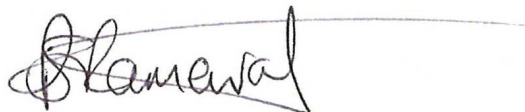


Despatched: 10.02.14

I hereby summon you to attend the meeting of the Sevenoaks District Council to be held in the Council Chamber, Council Offices, Argyle Road, Sevenoaks commencing at 7.00 pm on 18 February 2014 to transact the under-mentioned business.



Chief Executive

### **AGENDA**

#### **Apologies for absence**

1. **To approve as a correct record the minutes of the meeting of the Council held on 17 December 2013.** (Pages 1 - 6)
2. **To receive any declarations of interest not included in the register of interest from Members in respect of items of business included on the agenda for this meeting**
3. **Chairman's Announcements**
4. **To receive any questions from members of the public under paragraph 17 of Part 2 (The Council and District Council Members) of the Constitution.**

None received

5. **To receive any petitions submitted by members of the public under paragraph 18 of Part 2 (The Council and District Council Members) of the Constitution.**

None received

#### **6. Matters considered by the Cabinet and/or Scrutiny Committee:**

- a) **Calculation of Council Tax Base** (Pages 7 - 16)
- b) **Treasury Management Strategy** (Pages 17 - 56)
- c) **Revenue Budget and Council Tax** (Pages 57 - 114)  
(to be considered with agenda item 8 (a))

- d) **Kent Downs & High Weald AONB Management Plan Review** (Pages 115 - 124)
  - e) **CIL Charging Schedule Adoption** (Pages 125 - 146)
7. **Matters considered by Governance, Licensing and Standards Committees**
- a) **Monitoring Officer's Report** (Pages 147 - 166)
  - b) **Openness and Transparency on Personal Interests** (Pages 167 - 188)
  - c) **Review of Members' Allowances** (Pages 189 - 194)
  - d) **Gambling Act 2005 and Local Government (Miscellaneous Provisions) Act 1982: Licensing Fees 2014/2015** (Pages 195 - 202)
8. **To consider the following reports from the Chief Executive or other Chief Officers on matters requiring the attention of Council:**
- a) **Budget and Council Tax Setting 2014/15**
  - b) **Pay Policy Statement** (Pages 203 - 214)
9. **To consider any questions by Members under paragraph 19.3 of Part 2 (The Council and District Council Members) of the Constitution, notice of which have been duly given.**
- None received
10. **To consider any motions by Members under paragraph 20 of Part 2 (The Council and District Council Members) of the Constitution, notice of which has been duly given**
- None received
11. **To receive the report of the Leader of the Council on the work of the Cabinet since the last Council meeting.** (Pages 215 - 216)

#### **EXEMPT ITEMS**

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

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

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

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

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

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**DISTRICT COUNCIL OF SEVENOAKS**

Minutes of the Meeting of the Sevenoaks District Council  
held on 17 December 2013 commencing at 7.00 pm

Present: Pett (Chairman)

Mrs. Davison (Vice-Chairman)

Cllrs. Abraham, Mrs. Ayres, Ayres, Mrs. Bayley, Ball, Bosley, Mrs. Bosley, Brookbank, Brown, Butler, Ms. Chetram, Clark, Mrs. Clark, Mrs. Cook, Cooke, Davison, Dickins, Edwards-Winser, Eyre, Fittock, Fleming, Gaywood, Mrs. George, Hogarth, Horwood, Mrs. Hunter, London, Ms. Lowe, Maskell, McGarvey, Mrs. Morris, Orridge, Piper, Mrs. Purves, Raikes, Ramsay, Mrs. Sargeant, Scholey, Searles, Miss. Stack, Miss. Thornton, Towell, Underwood and Walshe

Apologies for absence were received from Cllrs. Mrs. Bracken, Mrs. Dawson, Grint and Neal.

21. To approve as a correct record the Minutes of the meeting of the Council held on 1 October 2013

Resolved: That the Minutes of the meeting of the Council held on 1 October 2013 be approved and signed as a correct record.

22. To receive any declarations of interest not included in the register of interest from Members in respect of items of business included on the agenda for this meeting

No further declarations of interest were received.

23. To receive any petitions submitted by members of the public.

No petitions were received.

24. Matters considered by the Cabinet and other committees:

- a) Amendments to the Constitution relating to the Council's Licensing Function

Cllr Fleming proposed and Cllr Ms Lowe seconded that the amendments to Part 8 and Part 13 of the Council's constitution attached at Appendix A and Appendix B to the report be approved as recommended by the Licensing Committee and Governance Committee. It had been necessary to update the Council's constitution to reflect changes that had been made to legislation and new legislation that had been implemented. There was also a minor amendment to the Terms of Reference for the Licensing Sub-Committees to enable referral of some reports on either an application by a Private Hire Driver or a Hackney Carriage Driver.

Resolved: That the amendments to Part 8 and Part 13 of the Council's Constitution attached as Appendices A and B to the report, be approved.

## Agenda Item 1

**Council - Tuesday, 17 December 2013**

### b) Christmas Parking 2013

Cllr Fleming proposed and Cllr Hogarth seconded that the recommendation from Cabinet to fund the cost in terms of lost income, from the provision of free parking in all car parks and on-street parking areas throughout the district for two Saturdays before Christmas 2013 on the preferred dates expressed by the Town Councils, from Supplementary Estimates. As in previous years, to encourage people to shop locally and to help support local businesses in the face of competition from other shopping areas in the region, the Council had provided free parking in all car parks and on-street parking areas on two Saturdays before Christmas.

It was clarified that only the funding of this proposal was for consideration at Council. The substantive part of the report concerning the review of parking charges had already been agreed by Cabinet and was out for consultation and would be subject to a further report to Cabinet in the new year.

Resolved: That the cost in terms of lost income, from the provision of free parking in all car parks and on-street parking areas throughout the district for two Saturdays before Christmas 2013 on the preferred dates expressed by the Town Councils (7 and 14 December in respect to Westerham and 14th and 21st December in respect to Sevenoaks), be funded from Supplementary Estimates.

### c) Climate Local Sevenoaks

Cllr Fleming proposed and Cllr Bosley seconded that Climate Local Sevenoaks be adopted as District Council policy as recommended by Cabinet. Climate Local was a Local Government Association initiative to drive, inspire and support local authority action on a changing climate. The initiative supported 'mitigation' measures (address the root causes by reducing greenhouse gas emissions) and 'adaptation' measures (lower the risks posed by the consequences of climatic changes). Climate Local superseded the Nottingham Declaration on Climate Change, which had been previously adopted by the District Council. In response to this, Kent County Council and its public sector partners, which included all Kent district/borough councils, Kent Police, Kent Fire and Rescue, and Kent and Medway NHS Trust, had jointly developed Climate Local Kent which was subsequently supported by the Kent Forum. Having agreed with the broad principles of Climate Local Kent, Districts were open to adopt targets in line with Climate Local. Option A as detailed within the report took County targets which had been scaled-down to district level by assuming an equal proportion for each respective authority. Consideration was then given to the local population, housing stock types/numbers and condition, major infrastructure and business, planning restrictions and deprivation. A reduction was subsequently applied to some targets to reflect limited scope for savings in the Sevenoaks District, which provided a more realistic set of commitments and targets to work towards at District level, whilst still demonstrating a local commitment to wider Kent outcomes.

A Member was in support in principle but was concerned about the impact on poorer more vulnerable residents and felt that certain aspects needed to be looked at in more depth. For example the reduction in domestic gas consumption versus the rise in commercial consumption. The Chairman of Local Planning & Environment Advisory Committee responded that this item had been well debated at Committee, and the same concern had been highlighted and was being investigated. Members' attention was also

drawn to the report and the commitment to protect those most vulnerable to climate impacts.

Resolved: That Members adopt *Climate Local Sevenoaks* (Option A) as District Council policy.

25. To consider the following reports from the Chief Executive or other Chief Officers on matters requiring the attention of Council:

a) Local Council Tax Support Scheme 2014/15

Cllr Fleming proposed and Cllr Ramsay seconded that: Members note that as resolved by Council on 27 November 2012 that from 1 April 2014 all residents of working age receive a deduction on the amount of council tax support they are entitled to, calculated on the basis of the previous council tax benefit scheme, of 18.5%; Note that the Council's local council tax support scheme will be amended for pension age claimants as required by Government regulations; and the Council amends its local council tax support scheme from 1 April 2014 to ensure that figures used in the calculation of council tax support for work age claimants are uprated in line with Government regulations for pension age claimants.

Through the Local Government Finance Bill the Government had abolished council tax benefit and placed a requirement on local authorities to introduce their own local council tax support schemes with effect from 1 April 2013. In November 2012 Council had agreed the form of the local council tax support scheme to be administered for three years from 1 April 2013. However, the Government had recently announced that they would be making changes to Prescribed Requirements for pension age claimants within the scheme and would require local authorities to update their own schemes in light of these changes.

A Member expressed concern that there was not enough information as yet for a comprehensive equality impact assessment and requested that when information on funding was available this be referred back to the appropriate committee. He was also concerned over the administration costs and how these would be funded after the initial three years. Councillor Fleming agreed that the impacts of the scheme would have to be reviewed and that the current agreement was in place until 2015.

Resolved: That

- a) it be noted that as resolved by Council on 27 November 2012, from 1 April 2014 all residents of working age receive a deduction on the amount of council tax support they are entitled to, calculated on the basis of the previous council tax benefit scheme, of 18.5%;
- b) it be noted that the Council's local council tax support scheme would be amended for pension age claimants as required by Government regulations; and
- c) the local council tax support scheme be amended from 1 April 2014 to ensure that figures used in the calculation of council tax support for work age

## Agenda Item 1

**Council - Tuesday, 17 December 2013**

claimants are updated in line with Government regulations for pension age claimants.

### b) Membership of Standards Board

Cllr Fleming proposed and Cllr Ms Lowe seconded that Councillor Lindsay be appointed to the vacancy on the Standards Committee.

Resolved: That Councillor Lindsay be appointed to the Standards Committee.

### 26. To consider any questions by Members under paragraph 19.3 of Part 2 (the Council and District Council Members) of the Constitution, notice of which have been duly given.

No questions were received.

### 27. To consider any motions by Members under paragraph 20 of Part 2 (the Council and District Council Members) of the Constitution, notice of which have been duly given.

Councillor Walshe proposed, and Councillor Mrs Purves seconded the following motion:

This Council, noting

- that England is now widely recognised to be the country with the most centralised system of government in Europe;
- that devolution has brought decisions about tax and spending, and the quality of public services, closer to voters in Scotland and Wales, while English voters have not gained comparably greater influence over decision-making that affects their taxes and services; and

considers

- that the likely scale of change in how public services are funded and provided makes it democratically unsustainable for those changes to be decided within the existing over-centralised model;
- that services need to be reformed and integrated across local agencies to enable them to prevent problems rather than picking up the pieces;
- that voters should be given back a meaningful say on a wider range of tax and spending decisions, through place-based budgetary arrangements, the abolition of the discredited Barnett formula and the reinstatement of fair financial distribution agreed among English councils, the re-creation of a municipal bond market, and the certainty of multi-year funding settlements for the life of a Parliament;
- that central government should enable that local decision-making by joining up and reducing in size Whitehall departments in order to facilitate local place-based budgets, by reducing Ministers' powers to intervene in local decisions, and

replacing bureaucratic tick-box inspection regimes with local service users champions; and

- that such a new more mature settlement between central and local government should be put beyond future revision by giving formal constitutional protection to local democracy; and

resolves

- to support the Local Government Association's *Rewiring Public Services* campaign, which embodies these objectives;
- to ask the District's Members of Parliament to support the *Rewiring Public Services* campaign to improve local voters' influence over services, tax and spending; and
- to make the council's position clear to the Secretary of State.

Councillor Walshe spoke to the motion stating that it was a suggested one by the Local Government Association (LGA) and the Council should show support of their campaign. This Country had the most centralised government in Europe, and he referred mainly to England rather than Scotland and Wales. It was an all party campaign many other authorities had already shown support for. [A video clip](#) from the LGA website was shown to support the motion.

Councillor Fleming agreed with the motion in principle and supported its key aims, but advised that since the suggested motion by the LGA had been published, things had moved on. For example different language was now being used. Also it was such an important debate and involved more than just the local authority but the wider community and partners too, and at this stage it would be more beneficial to have the Chairman attend and address the Council at this stage.

Councillor Fleming therefore moved an amendment, which was seconded by Cllr Ms Lowe,

“that a decision on the motion be deferred until such time as the Chairman of the LGA could attend and enable a wider debate with the community and partners.”

Members debated the amendment. The amendment to the motion was then put to the vote and it was carried.

The substantive motion therefore being considered was:

“That a decision on the motion be deferred until such time as the Chairman of the Local Government Association could attend and enable a wider debate with the community and partners.”

Members were keen that the wider debate also involve local MPs and be expedited. It was noted that a wider debate would not be as part of a formal council meeting due to the number of people and groups to be consulted, but that any findings from such a debate would progress through the committee system. Councillor Fleming undertook to complete the process by the end of the municipal year 2013/14.

## Agenda Item 1

**Council - Tuesday, 17 December 2013**

Resolved: That a decision on the motion be deferred until such time as the Chairman of the Local Government Association could attend and enable a wider debate with the community and partners.

28. To receive any questions from Members of the public under paragraph 17 of Part 2 (the Council and District Council Members) of the Constitution.

No questions were received.

29. To receive the report of the Leader of the Council on the work of the Cabinet since the last Council meeting.

The Leader of the Council reported on the work that he and the Cabinet had undertaken in the period 18 September to 6 December 2013.

Highlighting some of the work, he advised that he had attended a strategic aviation meeting with South East England Councils (SEEC) and South East Strategic Leaders (SESL). This had since been overtaken by the release of the Airport Commission's interim report that day. He had taken the opportunity to raise the concerns of the middle and south east parts of the district with regards to any increases or flight changes at Gatwick Airport.

In October he had attended a presentation by CBRE with QinetiQ and Regeneris who were hoping to remain in Fort Halstead. In November he had attended a District Council Network Executive meeting where the issue discussed was the new single fraud investigations service, a letter had been sent to Lord Freud concerning this issue. This Council had a good record for combatting fraud and he would not want to see something less effective imposed.

In response to a question he advised that the Peer Challenge review had taken place at the beginning of December. A report to Members on the findings would follow.

A request was made that Chairmen of Advisory Committees should write an update report to Council, this would be investigated.

The Chairman closed the meeting wishing everyone a peaceful and joyous Christmas season.

THE MEETING WAS CONCLUDED AT 7.58 pm

Chairman

**Item 6 (a) – Calculation of Council Tax Base and other Tax Setting Issues**

The attached report was considered by the Cabinet on 9 January 2014, relevant minute extract below:

Cabinet – 9 January 2014 (Minute 63)

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:

## Agenda Item 6a

<u>Parish</u>	<u>Tax Base</u>
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.



**CALCULATION OF COUNCIL TAX BASE AND OTHER TAX SETTING ISSUES**

**Council – 18 February 2014**

Report of the: Chief Finance Officer

Status: For Decision

Also considered by: Cabinet – 9 January 2014

Key Decision: No

**Executive Summary:**

This report sets out details of the calculation of the District’s tax base for council tax setting purposes. These figures are used to determine tax rates for each of the council tax bands once the Council’s budget requirement is known. The report also advises Members of the timetable for setting the 2014/15 council tax.

**This report supports the Key Aim of efficient management of the Council’s resources.**

**Portfolio Holder** Cllr. Ramsay

**Contact Officer** Roy Parsons. Principal Accountant – Ext 7204

**Recommendation to Cabinet:** 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:

<u>Parish</u>	<u>Tax Base</u>
Ash-cum-Ridley	2,379.72
Brasted	741.77
Chevening	1,433.20

## Agenda Item 6a

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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 Darent	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.

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**Reason for recommendations:** As part of the tax setting process for 2014/15, the Council needs to formally approve the tax base at individual town and parish level as well as for the District as a whole.

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### **Introduction**

- 1 The Local Authorities (Calculation of Council Tax Base) Regulations 1992, made under powers of the Local Government Finance Act 1992, specify formulae for calculating the council tax base which must be set between 1 December and 31 January.
- 2 The council tax base is a measure of the number of dwellings to which council tax is chargeable in an area or part of an area. It is used for the purposes of calculating a billing authority's and other precepting authorities' band D council tax.
- 3 Under the regulations, the council tax base is the aggregate of the relevant amounts calculated for each valuation band multiplied by the Council's estimated collection rate for the year.
- 4 The Council is required to calculate a tax base figure for the Department for Communities & Local Government (DCLG) for Revenue Support Grant (RSG) purposes. This is based on the valuation list as at 9th September 2013 and occupancy information at 7th October 2013. The tax base for tax setting purposes is based on information available in December 2013. In addition, other factors may be taken into account to reflect likely changes to the tax base during 2014/15. These factors include:-
  - An allowance for changes in the amount of disabled relief
  - An allowance for changes in the number of exempt properties
  - An estimate of the number of new properties liable to council tax
  - An estimate of the number of properties ceasing to be liable to council tax
  - An allowance for changes in the number of single person discounts
  - An allowance for the effect of appeals by taxpayers on the banding of their properties
- 5 It has always been the practice to assume that these items will be self-balancing and hence no adjustment to the overall tax base was made other than the usual allowance for non-collection. Over the last few years the tax base has been rising due to new properties being built. However, the rate of increase is not significant enough to warrant a change from the self-balancing assumption.

### **Changes to the Council Tax Support (CTS) scheme**

- 6 The 2013/14 tax base includes adjustments for the effects of localising council tax support. The result is that the tax base has dropped significantly because they are now treated as a discount from the council tax rather than a benefit deduction.
- 7 From 2014/15, people of working age in receipt of CTS will have to pay a minimum of 18.5% of the council tax, rather than 8.5% in the current financial year. As a result, the tax base for 2014/15 has increased by more than would otherwise have been expected. Details appear in the following two paragraphs.

## Agenda Item 6a

### Detailed Tax Base Calculations

- 8 The current year's tax base calculation assumes a 99.3% collection rate (reduced from 99.5% in 2012/13), which also allows for some movement in the items mentioned in Paragraph 4. The impact of the current economic downturn on the future collection rate has been assessed along with the likely effect of the changes to council tax support and it is considered prudent to maintain the assumed collection rate at 99.3% for 2014/15.
- 9 The second column of the table below sets out the number of band D equivalents based on the valuation list and occupancy information at 1st December 2013 for each parish, together with a summary for the District. The figures are then subjected to the collection rate adjustment in column 3 to arrive at the tax base for council tax setting purposes appearing in column 4. The corresponding figures for 2013/14 appear in column 5.

<b>(1) Parish</b>	<b>(2) Band D Equivalents</b>	<b>(3) Collection Rate Multipliers</b>	<b>(4) Tax base 2014/15</b>	<b>(5) Tax base 2013/14</b>
Ash-cum-Ridley	2,396.50	0.993	2,379.72	2,342.51
Brasted	747.00	0.993	741.77	729.63
Chevening	1,443.30	0.993	1,433.20	1,427.85
Chiddingstone	581.60	0.993	577.53	570.29
Cowden	412.80	0.993	409.91	398.28
Crockenhill	629.70	0.993	625.29	623.31
Dunton Green	861.60	0.993	855.57	806.71
Edenbridge	3,407.60	0.993	3,383.75	3,320.50
Eynsford	905.90	0.993	899.56	893.09
Farningham	605.00	0.993	600.77	594.73
Fawkham	278.40	0.993	276.45	269.51
Halstead	748.40	0.993	743.16	713.52
Hartley	2,473.10	0.993	2,455.79	2,436.35
Hever	593.10	0.993	588.95	584.92
Hextable	1,633.20	0.993	1,621.77	1,608.47
Horton Kirby & South Darenth	1,262.60	0.993	1,253.76	1,239.75
Kemsing	1,803.80	0.993	1,791.17	1,773.07
Knockholt	615.30	0.993	610.99	601.93
Leigh	786.60	0.993	781.09	778.76
Otford	1,675.50	0.993	1,663.77	1,647.13

Penshurst	816.60	0.993	810.88	798.88
Riverhead	1,212.60	0.993	1,204.11	1,200.57
Seal	1,175.30	0.993	1,167.07	1,146.50
Sevenoaks Town	8,989.80	0.993	8,926.87	8,890.62
Sevenoaks Weald	610.90	0.993	606.62	601.48
Shoreham	982.90	0.993	976.02	958.50
Sundridge	907.90	0.993	901.54	887.81
Swanley	5,202.20	0.993	5,165.78	5,103.66
Westerham	1,945.80	0.993	1,932.18	1,892.17
West Kingsdown	2,259.80	0.993	2,243.98	2,212.39
<b>TOTALS</b>	<b>47,964.80</b>		<b>47,629.02</b>	<b>47,052.88</b>

- 10 The Council has previously resolved that its expenses are to be treated as general expenses. In addition the Council has formally to approve what are to be regarded as special expenses now that parish precepts are treated as part of the District Council's general fund and therefore its budget requirement.

#### Timetable for Setting the Tax

- 11 The County Council and Fire and Rescue Service have advised me of their budget meeting dates for 2014/15. Confirmation of the Police & Crime Commissioner's budget meeting date is awaited:

County Council	13th February 2014
Police & Crime Commissioner	Expected by 8th February 2014
Fire and Rescue Service	11th February 2014

- 12 The council tax for the Sevenoaks area cannot be set before the Fire, Police or County precepts have been ratified. There are several dates laid down in regulations on, or by which, certain tasks in relation to the budget process and tax setting have to be carried out. These key dates appear in the Appendix.
- 13 As part of the tax setting process, the Council is required to make an estimate of the collection fund surplus or deficit at 15th January 2014 or the first working day after this, for the year ending 31st March 2014.
- 14 The amount of any surplus or deficit which a billing authority estimates in its collection fund will not remain in the collection fund but will be shared and taken into account by both billing and major precepting authorities in calculating their basic amounts of council tax for 2014/15.
- 15 In estimating any surplus or deficit, items relating to community charge will not be taken into account. These are to remain with the billing authority and will be taken into account by it in calculating its basic amount of council tax for the year.

## Agenda Item 6a

- 16 An authority's share of any surplus or deficit relating to council tax is to be in the same proportion as its demand bears to the total demand and precepts on the collection fund for 2013/14. Payment is to be made during 2014/15 on the same dates as precept payments.

### Key Implications

#### Financial

- 17 There are no financial implications.

#### Community Impact and Outcomes

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

#### Legal Implications and Risk Assessment Statement

- 19 Calculation of the tax base for the District is a statutory requirement. The information is used by other authorities in setting their precepts. The actual tax base will vary during the year as new properties are built and exemptions and discounts are granted or withdrawn. Any difference in the revenue raised to that needed to pay precepts remains in the collection fund to be distributed to or collected from major precepting authorities in the following year.

#### Equality Impacts

20

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 setting the council tax base for the District 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**

- 21 Members are asked to approve the calculation of the District's tax base for council tax setting purposes and to note the timetable for setting the 2014/15 council tax.

**Appendices:** Appendix A – Key dates in the council tax setting process

**Background Papers:** None

**Adrian Rowbotham  
Chief Finance Officer**

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### APPENDIX A

#### **KEY DATES IN THE COUNCIL TAX SETTING PROCESS**

- |       |   |  |
|-------|---|--|
| i)    | By 18th October 2013                            | Notify tax base for grant settlement purposes to Department for Communities & Local Government (DCLG)  |
| ii)   | During December 2013                            | DCLG notifies schedule of payment dates for Revenue Support Grant (RSG) and Non-Domestic Rates (NDR). DCLG notifies the NDR multiplier (rate in £) for 2014/15 |
| iii)  | By 31st December 2013                           | Issue proposed schedule of payment dates to precepting authorities   |
| iv)   | By 31st January 2014                            | Agree actual schedule of precept payment dates   |
| v)    | Between 1st December 2013 and 31st January 2014 | Notify tax base for tax setting purposes to KCC, Fire & Rescue Service and Police & Crime Commissioner   |
| vi)   | On 15th January 2014                            | Estimate collection fund surplus or deficit for year and calculate the amount to be shared between SDC, KCC, Fire and Police (where applicable)                |
| vii)  | By 22nd January 2014                            | Notify KCC, Fire and Police of their shares of the surplus or deficit and when amounts are to be paid or transferred during 2014/15 (where applicable)         |
| viii) | During January and February 2014                | Notify Town/Parish Councils of tax bases for their areas within 10 days of them making such a request  |
| ix)   | During February 2014                            | DCLG notifies entitlements and payment dates of Formula Spending Share (FSS), RSG and NDR  |
| x)    | By 1st March 2014                               | KCC, Fire & Rescue Service, Police & Crime Commissioner and Town/Parish Councils issue their precepts  |
| xi)   | By 11th March 2014                              | District sets council tax for 2014/15, taking account of its own budget requirement and those of the precepting authorities                                    |



**Item 6 (b) – Treasury Management Strategy**

The attached report was considered by the Cabinet on 6 February 2014, the relevant minute extract was not available before the printing of this agenda and will follow.

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## TREASURY MANAGEMENT STRATEGY 2014/15

### Council – 18 February 2014

Report of the: Chief Finance Officer

Status: For Consideration

Also considered by: Finance and Resources Advisory Committee – 21 January 2014

Cabinet – 6 February 2014

Key Decision: No

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**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.

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

**Portfolio Holder** Cllr. Ramsay

**Contact Officer** Roy Parsons, Principal Accountant - Ext 7204

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**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.

