



Sevenoaks
DISTRICT COUNCIL
Despatched: 25.11.15

CABINET
03 December 2015 at 7.00 pm
Conference Room, Argyle Road, Sevenoaks



AGENDA


Membership:


Chairman: Cllr. Fleming Vice-Chairman: Cllr. Lowe
Cllrs. Dickins, Firth, Hogarth, Piper and Searles

	<u>Pages</u>	<u>Contact</u>
Apologies for Absence		
1. Minutes To agree the Minutes of the meeting of the Committee held on 5 November 2015, as a correct record	(Pages 1 - 6)	
2. Declarations of interest Any interests not already registered		
3. Questions from Members (maximum 15 minutes)		
4. Matters referred from Council, Audit Committee, Scrutiny Committee or Cabinet Advisory Committees (if any)		
5. Draft Budget 2016/17	(Pages 7 - 68)	Adrian Rowbotham Tel: 01732 227153

REPORTS AND RECOMMENDATIONS FROM THE CABINET ADVISORY COMMITTEES

6. Treasury Management Mid Year Update	(Pages 69 - 82)	Adrian Rowbotham Tel: 01732 227153
7. Financial Results to the end of September 2015	(Pages 83 - 102)	Helen Martin, Adrian Rowbotham Tel: 01732 227483/7153
8. Swanley Gateway - Demolition 	(Pages 103 - 110)	Mark Bradbury Tel: 01732 227099
9. Property Disposal Update 	(Pages 111 - 120)	Mark Bradbury Tel: 01732 227099

 Indicates a Key Decision

 indicates a matter to be referred to Council

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)

CABINET

Minutes of the meeting held on 5 November 2015 commencing at 7.00 pm

Present: Cllr. Fleming (Chairman)

Cllrs. Dickins, Firth, Hogarth, Lowe, Piper and Searles

Cllrs. Abraham, Edwards-Winsor, Mrs. Hunter, Pett and Thornton were also present.

37. Minutes

Resolved: That the minutes of the meeting of Cabinet held on 15 October 2015 be approved and signed as a correct record.

38. Declarations of interest

There were no additional declarations of interest.

39. Questions from Members

There were none.

40. Matters referred from Council, Audit Committee, Scrutiny Committee or Cabinet Advisory Committees

There were none.

CHANGE IN AGENDA ITEM ORDER

With the agreement of the Committee, the Chairman brought forward consideration of agenda item 8 to after agenda item 5.

41. Property Disposals Update

The Head of Economic Development & Property presented the report which updated Members on the disposal of surplus property assets at Timberden Farm, Shoreham and sought approval to agree terms for the disposal of Lots 2, 3 and 4. Four offers had been received, two of which were for very small parcels of land and could not be recommended for acceptance. One offer was for Lots 3 and 4 (the two parcels facing Shoreham Village) in a combined bid from a local farmer and a charitable trust. Shoreham Parish Council (through their Chair) has been consulted on the disposal process and had advised that they did not have funds to offer for the land themselves, but had indicated that they would prefer the District Council to sell Lots 3 and 4 to the local farmer and charitable trust on the basis that this would give them greater reassurance that the land would be managed in the best interests of the local community and that there was less risk of a future application for development on the site. However

this offer was at £355,000 which fell significantly below the revised guide price of £500,000 agreed with Carter Jonas and the Council's asset valuation carried out in March 2015. Acceptance of the offer would also leave the Council with ownership of Lot 2 for which there had been no individual offers in either marketing campaign.

The other remaining offer was for the whole of the land offered, Lots 2, 3 and 4, and was from a private investor with a significant property portfolio generating income of circa £1 million per annum. The bidder had provided evidence of his financial standing and ability to complete a purchase this financial year. He already owned three other farms and his intention was that the property would be leased for grazing on Farm Business Tenancies or Licences. The offer was at £825,000 which although below the revised guide price of £900,000 agreed with Carter Jonas, was consistent with the asset valuation carried out in March 2015. The offer is subject to the purchaser being given an option to acquire Lot 1 should the Council decide to sell this in the future. It was considered that this could be accommodated subject to an independent red book/market valuation at the time.

