Sevenoaks
DISTRICT COUNCIL

Despatched: 29.01.14

CABINET

06 February 2014 at 7.00 pm
Conference Room, Argyle Road, Sevenoaks

AGENDA

Membership:

Chairman: Cllr. Fleming   Vice-Chairman: Cllr. Ms. Lowe

Cllrs. Bosley, Hogarth and Ramsay

		Pages	Contact
	Apologies for Absence		
1.	**Minutes** To approve the Minutes of the meeting of the Cabinet held on 9 January 2014, as a correct record.	(Pages 1 - 8)	
2.	**Declarations of interest** Any interests not already registered		
3.	**Questions from Members (maximum 15 minutes)**		
4.	**Matters referred from Council** None		
5.	**Matters referred from the Audit Committee and Scrutiny Committee (Paragraph 5.20 of Part 4 (Executive) of the Constitution) (if any)**		
6.	**Recommendations from the Cabinet Advisory Committees:** a) Capital and Asset Maintenance *(Finance & Resources Advisory Committee 21.01.14)* b) Treasury Management Strategy 2014/15 *(Finance & Resources Advisory Committee 21.01.14)*	To follow	
7.	**Approval of High Weald and Kent Downs Areas of Outstanding Natural Beauty Management Plans Second Revision**	(Pages 9 - 16)	Richard Morris Tel: 01732 227430

8.	**Community Infrastructure Levy (CIL) Charging Schedule** ➲	(Pages 17 - 26)	Richard Morris Tel: 01732 227430
9.	**Statement of Community Involvement - Draft for Consultation**	(Pages 27 - 56)	Richard Morris Tel: 01732 227430
10.	**Capital Programme and Asset Maintenance 2014/17**	(Pages 57 - 70)	Helen Martin Tel: 01732 227483
11.	**Treasury Management Strategy 2014/15** ➲	(Pages 71 - 108)	Roy Parsons Tel: 01732 227204
12.	**Discretionary Rate Relief**	(Pages 109 - 120)	Adrian Rowbotham Tel: 01732 227153
13.	**Budget Setting** ➲	To follow	Adrian Rowbotham Tel: 01732 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.)

Indicates a Key Decision

➲ indicates a matter to be referred to Council

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 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 227199)

CABINET

Minutes of the meeting held on 9 January 2014 commencing at 7.00 pm

Present: Cllr. Fleming (Chairman)

Cllrs. Bosley, Hogarth, Ms. Lowe and Ramsay

Cllrs. Mrs. Bosley, Brookbank, Mrs. Clark, Dickins, Gaywood, Mrs. Hunter, McGarvey, Piper, Mrs. Purves, Scholey and Searles were also present.

55. Minutes

Resolved: That the minutes of the meeting of Cabinet held on 5 December 2013, be approved and signed as a correct record.

56. Declarations of interest

There were no additional declarations of interest

57. Questions from Members (maximum 15 minutes)

There were no questions from Members.

58. Matters referred from Council

There were no matters referred from Council.

59. Matters referred from the Audit Committee and Scrutiny Committee (Paragraph 5.20 of Part 4 (Executive) of the Constitution)

There were no references from the Audit Committee or Scrutiny Committee.

60. Recommendations from the Cabinet Advisory Committees

There were no references from the Advisory Committees.

61. Annual Review of Parking Charges for 2014/15

The Portfolio Holder for Economic & Community Development advised that the options as reported to Cabinet, along with a separate set of proposals for Westerham, which had been submitted for consideration by the Westerham Town Partnership, were put out for informal public consultation from 25 November to 15 December. The consultation had resulted in the involvement of various groups which had been most welcome and had resulted in innovative results. Contrary to recent press coverage the data had been positive, for example there had in fact been an increase in the use of the car parks within Sevenoaks town centre this financial year. He had a few minor amendments to propose to the report's recommendations and would like to see option 3 adopted.

A Member addressed the meeting stating that a parking space should be treated as a saleable product that should be discounted and given better signage in order to increase use and feared that raising charges would be counter productive. It was clarified that the shortfall had arisen from the previous year and that whilst income was good this year it had not been enough to make up the shortfall. There was no indication that the increase in charges had had a negative impact on usage. The Portfolio Holder for Economic & Community Development indicated that looking forward the use of messaging signage would give a clearer indication of demand but it was currently positive. The dynamics were shifting and the opening of the new Marks and Spencers store would affect the town centre. Once the new signage was up and running it would be possible to look at a holistic parking strategy with much more informed data.

The Chairman pointed out that Option 3 did not affect those using the town for quick trips under 30 minutes.

A Member addressed the Cabinet and pointed out that there was a free car park in Edenbridge, yet people still parked on the double yellow lines rather than walk.

The Chief Officer Environmental & Operation Services pointed out that there were some concerns with the Westerham own Partnerships proposals which is why it was suggested that this be carried out on a trial period.

It was suggested that every opportunity possible should be taken to make it clear that a certain car park in Swanley was not a Council owned car park.

<u>Public Sector Equality Duty</u>
Members noted that consideration had been given to impacts under the Public Sector Equality Duty, and that there was a low risk that any of the options presented would have an adverse impact on people with 'protected characteristics' and any issues would be monitored though complaints received..

The Portfolio Holder for Economic & Community Development proposed and it was duly seconded that:

a) the proposed changes to car park charges for 2013/15 contained in Option 3 in Appendix B be approved but with the following changes:

    1) items 5.1 to 5.5 relating to Westerham be replaced by the Westerham Town Partnership proposals shown as Option 5

    2) that a 10p charge be applied to the new 15 minute periods included the Westerham proposals for the Quebec Avenue and Vicarage Hill car parks

    3) the proposals for Westerham be approved on the basis of one year's trial with review during 2014/15

    all subject to public consultation as noted in the report;

b) the proposed changes to on street parking charges for 2014/15 contained in option 3 in Appendix C be approved but with the following changes:

   1) items 10.0 to 10.2 relating to Westerham be replaced by the Westerham Town Partnership proposals shown as Option 4

   2) that a 10p charge be applied to the new 15 minute waiting periods included in the Westerham proposals, and

   3) that the proposals for Westerham be approved on the basis of one year's trial with review during 2014/15

   all subject to public consultation as noted in the report;

c) that a change to the car park evening charge in Sevenoaks town centre should not be considered

d) the introduction of parking charge on Saturdays in the Council office car park should not be considered

e) charges on Sundays should not be considered

f) the on street tariffs at Knockholt Station be aligned with the tariff structure (as approved) for Swanley

g) it be noted that in view of recommendation (a) and (b) this recommendation is no longer available.

The motion was put to the vote and it was

Resolved: That

a) the proposed changes to car park charges for 2013/15 contained in Option 3 in Appendix B be approved but with the following changes:

   1) items 5.1 to 5.5 relating to Westerham be replaced by the Westerham Town Partnership proposals shown as Option 5

   2) that a 10p charge be applied to the new 15 minute periods included the Westerham proposals for the Quebec Avenue and Vicarage Hill car parks

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   all subject to public consultation as noted in the report;

b) the proposed changes to on street parking charges for 2014/15 contained in option 3 in Appendix C be approved but with the following changes:

1) items 10.0 to 10.2 relating to Westerham be replaced by the Westerham Town Partnership proposals shown as Option 4

2) that a 10p charge be applied to the new 15 minute waiting periods included in the Westerham proposals, and

3) that the proposals for Westerham be approved on the basis of one year's trial with review during 2014/15

all subject to public consultation as noted in the report;

c) that a change to the car park evening charge in Sevenoaks town centre should not be considered

d) the introduction of parking charge on Saturdays in the Council office car park should not be considered

e) charges on Sundays should not be considered

f) the on street tariffs at Knockholt Station be aligned with the tariff structure (as approved) for Swanley

62. Draft Budget 2014/15 - Verbal Update

The Portfolio Holder for Finance & Resources reported that the tabled update followed on from the report to Cabinet on 5 December, and contained several changes including the Government Support Settlement which was finally published on 18 December 2013. The Government Support figures had been drastically reduced, even more than had previously been predicted and these changes resulted in a deficit of £3m over the 10-year budget period. Proposals for savings to remove the deficit had also been tabled.

The Chief Finance Officer ran through the main points on the tabled update.

A Member addressed the Cabinet, as Secretary of the Kent Association of Local Councils, explaining he had taken the lead and encouraged Town and Parish Council to raise their precepts and ready them for the loss of any ring-fenced money from the Revenue Support Grant. Those that had not heeded this advice would be hit by the loss of this expected income. Whilst he understood that as there was no evidence of a ring-fenced amount he felt that morally the money should be passed on. The perception was that there was Government intention that some money be passed on.

The Chairman advised that when it was clear the Revenue Support Grant (RSG) had been reduced and that there was no ring-fenced amount despite what had been stated by Brandon Lewis MP to NALC, he had asked the Chief Finance Officer to check the position of other authorities. Sevenoaks was one of only a few fully parished in Kent. If money was paid from the current RSG and it continued to be reduced at expected levels, it would get to the point where Parish and Town Councils were being paid out of the Council Tax. He had written a letter to Brandon Lewis MP asking where the money was as it was not ring-fenced. As the money was not ring-fenced it was not there and there was nothing to be passed on. He stated tat he had been clear in all his dealing with Towns and Parishes that if the money was identified it would be passed on, but no money had been identified. The Chief Executive would be meeting Parish and Town Clerks the following week, and after that the Chairman would be holding a meeting to try and ensure that working relationships were not soured by the Government's failure to ring-fence any money. He would let everyone know the response he received from Brandon Lewis. No-one had made a decision not to pass the money on, there was no money to pass on, because there was no money identified for Town and Parish Councils within the RSG received.

The Chief Executive advised that the Council had been the first to announce last year, that the full amount received would be passed on, however this year there was no ring-fenced money and it was not possible to see where this money was. If any money were to be passed on it would leave an even greater shortfall in the Council's budget.

A Member stated that he thought the Minister definitely needed to clarify the position and work needed to be done to rebuild the relationships with Town and Parish Councils.

Looking at the proposed savings, a Member asked why these had not been brought forward before. The Chairman pointed out that some of these had been savings already being worked on (e.g. Building Control shared working arrangements) and with regards to planning it happened that a some staff had given notice and provided the Chief Officer with a chance to look at restructuring without redundancies. It was also pointed out that the amount recommended to be put in to the Financial Plan Reserve by Cabinet in December was being used to achieve the required amount.

In response to a question, the Chairman stated that when you looked at what the Government wanted to achieve, any growth was in housing and business, therefore they would do their best to drive this forward and be pushing local government towards a reward based system rather than a grant based system. It was the 40% that was guaranteed for two years, the NHB schemes wold remain in place.

Cabinet Members were happy with the proposed savings to be put forward for consideration in the budget.

63. Calculation of Council Tax Base and other Tax Setting Issues

The Portfolio Holder for Finance & Resources advised that as part of the budget cycle the Council was required to calculate the tax base of the district for tax setting purposes for the coming financial year. This represented the equivalent number of band D properties.

A collection rate of 99.3% had been included which was the same as used in 2013/14. In 2012/13, the rate was 99.5% and was reduced last year to allow for the expected difficulty in collection from people who were paying for the first time because of the change to Council Tax Support. In 2014/15, people of working age in receipt of Council

Tax Support would have to pay a minimum of 18.5% of the council tax, rather than 8.5%, so it was considered prudent to leave the collection rate at 99.3%.

The report showed that the tax base for 2013/14 is 47,053 and the tax base for 2014/15 will be 47,629. As well as the addition of new properties, the increase was also due to the change to Council Tax Support where the difference between the 8.5% and 18.5% minimum payments was reflected in the tax base. The timetable leading up to setting the council tax for 2014/15 was also included in the report.

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

Resolved: That it be recommended to Council that

a) the report of the Chief Finance Officer for the calculation of the Council's tax base for the year 2014/15 be approved;

b) pursuant to the report of the Chief Finance Officer and in accordance with the Local Authorities (Calculation of Council Tax Base) Regulations 1992 (as amended) the amount calculated by the Sevenoaks District Council as its council tax base for the whole area for the year 2014/15 shall be 47,629.02;

c) pursuant to the report of the Chief Finance Officer and in accordance with the Local Authorities (Calculation of Council Tax Base) Regulations 1992 (as amended) the amount calculated by the Sevenoaks District Council as the council tax base for 2014/15 for the calculation of local precepts shall be:

Parish	Tax Base
Ash-cum-Ridley	2,379.72
Brasted	741.77
Chevening	1,433.20
Chiddingstone	577.53
Cowden	409.91
Crockenhill	625.29
Dunton Green	855.57
Edenbridge	3,383.75
Eynsford	899.56
Farningham	600.77
Fawkham	276.45
Halstead	743.16
Hartley	2,455.79
Hever	588.95

Hextable	1,621.77
Horton Kirby & South Darenth	1,253.76
Kemsing	1,791.17
Knockholt	610.99
Leigh	781.09
Otford	1,663.77
Penshurst	810.88
Riverhead	1,204.11
Seal	1,167.07
Sevenoaks Town	8,926.87
Sevenoaks Weald	606.62
Shoreham	976.02
Sundridge	901.54
Swanley	5,165.78
Westerham	1,932.18
West Kingsdown	2,243.98

d) any expenses incurred by the Council in performing in part of its area a function performed elsewhere in its area by a parish or community council or the chairman of a parish meeting shall not be treated as special expenses for the purposes of section 35 of the Local Government Finance Act 1992.

IMPLEMENTATION OF DECISIONS

This notice was published on 13 January 2014. The decision contained in Minute 63 takes effect immediately. The decision contained in minute 61 takes effect on 18 January 2014.

THE MEETING WAS CONCLUDED AT 8.10 PM

CHAIRMAN

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APPROVAL OF HIGH WEALD AND KENT DOWNS AREAS OF OUTSTANDING NATURAL BEAUTY MANAGEMENT PLANS SECOND REVISION

Cabinet – 6 February 2014

Report of	Chief Planning Officer
Status:	For consideration
Also considered by:	This was also due to be considered by the Local Planning & Environment Advisory Committee on 22 January 2014 but the meeting was inquorate Council – 18 February 2014
Key Decision:	No

Executive Summary:

This report introduces a proposal to adopt the Second Revision of the Management Plans for both the High Weald and the Kent Downs Areas of Outstanding Natural Beauty (AONBs). Both AONB Units have revised their Management Plans to cover the period April 2014 to March 2019, fulfilling the statutory duties of the Countryside and Rights of Way Act (2000) on behalf of the constituent Local Authorities covering each AONB.

The report summarises the main amendments to the current Management Plans and seeks Council approval for formal adoption of the two Plans. Neither review represents a significant policy shift, but more generally light touch reviews of the existing respective Management Plans.

These are not consultation documents; detailed consultation has already taken place on the two proposed plans. SDC has been involved in the development of the plans through its membership of the two AONB Units and through Portfolio Holder comments on the draft plans. Any changes requested through the adoption process should be minor in nature and not materially affect the plan. The statutory adoption deadline of each plan is 1 April 2014.

This report supports the Key Aims of the Community Plan

Portfolio Holder Cllr. Ian Bosley

Contact Officer(s) Kirsti Johnson ext. 7134

Recommendation to Local Planning and Environment Advisory Committee:

That the Local Planning and Environment Advisory Committee recommend Cabinet endorse the recommendation to Full Council, below.

Recommendation to Cabinet:

That Cabinet endorse the recommendation to Full Council, below.

Recommendation to Full Council:

That the Council adopts the Kent Downs and High Weald AONB Management Plans and makes copies available on its website.

Reason for recommendation:

To fulfil the Council's statutory duties under the Countryside and Rights of Way Act (2000) to prepare and publish Management Plans for Areas of Outstanding Natural Beauty.

1. Introduction

1.1 Two Areas of Outstanding Natural Beauty cover parts of Sevenoaks District. These are the Kent Downs and High Weald AONBs. A map showing the extent of the two areas is provided at appendix A.

1.2 Under the terms of the Countryside and Rights of Way (CROW) Act 2000 ('the Act' hereafter) (part IV Section 89), Sevenoaks District Council ('the Council') has a statutory duty to act jointly with other Local Authorities within the AONB to prepare, publish and subsequently review a Management Plan for the respective AONB.

1.3 The Act requires that an AONB Management Plan formulates the Local Authority policies for the management of the AONB and for carrying out their functions in relation to it.

1.4 The Act also requires Local Authorities to review the AONB Management Plan every 5 years. This means that a revised Plan will need to be in place and adopted by all partners of the Joint Advisory Committee (JAC) for both the High Weald and the Kent Downs AONB Units by 1 April 2014.

1.5 This report refers to the second review of the Management Plan, first adopted by this council in 2004.

2. Background –Purpose of the AONB designation

2.1 The National Planning Policy Framework (NPPF) places great weight on conserving landscape and scenic beauty in AONBs, giving them the highest status of protection in relation to landscape and scenic beauty.

2.2 AONBs are designated by Government under the National Parks and Access to the Countryside Act 1949, for the primary purpose of conserving and enhancing the natural beauty of the landscape. The legal status and importance of AONBs is on a par with National Parks, although they do not have the same administrative arrangements.

2.3 The Act also:

- places a duty on all public bodies and statutory undertakers to 'have regard' to the purposes of AONBs

- establishes a process for creating AONB Conservation Boards, where this is locally supported; and

- Reaffirms the original purposes of designation and confirms the powers of local authorities to take appropriate action to conserve or enhance the natural beauty of AONBs.

2.4 A secondary purpose of designation is to 'take account of the needs of agriculture, forestry and other rural industries and of the economic and social needs of local communities. Particular regard should be paid to promoting sustainable forms of economic development that in themselves conserve and enhance the environment.' Whilst recreation is not an objective of designation, 'the demand for recreation should be met so far as this is consistent with the conservation of natural beauty.'

3. Links to other Council Policy and Strategy

3.1 The AONB Management Plan has the potential to improve the quality of life for residents of Sevenoaks District living and working in and around the AONBs through the conservation and enhancement of their landscape and supporting the social and economic wellbeing of communities.

3.2 The guidance provided in the Management Plans is supported by the Council's Core Strategy (2011) under Policy SP1. More widely, the use of the Management Plans can assist the Council in delivering the greener aims contained within the SDC Community Plan, and wider green infrastructure policies of the Allocations and Development Management Plan (currently at examination stage).

4. Summary of review process and consultation

4.1 The review of each Management Plan has been undertaken with stakeholder and public consultation and engagement. SDC has been involved in the reviews from the beginnings of the processes through its membership of the AONB Units. The High Weald AONB Unit carried out consultation in June and July 2013, and Kent Downs AONB Unit in August and September 2013.

4.2 Both plans have undergone a 'light touch' review whereby there are no major changes to the content of each Plan, but the review process has enabled improvements to be made to their layout making them more user-friendly documents for Officers and Members and other stakeholders to use. This reflects the robustness of the long-term approach taken in the current Management Plan.

4.3 Natural England conducted formal observations, and have confirmed that the revised plan conforms to relevant guidance, the statutory requirements and represents good practice.

4.4 The review of both Management Plans has previously been bought to the Portfolio Holder's attention through previous reports informing him of the public consultations and seeking support for the Portfolio Holder's approval of Officers comments in support of both reviews.

4.5 The High Weald AONB JAC approved the revised Management Plan at their meeting on 8 November 2013 and recommended its adoption by constituent local authorities. In a similar vein, the Kent Downs AONB JAC approved their respective revised plan on the 21 November 2013. SDC is represented on both of these JACs.

5. Summary of amendments of the High Weald AONB Management Plan

5.1 The revised Plan retains the same structure, being around AONB purpose, character and key components of natural beauty. The objectives remain essentially the same, although there is some elaboration of the nature conservation value of the AONB, linking to Natural England's National Character Area Statements.

5.2 The review has taken the opportunity to be clearer on policy wording and to strengthen the policies where required with some additions and alterations to the targets set for 2019. For example, Objectives R1 for Routeways and W2 for Woodlands place greater emphasis on partnership working with Parish Councils and Community Groups, which is in line with increased focus upon the principles of localism within the planning process.

5.3 The Plan takes account of the National Planning Policy Framework (NPPF) published in March 2012, updating the policy basis of the previous Management Plan.

6. Summary of amendments of the Kent Downs AONB Management Plan

6.1 The Plan has been updated to ensure consistency with the NPPF.

6.2 The length of the Management Plan has been reduced, its structure has been simplified and repetition removed. This has reduced the number of policies, whilst maintaining the emphasis placed on each previous policy area. For example a revised sustainable development section of the plan has been introduced to reflect the NPPF and consider cross cutting issues in one place, rather than repeatedly throughout the plan.

6.3 Care has been taken to ensure that there is a clear distinction between the wording of policies and actions. For example, Biodiversity Policy BD1 now has mention of the creation of new habitats and habitat corridors which will be pursued through collaboration to establish high quality Green Infrastructure. Green Infrastructure is a new planning term, which has become more widely used since the previous Management Plan Review, and is given emphasis within the Core Strategy (2011) to enhance networks of green open spaces and natural habitats across the District and cross boundaries. This also involves identifying green infrastructure links through collaborative work with neighbouring authorities, reinforcing the Duty to Cooperate.

6.4 There are a few additions to the Plan since the previous review. It now recognises and implements principles of the Localism Act, for example through reference to Neighbourhood Plans within the Vibrant Communities Chapter of the revised draft.

7. Conclusion

7.1 Both the High Weald AONB and the Kent Downs AONB Management Plan reviews have been undertaken with public and other key stakeholder engagement and consultation. SDC has been involved in these reviews at every stage through its membership of the AONB Units.

7.2 These are 'light touch' reviews, based fundamentally upon the previous reviews covering the period April 2009 to March 2014.

7.3 The Plans are consistent with the changes made to national planning policy and legislation since the adoption of the previous reviews.

7.4 It is recommended that the Council adopt the revised Management Plans before the 1 April 2014 in order for the respective AONB Units to provide the Secretary of State with the Plans once endorsed by all constituent Local Authorities.

