Sevenoaks
DISTRICT COUNCIL

Despatched: 23.05.14

FINANCE AND RESOURCES ADVISORY COMMITTEE

03 June 2014 at 7.00 pm
Conference Room, Argyle Road, Sevenoaks

AGENDA

Membership:

Cllrs. Mrs. Bayley, Bosley, Cooke, Edwards-Winser, Firth, Maskell, McGarvey, Mrs. Morris, Mrs. Purves, Ramsay, Mrs. Sargeant and Scholey

		Pages	Contact
	Apologies for Absence		
1.	**Appointment of Chairman**		
2.	**Appointment of Vice-Chairman**		
3.	**Minutes** To agree the Minutes of the meeting of the Committee held on 26 March 2014 as a correct record	(Pages 1 - 6)	
4.	**Declarations of Interest** Any interests not already registered		
5.	**Actions from Previous Meeting**	(Pages 7 - 8)	
6.	**Update from Portfolio Holder**		Councillor Brian Ramsay
7.	**Referrals from Cabinet or the Audit Committee (if any)**		
8.	**Invitee - Representative of Handelsbanken** Nick Brooker, Branch Manager, Sevenoaks. Including presentation on the bank and its deposit and investment products.		
9.	**Treasury Management - Local Authority Municipal Bonds**	(Pages 9 - 28)	Roy Parsons Tel: 01732 227204, Adrian Rowbotham Tel: 01732 227153
10.	**Financial Performance Indicators 2013/14 - to the end of March 2014**	(Pages 29 - 34)	Helen Martin Tel: 01732 227483

11. **Provisional Outturn 2013/14 and Carry Forward Requests** (Pages 35 - 60) Helen Martin Tel: 01732 227483

12. **Work Plan** (Pages 61 - 62)

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)

FINANCE AND RESOURCES ADVISORY COMMITTEE

Minutes of the meeting held on 26 March 2014 commencing at 7.00 pm

Present: Cllr. Ramsay (Chairman)

Cllr. McGarvey (Vice Chairman)

Cllrs. McGarvey, Mrs. Bayley, Brookbank, Cooke, Mrs. Davison, Edwards-Winser, Mrs. Sargeant and Scholey

Apologies for absence were received from Cllrs. Walshe

Cllr. Mrs. Morris was also present.

47. Minutes

Resolved: That the minutes of the meeting of the Finance and Resources Advisory Committee held on 21 January 2014 be approved and signed by the Chairman as a correct record.

48. Declarations of Interest

Cllr. Mrs. Davison reminded the meeting that she was one of the Council's appointees to the Sevenoaks Leisure Board of Trustees.

49. Actions from Previous Meeting

The action from the previous meeting was noted.

50. Update from Portfolio Holder

The Chairman, and Portfolio Holder for Finance and Resources, updated the Committee on his work since the previous meeting of the Advisory Committee. The budget had been approved. The focus had since been on property matters including the White Oak Leisure Centre, Asset Management Plan and the new Investment Strategy, to be considered later in the meeting under minute items 57, 58 and 59. 12 Knole Way had finally been sold, which completed the first tranche of property disposals.

51. Referrals from Cabinet or the Audit Committee (if any)

There were none.

52. Establishment of a Local Authority Trading Company Structure

The Chief Officer Legal and Governance presented a report which proposed that the Council establish a generic trading company, wholly owned by the Council, to enable the Council to take advantage of the trading opportunities introduced by the Localism Act 2011. The recent Peer Challenge had suggested that the Council become more self-sufficient by generating more income. The Chairman added that most existing sources of income for the Council had reached their limit, had been capped, or were controlled. The Chief Officer clarified that the Localism Act allowed the Council to do anything which an individual could do, where there was not an existing statutory duty, but anything done for a commercial trading purpose must be done through a trading company.

The report advised that senior officers would be the executive directors of the company with 3 Members, appointed by the Leader, as non-executive directors. Authority would be sought from Cabinet for particular projects and Cabinet would act as the principal overseer.

A Member suggested that a separate bank account for the company could be simpler, especially for auditing purposes. It was noted the company may have several subsidiaries for different projects.

Subject to approval of the principle by Cabinet, it was agreed that the details of the company be developed and brought back to the Committee for consideration at a future meeting, possibly June 2014.

Public Sector Equality Duty

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

Resolved: It be recommended to Cabinet

a) that the Chief Officer Legal and Governance be authorised to incorporate a company wholly owned by the Council so as to allow the Council to exercise the power to trade contained in the Local Government Act 2003 and the Localism Act 2011.

b) that the broad governance and funding arrangements for the trading company, as set out in this report, be approved and the Chief Officer Legal and Governance in consultation with the Chief Executive, Chief Finance Officer and Portfolio Holder for Finance and Resources be given delegated authority to settle the detailed arrangements for the establishment of the company.

c) that consideration be given by the Cabinet as appropriate to any individual business cases in respect of the use of the Council's trading powers as part of the development of the future strategy for income generation.

53. Rural Broadband

The Chief Officer Communities and Business presented a report which advised the Government had announced that it would invest £530 million to stimulate commercial investment in superfast broadband infrastructure in rural areas. Kent County Council (KCC) was successful in bidding for £10 million from the BDUK funding which was matched with an additional £10 million from the KCC Regeneration Fund. KCC signed a contract with BT which agreed that at least 95% of properties in Kent will have access to higher speed fibre-based broadband, 91% of properties to have access to at least 24mbps and every property to at least 2mbps. The Council had also applied for funds from DEFRA Rural Community Broadband Fund (RCBF) with Tunbridge Wells Borough Council to upgrade some of the 'heard to reach' rural areas. Parts of Leigh, Chiddingstone, Penshurst, Cowden and Hever would benefit from the funds. Officers were hopeful of a positive response soon.

The item had been brought to the Committee particularly for consideration of the investment opportunities presented in options 3 and 4 in the report. Officers advised the Committee that the payback on the schemes would be low, could be over 10 to 15 years and may only be where there had already been market failure. Selling Parish in Kent had spent over £500,000 but only connected 36 properties. Often, once a successful local group had been established then BT would step in and take on the rollout instead. The Committee was concerned at the proposals in options 3a, 3b and 4 in the report. They did not feel that the returns were sufficient as an investment opportunity. Nor was option 5 to be recommended.

Members raised concern at the ability of BT to achieve the rollout. There had been delays and some broadband performance had suffered due to capacity issues.

> *Action 1: Chief Officer Communities and Business to discuss with BT the possibility of providing residents with more information about upcoming works and any disruption that could be caused.*

Public Sector Equality Duty

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

> Resolved: That options 1 and 2 contained in the report be recommended to Cabinet.

54. Financial Results 2013/14 - To the end of January 2014

The report advised that the financial results in the year to the end of January showed an overall favourable variance of £477,000. The year-end position was expected to be £271,000 better than budget and this reflected 0.5% of the gross budget. The Head of Finance updated the meeting that the comparable figures to the end of February were £579,000, £199,000 and 0.4%.

The Head of Finance highlighted that the £6,000 favourable return on investments was a good result given current interest rates. Income from On-street parking, Land Charges and Development Management all achieved or exceeded budget targets. The Council had also received £172,000 from the Flood Support Scheme and the Chief Officer Communities and Businesses advised only 6 business had made claims under it so far, but many more had expressed interest.

The Chairman welcomed the favourable forecast variance of £119,000 in Direct Services.

55. Financial Performance Indicators 2013/14 - to the end of January 2014

The report presented figures on a snapshot of internally set performance indicators for 2013/14 up to the end of January 2014, with comparative figures for the previous year. All indicators were at or exceeded target. The Head of Finance confirmed that the figures to the end of February were also all at or exceeded target.

Sundry debts over 61 days had risen in January 2014 due to a single debt of £11,000 from a Housing Association which was paid on 19 February. It was believed this could be down to an administrative error on behalf of the Housing Association.

In response to a question, the Chief Finance Officer confirmed that it was usual for the share of payments made by Direct Debit to fall at this time of year. It would usually rise once Council Tax letters were sent. A new automatic till would shortly be introduced to the reception in the Council Offices.

56. Work Plan

Further reports were to be added to the Committee's work plan for June 2014. A treasury management report would be brought concerning possible investment in Local Authority Municipal Bonds. A representative of Handelsbanken would be invited to address the Committee. Further details on the trading company would also be brought to the meeting in June 2014, if ready.

It was moved by the Chairman and

> Resolved: That, under section 100A(4) of the Local Government Act 1972, the public be excluded from the meeting for the following items of business on the ground that likely disclosure of exempt information is involved as defined by paragraph 3 (Information relating to the financial or business affairs of any particular person (including the authority holding that information) as identified in Schedule 12A to the Local Government Act 1972.

57. White Oak Leisure Centre Asset Maintenance - Update

(Exempt Information Schedule 12A paragraph 3 Local Government Act 1972)

The Committee gave consideration to the confidential report, which was presented by the Chief Officer Communities and Business.

Public Sector Equality Duty

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

> Resolved: It be recommended to Cabinet that
>
> a) the proposals considered in paragraph 50 of the report would not be cost effective;

b) further investigation be made of the proposal considered in paragraph 55 of the report; and

c) outline proposals be made for the options considered in paragraphs 51 to 54 of the report.

Action 2: The Chief Officer Communities and Business to circulate to Members scatter diagrams of the members of the White Oak Leisure Centre.

58. Asset Management Plan Update

(Exempt Information Schedule 12A paragraph 3 Local Government Act 1972)

The Committee gave consideration to the confidential report, which was presented by the Property and Facilities Management Manager. It provided an update on the previously approved disposals completed since April 2013. It also set out the properties which had been identified for freehold disposal in 2014/15 as part of the rolling programme of review and in line with the adopted Asset Management Plan. These properties had been identified either as underperforming financially or as surplus to the operational requirements of the Council. Further reports would be brought back for consideration before the final disposal of each.

Public Sector Equality Duty

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

Resolved: That Cabinet be recommended that they approve in principle the disposal of the land and properties identified in the report.

59. Investment Strategy

(Exempt Information Schedule 12A paragraph 3 Local Government Act 1972)

The Committee gave consideration to the confidential report, which was presented by the Chief Finance Officer. It proposed an investment strategy building on an approach of property based investment in order to deliver increased revenue income. In recent years the Council had faced ongoing reductions in Government Support, compounded by low interest rates resulting in returns on treasury investments generally not higher than 0.8%. Self-sufficiency was a key focus area in the Corporate Plan and was an outcome of the Peer Review, reported to Cabinet in February 2014. Officers had discussed the proposal with Grant Thornton, the Council's external auditors, who viewed it as a coherent case for change and that the solution was consistent with the goal of becoming more self-sufficient.

Concern was raised at the option of borrowing from external sources to invest and whether it would be ultra vires. The Chief Officer Legal and Governance confirmed that specialist legal and financial advice would be taken, to ensure that activities remained within the Prudential Borrowing rules. Members agreed that external borrowing should not be a recommended source for funding.

Public Sector Equality Duty

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

Resolved:

(a) that, subject to a disapproval of borrowing from external sources at this stage, the Committee endorse and recommend to Cabinet the proposed approach to the principle of an investment strategy based on property assets;

(b) that subject to recommendation (a) the Committee recommend to Cabinet that the proposed investment strategy be adopted subject to the criteria set out in paragraph 22 in the report

THE MEETING WAS CONCLUDED AT 9.34 PM

CHAIRMAN

ACTIONS FROM THE MEETING HELD ON 26 MARCH 2014			
Action	**Description**	**Status and last updated**	**Contact Officer**
ACTION 1	Chief Officer Communities and Business to discuss with BT the possibility of providing residents with more information about upcoming works and any disruption that could be caused. (Minute Item 53)	Officers are liaising with BT on a regular basis. There are no further updates at the moment. (20.05.14)	Lesley Bowles 01732 227335
ACTION 2	The Chief Officer Communities and Business to circulate to Members scatter diagrams of the members of the White Oak Leisure Centre. (Minute Item 57)	Scatter diagrams are being updated with new information. (20.05.14)	Lesley Bowles 01732 227335

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TREASURY MANAGEMENT – LOCAL AUTHORITY MUNICIPAL BONDS

Finance and Resources Advisory Committee – 3 June 2014

Report of the:	Chief Finance Officer
Status:	For Consideration
Also considered by:	Cabinet – 17 July 2014
Key Decision:	No

Executive Summary: The only real source of borrowing for small district councils is the Public Works Loan Board (PWLB), which means that there is no alternative to the rates that they offer. The Local Government Association (LGA) is proposing to create a collective Municipal Bonds Agency which it believes would allow councils to raise funds at a significantly lower rate than those offered by the PWLB.

