Time to Maturity

	% of Portfolio		% of Colour		Amount of Colour in Calls		% of Call in Portfolio		WARoR		WAM		Excluding Calls/WMMFs	
	Amount	%	in Calls	%	Up to 1yr	Up to 6mths	Up to 3mths	in Portfolio	WARoR	WAM	WAM at Execution	WAM	WAM at Execution	WAM
Yellow	£10,000,000	30.88%	60.00%	18.53%	£6,000,000	£0	£0	0.00%	0.50%	7	52	17	131	
Purple	£0	0.00%	0.00%	0.00%	£0	£0	£0	0.00%	0.00%	0	0	0	0	
Blue	£11,000,000	33.96%	9.09%	3.09%	£1,000,000	£1,000,000	£0	2.09%	2.09%	169	308	186	339	
Orange	£0	0.00%	0.00%	0.00%	£0	£0	£0	0.00%	0.00%	0	0	0	0	
Red	£0	0.00%	0.00%	0.00%	£0	£0	£0	0.00%	0.00%	0	0	0	0	
Green	£11,387,000	35.16%	38.53%	13.55%	£4,387,000	£4,387,000	£0	0.55%	0.55%	20	57	32	92	
No Colour	£0	0.00%	0.00%	0.00%	£0	£0	£0	0.00%	0.00%	0	0	0	0	
<b>TOTAL</b>	<b>£32,387,000</b>	<b>100.00%</b>	<b>35.16%</b>	<b>35.16%</b>	<b>£11,387,000</b>	<b>£11,387,000</b>	<b>£0</b>	<b>1.06%</b>	<b>1.06%</b>	<b>66</b>	<b>141</b>	<b>103</b>	<b>217</b>	

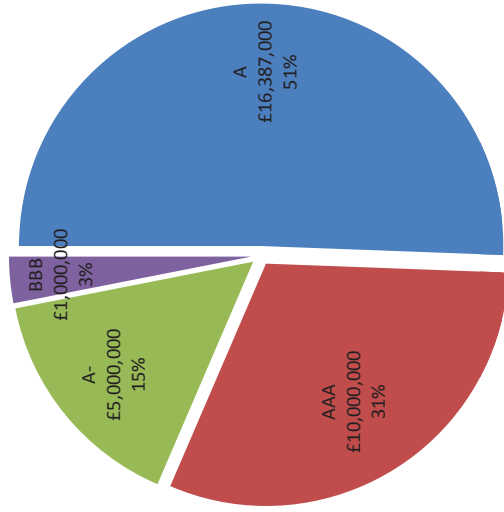


Relative Investment Risk and Rating Exposure

Relative Investment Risk Vs. Rating Categories



Rating Exposure



Historic Risk of Default

This is a proxy for the average % risk for each investment based on over 30 years of data provided by Fitch, Moody's and S&P. It simply provides a calculation of the possibility of average default against the historical default rates, adjusted for the time period within each year according to the maturity of the investment.

Chart Relative Risk

This is the authority's risk weightings compared to the average % risk of default for "AA", "A" and "BBB" rated investments

Rating Exposures

This pie chart provides a clear view of your investment exposures to particular ratings.

Historic Risk of Default

Rating/Years	<1 year	1 to 2 yrs	2 to 3 yrs	3 to 4 yrs	4 to 5 yrs
AA	0.017%	0.041%	0.137%	0.277%	0.360%
A	0.094%	0.252%	0.433%	0.602%	0.793%
BBB	0.231%	0.647%	1.133%	1.705%	2.216%
Council	0.018%	0.000%	0.000%	0.000%	0.000%

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Monthly Credit Rating Changes  
FITCH

Date	Update Number	Institution	Country	Rating Action
No rating changes have occurred in September by Fitch.				