7.5 Adoption of the Management Plans is also recommended in order to fulfil the Council's statutory requirements.

<u>Other Options Considered and/or Rejected</u>

No other options have been considered. The Council have a statutory duty to prepare and publish a Management Plan for AONBs.

Key Implications

<u>Financial</u>

Funding for the management plan is being shared between the constituent local authorities of each AONB on an agreed basis. No additional costs to the Council arise from adoption of the Management Plan.

<u>Legal Implications and Risk Assessment Statement.</u>

The adoption of the Management Plan Review is a statutory requirement. Should the Council decide not to adopt the Management Plan in its proposed form there is a risk that the revision to the Management Plan will not be adopted by 1 April 2014 leaving no management guidance for the AONB resulting in this Council and others failing to meet their statutory responsibilities.

Equality Impacts

Consideration of impacts under the Public Sector Equality Duty:		
Question	Answer	Explanation / Evidence
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 plans have been subject to public consultation and Sustainability Appraisals, both of which take account of equality considerations.
b. Does the decision being made or recommended through this paper have the potential to promote equality of opportunity?	Yes	
c. What steps can be taken to mitigate, reduce, avoid or minimise the impacts identified above?	N/A	

Appendices Appendix A – Map of AONBs in Sevenoaks District

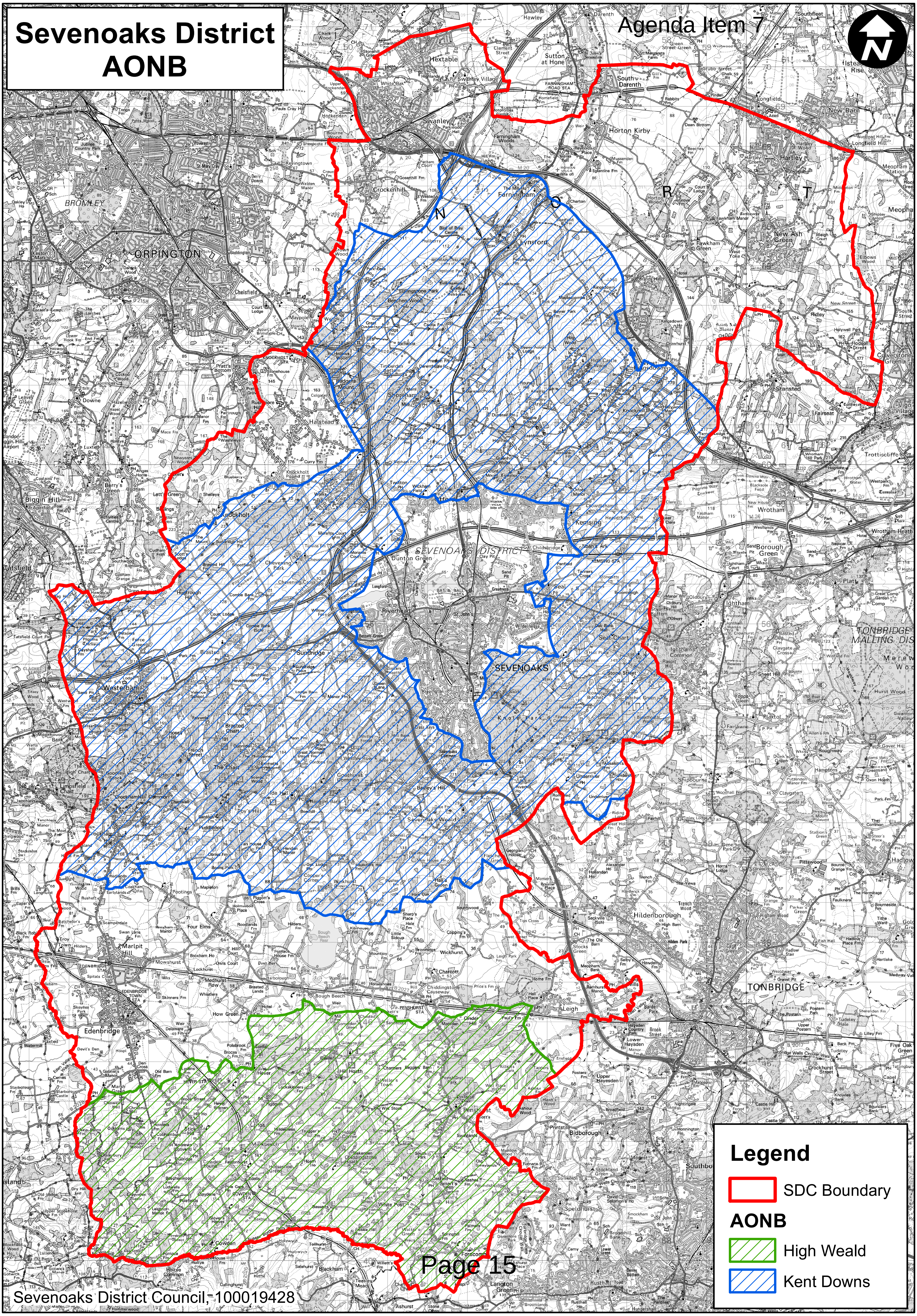
Background Papers: Kent Downs AONB Management Plan 2014 - 2019

High Weald AONB Management Plan 2014 - 2019

Mr Richard Morris

Chief Planning Officer

Sevenoaks District AONB



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COMMUNITY INFRASTRUCTURE LEVY (CIL) CHARGING SCHEDULE

Cabinet – 6 February 2014

Report of	Chief Planning Officer
Status:	For Decision
Also considered by:	Council – 18 February 2014 This was also due to be considered by the Local Planning & Environment Advisory Committee on 22 January 2014 but the meeting was inquorate
Key Decision:	No

Executive Summary:

The adoption of the CIL Charging Schedule will ensure that the Council can continue to secure funding for infrastructure to support development once greater limitations are placed on the use of planning obligations. Sevenoaks District Council has prepared a CIL Charging Schedule that takes into account the viability of development in the District and the infrastructure needed to support development. The Charging Schedule has been found sound by an independent Examiner following two rounds of public consultation and an examination.

The report recommends that the CIL Charging Schedule is adopted and sets out a timetable for the Council to begin charging CIL. Amongst other things, it also recommends that Full Council tasks the Local Planning and Environment Advisory Committee with developing CIL governance arrangements, including decisions on the prioritisation of CIL spending.

This report supports the Key Aim of Safe Communities, Caring Communities, Green Environment, Healthy Environment, Dynamic Economy and Sustainable Economy.

Portfolio Holder Cllr. Ian Bosley

Contact Officer(s) Steve Craddock (Ext. 7315)

Recommendation to Local Planning and Environment Advisory Committee:

That the recommendation to Council, below, is endorsed.

Recommendation to Cabinet:

That the recommendation to Council, below, is endorsed.

Recommendation to Council:

(a) That the Community Infrastructure Levy Charging Schedule is adopted.

(b) That the Community Infrastructure Levy rates are charged from 4 August 2014.

(c) That the scheme is monitored to understand its impact on development across the District and held under review.

(d) That all town or parish councils receive £18.75 per m^2 (15% of £125 per m^2) of a CIL payment relating to a residential development that occurs in their area if they do not have an adopted Neighbourhood Plan at the time of development being permitted to spend on infrastructure or £31.25 per m^2 (25% of £125 per m^2) if they do have an adopted Neighbourhood Plan, subject to caps set out in the CIL Regulations.

(e) That the Local Planning and Environment Advisory Committee recommend, and keep under review, governance arrangements for the prioritisation of CIL.

(f) That the Portfolio Holder is authorised to agree minor presentational changes and detailed amendments to the Charging Schedule prior to publication to assist the clarity of the document.

(g) That the document is published on the Council's website and made available to purchase in hard copy at a price to be agreed by the Portfolio Holder.

Reason for recommendation:

The adoption of the CIL Charging Schedule will ensure that the Council can continue to secure funding for infrastructure to support development once greater limitations are placed on the use of planning obligations in April 2015. Sevenoaks District Council has prepared a CIL Charging Schedule that takes into account the viability of development in the District and the infrastructure needed to support development. The Charging Schedule has been found sound by an independent Examiner following two rounds of public consultation and an examination.

The date of implementation will allow the Council and developers time to develop and adjust to new processes and information requirements, required by the CIL Regulations. The scheme is to be kept under review to ensure that it does not have adverse impacts on the quantum and distribution of development across the District.

The set rates to be paid to town and parish councils will ensure that a town or parish council is not disadvantaged in being able to provide local infrastructure when development occurs because a lower residential CIL charge applies in its area. The tasking of the Local Planning and Environment Advisory Committee with developing governance arrangements, including mechanisms for the prioritisation of CIL expenditure, will ensure that this is a Member-led process.

Recommendations (f) and (g) allow for the details of the Council's CIL charges to be clearly communicated to developers, partner organisations and the community.

Introduction and Background

1 The Community Infrastructure Levy (CIL) is a new mechanism for securing contributions from developers towards the provision of infrastructure that is required to support development. In order to begin charging CIL, SDC must adopt a Charging Schedule, which sets out what developers will need to pay in £ per sq m of new buildings. Charges can be varied by area or type of development.

2 The Council consulted on a Preliminary Draft Charging Schedule between June and August 2012 and a Draft Charging Schedule between March and May 2013. The Draft Charging Schedule was agreed for publication and submission by Council in February 2013. It proposed the following charges:

Development Type	Area A	Area B
Residential (C3 use class)	£125 per sq m	£75 per sq m
Supermarkets and superstores(1) primarily selling convenience goods(2)	£125 per sq m	
Retail warehousing(3)	£125 per sq m	
Other forms of development	£0 per sq m	

(1) Superstores/supermarkets are shopping destinations in their own right (of 500 sq m of sales floorspace or more) where weekly food shopping needs are met and which can also include non-food floorspace as part of the overall mix of the unit.
(2) Convenience goods: Food and non-alcoholic beverages, Tobacco, Alcoholic beverages (off-trade), Newspapers and periodicals, Non-durable household goods.
(3) Retail warehouses are large stores (of 500 sq m of sales floorspace or more) specialising in the sale of household goods (such as carpets, furniture and electrical goods), DIY items and other ranges of goods, catering for mainly car-borne customers.

3 Areas A and B are set out on the map included within the Charging Schedule (appendix A). These areas are the same as those proposed during the Preliminary Draft and Draft Charging Schedule consultations.

4 The Charging Schedule is supported by viability evidence that considers the ability of different types of development to make CIL payments and infrastructure planning evidence that considers the types of infrastructure that may be necessary to support development in the District. This evidence was provided to Members when they considered the submission of the Draft Charging Schedule for examination in February 2013.

CIL Examination and Examiner's Report

5 Following the consultation on the Draft Charging Schedule, the Charging Schedule, comments received during the consultation and all of the evidence base documents were submitted for independent examination by an Examiner

appointed by the Planning Inspectorate. The examination was held on 8 October 2013.

6 A partnership of McCarthy and Stone and Churchill Retirement Living was the only objector to the Charging Schedule that attended the examination hearings. Their case, that the types of development that they undertake should be subject to a reduced or nil rate because they are less viable than 'standard' residential development, was not supported by the Inspector in his report following the examination.

7 Other parties, such as ASDA, the receivers of Tubs Hill House and Berkeley Homes relied on written representations to the examination. Their objections related to the viability of residential and retail development in the District.

8 One of the Examiner's statutory duties was to satisfy himself that the proposed rates were consistent with available viability evidence and would not threaten the delivery of planned development in the District. He found that:

> *In setting the CIL charging rate the Council has had regard to detailed evidence on infrastructure planning and the economic viability evidence of the development market in Sevenoaks District. The Council has sought to be realistic in terms of achieving a reasonable level of income to address an acknowledged gap in infrastructure funding, while ensuring that a range of development remains viable across the district.*

Subject to a minor presentational modification relating to the key of the map in the Charging Schedule, the Inspector found that the Charging Schedule was sound and can be adopted by the Council.

9 The Council is able to decide whether or not to adopt the Charging Schedule, subject to the required modification (included in the Charging Schedule at appendix A). The Council is not able to make any further changes to the detail of the Charging Schedule unless it wishes to undertake further consultation and another examination.

Date of Implementation

10 CIL must be applied to developments permitted after the charge comes into effect, rather than, for example, applications submitted after this date. In order to allow the Council to charge CIL, additional information will be required from applicants to allow the charge to be calculated, which will require amendments to Development Control's Validation Checklist. Sufficient time between adoption and implementation is required to ensure that the developments being determined after the implementation of CIL have been assessed against the amended Validation Checklist.

11 In charging CIL, the Council is required to follow a multi-stage process that links to different points in the development process, e.g. validation, decision, discharge of last pre-commencement condition and commencement. The CIL administration process is governed by approximately 100 regulations (contained in the CIL Regulations 2010, as amended in 2011, 2012 and 2013) that set out precisely what the Council must do at each stage. These regulations are due to be

amended in April 2014 when the Government will extend the ability of developers to secure reductions in CIL payments if sites have existing in-use buildings and introduce exemptions for 'self-build' residential developments, amongst other things.

12 The development or procurement of effective and robust software is considered necessary to allow the Council to implement CIL with the required levels of transparency, to prevent delays in determining planning applications and to enable accountability in the spending of CIL receipts. The potential procurement of a software solution can only take place after the Council has resolved to adopt the Charging Schedule, as it will need to be funded from the proportion of CIL that SDC can spend on CIL administration. This proportion is 5% of the annual receipts (which can be pooled over the first 3 years), which could equate to approximately £30,000 - £40,000 per annum if 165 dwellings per annum (the Core Strategy average) were to be built, once estimates for social housing relief and reductions in 'in use' floorspace have been made. In order to be fully effective the software needs to be in place when the validation requirements change.

13 For the reasons set out above, it is recommended that the Council begins charging CIL on Monday 4 August 2014, with the following milestones achieved:

Charging Schedule Adopted	18 February 2014
Software developed or procured	21 April 2014
Validation Requirements Change	5 May 2014
Charging begins on planning permissions granted on or after (13 weeks after validation requirements change)	4 August 2014

14 This timetable will also allow the Council to arrange briefing sessions with local agents and developers to ensure that they are aware of the CIL charge and the processes that must be followed.

Monitoring

15 The Council will have a legal obligation to monitor the following, once CIL is implemented:

- the money collected in the financial year;
- the total amount of money spent in the financial year;
- a summary of
    - what CIL has been spent on;
    - how much money has been spent on each scheme;
    - how much money has been spent to repay funds previously secured to forward fund infrastructure, including on interest payments; and

  - how much money has been spent on administrative costs;
- the money passed to town and parish councils; and
- the money that remains unspent at the end of the financial year.

16 Town and parish councils will also have a legal obligation to monitor the CIL funds received and their expenditure, amongst other things.

17 In addition, it is proposed that the Council monitors the rates of development by ward across the District and compares this with historic rates of development by ward. This will allow the Council to identify what impact CIL is having on the distribution and levels of development across the District.

Payments to Town and Parish Councils

18 Under the CIL Regulations, town and parish councils will receive 15% of the CIL collected from development in their area (capped at £100 per existing Council Tax dwelling per annum) if they do not have a Neighbourhood Plan and 25% of the CIL collected from their area (uncapped) if they do have a Neighbourhood Plan. This money must be spent on supporting the development of an area. A higher proportion can be passed to town and parish councils but any additional funding must be spent on infrastructure.

19 In approving the Draft CIL Charging Schedule for publication and submission to the Secretary of State, Council resolved that 'subject to the awaited Ministerial Guidance, the Council be recommended to provide top up funding to Parishes within the £75 per sq m boundaries'. This was intended to ensure that a town or parish council in a £75 per sq m residential charging area is not disadvantaged in comparison to those in a £125 per sq m residential charging area.

20 Should Members still consider it beneficial to ensure that town and parish councils receive an equal amount when a CIL-paying residential development occurs in their areas then it is recommended that they all receive £18.75 per sq m (15% of £125 per sq m) of the CIL payment if they do not have an adopted Neighbourhood Plan at the time the development is permitted to spend on infrastructure or £31.25 per sq m (25% of £125 per sq m) if they do have an adopted Neighbourhood Plan. As the charge for supermarkets, superstores and retail warehouses is a standard £125 per sq m across the District, town and parish councils will receive 15% or 25% of the same sum if a development of one of these types happens in their area. This does not preclude additional funds being passed to town or parish councils if the projects proposed are given sufficiently high priority under the governance arrangements that will be developed.

21 In order to ensure that the town or parish council and SDC is compliant with the legislation, town and parish councils in £75/m^2 charging areas will need to spend the 'top up funding' (equivalent to £7.50 per sq m or £12.50 per sq m of CIL-paying residential development, depending on whether the area has a Neighbourhood Plan) on infrastructure. Officers will brief and liaise with town and parish councils on this, as part of the implementation process.

Governance Arrangements

22 Qualifying development is liable to pay CIL only if it is permitted after the Charging Schedule is in effect. In most circumstances, it becomes liable to pay CIL 60 days after commencement, unless the Council adopts an instalments policy (see para 24). As such, it is unlikely that significant CIL funds will be received until at least the end of 2014. Experience from CIL 'front-runner' authorities suggests that it may be even longer than this before the Council has sufficient funds to allocate to projects (to be undertaken by it or other organisations).

23 The period between proposed adoption and developments starting to pay CIL will allow Members and Officers time to develop governance arrangements to determine how the spending of CIL should be prioritised between competing projects. It is proposed that the Local Planning and Environment Committee is tasked with developing proposals for these governance arrangements to ensure that the process is Member-led. The work plan for the Local Planning and Environment Committee has this issue as an item on its agenda for its 25th March 2014 meeting.

24 As part of its consideration of governance arrangements, the Local Planning and Environment Advisory Committee should also consider the adoption of an instalments policy, which could help to improve the cash-flow, and therefore viability of larger developments.

Other Options Considered and/or Rejected

25 An option would be to not adopt the CIL Charging Schedule. However, from April 2015 this would severely limit the Council's ability to secure contributions from developers to infrastructure once development is permitted in the future.

26 There is no option to amend the Charging Schedule (except for the correction of errors or procedural information) without undertaking further research, consultation and another examination.

Key Implications

Financial

27 The adoption of the Charging Schedule will allow the Council to collect funds to spend on the development of infrastructure or to pass to partner organisations to spend on the development of infrastructure.

28 The CIL Regulations allow the Council to spend up to 5% of receipts on the administration of CIL. This proportion is 5% of the annual receipts (which can be pooled over the first 3 years), which could equate to approximately £30,000 - £40,000 per annum if 165 dwellings per annum (the Core Strategy average) were to be built, once estimates for social housing relief and reductions in 'in use' floorspace have been made.

Legal Implications and Risk Assessment Statement.

29 The Charging Schedule has been prepared in accordance with the relevant primary and secondary legislation, as is evident from the Examiner's decision to find the Charging Schedule sound.

30 The legal implications of the 'top up' payments to town and parish councils in £75 per sq m residential charging areas have been explored in the report.

Equality Impacts

Consideration of impacts under the Public Sector Equality Duty:		
Question	Answer	Explanation / Evidence
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 CIL Charging Schedule will help to fund infrastructure requirements for the local community surrounding any new development. This will have a positive impact on all aspects of the community, as the fund will help to address any deficiencies.
b. Does the decision being made or recommended through this paper have the potential to promote equality of opportunity?	Yes	
c. What steps can be taken to mitigate, reduce, avoid or minimise the impacts identified above?		n/a

Resources

31 The administration of CIL is a complex and many staged process and will require resources to be dedicated to it to ensure that it is operated in an efficient and transparent manner. The CIL Regulations allow the Council to spend up to 5% of receipts on the administration of CIL. The proposed timetable for implementation takes account of the need to consider how the additional demands on resources will be managed.

Conclusions

32 It is recommended that the CIL Charging Schedule is adopted, subject to the recommendations set out above. The adoption of the CIL Charging Schedule will allow the Council to continue to secure contributions from development towards infrastructure required to support the development of the District, whilst ensuring that the planned level of development remains viable.

Appendices Appendix A – CIL Charging Schedule (January 2014)

Background Papers:	Examiner’s Report on the Draft Sevenoaks District Council Community Infrastructure Levy Charging Schedule

Mr Richard Morris
Chief Planning Officer

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STATEMENT OF COMMUNITY INVOLVEMENT – DRAFT FOR CONSULTATION

Cabinet – 6 February 2014

Report of	Chief Planning Officer
Status:	For decision
Key Decision:	No
Also considered by:	This was also due to be by the Local Planning & Environment Advisory Committee on 22 January 2014 but the meeting was inquorate

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Executive Summary:

This report outlines the contents of the Council's draft Statement of Community Involvement (SCI) in Planning. The document details how we propose to engage local people and organisations in the development planning process, both in planning policy and development management.

An SCI was first adopted by the Council in 2006 and this version refreshes that document, to bring it up to date with current consultation methods, particularly in relation to electronic communication.

This is a consultation document and once the draft is agreed, it is proposed that public consultation will take place for six weeks in spring 2014.

This report supports the Key Aims of the Community Plan

Portfolio Holder Cllr. Ian Bosley

Contact Officer(s) Hannah Gooden ext. 7178

Recommendation to Cabinet:

To agree to publish the draft Statement of Community Involvement for consultation.

Reason for recommendation:

To update the previously adopted Statement of Community Involvement to provide a current code of practice for community involvement in planning.

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1. Introduction

1.1 This Statement of Community Involvement (SCI) has been produced to make sure we can involve our community effectively in the development of local planning policy and decisions on planning applications. Please see Appendix A.

1.2 The Council's first SCI was adopted in 2006. Since then there have been significant changes to the planning system and this new version of the SCI has been revised to reflect the most up to date legislation and regulation changes.

1.3 We understand that in order to try to reach agreement within communities, people need to be involved from the early stages of the planning process. The SCI is therefore a public statement that lets communities and stakeholders know when and how they can be involved.

2. Background

2.1 It is a key objective of the town and country planning system to strengthen community and stakeholder involvement in the planning and development process. Planning affects all communities, so it is important that local people understand the process and are given the opportunity to get involved.

2.2 All local authorities are required to produce a SCI, which sets out their vision and strategy for effective community participation.