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**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.

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### 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

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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**

#### Reporting requirements

- 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.

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- 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:

	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>
	<b>Actual</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
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).

	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>
	<b>Actual</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Capital Expenditure	1,337	1,314	1,146	1,099	1,178
<b>Financed by:</b>					
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
<b>Net financing need for the year</b>	<b>1,337</b>	<b>1,314</b>	<b>1,146</b>	<b>1,099</b>	<b>1,178</b>

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:

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

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

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.



<b>Year End Resources</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>
	<b>Actual</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
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
<b>Total core funds</b>	<b>21,991</b>	<b>27,790</b>	<b>29,610</b>	<b>31,234</b>	<b>30,814</b>
Working capital*	21,991	27,790	29,610	31,234	30,814
Under/over borrowing	0	0	0	0	0
<b>Expected investments</b>	<b>21,991</b>	<b>27,790</b>	<b>29,610</b>	<b>31,234</b>	<b>30,814</b>

\*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.

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

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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.

	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>
	<b>Actual</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>
<b>Council tax band D</b>	-£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 appropriate 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.

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

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:

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

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### 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:
- Upper limits on variable interest rate exposure. This identifies a maximum limit for variable interest rates based upon the debt position, net of investments.
  - Upper limits on fixed interest rate exposure. This is similar to the previous indicator and covers a maximum limit on fixed interest rates.
  - 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:

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

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 agency. 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 continually 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

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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 diversification 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 utilising 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.

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- 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

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<b>Maximum principal sums invested &gt; 364 days</b>	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
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.

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### 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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APPENDIX B: Interest Rate Forecasts 2013 – 2017

<b>Capita Asset Services Interest Rate View</b>														
	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
<b>Bank Rate View</b>	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%
<b>Bank Rate</b>														
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%	-	-	-	-	-
<b>5yr PWLB Rate</b>														
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%	-	-	-	-	-
<b>10yr PWLB Rate</b>														
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%	-	-	-	-	-
<b>25yr PWLB Rate</b>														
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%	-	-	-	-	-
<b>50yr PWLB Rate</b>														
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.

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**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 strongly 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

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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:

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	<b>Minimum Credit Criteria (i.e. Colour Band)</b>	<b>Max % of total investments / £ limit per institution</b>	<b>Max. maturity period</b>	<b>Specified (S) / Non-Specified (N)</b>
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

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### 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

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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.

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### 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.



**Item 6 (c) – Revenue Budget and Council Tax**

The attached report was considered by the Cabinet on 6 February 2014, the relevant minute extract was not available before the printing of this agenda and will follow.

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## REVENUE BUDGET AND COUNCIL TAX

### Council – 18 February 2014

Report of Chief Finance Officer

Status: For Decision

Also considered by: Cabinet – 6 February 2014

Key Decision: No

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**Executive Summary:** This report sets out the proposed budget and updates Members on the information received to date regarding the setting of Council Tax levels for 2014/15. The report details changes to the draft budget since the Cabinet meeting on 5 December.

The report proposes a net expenditure budget of £14.106m in 2014/15 (£13.800m in 2013/14).

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**This report supports the Key Aim of providing value for money.**

**Portfolio Holder** Cllr. Ramsay

**Contact Officer(s)** Adrian Rowbotham Ext. 7153  
Helen Martin Ext. 7483  
Lee Banks Ext. 7161

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#### **Recommendation to Cabinet:**

- (a) That Cabinet hold an extraordinary meeting on 13 February 2014 at 1.30pm to recommend the Council Tax level for 2014/15.
  - (b) That the recommendations set out below be recommended to Council.
- 

#### **Recommendation to Council:**

- (a) The Summary of Council Expenditure and Council Tax set out in Appendix E be approved.
- (b) Approve the 10-year budget 2013/14 to 2023/24 which is the guiding framework for the detailed approval of future years' budgets set out in Appendix A to the report, including the growth and savings proposals set out in Appendix B-D to the report, and that where possible any variations during and between years be met from the Budget Stabilisation Reserve: and

- 
- (c) The changes to reserves set out in Appendix H be approved.
- (d) Members' views are sought on the issue of Council Tax Support funding for Town and Parish Councils in light of comments contained within this report, and agree the approach to be adopted by this Council.
- (e) Approve any change to the council tax charge for 2014/15, taking in to account the recommendation of Cabinet, once in full receipt of guidance from Government.
- (f) Approve that if the increase in council tax for 2014/15 is less than the budget assumption of 2% the additional revenue to deliver a balanced budget is funded from the additional contribution currently intended to be made to the Financial Plan Reserve and supplemented from the New Homes Bonus Reserve.
- 

### **Introduction and Background**

- 1 The Council's financial strategy over the past nine years has worked towards increasing financial sustainability and it has been successful through the use of a number of policy decisions including:
  - implementing efficiency initiatives;
  - significantly reducing the back office function;
  - improving value for money;
  - maximising external income;
  - moving resources away from low priority services; and
  - an emphasis on statutory rather than non-statutory services.
- 2 Over this period the Council has focused on delivering high quality services based on Members' priorities and consultation with residents and stakeholders through the Community Plan. In financial terms, the adoption of this strategy has to date allowed the Council to move away from its reliance on general fund reserves which has ensured that the general fund reserves have remained largely unchanged.
- 3 In setting its budget for 2011/12 onwards, the Council recognised the need to address both the short-term reduction in Government funding as well as the longer-term need to reduce its reliance on reserves. The outcome was a 10-year budget, together with a four-year savings plan, that ensured the Council's finances were placed on a stable footing but that also allowed for flexibility between budget years.
- 4 Local Government generally appears to be feeling the impacts of the Government funding reductions and the impact of a slower than anticipated economic recovery. However, productivity and morale within this Council remain high which has a positive impact on the financial bottom line.
- 5 At the Cabinet meeting on 12 September 2013, Members considered a report setting out the Council's financial prospects for 2014/15 and beyond. That report set out the major financial pressures the Council is likely to face, together with a proposed strategy for setting a balanced and sustainable budget for 2014/15 and beyond.

- 6 As part of the budget process officers put forward their Service Plan Summaries to the Advisory Committees in October and November, which set out their objectives for the coming year. The Advisory Committees recommended new growth and savings items which were considered by Cabinet on 5 December.
- 7 Cabinet received a verbal update on 9 January which contained details of the Government's provisional settlement figures for 2014/15 and 2015/16 together with other information that had become available since the previous meeting.
- 8 The adoption of the 10-year budget over the last three years has resulted in a much more stable budget position than had previously been achieved.
- 9 This report includes a number of attachments:
  - Appendix A – 10-year budget;
  - Appendix B – Summary of the Council's previously agreed 4 year savings plan and growth items;
  - Appendix C – New growth and savings items proposed during the current budget process;
  - Appendix D – Service Change Impact Assessment forms (SCIAs);
  - Appendix E – Summary of Council Expenditure and Council Tax;
  - Appendix F – Summary Service Analysis in budget book format;
  - Appendix G – Analysis of pay costs;
  - Appendix H - Reserves
  - Appendix I – Risk analysis;

### **Changes explained to Cabinet on 9 January 2014**

- 10 Cabinet received the last budget report on 5 December 2013 which contained a balanced budget at that point in time. It was stated that there remained uncertainty and a further report would be presented subject to settlement figures being received in time.

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- 11 Table 1 lists the changes between the December report and 9 January. This shows a deficit over 10 years of £3.04m (or £304,000 per annum).

<b>Table 1</b>	<b>10-year Budget</b>
	<b>£000</b>
<b>Cabinet 05/12/13: (surplus)/deficit</b>	<b>(34)</b>
Changes:	
Government Support (Source: Settlement)	5,501
Government Support: revised assumptions from 16/17	847
New Homes Bonus: remove 40% top slice for 15/16 and 16/17 (Autumn Statement)	(1,380)
New Homes Bonus: update with final figures (Govt)	(2,102)
Benefit Admin Grant: reduction in 14/15 (Govt) (SCIA19)	460
Budget Stabilisation Reserve: balance updated	(400)
Interest Receipts: updated for latest projections	148
<b>Updated position: (surplus)/deficit</b>	<b>3,040</b>

- 12 The level of Government Support included in the settlement was significantly worse than we had previously assumed. The Revenue Support Grant element has reduced by £710,000 (24%) in 2014/15 and £722,000 (31%) in 2015/16 giving a cumulative reduction of £1.432m (47%).
- 13 The assumption to budget for Business Rates Retention at the ‘Safety Net Level’ remains as the uncertainty of the impact of the large number of outstanding appeals continues to be a risk.
- 14 The Government has once again offered a Council Tax Freeze Grant in the Settlement. If Council Tax is frozen in 2014/15 a 1% grant would be awarded and if Council Tax is frozen in 2015/16 a further 1% grant would be awarded. The Minister has stated that this grant will be included in each council’s base indefinitely. However, a recent letter only provides certainty to 2015/16 being the grant settlement period being announced but based on the Minister’s comments it would be hoped that it would be built into the base past 2015/16. Previously these grants have been given for a short period and then the grant has reduced resulting in a cliff edge effect.
- 15 The proposed budget currently assumes a Council Tax increase of 2% in both 2014/15 and 2015/16 with increases of 3% in later years.
- 16 The report to Cabinet on 5 December mentioned that the growth and savings ideas proposed by the Advisory Committees resulted in a surplus over the 10-year budget period. Therefore, it was proposed to put the remaining balance of £70,000 per annum into the Financial Plan Reserve which would be able to fund

year 11 (2024/25) of the budget. It will also provide further flexibility with the 10-year budget should it be needed before the budget is approved in February.

- 17 At the 9 January meeting Cabinet Members agreed the proposed changes in Table 2 below, which have the effect of returning the budget to a balanced position, to be put forward for consideration in the budget.

<b>Table 2</b>	<b>10-year Budget</b>
	<b>£000</b>
<b>Table 1: (surplus)/deficit</b>	<b>3,040</b>
Changes:	
Growth (SCIA18)	120
Savings (SCIA19-25)	(1,611)
Disabled Facilities Grant	(1,000)
Financial Plan Reserve contribution	(549)
<b>Updated position: (surplus)/deficit</b>	<b>0</b>

#### **Updates since 9 January 2014**

- 18 A report on the Council Tax base for 2014/15 was reported to Cabinet on 9 January 2014 which showed an increase from 47,053 to 47,629. This is a larger increase than previously assumed due to the number of new properties, change in the Council Tax Support Scheme and the changes to several Council Tax discounts.
- 19 The Government has not yet provided the Council with all relevant information to allow a proposal for the level of council tax for 2014/15 to be put forward. Members are advised that significant costs could be incurred if a council tax level is set beyond Government advice. Members may wish to delay making a firm recommendation until further information is known.
- 20 The current budget assumption is for a 2% rise in council tax. As set out at paragraph 14 of this report a Council Tax Freeze Grant of 1% has been set out in this year's Finance Settlement. Accepting the freeze grant would have an adverse impact of £1m on the 10-year budget.
- 21 It would be possible to return to a balanced budget position if a council tax rise of less than 2% is considered by using the additional contribution currently intended to be made to the Financial Plan Reserve and also by using the New Homes Bonus Reserve which was set up during the early years of New Homes Bonus.
- 22 The late announcement of referendum limits may impact on the date that the Council Tax can be set by Full Council as the other major preceptors are required to have agreed their Council Tax before this Council can approve the combined Council Tax.

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- 23 It is assumed that no funding will be passed on to Town and Parish Councils for Council Tax Support in line with the message that has been given for the last year. Unlike 2013/14, there is no separate amount in the settlement that is ring-fenced for this purpose. Officers have kept Town and Parish Councils updated on this position during the year following the advice given last year that it was unlikely that this funding stream would continue and it would therefore be wise to plan to address this change which many have done.
- 24 A triennial valuation of the Superannuation Fund has recently been completed by Barnett Waddingham, the funds actuary. The minimum annual contribution to fund the deficit remains similar to that recommended in the previous valuation. A £520,000 increase from 2014/15 was included in the previous 10-year budget, this has now been revised to 2017/18 and a further increase in 2020/21 which results in the same overall impact on the 10-year budget. Further work will be carried out in the next year to look at the long term requirement taking into account the reducing workforce and the changing economic situation.
- 25 The level of funding for asset maintenance may need to be increased during the year in recognition of the fact that additional asset maintenance may be required in relation to the Council's property portfolio including leisure centres. Should this be the case, any increase would be funded from the Asset Maintenance Reserve.
- 26 The Treasury Management Strategy 2014-15 is included as a separate report to this meeting but Members should note that alternative ways of increasing revenue are being investigated. Appendix H includes a recommendation to put £200,000 in to a Corporate Project Support Reserve to fund investigations into a number of possible options including property investments.
- 27 As in previous years the changes explained in this report result in a small surplus over the 10-year budget period. Assuming the current surplus is not required to fund a reduction in council tax income it is proposed to follow the decisions made in previous years and put the remaining balance of £79,000 per annum into the Financial Plan Reserve which would be able to contribute to year 11 (2024/25) of the budget.
- 28 A summary of these changes is shown in Table 3 below:

<b>Table 3</b>	<b>10-year Budget</b>
	<b>£000</b>
<b>Table 2: (surplus)/deficit</b>	<b>0</b>
Changes:	
Council Tax base increase	(628)
Financial Plan Reserve contribution	628
<b>Updated position: (surplus)/deficit</b>	<b>0</b>

- 29 Separate reports on this Agenda set out the Asset Maintenance and Capital Programme Budget proposals, and Treasury Management Strategy. The attached



revenue budgets take into account the recommendations and revenue implications set out in those reports.

**Key Implications**

Financial

All financial implications are covered elsewhere in this report.

Legal Implications and Risk Assessment Statement.

There are no legal implications.

The budget risk analysis is attached at Appendix I to this report. The Finance and Resources Advisory Committee reviewed these risks as part of the budget process at its meeting on 21 January 2014.

An effective integrated policy and priority driven long-term financial and business process is required for the Council to deliver on its priorities and maintain a sustainable budget. It is also essential that continuous improvements are identified and implemented in order to take account of the changing climate within which the Council operates and to meet the expectations of both Government and the public on the quality of service demanded from this Council.

The risks associated with the 10-year budget approach include uncertainty around the level of shortfall and the timing of key announcements such as future grant settlements. The risk will be mitigated by continuing to review assumptions and estimates and by updating Members throughout the process.

The Council has in place a number of specific reserves and provisions to address identified risks.

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	Individual equalities assessments have been completed for all of the Service Change Impact Assessments (SCIAs) to ensure the decision making process is fair and transparent.
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?		

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### Community Impact and Outcomes

A balanced budget that includes the assessment and management of risk provides the Council with the financial stability required to plan and deliver its services to the community.

### **Conclusions**

The budget process has once again been a major financial challenge for a Council that already provides value for money services to a high standard. Members will be aware that the Council continues to face financial pressure from the reductions in Government funding.

The future financial prospects for the public sector are increasingly difficult. However, this budget will ensure the Council is in a financially sustainable position.

### **Appendices**

Appendix A – 10-year budget

Appendix B – Summary of the Council's previously agreed 4 year savings plan and growth items

Appendix C – Summary of new growth and savings items proposed during the current budget process

Appendix D – Service Change Impact Assessment forms (SCIAs)

Appendix E – Summary of Council Expenditure and Council Tax

Appendix F – Summary Service Analysis in budget book format

Appendix G – Analysis of pay costs

Appendix H – Reserves

Appendix I – Risk Analysis

### **Background Papers:**

[Minutes of Cabinet 9 January 2014 – Draft Budget 2014/15 – Verbal Update](#)

[Report to Cabinet 5 December 2013 – Draft Budget 2014/15](#)

[Report to Strategy and Performance Advisory Committee 8 October 2013, Housing and Community Safety Advisory Committee 15 October 2013, Economic and Community Development Advisory Committee 24 October 2013, Finance and Resources Advisory Committee 12 November 2013, Local Planning and Environment Advisory Committee 19 November 2013 – 2014/15 Budget and Review of](#)

[Service Plans](#)

[Report to Cabinet 12 September 2013 – Financial  
Prospects and Budget Strategy 2014/15 and Beyond](#)

[Sevenoaks District Council Financial Strategy](#)

**Adrian Rowbotham  
Chief Finance Officer**

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## Ten Year Budget - Revenue

	Budget 2013/14	Plan 2014/15	Plan 2015/16	Plan 2016/17	Plan 2017/18	Plan 2018/19	Plan 2019/20	Plan 2020/21	Plan 2021/22	Plan 2022/23	Plan 2023/24
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>Expenditure</b>											
Net Service Expenditure c/f	13,443	13,800	14,106	14,485	14,767	15,682	16,010	16,400	17,226	17,639	18,053
Inflation	621	488	533	555	558	629	626	623	413	414	416
Superannuation Fund deficit: actuarial increase	0	0	0	0	520	0	0	390	0	0	0
Net savings (approved in previous years)	(264)	(99)	(117)	(143)	(162)	(301)	(186)	(187)	0	0	0
<b>New growth</b>	<b>0</b>	<b>297</b>	<b>0</b>	<b>(60)</b>	<b>0</b>	<b>0</b>	<b>(50)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>New savings</b>	<b>0</b>	<b>(380)</b>	<b>(37)</b>	<b>(70)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net Service Expenditure b/f</b>	<b>13,800</b>	<b>14,106</b>	<b>14,485</b>	<b>14,767</b>	<b>15,682</b>	<b>16,010</b>	<b>16,400</b>	<b>17,226</b>	<b>17,639</b>	<b>18,053</b>	<b>18,469</b>
<b>Financing Sources</b>											
Government Support											
: Revenue Support Grant	(1,926)										
: Revenue Support Grant (incl CTS)		(2,225)	(1,503)	(1,344)	(1,201)	(1,072)	(956)	(851)	(757)	(672)	(596)
: Retained Business Rates	(1,862)	(1,898)	(1,951)	(1,990)	(2,030)	(2,071)	(2,112)	(2,154)	(2,197)	(2,241)	(2,286)
: Council Tax Support (CTS)	(734)										
: to be passed on to Ts & Ps	(274)	0	0	0	0	0	0	0	0	0	0
: passed on to Ts & Ps	274	0	0	0	0	0	0	0	0	0	0
New Homes Bonus	(976)	(1,389)	(1,802)	(2,215)	(1,329)	(1,329)	(1,329)	(1,329)	(1,329)	(1,329)	(1,329)
Council Tax	(8,728)	(9,010)	(9,244)	(9,577)	(9,921)	(10,277)	(10,646)	(11,028)	(11,423)	(11,831)	(12,254)
Interest Receipts	(229)	(244)	(242)	(340)	(395)	(369)	(340)	(311)	(281)	(253)	(239)
Contributions to/(from) Reserves	(8)	(192)	(183)	(183)	(303)	(303)	(303)	(303)	(303)	(129)	(129)
<b>Total Financing</b>	<b>(14,463)</b>	<b>(14,959)</b>	<b>(14,925)</b>	<b>(15,649)</b>	<b>(15,179)</b>	<b>(15,421)</b>	<b>(15,686)</b>	<b>(15,976)</b>	<b>(16,290)</b>	<b>(16,455)</b>	<b>(16,833)</b>
<b>Budget Gap (surplus)/deficit</b>	<b>(663)</b>	<b>(853)</b>	<b>(441)</b>	<b>(883)</b>	<b>503</b>	<b>589</b>	<b>714</b>	<b>1,250</b>	<b>1,349</b>	<b>1,598</b>	<b>1,636</b>
<b>Contribution to/(from) Stabilisation Reserve</b>	<b>663</b>	<b>853</b>	<b>441</b>	<b>883</b>	<b>(503)</b>	<b>(589)</b>	<b>(714)</b>	<b>(1,250)</b>	<b>(1,349)</b>	<b>(1,598)</b>	<b>(1,636)</b>
<b>Unfunded Budget Gap (surplus)/deficit</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Remaining balance / (shortfall) in Budget Stabilisation reserve: 0

<b>Assumptions</b>	
Revenue Support Grant:	-23% in 14/15, -31% in 15/16, -10% later years
Retained Business Rates:	2% all years
Council Tax:	1.99% in 14/15 - 15/16, 3% later years
Interest Receipts:	0.8% in 14/15 - 15/16, 1.1% in 16/17, 1.3% later years (based on Capita Asset Services Bank Rate forecast + 0.3%)
Pay award:	1% in 14/15 - 15/16, 1.5% in 16/17 - 17/18, 2% later years
Other costs:	3% in 14/15, 2.25% later years
Income:	3.5% in all years

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Summary of the Council's Previously Agreed 4-year Savings Plan and Growth Items

Appendix B

SCIA		Description	2011/12 £000	2012/13 £000	2013/14 £000	2014/15 £000	Total £000
Year	No.						
		Savings already included	(2,984)	(841)	(314)		(4,139)
		Growth already included	371	45	50		466
		<b>Economic and Community Development</b>					
2010/11	24	STAG agreement expiry				(75)	(75)
		<b>Finance and Resources</b>					
2011/12	49	Information Systems and IT Support - review staffing resources				(60)	(60)
2011/12	62,63	Staff terms and conditions - savings reprofiled as agreed by Council 18/10/11. Greater savings made in later years.				35	35
		<b>Housing and Community Safety</b>					
2013/14	9	Environmental Health partnership - further savings				(30)	(30)
		<b>Local Planning and Environment</b>					
2011/12	28	Asset Maintenance (reduction for 3 years) - Playground equipment/CCTV equipment/depot/car parks (reversing short-term saving made in 11/12)				31	31
		<b>Total Savings</b>	<b>(2,984)</b>	<b>(841)</b>	<b>(314)</b>	<b>(99)</b>	<b>(4,238)</b>
		<b>Total Growth</b>	<b>371</b>	<b>45</b>	<b>50</b>	<b>0</b>	<b>466</b>
		<b>Net Savings</b>	<b>(2,613)</b>	<b>(796)</b>	<b>(264)</b>	<b>(99)</b>	<b>(3,772)</b>

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New Growth and Savings items proposed during the current budget process

Appendix C

<b>Growth</b>								10-year budget impact
SCIA Year	No.	Description	Ongoing	2014/15 £000	2015/16 £000	2016/17 £000		£000
<b>Economic and Community Development</b>								
2014/15	1	Admin. costs for external funding - e.g. Leader & Business Support	yes	10				100
2014/15	2	Broadband / Economic Development Reserve	5 years	50				250
2014/15	3	Swanley market - reduced income	yes	62				620
<b>Finance and Resources</b>								
2014/15	4	Treasury Management: increased cost of debit and credit cards	yes	11				110
2014/15	5	Finance: improve financial resilience	yes	28				280
2014/15	18	Corporate Projects	2 years	60		(60)		120
<b>Housing and Community Safety</b>								
2014/15	19	Benefit Admin Grant: reduced grant from Government	yes	46				460
<b>Local Planning and Environment</b>								
2014/15	6	Loss of glass recycling at Sainsbury's	yes	30				300
<b>Total</b>				<b>297</b>	<b>0</b>	<b>(60)</b>		<b>2,240</b>

<b>Savings</b>								10-year budget impact
SCIA Year	No.	Description	Ongoing	2014/15 £000	2015/16 £000	2016/17 £000		£000
<b>Economic and Community Development</b>								
2014/15	7	Communities & Business: Efficiency review	yes	(10)				(100)
2014/15	8	Civil Enforcement: Delete Officer post	yes	(27)				(270)
2014/15	20	Building Control: Shared working with TMBC	yes	(41)	(9)			(491)
2014/15	22	Communities & Business: Reduction in contribution to KCC for West Kent Partnership	yes	(6)				(60)
<b>Finance and Resources</b>								
2014/15	9	Corporate Support: External print income increase	yes	(10)				(100)
2014/15	10	Corporate Support: Efficiency review	yes	(20)				(200)
2014/15	11	Finance: 66 London Road rent and rates	yes	(76)				(760)
2014/15	12	Finance: Efficiency review	yes	(40)				(400)
2014/15	21	Customer Services: Channel shift programme	yes			(20)		(160)
<b>Housing and Community Safety</b>								
2014/15	13	Housing: Efficiency review - Housing Initiatives	part	(15)	7			(87)
2014/15	14	Licensing: Efficiency review	yes	(10)				(100)
2014/15	19	Benefit Admin Grant reduction: fund from Housing Benefit Subsidy Reserve	yes	(46)				(460)
2014/15	23	Housing: Bed and breakfast	yes	(10)				(100)
2014/15	24	Housing: Cost of housing surveys	yes	(12)				(120)
<b>Local Planning and Environment</b>								
2014/15	15	Planning: Use CIL funds for monitoring	yes			(50)		(400)
2014/15	16	Planning: Efficiency review	yes		(35)			(315)
2014/15	17	Planning: Income increase	yes	(35)				(350)
2014/15	25	Planning: Efficiencies following recent vacancies	yes	(22)				(220)
<b>Total</b>				<b>(380)</b>	<b>(37)</b>	<b>(70)</b>		<b>(4,693)</b>

Service Change Impact Assessment forms (SCIAs) for items 1 - 17 were included in the report to Cabinet on 5  
 SCIAs for items 18 - 25 can be found in Appendix D.

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**SCIA 18 (14/15)**

<b>Service Area:</b>	Corporate Projects	<b>Service:</b>	Corporate Support
<b>Activity</b>	Corporate Projects	<b>No. of Staff:</b>	n/a

Activity Budget Reduction	14/15 £000	15/16 £000	16/17 £000	17/08 £000
Efficiencies derived from increased channel shift	60	➔	(60)	-

**Reasons for and explanation of proposed change in service**

As a result of reduced funding for Local Government, a position which is expected to worsen in coming years and continued low returns on treasury investments due to poor interest rates, a vision for becoming more financially self-reliant has been articulated through the organisation's Corporate Plan.