This report seeks Members approval to be part of a scheme to match fund the LGA's contribution to the creation of the Agency.

This report also revisits previous discussions on the use of non UK banks for the placing of investments.

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

Portfolio Holder	Cllr. Ramsay
Contact Officer	Roy Parsons, Principal Accountant - Ext 7204

Recommendation to Finance and Resources Advisory Committee: That the recommendations to Cabinet be endorsed.

Recommendations to Cabinet:

a) That, subject to the views of the Finance and Resources Advisory Committee, the Council contributes up to £50,000 towards the set up costs and operating capital of the LGA's Municipal Bonds Agency;

b) that authority be delegated to the Chief Finance Officer, in consultation with the Portfolio Holder for Finance and Resources, to agree the final level of contribution; and

c) that investment in non UK banks, having a minimum long term Fitch rating of AA-, is recommenced as detailed in the report.

Reason for recommendations:

a) To ensure that alternative sources of funding are available should the Council decide to borrow in pursuit of its strategy to move towards a more financially self sufficient position as envisaged in the Corporate Plan; and

b) to enable a wider range of investment opportunity with the potential to increase yield.

Introduction and Background

1 The only source of borrowing for small district councils is the Public Works Loan Board (PWLB). This means that we are limited to the rates that the PWLB charge.

2 The Council's Capital Programme is currently financed by a combination of internal funding from earmarked reserves and then from capital receipts. The Council has agreed a programme of asset disposals generating significant capital receipts. However, the delivery of some planned projects will depend on external borrowing.

3 In recent years, the Council has been faced with ongoing reductions in government support and decisions have been taken through the 10 year budget process to try and ensure that the Council remains in a financially sustainable position going forward. The Corporate Plan suggests an approach of investing in assets that will generate revenue income to replace diminishing government support. This might be achieved by a review of the use of reserves or through borrowing at low interest rates.

Rationale for setting up a Municipal Bonds Agency

4 The LGA started looking at this idea in early 2011. In August 2012, they issued their review document, which is reproduced in the Appendix. Further work was then carried out leading to the LGA Executive's decision to launch the Agency in the Autumn of 2014.

5 One of the ten big ideas in the LGA's Rewiring Public Services programme is to 'Boost investment in infrastructure by recreating the thriving market in municipal bonds which England once had and most other countries still have'. Reviving council borrowing directly through the capital markets offers the prospect of cheaper borrowing and a better deal for the council tax payer. It would also free local authorities from Treasury control by ensuring there was an alternative source of funding to the PWLB, and through that route, keep PWLB rates low too. Council bonds would offer investors a direct route to invest in capital projects in a way that government bonds do not (three-quarters of the Treasury's borrowing goes to fund revenue spending). Furthermore, a revived municipal bond market would be a powerful expression of local authorities' commitment to investing in economic growth.

6 The LGA has prepared an outline business case for the establishment of a Municipal Bonds Agency. This assessed that a municipal bonds agency should, in stable bond market conditions, be able to raise funds in the bond market at around 0.5% above the long-term gilt rate and on-lend to participating authorities

at an interest rate of 0.7% to 0.8% above the gilt rate. The near-monopoly PWLB offers money at a rate of Treasury gilts plus an additional percentage set by the Chancellor of the Exchequer. The rate currently sits at a 1% premium to gilts, with discounts available subject to conditions.

7 Modelling work done by the LGA shows that a Municipal Bonds Agency would allow councils to raise funds at a significantly lower rate than those offered by the PWLB. The model shows that a council borrowing £100m over 20 years would stand to save as much as £4.7m compared to a PWLB loan.

8 According to the LGA, in addition to the immediate cost saving, the benefits of establishing a Municipal Bonds Agency would be:

- sustainable lower borrowing costs, free from the risk of the Treasury changing its lending margins in the future
- control by councils of the Agency's lending terms, including the ability to refinance debt without the PWLB's penal repayment clauses
- council ownership of the Agency
- diversity of funding sources, ensuring long term competitive pressure on the PWLB

9 18 councils have already made formal expressions of interest in the creation of the Agency and have committed to working with the LGA do develop it.

10 The LGA has estimated that a budget of up to £1m will be required to set up the Agency. The LGA has already committed £150,000 and proposes to raise that to £500,000, provided £400,000 of it is equally matched by contributions from councils in return for an equity stake in the Agency. Once this so-called 'mobilisation phase' is complete, the Agency will then require an estimated £8-10m of operating capital to cover launch, early operating costs and provide a buffer against risks.

11 While the level of council support for the Agency remains steady, councils have yet to be asked to make a financial commitment. The LGA is now actively seeking investment from councils towards the £1m start up costs. To raise a total of £10m start up costs and operating capital, it would require 200 councils to invest £50,000 each or 40 to invest £250,000.

12 The Council is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low risk counterparties or instruments commensurate with the Council's low risk appetite, providing adequate liquidity initially before considering investment return. The LGA's proposals are grounded in the local authority Prudential Code, nothing new is being proposed.

13 Members views on the scheme would be appreciated.

Other treasury management issues

14 A representative of Handelsbanken will be giving a presentation to this meeting. Handelsbanken is a Swedish bank that operates in the UK. They will shortly be opening a branch in Sevenoaks town centre. They are keen to enter into a relationship with the Council and they have investment products which would suit the Council's requirements. They are firmly established in the local authority deposits sector.

15 The Council's investment strategy has always allowed for investment in non-UK banks. However, this ceased in the aftermath of the 2008 financial crisis. The issue has been the subject of discussion at previous meetings of this Committee and its predecessor. At present, the preference is to continue to only lend to UK banks and building societies.

16 If Members are minded to lend to Handelsbanken, then the policy of only lending to UK banks and building societies would have to change. At this juncture, it might be prudent to consider lending to other highly rated non UK banks that appear on our treasury advisor's recommended lending list. A minimum long term Fitch rating of AA-, the same as that of Handelsbanken, could be a useful benchmark. This would include banks in countries such as Australia, Canada, Netherlands, Singapore and UAE (amongst others). The duration of the investment would be determined by reference to our treasury advisor's colour-coded matrix. Initially, the lending limit could be set at half that of the UK banks (i.e. £3m per counterparty).

17 It should be noted that only a few of the potential counterparties appear in the market and then only periodically. It might be that none are in the market when we want to invest or their rates may be inferior at that point in time. However, as a means to spread risk, it is a useful option to have.

Key Implications

Financial

18 As part of the Council's aim to become more financially self sufficient, a strategy is being developed to invest in assets to produce a revenue stream. Part of this process might involve borrowing to acquire those assets. The LGA's proposal brings competition to the market to ensure borrowing rates remain as low as possible.

19 The option to invest in non UK banks gives greater scope to place investments and potentially increase yield. It reduces the concentration of investment in a handful of UK banks.

Legal Implications and Risk Assessment Statement

20 The Municipal Bonds Agency is a complex and demanding project, with a number of risks, key of which is a lack of local government support undermining the credibility of the project. This in turn could lead to insufficient funding. The government could also reduce the PWLB interest rates.

21 However, the benefits of having a Local Government Collective Agency are judged to outweigh the risks. It offers councils a potentially cheaper source of capital funding and importantly frees them from the uncertainty of unpredictable government adjustment of PWLB interest rates and the significantly higher repayment burden any increase would imply. Efforts to mitigate the risks will focus on working closely with interested councils, the Government and the Treasury to give them a sound understanding of what the local authorities are trying to do.

22 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.

23 There will be third party costs to establish the agency some of which will need to be spent in advance of launch and will be funded by a mix of contributions from the LGA's own budget and advance payments by councils which would be members of the agency; those advance payments will be converted after launch into subordinated debt securities of the agency. There will be a financial return for these capital subscriptions for establishment costs remunerated at commercial rates of return.

24 Once the Agency was established, this would be converted into subordinated debt securities and shown on the Council's balance sheet, with no impact on the General Fund. The contribution would be made over a period of time on the basis of progress in setting up the Agency.

25 Taking part in the set up of the agency does not commit the Council to borrowing but would give early access to cheaper borrowing if required.

26 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.

27 This report suggests expanding the lending list. The movement in previous years towards having a restricted lending list of UK-only 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.

<u>Equality Impacts</u>

Consideration of impacts under the Public Sector Equality Duty:		
Question	Answer	Explanation / Evidence

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

28 The effect of the proposal to widen the lending list, as set out in this report, is to allow the Council to effectively and efficiently manage cash balances.

29 If Members are minded to support the LGA's Municipal Bonds Agency, and it comes to fruition, a wider range of borrowing options will be available at potentially lower rates. This will help reduce the burden on the revenue budget.

Appendix:	Local authority bonds – A local government collective agency (LGA, August 2012)
Background Papers:	None

Adrian Rowbotham
Chief Finance Officer

Local Government Association

Dr Pav Ramewal
Corporate Services Director & Deputy Chief Executive
Sevenoaks District Council
Council Offices
Argyle Road
SEVENOAKS TN13 1HG

1st August 2012

Dear Dr Ramewal

Local Authority Bonds

I am pleased to enclose the LGA's case for a local government collective agency to raise and issue council bonds.

Most council long-term borrowing is currently from the PWLB. The LGA started exploring this issue after the PWLB's interest rates were unexpectedly increased in October 2010 to 1% above the Gilts rate. That rise starkly exposed the risks of councils' dependence on a single lender.

We completed a business assessment informed by advice from City institutions. We worked with local government finance practitioners and looked at the lessons from other countries where local authority collective agencies operate successfully.

In normal market conditions, a local government collective agency should achieve a AAA/Aaa rating and provide loans at rates similar to proposed the PWLB "certainty" rate.

But beyond price we believe there are other <u>important factors</u> the profession need to consider:

1. There have been six changes to PWLB rates and conditions in the last three years; our proposed agency provides an alternative – reducing councils' exposure to shifting government lending policies.

2. By issuing collective bonds, an agency creates a market for local authority paper, making it cheaper and easier for individual councils to issue their own bonds.

3. An agency is a practical example of the local government sector working together to develop its own solutions. Rather than looking up central government our proposal is for councils to work together setting their own rules. This also ensures large and small authorities have the same potential access to capital finance.

Local Government House, Smith Square, London SW1P 3HZ **T** 020 7664 3000 **F** 020 7664 3030 **E** info@local.gov.uk
www.local.gov.uk Chief Executive: Carolyn Downs

4. Generic local authority bonds are attractive potential investments. UK pension scheme advisers have expressed interest in local authority bonds. This agency could provide a mechanism for prudent investment by pension funds in local government infrastructure'.

Our proposals are grounded in the prudential code. This report only proposes borrowing that councils already regard as prudent and affordable, it is about existing borrowing being secured at best interest rates.

There are government proposals for a scrutiny rate. These are at an early stage, and the LGA will be working to ensure the potential ramifications of government scrutiny of council borrowing plans are appropriate.

We are arranging a series of meetings for finance professionals. We will explain the background to our report, explain why we think this is an important area and set out our vision for local government bond finance. We will use the meetings to determine if there is sufficient interest to take the next steps and to make this agency a reality. I very much hope you or one of your colleagues will be able to attend one of these events:

Date	**Venue**
Monday 10th September 2012 (9:30 to 12:30)	Lancashire County Council Offices, Preston.
Wednesday 12th September 2012 (9:30 to 12:30)	LGA offices Smith Square, London

Please confirm if you wish to attend by email to iva.simunkova@local.gov.uk or by calling 0207 187 7370 by no later than 31st August.