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Monthly Credit Rating Changes  
MOODY'S

Date	Update Number	Institution	Country	Rating Action
No rating changes have occurred in September by Moody's				

Sevenoaks District Council

Monthly Credit Rating Changes  
S&P

Date	Update Number	Institution	Country	Rating Action
No rating changes have occurred in September by Standard & Poors				

Economic update and outlook for the six months to 31 March 2013

Economic background

- 1 During the quarter ended 30 September:
  - Indicators suggested that economic growth returned after three quarters of recession;
  - Retail sales held up well and spending off the high street strengthened;
  - Employment continued to rise at a strong pace;
  - Inflation failed to make further downward progress;
  - The Monetary Policy Committee (MPC) announced more asset purchases;
  - UK equity and government bond prices rose;
  - The US economy continued to recover, but at a disappointingly slow pace.
- 2 GDP growth in quarter ended September looks set to be positive for the first quarter in a year. Although the CIPS/Markit business surveys weakened in July, they recovered in August to a level consistent on past form with quarterly GDP growth of about 0.2%.
- 3 In addition, the surveys seem to have been unaffected by the impact of the lost working day for the Queen's Jubilee, which will have shifted some production from June to July. Indeed, the official data improved significantly at the start of Q3. Following its 2.4% monthly drop in June, industrial production rose by 2.9% in July. The overall trade deficit shrank from £4.3bn in June to £1.5bn in July.
- 4 Furthermore, the CIPS surveys exclude the retail sector and high street spending has held up relatively well. The official measure of retail sales volumes grew by 0.3% in July. And while sales volumes fell by 0.2% in August – suggesting that the Olympics Games did not provide much of a boost to retail spending – retail sales should still support overall GDP growth in Q3. Even if sales volumes just hold steady in September, then sales will be 0.9% higher than in the second quarter.
- 5 Spending off the high street has also shown signs of recovering. In particular, private new car registrations were 26% and 12% higher than a year ago in July and August respectively. Moreover, Olympics ticket sales that occurred in previous quarters will be counted as household spending in the third quarter.
- 6 As a result, GDP growth could show a healthy quarterly rise to +0.6% in Q3. However, given that the level of GDP is likely to have been boosted by both the Queen's Jubilee and the Olympics, a renewed fall in output in Q4 seems likely.
- 7 Meanwhile, the labour market has continued to recover. The Labour Force Survey measure of employment rose by 236,000 in the three months to July and the claimant count measure of unemployment fell by 15,000 in August – the biggest fall since June 2010. That said, most of the rise in employment was driven by growing self and part-time employment, rather than full-time,. Moreover, 91,000 of the new jobs that were created were in London – around 40% of the total – despite the fact that the capital accounts for only 15% or so

## Agenda Item 11

Performance & Governance Committee - 13 November 2012

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of overall employment. The Olympics would therefore seem to have provided a temporary boost to the national employment figures.

- 8 Pay growth has remained modest. Annual growth of overall average earnings ticked up from 1.3% in June to 1.4% in July. Given the rate of inflation over this period, real pay continued to fall on an annual basis.
- 9 The underlying trend in house prices still seems to be broadly down. The Halifax measure of house prices fell by 0.7% in July and a further 0.4% in August. The Nationwide's measure fared better – although it fell by 0.8% in July, it then rose by 1.3% in August. Mortgage approvals for new house purchases have also remained weak. The total of 47,300 in July was below the average of 50,700 seen in the first half of 2012.
- 10 Banks' funding costs continued to ease over the quarter. This reflects the Bank of England's continued provision of low cost liquidity to banks in tranches of up to £5bn a month, the start of the Funding for Lending Scheme and the easing of tensions in Eurozone debt markets to which UK banks are exposed. But so far, quoted borrowing rates on most types of new mortgages have held broadly steady.
- 11 Meanwhile, the trend in public borrowing has continued to deteriorate. A continuation of the pattern seen in the first five months of the fiscal year (since April) would mean that borrowing in 2012/13 as a whole would come in at around £145bn, compared to the Office for Budget Responsibility's March forecast of £120bn. And while the Government announced some new measures to get credit flowing around the economy – including a £10bn guarantee to help housing associations and private developers raise funds to build new homes, and plans for a “business bank” – this largely amounted to tinkering at the edges of the fiscal austerity plans.
- 12 Inflation struggled to make further downward progress in Q3. Indeed, CPI inflation rose from 2.4% in June to 2.6% in July, before falling back to 2.5% in August. While inflation should drop to around 2% in September on the anniversary of last year's chunky rises in utility prices, further falls in inflation over the next few months look unlikely as a result of the recent increase in commodity prices. Oil prices rose from \$97 per barrel at the end of June to around \$113 per barrel at the end of September, while global agricultural prices have risen by around 25%.
- 13 The MPC voted in July to undertake £50bn additional asset purchases over the following four months. Although interest rate markets are pricing in a decent chance of a cut in official interest rates within the next few months, Mervyn King is opposed to this.
- 14 Asset prices in the UK and overseas largely continued to rise over the course of the third quarter. 10-year gilt yields fell from about 1.85% to 1.70% (although prices were volatile during this period), while the FTSE 100 recovered from 5,570 to 5,760. The pound also strengthened against both the euro and the dollar, from €1.23 to €1.25 and from \$1.56 to \$1.62 respectively.