This has led to the development of a number of corporate projects which will aim to provide new streams of income into the Council. In order for these projects to be progressed however, some initial additional resource will be required. As many of the areas to be progressed are in some way property or asset related, it is clear that the current Property and Facilities Management service does not have adequate resource in both financial and staffing terms at this stage.

In this respect an amount of £60k for each of 2014/15 and 2015/16 is to be set aside from unallocated reserves to support corporate, income generating projects. This amounts to £35k for direct staffing costs and £25k for initial external advice and feasibility work.

**Key Stakeholders Affected**

All stakeholders

**Likely impacts and implications of the change in service (include Risk Analysis)**

Greater ability to deliver on corporate projects contributing towards the aim of becoming more financially self reliant.

2013/14 Budget	£'000	Performance Indicators		
Operational Cost	n/a	Code & Description	Actual	Target
Income		n/a		
Net Cost				

**SCIA 19 (14/15)**

<b>Service Area:</b>	Benefits Grants	<b>Service:</b>	Finance
<b>Activity</b>	Benefits Admin. Grant	<b>No. of Staff:</b>	n/a

<b>Activity Budget Reduction</b>	14/15 £000	15/16 £000	16/17 £000	17/08 £000
Reduction in grant from central government	46	→	→	→
Transfer from Housing Benefit Subsidy Reserve	(46)	→	→	→

**Reasons for and explanation of proposed change in service**

Government support towards administration of the Benefits Service will reduce by £46,000 to £496,000. The impact of this can be funded from the Housing Benefit Subsidy Reserve.

**Key Stakeholders Affected**

Benefit recipients

**Likely impacts and implications of the change in service (include Risk Analysis)**

n/a

<b>2013/14 Budget</b>	<b>£'000</b>	<b>Performance Indicators</b>		
<b>Operational Cost</b>	26,140	<b>Code &amp; Description</b>	<b>Actual</b>	<b>Target</b>
<b>Income</b>	26,799	n/a		
<b>Net Cost</b>	-659			

**SCIA 20 (14/15)**

<b>Service Area:</b>	Building Control	<b>Service:</b>	Building Control
<b>Activity</b>	Proposed Shared Working	<b>No. of Staff:</b>	7 FTE

<b>Activity Budget Reduction</b>	14/15 £000	15/16 £000	16/17 £000	17/08 £000
Estimated	(41)	(9)	➔	➔

**Reasons for and explanation of proposed change in service**

Proposal for shared working arrangement with T&MBC for Building Control work. Estimated saving represents 50% share of overall savings (subject to staff consultation and job evaluation). Subject to approval by:

- Finance and Resources Advisory Committee on 21.1.14
- Economic and Community Development Advisory Committee on 26.2.14
- Cabinet on 6.3.14, and
- T&MBC

14/15 savings calculated on shared working arrangement commencing in June 2014.

**Key Stakeholders Affected**

Building Control clients of SDC and T&MBC.

**Likely impacts and implications of the change in service (include Risk Analysis)**

Designed to have no impact on service delivery. Will increase resilience and capacity of Building Control Team.

2013/14 Budget	£'000	Performance Indicators		
Operational Cost	365	Code & Description	Actual	Target
<b>Income</b>	(462)	LP139 – Plans checked in 15 working days.	95%	98%
<b>Net Cost</b>	(97)	MP153 – Average Plan check days.	7	5

**SCIA 21 (14/15)**

<b>Service Area:</b>	Customer Services	<b>Service:</b>	Corporate Support
<b>Activity</b>	Customer Services	<b>No. of Staff:</b>	15.02 fte

<b>Activity Budget Reduction</b>	14/15 £000	15/16 £000	16/17 £000	17/08 £000
Efficiencies derived from increase channel shift	-	-	(20)	➔

**Reasons for and explanation of proposed change in service**

With the continuing move towards increased self-service and uptake of services through the website, it is expected that this would lead to efficiencies allowing a reduction in allocated budget.

**Key Stakeholders Affected**

All customers

**Likely impacts and implications of the change in service (include Risk Analysis)**

If progress towards channel-shift and self-service does not result in a reduction in volume of telephone and face-to-face transactions or there is an increase in demand for services, a reduction in resource may become an issue

<b>2013/14 Budget</b>	<b>£'000</b>	<b>Performance Indicators</b>		
<b>Operational Cost</b>	427	<b>Code &amp; Description</b>	<b>Actual</b>	<b>Target</b>
<b>Income</b>	0	LPI CS 001 – Percentage of Phone Calls Answered within 20 seconds by the Contact Centre	71.4%	70%
<b>Net Cost</b>	427	LPI CS 003 – Percentage of all queries resolved at first point of contact	82.4%	70%

**SCIA 22 (14/15)**

<b>Service Area:</b>	Business & Communities	<b>Service:</b>	Economic Development
<b>Activity</b>	Business Support	<b>No. of Staff:</b>	0.40 fte

<b>Activity Budget Reduction</b>	14/15 £000	15/16 £000	16/17 £000	17/08 £000
Deletion of contribution to KCC towards administration costs of the Escalate project (making 0% Business Loans available to local businesses)	(6)	➔	➔	➔

**Reasons for and explanation of proposed change in service**

The estimated cost of administering the Escalate 0% Business Loans scheme, which is undertaken by Kent County Council, included a charge to participating districts. This contribution was included as a growth item in SCIA 1 for 2014/15. However, since the budget was first prepared, KCC have informed us that they will be absorbing the cost of the administration for this scheme. It is therefore no longer required.

**Key Stakeholders Affected**

None

**Likely impacts and implications of the change in service (include Risk Analysis)**

No adverse impact since this work will continue

<b>2013/14 Budget</b>	<b>£'000</b>	<b>Performance Indicators</b>		
<b>Operational Cost</b>	<b>44</b>	<b>Code &amp; Description</b>	<b>Actual</b>	<b>Target</b>
<b>Income</b>	-			
<b>Net Cost</b>	44			



**SCIA 23 (14/15)**

<b>Service Area:</b>	Housing	<b>Service:</b>	Homeless
<b>Activity</b>	Bed & Breakfast	<b>No. of Staff:</b>	1.70 fte

<b>Activity Budget Reduction</b>	14/15 £000	15/16 £000	16/17 £000	17/08 £000
Bed & Breakfast	(10)	➔	➔	➔

**Reasons for and explanation of proposed change in service**

Despite the recession and the recent flooding there has been minimal use of B&B and then only for emergencies. This has been due to effective proactive working to avoid eviction and maximisation of the private sector. In addition, the HERO scheme has helped to reduce homelessness. As a result it has been possible to identify an on going saving for this budget.

**Key Stakeholders Affected**

Potentially homeless people , WKHA (Register)

**Likely impacts and implications of the change in service (include Risk Analysis)**

There is sufficient funding left in the budget to fund B&B for emergencies and effective proactive working continues to avoid eviction. One example is potentially homeless people are offered the Private Lettings scheme to rent in the private sector and this does not adversely affect them.

<b>2013/14 Budget</b>	<b>£'000</b>	<b>Performance Indicators</b>		
		<b>Code &amp; Description</b>	<b>Actual</b>	<b>Target</b>
<b>Operational Cost</b>	137			
<b>Income</b>	(24)			
<b>Net Cost</b>	113			

SCIA 24 (14/15)

<b>Service Area:</b>	Housing	<b>Service:</b>	Needs and Stock Surveys
<b>Activity</b>	Housing Surveys	<b>No. of Staff:</b>	0 fte

<b>Activity Budget Reduction</b>	14/15 £000	15/16 £000	16/17 £000	17/08 £000
Housing Surveys	(12)	→	→	→

<b>Reasons for and explanation of proposed change in service</b>	Government required Housing related surveys (such as Private Housing Condition survey) were funded from SDC budgets (renewed roughly every 5 years) and the cost was met by creating a cumulative budget of around £12,000 per annum. Recently some surveys have been funded by Section 106 funding and this along with sharing surveys with others will enable this saving to be made on going.
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<b>Key Stakeholders Affected</b>	Housing and Planning Policy Local community
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<b>Likely impacts and implications of the change in service (include Risk Analysis)</b>	This will not create any adverse issues to the local community or affect housing or planning policies as the surveys will still be completed with the cost shared or from external funding.
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<b>2013/14 Budget</b>	<b>£'000</b>	<b>Performance Indicators</b>		
<b>Operational Cost</b>	12	<b>Code &amp; Description</b>	<b>Actual</b>	<b>Target</b>
<b>Income</b>	-			
<b>Net Cost</b>	12			

**SCIA 25 (14/15)**

<b>Service Area:</b>	Planning Services	<b>Service:</b>	Planning Services
<b>Activity</b>	Planning Services	<b>No. of Staff:</b>	47.19 fte

<b>Activity Budget Reduction</b>	14/15 £000	15/16 £000	16/17 £000	17/08 £000
Efficiency savings	(22)	➔	➔	➔

**Reasons for and explanation of proposed change in service**

The saving will predominantly be made from the salary budget where some staff have chosen to reduce hours, and from redefining roles following resignations.

**Key Stakeholders Affected**

None

**Likely impacts and implications of the change in service (include Risk Analysis)**

Wider operational efficiencies will ensure that the service can effectively manage with reduced capacity so that any impact on customer services is kept to a minimum.

<b>2013/14 Budget</b>	<b>£'000</b>	<b>Performance Indicators</b>		
		<b>Code &amp; Description</b>	<b>Actual</b>	<b>Target</b>
<b>Operational Cost</b>	2,101			
<b>Income</b>	(696)			
<b>Net Cost</b>	1,405			

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**Summary of Council Expenditure & Council Tax**

	2013/14 Budget Net Expenditure £000	2014/15 <b>Budget Net Expenditure</b> <b>£000</b>
<b>Service expenditure before Support Services and Capital Charges including trading accounts (see Appendix F)</b>	14,013	14,286
Capital Charges and Support Services charged outside the General Fund	(213)	(180)
<b>Sub Total</b>	13,800	14,106
<b>Non allocated expenditure:</b>		
Collection Fund adjustment	0	0
<b>Net Service Expenditure excluding Capital Charges</b>	<b>13,800</b>	<b>14,106</b>
Revenue Support Grant	(1,926)	
Revenue Support Grant inc CTS		(2,225)
Retained Business Rates	(1,862)	(1,898)
Government Support to be passed to Parishes	(274)	
Government Support passed to Parishes	274	
New Homes Bonus	(976)	(1,389)
Council Tax Requirement - Sevenoaks DC	(8,728)	(9,010)
Council Tax Support Grant	(734)	0
Government support to offset Council Tax freeze	0	0
<b>Grant &amp; Council Tax income</b>	<b>(14,226)</b>	<b>(14,522)</b>
<b>Net Expenditure after Grant &amp; Council Tax, before interest</b>	<b>(426)</b>	<b>(417)</b>
Less: Interest and Investment income	(229)	(244)
<b>Amount to be met from Reserves</b>	<b>(655)</b>	<b>(661)</b>
<b>Contributions (to) / from reserves</b>		
Earmarked Reserves		
Capital	(298)	(198)
Reorganisation	(100)	0
Budget Stabilisation	(1,052)	(1,036)
New Homes Bonus	215	0
Financial Plan	580	573
Planned contribution from Gen Fund Res	0	0
	<b>(655)</b>	<b>(661)</b>

	2012/13	2013/14	2014/15
Taxbase	50,860	47,053	47629
	£	£	£
Council Tax @ Band D	181.89	185.49	

**Council Tax Summary**

Band D charge			%	%
Kent County	1,047.78	1,047.78	69.2	
Kent Fire	67.95	67.95	4.5	
Kent Police	138.68	141.47	9.3	
	<hr/>	<hr/>	<hr/>	<hr/>
	1,254.41	1,257.20	83.1	0
Sevenoaks District	181.89	185.49	12.3	
Average Town/Parish	66.56	70.61	4.7	
	<hr/>	<hr/>	<hr/>	<hr/>
	1,502.86	1,513.30	100.0	0

**Interest Receipts Summary**

Investment interest		260	268
Mortgage and other interest		2	2
Allocations to Provisions		(33)	-26
Net Revenue contribution		<hr/>	<hr/>
		229	244

**Net Service Expenditure analysed by Head of Service**

	<b>Actuals 12/13</b>	<b>Budget 13/14</b>	<b>Proposed Budget 14/15</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Communities and Business	966	1,014	967
Planning Services	1,261	1,405	1,300
Environmental and Operational Services	2,816	2,533	2,523
Financial Services	4,374	4,597	5,022
Housing	728	779	722
Corporate Support	2,842	3,102	3,208
Legal and Governance	592	630	608
<b>Total Service Expenditure</b>	<b>13,579</b>	<b>14,060</b>	<b>14,350</b>
Direct Services		-64	-64
		13,996	14,286
Items outside General Fund		-196	-180
		<b>13,800</b>	<b>14,106</b>

**Analysis of budget changes between 13/14 and 14/15**

<b>Base Budget 2013/14</b>	<b>13,800</b>
Inflation	488
Planned Savings agreed previous years	-99
SCIAS 2014/15	
Growth	297
Savings	-380
<b>Proposed Budget 2014/15</b>	<b>14,106</b>

	<b>Actuals 12/13</b>	<b>Budget 13/14</b>	<b>Proposed Budget</b>
	<b>£'000</b>	<b>£'000</b>	<b>14/15</b>
			<b>£'000</b>
Pay Costs	9,088	9,744	10,095
Pay Costs Externally Funded	40	0	0
Premises and Grounds	1,815	1,616	1,639
Transport	52	62	62
Supplies & Services	2,060	2,218	2,235
Supplies & Services IT	623	726	700
Agency & Contracted	3,951	3,813	4,117
Agency & Contracted - Partnerships	3,405	2,624	2,622
Agency & Contracted - Direct Services	3,442	3,630	3,690
Transfer Payments - Benefits	34,039	26,140	27,590
Transfer Payments - Other	117	45	37
Staff Costs - Other Chief Officers	678	672	456
Support Services	117	50	50
Funds drawn to/from Reserves	480	5	-133
Capital Charges	0	0	0
Income - Other	-37,066	-28,603	-29,918
Income - Fees and Charges	-5,662	-5,550	-5,786
Recharges	-302	-322	-298
Recharges - Partnerships	-3,298	-2,810	-2,808
not budget lines	0	0	0
	<hr/>	<hr/>	<hr/>
<b>Service expenditure before re-allocation of Support Services and Capital charges</b>	<b>13,579</b>	<b>14,060</b>	<b>14,350</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Direct Services (net)		-64	-64
Items outside General Fund		-196	-180
		<hr/>	<hr/>
		13,800	14,106
		<hr/> <hr/>	<hr/> <hr/>



**Net Service Expenditure analysed by Chief Officer**

	<b>Actuals 12/13</b>	<b>Budget 13/14</b>	<b>Proposed Budget 14/15</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Communities and Business</b>			
8 to 12 project	0	0	0
Arts Development	0	0	0
All Weather Pitch	-2	-2	-2
Big Community Fund	0	0	0
Broadband	0	0	50
Community Activity	-0	0	0
Community Safety	205	209	179
Community Development Service Provisions	-11	-2	-5
The Community Plan	59	70	45
Economic Development	41	44	69
Grants to Organisations	178	183	181
Health Improvements	42	45	45
Leisure Contract	259	281	295
Leisure Development	20	20	20
Local Strategic Partnership	0	0	0
Partnership - Child	0	0	0
Partnership - Home Office	-0	0	0
Administrative Expenses - Communities & Business	9	14	14
STAG Community Arts Centre	100	75	0
Sustainability	4	0	0
Tourism	24	28	29
Choosing Health WK PCT	-0	0	0
Falls Prevention	0	0	0
PCT Health Checks	0	0	0
New Ash Green	0	0	0
PCT Initiatives	0	0	0
Troubled Families Project	0	0	0
West Kent Partnership	0	0	0
West Kent Partnership Business Support	0	0	0
Youth	39	49	48
<b>Total Service Expenditure</b>	<b>966</b>	<b>1,014</b>	<b>967</b>

	<b>Actuals 12/13 £'000</b>	<b>Budget 13/14 £'000</b>	<b>Proposed Budget 14/15 £'000</b>
<b>Communities and Business</b>			
Pay Costs	439	477	507
Pay Costs Externally Funded	40	0	0
Premises and Grounds	77	71	73
Transport	4	9	7
Supplies & Services	142	137	128
Supplies & Services IT	0	0	0
Agency & Contracted	621	515	507
Staff Costs - Other Chief Officers	25	24	-0
Support Services	4	0	0
Funds drawn to/from Reserves	-60	0	-20
Income - Other	-268	-187	-187
Income - Fees and Charges	-57	-33	-49
Recharges	0	0	0
<b>Service expenditure before re-allocation of Support Services and Capital charges</b>	<b>966</b>	<b>1,014</b>	<b>967</b>

**Analysis of budget changes between 13/14 and 14/15**

<b>Base Budget 2013/14</b>	1,014
Inflation	32
<b>Planned Savings agreed previous years</b>	
SCIA 24 (2010/11) STAG Agreement	-75
<b>SCIAs 2014/15</b>	
SCIA 1 (2014/15) Admin Costs External Funding	10
SCIA 2 (2014/15) Broadband	50
SCIA 7 (2014/15) Efficiency Review	-10
SCIA 22 (2014/15) Reduction re West Kent Partnership	-6
<b>Other Adjustments between Chief Officers</b>	
SCIA 59 (2011/12) Adjustments following Senior Management Review	-48
<b>Proposed Budget 2014/15</b>	<b>967</b>

**Net Service Expenditure analysed by Chief Officer**

	<b>Actuals 12/13</b>	<b>Budget 13/14</b>	<b>Proposed Budget 14/15</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Planning Services</b>			
Affordable Housing	0	0	0
Bridleways / Footpath Diversions	1	0	0
Conservation	44	50	46
Planning Policy	342	417	416
LDF Expenditure	-0	0	0
Planning - Appeals	166	188	194
Planning - Counter	-0	-0	-0
Planning - Development Management	429	446	328
Planning - Enforcement	259	272	278
Administrative Expenses - Planning Services	21	31	39
<b>Total Service Expenditure</b>	<b>1,261</b>	<b>1,405</b>	<b>1,300</b>

	<b>Actuals</b>	<b>Budget</b>	<b>Proposed</b>
	<b>12/13</b>	<b>13/14</b>	<b>Budget 14/15</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Planning Services</b>			
Pay Costs	1,692	1,809	1,855
Premises and Grounds	0	1	1
Transport	1	1	0
Supplies & Services	60	66	67
Supplies & Services IT	2	0	2
Agency & Contracted	163	87	86
Transfer Payments - Other	7	0	0
Staff Costs - Other Chief Officers	61	61	17
Funds drawn to/from Reserves	-45	77	5
Income - Other	-13	0	0
Income - Fees and Charges	-641	-676	-713
Recharges	-24	-20	-20
<b>Service expenditure before re-allocation of Support Services and Capital charges</b>	<b>1,261</b>	<b>1,405</b>	<b>1,300</b>

**Analysis of budget changes between 13/14 and 14/15**

<b>Base Budget 2013/14</b>	1,405
Inflation	50
<b>Planned Savings agreed previous years</b>	0
<b>SCIAS 2014/15</b>	
SCIA 17 (2014/15) Planning Income	-35
SCIA 25 (2014/15) Efficiencies in Planning	-22
<b>Other Adjustments between Chief Officers</b>	
Scanning staff	-40
SCIA 59 (2011/12) Adjustments following Senior Management Review	-58
<b>Proposed Budget 2014/15</b>	<b>1,300</b>

**Net Service Expenditure analysed by Chief Officer**

	<b>Actuals 12/13</b>	<b>Budget 13/14</b>	<b>Proposed Budget 14/15</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Environmental and Operational Services</b>			
Asset Maintenance Car Parks	55	16	19
Asset Maintenance CCTV	14	12	16
Asset Maintenance Countryside	2	5	8
Asset Maintenance Direct Services	25	27	36
Asset Maintenance Playgrounds	0	8	14
Asset Maintenance Public Toilets	0	8	14
Building Control Discretionary Work	2	-0	-1
Building Control	-58	-84	-162
Car Parks	-1,448	-1,663	-1,731
CCTV	271	244	234
Civil Protection	25	32	33
Dangerous Structures	20	23	23
Dartford Environmental Hub (SDC Costs)	0	0	0
On-Street Parking	-345	-403	-430
Trade Waste (VAT)	0	0	0
EH Commercial	239	262	255
EH Animal Control	22	1	1
EH Environmental Protection	355	396	382
Emergency	58	62	63
Estates Management - Grounds	86	95	97
Land Charges	-85	-91	-93
Licensing Partnership Hub (Trading)	-0	0	0
Licensing Regime	10	-3	-5
Markets	-156	-241	-192
Parks and Recreation Grounds	124	97	97
Parks - Rural	65	80	74
Environmental Health Partnership	0	0	0
Pest Control	0	0	0
Public Transport Support	1	0	0
Refuse Collection	2,248	2,284	2,378
Administrative Expenses - Building Control	8	9	9
Administrative Expenses - Direct Services	0	0	0
Administrative Expenses - Health	12	25	26
Administrative Expenses - Transport	7	9	10
Street Naming	3	13	14
Street Cleansing	1,163	1,216	1,240
Support - Health and Safety	20	18	18
Support - Direct Services	39	52	54
Taxis	-12	-16	-20
Public Conveniences	49	41	43
Air Quality (Ext Funded)	0	0	0
National Food Hygiene Rating Scheme	-3	0	0
<b>Total Service Expenditure</b>	<b>2,816</b>	<b>2,533</b>	<b>2,523</b>

	<b>Actuals 12/13 £'000</b>	<b>Budget 13/14 £'000</b>	<b>Proposed Budget 14/15 £'000</b>
<b>Environmental and Operational Services</b>			
Pay Costs	2,160	2,314	2,272
Premises and Grounds	744	529	561
Transport	34	32	33
Supplies & Services	532	578	571
Supplies & Services IT	7	0	0
Agency & Contracted	515	402	403
Agency & Contracted - Partnerships	696	739	706
Agency & Contracted - Direct Services	3,385	3,573	3,681
Transfer Payments - Other	0	0	0
Staff Costs - Other Chief Officers	28	35	24
Support Services	11	11	11
Funds drawn to/from Reserves	-78	0	0
Income - Other	-683	-714	-667
Income - Fees and Charges	-4,151	-4,184	-4,322
Recharges	0	0	0
Recharges - Partnerships not budget lines	-384 0	-782 0	-749 0
<b>Service expenditure before re-allocation of Support Services and Capital charges</b>	<b>2,816</b>	<b>2,533</b>	<b>2,523</b>

**Analysis of budget changes between 13/14 and 14/15**

<b>Base Budget 2013/14</b>	2,533
Inflation	36
<b>Planned Savings agreed previous years</b>	
SCIA 28 (2011/12) Asset Maintenance Reduction reversal	31
SCIA 9 (2013/14) EH Partnership - further savings	-30
<b>SCIAs 2014/15</b>	
SCIA 3 (2014/15) Swanley Market - Reduced Income	62
SCIA 6 (2014/15) Sainsburys - Recycling Income	30
SCIA 8 (2014/15) Civil Enforcement Officer	-27
SCIA 14 (2014/15) Licensing - Efficiency Review	-10
SCIA 20 (2014/15) Building Control - Joint Working TMBC	-41
<b>Other Adjustments between Chief Officers</b>	
SCIA 59 (2011/12) Adjustments following Senior Management Review	-61
<b>Proposed Budget 2014/15</b>	<b>2,523</b>

**Net Service Expenditure analysed by Chief Officer**

	<b>Actuals 12/13</b>	<b>Budget 13/14</b>	<b>Proposed Budget 14/15</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Financial Services</b>			
Action and Development	6	7	7
Benefits Admin	1,008	863	824
Benefits Grants	-659	-659	-659
Consultation and Surveys	0	3	3
Corporate Grants	0	0	0
Corporate Management	842	930	995
Corporate Savings	0	-300	-58
Dartford Partnership Hub (SDC costs)	-541	0	0
Equalities Legislation	13	17	18
External Communications	136	147	176
Housing Advances	3	5	2
Local Tax	346	127	179
Members	366	407	412
Misc. Finance	2,157	2,276	2,327
Dartford Partnership Implementation & Project Costs	0	-30	-30
Performance Improvement	5	6	6
Administrative Expenses - Corporate Director	6	7	0
Administrative Expenses - Community Director	7	14	-0
Administrative Expenses - Chief Executive	7	13	35
Administrative Expenses - Financial Services	29	42	44
Administrative Expenses - Transformation and Strategy	0	6	11
Support - Audit Function	161	145	144
Support - Exchequer and Procurement	127	135	134
Support - Finance Function	130	222	209
Support - General Admin	113	123	142
Treasury Management	111	90	101
<b>Total Service Expenditure</b>	<b>4,374</b>	<b>4,597</b>	<b>5,022</b>