If you want to discuss the issues in this report, if there are issues that are not clear, or if you would simply like to learn more please do not hesitate to contact my colleague; Mark Luntley on 0207 664 3336 or by email on mark.luntley@local.gov.uk

Sincerely

Stephen Jones

Director of Finance and Resources

enc

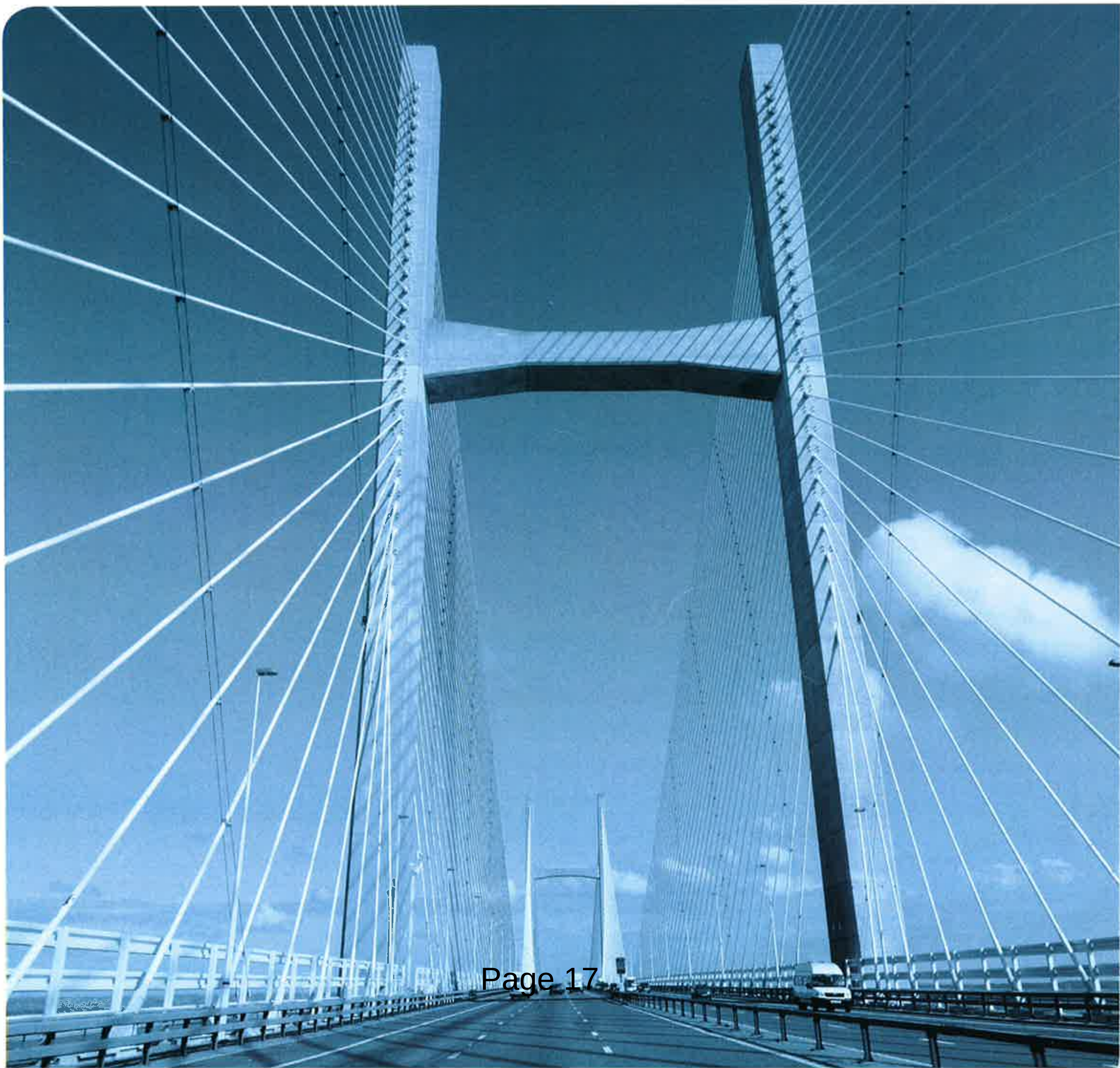
Local Government Association

WLGA • CLILC

Local Partnerships

Local authority bonds

A local government collective agency



Introduction

Local authority capital spending pays for the roads, houses, schools and leisure facilities that are at the heart of our communities. This investment drives both economic growth and helps local authorities deliver efficiency savings.

In a typical year local authorities in England and Wales borrow around £5 billion to pay for this infrastructure. Most local authority borrowing has traditionally been from the Public Works Loans Board (PWLB). In October 2010 the PWLB increased its interest rate to 1 per cent above the government benchmark 'gilt' rate, whilst the March 2012 budget announced a 0.2 per cent decrease and a possible further reduction, rates will still be above the 2010 levels.

Some local authorities may respond by issuing their own bonds, and are securing independent credit ratings in anticipation of that. Those local authorities are achieving high credit ratings – reflecting the strength and quality of management in our sector.

But not every local authority will want or be able to borrow the amounts that make such bond issues economic. As a result the Local Government Association (LGA) in England and the Welsh LGA have worked together to establish if local authorities can use their buying power to help all local authorities gain access to lower cost borrowing.

We have looked at international examples, and commissioned experts in the City to advise us. We believe that in the long-term an appropriately structured and capitalised local authority-owned collective agency could raise funds from bonds markets, and lend it onto local authorities at competitive rates.

This agency could provide a benchmark for bonds issued by the local authority sector, benefitting those local authorities that choose to raise their own bonds. The agency would also ensure there is diversity of sources of capital funding, reducing council dependence on a single source of funds.

A local authority collective agency is not a new idea. They have existed for decades in other countries, and deliver low cost loans based on their AAA/Aaa credit ratings[1]. Other local authorities, working with their national governments, from France to New Zealand are currently in the process of developing similar agencies.

This is a well managed and highly regulated area. Nothing in our proposals seeks to change the quality of governance. Indeed our proposals should further strengthen incentives for good financial management.

1 'AAA' is the form of rating used by Standard & Poor's and Fitch, while 'Aaa' is used by Moody's.

Our proposals will also not increase levels of local authority borrowing - local authorities decide that in reference to their ability to fund the long-term loan borrowing costs through the 'prudential code'. This is about local authorities – and taxpayers – getting the best interest rates and not paying unnecessary costs.

Our vision is for a solution developed by local government for local government, we believe an independent agency would deliver this outcome.

Councillor Edward Lord OBE JP

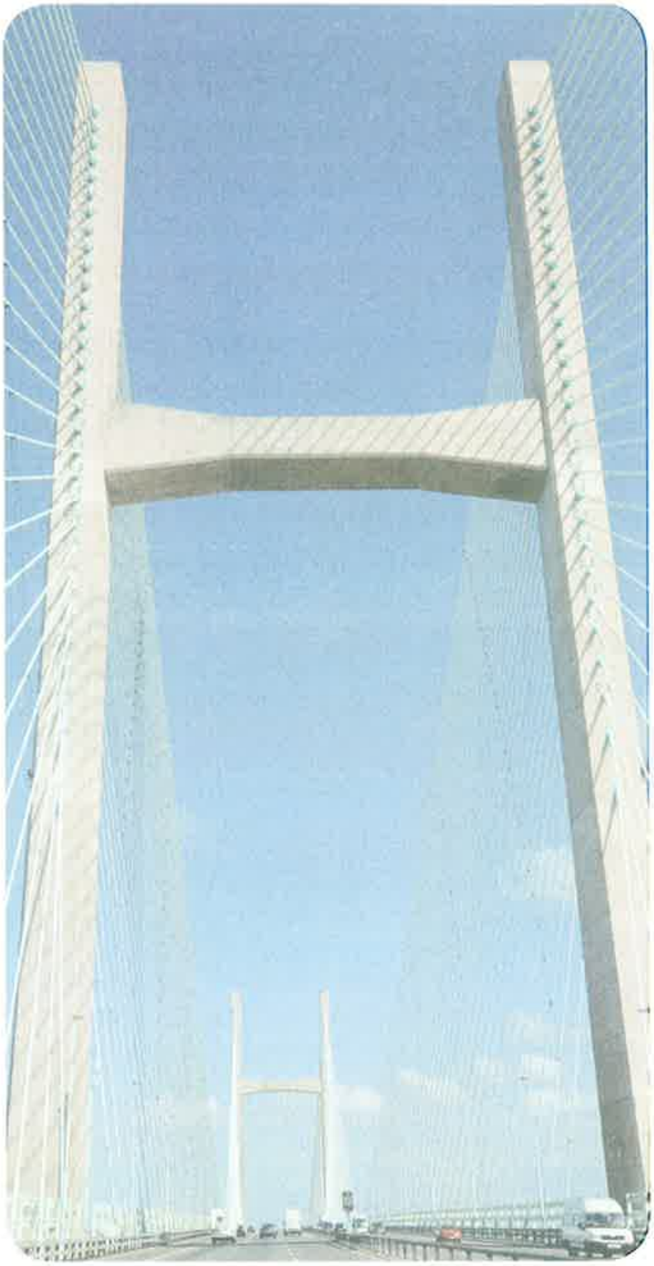
Introduction

The Welsh Local Government Association (WLGA) is pleased to have been involved in this initiative to provide borrowing to Welsh local authorities at a more cost effective rate than the PWLB or the market has provided.

Wales faces a huge challenge as it seeks to maintain and develop its infrastructure and local government needs to invest in its assets to ensure they are fit for purpose to educate our young people, provide care for our older citizens and create an environment for businesses to establish and flourish.

The scarcity of capital from the Welsh Government coupled with its inability to borrow will only increase the need for local authorities to raise their own capital funding. This opportunity is not one that allows local authorities to borrow imprudently but rather to borrow in the most cost effective and efficient way from a source that is designed for the sector by the sector and on that basis I hope you engage fully in the next stage of the process.

John Rae
Director of Resources, WLGA



Local authority bonds

Financial investment by local government for local government

Infrastructure spending supports this country's long-term economic growth. Capital spending is also part of the way local authorities achieve efficiency savings. The Local Government Association (LGA) analysed the benefits of capital spending in its report: 'Funding and planning for Infrastructure' (2010) concluding that:

- every £1 spent on construction leads to an increase in UK GDP of £2.84
- every £1 spent generates a 56 pence return to the exchequer though tax revenue and benefit savings, and
- each £1 million allocated to road maintenance creates or safeguards ten to fifteen jobs and adds £500,000 to the local supply chain.

This report explains out how a council owned collective agency, could provide funds to support some of that capital spending. It explores the benefits of a sector-led approach and highlights some of the barriers that would need to be overcome.

The need for change

On 20 October 2010 the Government announced that the Public Works Loans Board's (PWLB) interest rates for loans to local authorities would be increased from 0.2 per cent to 1 per cent above the gilt rates. This significantly increased the interest cost on loans borrowed by local authorities.

Whilst larger authorities may be able to raise their own bonds, this option is not likely to be open to most authorities (because bond issues are typically over £150 million in size).

The lack of alternative sources of lending leaves local authorities vulnerable to further changes in the PWLB's terms of trade. This was illustrated by the March 2012 Budget, which signalled a proposed 0.2 per cent reduction in PWLB rates and possible further unspecified reductions, but in return for potential increased oversight of council spending, the detail of which remains unclear.

Councils need certainty when managing capital programmes if they are to make effective long-term funding decisions. With six changes in borrowing rules in three years, councils find it harder to make such plans.

The long-term case for a local government led solution is therefore not based solely on a quantitative, loan charge argument, it is a case which is also underpinned by the stability of having a solution which is managed by the sector, for the sector.

An evidence based review

In March 2011 the LGA Executive brought together senior council politicians from England and Wales. This group oversaw the work to establish if it was feasible for councils to establish a collective agency that could raise and on-lend funds to local authorities at a competitive cost.

A second, technical reference group comprising leading local government financial managers and the professional institute (the Chartered Institute of Public Finance and Accountancy, CIPFA) also reviewed proposals to ensure they technically sound and professionally robust.

Work was informed by independent advice commissioned from HSBC, legal firm Clifford Chance LLP and professional services firm Ernst and Young.

Looking outwards

Many examples of agencies already exist and in order to inform the business case international best practice was reviewed, from the Scandinavian agencies that have successfully operated for many years to the recent developments in France and New Zealand.

Each agency is different, but they share several common characteristics. National and local government work as partners and the agency role is focussed on ensuring the credit worthiness of the local government sector. Strong governance arrangements, agreed by all participants ensure prudent long-term decisions.

Robust option appraisal

A series of options were considered using HM Treasury's, 'five case' business model approach. The recommended option was for a council owned collective agency that gains its financial strength from its strong asset base (loans to local authorities) and risk capital placed with it by participating authorities and possibly third parties.

The agency

The proposed agency would raise funds from capital markets at regular intervals and on-lend funds to participating authorities. The agency would be rated by at least two credit rating agencies, and with appropriate capitalisation, subject to a variety of non-financial factors (including the way in which the agency interacts with/sits alongside the PWLB) and governance arrangements. The agency would seek to secure AAA/Aaa rating.

The collective agency does not rely on cross guarantees. This means no participating authority would find itself exposed to potential liabilities beyond its loan obligations and any risk capital it has invested in the collective agency.

The financial analysis carried out as part of the outline business case suggested that in 'normal market conditions', an agency should be able to raise funds to on-lend to participating authorities at rates broadly similar to the proposed PWLB 'certainty' rate. However, the ongoing upheaval in the financial markets makes it impossible to predict when more stable market conditions might return.