2.3 Greater community participation and empowerment is also on the national agenda, as outlined in the Localism Act 2011 and the National Planning Policy Framework 2012 which states that one of the core principles of planning is to 'empower local people to shape their surroundings' (paragraph 17).

2.4 Engaging communities early in the plan-making and planning application processes should ensure that plans and developments reflect the views of local people, and will allow for communities to fully understand the process from start to finish.

3. Links to other Council Policy and Strategy

3.1 The Council's Corporate Plan sets out that we are committed to cultivating:

'*pride in the District of Sevenoaks by working with the Community as a whole, to sustain and develop a fair, safe and thriving local economy*.'

3.2 The Corporate Plan makes a specific commitment to:

'review our Statement of Community Involvement and clarify how people can get involved in shaping local planning policy.'

3.3 The Council, as a whole, also has its own policies and aims relating to community engagement and places a great deal of emphasis on ensuring the community has the opportunity to get involved in all areas of council work.

3.4 The Sevenoaks District Community Plan 'Making it happen together' was adopted in 2013 and sets out residents' priorities for the next 15 years to 2028. The Plan has been informed by comprehensive engagement and consultation so that the final document reflects the issues local people care about. The Community Plan contains a number of themes and priorities for action that are required to successfully deliver the vision for the District. Our local development documents will build upon these objectives and will be the principal mechanism for delivering the land use and spatial elements of the Community Plan.

3.5 The SCI has been produced in accordance with these corporate policies, and our consultation activities will aim to meet their objectives. We will work with other departments to ensure that a consistent approach is taken to consultation.

4. Community Involvement

4.1 There are two main areas of town planning in which the community can participate:

- Planning Policy (Local Plans) – setting the policy framework against which planning applications will be judged.
- Development Management (Planning Applications) – most types of development require a planning application to be submitted and approved, and anyone can comment on a planning applications.

4.2 The Statement of Community Involvement sets out the stages at which the community can be involved in these areas of planning. It notes the minimum standards of consultation required by Regulations and states that we are committed to going further than these minimum requirements to ensure community involvement can be more effective for Sevenoaks.

4.3 The SCI provides further detail on the various channels of communication and consultation that are used in planning, including our website, emails, letters, the local media, libraries, presentations, workshops and forums.

4.4 Since the publication of the last SCI in 2006 the ways in which the Council engages with the community have developed and improved. One of the main changes has developed through the use of increased information technology. Over the past year the Council has increased its use of social networking sites, such as Facebook and Twitter, to communicate with residents. Approximately 1,500 now receive regular updates from the Council through these sites, and our consultation events will be advertised on our Corporate Facebook and Twitter pages.

5. Consultation

5.1 The draft SCI will be subject to six weeks public consultation in spring 2014. The Council will consider the responses to this consultation and make any necessary amendments to the document before adoption. The document will be formatted before publication, to ensure that it is a user-friendly document, but the content will remain the same.

6. Conclusion

6.1 This report outlines the proposed updates to the previously adopted Statement of Community Involvement to provide a current code of practice for community involvement in planning. It is recommended that this draft document is published for public consultation.

Other Options Considered and/or Rejected

The Council could continue to rely on the existing Statement of Community Involvement from 2006, but this is out of date, and therefore this option is not recommended.

Key Implications

Financial

Consultation on this document will be funded out of existing planning policy budgets. No additional costs to the Council arise from the adoption of the SCI.

Legal Implications and Risk Assessment Statement.

All local authorities are required to produce an SCI to set out their vision and strategy for effective community participation.

Equality Impacts

Consideration of impacts under the Public Sector Equality Duty:		
Question	Answer	Explanation / Evidence
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 SCI is designed to ensure that Sevenoaks District Council effectively involves the community in the development of all documents, SPDs and DPDs that make up the Local Plan (also known as the LDF). The SCI also details how the Council consult on planning applications. The SCI aims to consider the needs and priorities of the whole community, and attempts to overcome any barriers which may prevent groups or individuals within the community from being involved in the planning process.
b. Does the decision being made or recommended through this paper have the potential to promote equality of opportunity?	Yes	

Consideration of impacts under the Public Sector Equality Duty:		
Question	Answer	Explanation / Evidence
c. What steps can be taken to mitigate, reduce, avoid or minimise the impacts identified above?	N/A	

Appendices Appendix A – Statement of Community Involvement, 2014

Background Papers: None

Mr Richard Morris
Chief Planning Officer

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Statement of Community Involvement in Planning
Draft for Consultation - 2014

Sevenoaks
DISTRICT COUNCIL

Foreword

"Tell me and I'll forget; show me and I may remember; involve me and I'll understand." Chinese Proverb

This is particularly important in planning, as decisions impact directly on the future of our District and all of us as individuals. We want as much of the community as possible to be involved in planning and shaping our District.

This Statement of Community Involvement (SCI) sets out how Sevenoaks District Council will involve you in the development of local Planning Policy and in Planning Applications. It refreshes the version previously adopted in 2006, as the ways in which the Council engages with the community have developed and improved, particularly through the use of increased information technology.

The SCI will be shaped through public consultation and is an evolving document that will be updated as new consultation methods and channels emerge.

Councillor Ian Bosley,
Portfolio Holder for Local Planning and Environment

Contents

What is a Statement of Community Involvement?

We want to help people get involved in planning the future of Sevenoaks and to improve opportunities for engagement.

Sevenoaks District Council has produced this Statement of Community Involvement (SCI) to make sure we can involve our community effectively in the development of local planning policy and decisions on planning applications.

Our first SCI was adopted in 2006. Since then there have been significant changes to the planning system and this new version of the SCI has been revised to reflect the most up to date legislation and regulation.

We understand that in order to try to reach agreement within communities, people need to be involved from the early stages of the planning process. The SCI is therefore a public statement that lets communities and stakeholders know when and how they can be involved.

This document is structured:

1. Introduction.
2. Community Involvement in Planning Policy (the Local Plan).
3. Community Involvement in Development Management (Planning Applications).

Introduction 1

Why prepare a Statement of Community Involvement?

It is a key objective of the planning system to strengthen community and stakeholder involvement in the planning and development process. Planning affects all communities, so it is important that local people understand the process and are given the opportunity to get involved.

All local authorities are required to produce a SCI, which sets out their vision and strategy for effective community participation. Greater community participation and empowerment is also on the national agenda, as outlined in the Localism Act 2011 and the National Planning Policy Framework 2012 which states that one of the core principles of planning is to 'empower local people to shape their surroundings' (para 17).

Engaging communities early in the plan-making process should ensure that plans reflect the needs and aspirations of local people, and will allow for communities to fully understand the process from start to finish.

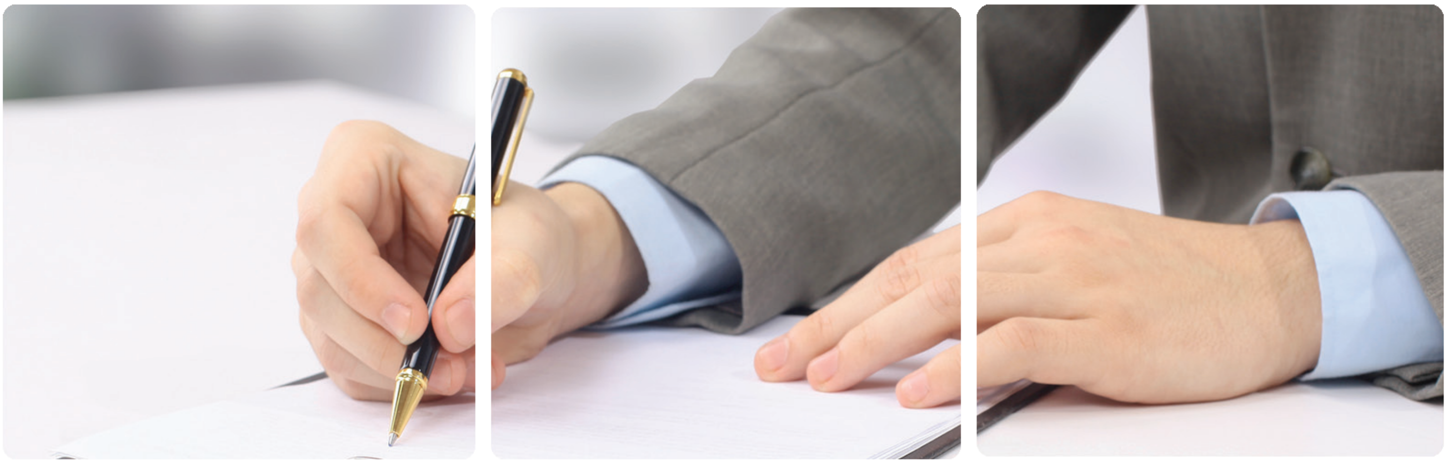
Some of the benefits of community involvement:

- Outcomes that better reflect local needs and aspirations;
- Improved quality and efficiency of decisions by drawing on local knowledge and minimising conflict;
- Education and communication amongst the community of different sectors' needs and the planning process;
- Promotion of social cohesion - making real connections with and between communities.
- Enhanced buy-in and a greater sense of ownership for decisions and outcomes.

OUR VISION...

Is for our community to know more about, and be more positively involved in, shaping the development of our district so that we can make planning decisions that more effectively meet their needs and aspirations.

Corporate Linkages



Our Corporate Plan sets out that we are committed to cultivating: ‘pride in the District of Sevenoaks by working with the Community as a whole, to sustain and develop a fair, safe and thriving local economy.’

It makes a specific commitment to: ‘review our Statement of Community Involvement and clarify how people can get involved in shaping local planning policy.’

We also have our own policies and aims relating to community engagement and place a great deal of emphasis on ensuring the community has the opportunity to get involved in all areas of council work.

The Sevenoaks District Community Plan ‘Making it happen together’ was adopted in 2013 and sets out residents’ priorities for the next 15 years to 2028. The Plan has been informed by comprehensive engagement and consultation so that the final document reflects the issues local people care about. A wide range of public, private, voluntary and community organisations have come together to form a Local Strategic Partnership which is responsible for producing our Community Plan and ensuring the communities needs are met.

The Community Plan contains a number of themes and priorities for action that are required to successfully deliver the vision for the District. Our local development documents will build upon these objectives and will be the principal mechanism for delivering the land use and spatial elements of the Community Plan.

The SCI has been produced in accordance with these corporate policies, and our consultation activities will aim to meet their objectives. We will work with other departments to ensure that a consistent approach is taken to consultation. Where, appropriate, we may also link our public consultation with events and activities organised by other council departments and vice versa.

How Can I Get Involved?

There are two main areas of planning that you can get involved in:

Planning Policy (Local Plans) – setting the policy framework against which planning applications will be assessed. Please see section two of this document for more information.

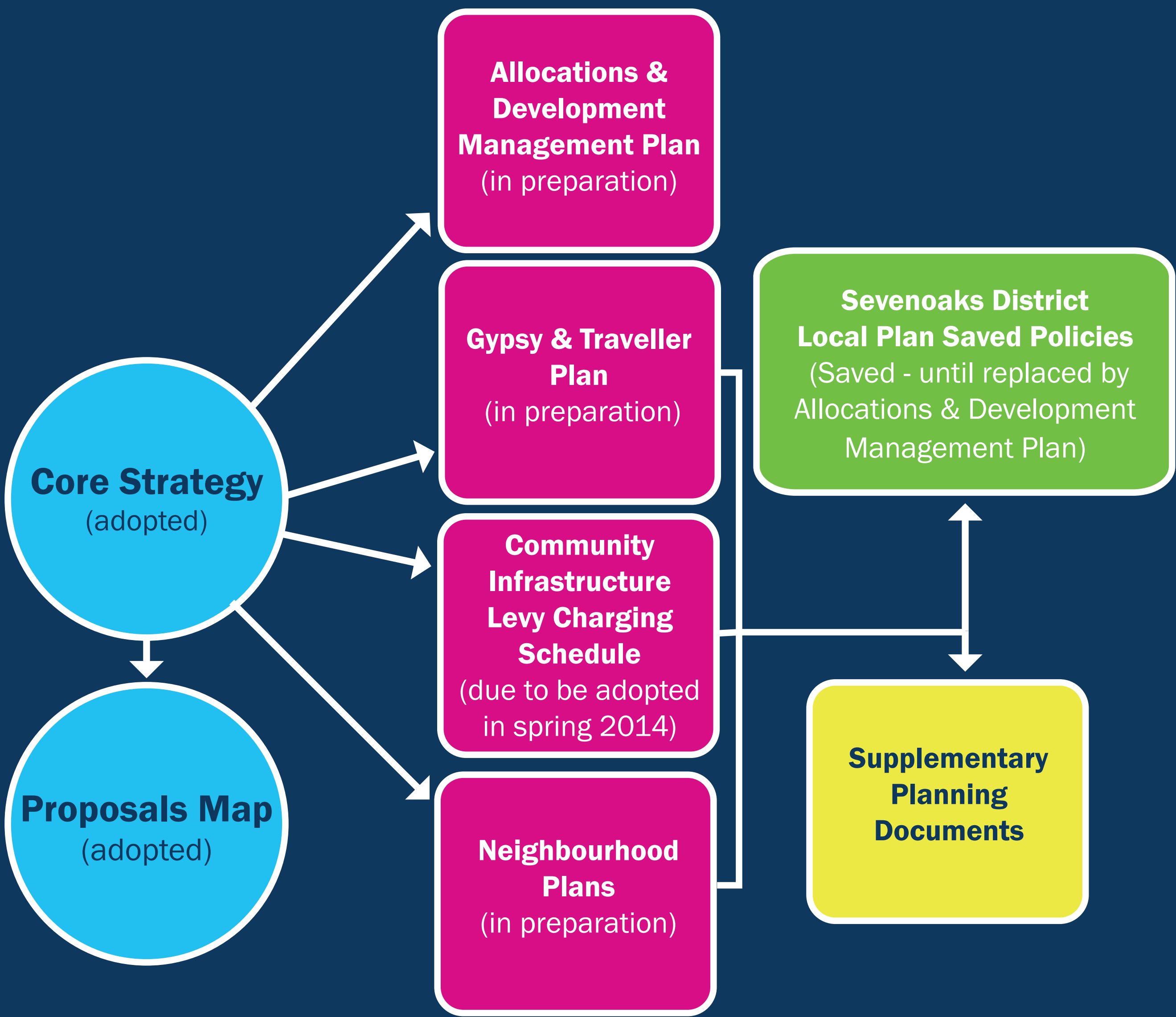
Development Management (Planning Applications) – most types of development require a planning application to be submitted and approved, and anyone can comment on a planning application. Please see section three of this document for more information.

Planning applications are determined in accordance with the Local Plan, so it is essential to get involved with strategic planning policy as well as specific planning applications.

2 Community Involvement in Planning Policy

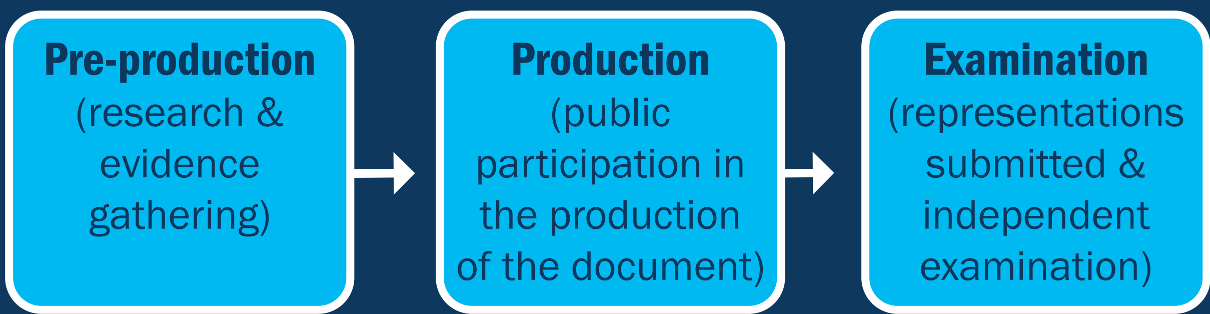
The 'Local Plan'

The figure below outlines the relationship between planning policy documents which will be or have already been produced.



Planning Policy Documents

The community will be involved throughout the different stages of production for each document prior to adoption, which can be summarised as follows:



The Regulations require us to publicise consultations on the our website and provide documents for inspection at the Council's offices and libraries, as well as sending letters to statutory, general and other consultees. However, we recognise the value of including more of our community in the development process – not least that the documents will more closely reflect local needs and priorities. Therefore we are committed to going further than these minimum requirements to ensure community involvement can be more effective for Sevenoaks.

The Planning System:

The planning system requires local authorities to produce planning policy documents, which set out the spatial strategy for their local area, and provide the basis on which planning applications are determined.

Planning legislation sets out which documents must be produced and which are optional. Regulations also exist to set out which of the documents must be developed with community input, and which must then be examined by an independent Planning Inspector.

There are two types of planning policy document: Development Plan Documents (DPDs) and Supplementary Planning Documents (SPDs). DPDs set out planning policies to manage land use within a local area, and SPDs provide further detail on the implementation of these policies.

Further information regarding the council's work programme for preparing planning policy documents is contained in the Local Development Scheme. Copies of the Local Development Scheme are available from the council's offices and website http://www.sevenoaks.gov.uk/services/environment-and-planning/planning/planning-policy-and-the-local-development-framework/local-development-scheme.

This Statement of Community Involvement will be used by us to guide the development of our local planning documents.

The preparation of Supplementary Planning Documents (SPDs)

Stage 1 Development of evidence base	This stage involves us collecting up-to-date information on a range of social, economic and environmental matters.
Stage 2 Preparation of draft SPD	A draft version of the SPD is produced, based on the evidence collected at stage 1.
Stage 3 Consultation on draft SPD (Regulation 12)	Once the draft has been produced, we will consult on this document for a period of between 4 to 6 weeks. Any representations made will be considered and amendments will be made to the document, where required.
Stage 4 Adoption (Regulation 14)	The SPD is adopted in line with Regulation 14 requirements.

The preparation of Development Plan Documents (DPDs)

Stage 1 Evidence base	This stage involves us collecting an up-to-date information base on a range of social, economic and environmental matters.
Stage 2 Public participation in the preparation of a Development Plan Document (DPD) (Regulation 18)	The results of Stage 1 are used to identify the main issues that the plan needs to deal with and the options that are available. An assessment of the plan's social, economic and environmental impacts is also produced at this point, in the form of a Sustainability Appraisal (SA). At this stage, we are required to notify each of the specific consultation bodies that we consider may have an interest in the proposed DPD, and any general consultation bodies that we consider appropriate, as to the subject of the proposed DPD, and invite them to make representations. Local residents and businesses may also be informed, and invited to comment, and the Council maintains an Local Plan consultation mailing list of interested parties. The local authority must take into account any representations received as a result of preparing the development plan document. This is a duty which may technically be fulfilled up to the time of its publication.
Stage 3 Preparation of DPD	At this stage we continue to develop our plan. This includes considering any comments from Stage 2 and the findings of any new studies.
Stage 4 Publication of a development plan document (Regulation 19)	We publish the plan in what we think should be the final version. A more detailed assessment of the plan's social, economic and environmental impact (SA), and a draft proposals map, showing any changes that would result from the adoption of the plan, is also published. A public consultation will be held for a period of at least six weeks. A statement of consultation will also be produced, to provide a summary of the main issues raised by the representations. This will allow officers to review the representations and to consider what, if any, changes should be made to the draft development plan document before submission (Stage 5).
Stage 5 Consider objections	We will consider any points raised by the consultation. If minor changes are required, then we will make these. If there are significant issues, we may withdraw the plan and return to Stage 3. Once we have dealt with all of the issues raised, we move to Stage 6.
Stage 6 Submission (Regulation 22)	We will send the plan and any supporting documents to the Secretary of State to be examined.
Stage 7 Examination (Regulation 24)	An Inspector appointed by the Government will carry out an independent examination of the 'soundness' of the plan. Those who object to the plan may be allowed to appear in front of the inspector in person.
Stage 8 Receipt of Inspector's report and adoption (Regulations 25 and 26)	The inspector writes a report of the examination, and decides what changes (if any) need to be made. Once we receive the inspector's report we have to change the plan in line with their recommendations. It is this version of the plan that will be adopted.

Consultation Methods

Since the publication of the last Statement of Consultation in 2006 the ways in which we engage with the community have developed and improved. One of the main changes has developed through the use of increased information technology. Over the past year we have increased our use of social networking sites, such as Facebook and Twitter, to communicate with residents. Approximately 1,500 now receive regular updates from us through these sites. A variety of methods will be used at various stages of the planning process to enable community involvement in planning. These methods include, but are not limited to:

Website - our consultation activities will be publicised through the Council's website, on both the Planning Policy pages, and our News page. Our consultation portal will be available for people to read the documents and provide comments online.

Facebook and Twitter - our consultation events will be advertised on our Corporate Facebook and Twitter pages.

Local newspapers - often, we will advertise in the local press. Advertisements will include details on when and where planning documents can be inspected, how copies can be obtained, the closing date for representations and where to send them.

Leaflets - leaflets, flyers and brochures may be distributed separately, or with other Council Correspondence (such as the Council's 'In Shape' magazine, to summarise detailed information.

Emails / Letters - notifications will be sent to statutory bodies, stakeholders, relevant groups and other individuals and organisations on our consultation database.

Inspection points - documents will be made available for inspection at the Council's office and local libraries.

Presentations - to groups, organisations and stakeholders as appropriate, to target particular people in the community who may be interested in a specific issue, for example the agents forum or he Parish Councils forum.

Questionnaires/Surveys - use of questionnaires, surveys and/or focus groups to determine attitudes towards particular issues and options. Such research can target groups and individuals with particular interests or citizen's panels with multiple interests.

Public exhibitions/displays/roadshows - for larger consultation events, we may promote our consultation event at a public exhibition, display or a roadshow. This has the ability to target members of the community who may not get involved through more formal methods.

Interactive workshops - use of interactive workshops to identify and focus discussion around difficult issues and key themes. These can reach people who might not get involved in more formal groups but who may respond to this kind of contact.