- 15 The US economy's recovery has remained fairly weak. A weighted average of the manufacturing and non-manufacturing ISM indices points to annualised GDP growth of no more than 2.0% in the third quarter. Increases in total non-farm payroll employment were disappointing, up only 97,000 in July and 120,000 in August, compared to an average increase of 142,000 in the second quarter.
- 16 In the Eurozone, market sentiment improved following the ECB's pledge to buy "unlimited" quantities of peripheral government's sovereign debt in early September, provided that those countries have formally requested a bail out. However, peripheral Eurozone bond yields began to rise again at the end of the quarter due to Greece increasingly looking as if it will now have to ask for a third bail out and Spain continued prevaricating over making a formal request for a bail out when all the evidence indicates that this will be unavoidable. As for GDP growth, the composite Eurozone PMI points to a quarterly drop in GDP of about 0.4% in Q3.

### Summary economic outlook

#### Eurozone

- 17 A new storm is brewing as Greece, yet again, is failing to meet the demands of the austerity programme in cutting government expenditure, increasing tax revenue and selling off public sector assets. German patience with this situation must be close to breaking point and without German support Greece will run out of cash within the next couple of months. Markets are currently predicting an end game where Greece is eventually forced to exit (dubbed "Grexit") the Eurozone and return to the drachma.
- 18 More worryingly, sovereign bond yields for both Spain and Italy rose sharply to levels previously deemed unsustainable. Spain is now actively looking at what might be acceptable terms for receiving a bailout and surrendering national sovereignty to external oversight by the IMF and Eurozone paymasters.
- 19 One possible, but very unlikely, solution to the Eurozone debt crisis would be the issue of Eurobonds. These would collectivise all debt in the Eurozone and reduce the Greek element in total Eurozone debt to an almost insignificant percentage.
- 20 Austerity programmes in various countries are reducing GDP growth rates.

#### US

- 21 GDP is weakening alongside the recovery in jobs growth.
- 22 The Federal Reserve predicts that current ultra-low interest rates may be warranted until at least mid-2015.
- 23 There is political gridlock ahead of the November 2012 Presidential elections, for major fiscal action.

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- 24 The new President is unlikely to make a significant fiscal impact on the US economy in 2013 as the unsustainably high budget deficit will need to be urgently addressed.
- 25 The housing market is at last beginning to show tentative signs of picking up.
- 26 Confidence figures among US consumers rose to a seven month high in September as the Conference Board's index of optimism rose from 61.3 to 70.3.

### China

- 27 There are increasing concerns that efforts to stimulate the economy could fail to avoid a hard landing. There are now many parts of the economy flashing distress signals.
- 28 A fresh round of support is widely expected. This could coincide with the change in the party hierarchy which is due to take place at the 18th Party Congress which begins in early November.

### UK

- 29 The UK has suffered its worst and slowest recovery from recession of any of the five recessions since 1930.
- 30 The Bank of England August 2012 Inflation Report again pushed back the timing of a return to trend growth and the rate at which inflation will fall back towards the target rate of 2%.
- 31 40% of UK GDP is dependent on overseas trade; high correlation of UK growth to US and EU GDP growth means that the UK economy is likely to register weak growth in the next two years.
- 32 Consumers are likely to remain focused on paying down debt; weak consumer sentiment and job fears will all act to keep consumer expenditure suppressed.
- 33 It is likely to take a lot longer to eliminate the structural budget deficit than in the current plans of the Coalition government. These plans will need to be updated to incorporate the impact of weak growth in the Eurozone and US depressing UK GDP growth, and thus lower expectations for increases in tax revenues.
- 34 The Coalition Government and the Bank of England have put in place a programme of action to improve the availability of credit in the economy. However, it will take time for this to feed through into a significant positive impact on GDP growth in the economy.
- 35 There is little sign of a coordinated strategy for the private sector to finance a major expansion of infrastructure investment to boost UK growth.