Although there is more detailed work to be done on the operations of the agency, it is envisaged it would be overseen by a board of directors. which would include:

- local government – with majority representation as the owners of the agency
- independent members, in particular those with credit, risk management or government backgrounds.

Challenges

There are a range of challenges and risks in establishing an agency.

The March 2012 budget announced a proposed 0.2 per cent reduction in PWLB loans. This means that the Government has matched the likely price that the proposed agency would achieve when more normal market conditions return. However the government has also made clear they will keep the underlying PWLB lending rate, upon which the discount is applied, under review. This means interest rates charged can still be varied at short notice.

The prospect of a further yet lower PWLB rate undermines the financial case for the agency. However the terms under which the possible lower PWLB rate might be available to councils remain unclear. There is a concern that these terms may require councils to submit to external scrutiny of capital spending, potentially undercutting elements of the prudential code. It is not clear if councils would want to participate in such an arrangement.

The business case assumed at least tacit support from government. Such support is critical in order for financial markets and bond investors to have confidence in the proposed agency. Securing and maintaining the necessary government support is a considerable risk as it appears that some parts of central government may be sceptical to the prospect of such an agency being created at this point.

Based on specialist advice from HSBC the business case assumed that the medium term bond markets would revert to a more normal state within a reasonable period, however the difficulties in the Euro area have continued and when markets are likely to return to normal conditions remains uncertain.

The business case assumed local authority borrowing would continue at approximately a similar level to the last few years. In fact over the last two years council borrowing has fallen by four fifths. This may be regarded as a temporary dip driven by multiple economic factors, or it may reflect a longer term trend as public spending is further squeezed.

Benefits

The aim is that a collective agency would deliver borrowing at broadly competitive rates. Being managed by local government, changes in lending policies would be the result of decisions by local government – as opposed to shifting central government policies.

This collective agency should help create a liquid market for local authority bonds. This should benefit those local authorities that decide they want to issue their own bonds.

The collective agency should:

- provide a viable alternative and complimentary funding source to the PWLB
- create a new class of highly rated bonds of likely interest to UK insurance companies and pension funds (including local authority pension funds)
- avoid the expenses of a series of uncoordinated bond issues.

A membership-based collective agency can become part of a sector-led, coordinated approach to funding. The evidence from other collective agencies is that participating authorities will quickly intervene if a member authority appears to be in difficulties.

The collective agency can help promote local government. Other collective agencies work with bond purchasers and participating local authorities to strengthen understanding of the sector by all participants.

How the proposed agency would operate

The intention is that the agency will be a stable and credible counterparty for prospective bond investors. The governance of the agency will reflect the intended culture that is:

- Straight forward. The use of complex or opaque financial instruments will be avoided.
- Transparent. The activities of the agency will be open, the agency will follow modern public sector principles and publish comprehensive management information.
- Collective. The agency will balance the voices of smaller and larger authorities, much as in the way the LGA does at present. Views of other stakeholders will also be considered.
- Efficient. The agency will emphasise value for money, as income is drawn from public funds. Profits will be used to provide returns on the risk capital invested, and otherwise will be retained in the organisation to build its capital base.

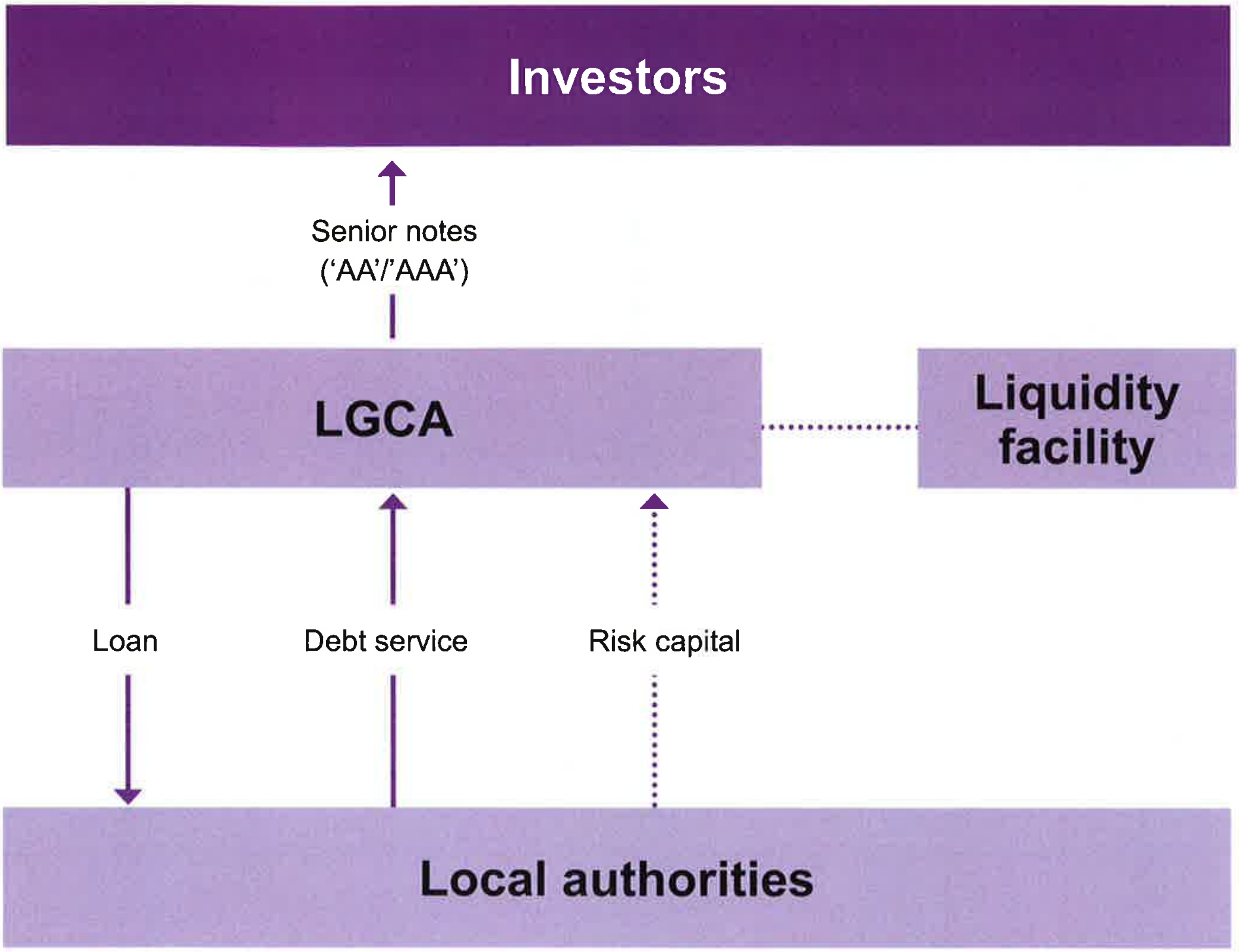
Structure and operating costs of the agency

The issuing entity would probably be a public limited company. Participating authorities or third parties will invest risk capital in the company. Any surpluses generated by the company will be retained within the organisation to:

- increase its capitalisation and (by increasing its financial strength) reduce borrowing costs to participating authorities.
- pay a return on the risk capital
- allow the repayment of the risk capital over time.

The proposed structure is set out below:

Figure 2: Agency structure



Factors that support a AAA/ Aaa rating

Important elements in securing a AAA/Aaa credit rating include strong governance systems, appropriate capitalisation within the wider system of prudential borrowing.

Borrowing funds from the collective agency

The agency will aim to build a presence in the bond markets. In the medium-term the agency would look to develop a programme of regular issues.

The agency will aim to minimise the amount of funding it holds before on-lending. This would mean liaison between participating authorities and the agency as to when those funds are required. In the early years of operation a 'matched funding' approach may be adopted, minimising the risk of the agency holding significant unneeded funds.

The collective agency will require participating authorities to be operating within the prudential code system. However as the collective agency represents all participating authorities and its financial standing is based on their collective reputation, loan funding could not be assumed to be 'on demand'.

Retail bonds

The possibility of accessing the retail bond market has been considered. The London Stock Exchange is developing this market and the intention would be to monitor these developments.

Conclusion

The uncertainty about PWLB interest rates and a potential lack of competition means:

- the sector as a whole is vulnerable to changes to PWLB rates, making long-term capital planning difficult
- smaller local authorities are disadvantaged because they can't easily access the capital markets.

Local authority led collective agencies have successfully operated in a number of countries, in some cases for over a century. In other countries local authorities are currently establishing such agencies with the support of their national governments.

An agency has the potential to be an important part of the sector-led improvement agenda – by strengthening the already strong governance systems in place. Local authority bonds have proved attractive investments for pension funds in those countries that they operate.

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FINANCIAL PERFORMANCE INDICATORS 2013/14 – TO THE END OF MARCH 2013

Finance and Resources Advisory Committee – 3 June 2014

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

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

Portfolio Holder Cllr. Ramsey

Contact Officer(s) Helen Martin Ext. 7483

Recommendation to Finance and Resources Advisory Committee: That the report be noted.

Introduction and Background

1. This report presents figures on seven internally set performance indicators covering activities that support information provided in the regular financial monitoring statements.

2. Information is provided on targets for the financial year, and figures for the previous year are given for comparison.

3. Use of these indicators assists management in highlighting areas where performance has an impact on financial outturn for the authority.

Key Implications

Financial

There are no financial implications arising from this report.

Legal Implications and Risk Assessment Statement.

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.

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 sound control of the Councils finances and does not directly impact on services 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