Community/resident meetings and groups - use of pre-existing community/resident meetings, and meetings of community groups to target people with particular characteristics/interests.

We recognise that there are different levels of interaction between our planning team and the community including:

Notification — Providing information, for example through leaflets, advertising and ongoing awareness programmes.

Consultation — Consulting you on your views, for example through surveys, exhibitions and formal consultation processes.

Participation — Such as in workshops where you would be actively involved in identifying needs and priorities.

Method of Involvement	This is useful for	Which Document	What Stage	For which sectors of the community?	Things we need to consider?	Resource Intensity?
Electronic resources (Internet, e-mail, online consultation, twitter, Facebook, diary)	Allowing access to latest information about progress and opportunities to contribute.	All DPDs/ SPDs	All Stages	All sectors	Electronic resources must be user friendly and intuitive. Items should be placed online in time for people to respond effectively.	Low: initially specialist skills will be required, but posting information online is low/ no cost once established.
Local media (newspapers – adverts and articles, newsletters, flyers, TV, radio)	Raising levels of awareness and publicising specific opportunities to get involved. Reaching wide audience.	All DPDs/ SPDs	All Stages	Local communities, Developers & landowners, Business sector, Service providers	Information must be interesting and relevant. We need to allow enough time for publication and set an appropriate timeframe for collecting responses.	Medium: whilst advertising in local press can be free, broader advertising can be expensive.
Publicity in 'community centres' (e.g. libraries, shopping and sports centres).	Going out into the community to provide information and access views - reaching those who wouldn't seek to be involved.	All DPDs/ SPDs	All Stages	Local communities	Information should be accessible to all - in terms of mobility, understanding and times available.	Medium: production of material can involve significant costs. Staff time will also be needed.
Letter based consultation to persons & organisations listed on the Local Plan mailing list.	Providing information specific to identified organisations and those requesting general updates on the Local Plan process	All DPDs/ SPDs	All Stages	All those requesting to be added to the mailing list and statutory consultees	Must be clear and understandable, although most people on this list will have a good understanding of the planning system	Low: will be supplementary to other consultation methods, reusing that information, but postage may be costly.

Documents available for inspection at local council offices.	Meeting minimum requirements in allowing everyone the opportunity to comment on draft documents.	All DPDs/ SPDs	All Stages	A Local communities, Developers & landowners, Business sector, Service providers, Additional authorities	It must be clear how and when people should respond. Information should be accessible to all - in terms of mobility, understanding and times available.	Low: Staff time may be needed to answer questions and collate any responses
Area/Town Forums and Parish/ Town Council Meetings.	Reaching community groups through existing forums dealing with local issues. Gaining first hand views regarding a specific area.	DPDs	Pre-production, production, submission.	Local communities, Developers & landowners, Business sector, Service providers	We must be aware of the audience and any restrictions. We should also consider the time available for consultation on Local Plan (alongside other agenda items).	Medium: Attending existing forums requires staff time to attend meeting and to prepare any material.
Qualitative Research (e.g. Questionnaire Surveys).	Determining attitudes and identifying needs for improvement. Gaining views from people who would not otherwise express an opinion	DPDs	Pre-production, production, submission.	All sectors	Surveys can reap a greater number of responses but require significant administration. Focus groups require specialist skills but can be used to target specific groups.	Medium/High: Specialist skills are required. Depending on scope, costs of venue hire or distributing surveys can be significant.
Public Exhibitions.	Outlining specific plans and proposals to target audience. Accessible to broad audience.	DPDs	Production, submission.	Local communities, Developers & landowners, Business sector, Service providers, Additional authorities	Information should be accessible to all - in terms of mobility, understanding and times available.	Medium: Preparation costs and time needed can be significant. Additional staff time is needed if manned.
Preparation of locally based documents (e.g. Neighbourhood Plans, Parish Plans and Village Design Statements).	Locally prepared by the community as their aspirations. Gives us information on what community wants with minimal effort on our part.	Neigh-bourhood Plans etc	All stages	Local communities	These outline community priorities and may differ from place to place. The Local Plan need to be flexible enough to respond to this challenge.	Low/Medium: We offer support for communities developing these documents, which can be intensive, although using the documents for background is low.

Participation Workshops	Bringing together representatives from different sectors of the community to be more actively involved in scoping documents and identifying priorities.	DPDs	A Pre-production, production, submission.	All sectors	Events require significant preparation and organisation. However they can be very useful for discussing important and/ or difficult issues.	Medium/High: Time is needed for preparation, specialist skills may be required. The costs of venue hire can be considerable.
Working Groups / Focus groups / Panels	Bringing together representatives to provide ongoing support to Local plan development and production.	DPDs	Pre-production, production, submission.	All Sectors	Success is dependent on commitment from those involved. Regular or ongoing meetings can also have resource implications.	Medium: Ongoing support from staff has time implications. There are also costs in organising meetings.

Who We Consult

The Planning Regulations require local authorities to meet a minimum level of community involvement and specify a number of organisations which must be consulted if we consider that they will be affected, known as statutory consultees and general consultation bodies.

In addition to meeting our statutory obligations, we are committed to ensuring that local groups, organisations and individuals are provided with the best possible opportunity to become involved in the preparation of local development documents.

We have a Local Plan Consultation Mailing List around 750 consultees, who have either commented upon, or expressed an interest in being involved with the production of our planning policy document. This database is used to keep registered individuals, organisations and groups informed on the production of any local planning documents and new consultees are added to the consultation database as requested.

A list of statutory consultees, general consultation bodies, and other organisations and groups we involve in the plan-making process is included in Appendix A.

Sustainability Appraisal

Local Planning Authorities must undertake a Sustainability Appraisal (SA) of each of the Development Plan Documents (DPDs) they produce.

SA aims to ensure that the policies and proposals reflect the principles of sustainable development. An SA scoping report will be produced at the start of DPD preparation, which will be consulted on to allow for interested parties to have their say in what our SA should contain. An SA will be undertaken whilst preparing each stage of a DPD, and a report will be consulted on throughout the plan-making process, at the same time as the DPD itself.

An SA is not required for Supplementary Planning Documents (SPDs).

Communicating Effectively

Feeding information into decisions

The information we obtain through community involvement will be collated and used to inform our decisions and/or shape any documents we produce.

A summary report will be produced outlining all responses, how they were used to inform decisions or documents and providing an indication of the resulting outcomes. We aim to make the link between your responses and our decision or action clear.

These reports will be made available on our website.

Feeding back

Each planning policy document will require a 'statement of consultation'. This will outline how the SCI has been followed and how doing so has benefited document production. This will provide some indication of the benefits of involvement.

We will make all general feedback and summary outcomes available on our website and from our offices on request.

In addition we aim to feed back directly to those involved in either specific involvement activities such as workshops, or consultation processes associated with planning policy documents.

Our feedback commitment

We aim to provide feedback on any involvement activities or consultation processes associated with local development.

At minimum, the feedback will include:

1. An acknowledgement of your comments;
2. A summary of how the process is going;
3. How your information will be used.

When applicable and/or possible we will also:

4. Summarise the key information received;
5. Outline the decision made and why;
6. Outline the benefits provided by community involvement.

3 Community Involvement in Development Management

Planning Applications

This SCI also outlines how our community will be involved in planning applications.

We are already required to consult with our community on all planning applications submitted. The chart overleaf sets out the legal minimum action we must take to provide you with an opportunity to put forward your views or concerns.

However, we recognise that, in some cases, it will be beneficial and appropriate to involve more people and/or involve them earlier in the process.

Greater Community Involvement

Involving people before an application is made allows them to influence developments as they are being designed, helping deal with issues that may become major issues later.

For each stage of the planning application process, and for the different types of application, we will consider whether greater involvement is appropriate and how we can support developers in involving people more effectively.

The National Planning Policy Framework (paragraph 188) states that 'early engagement has significant potential to improve the efficiency and effectiveness of the planning application system for all parties. Good quality pre-application discussion enables better coordination between public and private resources and improved outcomes for the community'.

General advice and assistance

The Development Management team provides a daily duty officer system, which enables people to speak to an experienced planning officer by telephone during normal office hours on **01732 227000** and choose option 3.

A wealth of information on our development management functions including validation requirements can be obtained on our webpage: http://www.sevenoaks.gov.uk/services/environment-and-planning/planning

The Planning Portal is the UK Government's online planning and building regulations resource for England and Wales and also provides advice and services for the public and professionals:

www.planningportal.gov.uk

Additionally, Planning Aid England provides free, independent and professional planning advice to communities and individuals who cannot afford to pay professional fees. This service encourages people to become involved in the planning system.

The contact details for Planning Aid are:

Telephone: 0203 206 1880

Email: advice@planningaid.rtpi.org.uk

Pre Application Advice

We encourage prospective applicants to consult at an early stage on potential developments before details are finalised. Consistent with the NPPF, we believe that early engagement both with us and the local community offers potential benefit for all parties.

Pre-application advice is of benefit to prospective applicant as:

- It gives an opportunity to understand how our policies will be applied to a development and potential issues can be identified and resolved before an application is submitted.
- It may lead to a reduction in time spent working up the proposals in more detail
- It can identify at an early stage whether any specialist advice is necessary (e.g. listed buildings, trees, landscape, transport, ecology or archaeology)

When a pre-application enquiry is submitted, we will:

- Register the enquiry, allocate a planning officer and write to confirm the timescales within five working days
- Identify the main constraints
- Identify key planning policies
- Identify recent history
- Give a view on the principle of the development
- Inform the customer of the issues that will need to be addressed as part of a formal application
- Identify any further studies or information that will be required to provide a more detailed pre-application view or that will be required as part of a formal planning application.

We can give advice that can help in the preparation of a better planning application so we can process it more quickly and give a decision sooner. It is also valuable in assuring the best possible development outcomes for the community. Where relevant we can also give advice on effective ways of consulting with the local community, including neighbours who may be affected by development proposals.

For further information, please see our website: www.sevenoaks.gov.uk/services/housing/planning/planning-advice-and-guidance

Planning Applications

Applications received by us are registered and acknowledged by the Validation Team. We aim to complete this process within five working days of receipt.

Once an application is accepted as valid it is recorded on the planning register that we are required to maintain and make available for inspection, and is available on our website, via the 'Public Access' portal: http://pa.sevenoaks.gov.uk/online-applications/

A weekly list of planning applications received is sent electronically to the local press, District Councillors, parishes, and amenity societies and anyone else who requests a copy and is published on our website

Some applications are advertised in the local press and on site if they are major developments, affect a listed building, a conservation area, depart from our Local Plan, have a substantial impact on an area or if they affect a public right of way.

Notification letters are also sent to immediate neighbours and may be sent to others who are invited to comment.

The statutory consultation period is 21 days. An application cannot be determined until this period has expired.

We aim to determine major planning applications within thirteen weeks and other planning applications within eight weeks.

Most planning applications are determined by the Chief Planning Officer under delegated powers. However, any application may be called to the Development Control Committee by a local Member if the officer recommendation is contrary to the view of the Parish Council. Local Members also have a general power to call an application to Committee within 21 days of publication of the weekly list. Applications of a significant controversial or sensitive nature may also be referred to the Committee by the Chief Planning Officer.

In cases where applications are reported to the Developemnt Control Committee, the Planning Officer prepares a report for the Committee that outlines the proposal, sets out consultation replies, assesses the relevant issues and makes a recommendation regarding whether approval should be given.

Any person who comments on the proposal will be notified when an application is to be reported to Committee for determination, and there is an opportunity for an objector and a supporter of the proposal to put their views directly to the Committee. Applicants and objectors will be able to address Councillors for a maximum of three minutes speaking time. The relevant parish council and the local Member may also speak. For further information please see our leaflet 'Speaking on Planning Applications' on our website on the following link: http://www.sevenoaks.gov.uk/services/environment-and-planning/planning/development-control-committee

The chart below outlines the planning application process stage-by-stage, from pre-application discussions through to determination:

Pre Application

- We will encourage developers to contact us early on.
- We will encourage applicants, especially of larger schemes, to engage with relevant Parish/Town Councils, service providers & local groups as early as possible.
- For smaller applications, we will encourage applicants to discuss their plans with neighbours before preparing their submission to us.
- We will encourage owners of larger sites to prepare management plans for their land and submit them to us.
- Planning Officers are generally available to speak over the telephone during normal office hours.

Application (minimum)

All Developments;

- A site notice displayed for 21 days and/or
- Writing directly to any adjoining owners or occupiers giving 21 days to make comments.
- Depending on the nature of the application, consult with appropriate statutory consultees and town/parish councils.
- Additional requirements apply to applications involving listed buildings, conservation areas or environmental impact assessments.

Major Developments;

- As above, and advertisement will be placed in a local newspaper.

Application (additional)

- We will notify immediate neighbours on every planning application.
- We will notify others we consider may be affected by individual cases.
- Every application will have a nominated Case Officer, who will liaise with all stakeholders.
- Prior to recommending a decision, Case Officers will visit sites.
- If an application is substantially amended prior to a decision, all those who have expressed an interest in writing will be consulted again and given a minimum of 21 days to respond.
- You will be able to trace the progress of planning applications through Public Access, available on our website.

Decision

- If applications are taken to Committee for decision, applicants and objectors will be able to address Coucillors (3 minutes speaking time).
- Everyone who responds in writing to an application will be informed in writing of the decision.
- Decision notices will be posted on our website.
- Any concerns about applications that may not have been implemented as agreed should be notified to our Enforcement Section for investigation.
- Any legal (Section 106 or 278) agreement attached to a planning permission will be available for viewing through Public Access, available on our website.

Enforcement & TPO's

Enforcement

The enforcement team is responsible for investigating alleged breaches of planning control, including unauthorised works to listed buildings, unlawful advertisements, works to protected trees and developments carried out without the necessary planning permission.

If a development has been carried out without the necessary planning permissions, or not in accordance with a permission that has been granted, the enforcement team will normally seek the voluntary co-operation of those responsible to resolve the issue.

If negotiation fails, we may issue a notice requiring the breach of planning control to be remedied or to secure compliance with the terms of a planning permission. Failure to comply with such notices is an offence and the person responsible may be prosecuted.

Further information about enforcement priorities and principles are provided on our website and we are currently updating our enforcement charter: http://www.sevenoaks.gov.uk/services/housing/planning/planning-enforcement

Tree Preservation Orders (TPOs)

Legislation is in place to afford protection to a percentage of those trees and woodlands that offer amenity value. The legislation is in the form of conservation areas throughout the District and tree preservation orders of which there are currently in excess of 900.

Sevenoaks District has many trees comprising of a range of diverse species. We do our best to manage this rich biological inheritance for the people of the District today and tomorrow.

To help us balance the management of trees, we welcome the help of local residents. This could include suggestions to protect certain important trees that you feel may be under threat or telling us about work to a protected tree that may be carried out without consent. For further details see: http://www.sevenoaks.gov.uk/services/environment-and-planning/planning/tree-management/works-to-trees

Overcoming Barriers

We have identified several different, but connected, barriers to involvement. These included:

- Apathy and disinterest
- Time (of meetings/activities and to get involved)
- Mistrust and cynicism that it's worthwhile
- Lack of information and understanding

Our approach to involving people will seek to overcome these barriers by…

Connecting people to planning

One of our key priorities is to provide everyone with the opportunity to know what's going on and how they can get involved if they want to. To support this we aim to provide information that is local and relevant, and use methods of involvement that are accessible, interesting and fun.

Alongside the specific involvement activities, we are committed to raising awareness of the planning system throughout our community. With this in mind, we are committed to placing more emphasis on going out into local communities to discover your needs and aspirations.

Seeking more active involvement

Although this document sets out the different levels and methods of involvement, it is our aim to involve more people more actively if resources are available.

We will ask you about your aspirations for the area and expectations for the future. This will help to generate ideas and scope particular documents.

Meeting everyone's needs

In line with the Equality Act (2010) and our West Kent Equality Partnership Aims and Commitments, we want to ensure that all communities have the ability to respond to our consultations and have their voice heard. We aim to pay particular regard to the needs of different ethnicity and disability groups. We produce documents in different formats (e.g. large print, other languages) where a need is identified and consider access arrangements when organising involvement events.

Whilst we aim to increase participation from all sectors of our community, we recognise that some groups are harder to engage with than others. These hard to reach groups include rural communities, commuters, minority ethnic groups, gypsies and travellers, children and those with lower literacy.

To help improve representation and participation we will strengthen relationships with other council departments, the Sevenoaks District Strategic Board, education establishments and community development organisations to learn from their experience, gain a better understanding of the needs of particular groups and ensure that the needs of all sectors of the community are met.

Review

We give a commitment to review and amend our methods and level of engagement with the community in response to ongoing feedback on the effectiveness of our community engagement and the development of new channels of communication.

Appendix A

Statutory ('Specific') Consultation Bodies
The specific consultation bodies which the Regulations require the Council to consult are:

The Coal Authority*

The Environment Agency

English Heritage

Marine Management Organisation*

Natural England

Network Rail

Highways Agency

Kent County Council

Town & Parish Councils

Kent Police

Adjoining Councils

Telecommunication Providers

Kent and Medway NHS Trust

Utility Providers (water, sewage, gas, electricity)

The Homes and Communities Agency

Secretary of State for Transport

Civil Aviation Authority

* Unlikely to be relevant for Sevenoaks District Council

General Consultation Bodies
The Regulations also require the Council to consult these general consultation bodies where appropriate:

- Voluntary bodies
- Bodies which represent the interests of different racial, ethnic or national groups
- Bodies which represent the interests of different religious groups
- Bodies which represent the interests of disabled persons
- Bodies which represent the interests of persons carrying on business

For Sevenoaks, these bodies include: (please note this list is not exhaustive)

Agencies

Kent Association of Local Councils

Kent Rural Community Council

Campaign to Protect Rural England (CPRE)

Sport England

Health & Safety Executive

Network Rail

Passenger Transport Authorities and Executives

Areas of Outstanding Natural Beauty (ANOB) Units

Environmental, Heritage and Wildlife Organisations

National Playing Fields Association

Age Concern/Help the Aged

Sure Start

Equal Opportunities Commission

Voluntary Organisations and Council for Voluntary Services

Other bodies which represent the interests of different groups within the community (e.g. racial, ethnic, religious, disability)

Service Providers

Health Trusts

Health Services

Kent Fire & Rescue Service

Kent Ambulance NHS Trust

Kent County Constabulary

Transport Providers (air, road, rail, water)

Education Establishments (state and private)

Sports Organisations

Business Sector

Chambers of Commerce

Town & Shopping Centre Management

Business, Trade and Industry Associations/ Federations

Economic Development Organisations

Employment Organisations

Tourism Organisations

Local Communities

Individual residents

Residents Associations

Community groups (interest, activity and belief)

Community forums

Local Strategic Partnership

Community development organisations

NFU

Other organisations for specific community groups (youth, women etc)

Developers and Landowners

Registered Providers (RSLs)

Crown Estates

Defence Estates

The House Builders Federation

National Trust

Post Office Property Holdings

Individual Developers

Development & Building Companies

Regeneration Organisation

For more information;
Copies of the latest Local Development Scheme and other documents can be obtained from your local council office. For up to date information on progress and opportunities to get involved please see the local press and our website: www.sevenoaks.gov.uk

Information can also be obtained from:
Sevenoaks Local Plan Team, Argyle Road, Sevenoaks, TN13 1HG
Telephone: 01732 227 000
Email: ldf@sevenoaks.gov.uk

Sevenoaks
DISTRICT COUNCIL

CAPITAL PROGRAMME & ASSET MAINTENANCE 2014/17

Cabinet – 6 February 2014

Report of	Chief Finance Officer
Status:	For Decision
Also considered by:	Finance & Resources Advisory Committee - 21 January 2014
Key Decision:	No

Executive Summary:

This report sets out the proposed 2014/17 Capital Programme, with supporting documentation in a standard format for individual scheme bids. Projected capital receipts are included, indicating the proposed financing of the Programme. A proposed overall provisional limit for Asset Maintenance is also made.

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

Portfolio Holder Cllr. Ramsay

Contact Officer(s) Helen Martin Ext. 7483

Recommendation to Cabinet: It be RESOLVED that:

(a) the Capital Programme 2014/17 and funding method set out in Appendix B be approved;

(b) the proposed Asset Maintenance budget of £469,000 be agreed for 2014/15.

Introduction and Background

1 A copy of the existing 2013/16 three year programme is attached at Appendix A. The 2013/14 column includes budgets brought forward from 2012/13. Forecast outturn figures for the current year and estimated carry forward figures are shown.

2 The Council's current policy in relation to capital expenditure is as follows: "no new schemes to be added to the programme except mandatory improvement grants, information technology and vehicle replacements"

3 This policy has previously been revised and updated as part of the Best Value review of Asset Management and Capital Investment, including the development of a formal options appraisal process.

Capital Bids

4 Scheme Bid Documents are attached at Appendix C for all on-going items referred to at paragraph 2 above which require additional capital resources. These documents identify any external funding available and indicate the internal funding source.

5 Appendix B summarises the position if all schemes are approved, and indicates the funding methods proposed.

6 Unspent schemes in the current year's programme (2013/14) may be carried forward to 2014/15, subject to Cabinet approval, when the outturn is known.

7 Cabinet on 10 January 2013 discussed asset maintenance at White Oak Leisure Centre and it was resolved that Officers be asked to investigate and explore all possibilities surrounding Options Two (invest in the existing building) and Three (replace the existing building on the same or a different site), consulting with all stakeholders and report back to Members as soon as practicable. The results of this investigation may lead to additional capital resources in future years. This centre is the subject of a separate report to this Advisory Committee.

Capital Receipts

8 Other than the Vehicle Renewal Fund, net capital scheme costs, after any approved funding from the Capital Reserve, are funded from Capital Receipt balances. New receipts expected over the programme period are as follows:

	2013/14 £000	**2014/15 £000**	**2015/16 £000**	**2016/17 £000**
Shared Ownership Staircasing	60	50	40	30
Mortgage repayments (net of pooling)	3	1	0	0
Land Sales	2,645	1,700	2,131	0
	2,708	1,751	2,171	30

The Land Sales receipts arise from the Property Review process which plans and monitors actions to dispose of surplus sites as part of the asset management plan.