	<b>Actuals 12/13</b>	<b>Budget 13/14</b>	<b>Proposed Budget</b>
	<b>£'000</b>	<b>£'000</b>	<b>14/15</b>
			<b>£'000</b>
<b>Financial Services</b>			
Pay Costs	2,298	2,449	2,552
Premises and Grounds	132	123	48
Transport	2	5	6
Supplies & Services	725	846	894
Supplies & Services IT	167	98	101
Agency & Contracted	2,226	2,416	2,710
Agency & Contracted - Partnerships	2,710	1,885	1,916
Agency & Contracted - Direct Services	4	0	0
Transfer Payments - Benefits	34,039	26,140	27,590
Transfer Payments - Other	0	0	0
Staff Costs - Other Chief Officers	415	416	411
Support Services	63	0	0
Funds drawn to/from Reserves	453	-142	-138
Income - Other	-35,634	-27,180	-28,568
Income - Fees and Charges	-248	-281	-317
Recharges	-194	-218	-192
Recharges - Partnerships	-2,783	-1,960	-1,991
<b>Service expenditure before re-allocation of Support Services and Capital charges</b>	<b>4,374</b>	<b>4,597</b>	<b>5,022</b>

**Analysis of budget changes between 13/14 and 14/15**

<b>Base Budget 2013/14</b>	4,597
Inflation	210
<b>Planned Savings agreed previous years</b>	
SCIA 62 Terms & Conditions	35
<b>SCIAs 2014/15 and Funding adjustments</b>	
SCIA 4 (2014/15) Treasury Mgt Card Payments	11
SCIA 5 (2014/15) Financial Resilience	28
SCIA 11 (2014/15) London Road Rent and Rates	-76
SCIA 12 (2014/15) Finance - Efficiency Review	-40
SCIA 19 (2014/15) Reduced Govt. grant for Benefit Admin	46
SCIA 19 (2014/15) Reduced Govt. grant for Benefit Admin - reserves	-46
<b>Other Adjustments between Chief Officers</b>	
Staff movements	-8
SCIA 59 (2011/12) Adjustments following Senior Management Review	265
<b>Proposed Budget 2014/15</b>	<b>5,022</b>



**Net Service Expenditure analysed by Chief Officer**

	<b>Actuals</b>		<b>Proposed</b>
	<b>12/13</b>	<b>Budget 13/14</b>	<b>Budget 14/15</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Housing</b>			
Home Improvement Agency (prev. Care and Repair)	20	0	0
Energy Efficiency	22	22	23
Gypsy Sites	-24	-23	-31
Homeless	116	113	96
Disabled Facilities Grant Administration	0	0	0
Housing	378	436	447
Housing Initiatives	9	8	6
Homelessness Prevention	0	0	0
Needs and Stock Surveys	13	13	-2
Housing Option - Trailblazer	0	-0	0
KCC Loan Scheme	0	0	0
Private Sector Housing	174	189	155
Administrative Expenses - Housing	12	17	18
Homelessness Funding	0	0	0
Leader Programme	9	4	10
<b>Total Service Expenditure</b>	<b>728</b>	<b>779</b>	<b>722</b>

	<b>Actuals</b>	<b>Budget 13/14</b>	<b>Proposed</b>
	<b>12/13</b>	<b>Budget 13/14</b>	<b>Budget 14/15</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Housing</b>			
Pay Costs	591	696	726
Premises and Grounds	21	18	11
Transport	1	0	0
Supplies & Services	18	21	21
Supplies & Services IT	0	0	0
Agency & Contracted	228	170	153
Transfer Payments - Benefits	0	0	0
Transfer Payments - Other	68	45	37
Staff Costs - Other Chief Officers	24	26	5
Funds drawn to/from Reserves	51	70	20
Income - Other	-183	-201	-183
Income - Fees and Charges	-91	-68	-69
Recharges	0	0	0
<b>Service expenditure before re-allocation of Support Services and Capital charges</b>	<b>728</b>	<b>779</b>	<b>722</b>

**Analysis of budget changes between 13/14 and 14/15**

<b>Base Budget 2013/14</b>	779
Inflation	20
<b>Planned Savings agreed previous years</b>	
<b>SCIAS 2014/15</b>	
SCIA 13 (2014/15) Efficiency Review Housing Initiatives	-15
SCIA 23 (2014/15) Bed and Breakfast	-10
SCIA 24 (2014/15) Cost of Housing Surveys	-12
<b>Other Adjustments between Chief Officers</b>	
SCIA 59 (2011/12) Adjustments following Senior Management Review	-40
<b>Proposed Budget 2014/15</b>	<b>722</b>

**Net Service Expenditure analysed by Chief Officer**

	<b>Actuals</b>	<b>Proposed Budget</b>	
	<b>12/13</b>	<b>Budget 13/14</b>	<b>14/15</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Corporate Support</b>			
Asset Maintenance Argyle Road	22	50	59
Asset Maintenance Other Corporate Properties	21	30	30
Asset Maintenance Hever Road	0	6	6
Asset Maintenance IT	300	290	260
Asset Maintenance Leisure	91	165	165
Asset Maintenance Support & Salaries	118	95	94
Asset Maintenance Sewage Treatment Plants	0	8	8
Bus Station	9	14	14
Corporate Projects	0	0	60
Estates Management - Buildings	-40	-96	-66
Housing Premises	-10	-8	-8
Administrative Expenses - Corporate Support	23	25	26
Administrative Expenses - Human Resources	14	14	14
Administrative Expenses - Property	0	4	4
Support - Central Offices	385	405	449
Support - Contact Centre	379	427	417
Support - Central Offices - Facilities	239	260	257
Support - General Admin	220	244	254
Support - IT	700	803	764
Support - Local Offices	52	55	56
Support - Nursery	3	0	0
Support - Human Resources	242	249	288
Support - Property Function	72	65	57
<b>Total Service Expenditure</b>	<b>2,842</b>	<b>3,102</b>	<b>3,208</b>

	<b>Actuals</b>	<b>Budget 13/14</b>	<b>Proposed Budget</b>
	<b>12/13</b>	<b>13/14</b>	<b>14/15</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Corporate Support</b>			
Pay Costs	1,484	1,566	1,745
Premises and Grounds	822	853	924
Transport	5	8	8
Supplies & Services	390	403	375
Supplies & Services IT	443	620	587
Agency & Contracted	91	97	130
Agency & Contracted - Direct Services	53	56	10
Transfer Payments - Other	3	0	0
Staff Costs - Other Chief Officers	89	79	-0
Support Services	39	39	39
Funds drawn to/from Reserves	143	0	0
Capital Charges	0	0	0
Income - Other	-134	-196	-176
Income - Fees and Charges	-372	-272	-279
Recharges	-84	-84	-86
Recharges - Partnerships	-130	-68	-68
not budget lines	0	0	0
	<hr/>	<hr/>	<hr/>
<b>Service expenditure before re-allocation of Support Services and Capital charges</b>	<b>2,842</b>	<b>3,102</b>	<b>3,208</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**Analysis of budget changes between 13/14 and 14/15**

<b>Base Budget 2013/14</b>	3,102
Inflation	121
<b>Planned Savings agreed previous years</b>	
SCIA 49 (2011/12) Systems & Support - Review Resources	-60
<b>SCIAs 2014/15</b>	
SCIA 9 (2014/15) External Print Income	-10
SCIA 10 (2014/15) Corporate Support Efficiency Review	-20
SCIA 18 (2014/15) Corporate Projects	60
<b>Other Adjustments between Chief Officers</b>	
Staff Movements (Scanning staff & Apprentice)	48
SCIA 59 (2011/12) Adjustments following Senior Management Review	-33
<b>Proposed Budget 2014/15</b>	<hr/> <hr/> <b>3,208</b>

**Net Service Expenditure analysed by Chief Officer**

	<b>Actuals</b>		<b>Proposed Budget</b>
	<b>12/13</b>	<b>Budget 13/14</b>	<b>14/15</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Legal and Governance</b>			
Civic Expenses	13	15	15
Committee Admin	93	103	117
Elections	65	71	72
Register of Electors	117	135	140
Administrative Expenses - Legal and Governance	66	73	74
Support - Legal Function	237	233	190
<b>Total Service Expenditure</b>	<b>592</b>	<b>630</b>	<b>608</b>

	<b>Actuals</b>		<b>Proposed Budget</b>
	<b>12/13</b>	<b>Budget 13/14</b>	<b>14/15</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Legal and Governance</b>			
Pay Costs	425	433	437
Premises and Grounds	19	20	20
Transport	5	7	7
Supplies & Services	193	168	179
Supplies & Services IT	4	7	10
Agency & Contracted	108	127	128
Staff Costs - Other Chief Officers	36	31	-0
Funds drawn to/from Reserves	16	0	0
Income - Other	-150	-125	-137
Income - Fees and Charges	-64	-37	-38
<b>Service expenditure before re-allocation of Support Services and Capital charges</b>	<b>592</b>	<b>630</b>	<b>608</b>

**Analysis of budget changes between 13/14 and 14/15**

<b>Base Budget 2013/14</b>	630
Inflation	19
<b>Planned Savings agreed previous years</b>	0
<b>SCIAS 2014/15</b>	0
<b>Other Adjustments between Chief Officers</b>	
SCIA 59 (2011/12) Adjustments following Senior Management Review	-41
<b>Proposed Budget 2014/15</b>	<b>608</b>

PAY COST ESTIMATES SUMMARY 2014/2015

Line No.		2013/14 BUDGET	2014/15 BUDGET	2013/14 FTE	2014/15 FTE
1	Communities and Business	372,951	389,458	8.54	8.73
2	Corporate Support	1,841,455	1,980,046	57.65	60.56
3	Environment and Operations	5,236,022	5,044,425	159.18	148.56
4	Finance	2,428,596	2,504,138	64.52	64.72
5	Housing	559,152	586,142	11.99	12.35
6	Legal & Governance	531,543	546,616	11.92	11.92
7	Planning	1,822,390	1,881,704	47.19	46.19
8	SCIA 59 (Budgets within previous structure)	229,402	0	2.32	-
		<b>13,021,511</b>	<b>12,932,529</b>	<b>363.31</b>	<b>353.03</b>
	<b>Other Salary Costs</b>				
9	Vacancy Savings	-100,000	(100,000)	0	-
10	Performance Award Contingency	48,000	48,000	0	-
11	Market Premium Review	42,272	42,272	0	-
	<b>SUB-TOTAL</b>	<b>13,011,783</b>	<b>12,922,801</b>	<b>363.31</b>	<b>353.03</b>
12	Community Development (Ext Funded)	112,196	146,258	2.54	3.81
13	Housing (Ext Funded)	196,461	215,887	5.90	6.09
	<b>GRAND TOTAL</b>	<b>13,320,440</b>	<b>13,284,946</b>	<b>371.75</b>	<b>362.93</b>

NOTES

- Externally funded posts (lines 12 to 13) have been excluded from earlier lines. The income will show elsewhere in the 2014/15 budget

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#### Statement of Reserves and Provisions

1. This appendix sets out details of the reserves and provisions held by the council. These balances have been subject to a detailed review as part of the budget process. **The items in bold show the changes that are being recommended.**
2. One of the requirements of the Financial Planning Strategy is to have flexible use of the Budget Stabilisation Reserve. The fund would incorporate any annual under-spends and absorb any annual over-spends. **It is recommended that any favourable variance achieved in the 2013/14 budget is put into this reserve.**
3. A Corporate Project Support Reserve be established. As a number of projects are currently being investigated it is important that this is carried out thoroughly and in certain cases may require external expertise. **It is recommended that £200,000 be transferred into the Corporate Project Support Reserve.**
4. The First Time Sewerage Reserve exists in case the Council is asked to contribute to earlier sewerage installations. A number of these installations occurred over twelve years ago so the likelihood of part of this reserve being required is significantly reduced. **It is recommended that £200,000 be transferred from the First Time Sewerage Reserve.**
5. The annual contribution from revenue to the Capital Reserve is currently £298,000. The Government has increased their contribution to the total cost of Disabled Facilities Grants which results in a lower contribution being required from this Council of £100,000 per annum. Therefore the requirement to fund part of the capital programme from the Capital Reserve reduces by the same amount. **It is recommended that the annual contribution from revenue to the Capital Reserve be reduced by £100,000 to £198,000.**
6. The Housing Benefit Subsidy Reserve has grown over recent years due to the favourable method in calculating the Benefit Subsidy received from Government. **It is recommended that £46,000 per annum be transferred from the Housing Benefit Subsidy Reserve to offset the reduction in the Benefit Administration Grant (also see SCIA19).**
7. No movement on the General Fund Reserve is currently planned in 2014/15.
8. The following table set out the reserves and provisions held by the Council at 1<sup>st</sup> April 2013.

	01/04/13	Purpose (some further details are included in the Statement of Accounts 2012/13)
<b>Provisions</b>	<b>£000</b>	
Accumulated Absences	152	Absorbs the difference that would otherwise arise on the General Fund Balance from accruing for compensated absences (e.g. annual leave) earned but not taken in the year.
Municipal Mutual Insurance	305	A solvent run-off of MMI is now unlikely which may result in Councils being liable to clawback of monies paid out.
Other	34	To cover potential restitutionary claims in respect of personal search fees of the land register.
Sub Total	<b>491</b>	
<b>Capital Receipts</b>		
Capital Receipts	<b>1,693</b>	Balance from previous asset sales and mortgage repayments. Can be used to fund future capital expenditure.
<b>Earmarked Reserves</b>		
Action and Development	395	To fund ad hoc and unplanned expenditure (including emergencies and flooding).
Asset Maintenance	1,000	To fund emergency works to assets.
Big Community Fund	110	To fund local projects.
Budget Stabilisation	4,051	To support decisions required to continue to produce a balanced budget in future years.
Carry Forward Items	144	For specific items agreed by Cabinet, e.g. if a project has slipped between years.
Community Development	460	External funding received for ongoing and future projects.
Financial Plan	5,224	Funds moved from the Asset Maintenance and Employer's Superannuation Reserves to support the 10-year budget.
First Time Sewerage	915	Transferred from a provision for potential liabilities relating to earlier sewerage installations.
Homelessness Prevention	197	For preventing homelessness.
Housing Benefit Subsidy	1,021	Provides a cushion against large movements in reclaimable sums in any year.
IT Asset Maintenance	314	To fund future IT asset maintenance costs.
Local Plan/LDF	520	To help support the Local Plan and Local Development Framework.
New Homes Bonus	594	Due to the uncertainty of future Government funding an element of NHB is being kept separate.
Pension Fund Valuation	809	To contribute towards downturns in future next pension fund actuarial valuations.
Rent Deposit Guarantees	112	To support the homeless etc, by providing their initial deposit and guarantee for a property.
Re-organisation	386	To fund actions taken to achieve annual budget savings.
Vehicle Insurance	277	Own vehicle damage for the commercial vehicle fleet. Contributions are made from the trading accounts.
Vehicle Renewal	508	Vehicle replacement for the commercial vehicle fleet. Contributions are made from the revenue trading accounts each year
Others	593	Mainly reserves where contributions are made annually from revenue, to meet specific periodic costs - e.g. district elections, community safety audit, civic expenses transport.
Sub Total	<b>17,630</b>	
<b>General Fund</b>	<b>3,713</b>	Acts as a working balance to meet unexpected issues during the year, for which a minimum of 10% of net service expenditure recommended. It also meets any planned deficits on the revenue account.
<b>TOTAL</b>	<b>23,527</b>	

### Definitions:

**Provisions** – funds set aside for liabilities or losses which are known obligations, but are uncertain as to amounts or dates. Expenditure can be charged direct against the Provision without being reflected in the Revenue Account.

**Capital Receipts** – money received from the sale of assets (normally land and buildings) and the repayment of grants and advances (e.g. mortgage repayments). Such receipts can only be used to repay debt, or to finance capital investment.

**Earmarked Reserve** – amounts set aside for purposes falling outside the definition of Provisions. Expenditure should not be charged direct to reserves, but shown in the Revenue Account with the transfer to or from the reserve distinguished from service expenditure. For each reserve the purpose, usage and basis of transactions should be clearly identified.

**Unallocated Reserve** – the General Fund balance. Amounts not set-aside for a specific purpose. The only transaction should be the surplus or deficit on the General Fund each year.

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**Risk Factors 2014/15**

Issue	£ Scale	Likelihood 1 (low) – 5 (high)	Impact 1 (low) – 5 (high)	Total Score	Potential Annual Impact and Sensitivity Analysis	Risk Areas	Controls and Actions in place
Pay Costs	£13m total costs	2	4	8	1% pay increase = £130k. Budget assumptions: 1% pay award,	Largest single item of cost. Complex drivers across the organisation.	Strict monitoring of both financials and staff numbers. New salary bands introduced from 1 April 2012 which reduced the costs of annual increments. Formal sickness & overtime monitoring. Separate control on agency staff. Part of National Agreement.
Pensions Funding	£25m deficit	1	4	4	1% change in employers contribs = £105k.	Deficit on County Fund. Future actuarial results. Government review.	£520,000 included in 10-year budget in 2014/15 to contribute towards any revaluation increase.
Major Service Income areas					See below by income type	Income subject to local economic conditions. Some very large single-source income targets (see below).	Strict monitoring, with trend analysis.
- Land Charges	£0.2m	4	1	4	20% reduction would be £31k.	Volatile activity levels in the housing market. National legal action now underway in	A provision of £34k is held for the national legal action. Continue to monitor.

Appendix I

Issue	£ Scale	Likelihood 1 (low) – 5 (high)	Impact 1 (low) – 5 (high)	Total Score	Potential Annual Impact and Sensitivity Analysis	Risk Areas	Controls and Actions in place
						relation to Personal Search companies recouping monies expended under the previous legislation.	
- Development Control	£0.7m	3	3	9	20% reduction would be £135k.	Volatile activity levels in the housing market and general economic conditions.	Current year income is above target. Continue to monitor.
- Building Control	£0.5m	4	3	12	20% reduction would be £90k	Volatile activity levels in the housing market and general economic conditions. Competition from commercial organisations	Current year income is above target. Continue to monitor.
- Car Parks	£2.0m	2	4	8	20% reduction would be £405k	General economic conditions; central government directives	Current year income is below target. Continue to monitor.
- On-Street Parking	£0.7m	3	3	9	20% reduction would be £143k	General economic conditions. Legislative constraints on spending surpluses. Reverts to KCC control	Current year is above target. Continue to monitor and review.

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## Appendix I

<b>Issue</b>	<b>£ Scale</b>	<b>Likelihood 1 (low) – 5 (high)</b>	<b>Impact 1 (low) – 5 (high)</b>	<b>Total Score</b>	<b>Potential Annual Impact and Sensitivity Analysis</b>	<b>Risk Areas</b>	<b>Controls and Actions in place</b>
- Car Parking – Enforcement income	£0.2m	2	2	4	20% reduction would be £31k	General economic conditions; central government directives	Current year is below target. Continue to monitor and review
Partnership working and partner contributions		3	2	6	Impact on individual projects is high.	Partner actions delayed. Agreed funding not received by SDC. Partnerships ending.	Separate accounting arrangements. Active liaison with partners on service arrangements. Written partnership agreements.
External Funding Awards	£0.5m	3	2	6	Up to £400k Impact on individual projects is high	Time limited.	Exit strategies in place.
Changes in service demand		3	3	9	Impacts will vary depending on service.		Service planning in place. Continue to lobby Government where changes are due to new Gov't requirements.
Interest Rates	£0.229m 13/14 budget	2	4	8	£143k per 0.5%.	Large cash variance from small rate changes. Reducing availability of suitable counter parties	Use of professional advisers

Appendix I

Issue	£ Scale	Likelihood 1 (low) – 5 (high)	Impact 1 (low) – 5 (high)	Total Score	Potential Annual Impact and Sensitivity Analysis	Risk Areas	Controls and Actions in place
Investments	£37m balance at November 2013	1	5	5		Financial institutions going into administration.	Investment strategy regularly reviewed by FRAC.
Asset base maintenance	£1.0m	1	2	2	Annual budget is based on 25% of assessed maintenance.	Unexpected problems occurring with financial implications. Reducing budget levels.	Reserve funds set aside. 10 year maintenance planning carried out. Policy of reducing asset liabilities wherever possible.
Capital Investment resources	£1.7m balance at March 2013	2	2	4	Risks taken into account in the Capital Programme report.	Capital receipt levels modest.	External funding sought wherever possible. Capital Investment priorities in place. Property Review being pursued to secure asset sales.
Disposal of surplus assets	£0.8m budget in plan (14/15)	2	2	4	Risks taken into account in the Capital Programme and Asset Maintenance report.	Planning conflict. Resources required to bring sites forward.	Land Owner/Planning protocols in place. In-house property team. Planned Property Review disposal programme.

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Appendix I

Issue	£ Scale	Likelihood 1 (low) – 5 (high)	Impact 1 (low) – 5 (high)	Total Score	Potential Annual Impact and Sensitivity Analysis	Risk Areas	Controls and Actions in place
Government Grant	£3.8m in 2013/14	5	4	20	£38k per 1% change	Government continues to reduce grant. Impact of business rates retention policy. Only short term settlements provided. Austerity measures extended to 2017/18.	Adequate level of General Reserve held.
Council tax capping	£8.7m CTAX income in 13/14	4	3	12	£87k per 1% capping reduction	Council tax freeze offers from Govt. Council tax increases limited to 2% Impact on council tax base from Local CTAX schemes.	Draft 10-year budget includes council tax increase assumptions for future years.
Future Service Changes by Government		4	4	16		Additional services without consequent resources, e.g. Maint. of trees on common land. Government directives on income charging e.g. Personal searches	Monitor proposals. Respond to consultation with local view.
Fuel cost increases for Direct Services	£0.5m	5	2	10	10% increase would be £50k	Changes in global oil prices.	Continue to monitor fuel usage and efficiency. Vehicle replacement programme.

Appendix I

Issue	£ Scale	Likelihood 1 (low) - 5 (high)	Impact 1 (low) - 5 (high)	Total Score	Potential Annual Impact and Sensitivity Analysis	Risk Areas	Controls and Actions in place
Change to external framework		2	2	4		Abolition of Audit Commission, change of external auditors	Plan responses to new initiatives well in advance. Ensure Council organisation design can meet challenges.

Agenda Item 6c

**Item 6 (d) – Kent Downs & High Weald AONB Management Plan Review**

The attached report was considered by the Cabinet on 6 February 2014, the relevant minute extract was not available before the printing of this agenda and will follow.

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

**Council - 18 February 2014**

Report of Chief Planning Officer

Status: For consideration

Also considered by: Cabinet – 6 February 2014

(Local Planning & Environment Advisory Committee (in quorate))

Key Decision: No

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**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.

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**This report supports the Key Aims of the Community Plan**

**Portfolio Holder** Cllr. Ian Bosley

**Contact Officer(s)** Kirsti Johnson ext. 7134

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**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.

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**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.

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**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.

## Agenda Item 6d

- 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 brought 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.

### Other Options Considered and/or Rejected

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

### **Key Implications**

#### Financial

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.

#### Legal Implications and Risk Assessment Statement.

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.

## Agenda Item 6d

### 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

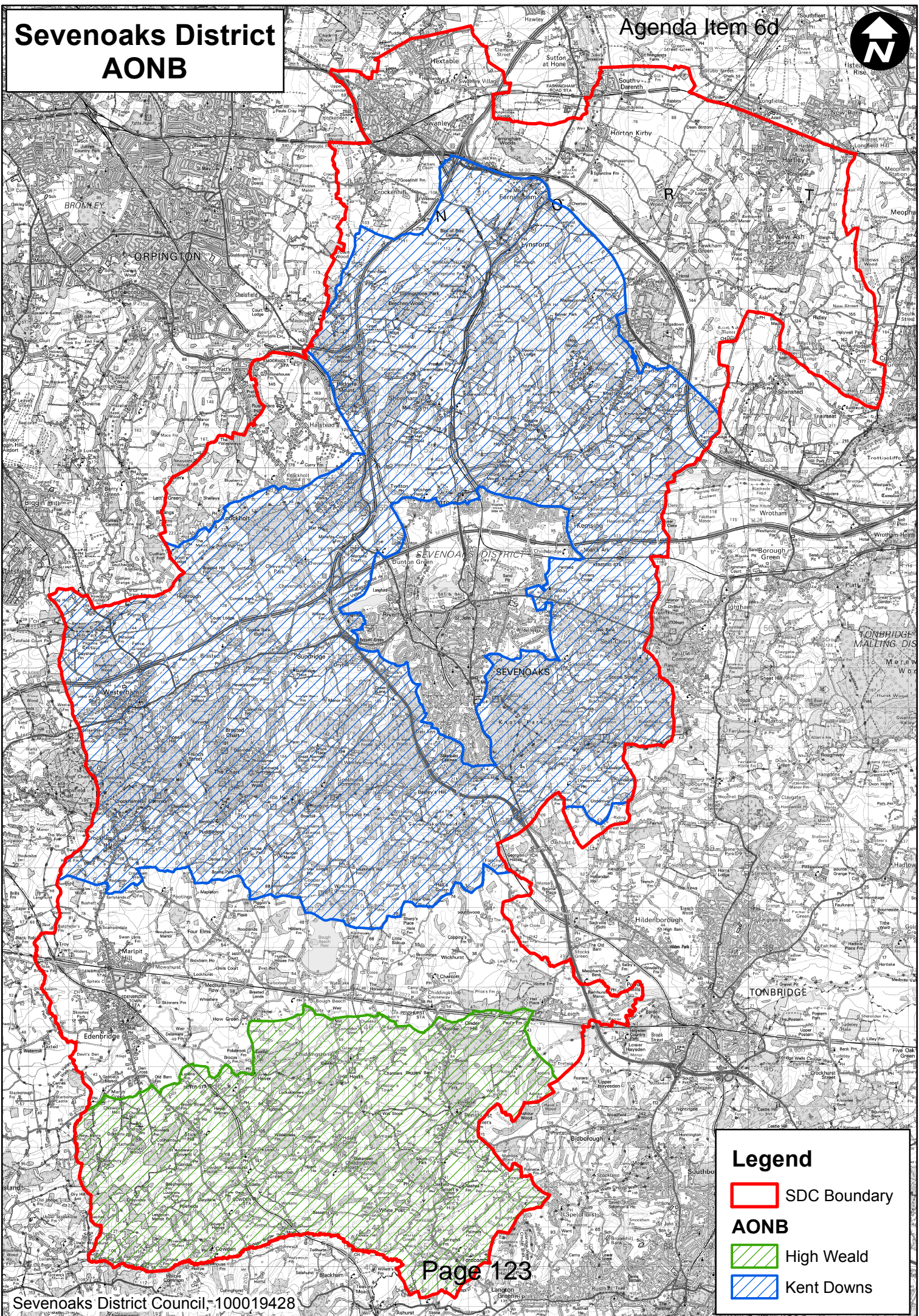
High Weald AONB Management Plan 2014 - 2019

**Mr Richard Morris**

**Chief Planning Officer**



# Sevenoaks District AONB



**Legend**

- SDC Boundary
- AONB**
- High Weald
- Kent Downs



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**Item 6 (e) – CIL Charging Schedule Adoption**

The attached report was considered by the Cabinet on 6 February 2014, the relevant minute extract was not available before the printing of this agenda and will follow.