Appendices Appendix A – Performance Indicators – March 2014

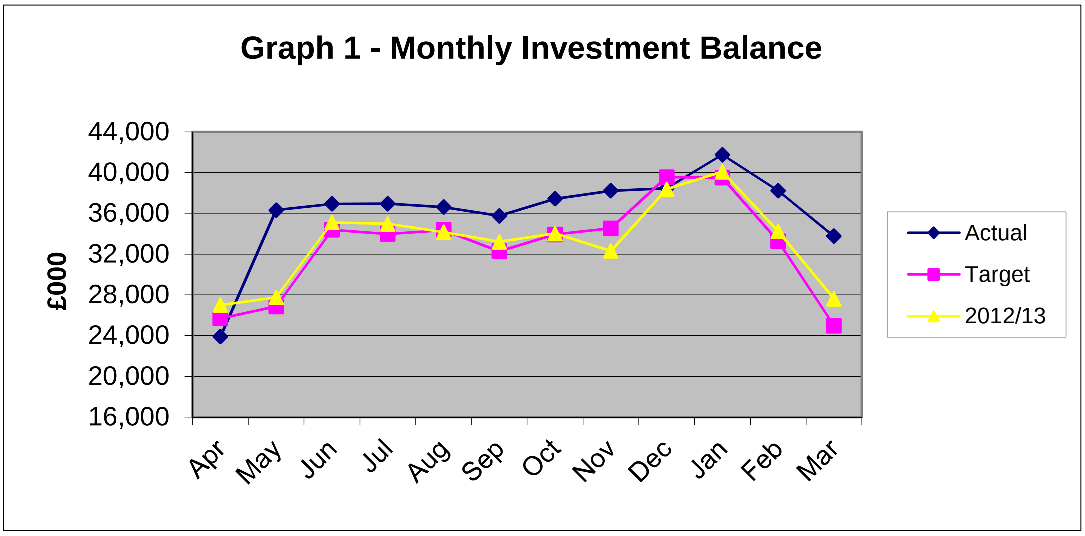
Adrian Rowbotham

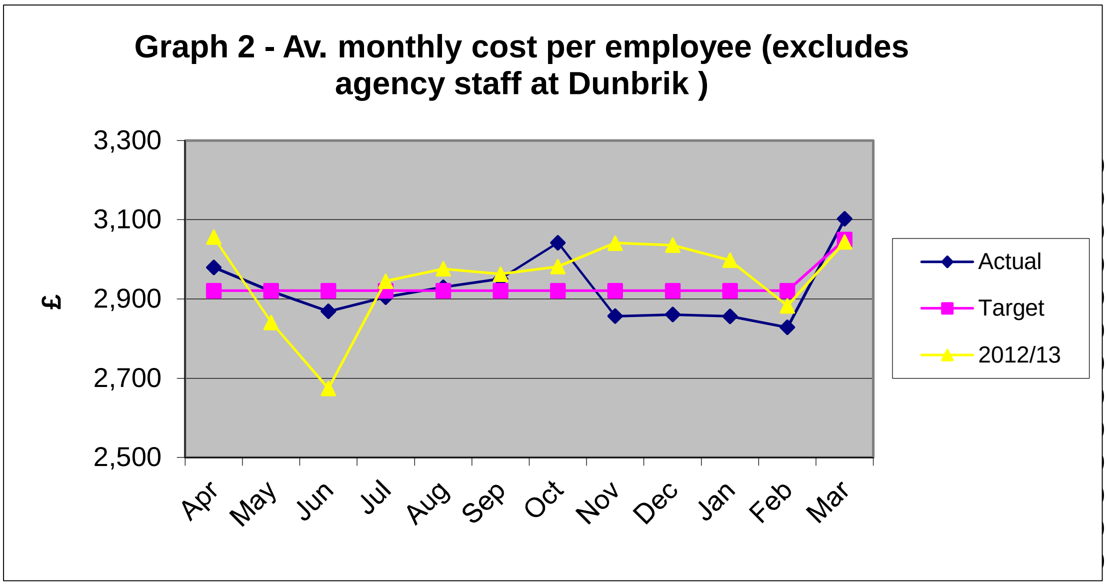
Chief Finance Officer

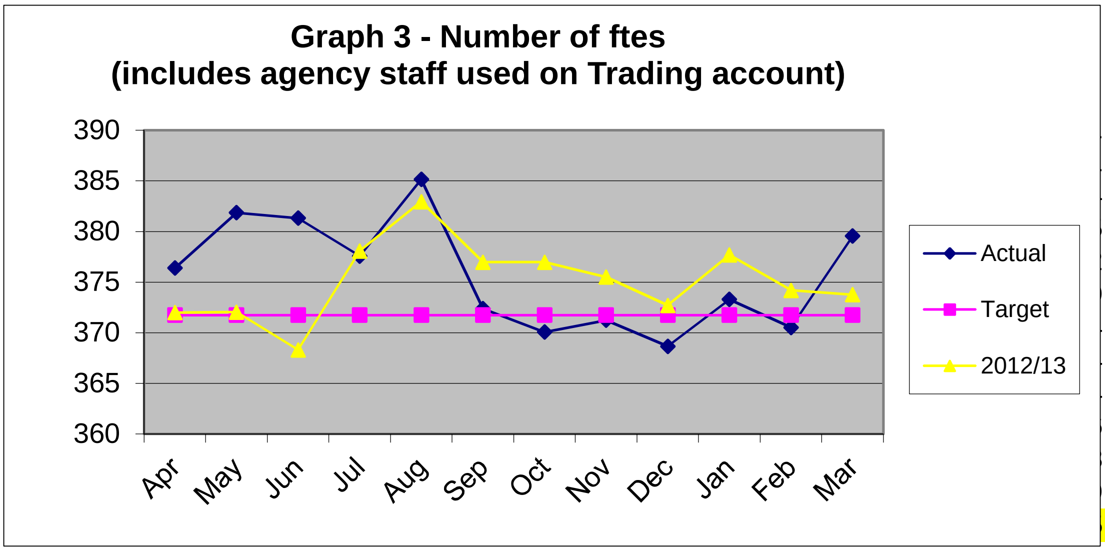
Finance & Resources Advisory Committee Finance Indicators 2013/14
as at end March 2014

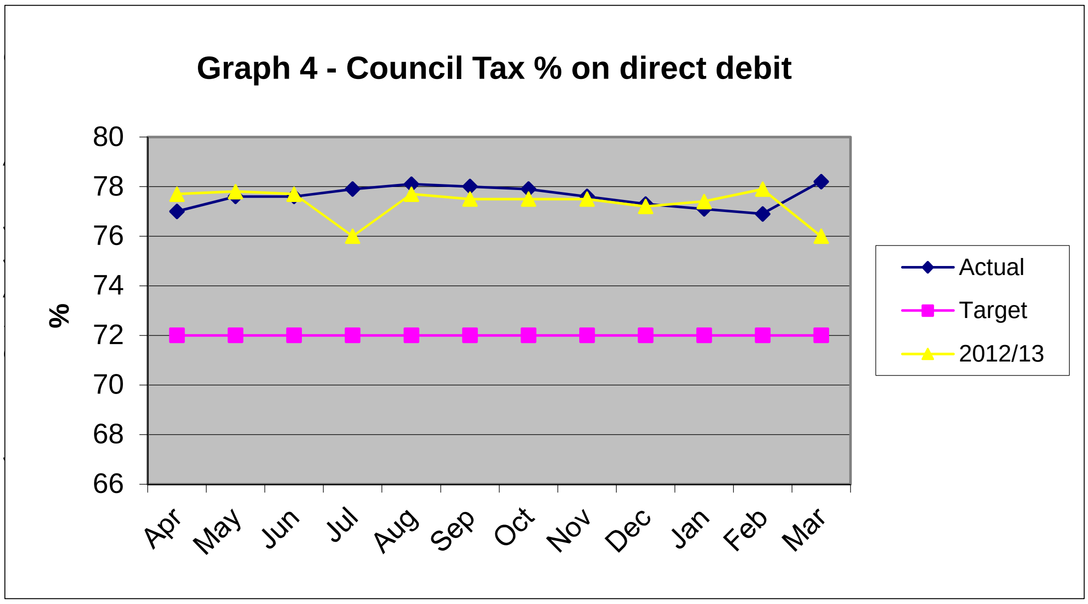
Description	target	actual	Variance	%	notes	graph
Monthly investment balance £000	33,253	33,752	499	1.5%	Total investments at month end. From April 2013, precepts are paid in 12 instalments of roughly £5m. (Previous years we paid in 10 instalments - not June or December). The target figures have been updated to reflect the Balance Sheet position as at 31/03/13.	1
Average monthly cost per employee (non cumulative) £	2,986	3,146	160	5.4%	Target is annual pay budget divided by budget ftes, figures include agency and casual staff. Actuals excludes costs and fte of Agency staff at Dunbrik.	2
Average monthly salary cost SDC £000	1,110	1,049	-61	-5.5%	Excludes numbers and costs of Dunbrik temps	
Number of ftes	371.8	379.6	7.8	2.1%	Target is budgeted ftes.	3
Council Tax % collected for 2013/14	98.6	98.5	-0.1	-0.1%	LPIFS 19. Monthly cumulative figures	-
NNDR % collected for 2013/14	98.5	98.5	0.0	0.0%	LPIFS 20. Monthly cumulative figures.	-
Council Tax payers % on direct debit	72.0	78.2	6.2	8.6%	LPIFS8 - % on direct debit	4
Investment return %	0.80	0.71	-0.09	-11.5%	Cumulative return on investments. Target is budget assumption	5
3 month LIBID		0.46	0.46			
7 day LIBID		0.38	0.38			
Sundry debtors: debts over 21 days £000	35	18.081	-17	-48.3%	21 days is taken as the base as the first reminder is issued after 3 wks.	6
Sundry debtors: debts over 61 days £000	20	8.285	-12	-58.6%	61 days is when the third reminder is issued (debts exclude items on 'indefinate hold', e.g. debtors in administration)	7

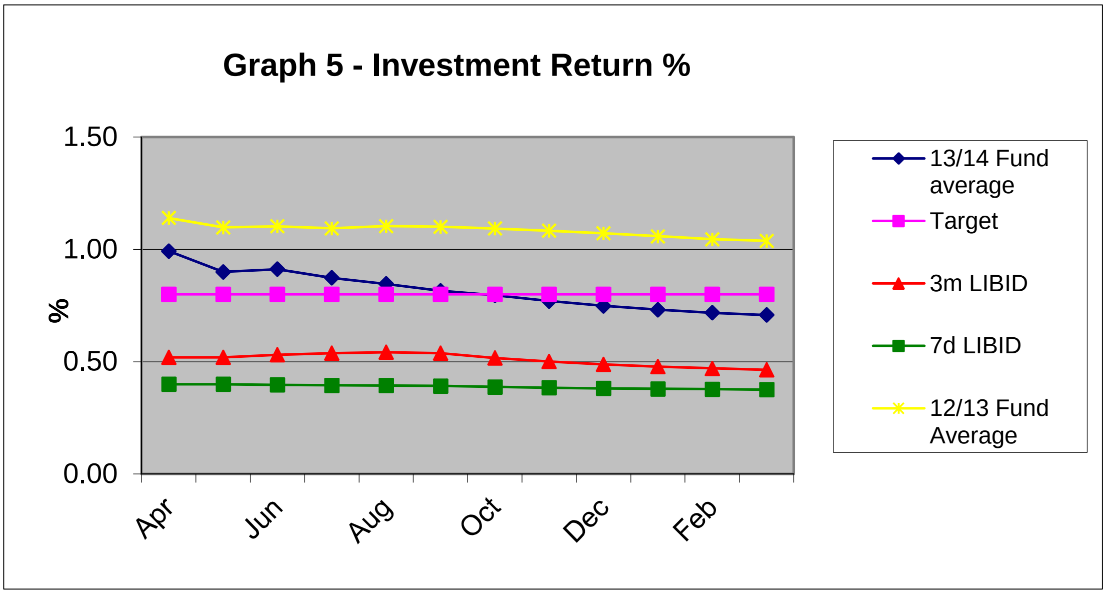
Finance & Resources Advisory Committee Finance Indicators 2013/14
as at end March 2014

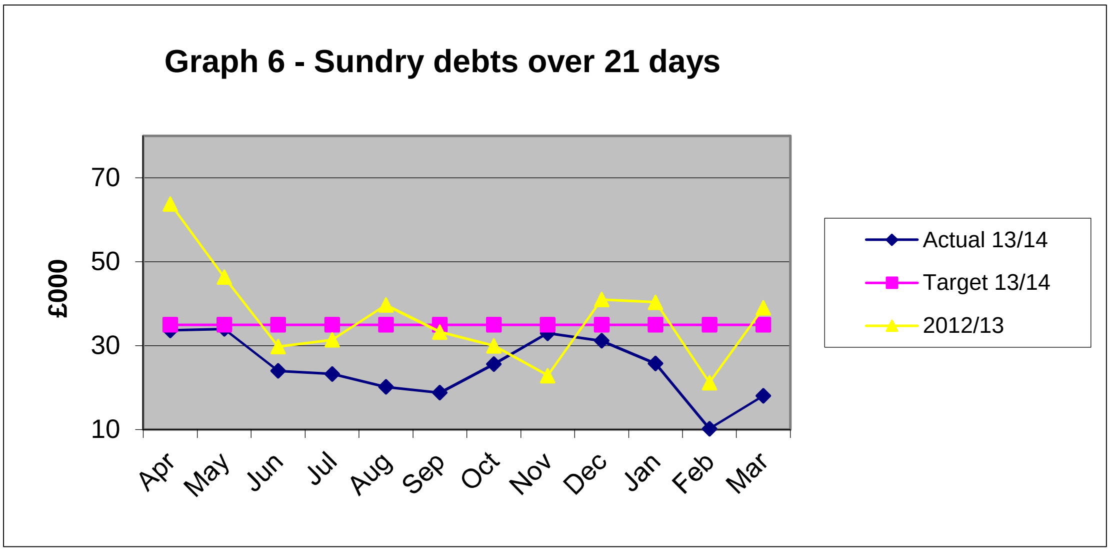


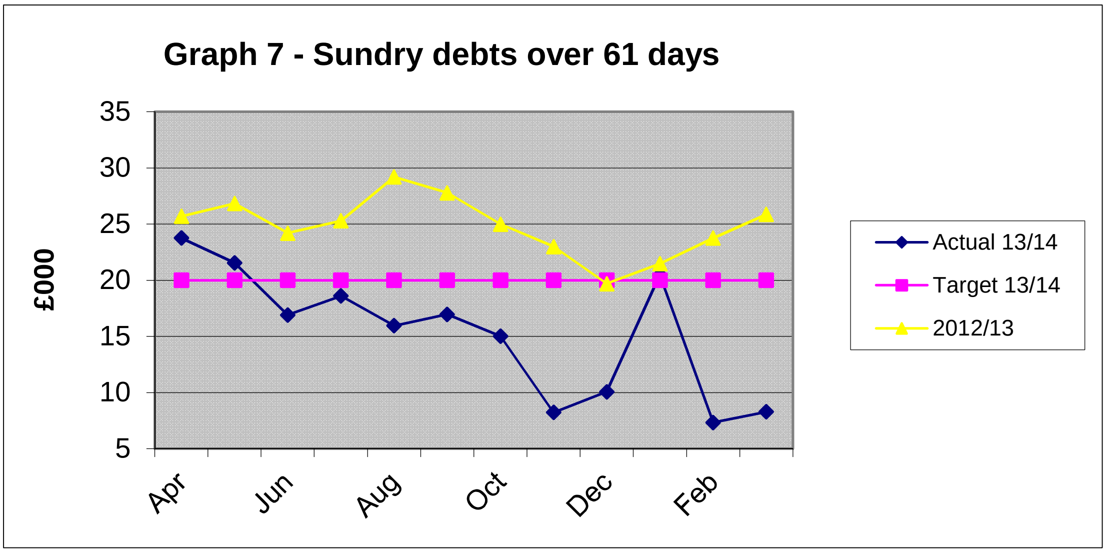



Graph 3 - Number of ftes
(includes agency staff used on Trading account)
390
385
380
375
370
365
360
Apr
May
Jun
Jul
Aug
Sep
Oct
Nov
Dec
Jan
Feb
Mar
Actual
Target
2012/13