9 It must be emphasised that the scale and timing of the land sales is very unpredictable and subject to market conditions and planning risks. For this reason, only 75% of the above figures for 2014/15 onwards have been included in Appendix B.

10 Up until 2008/09, the Council used its capital receipts to fund its capital programme. However, due to a combination of reducing assets and a period of recession impacting asset values, the level of reliance on capital receipts could not be sustained. Therefore, Members made the decision to fund the capital

programme through the revenue budget at an annual cost of £330,000. This has now been reduced to £298,000 following a reduction in the gross capital scheme costs for Improvement Grants.

11 Appendix B takes these projections, together with the actual balance of such receipts at 1st April 2013.

Asset Maintenance

12 Up until 2010/11 asset maintenance was funded from a separate revenue earmarked reserve.

13 One of the principles adopted as part of the Business and Financial Planning Strategy was to make more effective use of remaining earmarked reserves. It was agreed that from 2011/12, allowing for an emergency asset maintenance reserve of £1m, the remainder be used over the ten-year budget period equally to smooth the rundown of these reserves.

14 The allocation of budgets to individual areas and schemes is made in accordance with the asset management plan and service requirements, reflecting backlog maintenance, health & safety and income generation as priorities.

15 The following SCIA agreed in the 2012/13 budget will result in changes to asset maintenance expenditure in 2014/15

- SCIA28 Playground equipment / CCTV equipment / depot / car parks – asset maintenance costs reduced by £31,000 (30%) from 2011/12 for three years returning to original budget levels in 2014/15.

16 SCIA 5 Leisure in the 2011/12 to 2014/15 savings plan had a saving of £70,000 additional saving in Asset maintenance, however Cabinet on 6 December 2012 agreed that the additional saving could not be made.

17 After allowing for the above changes, the budget figures are based on an average of 30% of the existing 10 year maintenance assessment. This would then give the following programme :

	2013/14 £000	**2014/15 £000**	**2015/16 £000**	**2016/17 £000**
Budget	427	469	479	490

Key Implications

Financial

All financial implications are covered elsewhere in this report.

Legal Implications and Risk Assessment Statement.

18 There are no legal or human rights issues. The Council must agree a Capital Programme as part of its financial plan and ensure that resources are available to fund it.

Community Impact and Outcomes

19 The capital programme funds improvements to residents' homes and infrastructure required to deliver services to the public.

Equality Impacts

Consideration of impacts under the Public Sector Equality Duty:		
Question	Answer	Explanation / Evidence
a. Does the decision being made or recommended through this paper have potential to disadvantage or discriminate against different groups in the community?	Yes	It is a statutory duty to provide Disabled Facility Grants to the older and or disabled residents in the district
b. Does the decision being made or recommended through this paper have the potential to promote equality of opportunity?	No	
c. What steps can be taken to mitigate, reduce, avoid or minimise the impacts identified above?		

Conclusions

20 Members are asked to review the scheme bids submitted at Appendix C, and approve the programme and funding at Appendix B.

Appendices

Appendix A – Existing 2013/16 capital programme

Appendix B – Proposed 2014/17 capital programme

Appendix C – Scheme bid documents

Background Papers: None

Adrian Rowbotham
Chief Finance Officer

Appendix B

Capital Programme and Asset Maintenance

Capital Programme 2013-16 (proposed programme)

Head of Service/Scheme	Scheme Cost £000	2012/13 Budget £000	2012/13 Forecast £000	2012/13 Likely C/F £000	2013/14 £000	2014/15 £000	2015/16 £000
Chief Executive							
Blighs phase two		150	150	-	-	-	-
Community Development							
Parish projects		71	0	71	-	-	-
Environmental and Operational Services							
Commercial vehicle replacements		844	844	-	650	650	650
Housing							
Improvement Grants							
Gross cost		612	512	100	603	603	603
Government DFG Subsidy		-347	-347	-	-396	-396	-396
Legal and Democratic Services							
Modern Government doc. mgt. system		16	16	-	-	-	-
Police office in Argyle Road offices	200	200	200	-	-	-	-
Argyle Road Office Accommodation	7	7	7	-	-	-	-
TOTAL		1,553	1,382	171	857	857	857

The 2012/13 budget includes amounts carried forward from 2011/12.

	2012/13	2013/14	2014/15	2015/16
Internal Funding				
Vehicle Renewal Fund	844	650	650	650
Capital reserve	330	207	207	207
Capital receipts	379	0	0	0
	1,553	857	857	857
Capital Receipts				
Balance at 1st April	708	1,423	3,060	3,886
Expected new receipts	1,094	1,637	826	19
Capital Financing	-379	0	0	0
Balance at 31st March	1,423	3,060	3,886	3,905
Capital Reserve				
Balance at 1st April	0	0	91	182
Contributions to the reserve	330	298	298	298
Capital Financing	-330	-207	-207	-207
Balance at 31st March	0	91	182	273

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Appendix B

Capital Programme and Asset Maintenance

Capital Programme 2014-17 (proposed programme)

Appendix B

Chief Officer/Scheme	Scheme Cost £000	2013/14 Budget £000	2013/14 Forecast £000	2013/14 Likely C/F £000	2014/15 £000	2015/16 £000	2016/17 £000
Corporate Support							
Back-up generator		-	-	-	140	-	-
Communities and Business							
Parish projects		61	0	61	-	-	-
Environmental and Operational Services							
Commercial vehicle replacements		650	650	-	600	645	640
Housing							
Improvement Grants							
Gross cost		603	603	-	617	684	684
Government DFG Subsidy		-396	-396	-	-410	-477	-477
TOTAL		918	857	61	947	852	847

The 2013/14 budget includes amounts carried forward from 2012/13.

	2013/14	2014/15	2015/16	2016/17
Internal Funding				
Vehicle Renewal Fund	650	600	645	640
Capital reserve	298	207	207	207
Capital receipts	-30	140	0	0
	918	947	852	847
Capital Receipts				
Balance at 1st April	1,694	4,432	5,605	7,233
Expected new receipts	2,708	1,313	1,628	22
Capital Financing	30	-140	0	0
Balance at 31st March	4,432	5,605	7,233	7,255
Capital Reserve				
Balance at 1st April	0	0	91	182
Contributions to the reserve	298	298	298	298
Capital Financing	-298	-207	-207	-207
Balance at 31st March	0	91	182	273

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Capital Programme 2014/17

Scheme Bid Document - Scheme: Backup Power Generator

Description: Replacement of Argyle Road backup power generator to ensure continuation of services in the event of a power outage.

Service : Corporate Support - Property

Portfolio Holder/Chief Officer : Cllr Ramsay/Jim Carrington-West

Financials :

CAPITAL COSTS	TOTAL £000	2014/15 £000	2015/16 £000	2016/17 £000
Gross scheme cost	140	140	0	0
External Contributions (list)				
Net scheme cost	140	140	0	0

ONGOING REVENUE IMPLICATIONS (excluding loss of interest)	2014/15	2015/16	2016/17
Running costs			
Income streams			
Net cost	0	0	0

Funding Source : Funded from capital reserves. Ongoing revenue costs for maintenance and fuel are to be met from existing revenue budgets.

Other Resource Implications :	
Staffing	Staffing required for overseeing installation and ongoing maintenance is allocated as part of the current Property Team workload.
Asset Values	£140,000

Justification: (Statutory Duty / Community Plan Aims / Key Infrastructure / Additional Savings / Other)

The Argyle Road offices are currently served by an existing generator set with a rated output of only 40kVA, this is located in the basement Generator Room, leading off the Lower Ground Floor Ventilation Plant Room.
For comparison purposes, the incoming 400V 3-phase mains supply to the Council Offices is

rated at 250kVA, and metering has recorded an absolute peak consumption to date of some 208kW. Presently the generator set serves very limited areas.

In light of a review of our Business Continuity Management arrangements and IT resilience it is proposed to install a new generator set of sufficient capacity to serve the whole of the Argyle Road office building, rather than installing or retaining a set of lower output to serve only designated essential supplies/services or to retain a hire agreement for the provision of generation in the event of a mains failure.

The reasons for this are mainly:

- The existing arrangements power only part of the building and although the IT server room is covered by a backup UPS, the air conditioning serving the server room is not covered by the generator. This effectively means that the servers will have to be shutdown in the event of any prolonged power failure. Therefore existing arrangements have a risk in terms of business continuity, service delivery and IT restoration times.

- The option to hire a generator (be that on a guaranteed delivery or not) is covered by a Force Majeure clause. It is highly likely that if we are to suffer a prolonged mains failure it will be due to a Force Majeure, leading to the generator not being delivered. This is considered a high risk option.

- If we retained or replaced with a smaller generator and looked to cover areas so that IT infrastructure may remain operational, the existing electrical distribution within the building would need to be split between essential and non-essential supplies, meaning that we would effectively have two power distribution networks running throughout the building. The cost of providing this would exceed the additional cost of a full-load sized generator set against a part-load sized unit. Furthermore, assuming that distribution was indeed split between essential and non-essential, future changes to service provision requirements and/or relocation of services within the building could result in further additional costs to change distribution arrangements for that service from essential to non-essential, and vice-versa.

A new Generator is estimated to have a serviceable lifespan of approximately 25 years.

Capital Programme 2014/17

Scheme Bid Document - Scheme: Vehicle Replacement Programme

Description: Purchase of replacement commercial fleet vehicles that have reached the end of their fully depreciated life.

Service: Environmental and Operational Services

Portfolio Holder/Chief Officer: Ian Bosley/Richard Wilson

Financials:

CAPITAL COSTS	TOTAL £000	2014/15 £000	2015/16 £000	2016/17 £000
Gross scheme cost	1,598	489	515	594
External Contributions (list)				
Net scheme cost	1,598	489	515	594

ONGOING REVENUE IMPLICATIONS (excluding loss of interest)	2014/15	2015/16	2016/17
Running costs			
Income streams			
Net cost	0	0	0

Funding Source: Funding via the vehicle replacement fund which is financed by depreciation charges for all fleet vehicles and from the sale of any vehicles. Depreciation charges are made on all vehicles and met from fixed transport charges on relevant trading account or relevant service budget.

Other Resource Implications :	
Staffing	Managed by fleet management overhead account by existing employees
Asset Values	Approximately £3.0 M

Justification: (Statutory Duty / Community Plan Aims / Key Infrastructure / Additional Savings / Other)

To maintain services, mainly statutory. Supports all the Council's priorities

Capital Programme 2014/17

Scheme Bid Document - Scheme: Improvement Grants

Description: Statutory Disabled Facility Grants (DFGs) including large-scale voluntary transfer (LSVT), Registered Social Landlords (RSL) aids and adaptations and cost of processing applications

Service : Housing Services

Portfolio Holder/Chief Officer : Cllr M Lowe / Pat Smith

Financials :

CAPITAL COSTS	TOTAL	2014/15	2015/16	2016/17
	£000	£000	£000	£000
Gross scheme cost	1,985	517	584	584
External Contributions				
CLG grant	(1,364)	(410)	(477)	(477)
Net scheme cost	621	107	107	107
ONGOING REVENUE IMPLICATIONS				
(excluding loss of interest)				
Running costs				
Income streams				
Net cost		0	0	0

Funding Source : Government Grant (DCLG) and Council budgets

* : Revenue implications dependent on individual projects.

Other Resource Implications :	
Staffing	Staff costs have been removed over a 5 year period. (Costs now met from existing revenue budgets).
Asset Values	Assets not in Council ownership

Justification: (Statutory Duty / Community Plan Aims / Key Infrastructure / Additional Savings / Other)

It is statutory duty to provide DFGs to the older and or disabled residents in the district. Out of the

total budget, £250,000 is ring fenced for West Kent Housing Association(WKHA) Aids and Adaptations for tenants. Both SDC/HIA and WKHA schemes are eligible for DCLG funding. The Council has just started managing most of the DFG process in house (December 2013). The Council will only use the HIA, at the moment, for larger grant applications however the majority of work will be under taken in house by the Housing Advice and Standards team. It is hoped to provide a more effective service this way and this should show in the budget spend. A review will be taken of the in house service after it has been running a year when a report will be sent to Members to decide whether the service should continue in house or be managed by the HIA.

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TREASURY MANAGEMENT STRATEGY 2014/15

Cabinet – 6 February 2014

Report of the:	Chief Finance Officer
Status:	For Consideration
Also considered by:	Finance and Resources Advisory Committee – 21 January 2014 Council – 18 February 2014
Key Decision:	No

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

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

Members' particular attention is drawn to paragraphs 61-64 and Appendix F of the report, which deal with proposed changes to the investment criteria. These were considered at the meeting of the Finance and Resources Advisory Committee on 21 January 2014 and recommendations were made for approval by Cabinet.

This report supports the Key Aim of Effective Management of Council Resources.

Portfolio Holder Cllr. Ramsay

Contact Officer Roy Parsons, Principal Accountant - Ext 7204

Recommendation: That Cabinet recommend Council to approve the Treasury Management Strategy for 2014/15 set out in this report, as amended by the Finance and Resources Advisory Committee.

Reason for recommendation: To ensure that an appropriate and effective annual Treasury Management Strategy is drawn up in advance of the forthcoming financial year, which meets both legislative and best practice requirements.

Background

1 The Council is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury

management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low risk counterparties or instruments commensurate with the Council's low risk appetite, providing adequate liquidity initially before considering investment return.

2 The second main function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer term cash flow planning to ensure that the Council can meet its capital spending obligations. This management of longer term cash may involve arranging long or short term loans, or using longer term cash flow surpluses. On occasion any debt previously drawn may be restructured to meet Council risk or cost objectives.

3 The Chartered Institute of Public Finance and Accountancy (CIPFA) defines treasury management as:

"The management of the local authority's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."

Introduction

<u>Reporting requirements</u>

4 The Council is required to receive and approve, as a minimum, three main reports each year, which incorporate a variety of policies, estimates and actuals. These reports are required to be adequately scrutinised before being recommended to the Council. This role is undertaken by the Finance and Resources Advisory Committee.

5 Prudential and Treasury Indicators and Treasury Strategy (This report) - The first, and most important report covers:

- the capital plans (including prudential indicators);
- a Minimum Revenue Provision Policy (MRP) (how residual capital expenditure is charged to revenue over time);
- the Treasury Management Strategy (how the investments and borrowings are to be organised) including treasury indicators; and
- an investment strategy (the parameters on how investments are to be managed).

6 A Mid Year Treasury Management Report – This will update members with the progress of the capital position, amending prudential indicators as necessary, and whether the treasury strategy is meeting the strategy or whether any policies require revision.

7 An Annual Treasury Report – This provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

Treasury Management Strategy for 2014/15

8 The strategy for 2014/15 covers two main areas:

Capital Issues

- the capital plans and the prudential indicators;
- the minimum revenue provision (MRP) strategy.

Treasury management Issues

- the current treasury position;
- treasury indicators which will limit the treasury risk and activities of the Council;
- prospects for interest rates;
- the borrowing strategy;
- the investment strategy;
- creditworthiness policy; and
- policy on the use of external service providers.

9 These elements cover the requirements of the Local Government Act 2003, the CIPFA Prudential Code, the Department of Communities and Local Government (CLG) MRP Guidance, the CIPFA Treasury Management Code and the CLG Investment Guidance.

Training

10 The CIPFA Code requires the responsible officer to ensure that Members with responsibility for treasury management receive adequate training in treasury management. This especially applies to members responsible for scrutiny. Training was last undertaken in 2010 and further training will be arranged as required.

11 The training needs of treasury management officers are reviewed periodically.

Treasury management consultants

12 The Council uses Capita Asset Services, Treasury Solutions as its external treasury management advisors.

13 The Council recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon our external service providers.

14 It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and subjected to review.

Capital Issues

The Capital Prudential Indicators 2014/15 – 2016/17

15 The Council's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in prudential indicators, which are designed to assist Members' overview and confirm capital expenditure plans.

Capital Expenditure

16 This prudential indicator is a summary of the Council's capital expenditure plans, both those agreed previously, and those forming part of this budget cycle. Members are asked to approve the capital expenditure forecasts:

	2012/13 Actual £000	**2013/14 Estimate £000**	**2014/15 Estimate £000**	**2015/16 Estimate £000**	**2016/17 Estimate £000**
Capital Expenditure	1,337	1,314	1,146	1,099	1,178

17 Other long term liabilities. The above financing need excludes other long term liabilities, such as PFI and leasing arrangements which already include borrowing instruments.

18 The table below summarises the above capital expenditure plans and how these plans are being financed by capital or revenue resources. Any shortfall of resources results in a funding need (borrowing).

	2012/13 Actual £000	**2013/14 Estimate £000**	**2014/15 Estimate £000**	**2015/16 Estimate £000**	**2016/17 Estimate £000**
Capital Expenditure	1,337	1,314	1,146	1,099	1,178
Financed by:					
Capital receipts	64	0	140	0	0

Capital grants	588	396	410	477	477
Capital reserves	330	268	107	107	107
Revenue	355	650	489	515	594
Net financing need for the year	**1,337**	**1,314**	**1,146**	**1,099**	**1,178**

The Council's Borrowing Need (the Capital Financing Requirement)

19 The second prudential indicator is the Council's Capital Financing Requirement (CFR). The CFR is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council's underlying borrowing need. Any capital expenditure above, which has not immediately been paid for, will increase the CFR.

20 The CFR does not increase indefinitely, as the minimum revenue position (MRP) is a statutory annual revenue charge which broadly reduces the borrowing need in line with each asset's life.

21 The CFR includes any other long term liabilities (e.g. finance leases). Whilst these increase the CFR, and therefore the Council's borrowing requirement, these types of scheme include a borrowing facility and so the Council is not required to separately borrow for these schemes. The Council currently has £0.2m of such schemes within the CFR.

22 The Council is asked to approve the CFR projections below:

	2012/13 Actual £000	**2013/14 Estimate £000**	**2014/15 Estimate £000**	**2015/16 Estimate £000**	**2016/17 Estimate £000**
Capital Financing Requirement					
Total CFR	164	143	122	101	80
Movement in CFR	-21	-21	-21	-21	-21

Movement in CFR represented by:					
Net financing need for the year (above)					
Less MRP/VRP and other financing movements	-21	-21	-21	-21	-21
Movement in CFR	**-21**	**-21**	**-21**	**-21**	**-21**

Note:- The MRP / VRP includes finance lease annual principal payments

Minimum Revenue Provision (MRP) Policy Statement

23 The Council is required to pay off an element of the accumulated General Fund capital spend each year (the CFR) through a revenue charge (the minimum revenue provision - MRP), although it is also allowed to undertake additional voluntary payments if required (voluntary revenue provision - VRP).

24 CLG Regulations have been issued which require the full Council to approve an MRP Statement in advance of each year. A variety of options are provided to councils, so long as there is a prudent provision. The Council is recommended to approve the following MRP Statement*:*

25 For capital expenditure incurred before 1 April 2008 or which in the future will be Supported Capital Expenditure, the MRP policy will be based on CFR.

26 These options provide for an approximate 4% reduction in the borrowing need (CFR) each year.

27 From 1 April 2008 for all unsupported borrowing (including PFI and finance leases), the MRP policy will be the Depreciation method – MRP will follow standard depreciation accounting procedures. This provides for a reduction in the borrowing need over approximately the asset's life. Repayments included in annual PFI or finance leases are applied as MRP.

Core Funds and Expected Investment Balances

28 The application of resources (capital receipts, reserves etc.) to either finance capital expenditure or other budget decisions to support the revenue budget will have an on-going impact on investments unless resources are supplemented each year from new sources (asset sales etc.). Detailed below are estimates of the year end balances for each resource and anticipated day to day cash flow balances.

Year End Resources	2012/13 Actual £000	2013/14 Estimate £000	2014/15 Estimate £000	2015/16 Estimate £000	2016/17 Estimate £000
Fund balances / reserves	21,334	23,037	23,544	23,575	23,133
Capital receipts	1,693	4261	5574	7202	7224
Provisions	492	492	492	457	457
Other	0	0	0	0	0
Total core funds	**21,991**	**27,790**	**29,610**	**31,234**	**30,814**
Working capital*	21,991	27,790	29,610	31,234	30,814
Under/over borrowing	0	0	0	0	0
Expected investments	**21,991**	**27,790**	**29,610**	**31,234**	**30,814**

*Working capital balances shown are estimated year end; these may be higher mid year

Affordability Prudential Indicators

29 The previous sections cover the overall capital and control of borrowing prudential indicators, but within this framework prudential indicators are required to assess the affordability of the capital investment plans. These provide an indication of the impact of the capital investment plans on the Council's overall finances. The Council is asked to approve the following indicators:

Ratio of Financing Costs to Net Revenue Stream

30 This indicator identifies the trend in the cost of capital (borrowing and other long term obligation costs, net of investment income) against the net revenue stream.

	2012/13 Actual	2013/14 Estimate	2014/15 Estimate	2015/16 Estimate	2016/17 Estimate
	-3%	-2%	-2%	-3%	-3%

The estimates of financing costs include current commitments and the proposals in the budget report.

Incremental Impact of Capital Investment Decisions on Council Tax.

31 This indicator identifies the revenue costs associated with proposed changes to the three year capital programme recommended in this budget report compared to the Council's existing approved commitments and current plans. The assumptions are based on the budget, but will invariably include some estimates, such as the level of Government support, which are not published over a three year period.

	2012/13 Actual	2013/14 Estimate	2014/15 Estimate	2015/16 Estimate	2016/17 Estimate
Council tax band D	-£0.91	£0.0	-£0.14	-£0.26	-£0.17

Treasury Management Issues

32 The capital expenditure plans set out above provide details of the service activity of the Council. The treasury management function ensures that the Council's cash is organised in accordance with the the relevant professional codes, so that sufficient cash is available to meet this service activity. This will involve both the organisation of the cash flow and, where capital plans require, the organisation of approporiate borrowing facilities. The strategy covers the relevant treasury / prudential indicators, the current and projected debt positions and the annual investment strategy.