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## **COMMUNITY INFRASTRUCTURE LEVY (CIL) CHARGING SCHEDULE**

### **Council – 18 February 2014**

Report of	Chief Planning Officer
Status:	For Decision
Also considered by:	Local Planning and Environment Advisory Committee – 22 January 2014 Cabinet – 6 February 2014
Key Decision:	No

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#### **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.

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

<b>Portfolio Holder</b>	Cllr. Ian Bosley
<b>Contact Officer(s)</b>	Steve Craddock (Ext. 7315)

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#### **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.

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**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<sup>2</sup> (15% of £125 per m<sup>2</sup>) 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<sup>2</sup> (25% of £125 per m<sup>2</sup>) 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.

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**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,

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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.

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### 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;

## Agenda Item 6e

- 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 council 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<sup>2</sup> 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 25<sup>th</sup> 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.

## Agenda Item 6e

### 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:**

1. Examiner's Report on the Draft Sevenoaks District Council Community Infrastructure Levy Charging Schedule

**Mr Richard Morris**  
**Chief Planning Officer**

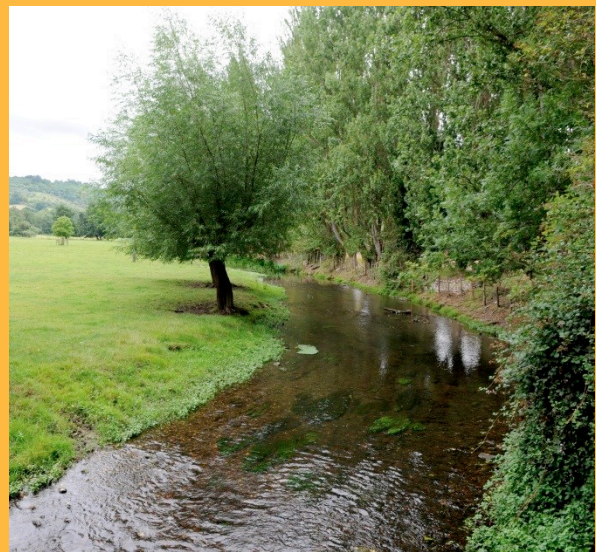
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# Sevenoaks District Council:

## Community Infrastructure Levy: Charging Schedule

Adopted (To be completed)



Community  
Infrastructure Levy



## 1 Background

This Charging Schedule sets out the Community Infrastructure Levy (CIL) charges applicable in Sevenoaks District. The Community Infrastructure Levy is a standard rate that developers will need to pay when undertaking different types of development in different parts of the District. Funds collected through CIL must be spent on infrastructure required to support development of the area.

The CIL Charging Schedule was examined by an independent Examiner in October 2013 and found sound in November 2013.

### Charging Authority

The Charging Authority is Sevenoaks District Council.

### Date of Approval

The Charging Schedule was adopted on *(to be completed following the Council's decision)*.

### Date of Effect

The Charging Schedule comes into effect on *(to be completed following the Council's decision)*.

### Statutory Compliance

The Charging Schedule has been prepared in accordance with the Community Infrastructure Levy Regulations 2010 (as amended), Part 11 of the Planning Act 2008 and statutory guidance in 'Community Infrastructure Levy: Guidance' (CLG, 2013).

In accordance with Regulation 14, in setting the CIL rate the Council has aimed to strike what it considers to be an appropriate balance between

- the desirability of funding from CIL (in whole or part) the actual and expected estimated total cost of infrastructure required to support the development of its area, taking into account other actual and expected sources of funding; and
- the potential effects (taken as a whole) of the imposition of CIL on the economic viability of development across its area.

## 2 The CIL Rate

Developers will be liable to pay the following CIL rates in Sevenoaks District, subject to any exemptions, relief or reductions that may be available under the CIL regulations or local discretionary exemptions:

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

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.

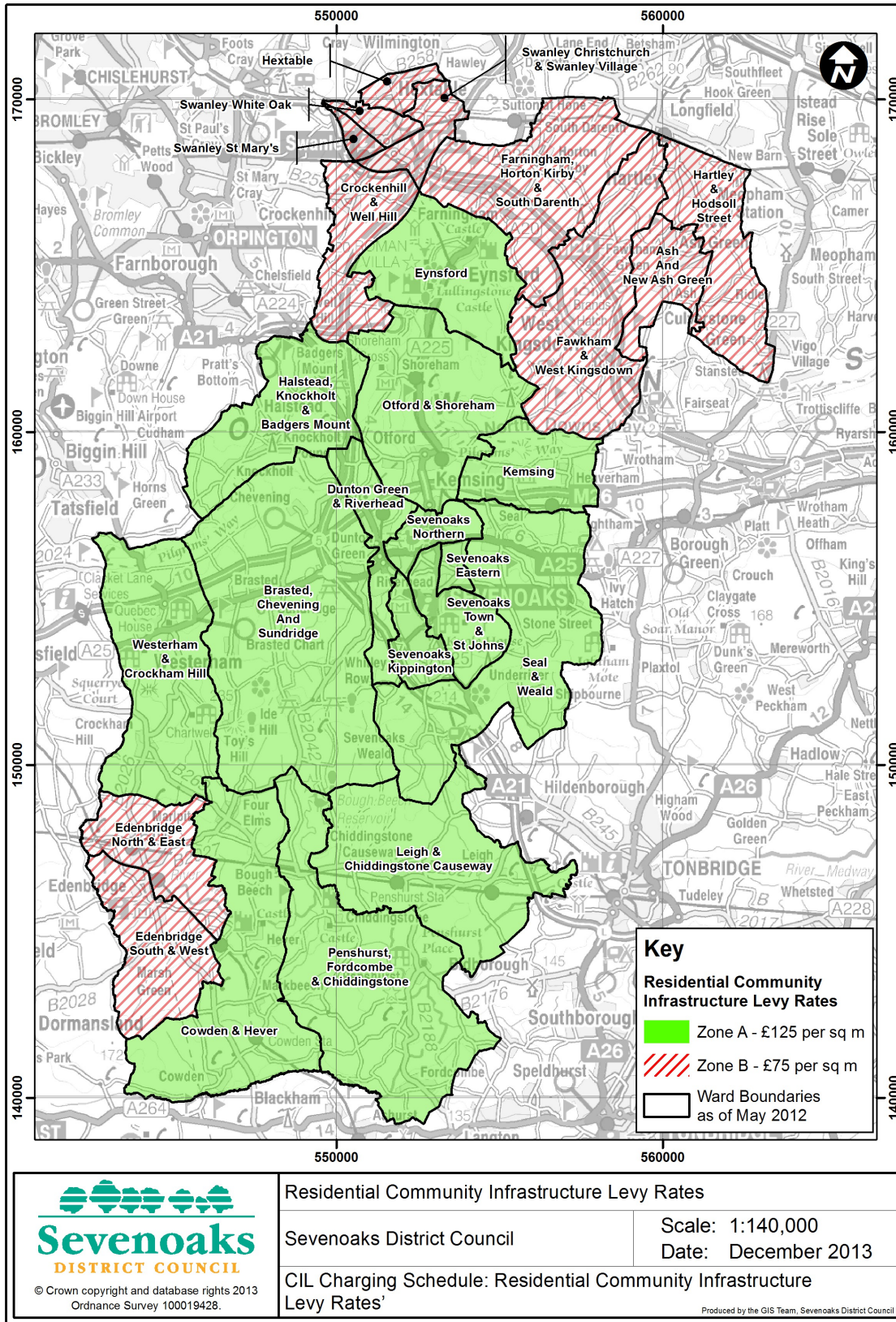
2. Convenience goods: Food and non-alcoholic beverages, Tobacco, Alcoholic beverages (off-trade), Newspapers and periodicals, Non-durable household goods.

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.

Areas A and B are set out on the map, below



Map 1: Residential Community Infrastructure Levy Rates



### 3 Calculating how much CIL developers will pay.

#### Calculating the Charge

Sevenoaks District Council will calculate the amount of CIL payable ("chargeable amount") in respect of a chargeable development in accordance with regulation 40 of the Community Infrastructure Levy Regulations 2010 (as amended), or subsequent relevant regulations.

#### Inflation

Under Regulation 40, the CIL rate will be index linked with the Royal Institute of Chartered Surveyors' "All In Tender Price Index".

The current All In Tender Price Index and the Index at the time that the Charging Schedule takes effect will be made available by the Council separately.

#### Existing Floorspace on a Development Site

Regulation 40 provides that the total floorspace of any existing buildings on a development site should be subtracted from the floorspace of the chargeable development, where certain conditions are met.

#### Exemptions and Relief

At the time of publication, the following forms of development are exempt from paying CIL:

- buildings into which people do not normally go, or go only intermittently for the purpose of inspecting or maintaining fixed plant or machinery (Reg 6); and
- developments of under 100 sq m that do not result in the creation of 1 or more additional dwellings (Reg 42);
- development by a charity where the development will be used wholly or mainly for charitable purposes (Reg 43).

Developers of social housing are able to apply for relief from paying CIL (Reg. 48, 49, 50, 51, 52, 53, 54).

In addition, the Council has the option to offer discretionary relief for

- development by a charity where the profits of the development will be used for charitable purposes (Regs. 44, 45, 46, 47, 48); and
- exceptional circumstances (Regs. 55, 56, 57, 58)

The Council's policy on whether discretionary relief is offered will be set out in a separate policy document, in accordance with the relevant regulations.

Further mandatory or discretionary forms of exemption and relief may be made available in subsequent CIL regulations. Information will be made available on the Council's website.





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**Item 7 (a) – Monitoring Officer’s Annual Report**

The attached report was considered by the Standards Committee, relevant minute extract below:

Standards Committee - 16 January 2014 (Minute 3)

The Chief Legal and Governance & Monitoring Officer presented her ninth Annual report, which provided an overview of her work; the work of the Standards Committee; and other governance arrangements monitored by other committees within the Council. Providing Members and the public with valuable information which should promote Member and Public confidence in the high ethical standards set by the Council. Of particular note was that a review of the new governance arrangements was being undertaken by the Governance Committee; that there had been no unlawfulness or maladministration over the last twelve months, and the last nine years; there had been an inspection by the Chief Surveillance Commissioner in relation to the Council’s covert operations and the inspection had gone well; and the new Standards regime had been working well with only three complaints this year.

Resolved: That the Monitoring Officer’s Annual report be noted.

The Committee gave a vote of thanks to the Monitoring Officer for all her work.

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## **MONITORING OFFICER'S ANNUAL REPORT**

### **Council – 18 February 2014**

Report of	Monitoring Officer
Status:	For consideration and decision
Also considered by:	Standards Committee – 16 January 2014
Key Decision:	No

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

**Contact Officer(s)** Mrs Christine Nuttall – Chief Officer Legal and Governance

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**Recommendation to the Standards Committee:** That the Monitoring Officer's Annual Report be noted.

**Recommendation to Full Council:** That the Monitoring Officer's Annual Report be noted.

---

**Reason for recommendation:** This report sets out the work of the Monitoring Officer, Standards Committee and other governance arrangements monitored by other committees within the Council thus providing Members and the public with valuable information which should promote Member and Public confidence in the high ethical standards set by the Council.

---

### **Introduction and Background**

- 1 This is the ninth Annual Report of the Monitoring Officer as attached as an appendix to this report.
- 2 The purpose of the Monitoring Officer's Report is to provide an overview of the work of the Monitoring Officer, the work of the Standards Committee and the general governance arrangements within the Council in the past year and to provide an opportunity to review and learn from experience.
- 3 The information contained within this Report will also provide Members of the Standards Committee, with an overview of the workings of the Council thus providing them with valuable information to facilitate the carryout of their functions.

### **Substance of Report**

- 4 The Monitoring Officer's Report sets out the Monitoring Officer's statutory responsibilities, summarises how these duties have been discharged during 2013

## Agenda Item 7a

in accordance with the Council's Constitution, legislative requirements and draws attention to those issues that will require attention in the next calendar year.

### Key Implications

#### Financial

- 5 The Monitoring Officer's Report has not identified any financial implications for this Council over and above normal requirements.

#### Legal Implications and Risk Assessment Statement.

- 6 The Monitoring Officer's Report has not uncovered any illegality.

#### 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	N/A
b. Does the decision being made or recommended through this paper have the potential to promote equality of opportunity?	Yes	The report provides insight into the high ethical standards applied across all levels of the authority.
c. What steps can be taken to mitigate, reduce, avoid or minimise the impacts identified above?		N/A

### Conclusions

- 7 The Monitoring Officer's report sets out the elements of good governance and demonstrates that robust procedures are in place to raise ethical standards, identify problems and ensure that Members, Officers and the Public are aware of appropriate channels to raise concerns.

#### **Appendices**

Appendix – Monitoring Officer's Report

#### **Background Papers:**

Information supplied by various officers and sections of the Council

**Mrs Christine Nuttall**  
**Chief Officer for Legal and Governance**

**REPORT OF THE  
MONITORING OFFICER  
2013**

**Introduction**

This is the ninth Annual Report of the Monitoring Officer for the period January 2013 to December 2013. The purpose of the report is not only to provide an overview of the work of the Monitoring Officer in the past year, but also to provide an opportunity to review and learn from experience. This report therefore sets out the Monitoring Officer’s statutory responsibilities and summarises how these duties have been discharged from the last Monitoring Officer’s Report for the period January 2012 to December 2012. The Report also highlights the work of the Standards Committee.

**1. Recommendations**

That the Standards Committee comments on and notes the Monitoring Officer’s Annual Report.

That the Full Council notes the Monitoring Officer’s Annual Report.

**2. The Role of the Monitoring Officer**

The role of the Monitoring Officer derives from the Local Government and Housing Act 1989. The Act requires local authorities to appoint a Monitoring Officer.

The Monitoring Officer has a broad role in ensuring the lawfulness and fairness of Council decision making, ensuring compliance with Codes and Protocols and promoting good governance and high ethical standards.

A Summary of the Monitoring Officer’s Functions is as follows:

<u>Description</u>	<u>Source</u>
Report on contraventions or likely contraventions of any enactment or rule of law	Local Government and Housing Act 1989
Report on any maladministration or injustice where the Ombudsman has carried out an investigation	Local Government and Housing Act 1989
Appoint a Deputy	Local Government and Housing Act 1989
Establish and maintain the Register of Members’ interests.	The Localism Act 2011 (Commencement No. 6 and Transitional, Savings and Transitory Provisions) Order 2012 The Localism Act 2011 The Relevant Authorities (Disclosable Pecuniary Interests) Regulations 2012
Report on sufficiency of resources.	Local Government and Housing Act 1989



<u>Description</u>	<u>Source</u>
Maintain the Constitution	The Constitution
Promote and maintain high standards of conduct.	The Localism Act 2011
Grant Dispensations	The Localism Act 2011 and delegation from Council
Consulting with, supporting and advising the Head of Paid Service and s.151 Officer on issues of lawfulness and probity.	The Constitution
Appointing an Investigating Officer in relation to Member Complaints	The Localism Act 2011 and the Constitution
Advising the Standards Hearings Sub Committee in relation to allegations of breaches of the Code of Conduct and advising when matters are determined following an investigation	The Localism Act 2011 and the Constitution
Advise on whether executive decisions are within the Budget & Policy Framework.	The Constitution
Provide advice on vires issues, maladministration, financial impropriety, probity, Budget and Policy Framework issues to all members.	The Constitution and s.5 of Local Government and Housing Act 1989
Legal Advice and Support to the authority	The Constitution
Considering whether certain Information is exempt from disclosure under the Freedom of Information Act.	Freedom of Information Act 2000

### **3. The Constitution**

The Constitution sets out how the Council operates and how decisions are made. It sets out the procedures which are followed to ensure that these decisions are efficient, transparent and that those who make the decisions are accountable to local people. The Monitoring Officer is responsible for ensuring that the Constitution operates efficiently, is properly maintained and is adhered to.

### **3.1 Constitutional Review and Revision**

This Council continues to update its Constitution as and when necessary and reports to the Governance Committee of the Council in this respect.

On the 23<sup>rd</sup> April 2013 Council approved a proposed new governance structure following Members concerns with the previous structure in the following areas:

Perception of remoteness/inaccessibility of portfolios; feeling of disengagement from influence and decision-making; lack of training and development (succession planning for future Cabinet members); and the need to streamline the system to match the resource available.

The approval was subject to detailed mechanisms being brought back to the Annual Council in May 2013 to enable implementation of the structure with a review of the new governance arrangements being undertaken and reported back to Full Council by April 2014. In addition, options requiring more detailed consideration, such as the Committee System or a Hybrid Model requiring Secretary of State approval, were to be investigated during the next municipal year. The new governance structure was accordingly approved at Annual Council on the 14<sup>th</sup> May 2013.

The Governance Committee has started the review of the new governance structure and to date have invited Members to give their views on the new governance arrangements through a survey. The questions were focused on whether the new arrangements meet with the initial aims and have suitably addressed Members' concerns. The results of the survey along with other research will be reported to Full Council in April next year.

On the 19<sup>th</sup> February 2013 Council approved a senior management restructure and as a result consequential changes needed to be made to the Constitution in order for these to be in place when the new senior management structure took effect on 1<sup>st</sup> September 2013. The necessary amendments were made under delegated authority and later approved by Council on the 1<sup>st</sup> October 2013.

### **3.2 Fitness for Purpose**

The Constitution sets out in clear terms how the Council operates and how decisions are made. Some of these processes are required by law, while others are a matter for the Council to choose. The purpose of the Constitution is to:

- ensure that those responsible for decision making are clearly identifiable to local people and that they explain the reasons for decisions;
- support the active involvement of local people in local authority decision making;
- help Members represent local people more effectively;
- enable decisions to be taken efficiently and effectively; and
- hold decision makers to public account.

### **3.3 Managing the Constitution**

Any significant changes to the Council's decision making arrangements and Committee structure need to be approved by full Council. The Council will monitor and review the operation of the Constitution to ensure that the aims and principles of the Constitution are given full effect. The Governance Committee ensures that this takes place.

### **4. Lawfulness and Maladministration**

The Monitoring Officer is the Council's lead adviser on issues of lawfulness and the Council's powers and in consultation with the Head of Paid Service/s.151 Officer and the Chief Finance Officer, advises on compliance with the Budget and Policy Framework. Part of this role involves monitoring Committee reports, agendas and decisions to ensure compliance with legislation and the Constitution. The Monitoring Officer ensures that agendas, reports and minutes of all Council meetings are made publicly available unless there is a reason for exemption under the Local Government Act 1972. In addition Portfolio Holder decisions are also made publicly available subject to the same caveat as are all planning and licensing decisions made by Officers. All such decisions can be viewed by members of the public through the Council's website: [www.sevenoaks.gov.uk](http://www.sevenoaks.gov.uk).

If the Monitoring Officer considers that any proposal, decision or omission would give rise to unlawfulness or if any decision or omission has given rise to maladministration she must report to the full Council or where appropriate the Cabinet after first consulting with the Head of Paid Service/s.151 Officer. Any proposal or decision that is subject to such a report cannot be implemented until the report has been considered.

The sound governance arrangements operated by the Council ensure that the power to report potentially unlawful decision making is rarely used and the Monitoring Officer has not had to issue such a report throughout 2013.

### **4.1 Reports from the Local Government Ombudsman**

The annual letter from the Local Government Ombudsman used to set out a summary of statistics on the complaints made to the Ombudsman about the Council for the year.

The annual letter this year, only presents the total number of complaints received and does not provide the more detailed information that the Local Government Ombudsman offered in previous years. The reason for this is that they have changed their business processes during the course of the year and therefore could not provide a consistent set of data for the entire year.

In 2012/13 the Local Government Ombudsman received 11 complaints about our local authority with 8 decisions being made and this statistic compares favourably with the average number of complaints received by other District/Borough Councils.

No compensation payments were made by Sevenoaks District Council in relation to the complaints that went to the Local Government Ombudsman and there was no finding of maladministration.

### **5. Report of the Chief Surveillance Commissioner**

On the 19<sup>th</sup> June 2013 the Council was inspected by the Office of the Surveillance Commissioner (OSC). These inspections are carried out on a 3 yearly basis.

The Regulations of Investigatory Powers Act 2000 (RIPA) introduced a statutory framework for those carrying out a surveillance as part of an investigation. The Protection of Freedoms Act 2012 (2012 Act) amended RIPA to provide additional controls. The internal authorisation process is now followed by external authorisation from a Justice of the Peace.

For the Council surveillance activities are most likely to be carried out within the areas of benefit fraud and environmental health. However, in practice the District Council seeks to carry out enforcement activity by overt means whereby it is not necessary to engage the provisions of RIPA.

On the 10<sup>th</sup> September 2013 the Audit Committee considered a report recommending the adoption of a revised surveillance policy and the approval of reporting arrangements to Elected Members following the Commissioner's inspection.

In the last three years there has been only one instance of covert monitoring which had related to a housing benefit contravention where it has been necessary to undertake surveillance outside a house. No surveillance operations have taken place in the last three months.

Training on RIPA for officers of this Council took place on the 11<sup>th</sup> November 2013 with an emphasis on allowing delegates to do their job whilst respecting the law. Delegates worked through a number of real life case studies and exercises in order to discuss issues that commonly arise.

### Appendix

Council on the 1<sup>st</sup> October 2013 noted the Chief Surveillance Commissioner's report, adopted the revised Surveillance Policy and agreed an annual report with quarterly updates being made to Councillors by e-mail in addition to being available on the Members Electronic Portal.

#### **6. Good Governance**

The Monitoring Officer has a pro-active role in promoting good practice, good procedures and good governance. This involves networking, collaboration and joined-up working practices and decision making as well as ensuring standing orders, codes of practice, procedures are kept under review and up to date. Collaborative working entails regular weekly meetings with the Chief Executive/s.151 officer, Chief Officers/Senior Management Team as well as working in partnership with other departments to develop and disseminate policies and procedures. There is also the work undertaken in partnership with other authorities.

In 2013 the Council stepped up its efforts to bring further economic growth to the District.

After months of planning, and negotiation, the Council secured a new Marks & Spencer department store for Sevenoaks town. Construction began on the 2,700 square metre retail development in May, which is set to open its doors to customers in the summer of 2014. The store is expected to attract new shoppers to Sevenoaks benefitting existing traders while securing the town's retail future.

In partnership with the county and neighbouring councils, Sevenoaks District Council successfully bid for £5.5 million of interest free loan funding for local businesses. The money will be used to support fast growing companies to safeguard or create 1,200 jobs in the area.

Other initiatives included launching a free e-mail newsletter for businesses, using planning policies to protect key office space from potential housing development and free car parking in the District's retail centres in the run-up to Christmas.

Building on the 2012 Paralympic Games legacy, the Council encouraged more people to take up cycling by installing 60 plus bike racks across the District and working with British Cycling to run a series of community cycle rides. It also secured £50,000 in funding to install an Adizone outdoor gym in West Kingsdown where the Paralympic cycling Games took place.

This year has seen significant change at the Council. After 10 years our Chief Executive retired and was succeeded by the Council's Finance Director. One of the first tasks undertaken by the new Chief Executive/s.151 Officer was to introduce a streamlined senior management structure creating financial savings for the Council.

The Council went under the microscope in December when it volunteered for a Peer Review by the Local Government Association (LGA). The review involved a number of officers and Councillors from other councils and together with sector experts, including the Department for Communities and Local Government's Finance Director, looking at how well it performs and testing its plans for the future.

Their feedback was extremely positive. The LGA team said they were impressed with the Council's financial management, culture, high levels of customer satisfaction and the pride staff take in their work, helping it achieve one of the best reputations in local government. They also praised the way the Council works with the community and partner organisations to deliver its vision to improve the quality of life in the District.

### **7. The Ethical Framework and Work of the Standards Committee**

The New Standards Committee which was introduced on the 24<sup>th</sup> July 2012 comprises 7 Members in accordance with the political balance rules.