- 36 Eurozone concerns and the potential for further Quantitative Easing (QE) to stimulate GDP growth are likely to keep gilt yields depressed during the next twelve months.
- 37 UK gilts are likely to retain safe haven status from Eurozone worries for some time. Eurozone politicians struggle to reach agreement on how to replace impressive sounding words with actually implementing an effective platform of measures to conclusively subdue the debt crisis.
- 38 However, there are improvements in the prospects for the UK economy, though there is still a long way to go:
- UK banks have made huge progress since 2008 in correcting their over-extended balance sheets, though credit availability still remains weak.
  - Consumers have also made progress in correcting their personal over-borrowed balance sheets so that personal debt relative to incomes is now down to the lowest level since 2004. However, at 146%, it still remains the highest of any G7 nation.
  - The car industry is well on track to increase production. This is expected to see an increase from about 1m cars per annum in 2009 to 2.25m by 2016, much of which will be exported. In addition, car component firms are moving production to the UK in order to cost effectively meet the consequent increase in demand for their products. The car industry has also made steady progress in reducing its labour costs to be below those of Germany, France, Italy and even Spain.
  - The fall in price inflation relative to increases in pay inflation meant that household disposable income was less affected in quarter ended June, the biggest improvement in three years.
  - Recent increases in employment also strengthen consumer expenditure, tax receipts and reduce Government expenditure on benefits.
  - The UK is less encumbered to hindrances to new investment and new employment than countries in the Eurozone and has a competitive currency.
  - The UK has a more effective approach to stimulating growth than in the Eurozone in the areas of monetary policy and direct action to improve the supply of liquidity to the real economy.

Sector's forward view

- 39 Economic forecasting remains difficult with so many external influences weighing on the UK. Key areas of uncertainty include:
- The impact of the Eurozone crisis on financial markets and the banking sector;

## Agenda Item 11

Performance & Governance Committee - 13 November 2012

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- The impact of the UK Government's austerity plan on confidence and growth;
  - Monetary policy action failing to stimulate growth in western economies;
  - The potential for weak growth or recession in the UK's main trading partners - the EU and US.
- 40 The overall balance of risks remains weighted to the downside. Sector believes that the longer run trend is for gilt yields and PWLB rates to rise due to the high volume of gilt issuance in the UK, and the high volume of debt issuance in other major western countries. However, near-term, QE is likely to depress yields and further QE thereafter may lead to a reassessment of Sector's central forecast.
- 41 Given the weak outlook for economic growth, Sector sees the prospects for any interest rate changes before early 2014 as very limited indeed. There is potential for the start of Bank Rate increases to be even further delayed if growth disappoints.

**BUDGET MONITORING – SEPTEMBER 2012**

**Performance & Governance Committee – 13 November 2012**

Report of the: Deputy Chief Executive and Director of Corporate Resources

Status: For Information

Key Decision: No

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This report supports all the Council's key themes and objectives

**Portfolio Holder** Cllr. Ramsey

**Head of Service** Group Manager Financial Services – Adrian Rowbotham

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**Recommendation to Performance and Governance Committee:** That the report be noted.

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**Introduction**

**Overall Financial Position**

- 1 Six months into the year the results to date show an overall favourable variance of £14,000.
- 2 The year-end position is forecast to be £20,000 better than budget.

**Key Issues for the year to date**

- 3 **Income** – investment income is performing above target and is forecast to be better than budgeted at the year-end. This is due to higher than estimated balances and slightly higher rates being achieved, and a favourable forecast is shown to reflect this position.
- 4 Looking at the other main income sources, the position still remains difficult. Building Control, Land Charges, Car Parking and Planning fees currently show adverse variances for the year to date.
- 5 **Pay costs** – the actual expenditure is less than budget due to some vacancies during the year and staffing restructures following the departure of senior managers.
- 6 **Other** – Direct Services' results show a negative variance of £26,000 compared to budget.

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### Year End Forecast

- 7 Six months into the year, the year-end position is forecast to be £20,000 better than budget though this is significantly less than the forecast at the end of August.
- 8 Extra investment income is the largest favourable variance. Additional income is also expected from office rentals and council tax court costs. A further favourable variance is forecast for audit fees.
- 9 Income from Building Control, Land Charges, Car Parking and Planning fees are all forecast to be less than the budget for the year.