Graph 4 - Council Tax % on direct debit
%
80
78
76
74
72
70
68
66
Apr
May
Jun
Jul
Aug
Sep
Oct
Nov
Dec
Jan
Feb
Mar
Actual
Target
2012/13


Graph 5 - Investment Return %
%
1.50
1.00
0.50
0.00
Apr
Jun
Aug
Oct
Dec
Feb
13/14 Fund average
Target
3m LIBID
7d LIBID
12/13 Fund Average


Graph 6 - Sundry debts over 21 days
£000
70
50
30
10
Apr
May
Jun
Jul
Aug
Sep
Oct
Nov
Dec
Jan
Feb
Mar
Actual 13/14
Target 13/14
2012/13


Graph 7 - Sundry debts over 61 days
£000
35
30
25
20
15
10
5
Apr
Jun
Aug
Oct
Dec
Feb
Actual 13/14
Target 13/14
2012/13

PROVISIONAL OUTTURN 2013/14 AND CARRY FORWARD REQUESTS

Finance and Resources Advisory Committee – 3 June 2014

Report of:	Chief Finance Officer
Status:	For recommendation to Cabinet
Also considered by:	Cabinet - 5 June 2014
Key Decision:	No

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

Portfolio Holder Cllr. Ramsay

Contact Officer Head of Finance – Helen Martin ext 7483

Recommendation to Finance and Resources Advisory Committee that the recommendations below to Cabinet, be endorsed

Recommendation to Cabinet: It be RESOLVED that:

(a) the Revenue 'carry forward' requests totalling £129,000 as set out in paragraph 16 of the report be approved, subject to any amendments suggested by the Finance and Resources Advisory Committee;

(b) the Capital carry forward request totalling £66,594, as set out in paragraph 17 of the report be approved, subject to any amendments suggested by the Finance and Resources Advisory Committee; and

(c) a Flood Support Earmarked Reserve be established, and the income receipt of £172,000 be transferred to that reserve at the end of March 2014.

Introduction

1 Provisional Financial Outturn figures for 2013/14 are attached at Appendix A. These results will be presented to Cabinet at its meeting on 5 June 2014.

2 The report also sets out the requests to carry forward unspent budgets into 2014/15 for Revenue items. In practice any items agreed for carry forward will be set aside in an Earmarked Reserve to be used to finance those costs in 2014/15.

3 2013/14 was the third year of a four-year savings plan, which set out to achieve savings of £4 million over that period. It is pleasing to report to Members that a provisional favourable variance of £299,000 has been achieved. If the Revenue carry forwards of £129,000, and the proposal to transfer Flood Support Grant to

an earmarked reserve, are approved, the favourable variance will reduce to £170,000. That sum represents a variance of 0.33% of the gross service budget.

4 At the end of February the forecast outturn was a favourable variance of £199,000. Since then, a review of the cost sharing arrangements for the partnership with Dartford has taken place leading to an increased net contribution from Dartford Council. The provisional outturn position is £100,000 better than the February forecast.

5 The figures above all take into account the supplementary budget of £16,000 approved during the year for Christmas car parking.

6 It was approved by Cabinet on 6th February 2014 that any favourable variance achieved on the 2013/14 budget be put to the Budget Stabilisation Reserve.

7 There are three requests to carry forward unspent revenue budgets.

High Level Analysis of Results

8 **Partnership Income:** Reviews of the cost sharing arrangements for the Dartford Environmental Health, and Revenues and Benefits, Audit and Fraud partnerships have taken place. This has led to £90,000 reduction in the cost of these services to this Council.

9 **Pay costs** *(£229,000 underspent)*: An underspending of £293,000 relates to Direct Services and was offset by agency staff costs held within the trading account. Additional resources were used to address the Benefits workload and costs were met from external funding.

10 **Income from fees and charges** Income from On Street Parking, Land Charges, Development Management, and Court costs has achieved or exceeded budget targets. Development Management income exceeded budget by £110,000 due to a small number of high fee applications. Income from Car Parks pay and display was £58,000 worse than budget.

11 **Estates Management** - Following the sale of 66 London Road, there was saving on rent and rates at that site, however £50,000 of that saving was used to fund initial investigations into potential property development. There is an unfavourable variance of £87,000 for management of properties. This covers the costs associated with the sale of 66 London Road, and where the Council has to meet the business rates on properties currently vacant pending disposal, and the associated reduced rental income.

12 **Direct Service Trading Accounts** show a surplus of £230,000 at the year end, which is £167,000 better than the budgeted surplus. Explanations for the variances giving rise to this surplus are included within Appendix C.

13 **Interest and Investment Income** was £8,000 better than budget due to higher than estimated balances and slightly higher rates being achieved during the first half of the year.

14 The latest information from CIPFA regarding the £1m Landsbanki investment is that authorities should now account for a 100% return although this will continue to be reviewed

Flooding Reserve

15 In March 2014 we received a Flood Support grant of £172,000 from central government. Accounting regulations require that this money is treated as income in 2013/14. The support scheme is currently in operation and payments are expected to be made during 2014/15. Approval is recommended for the establishment of a separate reserve and for the transfer of the £172,000 grant into that reserve.

Revenue Carry Forward Items

16 There are three Revenue carry forward requests. Further details including the implications of not carrying forward these budgets are set out at the end of this report.

No.	ITEM	CHIEF OFFICER	AMOUNT £
A1	Revenues	Finance	£77,000
A2	Property Investment	Finance	£40,000
A3	Multi Functional Devices	Corporate Support	£12,000
	Total		**£129,000**

Capital Programme

17 The following capital scheme was underspent at the year end and the unspent budget is recommended for carry forward.

No.	SCHEME	CHIEF OFFICER	AMOUNT £
C1	Disabled Facility Grants	Housing	£66,594
	Total		**£66,594**

Key Implications

<u>Financial</u>

18 All financial implications are covered elsewhere in the report.

Community Impact and Outcomes

19 None

Legal, Human Rights etc

20 None

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	
b. Does the decision being made or recommended through this paper have the potential to promote equality of opportunity?	No	
c. What steps can be taken to mitigate, reduce, avoid or minimise the impacts identified above?		

Conclusions

21 Both Members and Officers were fully aware that 2013/14 would be an extremely challenging year. However, in light of the financial pressures arising during the year, it is pleasing to report to Members a positive year end position.

22 The outturn position could not have been achieved without the commitment and hard work of both Members and Officers, in particular the Chief Officers and the Finance and Resources Advisory Group, who have played an essential challenge, advisory and scrutiny role reviewing not only the budget but also the corrective action planning.

23 The 2014/15 budget includes savings totalling £0.479m. Achieving this continuing level of savings whilst managing the financial risks will require continued close and proactive financial management during 2014/15.

Risk Assessment Statement

24 The approval of these carry forward requests should reduce the risk of the Council exceeding its planned expenditure in 2014/15.

25 These results are provisional and may change due to issues arising from the closure of the Council's accounts, which will be completed by 30 June 2014.

Appendices	Appendix A – Budget Carry Forward Requests Appendix B - Provisional Outturn Summary Appendix C – Explanation of variances
Background Papers:	See appendices
Contact Officer(s):	Helen Martin Ext. 7483 Adrian Rowbotham Ext. 7153

Adrian Rowbotham

Chief Finance Officer

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Budget Carry Forward Request 2013/14

Chief Officer : Adrian Rowbotham

Budget description : Property Investment

Type of expenditure: Revenue

Cost Centre code : FSMSINVP 60013

Budget unspent at 31/3/14: £40,000

Amount requested for carry forward: £40,000

Reason for request, including the benefits of this expenditure, why the budget was not spent in 2013/14 and timescales for expenditure in 2014/15 :

During 2013/14 £50,000 was set aside to support the Property Investment Strategy to fund property investment studies. £10,000 has been spent in 2013/14 and the remainder will be required in 2014/15 as more projects commence.

Implications of not carrying forward this budget (e.g. impact on achievement of performance targets, etc):

If suitable studies are not carried out on future property investment proposals, there is a risk that the Council will not optimise the financial return.

<u>Budget Carry Forward Request 2013/14</u>

Chief Officer : Adrian Rowbotham

Budget description : Revenues

Type of expenditure: Revenue

Cost Centre code : FSPARCTS

Budget unspent at 31/3/14: £77,000

Amount requested for carry forward: £77,000

Reason for request, including the benefits of this expenditure, why the budget was not spent in 2013/14 and timescales for expenditure in 2014/15 :

The following grants were received in 2013/14:

- DCLG New Burdens – Implementation of Local Council Tax Support Scheme £50,134.
- DCLG Council Tax Support Transitional Grant £27,531

Implementing the Local Council Tax Support Scheme in the first year (2013/14) was contained within the Council's budget including the amounts provided by the major Precepting authorities.

From 2014/15 the amount of Council Tax to be paid by Council Tax Support customers has increased from 8.5% to 18.5% which may result in reduced collection rates unless extra work is completed to contact individuals who are not paying to explain the different payment options available to them.

Implications of not carrying forward this budget (e.g. impact on achievement of performance targets, etc):

From 2014/15 the amount of Council Tax to be paid by Council Tax Support customers has increased from 8.5% to 18.5%. There is a risk that fewer people will pay going forward which will result in a reduced Council Tax collection rate.

Budget Carry Forward Request 2013/14

Chief Officer : Jim Carrington-West

Budget description : Support General Admin - MFDs

Type of expenditure: Revenue/Asset Maintenance

Cost Centre code : XAYA

Budget unspent at 31/3/14: £13,680

Amount requested for carry forward: £12,000

Reason for request, including the benefits of this expenditure, why the budget was not spent in 2013/14 and timescales for expenditure in 2014/15 :

The current MFD contract includes higher charges through the initial period of the contract which then decrease for the last two years. There was therefore a proportion of the budget that was unspent during 2013/14 which is requested to be carried forward as it is programmed to cover the costs of implementing a replacement MFD estate.

Implications of not carrying forward this budget (e.g. impact on achievement of performance targets, etc):

If this money is not carried forward as planned, there will be insufficient up-front costs to cover the implementation of new MFDs when the current estate reaches the end of its life.

Budget Carry Forward Request 2013/14

Head of Service: Pat Smith, Chief Housing Officer

Budget description: Disabled Facility Grants 2013/14

Type of expenditure: Capital

Cost Centre code: 67000 YLTB 6831

Budget unspent at 31/3/14: £66,594

Amount requested for carry forward: £66,594

Reason for request, including the benefits of this expenditure, why the budget was not spent in 2013/14 and timescales for expenditure in 2014/15:

In accordance with Housing Grants, Construction and Regeneration Act 1996 all applicants have 12 months from the date of approval in which to carry out the works,

- Our experience in the last year has been that KCC Assessment and Enabling Team have faced a turnover of staff which has impacted upon the processing of DFG's.

- Two complex children cases, totalling £60,000, have had their completion date extended, meaning it was not possible to complete during 2013/14.

Implications of not carrying forward this budget (e.g. impact on achievement of performance targets, etc):

If not carried forward, along with the reduction in the budget of DFG to £517,000, it is possible that this may have a negative impact upon:-

- the Council's performance in meeting its target in relation to the number of DFGs completed;
- the time it would take before the disabled applicant received their adaptation; and
- the number of applicants experiencing an excellent service.

This carry forward will mitigate the pressure going forward in 2014/2015 in particular regarding the following applications:

£28,000 11/00108/DFG Due to the complexity of this grant works must now be completed before 31st March 2015.

£17,000 13/00007/DFG An extension has been granted with works having to be completed by 31st May 2014.

£4,100 13/00128/DFG No payments have been released and it is anticipated that the works will be completed and the payment released during Quarter 1 2014/2015.

£9,500 13/00165/DFG No payments have been released and it is anticipated that works will be completed and the payment released during Quarter 1 2014/2014.

£2,600 13/00101/DFG No payments have been released and works are expected to be undertaken no later than Quarter 2 2014/2015.