An Independent Person has a statutory role under the Localism Act 2011 and Mr John Linehan was appointed Independent Person and Mrs Elaine Jackson was appointed as the reserve Independent Person for the purposes of the Localism Act 2011 by a majority of the Council with immediate effect from the 23<sup>rd</sup> April 2013. The Independent Persons are not Members of the Standards Committee although they are given details of the Committee's meeting date in order that they may attend. The Independent Persons assist the Monitoring Officer in considering complaints and will also be consulted by the Monitoring Officer following investigations to help decide what action to take. The Independent Person may also be contacted by Councillors who are the subject of any complaint.

The Standards Committee has a key role in facilitating and promoting the Ethical Framework and in promoting and maintaining high standards of conduct within the Authority. The terms of reference of the committee are set out within Part 3 of the Constitution entitled "Standards Committee".

Examples of the Standards Committee's work during 2013 is as follows:

- Receive the Annual Monitoring Officer's Report
- Review of the New Standards Regime and making minor amendments
- Reviewing the need for a Dispensation in Relation to Setting the Council Tax or a Precept
- Standards Training
- Looking at Openness and transparency in relation to interests

#### **7.1 Maintaining a Register of Member Interests**

The codes of conduct of relevant authorities must include provision for the registration and disclosure of "disclosable pecuniary interests", as defined in the Relevant Authorities (Disclosable Pecuniary Interests) Regulations 2012. Members with disclosable pecuniary interests in the business of their authorities are prohibited from participating in such business unless they have a dispensation. The Localism Act 2011 has introduced criminal offences relating to failure to register disclosable pecuniary interests. Members convicted of such offences are liable to a scale 5 fine and may also be disqualified from being a councillor for up to five years.

### **Appendix**

Disclosable pecuniary interests are defined in the Relevant Authorities (Disclosable Pecuniary Interests) Regulations 2012.

Members at this Council through training have been made aware that even if a Member's interest does not amount to a disclosable pecuniary interest, if their interest in a matter would lead them to predetermine a decision, it would not be appropriate for that member to participate in the decision, If they did so the decision could be vulnerable to challenge.

In addition, the Department for Communities and Local Government have stated that where a Councillor receives a taxable allowance from any authority of which they are a member, the allowance would give rise to a disclosable pecuniary interest that should be entered on the registers of interests under "Employment, office, trade, profession or vacation. However, the question of whether a Councillor has a disclosable pecuniary interest in an item of Council business related to another authority of which he is a member will depend on the nature of what is to be discussed.

The prohibitions on councillors participating in any discussion or vote on an item of Council business in which they have a disclosable pecuniary interest ensures that Councillors cannot put their private financial interests before the public interest. However, where a Councillor has a disclosable pecuniary interest but stand to make no personal financial gain by participating in a discussion or vote on Council business related to that interest, they can apply for a dispensation, under section 33 of the Localism Act 2011. The grounds for granting a dispensation will depend on the circumstances.

#### **6.1 Code of Conduct for Employees**

The Code is based on an original draft published by the IDeA and has been updated since being implemented in 2006. The Code forms part of the employers' terms and conditions of employment. The Code is well publicised on the Council's internal intranet and is introduced to employees through the induction process.

Under the Code employees must declare any non-financial or financial interests that they or members of their family have which they consider could conflict with the Council's interests. Chief Officers and the Chief Executive declarations of non-financial or financial interests are declared to the Monitoring Officer.

All relationships of a business or private nature with external contractors, or potential contractors should be made known to the employees' Managers and Chief Officers.

All hospitality received and given should be appropriate, necessary and must, wherever possible, have the prior sanction of the relevant Chief Officer and must be recorded in the Hospitality book kept by the Chief Executive's Secretary. There is a Protocol on Corruption, Gifts and Hospitality contained within the Staff Code of Conduct.

#### **6.2 Whistle Blowing**

The Council's Whistle Blowing Policy was amended in March 2012 to reflect the requirements of the Bribery Act 2010. The Policy sets out how to raise concerns within the organisation with employees encouraged in the first instance to raise concerns with their immediate manager or superior.

Concerns may be raised verbally or in writing and there is a dedicated telephone number which allows communication in confidence to the Audit and Fraud Team.

A record of concerns raised and the outcomes (but in a form which does not endanger confidentiality) is maintained and reported (in such a way as to preserve confidentiality), to the relevant committee of the Council.

The Policy is intended to provide an avenue within the Council to raise concerns. However, if it is felt that it is right to take the matter outside the Council contact points are given as follows:

- Public Concern at Work
  
- Citizens Advice Bureau
  
- Relevant professional bodies or regulatory organisations
  
- Relevant voluntary organisation
  
- The police
  
- Trade Union representative
  
- Local Government Ombudsman

In the last calendar year no concerns have been raised under the Whistle Blowing Policy.

#### **6.4 Human Resources Strategy and Workforce Plan**

A Human Resources Strategy and Workforce Plan is available on the Council's internal intranet which incorporates many policies, strategies and procedures. These are regularly reviewed in line with legislative changes.

#### **6.5 New Standards**

The Localism Act 2011 and subordinate legislation made extensive changes to the Standards regime which had previously applied under the Local Government Act 2000 and subordinate legislation. The changes are to achieve high standards of conduct and to put in place an appropriate regime.

Under the new regime Councils have been obliged to adopt a Code of Conduct for their Members and Co-opted Members as part of their duty to promote and maintain high standards of conduct. These include provisions relating to the registration and disclosure of interests although, unlike the arrangements under the previous legislation, authorities were no longer required to adopt codes based on a national model. However, most authorities have chosen to adopt codes which reflect models suggested by various recognised organisations. Sevenoaks District Council chose the text published by the Department for Communities and Local Government (DCLG).



## Appendix

Town and Parish Councils will have adopted their own Codes although they must be based on the seven Nolan principles laid down in the Localism Act 2011. The District Council encouraged Town and Parishes to adopt the Sevenoaks District Council Code, although it is known that some have adopted the National Association of Local Council's model.

Councils in England are no longer required to have the statutory Standards committee which was established under the provisions of the Local Government Act 2000 and the Standards Committee (England) Regulations 2008. However, the majority of Councils did choose to retain such a committee including Sevenoaks District Council. The new standards committee is an ordinary committee of the council which means that it is politically balanced and subject to the usual requirements relating to access to information.

Under the Localism Act 2011 authorities are not obliged to include provisions in their arrangements for members to be able to appeal against findings that they have breached the code of conduct of their authorities. This Council decided not to include appeal provisions in their arrangements although for procedural irregularity a complaint can always be made to the Ombudsman.

The Localism Act 2011 makes no provision for sanctions against Members who are found to have breached the codes of conduct of their authorities. However, authorities are able to censure members, to publicise breaches of their codes of conduct, to report to their Councils and to recommend that members are removed from positions on committees and outside bodies. This Council decided to include provisions for the Monitoring Officer to be instructed to arrange training for the Member and/or conciliation if appropriate which is a useful practical measure for improving member conduct.

### 6.6 Complaints against Members

The current Standards Regime, set up under the Localism Act 2011, was implemented by this Council in July 2012.

Allegations of Member Misconduct received under this regime, up to December 2012, numbered 15. All of these related to Parish/Town Council Members (no complaints relating to District Councillors) and 11 of these complaints related to one Parish Council. None of these complaints went to formal investigation.

Three complaints have been received between January and December 2013:

	<b>Subject Member</b>	<b>Complainant</b>	<b>Received</b>	<b>Assessed</b>	<b>Result</b>
13/01	Parish/Town	Councillor	January 13	January 13	No Further Action
13/02	District	Member of the public	January 13	February 13	No Further Action

13/03	Parish/Town	Councillors (4)	April/May 13	July 13	Informal Resolution, with the help of the Independent Person
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The last meeting of the Standards Committee, which took place on 24 January 2013, reviewed the procedures put in place in July 2012 in light of the complaints received in 2012. Some Initial Intake Criteria were strengthened to improve the process of receiving and considering such Complaints.

The first complaint in the table above would not have progressed beyond the Initial Intake Stage under these revised criteria, as it related to a disagreement within another organisation.

The second complaint in the table above was subject to a brief deferment as a complaint had been made to the police also. This came to nothing and, under the District Council Assessment, there was no evidence of a breach of the Code of Conduct.

The third complaint could have fallen within the relevant Council's Code; but it was not considered sufficiently serious to warrant an Investigation, and any investigation may not have served any useful purpose. The Independent Person offered to progress the matter to attempt Informal Resolution.

At the time of writing this report there are no outstanding complaints at any stage in the process.

The number of complaints has reduced considerably in 2013. There are no lessons to be picked up from operating the procedures this year requiring amendment to the Intake or Assessment Criteria; but it did prove very useful to have the Independent Person involved in the mediation/conciliation work.

**7. Equalities and the Public Sector Equality Duty under the Equality Act 2010**

As a community leader, service provider and employer Sevenoaks District Council recognises that everyone has a contribution to make to our society and a right to access services without being discriminated against or disadvantaged.

Sevenoaks District Council is part of the West Kent Equality Partnership which also includes Tonbridge & Malling Borough Council and Tunbridge Wells Borough Council.

The Partnership sets out its aims and commitments for 2012-16 and reviews its progress against its aims and commitments.

**8. Support to Councillors, Cabinet, Scrutiny and Committee Meetings**

The distribution and publication of committee reports, agendas and decisions is central to meeting the requirements of a key deliverable. It is the Monitoring Officer’s responsibility to oversee the process and ensure that these documents comply with statutory and constitutional requirements.

This includes:

- Distributing and publishing all agendas within five clear working days of the meeting taking place and ensuring that all agendas are compliant with the access to information rules and exempt information is marked up accordingly.
- Advertising public meetings five clear days before the meeting date.
- Ensuring that papers are made available to the public.
- Drafting minutes for publication within nine working days.
- Publishing a record of all decisions including key decisions taken by Cabinet within 48 hours (2 working days) of the meeting.
- Ensuring that petitions are handled in accordance with the Council’s Constitution including e-petitioning.
- Ensuring that meetings are accessible.
- Complying with the requirements of The Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012.

**9. Statutory Meeting Analysis**

One of the explicit aims of the Council has been to try and streamline the decision making process to allow Council to focus on service delivery.

Between the 15 May 2012 and 14<sup>th</sup> May 2013 the following were serviced:

Full Council (including 1 annual meeting)	Meetings	7
Cabinet		11
Performance and Governance Committee		5
Electoral Arrangement Committee		2
Environment Select Committee		5
Services Select Committee		5
Social Affairs Select Committee		4

## Agenda Item 7a

### Appendix

Modern Local Government Group	3
Development Control Committee	17
Standards Committee	1
Sevenoaks Joint Transportation Board	4
Licensing Committee	5
Sevenoaks District Locality Board	4
Finance Advisory Group	5
Local Development Framework Advisory Group	3

Other meetings serviced include 6 Licensing Sub Committee hearings.

Annual Council on the 14th May 2013 saw the introduction of the new governance structure.

Between the 15<sup>th</sup> May 2013 and the 31<sup>st</sup> December the following committees under the new structure were serviced (in brackets the figure shows how many additional meetings have been scheduled for the remainder of the Municipal year):

Full Council Meetings (including 1 annual meeting)	3	(2)
Strategy & Performance Advisory Committee	3	(1)
Economic & Community Development Advisory Committee	2	(2)
Finance & Resources Advisory Committee	3	(1)
Housing & Community Safety Advisory Committee	2	(2)
Local Planning & Environmental Advisory Committee	3	(2)
Cabinet	5	(4)
Audit Committee	2	(2)
Licensing Committee	2	(2)
Licensing Sub Committee Hearings	7	(5)
Development Control Committee	11	(5)
Governance Committee	3	(2)
Standards Committee	0	(1)

**Appendix**

Sevenoaks Joint Transportation Board	2	(1)
Sevenoaks District Locality Board	1	
Sevenoaks District Strategic Board	1	(1)
Health Liaison Board	2	(2)

The volume of meetings represents a substantial commitment of both Councillors' and Officers' time and resources. It is of great importance that meetings constitute an effective use of time and resources; that they add value to corporate effectiveness and help in meeting the aims and objectives of the Constitution and the Community Plan and Corporate Plan.

**10. Notice of Key Decisions which replaces the Forward Plan**

The Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012 replaced the 2000 Executive Access to Information Regulations. The new regulations only apply to executive decisions. Previously there was a requirement to publish a rolling forward plan at least 14 days before the start of each month that set out details of all the key decisions which the authority anticipated making within the next four months. This has now been replaced by a requirement to publish a 28 clear day's notice of any intended key decision. This notice is available for inspection and is also published on the authority's website. If an urgent decision is required and it is impracticable to give the full notice, the key decision can still be taken if the authority gives at least five days' clear notice to the Scrutiny Committee of the authority which can then call in the decision to check that it was genuinely urgent. Where a key decision is so urgent there is not even time to give five clear days' notice, the authority can still take the decision if the Chairman of the Scrutiny Committee has agreed that the key decision is urgent and cannot reasonably be deferred.

This new requirement is being observed by the authority and by publishing the Notice of Key Decisions the public will be able to find out the expected timing of key decisions.

**10.2 Call-In requests**

There were no call-in requests within 2013.

**10.3 Scrutiny Function**

The Council is required by Law to discharge certain scrutiny functions. These functions are an essential component of local democracy. A Scrutiny Committee is a powerful committee which principally holds the Executive to account for its decisions. Policy development used to take place within the Select Committees and this now takes place within the Cabinet Advisory Committees, this being part of the changes made by the Governance restructure.

**10.4 Member Training and Development**

The New Standards and Conduct Arrangements for Members were adopted by the Full Council on the 24<sup>th</sup> July 2012 and briefing reports on the new system were circulated prior to adoption.

Specialist training on the Code of Conduct and Standards was given on the 27<sup>th</sup> September 2012 by Claire Lefort an Associate at Weightmans Solicitors and a recognised expert in the field of governance and was well attended by both District Councillors and Parish/Town Councillors.

Training for the Independent Person took place on the 4<sup>th</sup> December 2012.

During 2013 the following relevant training has been under taken by the Monitoring Officer and her staff:

March 2013 – training for the (then) Chairman of the Committee.

May 2013 – training for the newly appointed Independent Person and Deputy Independent Person

August 2013 – afternoon training for Members of the Committee

October 2013 – evening training for Members of the Committee

The Monitoring Officer employs an open door policy allowing District Council Members to call in at any time to receive advice.

The New Standards Committee has worked well through out the year as a cohesive group to promote high standards across the whole district.

### **11 Conclusion**

The Monitoring Officer's role in conjunction with the Standards Committee encompasses both proactive and reactive elements. The proactive role centres on raising standards, encouraging ethical behaviour, increasing awareness and utilisation of the elements of good governance and ensuring that robust procedures are in place.

The reactive role focuses on taking appropriate action to deal with issues and potential problems as they arise. The Monitoring Officer together with the Standards Committee's effectiveness in this role is in turn dependent on effective systems and procedures being in place to identify problems and ensure that Members, Officers and Public are aware of appropriate channels to raise concerns.

Christine Nuttall  
Monitoring Officer

**Item 7 (b) – Openness and Transparency on Personal Interests**

**Recommendation to Council:**

- a) to consider whether the DCLG amendment underlined in red and highlighted in the Illustrative Text, as set out in Appendix A in this report be incorporated into the Sevenoaks District Council's Code of Conduct;
- b) to note the amended Department for Communities and Local Government (DCLG) "guide for councillors" set out at Appendix B regarding "Openness and transparency on personal interests".

—

The attached report was considered by the Standards Committee and the Governance Committee, relevant minute extracts below:

Standards Committee - 16 January 2014 (Minute 4)

The Chief Legal and Governance Officer presented a report which advised that the Department for Communities and Local Government (DCLG) had published revised guidance on personal interests with respect to membership of trade unions which required a slight amendment to the Council's Code of Conduct. Also attached for information was additional guidance that had been published in relation to openness and transparency on personal interests, which confirmed that the DCLG's view was that a dispensation was not required to take part in the business of setting council tax or a precept, simply by virtue of being a homeowner or tenant within the Authority's area. The Committee noted this clarification as this had been a matter under discussion at the last meeting.

A query was raised over the anomaly that might occur if the NALC Code had been adopted by a Parish/Town Council.

*Action 1: That an email be circulated to give Members an opportunity to update their disclosable pecuniary interest forms.*

Resolved: That it be recommended to Council that

- a) the DCLG amendment underlined in red and highlighted in the Illustrative Text, as set out in Appendix A of the report be incorporated into the Sevenoaks District Council's Code of Conduct; and
- b) the amended Department for Communities and Local Government (DCLG) "guide for councillors" set out at Appendix B of the report regarding "Openness and transparency on personal interests", be noted.

## Agenda Item 7b

### Governance Committee - 29 January 2014 (Minute 27)

The Chief Legal and Governance Officer presented a report which advised that the Department for Communities and Local Government (DCLG) had published revised guidance on personal interests with respect to membership of trade unions which required a slight amendment to the Council's Code of Conduct. Also attached for information was additional guidance that had been published in relation to openness and transparency on personal interests, which confirmed that the DCLG's view was that a dispensation was not required to take part in the business of setting council tax or a precept, simply by virtue of being a homeowner or tenant within the Authority's area. The Committee noted this clarification.

Resolved: That it be recommended to Council that

- c) the DCLG amendment underlined in red and highlighted in the Illustrative Text, as set out in Appendix A of the report be incorporated into the Sevenoaks District Council's Code of Conduct; and
- d) the amended Department for Communities and Local Government (DCLG) "guide for councillors" set out at Appendix B of the report regarding "Openness and transparency on personal interests", be noted.



**OPENNESS AND TRANSPARENCY ON PERSONAL INTERESTS**

**Council – 18 February 2013**

Report of	Monitoring Officer
Status:	For consideration and decision
Also considered by:	Governance Committee – 29 January 2013 Standards Committee – 16 January 2014
Key Decision	No

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

**Contact Officer(s)** Mrs Christine Nuttall – Chief Officer Legal and Governance

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**Recommendation to the Standards Committee:**

- (a) to consider whether the DCLG amendment underlined in red and highlighted in the Illustrative Text, as set out in Appendix A in this report be incorporated into the Sevenoaks District Council’s Code of Conduct;
- (b) to note the amended Department for Communities and Local Government (DCLG) “guide for councillors” set out at Appendix B regarding “Openness and transparency on personal interests”; and

**Recommendation to the Governance Committee:**

- (a) to consider whether the DCLG amendment underlined in red and highlighted in the Illustrative Text, as set out in Appendix A in this report be incorporated into the Sevenoaks District Council’s Code of Conduct;
- (b) to note the amended Department for Communities and Local Government (DCLG) “guide for councillors” set out at Appendix B regarding “Openness and transparency on personal interests”; and

**Recommendation to Full Council:**

- (a) to consider whether the DCLG amendment underlined in red and highlighted in the Illustrative Text, as set out in Appendix A in this report be incorporated into the Sevenoaks District Council’s Code of Conduct;
  - (b) to note the amended Department for Communities and Local Government (DCLG) “guide for councillors” set out at Appendix B regarding “Openness and transparency on personal interests”.
-

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**Reason for recommendation:** To keep the Council's Code of Conduct (the Code) under review and to ensure that Members of the Council receive up to date guidance on the Code of Conduct.

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### **Introduction and Background**

- 6 Following the introduction of the Localism Act 2011 and subordinate legislation extensive changes were made to the Standards regime. The changes were brought in to achieve high standards of conduct and to put in place an appropriate regime. Under the new regime Councils were obliged to adopt a Code of Conduct for their Members and Co-opted Members in order to promote and maintain high standards of conduct. These included provisions relating to the registration and disclosure of interests and authorities were no longer required to adopt codes based on a national model. Most authorities chose to adopt codes which reflected models suggested by various recognised organisations. Sevenoaks District Council chose the text published by the Department for Communities and Local Government (DCLG).
- 7 The DCLG has published revised guidance on Personal Interests, with respect to membership of a Trades Union. The covering letter from DCLG and the Guidance to which it relates concludes that it is a legal requirement that such membership should be 'registered and declared'. The covering letter from DCLG and the changes that would need to be incorporated into our Code of Conduct are shown in red within the DCLG Illustrative Text as set out at Appendix A.
- 8 When it comes to registering and declaring pecuniary and non-pecuniary interests the illustrative text from the DCLG takes the view that membership of a Trade Union is a Non-Pecuniary interest and is not prescribed as a Disclosable Pecuniary Interest. Therefore there is no enforceable criminal legal power to back compliance with this requirement.
- 9 However, the revised guidance as set out at Appendix B explains that any payment or financial benefit from a trade union is a Disclosable Pecuniary Interest. Therefore non disclosure could result in a criminal sanction. The Council's Notification of Disclosable Pecuniary Interests Form does require under Part B Sponsorship disclosure of "Any payment or provision of any other financial benefit (other than from Sevenoaks District Council) ... in respect of any expenses incurred by you in carrying out duties as a member, or towards the election expenses of yourself. This includes any payment or financial benefit from a trade union within the meaning of the Trade Union and Labour Relations (Consolidation) Act 1992".

### **Registering Membership of a Trade Union**

- 10 It has always been the position of this Council and the Standards Committee that openness and transparency are key to maintaining public confidence in the office of Councillor. With that in mind, when the Council adopted its new Code of Conduct, it continued to be a requirement of the Code that all Members give notification of Non Pecuniary Interests that include "Bodies whose principle purpose include the influence of public opinion or policy of which you are a member or in a position of general control or management (including any political

party or trade union)". In conclusion, the Council's policy position on transparency with respect to Trades Union membership is consistent with the DCLG position.

**Is a Dispensation necessary to take part in Setting Council Tax or a Precept**

- 6 The position on this has been made clear in the revised guidance which confirms DCLG's view that a dispensation is not required to take part in the business of setting council tax or a precept, simply by virtue of being a homeowner or tenant within the Authority's area. The Committee is asked to note this clarification as this was a matter under discussion at the last meeting of the Standards Committee.

**Key Implications**

Financial

- 7 None.

Legal Implications and Risk Assessment Statement.

- 8 Under section 28(2) of the Localism Act 2011, "A relevant authority must secure that its code of conduct includes the provision the authority considers appropriate in respect of the registration in its register, and disclosure of-

- (a) pecuniary interests, and
- (b) interests other than pecuniary interests".

Accordingly, Members and Co-opted Members must notify the Monitoring Officer of any interests that the Council has decided should be included in the register.

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	This report provides insight into the high ethical standards applied across all levels of the authority.
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

## Agenda Item 7b

### Conclusions

- 9 The Committee is asked to consider whether the DCLG amendments as set out in red within their illustrative text within Appendix A to this report should be recommended to the Governance Committee for adoption by Council.

### Appendices

Appendix A – Letter from DCLG dated 20<sup>th</sup> September 2013 with illustrative text for code dealing with the conduct expected of members and co-opted members of the authority when acting in that capacity with amendments shown in red for possible incorporation in the Members' Code of Conduct.

Appendix B – DCLG's "Openness and transparency on personal interests A guide for councillors"

### Background Papers:

[The Council's Constitution in particular Appendix O "Notification of Disclosable Pecuniary Interests \(Sevenoaks District Council\)" and Appendix Q "Sevenoaks District Council Members' Code of Conduct".](#)

[The Localism Act 2011](#)

**Mrs Christine Nuttall**  
**Chief Officer for Legal and Governance**



Department for  
Communities and  
Local Government

Appendix A

Chief Executives  
Principal Local Authorities in England  
Greater London Authority  
Fire and Rescue Authorities in England  
The London Fire and Emergency Planning Authority  
The Broads Authority  
National Park Authorities in England  
Council of the Isles of Scilly

20 September 2013

Dear Chief Executive,

**OPENNESS AND TRANSPARENCY ON PERSONAL INTERESTS:  
A GUIDE FOR COUNCILLORS**

I enclose a copy of the revised plain English guide for councillors on openness and transparency on personal interests, and a copy of a revised illustrative text for a code of conduct for members and co-opted members of local authorities, both of which the Department has today published on its website.

The guide gives straightforward information about how councillors should be open and transparent about their personal interests. It has been revised with new guidance making it clear that councillors should treat Trade Union membership as a personal, non-pecuniary interest. The illustrative code has been revised to reflect the same guidance.

Where a councillor is sponsored by a Trade Union, this constitutes a disclosable pecuniary interest and as such must be registered and declared. The guide now makes it clear that membership of a Trade Union constitutes a personal interest which should be registered and declared. The Government believes that this new guidance will give local people the confidence that their councillors are putting residents' interests before their own and before those of any particular group. I should be grateful if you would please draw the guide and this correspondence to the attention of your monitoring officer.

Yours sincerely

**Paul Rowsell**

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**Appendix A**

**Illustrative text for code dealing with the conduct expected of members and co-opted members of the authority when acting in that capacity**

You are a member or co-opted member of the [name] council and hence you shall have regard to the following principles – selflessness, integrity, objectivity, accountability, openness, honesty and leadership.

Accordingly, when acting in your capacity as a member or co-opted member -

You must act solely in the public interest and should never improperly confer an advantage or disadvantage on any person or act to gain financial or other material benefits for yourself, your family, a friend or close associate.

You must not place yourself under a financial or other obligation to outside individuals or organisations that might seek to influence you in the performance of your official duties.

When carrying out your public duties you must make all choices, such as making public appointments, awarding contracts or recommending individuals for rewards or benefits, on merit.

You are accountable for your decisions to the public and you must co-operate fully with whatever scrutiny is appropriate to your office.

You must be as open as possible about your decisions and actions and the decisions and actions of your authority and should be prepared to give reasons for those decisions and actions.