Current Portfolio Position

33 The Council's treasury portfolio position at 31 December 2013 appears in Appendix A.

Borrowing

34 The above mentioned portfolio position shows that, at present, this authority does not borrow. This has been the position for a number of years. However, this may change in future and hence the strategy needs to deal with such a situation, should it arise.

35 Within the prudential indicators there are a number of key indicators to ensure that the Council operates its activities within well defined limits. One of these is that the Council needs to ensure that its gross debt does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2014/15 and the following two financial years. This allows for some flexibility for limited early borrowing for future years, but ensures that borrowing is not undertaken for revenue purposes.

Treasury Indicators: Limits to Borrowing Activity

The Operational Boundary

36 This is the limit beyond which external debt is not normally expected to exceed. In most cases, this would be a similar figure to the CFR, but may be lower or higher depending on the levels of actual debt.

Operational boundary	**2013/14 Estimate £000**	**2014/15 Estimate £000**	**2015/16 Estimate £000**	**2016/17 Estimate £000**
Debt	5,000	5,000	5,000	5,000
Other long term liabilities	0	0	0	0
Total	**5,000**	**5,000**	**5,000**	**5,000**

The Authorised Limit for external debt

37 A further key prudential indicator represents a control on the maximum level of borrowing. This represents a limit beyond which external debt is prohibited, and this limit needs to be set or revised by the full Council. It reflects the level of external debt which, while not desired, could be afforded in the short term, but is not sustainable in the longer term.

38 This is the statutory limit determined under section 3 (1) of the Local Government Act 2003. The Government retains an option to control either the total of all councils' plans, or those of a specific council, although this power has not yet been exercised.

39 The Council is asked to approve the following Authorised Limit:

Authorised limit	**2013/14 Estimate £000**	**2014/15 Estimate £000**	**2015/16 Estimate £000**	**2016/17 Estimate £000**
Debt	5,000	5,000	5,000	5,000
Other long term liabilities	0	0	0	0
Total	**5,000**	**5,000**	**5,000**	**5,000**

Prospects for Interest Rates

40 The Council has appointed Capita Asset Services as its treasury advisor and part of their service is to assist the Council to formulate a view on interest rates. Appendix B draws together a number of current City forecasts for short term and longer fixed interest rates. Appendix C contains Capita Asset Services' latest economic background report. These have both been updated subsequent to the report presented to the Finance and Resources Advisory Committee.

Borrowing Strategy

41 At present, there are no capital borrowings. However, should this change during 2014/15, the Council would look to maintain an under-borrowed position. This means that the capital borrowing need (the Capital Financing Requirement or "CFR") has not been fully funded with loan debt as cash supporting the Council's reserves, balances and cash flow has been used as a temporary measure. This strategy is considered a prudent one as investment returns are low and counterparty risk is relatively high.

Treasury Management Limits on Activity

42 There are three debt related treasury activity limits. The purpose of these are to restrain the activity of the treasury function within certain limits, thereby managing risk and reducing the impact of any adverse movement in interest rates. However, if these are set to be too restrictive, they will impair the opportunities to reduce costs and/or improve performance. The indicators are:

a. Upper limits on variable interest rate exposure. This identifies a maximum limit for variable interest rates based upon the debt position, net of investments.

b. Upper limits on fixed interest rate exposure. This is similar to the previous indicator and covers a maximum limit on fixed interest rates.

c. Maturity structure of borrowing. These gross limits are set to reduce the Council's exposure to large fixed rate sums falling due for refinancing, and are required for upper and lower limits.

43 The council is asked to approve the following treasury indicators and limits:

Interest rate exposures	**2014/15** %	**2015/16** %	**2016/17** %
Upper limit for variable interest rate exposure	50%	50%	50%
Upper limit for fixed interest rate exposure	100%	100%	100%
Maturity structure for borrowings:			

Upper limit for under 12 months	100%	100%	100%
Lower limit for under 12 months	0%	0%	0%
Upper limit for over 12 months	100%	100%	100%
Lower limit for over 12 months	0%	0%	0%

Policy on borrowing in advance of need

44 The Council will not borrow more than or in advance of its needs purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within forward approved Capital Financing Requirement estimates, and will be considered carefully to ensure that value for money can be demonstrated and that the Council can ensure the security of such funds.

45 Risks associated with any borrowing in advance activity will be subject to prior appraisal and subsequent reporting through the mid-year or annual reporting mechanism.

Annual Investment Strategy

Investment Policy

46 The Council's investment policy has regard to the Department of Communities and Local Government (CLG) Guidance on Local Government Investments ("the Guidance") and the 2011 revised CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes ("the CIPFA TM Code"). The Council's investment priorities will be security first, liquidity second, then return.

47 In accordance with the above, and in order to minimise the risk to investments, the Council has below clearly stipulated the minimum acceptable credit quality of counterparties for inclusion on the lending list. The creditworthiness methodology used to create the counterparty list fully accounts for the ratings and watches published by all three ratings agencies with a full understanding of what the ratings reflect in the eyes of each agengy. Using the Capita Asset Services' ratings service, banks' ratings are monitored on a real time basis with knowledge of any changes notified electronically as the agencies notify modifications.

48 Further, the Council's officers recognise that ratings should not be the sole determinant of the quality of an institution and that it is important to contiunally assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To this end the Council will engage with its advisors to maintain a monitor on market pricing such as "Credit Default Swaps (CDS)" and overlay that information on top of the credit ratings. This is fully integrated into the credit

methodology provided by Capita Asset Services in producing its colour codings which show the varying degrees of suggested creditworthiness.

49 Other information sources used will include the financial press, share price and other such information pertaining to the banking sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.

50 The aim of the strategy is to generate a list of highly creditworthy counterparties which will also enable divesification and thus avoidance of concentration risk.

51 The intention of the strategy is to provide security of investment and minimisation of risk.

52 Investment instruments identified for use in the financial year are listed in Appendix D under the 'Specified' and 'Non-Specified' Investments categories. Counterparty limits will be as set below.

Creditworthiness Policy

53 This Council applies the creditworthiness service provided by Capita Asset Services. This service employs a sophisticated modelling approach utlilising credit ratings from the three main credit rating agencies - Fitch, Moodys and Standard and Poors. The credit ratings of counterparties are supplemented with the following overlays:

- credit watches and credit outlooks from credit rating agencies;
- CDS spreads to give early warning of likely changes in credit ratings;
- sovereign ratings to select counterparties from only the most creditworthy countries.

54 This modelling approach combines credit ratings, credit watches and credit outlooks in a weighted scoring system which is then combined with an overlay of CDS spreads for which the end product is a series of colour coded bands which indicate the relative creditworthiness of counterparties. These colour codes are used by the Council to determine the duration for investments. The Council will therefore use counterparties within the following durational bands:

- Purple 2 years
- Blue 1 year (only applies to nationalised or semi nationalised UK Banks)
- Orange 1 year
- Red 6 months
- Green 100 days
- No Colour as individually specified in the Strategy

55 The 'Green' limit was formerly for 3 months, but the Financial Conduct Authority has set a requirement for qualifying deposits for bank liquidity buffers of a minimum of 95 days. For this reason, the green band has been slightly extended to accommodate this regulatory change. The 'Purple' limit has been added this year for the reasons outlined below.

56 The Capita Asset Services creditworthiness service uses a wider array of information than just primary ratings and by using a risk weighted scoring system, does not give undue preponderance to just one agency's ratings.

57 Typically the minimum credit ratings criteria the Council use will be a short term rating (Fitch or equivalents) of short term rating F1, long term rating A, viability rating of A- and a support rating of 1. There may be occasions when the counterparty ratings from one rating agency are marginally lower than these ratings but may still be used. In these instances consideration will be given to the whole range of ratings available, or other topical market information, to support their use.

58 All credit ratings will be monitored regularly. The Council is alerted to changes to ratings of all three agencies through its use of the Sector creditworthiness service.

- if a downgrade results in the counterparty / investment scheme no longer meeting the Council's minimum criteria, its further use as a new investment will be withdrawn immediately.
- in addition to the use of credit ratings the Council will be advised of information in movements in Credit Default Swap against the iTraxx benchmark and other market data on a weekly basis. Extreme market movements may result in downgrade of an institution or removal from the Council's lending list.

59 Sole reliance will not be placed on the use of this external service. In addition this Council will also use market data and market information, information on government support for banks and the credit ratings of that supporting government.

Country limits

60 The Council has determined that it will only use approved counterparties from the UK or the EU which also have a minimum sovereign credit rating of AA- from Fitch. The list of countries that qualify using this credit criteria as at the date of this report are shown in Appendix E. This list will be added to, or deducted from, by officers should ratings change in accordance with this policy.

Other Creditworthiness Issues

61 The Council's current investment policy further limits the one proposed by Capita Asset Services as follows:-

a. Maximum investment period of 1 year.

b. Investments in any single institution or institutions within a group of companies are limited to 25% of the total fund, at the time the investment is placed.

c. Total investments in any one foreign country are limited to 15% of the total fund, but UK-based institutions to be used as first preference.

d. Investments are limited to £5m per counterparty excluding call accounts and £6m including call accounts except for Lloyds Banking Group plc and Royal Bank of Scotland Group plc, where the limits will be £8m for each with no distinction between fixed deposits and call accounts. Investments in other banks are limited to £5m per counterparty excluding call accounts and £6m including call accounts.

e. If the Council's own banker, Barclays, falls below Sector's minimum credit rating requirements, it will nevertheless continue to be used, although balances will be minimised in both monetary size and duration.

f. Building Societies with assets in excess of £9bn are included in the lending list with a maximum investment limit of £2m each and a maximum duration of three months.

62 In the last cycle of meetings, officers have suggested a change to some of these limits in order to provide more flexibility when placing investments and to try and increase yield whilst being mindful of potential increase in risk. A copy of the options paper that was presented to the last meeting of this Committee and to Cabinet on 5 December 2013 is attached at Appendix F. The proposal for the 2014/15 investment policy is as follows:

a. Maximum investment period of **2 years.**

b. Investments in any single institution or institutions within a group of companies are limited to 25% of the total fund, at the time the investment is placed.

c. Total investments in any one foreign country are limited to 15% of the total fund, but UK-based institutions to be used as first preference.

d. Investments are limited to £5m per counterparty excluding call accounts and £6m including call accounts except for Lloyds Banking Group plc and Royal Bank of Scotland Group plc, where the limits will be £8m for each with no distinction between fixed deposits and call accounts. Investments in other banks are limited to £5m per counterparty excluding call accounts and £6m including call accounts.

e. If the Council's own banker, Barclays, falls below Sector's minimum credit rating requirements, it will nevertheless continue to be used, although balances will be minimised in both monetary size and duration.

f. Building Societies with assets in excess of £9bn are included in the lending list with a maximum investment limit of £2m each and a maximum duration of 100 days.

g. Include the use of Enhanced Money Market Funds (EMMF) as an alternative to the existing standard Money Market Funds (MMF). The limit would remain at £5m per Fund to include both EMMFs and MMFs.

h. Include Property Funds with a limit of £5m in each. The express approval of this Committee would be required prior to opening such an account.

63 Members will note that the main changes proposed are to extend the maximum investment period from 1 to 2 years, to include the use of EMMFs and to allow the use of Property Funds with the approval of this Committee. At the previous meeting, some Members were comfortable with the idea of investing in high quality, non UK-based institutions. The existing policy allows for this and the option will be kept under review during 2014/15.

64 The idea of investing in appropriate Tracker Funds was also proposed at a recent Portfolio Holder meeting and the suitability of this option is currently being investigated by our advisers, Capita Asset Services.

Investment Strategy

65 Investments will be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (i.e. rates for investments up to 12 months).

66 Bank Rate is forecast to remain unchanged at 0.5% before starting to rise from quarter 2 of 2016. Bank Rate forecasts for financial year ends (March) are:

- 2013/2014 0.50%
- 2014/2015 0.50%
- 2015/2016 0.50%
- 2016/2017 1.25%

These forecasts have changed from those reported to the Finance and Resources Advisory Committee.

67 There are upside risks to these forecasts (i.e. start of increases in Bank Rate occurs sooner) if economic growth remains strong and unemployment falls faster than expected. However, should the pace of growth fall back, there could be downside risk, particularly if Bank of England inflation forecasts for the rate of fall of unemployment were to prove to be too optimistic.

68 The suggested budgeted investment earnings rates for returns on investments placed for periods up to 100 days during each financial year for the next four years are as follows:

2014/15	0.50%
2015/16	0.50%
2016/17	1.00%
2017/18	2.00%

69 The Council is asked to approve the following treasury indicator limit. These limits are set with regard to the Council's liquidity requirements and to reduce the need for an early sale of an investment. They are based on the availability of funds after each year-end

Maximum principal sums invested > 364 days	2014/15 £000	2015/16 £000	2016/17 £000
Principal sums invested > 364 days	10,000	10,000	10,000

70 For its cash flow generated balances, the Council will seek to utilise its business reserve instant access and notice accounts, money market funds and short-dated deposits (overnight to 100 days) in order to benefit from the compounding of interest.

Icelandic Bank Investment

71 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.

72 The Icelandic Government has stated its intention to honour all its commitments as a result of their banks being placed into receivership. The UK Government, Administrators and other agencies continue to work with the Icelandic Government to help bring this about. The Local Government Association is coordinating the efforts of all UK authorities with Icelandic investments.

73 At the current time, the process of recovering assets is still ongoing with the Administrators. Following the successful outcome of legal test cases in the Icelandic Supreme Court in late 2011, the deposits made by local authorities now rank as priority claims. The Administrators have commenced the process of dividend payments and four such payments have been received amounting to approximately 54% of our claim. The latest assumption is that 100% of the Council's investment (and interest up to 22 April 2009) will be recovered in the period up to 2018.

74 One recent development is the resolution of the foreign exchange (FX) dispute in the Icelandic Supreme Court. Our claim was converted to Icelandic Kronur on 22 April 2009 and subsequent dividends have been paid in a basket of currencies including Euros, US Dollars, Sterling and Icelandic Kronur. Originally, the Administrators calculated the four partial payments by reference to the FX rates as at 22 April 2009 rather than the FX rates on the date of the relevant distribution. The Court held that the Administrators must apply the Central Bank of Iceland's official selling rate at the date of distribution when calculating the portion of the claim amount that is satisfied by each partial payment. The effect has been to very slightly reduce the percentage of the claim deemed to have been satisfied. This means that the amount (in Icelandic Kronur terms) we can expect to receive for the balance of our claim will be larger, but the actual amounts received will be dependent on FX rates as at the date of distribution.

End of Year Investment Report

75 At the end of the financial year, the Council will receive a report on its investment activity as part of the Annual Treasury Report.

Scheme of delegation

76 The guidance notes accompanying the revised Code also require that a statement of the Council's scheme of delegation in relation to treasury management is produced as part of the Annual Investment Strategy. This appears at Appendix G.

Role of the Section 151 officer

77 As with the scheme of delegation mentioned in the previous paragraph, a statement of the role of the Section 151 officer is also required. This appears at Appendix H.

Key Implications

Financial

78 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.

Legal Implications and Risk Assessment Statement

79 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.

80 This annual investment strategy report fulfils the requirements of The Chartered Institute of Public Finance & Accountancy's Code of Practice on Treasury Management 2009.

81 Treasury management has two main risks :

- Fluctuations in interest rates can result in a reduction in income from investments; and
- 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.

82 This report proposes new investment limits. The movement in previous years towards having a restricted lending list of better quality institutions but higher individual limits with those institutions has reduced the chances of a default. But if a default did occur, the potential loss would be greater. The proposals in this report do create additional risk.

83 These 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.

Equality Impacts

Consideration of impacts under the Public Sector Equality Duty:		
Question	Answer	Explanation / Evidence
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 investment management and does not directly impact upon a service provided to the community.
b. Does the decision being made or recommended through this paper have the potential to promote equality of opportunity?	No	
c. What steps can be taken to mitigate, reduce, avoid or minimise the impacts identified above?		No mitigating steps are required.

Conclusions

84 The effect of the proposals set out in this report is to allow the Council to effectively and efficiently manage cash balances.

85 In line with the revised CIPFA Code of Practice on Treasury Management, the Annual Treasury Strategy must be considered by Council and this is planned for its meeting on 18 February 2014. Given the current uncertainties in the banking sector and financial markets, the Council may need to consider amending its strategy during the year.

Appendices:

Appendix A – Investment portfolio at 31 December 2013

Appendix B – Prospects for interest rates

Appendix C – Economic background report

Appendix D – Specified and non-specified investments

Appendix E – Approved countries for investments

Appendix F – Alternative investment options to increase yield

Appendix G – Treasury management scheme of delegation

Appendix H – The treasury management role of the S151 officer

Background Papers: None

Adrian Rowbotham
Chief Finance Officer

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APPENDIX A: CURRENT PORTFOLIO POSITION

List of Investments as at:- 31-Dec-13

Reference	Name	Rating	Country	Group	Amount	Start Date	Comm Rate	End Date	Curr Rate	Terms
	Santander UK plc (Business Reserve A/C)	A	U.K.	Santander	0	01-Apr-99			0.50000%	Variable
	Santander UK plc (Money Market A/C)	A	U.K.	Santander	0	09-Oct-06			0.50000%	Variable
	Clydesdale Bank plc (Base Tracker Plus - 15 Day)	A	U.K.	NAB	0	10-Sep-10			0.65000%	Variable
	Barclays Bank plc (Business Premium A/C)	A	U.K.		2,773,000	01-Oct-11			0.35000%	Variable
	National Westminster Bank plc (Liquidity Select)	A	U.K.	RBS	4,000,000	07-Oct-11			0.50000%	Variable
	National Westminster Bank plc (95 Day Notice)	A	U.K.	RBS	3,000,000	24-May-13			0.60000%	Variable
	Ignis Liquidity Fund (Money Market Fund)	AAA	U.K.		5,000,000	11-May-12				Variable
	Insight Liquidity Fund (Money Market Fund)	AAA	U.K.		1,000,000	11-May-12				Variable
IP1092	Bank of Scotland plc	A	U.K.	Lloyds/HBOS	1,000,000	12-Feb-13	1.10000%	11-Feb-14		1 Year
IP1095	Bank of Scotland plc	A	U.K.	Lloyds/HBOS	1,000,000	22-Feb-13	1.10000%	21-Feb-14		1 Year
IP1139	Barclays Bank plc	A	U.K.		1,000,000	07-Nov-13	0.46000%	07-Feb-14		3 Months
IP1133	Coventry Building Society	A	U.K.		1,000,000	15-Oct-13	0.45000%	15-Jan-14		3 Months
IP1142	Coventry Building Society	A	U.K.		1,000,000	29-Nov-13	0.45000%	28-Feb-14		3 Months
IP813	Landsbanki Islands hf		Iceland		452,300	25-Jun-07	6.32000%	25-Jun-09		2 Years
IP1137	Leeds Building Society	A-	U.K.		1,000,000	01-Nov-13	0.40000%	04-Feb-14		3 Months
IP1131	Lloyds Bank plc	A	U.K.	Lloyds/HBOS	2,000,000	08-Oct-13	0.98000%	07-Oct-14		1 Year
IP1136	Lloyds Bank plc	A	U.K.	Lloyds/HBOS	1,000,000	30-Oct-13	0.98000%	29-Oct-14		1 Year
IP1138	Lloyds Bank plc	A	U.K.	Lloyds/HBOS	1,000,000	04-Nov-13	0.98000%	03-Nov-14		1 Year
IP1098	Lloyds TSB Bank plc	A	U.K.	Lloyds/HBOS	1,000,000	08-Apr-13	1.10000%	08-Apr-14		1 Year
IP1113	Lloyds TSB Bank plc	A	U.K.	Lloyds/HBOS	1,000,000	04-Jul-13	1.01000%	03-Jul-14		1 Year
IP1119	Nationwide Building Society	A	U.K.		2,000,000	23-Jul-13	0.50000%	23-Jan-14		6 Months
IP1122	Nationwide Building Society	A	U.K.		1,000,000	01-Aug-13	0.50000%	03-Feb-14		6 Months
IP1132	Nationwide Building Society	A	U.K.		1,000,000	09-Oct-13	0.45000%	09-Jan-14		3 Months
IP1141	Nationwide Building Society	A	U.K.		1,000,000	29-Nov-13	0.45000%	28-Feb-14		3 Months
IP1135	Skipton Building Society	BBB-	U.K.		1,000,000	29-Oct-13	0.49000%	29-Jan-14		3 Months
IP1143	Skipton Building Society	BBB-	U.K.		1,000,000	29-Nov-13	0.49000%	28-Feb-14		3 Months
IP1121	Ulster Bank Ltd	A-	U.K.	RBS	1,000,000	29-Jul-13	0.65000%	29-Jan-14		6 Months
IP1134	Yorkshire Building Society	BBB+	U.K.		2,000,000	18-Oct-13	0.40000%	20-Jan-14		3 Months
	Total Invested				38,225,300					
	Other Loan									
	Sevenoaks Leisure Limited				250,000	29-Apr-08	7.00000%	31-Mar-18		10 Years

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APPPENDIX B: Interest Rate Forecasts 2013 – 2017