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2. Overall Summary

March 14 - Provisional Outturn as at 20/05/14

	Period Budget £'000	Period Actual £'000	Period Variance £'000	Period Variance %	Y-T-D Budget £'000	Y-T-D Actual £'000	Y-T-D Variance £'000	Y-T-D Variance %	Annual Budget £'000	Annual Forecast (including Accruals) £'000	Annual Variance £'000	2012/13 Actual £'000
Communities and Business	139	196	- 57	-41	997	989	8	1	997	984	13	966
Corporate Support	373	574	- 201	-54	3,103	3,199	- 97	-3	3,103	3,259	- 157	2,808
Environmental and Operational Services	97	369	- 272	-281	2,497	2,788	- 291	-12	2,497	2,704	- 208	2,816
Financial Services	828	403	425	51	4,740	4,312	428	9	4,740	4,532	208	4,408
Housing	53	90	- 37	-71	772	778	- 6	-1	772	771	0	728
Legal and Governance	46	48	- 2	-4	614	548	66	11	614	551	63	593
Planning Services	165	261	- 96	-58	1,353	1,315	38	3	1,353	1,249	104	1,261
NET EXPENDITURE (1)	**1,701**	**1,941**	- 240	-14	**14,075**	**13,929**	146	1	**14,075**	**14,051**	24	**13,579**
Adjustments to reconcile to Amount to be met from Reserves												
Direct Services Trading Accounts	2	26	- 24	-1453	- 64	- 230	167	263	- 64	- 233	170	- 73
Capital charges outside General Fund	- 5	- 5	0	8	- 58	- 62	4	7	- 58	- 58	-	- 54
Support Services outside General Fund	- 11	9	- 20	-174	- 138	- 118	- 20	-15	- 138	- 138	-	- 167
Redundancy Costs - all	-	16	- 16	-	-	22	- 22	-	-	-	-	-
NET EXPENDITURE (2)	1,687	1,986	- 299	-18	13,816	13,541	275	2	13,816	13,622	194	13,285
Government Grant	- 458	- 458	-	0	- 5,498	- 5,515	17	0	- 5,498	- 5,498	-	- 4,646
Council Tax Requirement - SDC	- 727	- 727	-	0	- 8,728	- 8,728	-	0	- 8,728	- 8,728	-	- 9,251
NET EXPENDITURE (3)	**501**	**800**	**- 299**	**-60**	**- 410**	**- 702**	**292**	**71**	**- 410**	**- 604**	**194**	**- 612**
Summary including investment income												
Net Expenditure	*501*	*800*	*- 299*	*-60*	*- 410*	*- 702*	*292*	*71*	*- 410*	*- 604*	*194*	*- 612*
Investment Impairment	-	-	-	*0*	-	-	-	0	-	-	-	-
Interest and Investment Income	*- 21*	*- 23*	*1*	*-6*	*- 229*	*- 237*	*8*	*3*	*- 229*	*- 234*	*5*	*- 323*
Overall total	*480*	*778*	*- 298*	*-62*	*- 639*	*- 939*	*299*	*47*	*- 639*	*- 838*	*199*	*- 935*
Planned appropriation (from)/to Reserves									655	655	-	-
Supplementary appropriation from Reserves (Christmas car parking approved by Council Dec 13)									- 16	- 16	-	-
												-
Surplus									-	*- 199*	*199*	*- 935*

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Appendix C

2013-14 Outturn including all sundry creditors

	Annual Budget £'000	Forecast Outturn £'000	Actual Outturn £'000	Difference between Budget and Final Outturn £'000	Explanation for year end variances greater than £10k *(starred items)*	Difference between your forecast and final outturn £'000	Explanation for large differences between forecast outturn and actual outturn *(starred items)*
Communities and Business							
All Weather Pitch	-2	-2	-2	0		0	
Big Community Fund	0	0	0	0		0	
Community Safety	205	205	210	-4		-4	
Community Development Service Provisions	-2	-6	-5	3		-1	
The Community Plan	64	64	63	2		2	
Economic Development	45	45	47	-2		-2	
Grants to Organisations	183	183	183	0		0	
Health Improvements	45	45	43	2		2	
Leisure Contract	273	273	273	-0		-0	
Leisure Development	20	20	20	0		0	
Local Strategic Partnership	0	0	0	0		0	
Partnership - Home Office	0	0	0	0		0	
Administrative Expenses - Communities & Business	12	8	8	4	No explanations required here as all variances within the parameters.	-0	
STAG Community Arts Centre	75	75	75	0		0	
Tourism	29	29	28	2		2	
Choosing Health WK PCT	0	0	0	0		0	
External Partnership - Community Sports Activation Fund	0	0	0	-0		-0	
Falls Prevention	0	0	-0	0		0	
Business Flood Support Scheme	0	0	0	0		0	
PCT Health Checks	0	0	0	-0		-0	
New Ash Green	0	0	0	0		0	
PCT Initiatives	0	0	0	-0		-0	
Troubled Families Project	0	0	0	-0		-0	
West Kent Partnership	0	0	0	0		0	
West Kent Partnership Business Support	0	0	0	0		0	
Youth	49	45	49	1		-4	
	997	984	989	8		-5	

Agenda Item 11

2013-14 Outturn including all sundry creditors

	Annual Budget £'000	Forecast Outturn £'000	Actual Outturn £'000	Difference between Budget and Final Outturn £'000	Explanation for year end variances greater than £10k *(starred items)*	Difference between your forecast and final outturn £'000	Explanation for large differences between forecast outturn and actual outturn *(starred items)*
Corporate Support							
Asset Maintenance Argyle Road	45	45	45	0		0	
Asset Maintenance Other Corporate Properties	30	23	22	8		1	
Asset Maintenance Hever Road	6	6	2	3		3	
Asset Maintenance IT	290	290	290	-0		-0	
Asset Maintenance Leisure	165	165	162	3		3	
Asset Maintenance Support & Salaries	95	95	99	-5		-5	
Asset Maintenance Sewage Treatment Plants	8	8	7	1		1	
Bus Station	14	14	13	0		0	
Estates Management - Buildings	-72	15	15	-87	* Costs associated with facilitating the sale of 66 London Road. Remaining variance due to the Council having to meet the business rates of properties now vacant pending disposal and the associated reduced rental income.	-0	
Housing Premises	-8	-8	-9	0		0	
Administrative Expenses - Corporate Support	26	26	29	-4		-4	
Administrative Expenses - Human Resources	15	5	6	9		-1	
Administrative Expenses - Property	4	4	2	2		2	
Support - Central Offices	405	405	417	-12	* Current variance due to works currently underway waiting to be invoiced.	-12	* Year end overspend due to additional required works on the fire alarm system in February/March 2014.
Support - Contact Centre	414	414	404	10		10	* Underspend on salaries partially offset by expenditure on new equipment.
Support - Central Offices - Facilities	247	254	236	11	* Underspend on salaries due to vacant posts throughout year offset by the required procurement of a new FM van.	18	* Underspend across various budget lines including stationery, salaries and FM equipment.
Support - General Admin	234	236	215	19	* Small overspend due to new equipment required in public meeting rooms.	20	* £12k underspend on MFDs relates to a carry forward request for planned replacements.
Support - IT	792	872	862	-70	* Underspend on telephones and salaries due to vacant posts earlier in the year offset by new software licensing costs for replacement telephone system and additional data storage requirements.	9	* Initial implementation costs for replacement telephony system lower than anticipated in forecast.
Support - Local Offices	55	55	53	2		2	
Support - Nursery	0	0	3	-3		-3	
Support - Human Resources	256	246	248	8		-2	

2013-14 Outturn including all sundry creditors

	Annual Budget	Forecast Outturn	Actual Outturn	Difference between Budget and Final Outturn	Explanation for year end variances greater than £10k *(starred items)*	Difference between your forecast and final outturn		Explanation for large differences between forecast outturn and actual outturn *(starred items)*
Support - Property Function	84	93	77	7		16	*	Variance due to salary proportions coded to this area changing mid year, budget set as required for 2014/15.
	3,103	3,259	3,199	-97		60		

Agenda Item 11

2013-14 Outturn including all sundry creditors

	Annual Budget £'000	Forecast Outturn £'000	Actual Outturn £'000	Difference between Budget and Final Outturn £'000		Explanation for year end variances greater than £10k *(starred items)*	Difference between your forecast and final outturn £'000		Explanation for large differences between forecast outturn and actual outturn *(starred items)*
Environmental and Operational Services									
Asset Maintenance Car Parks	16	81	76	-61	*	Essential car park maintenance undertaken in October, partly offset by £18,500 forecast underspend on other asset maintenance budgets. New hand held machines for CEO's and new pay and display machines for car parks ordered.	4		
Asset Maintenance CCTV	12	12	11	0			0		
Asset Maintenance Countryside	10	2	3	7			-1		
Asset Maintenance Direct Services	27	27	28	-1			-1		
Asset Maintenance Playgrounds	8	4	3	5			1		
Asset Maintenance Public Toilets	8	2	0	8			2		
Building Control Discretionary Work	-0	-0	4	-4			-4		
Building Control	-97	-87	-85	-12	*	Building Control fee income £24,000 below profile. Forecast £20,000 shortfall in overall income due to ending shared management arrangement with TMBC in September 2013. Laptops ordered in readiness for shared working with T&MBC to allow remote access. 50% of costs to be recharged back to T&MBC in 2014/15.	-2		
Car Parks	-1,654	-1,579	-1,576	-78	*	Income £58,000 below profile, mainly on pay and display, due to actual shortfall in 2012/13 budget.	-3		
CCTV	244	259	263	-19	*	The challenging income budget will not be met, partially offset by savings on salaries and transmission costs.	-4		
Civil Protection	32	32	29	3			3		
Dangerous Structures	22	22	21	1			1		
On-Street Parking	-406	-396	-372	-35	*	Despite income being £8,000 above profile, mainly on pay and display income, over expenditure on a variety of costs relating to maintenance, transport and cash collection.	-25	*	Despite income being £8,000 above profile, mainly on pay and display income, over expenditure on a variety of costs relating to maintenance, transport and cash collection.
EH Commercial	262	257	274	-13	*	Figures received late from DBC. Mainly relates to salary underspend reflected in recharge to EH Hub.	-18	*	Renegotiation of partnership agreement with Dartford Borough Council.

2013-14 Outturn including all sundry creditors

	Annual Budget	Forecast Outturn	Actual Outturn	Difference between Budget and Final Outturn	Explanation for year end variances greater than £10k *(starred items)*	Difference between your forecast and final outturn	Explanation for large differences between forecast outturn and actual outturn *(starred items)*
EH Animal Control	1	26	34	-33	* Over expenditure on kennel fees and vet treatments for unclaimed stray dogs.	-8	* Over expenditure on kennel fees and vet treatments for unclaimed stray dogs. Late bill received for kennel fees (£7,000 in March)
EH Environmental Protection	393	368	383	10		-15	* Savings on air quality monitoring costs and renegotiation of partnership agreement with Dartford Borough Council.
Emergency	62	62	60	1		1	
Estates Management - Grounds	95	95	94	1		1	
Land Charges	-91	-109	-111	19	* Income above profile.	1	
Licensing Partnership Hub (Trading)	0	0	0	0		0	
Licensing Partnership Members	0	0	0	0		0	
Licensing Regime	-3	16	15	-18	* Licensing fee income £20,600 above profile which has helped to offset challenging income lines which will not be met.	1	
Markets	-261	-193	-189	-72	* Income budget for Swanley Market is £62,000 greater than tender price accepted. Some over expenditure on cleaning and monitoring costs. Savings on salaries.	-4	
Parks and Recreation Grounds	97	118	143	-46	* Overspend on Parks and Recreation areas partly offset by underspend on Estates Management Grounds and Parks - Rural. New grounds maintenance equipment required for start of 2014 grass cutting season.	-25	* Overspend on Parks and Recreation areas partly offset by underspend on Estates Management Grounds and Parks - Rural. New grounds maintenance equipment required for start of 2014 grass cutting season.
Parks - Rural	80	80	56	23	* Refer to commentary on Parks and Recreation Areas.	23	* Refer to commentary on Parks and Recreation Areas.
Environmental Health Partnership	0	0	0	0		0	
Public Transport Support	0	0	1	-1		-1	
Refuse Collection	2,281	2,271	2,288	-6		-16	* Large bill for sacks received in March (£26,000). Budget was £14,000 underspent at end of February.
Administrative Expenses - Building Control	5	10	15	-10		-5	
Administrative Expenses - Health	25	17	12	13	* Forecast savings on furniture and training expenses.	5	
Administrative Expenses - Transport	8	5	7	1		-2	
Street Naming	13	5	5	8		0	
Street Cleansing	1,213	1,213	1,207	6		6	* Underspend on services (mainly purchase of new litter bins).
Support - Health and Safety	18	18	14	4		4	