You must declare any private interests, both pecuniary and non-pecuniary, **including your membership of any Trade Union**, that relate to your public duties and must take steps to resolve any conflicts arising in a way that protects the public interest, including registering and declaring interests in a manner conforming with the procedures set out in the box below.

You must, when using or authorising the use by others of the resources of your authority, ensure that such resources are not used improperly for political purposes (including party political purposes) and you must have regard to any applicable Local Authority Code of Publicity made under the Local Government Act 1986.

You must promote and support high standards of conduct when serving in your public post, in particular as characterised by the above requirements, by leadership and example.

**Registering and declaring pecuniary and non-pecuniary interests**

You must, within 28 days of taking office as a member or co-opted member, notify your authority's monitoring officer of any disclosable pecuniary interest as defined by regulations made by the Secretary of State, where the pecuniary interest is yours, your spouse's or civil partner's, or is the pecuniary interest of somebody with whom you are living with as a husband or wife, or as if you were civil partners.

In addition, you must, within 28 days of taking office as a member or co-opted member, notify your authority's monitoring officer of any disclosable pecuniary or non-pecuniary interest which your authority has decided should be included in the register or which you consider should be included if you are to fulfil your duty to act in conformity with the Seven Principles of Public Life. **These non-pecuniary interests will necessarily include your membership of any Trade Union.**

If an interest has not been entered onto the authority's register, then the member must disclose the interest to any meeting of the authority at which they are present, where they have a disclosable interest in any matter being considered and where the matter is not a 'sensitive interest'.<sup>1</sup>

Following any disclosure of an interest not on the authority's register or the subject of pending notification, you must notify the monitoring officer of the interest within 28 days beginning with the date of disclosure.

Unless dispensation has been granted, you may not participate in any discussion of, vote on, or discharge any function related to any matter in which you have a pecuniary interest as defined by regulations made by the Secretary of State. Additionally, you must observe the restrictions your authority places on your involvement in matters where you have a pecuniary or non pecuniary interest as defined by your authority.

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<sup>1</sup> A 'sensitive interest' is described in the Localism Act 2011 as a member or co-opted member of an authority having an interest, and the nature of the interest being such that the member or co-opted member, and the authority's monitoring officer, consider that disclosure of the details of the interest could lead to the member or co-opted member, or a person connected with the member or co-opted member, being subject to violence or intimidation.





Department for  
Communities and  
Local Government

**Appendix B**

# Openness and transparency on personal interests

A guide for councillors

## Agenda Item 7b

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## Appendix B

## The Guide

This guide on personal interests gives basic practical information about how to be open and transparent about your personal interests. It is designed to help councillors, including parish councillors, now that new standards arrangements have been introduced by the Localism Act 2011<sup>1</sup>.

### Why are there new rules?

Parliament has abolished the Standards Board regime and all the rules under it. It has done this because that centrally-imposed, bureaucratic regime had become a vehicle for petty, malicious and politically-motivated complaints against councillors. Rather than creating a culture of trust and openness between councillors and those they represent, it was damaging, without justification, the public's confidence in local democratic governance.

The new standards arrangements that Parliament has put in place mean that it is largely for councils themselves to decide their own local rules. It is essential that there is confidence that councillors everywhere are putting the public interest first and are not benefiting their own financial affairs from being a councillor. Accordingly, within the new standards arrangements there are national rules about councillors' interests.<sup>2</sup>

Such rules, in one form or another, have existed for decades. The new rules are similar to the rules that were in place prior to the Standards Board regime. Those rules, originating in the Local Government Act 1972 and the Local Government and Housing Act 1989, involved local authority members registering their pecuniary interests in a publicly available register, and disclosing their interests and withdrawing from meetings in certain circumstances. Failure to comply with those rules was in certain circumstances a criminal offence, as is failure to comply in certain circumstances with the new rules.

### Does this affect me?

Yes, if you are an elected, co-opted, or appointed member of:

- a district, unitary, metropolitan, county or London borough council
- a parish or town council
- a fire and rescue authority
- a transport or other joint authority
- a combined authority or an economic prosperity board
- the London Fire and Emergency Planning Authority
- the Broads Authority

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<sup>1</sup> The Guide should not be taken as providing any definitive interpretation of the statutory requirements; those wishing to address such issues should seek their own legal advice.

<sup>2</sup> The national rules are in Chapter 7 of the Localism Act 2011 and in the secondary legislation made under the Act, particularly in The Relevant Authorities (Disclosable Pecuniary Interests) Regulations 2012 (S.I. 2012/1464).

- a National Park authority
- the Greater London Authority
- the Common Council of the City of London
- the Council of the Isles of Scilly

### How will there be openness and transparency about my personal interests?

The national rules require your council or authority to adopt a code of conduct for its members and to have a register of members' interests.

The national rules require your council's code of conduct to comply with the Seven Principles of Public Life, and to set out how, in conformity with the rules, you will have to disclose and register your pecuniary and your other interests. Within these rules it is for your council to decide what its code of conduct says. An illustrative text for such a code is available on the Department's web site.<sup>3</sup>

Your council's or authority's monitoring officer (or in the case of a parish council the monitoring officer of the district or borough council) must establish and maintain your council's register of members' interests. Within the requirements of the national rules it is for your council or authority to determine what is to be entered in its register of members' interests.

### What personal interests should be entered in my council's or authority's register of members' interests?

Disclosable pecuniary interests, and any other of your personal interests which your council or authority, in particular through its code of conduct, has determined should be registered.

Any other of your personal interests which you have asked the monitoring officer, who is responsible for your council's or authority's register of members' interests, to enter in the register.

As explained in the following section, your registration of personal interests should be guided by your duty to act in conformity with the seven principles of public life. You should ensure that you register all personal interests that conformity with the seven principles requires. These interests will necessarily include your membership of any Trade Union.

### What must I do about registering my personal interests?

Under your council's code of conduct you must act in conformity with the Seven Principles of Public Life. One of these is the principle of integrity – that 'Holders of public office must avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. They should not act or take decisions in

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<sup>3</sup> <https://www.gov.uk/government/publications/illustrative-text-for-local-code-of-conduct--2>

**Appendix B**

order to gain financial or other material benefits for themselves, their family, or their friends. **They must declare and resolve any interests and relationships.**<sup>4</sup>

Your registration of personal interests should be guided by this duty and you should give the monitoring officer who is responsible for your council's or authority's register of members' interests any information he or she requests in order to keep that register up to date and any other information which you consider should be entered in the register.

All sitting councillors need to register their declarable interests – both declarable pecuniary interests, and other interests that must be declared and registered as required by your authority's code, or your duty to act in conformity with the Seven Principles of Public Life, such as your membership of any Trade Union. Any suggestion that you should tell the monitoring officer about your pecuniary interests only in the immediate aftermath of your being elected is wholly incompatible with this duty, with which you must comply.

If you have a disclosable pecuniary interest which is not recorded in the register and which relates to any business that is or will be considered at a meeting where you are present, you must disclose<sup>5</sup> this to the meeting and tell the monitoring officer about it, if you have not already done so, so that it can be added to the register. You must tell the monitoring officer within 28 days of disclosing the interest. For this purpose a meeting includes any meeting of your council or authority, of its executive or any committee of the executive, and of any committee, sub-committee, joint committee or joint sub-committee of your authority.

If you have a disclosable pecuniary interest which is not shown in the register and relates to any business on which you are acting alone, you must, within 28 days of becoming aware of this, tell the monitoring officer about it, if you have not already done so, so that it can be added to the register. You must also stop dealing with the matter as soon as you become aware of having a disclosable pecuniary interest relating to the business.

When you are first elected, co-opted, or appointed a member to your council or authority, you must, within 28 days of becoming a member, tell the monitoring officer who is responsible for your council's or authority's register of members' interests about your disclosable pecuniary interests. If you are re-elected, re-co-opted, or reappointed a member, you need to tell the monitoring officer about only those disclosable pecuniary interests that are not already recorded in the register.

## What are pecuniary interests?

A person's pecuniary interests are their business interests (for example their employment, trade, profession, contracts, or any company with which they are associated) and wider

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<sup>4</sup> <http://www.public-standards.gov.uk/about-us/what-we-do/the-seven-principles/>

<sup>5</sup> If the interest is a sensitive interest you should disclose merely the fact that you have such a disclosable pecuniary interest, rather than the interest. A sensitive interest is one which the member and the monitoring officer, who is responsible for the register of members' interests, consider that disclosure of its details could lead to the member, or a person connected to the member, being subject to violence or intimidation.

financial interests they might have (for example trust funds, investments, and assets including land and property).

### Do I have any disclosable pecuniary interests?

You have a disclosable pecuniary interest if you, or your spouse or civil partner, have a pecuniary interest listed in the national rules (see annex). Interests of your spouse or civil partner, following the approach of the rules under the 1972 and 1989 Acts, are included to ensure that the public can have confidence that councillors are putting the public interest first and not benefiting the financial affairs of themselves or their spouse or civil partner from which the councillor would stand to gain. For this purpose your spouse or civil partner includes any person with whom you are living as husband or wife, or as if they were your civil partner.

### Does my spouse's or civil partner's name need to appear on the register of interests?

No. For the purposes of the register, an interest of your spouse or civil partner, which is listed in the national rules, is **your** disclosable pecuniary interest. Whilst the detailed format of the register of members' interests is for your council to decide, there is no requirement to differentiate your disclosable pecuniary interests between those which relate to you personally and those that relate to your spouse or civil partner.

### Does my signature need to be published online? Won't this put me at risk of identity theft?

There is no legal requirement for the personal signatures of councillors to be published online.

### Who can see the register of members' interests?

Except for parish councils, a council's or authority's register of members' interests must be available for inspection in the local area, and must be published on the council's or authority's website.

For parish councils, the monitoring officer who is responsible for the council's register of members' interests must arrange for the parish council's register of members' interests to be available for inspection in the district of borough, and must be published on the district or borough council's website.

Where the parish council has its own website, its register of members' interests must also be published on that website.

This is in line with the Government's policies of transparency and accountability, ensuring that the public have ready access to publicly available information.

**Appendix B**

## Is there any scope for withholding information on the published register?

Copies of the register of members' interests which are available for inspection or published must not include details of a member's sensitive interest, other than stating that the member has an interest the details of which are withheld. A sensitive interest is one which the member and the monitoring officer, who is responsible for the register of members' interests, consider that disclosure of its details could lead to the member, or a person connected to the member, being subject to violence or intimidation.

## When is information about my interests removed from my council's register of members' interests?

If you cease to have an interest, that interest can be removed from the register. If you cease to be a member of the authority, all of your interests can be removed from the register.

## What does having a disclosable pecuniary interest stop me doing?

If you are present at a meeting of your council or authority, of its executive or any committee of the executive, or of any committee, sub-committee, joint committee, or joint sub-committee of your authority, and you have a disclosable pecuniary interest relating to any business that is or will be considered at the meeting, you must not:

- participate in any discussion of the business at the meeting, or if you become aware of your disclosable pecuniary interest during the meeting participate further in any discussion of the business, or
- participate in any vote or further vote taken on the matter at the meeting.

These prohibitions apply to any form of participation, including speaking as a member of the public.

In certain circumstances you can request a dispensation from these prohibitions.

## Where these prohibitions apply, do I also have to leave the room?

Where your council's or authority's standing orders require this, you must leave the room. Even where there are no such standing orders, you must leave the room if you consider your continued presence is incompatible with your council's code of conduct or the Seven Principles of Public Life.

## Do I need a dispensation to take part in the business of setting council tax or a precept?

## Agenda Item 7b

Any payment of, or liability to pay, council tax does not create a disclosable pecuniary interest as defined in the national rules; hence being a council tax payer does not mean that you need a dispensation to take part in the business of setting the council tax or precept or local arrangements for council tax support.

If you are a homeowner or tenant in the area of your council you will have registered, in accordance with the national rules, that beneficial interest in land. However, this disclosable pecuniary interest is not a disclosable pecuniary interest in the matter of setting the council tax or precept since decisions on the council tax or precept do not materially affect your interest in the land. For example, it does not materially affect the value of your home, your prospects of selling that home, or how you might use or enjoy that land.

Accordingly, you will not need a dispensation to take part in the business of setting the council tax or precept or local arrangements for council tax support, which is in any event a decision affecting the generality of the public in the area of your council, rather than you as an individual.

### When and how can I apply for a dispensation?

The rules allow your council or authority in certain circumstances to grant a dispensation to permit a member to take part in the business of the authority even if the member has a disclosable pecuniary interest relating to that business. These circumstances are where the council or authority considers that:

- without the dispensation so great a proportion of the council or authority would be prohibited from participating in that business as to impede the council's or authority's transaction of that business,
- without the dispensation the representation of different political groups dealing with that business would be so upset as to alter the likely outcome of any vote,
- the granting of the dispensation is in the interests of people living in the council's or authority's area,
- without the dispensation each member of the council's executive would be prohibited from participating in the business, or
- it is otherwise appropriate to grant a dispensation.

If you would like your council or authority to grant you a dispensation, you must make a written request to the officer responsible for handling such requests in the case of your council or authority.

### What happens if I don't follow the rules on disclosable pecuniary interests?

It is a criminal offence if, without a reasonable excuse, you fail to tell the monitoring officer about your disclosable pecuniary interests, either for inclusion on the register if you are a newly elected, co-opted or appointed member, or to update the register if you are re-elected or re-appointed, or when you become aware of a disclosable pecuniary interest which is not recorded in the register but which relates to any matter;



**Appendix B**

- that will be or is being considered at a meeting where you are present, or
- on which you are acting alone.

It is also a criminal offence to knowingly or recklessly provide false or misleading information, or to participate in the business of your authority where that business involves a disclosable pecuniary interest. It is also a criminal offence to continue working on a matter which can be discharged by a single member and in which you have a disclosable pecuniary interest.

If you are found guilty of such a criminal offence, you can be fined up to £5,000 and disqualified from holding office as a councillor for up to five years.

## Where can I look at the national rules on pecuniary interests?

The national rules about pecuniary interests are set out in Chapter 7 of the Localism Act 2011, which is available on the internet here:

<http://www.legislation.gov.uk/ukpga/2011/20/part/1/chapter/7/enacted>

and in the secondary legislation made under the Act, in particular The Relevant Authorities (Disclosable Pecuniary Interests) Regulations 2012 which can be found here:

<http://www.legislation.gov.uk/uksi/2012/1464/contents/made>

## Annex A

### Description of Disclosable Pecuniary Interests

If you have any of the following pecuniary interests, they are your **disclosable pecuniary interests** under the new national rules. Any reference to spouse or civil partner includes any person with whom you are living as husband or wife, or as if they were your civil partner.

- Any employment, office, trade, profession or vocation carried on for profit or gain, which you, or your spouse or civil partner, undertakes.
- Any payment or provision of any other financial benefit (other than from your council or authority) made or provided within the relevant period in respect of any expenses incurred by you in carrying out duties as a member, or towards your election expenses. This includes any payment or financial benefit from a trade union within the meaning of the Trade Union and Labour Relations (Consolidation) Act 1992. The relevant period is the 12 months ending on the day when you tell the monitoring officer about your disclosable pecuniary interests following your election or re-election, or when you became aware you had a disclosable pecuniary interest relating to a matter on which you were acting alone.
- Any contract which is made between you, or your spouse or your civil partner (or a body in which you, or your spouse or your civil partner, has a beneficial interest) and your council or authority –
  - under which goods or services are to be provided or works are to be executed; and
  - which has not been fully discharged.
- Any beneficial interest in land which you, or your spouse or your civil partner, have and which is within the area of your council or authority.
- Any licence (alone or jointly with others) which you, or your spouse or your civil partner, holds to occupy land in the area of your council or authority for a month or longer.
- Any tenancy where (to your knowledge) –
  - the landlord is your council or authority; and
  - the tenant is a body in which you, or your spouse or your civil partner, has a beneficial interest.

**Appendix B**

- Any beneficial interest which you, or your spouse or your civil partner has in securities of a body where –
  - (a) that body (to your knowledge) has a place of business or land in the area of your council or authority; and
  - (b) either –
    - the total nominal value of the securities exceeds £25,000 or one hundredth of the total issued share capital of that body; or
    - if the share capital of that body is of more than one class, the total nominal value of the shares of any one class in which you, or your spouse or your civil partner, has a beneficial interest exceeds one hundredth of the total issued share capital of that class.



**Item 7 (c) – Review of Members’ Allowances**

The attached report was considered by the Governance Committee, relevant minute extract below:

Governance Committee - 29 January 2014 (Minute 26)

The Head of Finance presented the report which reminded Members that at the Council meeting on 1 October 2013 the Governance Committee was asked to review the allocation of special responsibility allowances and consider all options within the budget available. The Committee had considered the issue of allowances for Vice-Chairmen at the meeting on 5 November 2013, and agreed that the Vice-Chairman of the Development Control Committee had unique responsibilities and these should be recognised through a special responsibility allowance. A Working Group had been established to further review the allocation of special responsibility allowances and was recommending that a special responsibility allowance should be paid to all vice-chairmen to reflect their share of the workload and level of responsibility. The Working Group recommendation was for the allowances for Chairmen agreed by Council on 1 October 2013, to now be ‘top-sliced’ by 20% and that amount be paid to the Vice Chairman.

In relation to the Audit Committee as there was currently no Vice Chairman no top slicing would take place at this moment in time.

The Committee further considered whether an allowance should be paid to the Chairman of Standards Committee as an allowance had not been agreed for this role at the meeting of Council on 1 October. It was proposed that as the Committee met only once a year only a proportion of the sum already paid to other Chairman should be made. It was felt that half of this allowance would be most appropriate and this allowance would be top-sliced in the same way and paid to the Vice Chairman

It was noted that the Scrutiny Chairman had been given an allowance at Council and that there was an error on the appendix to the report. This has now been rectified as set out below.

Resolved: That it be **recommended to Council** that, from the date of the resolution,

- a) an allowance be paid to the Chairman of Standards Committee, half of that currently paid to the other committee chairmen; and
- b) the allowances for all Chairmen be ‘top-sliced’ by 20% and paid to the Vice Chairman as set out below:

## Agenda Item 7c

Description of Allowance	Proposed Allowances per Member/ Responsibility
	(£)
<b>Chairmen</b>	
Advisory Committees (x5) -	2,057
Audit - (*top sliced if a Vice Chairman appointed)	2,571*
Development Control	3,085
Governance	2,057
Health Liaison Board	2,057
Licensing	2,057
Sevenoaks Joint Transportation Board	2,057
Scrutiny	2,057
Standards	1,029
<b>Vice Chairmen</b>	
Advisory Committees (x5)	514
Development Control	771
*Audit (if a Vice Chairman appointed), Governance, Health Liaison Board, Licensing, Scrutiny, Joint Transportation Board	514
Standards	257

## REVIEW OF MEMBERS' ALLOWANCES

### Council– 18 February 2014

Report of Chief Officer – Legal and Governance  
Chief Finance Officer

Status: For Decision

Also considered by: Governance Committee – 29 January 2014

Key Decision: No

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**This report supports the Key Aim of** Effective Use of Council Resources

**Portfolio Holder** Cllr. Fleming

**Contact Officer(s)** Christine Nuttall Ext. 7245  
Helen Martin Ext. 7483

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**Working Group Recommendation to Governance Committee:** That special responsibility allowances be paid to vice-chairman of committees

**Governance Committee Recommendation to Council:** To be reported at the Council meeting on 18 February 2014.

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**Reason for recommendation:** Following changes to the Governance arrangements and a review of Members allowances, Council asked this Committee to review the allocation of special responsibility allowances.

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### Background

- 1 At the Council meeting on 1 October 2013 the Governance Committee was asked to review the allocation of special responsibility allowances and consider all options within the budget available.
- 2 This Committee considered the issue of allowances for Vice-Chairmen at the meeting on 5 November 2013, and agreed that the Vice-Chairman of the Development Control Committee had unique responsibilities and these should be recognised through a special responsibility allowance. It was further agreed that a Working Group be established to further review the allocation of special responsibility allowances.

## Agenda Item 7c

- 3 The Working Group recommend that a special responsibility allowance should be paid to all vice-chairmen to reflect their share of the workload and level of responsibility.
- 4 The remit for any review of Members Allowances has always been on the basis that any new allowances scheme would have to be contained within budget.
- 5 The Working Group recommendation is for the allowances for Chairmen agreed by Council on 1 October 2013, now be 'top-sliced' by 20% and that amount be paid to the Vice Chairman. Details of the cash amounts are shown in Appendix A
- 6 The Local Authorities (Members' Allowances)(England) Regulations 2003, states that before an authority make or amends a Members' Allowance scheme, the authority shall have regard to the recommendations made in relation to it by the Independent Remuneration Panel. The Panel have been consulted on this proposal and they raised no issues and have stated that in future they will consider this allowance as part of their recommendations if supporting evidence of workload is provided.
- 7 The JIRP have recommended that Members should not receive more than one Special Responsibility Allowance (SRA) and the Working Group did not propose any changes to that recommendation.
- 8 This amendment to the scheme can be funded within the current budget.
- 9 It is further recommended that any revisions to the special responsibility allowances take effect from next Council meeting.

### **Key Implications**

#### Legal

- 10 Section 20 of The Local Authorities (Members' Allowances) (England) Regulations 2003 requires each authority to establish an Independent Remuneration Panel.
- 11 Section 17 of the 2003 Regulations places a duty on the Council to publish as soon as reasonably practicable after making any amendments to the current Members' Allowance Scheme a notice in one or more newspapers circulating in its area. The Council must also ensure that copies of the Scheme are available for inspection by members of the public at the principal office of the Authority, at all reasonable hours.

#### Financial

- 12 The financial implications of the JIRP recommendations are set out in the report and its appendices.



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 proposed decision does not have any adverse effect upon any protected group as identified in the legislation.
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 1 – Schedule of all Allowances

**Background Papers**

[JIRP Review of Sevenoaks District Council Members Allowances – June 2013](#)

[Constitution - Appendix G - Members Allowances Scheme 2013/14](#)

**Mrs Christine Nuttall**  
**Chief Officer for Legal and Governance &**

**Adrian Rowbotham**  
**Chief Finance Officer**

## Agenda Item 7c

### Appendix 1

#### Members' Allowances Scheme (2013/14)

Description of Allowance	Allowance per Member Original	Proposed Allowances per Member/ Responsibility
	2013/14	2013/14 Revisions in shaded boxes
	(£)	(£)
Basic Allowance (all Members)	5,140	5,140
<b>Special Responsibility Allowances:</b>		
<b>Opposition Group Leaders:</b>		
Liberal Democrat (2 Members)	1,277	1,277
Labour (4 Members)	1,277	1,277
Cabinet Chairman (Council Leader)	15,422	15,422
Cabinet Members	6,426	6,426
Deputy Cabinet Members -	643	643
<b>Chairmen</b>		
Advisory Committees (x5) -	2,571	2,057
Audit - (no vice chair)	2,571	2,571
Development Control	3,856	3,085
Governance -	2,571	2,057
Health Liaison Board -	2,571	2,057
Licensing -	2,571	2,057
Sevenoaks Joint Transportation Board	2,571	2,057
Scrutiny		2,057
Standards	-	-
<b>Vice Chairmen</b>		
Advisory Committees (x5)	-	514
Development Control	-	771
Governance, Health Liaison Board, Licensing, Scrutiny, Standards, Joint Transportation Board		514
<b>Committee Members:</b>		
Development Control members	257	257
Licensing Committee members	129	129

**Item 7 (d) – Gambling Act 2005 and Local Government (Miscellaneous Provision) Act 1982: Licence Fees 2014 – 2015**

The attached report was considered by the Licensing Committee, relevant minute extract below:

Licensing Committee – 4 February 2014 (Minute 17)

The report set out the proposed fees for the Gambling Act 2005 and Local Government (Miscellaneous Provisions) Act 1982 for the year 1 April 2014 to 31 March 2015. The Licensing Partnership Manager informed Members that the recommendation in the report was also to include the fees set out in Appendix A and paragraph 11 of the report. The fees ensured that the Council complied with its statutory duty and ensured that the Gambling Licensing service remained self-financing in accordance with the Council's Service and Budget Plan which used the 3.5% inflation factor.

The Licensing Partnership Manager reported that in the District there were only Betting premises. She advised Members that there was an error in the fees and that the Betting premises (excluding tracks) application to vary should read 1500 instead of 1530.

The Licensing Partnership Manager reported that the recommended increase for Sexual Entertainment Venue fees had been calculated by examining the 'time' it took to carry out the various tasks and staffing costs, this was also based on experience of the partners within the Licensing Partnership.

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 Full Council** that the appropriate fee levels

- (a) for an initial application, a transfer or a renewal application for Sexual Entertainment Venues be £2,960; and
- (b) under the Gambling Act 2005 for the Sevenoaks District, be as set out in Appendix A (as amended) to the report.

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**GAMBLING ACT 2005 AND LOCAL GOVERNMENT (MISCELLANEOUS PROVISIONS) ACT 1982: LICENCE FEES 2014/2015**

**Licensing Committee – 4 February 2014**

Report of the: Chief Officer Environmental and Operational Services

Status: For Decision

Also considered by: Council – 18 February 2014

Key Decision: No

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**This report supports the Key Aim of** Safe Communities to aid in the reduction of crime within the District.

**Portfolio Holder** Cllr. Ms Lowe (Housing and Community Safety)

**Contact Officer(s)** Claire Perry Ext: 7325 / 07970 731616

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**Recommendation to the Licensing Committee:** That Full Council be recommended to approve the appropriate fee levels as set out in appendix A.

**Recommendation to Council:** That subject to the comments of the Licensing Committee, the fees set out in appendix A are approved.