Capita Asset Services Interest Rate View	Dec-13	Mar-14	Jun-14	Sep-14	Dec-14	Mar-15	Jun-15	Sep-15	Dec-15	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17
Bank Rate View	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.75%	1.00%	1.00%	1.25%
3 Month LIBID	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.60%	0.70%	0.90%	1.30%
6 Month LIBID	0.60%	0.60%	0.60%	0.60%	0.60%	0.60%	0.60%	0.60%	0.60%	0.70%	0.80%	1.00%	1.20%	1.40%
12 Month LIBID	0.80%	0.80%	0.80%	0.80%	0.80%	0.80%	0.80%	1.00%	1.20%	1.40%	1.60%	1.80%	2.00%	2.30%
5yr PWLB Rate	2.50%	2.50%	2.60%	2.70%	2.70%	2.80%	2.80%	2.90%	3.00%	3.10%	3.20%	3.30%	3.40%	3.40%
10yr PWLB Rate	3.60%	3.60%	3.70%	3.80%	3.80%	3.90%	3.90%	4.00%	4.10%	4.20%	4.30%	4.30%	4.40%	4.50%
25yr PWLB Rate	4.40%	4.40%	4.50%	4.50%	4.60%	4.60%	4.70%	4.80%	4.90%	5.00%	5.10%	5.10%	5.10%	5.10%
50yr PWLB Rate	4.40%	4.40%	4.50%	4.50%	4.60%	4.70%	4.80%	4.90%	5.00%	5.10%	5.20%	5.20%	5.20%	5.20%
Bank Rate														
Capita Asset Services	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.75%	1.00%	1.00%	1.25%
UBS	0.50%	0.50%	0.50%	0.50%	0.50%	-	-	-	-	-	-	-	-	-
Capital Economics	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	-	-	-	-	-
5yr PWLB Rate														
Capita Asset Services	2.50%	2.50%	2.60%	2.70%	2.70%	2.80%	2.80%	2.90%	3.00%	3.10%	3.20%	3.30%	3.40%	3.40%
UBS	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital Economics	2.10%	2.30%	2.30%	2.30%	2.30%	2.30%	2.50%	2.90%	3.30%	-	-	-	-	-
10yr PWLB Rate														
Capita Asset Services	3.60%	3.60%	3.70%	3.80%	3.80%	3.90%	3.90%	4.00%	4.10%	4.20%	4.30%	4.30%	4.40%	4.50%
UBS	3.90%	4.00%	4.00%	4.10%	4.10%	-	-	-	-	-	-	-	-	-
Capital Economics	3.30%	3.55%	3.55%	3.55%	3.55%	3.55%	3.55%	3.55%	3.80%	-	-	-	-	-
25yr PWLB Rate														
Capita Asset Services	4.40%	4.40%	4.50%	4.50%	4.60%	4.60%	4.70%	4.80%	4.90%	5.00%	5.10%	5.10%	5.10%	5.10%
UBS	4.40%	4.50%	4.50%	4.60%	4.60%	-	-	-	-	-	-	-	-	-
Capital Economics	4.10%	4.20%	4.20%	4.20%	4.20%	4.20%	4.20%	4.20%	4.30%	-	-	-	-	-
50yr PWLB Rate														
Capita Asset Services	4.40%	4.40%	4.50%	4.50%	4.60%	4.70%	4.80%	4.90%	5.00%	5.10%	5.20%	5.20%	5.20%	5.20%
UBS	4.50%	4.50%	4.60%	4.60%	4.70%	-	-	-	-	-	-	-	-	-
Capital Economics	4.30%	4.40%	4.40%	4.40%	4.40%	4.40%	4.40%	4.40%	4.50%	-	-	-	-	-

APPENDIX C: Economic Background

THE GLOBAL ECONOMY

The Eurozone (EZ). The sovereign debt crisis has eased during 2013 which has been a year of comparative calm after the hiatus of the Cyprus bailout in the spring. The EZ finally escaped from seven quarters of recession in quarter 2 of 2013 but growth is likely to remain weak and so will dampen UK growth. The ECB's pledge to buy unlimited amounts of bonds of countries which ask for a bail out, has provided heavily indebted countries with a strong defence against market forces. This has bought them time to make progress with their economies to return to growth or to reduce the degree of recession. However, debt to GDP ratios (2012 figures) of 176% Greece, Italy 131%, Portugal 124%, Ireland 123% and Cyprus 110%, remain a cause of concern, especially as many of these countries are experiencing continuing rates of increase in debt in excess of their rate of economic growth i.e. these debt ratios are continuing to deteriorate. Any sharp downturn in economic growth would make these countries particularly vulnerable to a new bout of sovereign debt crisis. It should also be noted that Italy has the third biggest debt mountain in the world behind Japan and the US. Greece remains particularly vulnerable and continues to struggle to meet EZ targets for fiscal correction. Many commentators still view a Greek exit from the Euro as inevitable and there are concerns that austerity measures in Cyprus could also end up in forcing an exit. The question remains as to how much damage an exit by one country would do and whether contagion would spread to other countries. However, the longer a Greek exit is delayed, the less are likely to be the repercussions beyond Greece on other countries and on EU banks. It looks increasingly likely that Slovenia will be the next country to need a bailout.

Sentiment in financial markets has improved considerably during 2013 as a result of firm Eurozone commitment to support struggling countries and to keep the Eurozone intact. However, the foundations to this current "solution" to the Eurozone debt crisis are still weak and events could easily conspire to put this into reverse. There are particular concerns as to whether democratically elected governments will lose the support of electorates suffering under EZ imposed austerity programmes, especially in countries like Greece and Spain which have unemployment rates of over 26% and unemployment among younger people of over 50%. The Italian political situation is also fraught with difficulties in maintaining a viable coalition which will implement an EZ imposed austerity programme and undertake overdue reforms to government and the economy.

USA. The economy has managed to return to reasonable growth in Q2 2013 of 2.5% y/y and 2.8% in Q3, in spite of the fiscal cliff induced sharp cuts in federal expenditure that kicked in on 1 March, and increases in taxation. The Federal Reserve has continued to provide huge stimulus to the economy through its $85bn per month asset purchases programme of quantitative easing. However, it is expected that this level of support will start to be tapered down early in 2014. It has also pledged not to increase the central rate until unemployment falls to 6.5%; this is probably unlikely to happen until early 2015. Consumer, investor and business confidence levels have improved markedly in 2013. The housing market has turned a corner and house sales and increases in house prices have returned to healthy levels. Many house owners have, therefore, been helped to escape from negative equity and banks have also largely repaired their damaged balance sheets so that they can resume healthy levels of lending. All this portends well for a reasonable growth rate looking forward.

China. Concerns that Chinese growth could be heading downwards have been allayed by recent stronger statistics. There are still concerns around an unbalanced economy which is heavily dependent on new investment expenditure, and for a potential bubble in the property sector to burst, as it did in Japan in the 1990s, with its consequent impact on the financial health of the banking sector. There are also increasing concerns around the potential size, and dubious creditworthiness, of some bank lending to local government organisations and major corporates. This primarily occurred during the government promoted expansion of credit, which was aimed at protecting the overall rate of growth in the economy after the Lehmans crisis.

Japan. The initial euphoria generated by "Abenomics", the huge QE operation instituted by the Japanese government to buy Japanese debt, has tempered as the follow through of measures to reform the financial system and the introduction of other economic reforms, appears to have stalled. However, at long last, Japan has seen a return to reasonable growth and positive inflation during 2013 which augurs well for the hopes that Japan can escape from the bog of stagnation and deflation and so help to support world growth. The fiscal challenges though are huge; the gross debt to GDP ratio is about 245% in 2013 while the government is currently running an annual fiscal deficit of around 50% of total government expenditure. Within two years, the central bank will end up purchasing about Y190 trillion (£1,200 billion) of government debt. In addition, the population is ageing due to a low birth rate and will fall from 128m to 100m by 2050.

THE UK ECONOMY

Economic growth. Until 2013, the economic recovery in the UK since 2008 had been the worst and slowest recovery in recent history. However, growth stongly rebounded in 2013 - quarter 1 (+0.3%), 2 (+0.7%) and 3 (+0.8%), to surpass all expectations as all three main sectors, services, manufacturing and construction contributed to this strong upturn. The Bank of England has, therefore, upgraded growth forecasts in the August and November quarterly Inflation Reports for 2013 from 1.2% to 1.6% and for 2014 from 1.7% to 2.8%, (2015 unchanged at 2.3%). The November Report stated that: -

> *In the United Kingdom, recovery has finally taken hold. The economy is growing robustly as lifting uncertainty and thawing credit conditions start to unlock pent-up demand. But significant headwinds — both at home and abroad — remain, and there is a long way to go before the aftermath of the financial crisis has cleared and economic conditions normalise. That underpins the MPC's intention to maintain the exceptionally stimulative stance of monetary policy until there has been a substantial reduction in the degree of economic slack. The pace at which that slack is eroded, and the durability of the recovery, will depend on the extent to which productivity picks up alongside demand. Productivity growth has risen in recent quarters, although unemployment has fallen by slightly more than expected on the back of strong output growth.*

So very encouraging - yes, but, still a long way to go! However, growth is expected to be strong for the immediate future. One downside is that wage inflation continues to remain significantly below CPI inflation so disposable income and living standards are under pressure, although income tax cuts have ameliorated this to some extent. A rebalancing of the economy towards exports has started but as 40% of UK exports go to the Eurozone, the difficulties in this area are likely to continue to dampen UK growth.

Forward guidance. The Bank of England issued forward guidance in August which said that the Bank will not start to consider raising interest rates until the jobless rate (Labour Force

Survey / ILO i.e. not the claimant count measure) has fallen to 7% or below. This would require the creation of about 750,000 jobs and was forecast to take three years in August, but revised to possibly quarter 4 2014 in November. The UK unemployment rate currently stands at 2.5 million i.e. 7.6 % on the LFS / ILO measure. The Bank's guidance is subject to three provisos, mainly around inflation; breaching any of them would sever the link between interest rates and unemployment levels. This actually makes forecasting Bank Rate much more complex given the lack of available reliable forecasts by economists over a three year plus horizon. The recession since 2007 was notable for how unemployment did NOT rise to the levels that would normally be expected in a major recession and the August Inflation Report noted that productivity had sunk to 2005 levels. There has, therefore, been a significant level of retention of labour, which will mean that a significant amount of GDP growth can be accommodated without a major reduction in unemployment.

Credit conditions. While Bank Rate has remained unchanged at 0.5% and quantitative easing has remained unchanged at £375bn in 2013, the Funding for Lending Scheme (FLS), aimed at encouraging banks to expand lending to small and medium size enterprises, has been extended. The FLS certainly seems to be having a positive effect in terms of encouraging house purchases (though levels are still far below the pre-crisis level), FLS is also due to be bolstered by the second phase of Help to Buy aimed at supporting the purchase of second hand properties, which is now due to start in earnest in January 2014. While there have been concerns that these schemes are creating a bubble in the housing market, the house price increases outside of London and the south-east have been minimal. However, bank lending to small and medium enterprises continues to remain weak and inhibited by banks still repairing their balance sheets and anticipating tightening of regulatory requirements.

Inflation. Inflation has fallen from a peak of 3.1% in June 2013 to 2.2% in October. It is expected to fall back to reach the 2% target level within the MPC's two year time horizon.

AAA rating. The UK has lost its AAA rating from Fitch and Moody's but that caused little market reaction.

Capita Asset Services forward view

Economic forecasting remains difficult with so many external influences weighing on the UK. Major volatility in bond yields is likely to endure as investor fears and confidence ebb and flow between favouring more risky assets i.e. equities, and safer bonds.

There could well be volatility in gilt yields over the next year as financial markets await the long expected start of tapering of asset purchases by the Fed. The timing and degree of tapering could have a significant effect on both Treasury and gilt yields. Equally, at the time of writing, the political deadlock and infighting between Democrats and Republicans over the budget, and the raising of the debt limit, has only been kicked down the road, rather than resolved. Resolving these issues could have a significant effect on gilt yields during 2014.

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 of bond issuance in other major western countries. Increasing investor confidence in economic recovery is also likely to compound this effect as a continuation of recovery will further encourage investors to switch back from bonds to equities.

The overall balance of risks to economic recovery in the UK is currently evenly weighted. However, only time will tell just how long this period of strong economic growth will last; it also remains exposed to vulnerabilities in a number of key areas.

The interest rate forecasts in this report are based on an initial assumption that there will not be a major resurgence of the EZ debt crisis, or a break-up of the EZ, but rather that there will be a managed, albeit painful and tortuous, resolution of the debt crisis where EZ institutions and governments eventually do what is necessary - but only when all else has been tried and failed. Under this assumed scenario, growth within the EZ will be tepid for the next couple of years and some EZ countries experiencing low or negative growth, will, over that time period, see a significant increase in total government debt to GDP ratios. There is a significant danger that these ratios could rise to the point where markets lose confidence in the financial viability of one, or more, countries. However, it is impossible to forecast whether any individual country will lose such confidence, or when, and so precipitate a resurgence of the EZ debt crisis. While the ECB has adequate resources to manage a debt crisis in a small EZ country, if one, or more, of the large countries were to experience a major crisis of market confidence, this would present a serious challenge to the ECB and to EZ politicians.

Downside risks currently include:

- UK strong economic growth is currently very dependent on consumer spending and recovery in the housing market. This is unlikely to endure much beyond 2014 as most consumers are maxed out on borrowing and wage inflation is less than CPI inflation, so disposable income is being eroded.
- A weak rebalancing of UK growth to exporting and business investment causing a major weakening of overall economic growth beyond 2014
- Weak growth or recession in the UK's main trading partners - the EU and US, depressing economic recovery in the UK.
- Prolonged political disagreement over the US Federal Budget and raising of the debt ceiling
- A return to weak economic growth in the US, UK and China causing major disappointment in investor and market expectations.
- A resurgence of the Eurozone sovereign debt crisis caused by ongoing deterioration in government debt to GDP ratios to the point where financial markets lose confidence in the financial viability of one or more countries and in the ability of the ECB and Eurozone governments to deal with the potential size of the crisis
- The potential for a significant increase in negative reactions of populaces in Eurozone countries against austerity programmes, especially in countries with very high unemployment rates e.g. Greece and Spain, which face huge challenges in engineering economic growth to correct their budget deficits on a sustainable basis.
- The Italian political situation is frail and unstable; this will cause major difficulties in implementing austerity measures and a programme of overdue reforms. Italy has the third highest government debt mountain in the world.
- Problems in other Eurozone heavily indebted countries (e.g. Cyprus and Portugal) which could also generate safe haven flows into UK gilts, especially if it looks likely that one, or more countries, will need to leave the Eurozone.

- Monetary policy action failing to stimulate sustainable growth in western economies, especially the Eurozone and Japan.
- Geopolitical risks e.g. Syria, Iran, North Korea, which could trigger safe haven flows back into bonds

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

- A sharp upturn in investor confidence that sustainable robust world economic growth is firmly expected, causing a surge in the flow of funds out of bonds into equities.
- A reversal of Sterling's safe-haven status on a sustainable improvement in financial stresses in the Eurozone.
- UK inflation being significantly higher than in the wider EU and US, causing an increase in the inflation premium inherent to gilt yields.
- In the longer term – an earlier than currently expected reversal of QE in the UK; this could initially be implemented by allowing gilts held by the Bank to mature without reinvesting in new purchases, followed later by outright sale of gilts currently held.

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APPENDIX D - SPECIFIED AND NON-SPECIFIED INVESTMENTS

SPECIFIED INVESTMENTS

All such investments will be sterling denominated, with maturities up to maximum of 1 year, meeting the minimum 'high' rating criteria where applicable

NON-SPECIFIED INVESTMENTS

These are any investments which do not meet the specified investment criteria. A maximum of 50% will be held in aggregate in non-specified investments.

A variety of investment instruments will be used, subject to the credit quality of the institution. Depending on the type of investment made it will fall into one of the above two categories.

The criteria, time limits and monetary limits applying to institutions or investment vehicles are:

	Minimum Credit Criteria (i.e. Colour Band)	Max % of total investments / £ limit per institution	Max. maturity period	Specified (S) / Non-Specified (N)
Debt Management Agency Deposit Facility (DMADY) – UK Government	N/A	100%	6 Months	S
UK Government gilts	UK sovereign rating AA- or better	100%	1 Year	S
UK Government treasury bills	UK sovereign rating AA- or better	100%	6 Months	S
Bonds issued by multilateral development banks	UK sovereign rating AA- or better	100%	6 Months	S
Money market funds	AAA	25% / £5m	Liquid	S
Enhanced money market funds	AAA	25% / £5m	Liquid	S
Local authorities (up to one year)	N/A	25% / £5m	1 Year	S
Local authorities (over one year)	N/A	25% / £5m	2 Years	N
Term deposits with Lloyds Bank Group / RBS Group (up to one year)	Blue	25% / £8m	1 Year	S
Term deposits with Lloyds Bank Group / RBS Group (over one year)	Blue	25% / £8m	2 Years	N
Term deposits with other banks (up to one year)	Green	25% / £6m	1 Year	S
Term deposits with other banks (over one year)	Green	25% / £6m	2 Years	N
Term deposits with building societies	No colour	25% / £2m	3 Months	N
CDs or corporate bonds with banks or building societies	Green	25% / £5m	1 Year	S
Gilt funds	UK sovereign rating AA- or better	25% / £5m	1 Year	S
Property funds	N/A	25% / £2m	Semi-liquid	N

The criteria in this appendix are intended to be the operational criteria in normal times. At times of heightened volatility, risk and concern in the financial markets, this strategy may be amended by temporary operational criteria further limiting investments to counterparties of a higher creditworthiness and/or restricted time limits.

APPENDIX E - Approved countries for investments

Based on lowest available rating

AAA

- Australia
- Canada
- Denmark
- Finland
- Germany
- Luxembourg
- Norway
- Singapore
- Sweden
- Switzerland

AA+

- Hong Kong
- Netherlands
- U.K.
- U.S.A.

AA

- Abu Dhabi (UAE)
- France
- Qatar

AA-

- Belgium
- Saudi Arabia

APPENDIX F – Alternative investment options to increase yield

Background

1. Owing to a flood of government money into the banking sector as a result of the Funding For Lending scheme, there has been a downward trend in investment rates over the last few months. We previously had significant sums invested in the one year period at various rates in excess of 1% and up to 3%. These investments have started to mature and the equivalent 1 year rates are now at or below 1%.
2. In order to maintain the interest receipts budget at its existing level going forward, consideration needs to be given to alternative options to increase yield.
3. The consideration of risk is important in local authority investment decisions and the overriding principles are security and liquidity before yield.
4. In considering the alternative options, it must be realised that additional risk will be inherent.
5. Our treasury management advisors (Capita Asset Services) produce a matrix of recommended counterparties and duration limits on a weekly basis. Whilst it is for the authority to make its own investment decisions, it should be recognised that some of the options would fall outside their recommended guidance.
6. Our current investment strategy is very cautious and largely follows the Capita model. Most changes put forward here would not be compatible and would hence require approval by Full Council.

Options

A. Increase limits to existing counterparties
Currently, the limits are £8m for Lloyds and RBS, £5m (or £6m including call accounts) for others and £2m for the top five building societies (with the exception of Nationwide).

The value of the portfolio averages about £30m and there is a current limit of 25% of the total fund to any counterparty.

By increasing the limits, there would be scope to concentrate more money in the institutions paying better rates (mainly Lloyds & RBS). However, it should be recognised that there is increased risk in the event of the institution's failure.

B. Add new counterparties
At present, the policy is to only lend to UK based institutions. The use of foreign banks could be considered as some are paying better rates. Examples are Santander (who were removed from the lending list because of perceived issues with its Spanish parent) and Svenska Handelsbanken who will shortly

be opening a branch in Sevenoaks and whose offerings for instant access accounts at least match or even better those on offer from Barclays and RBS.

The Bank of China (London branch) is new into the sterling market. It is paying above the usual levels (3 months @ 0.55%, 1 year @ 0.95%)

C. Extend the duration of investments
The maximum duration currently allowed in our strategy is one year. Depending on the assessment in Capita's colour coding matrix, some counterparties have a maximum of 3 or 6 months duration imposed. These limits severely restrict potential yield, but are there to mitigate against the security and liquidity risks. We also have a self-imposed 3 month limit on Building Societies other than the Nationwide.

There is no doubt that an improvement in yield could be obtained by committing to longer dated investments. An analysis of the need to use reserves over the coming years would be needed before tying up money long term.

Other authorities already use longer dated investments, so we would not be unique here. Some examples of the rates available at 10/9/13 are:-

Lloyds – 2 years @ 1.10%, 3 years @ 1.45%, 4 years @ 1.96% and 5 years @ 2.30%

RBS – 18 mths @ 0.85%, 2 years @ 1.27%, 3 years @1.74%, 4 years @ 2.08% and 5 years @ 2.37%

Barclays – 2 years @ 1.03%, 3 years @ 1.46%, 4 years @ 1.94% and 5 years @ 2.39%

These rates are dependent on gilt yields which have been on the increase recently owing to so much good news on the UK economy. Swap rates are moving up, so cash rates have been improving all the time. However, they can be very volatile and decisions to place money need to be timed carefully in reaction to rapidly changing market conditions. The market thinks that base rates will need to rise before Mark Carney's goal of a reduction in unemployment to 7% is reached.

As far as the Building Societies are concerned, by extending the duration to 1 year, rates in the region of 0.85% to 0.87% can be achieved, compared with 0.45% to 0.50% in the 3 month period to which we are limited at the present time.

D. Enhanced Money Market Funds
These are becoming a popular alternative for many authorities as they struggle with shrinking counterparty lists and ever reducing yields. However, these funds operate in a very different way to the standard MMFs, even

though both types have AAA ratings. EMMFs have a variable NAV and therefore a greater market risk exposure. There is a potential for loss of capital. They achieve better returns because they have a wider credit appetite and increased durational limits.

EMMFs are usually viewed with a minimum of a 6 months holding in order to even out potentially volatile month on month returns. However, should access to cash be required, it is usually on a T+2 or T+3 basis (i.e. a redemption requested on Monday would be received on Wednesday or Thursday).

An example of an EMMF from one of our existing MMF providers, based on a 1 month annualised gross return and on T+5 access, is:

August 2013: 1.05%

July 2013: 0.54%

June 2013: 0.50%

May 2013: 0.93%

This compares with an almost static 0.43% to 0.44% return over the same period on their standard MMF.

E. Property Funds
These are pooled investment vehicles, investing in all types of commercial/industrial property. They have entry and exit fees and are typically viewed as long term investments over 5 years or more. They give indirect access to the property market, can be seen as another means of diversification and can provide stable returns and capital appreciation.

On the downside, they are illiquid and have inherent price volatility (whether due to a property market collapse or quality of tenants). Hence the need to take a longer term view. Additionally, exit timings can be difficult resulting in a long term lag on redemption.