### Risk areas

- 10 The current economic situation continues to have a real and potential impact on the Council's finances:
  - The investment strategy is constantly under review in light of changing long term credit ratings which affects the number of organisations the Council can invest in;
  - property related income such as Development Control (particularly pre-application fees and s106 monitoring), Building Control, Land Charges and Capital Receipts remain vulnerable;
  - the Benefits workload is continuing at a higher level than before the recession, which is having an impact on processing times (though an action plan is in place to improve performance);
  - Council Tax collection rates, though currently in line with the previous year, could be affected by increased unemployment and squeezed household incomes;
  - The liquidation of the markets operator will result in the markets operation being re-tendered; and
  - Planned savings through the generation of income, particularly from new partnership working, remain risk areas for the current and for future years.

### Key Implications

#### Financial

The financial implications are included elsewhere in the report.

#### Community Impact and Outcomes

None.

#### Legal, Human Rights etc.

None.

**Risk Assessment Statement**

Detailed budget monitoring is completed on a monthly basis where all variances over £10,000 are explained. Future risk items are also identified.

**Appendices**

Appendix A – Budget Monitoring Sheets for September 2012

**Background Papers:**

Budget 2012/13

Budget Monitoring Reports for 11/12

Financial System

**Contact Officer(s):**

Helen Martin x7483

**Dr. Pav Ramewal**

**Deputy Chief Executive and Director of Corporate Resources**

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## 2. Overall Summary

### September 12 - Final

	Period	Period	Period	Period	Y-T-D	Y-T-D	Y-T-D	Y-T-D	Annual	Annual	Annual	2011/12
	Budget	Actual	Variance	Variance	Budget	Actual	Variance	Variance	Budget	Forecast (including Accruals)	Variance	Actual
	£'000	£'000	£'000	%	£'000	£'000	£'000	%	£'000	£'000	£'000	£'000
<b>Community and Planning</b>												
Community Development	59	68	- 8	-14.4	496	474	22	4.5	975	975	-	1,140
Development Services	117	113	3	2.7	633	655	- 22	-3.5	1,307	1,326	- 18	1,413
Environmental and Operations	151	192	- 41	-27.2	1,461	1,623	- 161	-11.0	2,716	2,948	- 232	2,528
Housing and Communications	69	86	- 16	-23.5	448	455	- 7	-1.6	872	872	-	944
<b>Total Community and Planning</b>	<b>396</b>	<b>459</b>	<b>- 63</b>	<b>-15.8</b>	<b>3,038</b>	<b>3,207</b>	<b>- 168</b>	<b>-5.5</b>	<b>5,871</b>	<b>6,121</b>	<b>- 250</b>	<b>6,025</b>
<b>Corporate Resources</b>												
Finance and Human Resources	302	334	- 33	-10.8	1,728	1,743	- 15	-0.8	3,961	3,923	38	4,516
IT and Facilities Management	149	101	47	31.9	1,018	929	90	8.8	2,025	2,025	-	1,595
Legal and Democratic Services	147	141	6	4.0	1,061	988	73	6.8	1,895	1,772	123	1,363
<b>Total Corporate Resources</b>	<b>597</b>	<b>577</b>	<b>21</b>	<b>3.5</b>	<b>3,807</b>	<b>3,660</b>	<b>148</b>	<b>3.9</b>	<b>7,881</b>	<b>7,720</b>	<b>161</b>	<b>7,473</b>
<b>NET EXPENDITURE (1)</b>	<b>993</b>	<b>1,035</b>	<b>- 42</b>	<b>-4.2</b>	<b>6,845</b>	<b>6,866</b>	<b>- 21</b>	<b>-0.3</b>	<b>13,752</b>	<b>13,841</b>	<b>- 89</b>	<b>13,498</b>
<i>Adjustments to reconcile to Amount to be met from Reserves</i>												
Direct Services Trading Accounts	- 20	- 25	5	25.0	- 110	- 84	- 26	- 23.6	- 64	- 64	-	21
Capital charges outside General Fund	- 4	- 4	- 0	- 0.0	- 27	- 27	- 0	- 0.0	- 54	- 54	-	- 47
Support Services outside General Fund	- 16	- 16	-	-	- 94	- 94	-	-	- 191	- 191	-	- 197
Redundancy Costs - all	-	-	-	-	-	-	-	-	-	-	-	-
<b>NET EXPENDITURE (2)</b>	<b>953</b>	<b>990</b>	<b>- 37</b>	<b>-3.9</b>	<b>6,615</b>	<b>6,662</b>	<b>- 47</b>	<b>- 0.7</b>	<b>13,443</b>	<b>13,532</b>	<b>- 89</b>	<b>13,275</b>
Government Grant	- 387	- 387	-	0.0	- 2,323	- 2,323	-	-	- 4,646	- 4,646	-	- 5,141
Council Tax Requirement - SDC	- 771	- 771	-	0.0	- 4,626	- 4,626	-	-	- 9,251	- 9,251	-	- 9,199
<b>NET EXPENDITURE (3)</b>	<b>- 205</b>	<b>- 168</b>	<b>- 37</b>	<b>18.1</b>	<b>- 334</b>	<b>- 287</b>	<b>- 47</b>	<b>- 14.1</b>	<b>- 454</b>	<b>- 365</b>	<b>- 89</b>	<b>- 1,065</b>
<i>Summary including investment income</i>												
Net Expenditure	- 205	- 168	- 37	18.1	- 334	- 287	- 47	- 14.1	- 454	- 365	- 89	- 1,065
Investment Impairment	-	-	-	-	-	-	-	-	-	-	-	-
Interest and Investment Income	- 17	- 27	10	-57.6	- 95	- 156	61	63.8	- 173	- 282	109	- 308
<b>Overall total</b>	<b>- 222</b>	<b>- 195</b>	<b>- 27</b>	<b>- 12.2</b>	<b>- 429</b>	<b>- 443</b>	<b>14</b>	<b>3.2</b>	<b>- 627</b>	<b>- 647</b>	<b>20</b>	<b>- 1,373</b>
Planned appropriation (from)/to Reserves									627	627	-	-
Supplementary appropriation from Reserves									-	-	-	-
<i>Surplus</i>									-	- 20	20	- 1,373