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**Reason for recommendation:** to ensure that the Council complies with its statutory duty and ensure that the Gambling licensing service remains self-financing, in accordance with the Council's Service and Budget Plan. The Gambling Act fees were first set at the Licensing Committee on 30 May 2007, (with the same fee model being used to work out the proposed fee for the forthcoming year using a 3.5% inflation factor in accordance with the Council's Budget Plan with rounding to "5" and "9" for the respective fee).

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**Introduction and background to Gambling Fees**

1. The Gambling Act 2005 Section 212 gives the Secretary of State power to make regulations prescribing the fees payable to the Licensing Authority. It also gives the power to devolve to Licensing Authorities in England and Wales the freedom to set fees for premises licence applications, subject to any constraints the Secretary of State may prescribe which includes a maximum fee level. The government has decided that for England and Wales, Licensing Authorities will determine their own fees for gambling premises licences but that the Secretary of State will prescribe the maximum fee payable for each category of licence.
2. The maximum levels have been included in Appendix A in brackets for comparison purposes. The previous years fees are printed in italics for your information.

## Agenda Item 7d

3. There is an initial fee to cover the cost of application and an annual “maintenance” fee.
4. Licensing Authorities have been asked to set fees to ensure full cost recovery and that the fee levels represent fairness and value for money for the gambling industry. All Licensing Authorities must set their fees upon a cost recovery basis only and will be required to review their fee levels on an annual basis to ensure this.
5. Fees must be set for all types of premises licences and Temporary Use Notices (TUN’s).

### **Premises type**

- Casinos
  - Bingo
  - Betting (off-course)
  - Tracks (on-course betting)
  - Adult Gaming Centres
  - Family Entertainment Centres
6. Fees must be set by each Licensing Authority for the following:
    - Application for a (new) premises licence
    - Application to vary a premises licence
    - Application to transfer the licence
    - Application for re-instatement of the premises licence
    - Application for a provisional statement
    - Application for a premises licence for a premises which already has a provisional statement
    - Fee to accompany a request for a copy of the premises licence
    - Fee to accompany a notification of change of circumstances (only relevant change is that of address)
    - Fee to accompany a temporary use notice
  7. The District currently has seven Betting Premises that will be affected by the proposed fee increases. There are no other gambling premises currently operating in the District.

### **Sexual Entertainment Venue Fees**

8. The fees have been calculated by examining the 'time' it takes to carry out the various tasks and who in the authority is likely to carry them out. The hourly rates of staff are fed in to a spread sheet (originally produced by LACORS to calculate the Gambling Act fees) to calculate costs for each type of activity. For each application the processes involved are identified and the costs of each process are calculated and entered in to the spread sheet, which produces an average cost for each type of application and an annual fee.
9. The type of tasks involved in premises application for example, include, assistance to applicant, the checking of an application for completeness when received, checking all required documents are attached, processing the application fee, check, process, bank and reconcile payments, entering the information into our computer system (including scanning), contacting the applicant to clarify application or chase missing information if required, assess representations for relevance, undertake informal mediation, undertaking site visits where necessary. Once processed determining the licence or arranging a hearing, holding a hearing, notification of the decision, prepare and issue the licence, update the records/register, appeal preparation and holding an appeal hearing.
10. The costs associated with appeals and hearings have been estimated and an estimation has been made as to the likelihood of these events occurring is entered into the final calculations. The risk of appeals and hearings occurring has been based on the experience of our partners within the Licensing Partnership.
11. The result of the calculations is that it is recommended a fee of £2,960 is set for an initial application, a transfer or a renewal application. This Authority has not been increased since 2010. The existing fee is £2,300.

### **Other Options Considered and/or Rejected**

12. If the Licensing Committee were minded not to approve these fees the Council would not be able to meet the Council's Service and Budget Plan or ensure the licensing of Gambling and Sexual Entertainment Venue premises was self-financing.

### **Key Implications**

#### Financial

The cost of licence fees takes into account the need to maintain a 'self financing' position for the service. The proposals contained in this report will achieve this. The current number of premises that will be subject to Gambling Act 2005 fees is seven betting shops, whose annual fees will generate £3,640. There are no Sexual Entertainment Venues within the District.

#### Legal, Human Rights etc.

## Agenda Item 7d

Should parts of industry believe the authority's fees are at a level which is greater than the costs of the statutory functions then it would be open to them to undertake a judicial review proceeding. Should this arise, the authority would need to evidence how it arrived at the fee levels to demonstrate that they have been calculated on a cost recovery basis only.

### 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	N/A
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?		

**Appendices** None

**Background Papers:** None

**Mr Richard Wilson**  
**Chief Officer Environmental and Operational Services**



**SEVENOAKS DISTRICT COUNCIL'S  
GAMBLING ACT 2005 - FEES  
1 April 2014 – 31 March 2015**

Premises Type	New Application			Annual Fee		
	£			£		
Existing Casinos	n/a			n/a		
New Small Casino	<b>7260</b>	(8,000)	7015	<b>4025</b>	(5000)	3890
New Large Casino	<b>8340</b>	(10,000)	8060	<b>6500</b>	(10000)	6280
Bingo Club	<b>2660</b>	(3500)	2570	<b>745</b>	(1000)	720
Betting Premises (excluding Tracks)	<b>2660</b>	(3000)	2570	<b>520</b>	(600)	500
Tracks	<b>1615</b>	(2500)	1560	<b>745</b>	(1000)	720
Family Entertainment Centres	<b>1615</b>	(2000)	1560	<b>610</b>	(750)	590
Adult Gaming Centre	<b>1615</b>	(2000)	1560	<b>745</b>	(750)	720
Temporary Use Notice	<b>210</b>	(500)	205	<b>N/A</b>		

	Application to Vary	Application to Transfer	Application for Re-Instatement	Application for Provisional Statement	Licence Application (provisional Statement holders)	Copy Licence	Notification of Change
	£	£	£	£	£	£	£
Existing Casinos	n/a	n/a	n/a	n/a	n/a	n/a	n/a
New Small Casino	<b>3450</b>	<b>1530</b>	<b>1530</b>	<b>7310</b>	<b>2610</b>	<b>11</b>	<b>27</b>
	(4000)	(1800)	(1800)	(8000)	(3000)	(25)	(50)
	3330	1480	1480	7060	2525	11	27
New Large Casino	<b>4100</b>	<b>1940</b>	<b>1940</b>	<b>8360</b>	<b>3830</b>	<b>11</b>	<b>27</b>
	(5000)	(2150)	(2150)	(10000)	(5000)	(25)	(50)
	3960	1870	1870	8080	3700	11	27
Bingo Club	<b>1550</b>	<b>1200</b>	<b>1200</b>	<b>2660</b>	<b>1200</b>	<b>11</b>	<b>27</b>
	(1750)	(1200)	(1200)	(3500)	(1200)	(25)	(50)
	1500	1200	1200	2570	1200	11	27
Betting Premises (excluding tracks)	<b>1530</b>	<b>1200</b>	<b>1200</b>	<b>1590</b>	<b>1200</b>	<b>11</b>	<b>27</b>
	(1500)	(1200)	(1200)	(3000)	(1200)	(25)	(50)
	1480	1200	1200	1540	1200	11	27
Tracks	<b>1250</b>	<b>950</b>	<b>950</b>	<b>1615</b>	<b>950</b>	<b>11</b>	<b>27</b>
	(1250)	(950)	(950)	(2500)	(950)	(25)	(50)
	1250	950	950	1560	950	11	27
Family Entertainment Centres	<b>1000</b>	<b>950</b>	<b>950</b>	<b>1580</b>	<b>950</b>	<b>11</b>	<b>27</b>
	(1000)	(950)	(950)	(2000)	(950)	(25)	(50)
	1000	950	950	1525	950	11	27
Adult Gaming Centre	<b>1000</b>	<b>1200</b>	<b>1200</b>	<b>1615</b>	<b>1200</b>	<b>11</b>	<b>27</b>
	(1000)	(1200)	(1200)	(2000)	(1200)	(25)	(50)
	1000	1200	1200	1560	1200	11	27

**SEVENOAKS DISTRICT COUNCIL'S  
 GAMBLING ACT 2005 - FEES  
 1 April 2014 – 31 March 2015**

<b>Temporary Use Notice</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>11</b> (25) <i>11</i>	<b>27</b> (50) <i>27</i>
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The proposed new fees as shown in bold type in the table above. For ease of reference the maximum fees identified by DCMS that could be charged are shown in brackets and last year's fees are in italics.

## **PAY POLICY STATEMENT**

### **Council – 18 February 2014**

Report of Chief Executive

Status: For Decision

Key Decision: No

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### **This report supports the Council's promise to provide value for money**

**Portfolio Holder** Cllr. Ramsay

**Contact Officer(s)** Syreeta Sandhu, Ext 7403

Lee Banks, Ext 7161.

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### **Recommendation to Council:**

The Pay Policy Statement be adopted by the Council and published on the Council's website.

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**Reason for recommendation:** To fulfil the Council's statutory requirements under the Localism Act 2011 to agree a Pay Policy Statement for the forthcoming year and to ensure it is accessible to the public.

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### **Introduction and Background**

- 1 Gaining its Royal Assent in November 2011 the Localism Act introduced, amongst a range of other duties, a requirement for local authorities to publish a Pay Policy Statement by 31 March each year.
- 2 The Council's first Pay Policy Statement was approved by Council in February 2012. The Pay Policy Statement at Appendix A to this report remains substantially unchanged in this second year, with updates only made to reflect the impact of the proposed restructure to senior management considered by Council elsewhere on this agenda.
- 3 Pay Policy Statements require local authorities to be more accountable and transparent about their policies on senior officer pay and delivers on a Coalition Agreement commitment to strengthen councillors' powers on salary packages for council officers.
- 4 Nothing in the pay accountability provisions supersede existing responsibilities and duties placed on local authorities in their role as employers. Government recognise that local authorities are individual employers in their own right and

## Agenda Item 8b

have the autonomy to make decisions on pay that are appropriate to their local circumstances and which deliver value for money for local taxpayers.

### Pay Policy Statement

- 5 The draft Pay Policy Statement is attached at Appendix A to this report for Members consideration. Its content is defined by the regulations set out within sections 38 to 43 of the Localism Act 2011 and associated guidance issued by the Secretary of State for Communities and Local Government (CLG).
- 6 The Pay Policy Statement is required to set out the authority's policies relating to the remuneration of each of its chief officers, the remuneration of its lowest paid employees and the relationship between the two. The Statement must be approved by full Council by 31 March 2014 and will take effect from 1 April 2014. The Policy is forward looking and any recruitment decisions taken between 1 April 2014 and 31 March 2015 regarding Chief Officers must take account of the commitments made in the Policy Statement.
- 7 It is a requirement of the Localism Act that the Pay Policy Statement is approved annually by full Council, and this is a function that cannot be delegated. As a minimum, once the Statement is approved, it must be published on the Council website.

### Other Options Considered and/or Rejected

- 8 None. It is a statutory requirement to produce and publish a Pay Policy Statement.

### Key Implications

#### Financial

The Pay Policy Statement sets out the policies by which senior officers will be remunerated by the Council. Any such decisions on recruitment would be made within the wider context of the Council's budget and savings plan and create no new burdens on financial resources.

#### Legal Implications and Risk Assessment Statement

Failure to publish a Pay Policy Statement, approved by full Council, by 31 March 2014 will be a breach of the Localism Act 2011.

#### 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 Pay Policy Statement is a document that overarches a number of pre-existing Human Resources policies that determine how people are recruited to the organisation, how they are paid and how they are treated whilst an employee of the Council. These policies are subject to

Consideration of impacts under the Public Sector Equality Duty:		
Question	Answer	Explanation / Evidence
		their own Equality Impact Assessments.
b. Does the decision being made or recommended through this paper have the potential to promote equality of opportunity?	Yes	The Pay Policy Statement focuses on roles within the authority rather than the individuals that currently perform those roles or may perform those roles in the future. The Policies applicable to those posts apply to any person who may wish to fulfil them and therefore may be considered to promote equality.
c. What steps can be taken to mitigate, reduce, avoid or minimise the impacts identified above?		Not applicable.

**Conclusions**

The Pay Policy Statement sets out the elements of senior officer pay that enable the Council to attract high quality officers whilst protecting value for money to the community. Its approval by Council and publication on the Council website will improve transparency and accountability whilst ensuring adherence to the Localism Act 2011.

**Appendices**

Appendix A – Pay Policy Statement

**Background Papers:**

[Localism Act, Chapter 8, Pay Policy Statements](#)  
[Openness and accountability in local pay: Draft guidance under section 40 of the Localism Act \(Communities and Local Government\)](#)

**Dr Pav Ramewal**  
**Chief Executive**

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**Sevenoaks District Council  
Pay Policy Statement 2014/15**

**1. Introduction**

- 1.1 The Council's Pay Policy Statement sets out its policies for 2014/15 relating to:
- The remuneration of its chief officers,
  - The remuneration of its lowest-paid officers, and
  - The relationship between the remuneration of its chief officers and the remuneration of its employees who are not chief officers.
- 1.2 The Pay Policy Statement is prepared in accordance with the requirements of the Localism Act 2011 and associated guidance published by the Secretary of State for Communities and Local Government.
- 1.3 The Statement has been approved by resolution of the full Council and the commitments made in the Pay Policy Statement will be applied to remuneration of chief officers during 2014/15.

**2. Definitions**

- 2.1 The following definitions have been applied in preparing the Pay Policy Statement:
- (a) Remuneration – the officers salary<sup>1</sup>, any bonuses payable, any charges, fees or allowances payable, any benefits in kind, any increase or enhancement to pension entitlement and any amounts payable to the officer on them leaving the authority<sup>2</sup>
  - (b) Chief Officers – the Head of Paid Service (the 'Chief Executive'), Statutory Chief Officers (Section 151 Officer & the Monitoring Officer), Non Statutory Chief Officers (Chief Officers).
  - (c) Lowest-paid officers – this corresponds to the lowest pay point on which a full time, permanent officer can be appointed to when joining the Council. It does not relate to an individual job role. This definition has been adopted as a true and fair representation of the lowest paid salary point offered by the Council, although it does not necessarily mean that any officer working for the Council currently receives this level of pay. This definition provides a fair and accurate description for an entry level position into the authority, roles that require full supervision that have little, if any responsibility.

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<sup>1</sup> In the case where an officer is engaged under a contract for services, the salary is equal to the payments made by the Council to the officer for those services.

<sup>2</sup> Other than amounts that may be payable by virtue of any enactment

### **3. Terms and Conditions**

- 3.1 The general terms and conditions of employment are in accordance with those agreed by the National Joint Council for Local Government Services.
- 3.2 As Head of Paid Service, the Chief Executive shall have responsibility for the management of all officers, including the number and grade of officers and their organisations and structures.
- 3.3 The Council shall appoint such officers as it thinks necessary for the proper discharge of its functions or of another local authority's functions as fall to be discharged by the Council. All appointments shall be made on merit and in accordance with the Council's agreed policies and procedures.
- 3.4 Only under exceptional circumstances, where there is a proven benefit that will deliver clear value for money to residents, will the Council re-employ officers who have left with a severance or redundancy payment or are in receipt of a pension under the Local Government Pension Scheme. This may include re-engagement on a self employed basis with a contract for services. This Policy applies to both ex-employees of Sevenoaks District Council and of other local government organisations.
- 3.5 All officers appointed by the Council are paid as individuals with the correct personal national insurance and income tax contributions applied. The Council does not make permanent appointments through any other arrangements.

### **4. Remuneration of Chief Officers**

#### **4.1 Head of Paid Service**

- 4.1.1 The Head of Paid Service holds the title of Chief Executive or any equivalent as determined by Council.
- 4.1.2 The Head of Paid Service is one of three statutorily required posts at the Council, alongside the Section 151 Officer and the Monitoring Officer. The Head of Paid Service holds overall responsibility for corporate management and operational functions. This includes:
  - Overall management responsibility for all Officers;
  - Provision of professional advice to all parties in the decision-making process;
  - Advising whether decisions of the Cabinet are in accordance with the budget and policy framework (in consultation with the Section 151 Officer (where they are not the same person) and the Monitoring Officer);
  - Providing advice on the scope of powers and authority to take decisions, maladministration, financial impropriety, probity and budget and policy framework issues to all Members (in consultation with the Section 151 Officer (where they are not the same person) and the Monitoring Officer);



- To be the Returning Officer and Electoral Registration Officer for the Council; and
- To represent the Council on partnership and external bodies as required by statute or the Council.

4.1.3 The remuneration for the Head of Paid Service will include:

- Salary in line with the Sevenoaks District Council Chief Executive pay scale, inclusive of the outer fringe allowance;
- Car Allowance of £6,000 per annum;
- Payment for acting as the Returning Officer at elections. Payments for each election are determined by the size of the electorate in the district, with the payment for national elections being set nationally and the payment for local elections set at county level; and
- An employer contribution to their pension of the amount required under the nationally determined terms of the Local Government Pension Scheme.

4.1.4 At the point of recruitment the salary of the Head of Paid Service will be determined by the level of skill and experience that they are evaluated as bringing to the role. In any case the salary will not exceed the top pay point of the Sevenoaks District Council Chief Executive pay scale.

4.1.5 The Head of Paid Service will, like all other officers, be able to increase their salary on an annual basis by demonstrating excellent performance when assessed through full participation in the Council's appraisal scheme, until the top point of the pay band is reached. The Head of Paid Service will also be entitled to receive any national pay award determined by the National Joint Council. No other increases or additions to their remuneration will be payable without a resolution of Council.

4.1.6 The Council does not adopt a performance related pay system for any officers outside of the appraisal scheme, including the Head of Paid Service.

4.1.7 The Council does not pay bonuses for any officers, including the Head of Paid Service, other than those determined by the appraisal scheme upon achieving outstanding performance.

4.1.8 The Council will not make payment to the Head of Paid Service if they are summarily dismissed.

4.1.9 If the Council makes the Head of Paid Service redundant a payment will be made to them based on their length of service (up to a maximum of 20 years) based on their actual weeks pay.

4.1.10 If the Head of Paid Service resigns their post they will not be entitled to any compensatory payment from the Council.

4.1.11 The following terms and conditions will also apply to the Head of Paid Service:

- The Head of Paid Service may be the Section 151 Officer, but may not be the Council's Monitoring Officer; and
- The post of Head of Paid Service is politically restricted.

### **4.2 Non Statutory Chief Officers**

4.2.1 Non statutory chief officers are defined in the Local Government and Housing Act 1989 as a person for whom the Head of Paid Service is directly responsible.

4.2.2 The remuneration for non statutory chief officers designated as Chief Officer will include:

- Salary at Band J to Band K of the National Joint Council scale, inclusive of the outer fringe allowance;
- Car Allowance of £4,000 per annum;
- Consideration of an additional responsibility allowance; and
- An employer contribution to their pension of the amount required by the Local Government Pension Scheme.

4.2.3 At the point of recruitment an officer holding the post of a non statutory chief officer will be determined by the level of skill and experience that they are evaluated as bringing to the role.

4.2.4 An officer holding the post of a non statutory chief officer will, like all other officers, be able to increase their salary on an annual basis by demonstrating excellent performance when assessed through full participation in the Council's appraisal scheme, until the top point of the pay band is reached. An officer holding the post of a non statutory chief officer will also be entitled to receive any national pay award determined by the National Joint Council. No other increases or additions to their remuneration will be payable without a resolution of Council.

4.2.5 The Council does not adopt a performance related pay system for any officers outside of the appraisal scheme, including officers holding the post of a non statutory chief officer.

4.2.6 The Council does not pay bonuses for any officers, including officers holding the post of a non statutory chief officer, other than those determined by the appraisal scheme upon achieving outstanding performance.

4.2.7 The Council will not make payment to officers holding the post of a non statutory chief officer if they are summarily dismissed.

- 4.2.8 If the Council makes a non statutory chief officer redundant a payment will be made to them based on their length of service (up to a maximum of 20 years) based on their actual weeks pay.
- 4.2.9 If an officer holding the post of a non statutory chief officer resigns their post they will not be entitled to any compensatory payment from the Council.
- 4.2.10 The following terms and conditions will also apply to an officer holding the post of a non statutory chief officer:
- The posts held by non statutory chief officers are politically restricted.

### **4.3 Statutory Chief Officer – Monitoring Officer**

- 4.3.1 The role of the Monitoring Officer is designated to the post of Chief Officer Legal & Governance, or any equivalent as determined by the Head of Paid Service.
- 4.3.2 The Monitoring Officer is one of three statutorily required posts at the Council, alongside the Head of Paid Service and the Section 151 Officer. The Monitoring Officer is responsible for:
- Maintaining the constitution;
  - Ensuring lawfulness and fairness of decision making;
  - Supporting the Standards Committee;
  - Advising whether decisions of the Cabinet are in accordance with the budget and policy framework (in consultation with the Head of Paid Service and the Section 151 Officer); and
  - Providing advice on the scope of powers and authority to take decisions, maladministration, financial impropriety, probity and budget and policy framework issues to all Members (in consultation with the Head of Paid Service and the Section 151 Officer).

4.3.3 The Monitoring Officer cannot be the Section 151 Officer or the Head of Paid Service.

4.3.4 The remuneration for the Monitoring Officer and terms and conditions for the post are as those set out for non-statutory chief officers at sections 4.2.5 to 4.2.10 above.

### **4.4 Statutory Chief Officer – Section 151 Officer**

4.4.1 The Section 151 Officer is one of three statutorily required posts at the Council, alongside the Head of Paid Service and the Monitoring Officer. The role of Section 151 Officer is designated to the Chief Executive, or any suitably qualified Chief Officer as determined by the Head of Paid Service.

4.4.2 The Section 151 Officer is responsible for:

- Ensuring Lawfulness and Financial Prudence of Decision-Making;
- Administration of Financial Affairs;
- Contributing to Corporate Management;
- Providing advice on the scope of powers and authority to take decisions, maladministration, financial impropriety, probity and budget and policy framework issues to all Members and will support and advise Members and Officers in their respective roles; and
- Providing financial information to the media, members of the public and the community.

4.4.3 The pay policies applicable to this post are detailed at sections 4.1 above.

4.4.4 The following terms and conditions will also apply to the Section 151 Officer post:

- The post of the Section 151 Officer is politically restricted; and
- The Section 151 Officer cannot be the Monitoring Officer but may hold the post of Head of Paid Service.

## **5. Transparency and Publication of Chief Officer Salaries**

5.1 Further information about responsibilities and appointment of Chief Officers is published in the Council's Constitution. The provisions within this Pay Policy Statement do not alter the requirements and powers, which the Constitution sets out.

5.2 Further information about the salaries of Chief Officers is available on the Council's website. The Council's Statement of Accounts is published annually and includes a full breakdown of payments made to Chief Officers for the past year.

5.3 The transparency section of the Council's website includes the publication of the pay scales of all officers at the council who receive a full time equivalent salary in excess of £58,200 per annum. Subject to the publication of final regulations by Government additional information may be published during the year to summarise those officers earning over £50,000 per annum.

## **6. Remuneration of lowest-paid officers**

6.1 The salary of the lowest-paid role at the Council will be equivalent to the lowest pay point within Band A of the National Joint Council salary scales inclusive of the outer fringe allowance.

6.2 All Council officers are able to increase their salary on an annual basis, until the top point of the pay band is reached by demonstrating excellent performance when assessed through full participation in the Council's appraisal scheme. All officers are also entitled to receive any national pay

award determined by the National Joint Council. There are no other performance related or bonus payments payable to officers.

- 6.3 All Council officers are eligible to join the Local Government Pension Scheme. As their employer the Council will contribute to each officers pension the amount required by the Local Government Pension Scheme.

**7. The Pay Relationship**

- 7.1 The National Joint Council salary scales offer a fair and non-discriminatory approach to pay and grading reflected through a job evaluation scheme. Each role is individually assessed and evaluated to ensure an accurate level of pay. The result of evaluations reflects the level of responsibility associated with each respective post.
- 7.2 The mean average salary at Sevenoaks District Council in 2013/14 was £27,854. The mean average salary in 2013/14 is approximately spinal point 33 of Band D. The median salary for 2013/14 was £23,004, which lies at spinal point 27 of Band C.
- 7.3 The pay multiple for 2013/14 between the Chief Executive and the mean average salary at Sevenoaks District Council is 4.6. Using the median salary point the pay multiple is 5.6.
- 7.4 The Council is clear that pay at all levels is properly assessed and evaluated to ensure it accurately and fairly reflects the level of skill and responsibility associated with each respective post. Maintaining this approach will ensure that the Council is committed to a fair pay relationship and maintaining a proportionate pay ratio between the average pay level and that of the Chief Executive.

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COUNCIL – 18 FEBRUARY 2014

Report by Leader of the Council

This is my report to Council on the work undertaken by the Leader and the Cabinet in the period 6 December 2013 to 31 January 2014.

December

Community Carol Service - VSU Youth

QinetiQ

District Council Network Assembly (DCN)

Local Government Association Executive (LGA)

DCN Staff Development Programme

SDC Carol Concert

Annual Presentation Evening at Knole Academy

Chief Constable Recruitment - Panel confirmation hearing

January

Meeting with LOCALIS

LGA Income Generation Event

Meeting with Brandon Lewis MP

Escalate Event - West Kent College

KMEP meeting

DCN Assembly

LGA General Assembly

West Kent Partnership

Kent Leaders

South East England Councils Assembly (SEEC)

South East Local Enterprise Partnership Board Meeting (SELEP)

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