APPENDIX G - Treasury management scheme of delegation

Full Council

- receiving and reviewing reports on treasury management policies, practices and activities;
- approval of annual strategy.

Cabinet

- approval of/amendments to the organisation's adopted clauses, treasury management policy statement and treasury management practices;
- budget consideration and approval;
- approval of the division of responsibilities;
- receiving and reviewing regular monitoring reports and acting on recommendations;
- approving the selection of external service providers and agreeing terms of appointment.

Finance and Resources Advisory Committee

- reviewing the treasury management policy and procedures and making recommendations to Cabinet.

APPENDIX H - The treasury management role of the section 151 officer

The S151 (responsible) officer is responsible for:

- recommending clauses, treasury management policy/practices for approval, reviewing the same regularly, and monitoring compliance;
- submitting regular treasury management policy reports;
- submitting budgets and budget variations;
- receiving and reviewing management information reports;
- reviewing the performance of the treasury management function;
- ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function;
- ensuring the adequacy of internal audit, and liaising with external audit;
- recommending the appointment of external service providers.

DISCRETIONARY RATE RELIEF

Cabinet – 6 February 2014

Report of the:	Chief Finance Officer
Status:	For Decision
Key Decision:	No

Executive Summary: The Council has historically reviewed the allocation of discretionary rate relief every two years. Whilst ratepayers are still asked to submit a formal application every two years, in view of the changes brought about by business rate retention, the proposals for awarding relief are to be reported annually. On that basis, this report sets out the proposals for awarding discretionary rate relief for 2014/15.

This report supports the Key Aims of: Supporting and developing the local economy and providing value for money

Portfolio Holder Cllr. Ramsay

Contact Officer(s) Adrian Rowbotham Ext. 7153

Sue Cressall Ext. 7041

Paula Porter Ext. 7277

Recommendation to Cabinet: Members are asked to approve the proposals for granting relief from business rates for 2014-2015 set out in Appendix B to the report.

Reason for recommendation: Relief from business rates provides organisations with valuable support and contributes to the Council's commitment to supporting and developing the local economy.

Background

1 Charities and sports organisations that have charitable status currently receive 80% mandatory relief. In order to qualify for the mandatory relief the organisation must be established for charitable purposes only and the premises must be wholly or mainly used for charitable purposes. Sports clubs registered with HMRC as community amateur sports clubs are also entitled to 80% mandatory relief.

Certain types of business in rural villages may qualify for 50% mandatory rate relief subject to the rateable value of the property being under specified limits.

2 Section 47 of the Local Government Finance Act 1988 (as amended by s69 of the Localism Act 2011) provides local authorities with powers to grant discretionary rate relief of up to 100% to any ratepayer.

3 Discretionary rate relief can be awarded in isolation or given to 'top-up' a mandatory award.

4 However, unless one of the following apply, authorities may only grant discretionary rate relief if satisfied that it would be reasonable to do so, having regard to the interests of the council tax payers:

- The ratepayer is a charity or trustees for a charity, and the property is wholly or mainly used for charitable purposes; or
- The ratepayer is a community amateur sports club and the property is wholly or mainly used for the purpose of the club and other such clubs; or
- The ratepayer is entitled to mandatory rural rate relief; or
- All or part of the property is occupied by non-profit making organisations whose main objects are charitable or are otherwise philanthropic or religious or concerned with education, social welfare, science, literature or the fine arts; or
- The property is occupied by a club, society or other non-profit making organisation and it is wholly or mainly used for purposes of recreation.

5 Authorities should have easily understood guidelines for deciding whether or not to grant relief and for determining the amount of relief which should be based on the consideration of the merits of each individual case. However, as the range of bodies that may be eligible for discretionary rate relief is wide, not all the suggested criteria will be applicable in each case.

Introduction

6 The Council currently grants discretionary rate relief over the following categories:

- Discretionary rate relief up to 100% of rates bill (but usual award is 80%);
- Village Shop rate relief at 50% of rates bill;
- Hardship relief up to 80% of rates bill; and
- Discretionary 'top-up' relief to take total relief up to 100% of the rates bill.

7 Members reviewed the criteria for granting discretionary rate relief to charities, not for profit organisations, discretionary rural rate relief and hardship relief in February 2013 and this is attached at Appendix A.

8 Applications from ratepayers falling outside of these criteria will be considered on their merits and individual recommendations will be made having regard to the interests of the District's council tax payers.

Approach taken to reviewing applications

9 The full list of applications, together with officer recommendations, is attached at Appendix B. Each application has been considered on its own merits, however in reviewing applications against the criteria, similar organisations were considered together, to ensure consistency of approach.

10 The criteria was applied as follows for discretionary rate relief and discretionary top-up relief:

- Links to Council priorities – the extent to which the activities supported the Council's priorities was assessed, including support/activities for vulnerable or socially excluded groups.

- Evidence of financial need including reserve levels and assets – all organisations were requested to provide financial information and reserve levels were compared to annual expenditure, to assess financial need. The ability to generate income was also considered. In addition, for sports clubs, consideration was given to whether they had applied to become community amateur sports clubs (CASCs).

- Membership within the District – where it appeared that a substantial proportion of the membership was from outside the District, this was taken into account in putting forward a recommendation.

- Membership open to all – where membership is restricted to a particular group or locations, or is dependent on recommendations from existing members this has been taken into account, as not all residents would be able to benefit from the relief granted.

- Membership fee levels – fee levels were assessed to consider whether they were so high that they could exclude some in the local community.

- Bar activity and profits – if the bar is the main activity an organisation was unlikely to be recommended for relief. Any profits are expected to be used to fund club expenses.

11 For discretionary village shop relief, officers considered the benefits of the shop/business to the local community when compared with the cost of the relief. It is recommended that the village shops receive relief due to the benefit they provide to local communities.

12 Where a ratepayer receives 100% small business rate relief no recommendation has been made in respect of discretionary rate relief or village shop relief, since the businesses already receive maximum support.

13 There is no formal appeals process against the Council's decisions on the discretionary reliefs referred to in this report. The current approach is however to re-consider decisions in the light of any representations made by the ratepayers.

Applications for 2014/2015

14 Appendix B contains the details of each applicant to be considered for relief for 2014/2015 and detailed recommendations of the level of relief to be applied.

15 All applicants fall to be considered under the criteria set out in Appendix A.

16 The level of relief is based upon the provisional multipliers announced on 6 December 2013 which are subject to confirmation. In the unlikely event that the multipliers change, a further report setting out the revised relief awards will be submitted.

17 If applications are approved, the total gross relief granted would be £159,919.

18 Members should be aware that the requirement for relief can change during the financial year as a result of rateable value changes, vacations etc. Therefore, some of these awards may not ultimately require full funding.

Key Implications

Financial

Since 1 April 2013 all discretionary relief granted has come under the provisions of the business rate retention scheme. The cost of relief is effectively shared between Central Government (50%), and local authorities (50%). Of this Sevenoaks is required to fund 40%.

When setting the business rates baseline for 2013/14, the Government broadly used the existing levels of discretionary relief. Because of the operation of the levy and safety net on the business rate retention scheme it is not possible to say exactly what the actual effect of granting the relief will be and it may vary between years. For example if the Council was already at the safety net then granting additional relief would have no direct impact for that year, but would as soon as the Council moved out of the safety net.

Therefore Appendix B only refers to the projected gross discretionary rate relief.

Legal Implications and Risk Assessment Statement.

There are no legal implications.

New organisations may request relief after the deadline for receipt of applications and so would not be able to receive discretionary relief until the next annual review. In order to address urgent cases it is proposed that the Chief Finance Officer determines any relief to be awarded under delegated authority. These organisations would then apply in the usual way for the next round.

A biennial application process may seem to be an additional burden for businesses, many of whom are small. Officers have taken account of this in designing the application process so as to minimise the administrative burden on applicants.

<u>Equality Impacts</u>

Consideration of impacts under the Public Sector Equality Duty:		
Question	Answer	Explanation / Evidence
a. Does the decision being made or recommended through this paper have potential to disadvantage or discriminate against different groups in the community?	No	This approach provides equality of access to discretionary relief, due to clear criteria for the award of relief and consideration of all applications at the same time.
b. Does the decision being made or recommended through this paper have the potential to promote equality of opportunity?	Yes	
c. What steps can be taken to mitigate, reduce, avoid or minimise the impacts identified above?		

Appendices

Appendix A – Policy for considering applications for Discretionary Rate Relief

Appendix B – List of organisations proposed to receive relief

Background Papers: None

Adrian Rowbotham
Chief Finance Officer

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Appendix A

Policy for considering applications for Discretionary Rate Relief

Charitable and not for profit organisations

Under National Non-Domestic Rate (NNDR) legislation the Council has the power to award discretionary rate relief to certain charitable or not for profit organisations where the following conditions are satisfied.

All or part of the property is occupied by one or more institutions or organisations which are:

- Not established for profit, **and**

- Whose main objects are charitable or are otherwise philanthropic or religious or concerned with education, social welfare, science, literature or the fine arts; or

- Used wholly or mainly for recreation by a not-for-profit club or society.

Discretionary rate relief cannot be awarded if the ratepayer is a billing or precepting authority.

The process for considering applications is as follows:

- Not-for-profit organisations are asked to apply for discretionary rate relief (in isolation or as ‘top-up’ every two years, all applications to be considered at the same time.
- Cabinet to decide annually which organisations are to receive relief based on criteria including how the organisation assists the Council to achieve its priorities (see below). This includes deciding the level of relief to be granted in each case.

Criteria	Explanation
Links to Council priorities	The extent to which the activities of the organisation support the Council’s priorities as set out in the Corporate Plan, and specifically supporting and developing the local economy and providing good value for money through a balanced budget.
Evidence of financial need including reserve levels and assets	Organisations with high levels of reserves (covering more than 12 months’ expenditure) or who cannot demonstrate a financial need would not be a priority for rate relief.
Membership within District	As 40% of the relief is funded by SDC taxpayers priority will be given to those organisations with a high proportion of members from within the District.

Appendix A

Membership open to all	To give all residents an opportunity to benefit from the rate relief, priority should be given to organisations where membership is open to all.
Membership fee levels	Where membership fees are charged they should not be so high as to exclude any of the community.
Extent to which activity is based around Bar and use of profits from it	Priority would not be given to those organisations where the bar is the main activity. It would be expected that any profits from the bar would be put back to fund club expenses.

Discretionary rural rate relief

Certain types of business in rural villages, with a population below 3,000, may qualify for rate relief of 50%. Businesses that qualify for this relief are the sole general store and the sole post office in the village, provided it has a rateable value of up to £8,500, any food shop with a rateable value of up to £8,500 and the sole pub and the sole petrol station in the village provided it has a rateable value of up to £12,500. The Council has discretion to give further relief on the remaining bill on such property.

The Council may decide to give up to 100% relief to any other business in such a rural village, with a rateable value of up to £16,500, if it is satisfied that the business is of benefit to the community and having regard to the interests of its council tax payers.

Hardship Relief

Hardship relief is granted in exceptional circumstances, any business can apply for hardship relief if they can show the following:

- The business would suffer hardship if relief was not granted; and
- It is in the interests of council tax payers for relief to be granted.

An application needs to be supported by current trading figures as well as previous audited accounts or accounts accepted by HMRC. In assessing an application regard will be had to employment issues for the company or any related business and the impact that the loss of business would have on the local area. The current approval process is that the Finance Team carries out a review of the business's accounts and the Chief Officer for Finance decides whether hardship relief is appropriate based on each case's merits. In practice hardship relief has been granted in only exceptional cases to date.

Ref	Organisation name and property description/address	Parish	% for 2014/15	Relief for 2014/15	Recommendation/comments
	DISCRETIONARY RELIEF				
30559572	**Army Cadet Force** Hall Argyle Road, Sevenoaks	Sevenoaks	80	£4,521.60	**Recommended**
30561773	**Army Cadet Force** Hall Swanley Lane, Swanley	Swanley	80	£2,147.76	**Recommended**
30562325	**Army Cadet Force** Hall 8 High Street, Westerham	Westerham	80	£2,260.80	**Recommended**
30549735	**Edenbridge Forge Singers** Hall 72 High Street, Edenbridge	Edenbridge	80	£0.00	**Recommended**
30558326	**Hartley & District Social Club Ltd** Club Ash Road, Hartley	Hartley	40	£566.51	**Recommended** Facility used by non-members including youth karate, fitness pilates local Masons, Hartley & District Active Retirement Association, Wellfield Horticultural Group
30567870	**Manor Forstal Residents Society Ltd** Garage 97-98 Manor Forstal	Ash Cum Ridley	80	£0.00	**Recommended**
30578788	**New Ash Green Village Association Ltd** Offices Centre Road, New Ash Green	Ash Cum Ridley	80	£5,746.20	**Recommended**
30553475	**New Ash Green Village Association Ltd** Workshop Ash Road, New Ash Green	Ash Cum Ridley	80	£5,181.00	**Recommended**
30570319	**New Ash Green Village Association Ltd** Hall Ash Road, New Ash Green	Ash Cum Ridley	80	£2,788.32	**Recommended**
30557491	**New Ash Green Village Association Ltd** Sports Ground Punch Croft, New Ash Green	Ash Cum Ridley	80	£5,840.40	**Recommended**
30584363	**Royal British Legion Club (Leigh Kent) Ltd** Club High Street, Leigh	Leigh	80	£0.00	**Recommended**
30553253	**Gamecock Meadow Management Committee** Club House R/O Gamecock Meadow, London Rd, West Kingsdown	West Kingsdown	80	£0.00	**Recommended** Used for recreational sports, pavillion, library. Rents facilities to local football clubs, boules club, tennis clubs and skateboard park
30573806	**Royal British Legion (Westerham) Club Ltd** Club Mill Lane, Westerham	Westerham	80	£1,266.05	**Recommended**
	TOP-UP RELIEF				
30550568	**10th Sevenoaks (Weald's own) Scout Group** Hall Glebe Road, Sevenoaks	Sevenoaks Weald	20	£274.74	**Recommended**
30562165	**15th Sevenoaks (Otford) Scouts** Hall Station Road, Otford	Otford	20	£260.28	**Recommended**
30565195	**17th Sevenoaks (Westerham) Scout Group** Hall Hortons Way, Westerham	Westerham	20	£195.21	**Recommended**

Appendix B

Ref	Organisation name and property description/address	Parish	% for 2014/15	Relief for 2014/15	Recommendation/comments
30557095	**1st Crockenhill Scouts Group** Hall Stones Cross Road, Swanley	Swanley	20	£154.24	**Recommended**
30561414	**Edenbridge Scout Group** Hall Station Road, Edenbridge	Edenbridge	20	£197.62	**Recommended**
30558593	**1st Eynsford & Farningham Scout Group** Hall Priory Lane, Eynsford	Eynsford	20	£214.49	**Recommended**
30565812	**1st Horton Kirby Scout Group** Hall Horton Road, Horton Kirby	Horton Kirby	20	£214.49	**Recommended**
30558555	**1st Sevenoaks Scout Group** Hall 57 Oakhill Road, Sevenoaks	Sevenoaks	20	£318.12	**Recommended**
30562080	**3rd Sevenoaks (Riverhead & Dunton Green) Scouts** Hall Bradbourne Vale Road	Sevenoaks	20	£284.38	**Recommended**
30573417	**6th Sevenoaks (Kemsing) Scout Group** Hall Heaverham Road, Kemsing	Kemsing	20	£171.11	**Recommended**
30566792	**7th Sevenoaks (Halstead) Scout Group** Hall Shoreham Lane, Halstead	Halstead	20	£98.81	**Recommended**
30556245	**7th Tonbridge (Eden Valley) Scout Group** Hall Kiln Lane, Leigh	Leigh	20	£231.36	**Recommended**
30606904	**Rural Age Concern Darent Valley** Offices High Street, Swanley	Swanley	20	£867.60	**Recommended**
30631306	**Rural Age Concern Darent Valley** Community Centre Scratchers Lane, Fawkham	West Kingsdown	20	£241.00	**Recommended**
30638543	**Age Concern Sevenoaks & District** Offices St John's Road, Sevenoaks	Sevenoaks	20	£1,470.10	**Recommended**
30606959	**Rural Age Concern Darent Valley** Shop High Street, Swanley	Swanley	20	£4,313.90	**Recommended**
30642788	**Age Concern Sevenoaks & District** Shop London Road, Sevenoaks	Sevenoaks	20	£1,180.90	**Recommended**
30612176	**Badgers Mount Memorial Hall** Hall Highlands Rd, Badgers Mount	Shoreham	20	£351.86	**Recommended**
30558715	**British Red Cross Society** Hall 47 Bradbourne Vale Road	Sevenoaks	20	£366.32	**Recommended**
30574069	**Sevenoaks Citizens Advice Bureau** Offices Buckhurst Lane, Sevenoaks	Sevenoaks	20	£684.44	**Recommended**
30569890	**Farningham Village Hall** Hall	Farningham	20	£351.86	**Recommended**

Ref	Organisation name and property description/address	Parish	% for 2014/15	Relief for 2014/15	Recommendation/comments
	High Street, Farningham				
30604373	**Eden Valley Museum Trust** Museum High Street, Edenbridge	Edenbridge	20	£428.98	**Recommended**
30673591	**Edenbridge & District Community Link** Shop High Street, Edenbridge	Edenbridge	20	£428.98	**Recommended**
30693953	**Edenbridge & Westerham Citizens Advice Bureau** Office The Eden Centre, Edenbridge	Edenbridge	20	£1,349.60	**Recommended**
30558982	**Fawkham Village Hall** Hall Valley Road, Fawkham	Fawkham	20	£539.84	**Recommended**
30675078	**Hartley Village Hall** Hall Ash Road, Hartley	Hartley	20	£255.46	**Recommended**
30555785	**Ide Hill Village Hall Management Committee** Store Ide Hill Village Hall	Sundridge	20	£214.49	**Recommended**
30570296	**Ide Hill Village Hall Management Committee** Hall Ide Hill Village Hall	Sundridge	20	£241.00	**Recommended**
30658332	**Longfield & Hartley Scout Grp** Club House Larkwell Lane, Hartley	Hartley	20	£443.44	**Recommended**
30676033	**Relate West & Mid Kent** Store 12-14 Wealden Place,Sevenoaks	Sevenoaks	20	£332.58	**Recommended**
30643088	**Riverside Players** Store Furlong Farm, Eynsford	Eynsford	20	£219.31	**Recommended**
30554812	**Sevenoaks Area Mind** Day Centre St John's Road, Sevenoaks	Sevenoaks	20	£424.16	**Recommended**
30569944	**Ide Hill Scout Group** Hall Ide Hill	Sundridge	20	£110.86	**Recommended**
30575161	**Sevenoaks District Scout Council** Hall School Lane, Seal	Seal	20	£245.82	**Recommended**
30607563	**Sevenoaks Leisure Ltd** Leisure Centre Edenbridge Leisure Centre	Edenbridge	20	£21,786.40	**Recommended**
30605970	**Sevenoaks Leisure Ltd** Leisure Centre White Oak Leisure Centre	Swanley	20	£43,621.00	**Recommended**
30607556	**Sevenoaks Leisure Ltd** Swimming Pool Sevenoaks Leisure Centre	Sevenoaks	20	£25,305.00	**Recommended**
30607570	**Sevenoaks Leisure Ltd** Shop Lullingstone Golf Club	Crockenhill	20	£703.72	**Recommended**
30687859	**Sevenoaks Leisure Ltd** Sports Centre Wildernesse Sports Centre	Sevenoaks	20	£3,181.20	**Recommended**
30556474	**St John Ambulance** Hall	Sevenoaks	20	£175.93	**Recommended**

Appendix B

Ref	Organisation name and property description/address	Parish	% for 2014/15	Relief for 2014/15	Recommendation/comments
	Chatham Hill Road, Sevenoaks				
30671342	**Stag Community Arts Centre** Theatre & Cinema London Road, Sevenoaks	Sevenoaks	20	£4,048.80	**Recommended**
30576102	**Swanley & District Citizens Advice Bureau** Offices High Street, Swanley	Swanley	20	£1,292.31	**Recommended**
30568910	**Swanley Youth & Community Centre** Hall St Mary's Road, Swanley	Swanley	20	£1,180.90	**Recommended**
30567641	**4th Sevenoaks (St John's) Scout Group** Hall Mill Lane, Sevenoaks	Sevenoaks	20	£655.52	**Recommended**
30556276	**Sundridge Village Hall** Hall Main Road, Sundridge	Sundridge	20	£260.28	**Recommended** Previous application showed hall let for horticultural society, yoga, youth club, elections, spiritualists, birthday parties, dance classes
30569487	**Ash Village Hall** Hall The Street, Ash	Ash Cum Ridley	20	£238.59	**Recommended**
30672130	**YMCA** Workshop Warsop Trading Estate, Edenbridge	Edenbridge	20	£1,807.50	**Recommended** Property used as warehouse/distribution centre for donated goods

	RURAL RATE RELIEF OFFICER RECOMMENDED	Parish	% for 2014/15	Relief for 2014/15	Recommendation/comments
30575154	**BD & CB Patel** Convenience Store 6 East Hill, South Darenth	Horton Kirby	50	£0.00	**Recommended**
30585724	**Mr B Parmar** Convenience store 122 London Rd, Dunton Green	Dunton Green	50	£0.00	**Recommended**
30583360	**Mr M Patel** Retail and post office 4-5 The Broadway, Crockenhill	Crockenhill	50	£2,190.15	**Recommended**
30671168	**Senthilkumar Thangavelu** General store 19-21 West End, Kemsing	Kemsing	50	£2,531.63	**Recommended**
30602841	**Seal Supermarket Ltd** General Store 21 High Street, Seal	Seal	50	£2,943.75	**Recommended**

Discretionary Rate Relief	**Number**		**Relief 2014/15**
Total Officer Recommended	13		£30,318.64
Total Officer Rejected	0		
Top-Up Relief	**Number**		**Amount**
Total Officer Recommended	47		£121,934.50
Total Officer Rejected	0		
Rural Rate Relief	**Number**		**Amount**
Total Officer Recommended	5		£7,665.53
Total Officer Rejected	0		