2013-14 Outturn including all sundry creditors

	Annual Budget	Forecast Outturn	Actual Outturn	Difference between Budget and Final Outturn		Explanation for year end variances greater than £10k *(starred items)*	Difference between your forecast and final outturn	Explanation for large differences between forecast outturn and actual outturn *(starred items)*
Support - Direct Services	52	40	41	11	*	Savings on printing, mobile phones and training costs.	-1	
Taxis	-16	-26	-23	7			-3	
Public Conveniences	41	53	54	-13	*	As a result of transfer of public conveniences there is a gap in the income budget.	-2	
Air Quality (Ext Funded)	0	0	0	0			0	
	2,497	2,704	2,788	-291			-84	

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2013-14 Outturn including all sundry creditors

	Annual Budget £'000	Forecast Outturn £'000	Actual Outturn £'000	Difference between Budget and Final Outturn £'000	Explanation for year end variances greater than £10k *(starred items)*	Difference between your forecast and final outturn £'000	Explanation for large differences between forecast outturn and actual outturn *(starred items)*
Environmental and Operations - Direct Services							
Refuse	53	-29	-19	72	* Underspend on salaries only partly offset by additional costs of agency staff, fuel and vehicle repairs.	-10	* Underspend on salaries only partly offset by additional costs of agency staff, fuel and vehicle repairs.
Street Cleaning	43	33	41	2		-8	* Unplanned esential vehicle repair expenditure to maintain operational viability.
Trade	-35	-52	-66	31	* Income above profile, savings on fuel and disposal charges.	14	* Income above profile, savings on fuel and disposal charges.
Workshop	-10	-54	-62	52	* Income £63,000 above profile on vehicle repairs. Expenditure £15,000 above profile on vehicle parts.	8	* Income £81,000 above profile on vehicle repairs. Expenditure £37,000 above profile on vehicle parts.
Green Waste	-70	-100	-90	20	* Income £30,000 above profile due to annual bin permit sales.	-10	* Income £39,000 above profile due to annual bin permit sales.
Premises Cleaning	-5	-17	-17	12	* Savings on agency and transport costs.	0	
Cesspools	-31	-22	-24	-7		2	
Pest Control	0	19	17	-17	* Income £21,000 below profile mainly on wasp nest treatments, however £31,000 income generated on wasp nest treatments this year.	2	
Grounds	-11	-6	-5	-6		-1	
Fleet	0	0	-3	3		3	
Depot	2	-5	1	1		-6	* Replacement boiler and unplanned essential electrical works.
Emergency	2	0	-1	3		1	
	-64	-233	-230	167		-3	

2013-14 Outturn including all sundry creditors

	Annual Budget	Forecast Outturn	Actual Outturn	Difference between Budget and Final Outturn		Explanation for year end variances greater than £10k *(starred items)*	Difference between your forecast and final outturn		Explanation for large differences between forecast outturn and actual outturn *(starred items)*
	£'000	£'000	£'000	£'000			£'000		
Financial Services									
Action and Development	7	27	18	-12	*	Additional expenses incurred in meeting flooding emergency.	8	*	Additional expenses incurred in meeting flooding emergency.
Benefits Admin	1,116	1,116	1,196	-79	*	Renegotiation of partnership agreement with Dartford BC. Extra resources obtained due to increased demand for Benefits which has been funded from income in 'Dartford Partnership Implementation and Project Costs' below.	-79	*	Renegotiation of partnership agreement with Dartford BC. Extra resources obtained due to increased demand for Benefits which has been funded from income in 'Dartford Partnership Implementation and Project Costs' below.
Benefits Grants	-659	-659	-659	0			0		
Consultation and Surveys	3	3	3	-0			-0		
Corporate Management	744	745	726	18	*	Underspend on audit fees and consultants has been partly used to offset the overspend on salaries.	19	*	Underspend on audit fees and consultants has been partly used to offset the overspend on salaries.
Corporate Savings	38	7	0	38	*	Corporate vacancy saving pot has overachieved. This coupled with a small saving on the market premiums has resulted in a favourable variance.	7	*	Corporate vacancy saving pot has overachieved. This coupled with a small saving on the market premiums has resulted in a favourable variance.
Dartford Partnership Hub (SDC costs)	-547	-402	-547	-0			145	*	Renegotiation of partnership agreement with Dartford BC.
Equalities Legislation	17	14	14	3			0		
External Communications	138	135	139	-1			-4		
Housing Advances	5	2	2	2			0		
Local Tax	402	344	300	101	*	Renegotiation of partnership agreement with Dartford BC. Extra Council Tax court costs income.	44	*	Renegotiation of partnership agreement with Dartford BC.
Members	407	387	380	27	*	Favourable variance because some Members do not claim basic allowance and others do not claim the increases.	7	*	Favourable variance because some Members do not claim basic allowance and others do not claim the increases.
Misc. Finance	2,276	2,247	2,236	40	*	Savings on rent and rates for 66 London Road following sale of the site. £50,000 of this saving has been allocated to fund initial investigations into potential property developments of which only £10,000 has been spent.	11	*	Savings on rent and rates for 66 London Road following sale of the site. £50,000 of this saving has been allocated to fund initial investigations into potential property developments of which only £10,000 has been spent.

2013-14 Outturn including all sundry creditors

	Annual Budget	Forecast Outturn	Actual Outturn	Difference between Budget and Final Outturn	Explanation for year end variances greater than £10k *(starred items)*	Difference between your forecast and final outturn	Explanation for large differences between forecast outturn and actual outturn *(starred items)*
Dartford Partnership Implementation & Project Costs	-30	-175	-200	170	* The major preceptors (KCC, Fire, Police) agreed to pay SDC and DBC £125,000 each to support the new Council Tax Support Scheme. DCLG also provided grants for Council Tax Support Schemes totalling £77,000 for SDC. These budgeted additional funds have exceeded the extra costs incurred.	25	* The major preceptors (KCC, Fire, Police) agreed to pay SDC and DBC £125,000 each to support the new Council Tax Support Scheme. DCLG also provided grants for Council Tax Support Schemes totalling £77,000 for SDC. These budgeted additional funds have exceeded the extra costs incurred.
Performance Improvement	6	-8	-9	14	* The Council received a small New Burdens Grant for the administration of Community Rights legislation. This funding has been used prudently through the year and resulted in a favourable position of £14k.	0	
Administrative Expenses - Corporate Director	5	6	8	-2		-2	
Administrative Expenses - Community Director	9	4	4	6		0	
Administrative Expenses - Chief Executive	13	11	7	6		4	
Administrative Expenses - Financial Services	40	28	25	16	* Printing and staff training budgets are underspent.	4	
Administrative Expenses - Transformation and Strategy	6	3	3	3		0	
Support - Audit Function	161	161	176	-15	* Renegotiation of partnership agreement with Dartford BC.	-15	* Renegotiation of partnership agreement with Dartford BC.
Support - Exchequer and Procurement	135	135	131	5		5	
Support - Finance Function	224	177	138	86	* Work on non finance partnerships was contained within original resources.	39	* Work on non finance partnerships was contained within original resources.
Support - General Admin	131	122	119	12	* Expenses and general advertising are underspent.	3	
Treasury Management	90	101	100	-10	* Additional costs of debit/credit card transactions.	0	
	4,740	4,532	4,312	428		220	

2013-14 Outturn including all sundry creditors

Housing	Annual Budget £'000	Forecast Outturn £'000	Actual Outturn £'000	Difference between Budget and Final Outturn £'000	Explanation for year end variances greater than £10k *(starred items)*	Difference between your forecast and final outturn £'000	Explanation for large differences between forecast outturn and actual outturn *(starred items)*
Energy Efficiency	22	30	31	-9		-2	
Gypsy Sites	-23	-23	-20	-3		-3	
Homeless	106	102	106	0		-4	
Disabled Facilities Grant Administration	0	2	2	-2		0	
Housing	438	458	454	-16	* There are agency costs and overtime to cover vacant posts which have been advertised. This cost will be met by savings in the private sector housing budgets.	4	
Housing Initiatives	8	8	7	1		1	
Homelessness Prevention	0	0	0	-0		-0	
Needs and Stock Surveys	13	13	13	0		0	
Housing Option - Trailblazer	0	0	3	-3		-3	
KCC Loan Scheme	0	0	0	-0		-0	
Private Sector Housing	182	150	148	34	* Part of the Housing Standards and Energy Conservation Officer is now externally funded which has created a short term saving. The Energy Conservation officer is now 50% of a post within Housing Policy team.	1	
Administrative Expenses - Housing	17	24	25	-8		-1	
Homelessness Funding	0	0	0	-0		-0	
Leader Programme	9	9	9	0		0	
	772	771	778	-6		-7	

2013-14 Outturn including all sundry creditors

	Annual Budget £'000	Forecast Outturn £'000	Actual Outturn £'000	Difference between Budget and Final Outturn £'000		Explanation for year end variances greater than £10k *(starred items)*	Difference between your forecast and final outturn £'000	Explanation for large differences between forecast outturn and actual outturn *(starred items)*
Legal and Governance								
Civic Expenses	15	15	14	0			0	
Committee Admin	106	106	105	1			1	
Elections	71	71	71	-0			-0	
Register of Electors	135	111	112	23	*	The annual canvass is near completion and we estimate to be £24k better than budget at year end. We have received Government grants totalling £12k for the introduction of individual electoral registration, which will be offset by costs as they are incurred.	-1	
Administrative Expenses - Legal and Governance	72	55	53	19	*	Due to the reduction in Committee reports we anticipate an underspend on internal printing.	2	
Support - Legal Function	216	194	192	23	*	Income generated from S106 agreements and miscellaneous sources exceeds expectations this year.	1	
	614	551	548	66			3	

2013-14 Outturn including all sundry creditors

Planning Services	Annual Budget £'000	Forecast Outturn £'000	Actual Outturn £'000	Difference between Budget and Final Outturn £'000		Explanation for year end variances greater than £10k *(starred items)*	Difference between your forecast and final outturn £'000		Explanation for large differences between forecast outturn and actual outturn *(starred items)*
Affordable Housing	0	0	0	0			0		
Conservation	48	51	48	-0			4		
Planning Policy	423	444	448	-25	*	The overspend is a result of agency costs to cover staff absence during a critical period preparing for the Allocations & Development Management Plan (ADMP) examination.	-4		
LDF Expenditure	0	0	0	0			0		
Planning - Appeals	185	188	262	-77	*	The judicial review at Forge Field, planning appeals, the ADMP examination and instability of planning fee income.	-74	*	The judicial review at Forge Field has been heard and pending the outcome it is prudent to presume a worst case financial result.
Planning - CIL Administration	0	6	5	-5			1		
Planning - Counter	-0	-0	-1	0			0		
Planning - Development Management	402	268	260	142	*	It remains the case that the overachievement on fee income is down to a relatively small number of high fee applications, including fees of c£58k, c£25k, c£22k, c£20k and c£18k for sites at West Kingsdown, Birchwood School, Hartley, Mackerels Plain and The Farmers in Sevenoaks. There is also an underspend on pay due to staff working reduced hours, vacancy, and maternity leave.	8	*	Additional unexpected pre-application income arrived in March.
Planning - Enforcement	266	262	261	4			1		
Administrative Expenses - Planning Services	30	30	32	-2			-2		
Administrative Expenses - Policy and Environment	0	0	0	0			0		
	1,353	1,249	1,315	38			-66		

<u>Finance & Resources Advisory Committee Work Plan 2014/15</u>

June 2014	September 2014	November 2014	January 2015
Provisional Outturn 2013/14 and Carry Forward Requests Financial Performance Indicators 2013/14 – to the end of March 2014 Treasury Management – Local Authority Municipal Bonds Invitee – Representative of Handelsbanken Establishment of LA Trading Company	Annual Treasury Management Report 2013/14 Financial Performance Indicators 2014/15 – to the end of July 2014 Financial Results 2014/15 – to the end of July 2014 Financial Prospects and Budget Strategy 2015/16 and Beyond	Treasury Management Statutory Report Review of Service Plans/SCIAs Shared Services Financial Performance Indicators 2014/15 – to the end of September 2014 Financial Results 2014/15 – to the end of September 2014	Risks and Assumptions for Budget 2015/16 Capital and Asset Maintenance Budget 2014/15 Treasury Management Strategy 2015/16 Financial Performance Indicators 2014/15 - to the end of November 2014 Financial Results 2014/15 - to the end of November 2014

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