	16,308	-27	-136	16,172	16,724	16,932
<u>General Fund</u>						
Required Minimum	1,500				1,500	1,500
Available Balance	2,213				2,213	2,213
	3,713				3,713	3,713
<b>TOTAL</b>	<b>22,672</b>				<b>21,903</b>	<b>22,111</b>

Notes

1. Changes in the Edenbridge Relief Road Compensation provision is very difficult to predict as it is dependant on the timing of agreeing compensation sums.



9. Capital

September 12 - Final

		Period	Period	Period	Period	Y-T-D	Y-T-D	Y-T-D	Y-T-D	Annual	Annual	Annual
		Budget	Actual	Variance	Variance	Budget	Actual	Variance	Variance	Budget	Forecast (including Accruals)	Variance
		£'000	£'000	£'000	%	£'000	£'000	£'000	%	£'000	£'000	£'000
COMMDEV	Big Community Fund - Capital	-	5	- 5	-	-	19	- 19	-	-	-	-
COMMDEV	Parish Projects	-	-	-	-	-	-	-	-	71	71	-
ENVOPS	Vehicle Purchases	76	13	63	82.9	388	17	371	95.7	844	844	-
FINSERV	Sevenoaks Town Centre	-	3	- 3	-	40	44	- 4	- 8.8	150	150	-
FINSERV	Horton Kirby Village Hall	-	-	-	-	-	1	- 1	-	-	-	-
HOUSING	Improvement Grants	51	14	37	72.0	306	67	239	78.0	612	612	-
HOUSING	WKHA Adaps for Disab Financing Costs Advances	21	-	21	100.0	128	29	99	77.1	256	256	-
HOUSING	SDC - HMO Grants	-	4	- 4	-	-	10	- 10	-	-	-	-
HOUSING	RHPCG 10-11 SDC	-	-	-	-	-	2	- 2	-	-	-	-
LEGAL	Modern Govt Document Management System	1	-	1	100.0	10	8	2	18.9	16	16	-
LEGAL	Police Co-Location	63	101	- 38	- 59.7	200	149	51	25.7	200	200	-
		<b>213</b>	<b>140</b>	<b>72</b>	<b>34.1</b>	<b>1,072</b>	<b>346</b>	<b>726</b>	<b>67.7</b>	<b>2,150</b>	<b>2,150</b>	<b>-</b>

Improvement Grants budget shown net of Government grant.

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