The Chairman agreed to allow Parish Councillor Lesley Spence from Shoreham Parish Council to address the Cabinet. She reiterated the Parish Council's concerns and urged the Cabinet to make a responsible decision that ensured the value of the land took precedence and that it was owned and managed by those that would conserve it now and for future generations.

The Chairman advised that the Council had bought the land in the same 'lots' it was now being sold in. It was reconfirmed that the potential buyer was planning to lease the land for grazing. The Chairman invited the Chief Planning Officer to advise why an Article 4 Direction was not appropriate. The Chief Planning Officer explained that an Article 4 Direction was a special planning regulation adopted by a Local Planning Authority to provide additional powers of planning control in a particular location by removing "Permitted Development" rights that planning permission would be required for minor developments that would otherwise not require an application for planning permission, enabling the Council to control minor developments and ensure that they accorded with its policies to protect the character of a Conservation Area or the visual amenities of other areas and prevent developments that did not accord with those policies. To remove the permitted development rights there needed to be evidence of potential harm if they were not removed. In this case the land already had strong protection from being in the Green Belt and an Area of Outstanding Natural Beauty (AONB). A Member advised that he knew of an instance where the Article 4 Direction had been applied and had rendered a farm unworkable.

It was queried whether a condition could be placed on the land to protect the plants and wildlife. From a planning perspective this could only be done if there was a planning application, it could not be achieved with permitted development rights. In effect it would be a condition to prevent grazing that would render the land unworkable. It was pointed out that this had always been grazing/farm land. In response to a question, it was confirmed that there was nothing preventing the community exploring applying for Special Scientific Interest (SSSI) status.

Public Sector Equality Duty

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

Resolved: That the disposal of surplus land at Timberden Farm comprising Lots 2, 3 and 4 for the sum of £825,000 be approved, and authority be delegated to the the Head of Economic Development and Property to agree detailed Heads of Terms.

(Cllr. Lowe abstained from voting.)

42. Otford Village Design Statement

The Strategic Planning Manager presented the report which proposed that the Village Design Statement (VDS) for Otford which had been prepared by local groups, be adopted as a Supplementary Planning Document (SPD). It was noted that as required by the Town and Country Planning (Local Development) (England) Regulations 2004 (as amended) Consultation Statements had been prepared for each document.

The Chairman of the Planning Advisory Committee addressed Cabinet. The Advisory Committee had considered the same report and had agreed to recommend it to Cabinet subject to amending paragraph 3.5, a change in tone of the Forward and the remainder of the document so that it read as an adopted document and therefore was a material consideration, amending the wording in paragraph 1.1 to meet the current policy test, removal of references to buffer zone.

Local Councillor Edwards-Winsor tabled some alternative wording for certain sections of the VDS which took some of the Planning Advisory Committee's recommendations on Board, and had been approved by the Otford Community. These were amendments to the Foreward, Section 1 and paragraph 3.5.

Members congratulated the Otford Community on the document and applauded them for their hard work.

Public Sector Equality Duty

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

The Chairman moved acceptance subject to the tabled amendments.

Resolved: That approval be given for the adoption of the Otford Village Design Statement as a Supplementary Planning Document, subject to the amendments agreed and tabled.

43. Street naming and property numbering policy

The Chief Officer Environmental & Operational Services presented the report which advised that under the Towns Improvement Clauses Act 1847 and the Public Health Amendment Act 1925, the Council controlled the naming of streets and numbering of

buildings in the Sevenoaks District. This was to ensure that any new street names and building names and numbers were allocated logically with a view to ensuring that emergency service vehicles were able to speedily locate addresses; aid the effective delivery of mail and enable property identification for the general public. The service had operated for a number of years within the requirements of the legislation with an internal process. The report recommended that the Council formally adopt a policy.

The Chairman of the Planning Advisory Committee drew Members' attention to the recommendations made by the Advisory Committee who had considered the same report and had agreed to recommend it to Cabinet subject to amendments.

Public Sector Equality Duty

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

Resolved: That the Street Naming and Property Numbering Policy be agreed, subject to the following:

- a) para. 5.4 being amended to read ' Within 7 working days following receipt of the developer's proposal the appropriate Parish/Town Council and local ward member(s) will be consulted. The period allowed for consultation shall be 28 working days from the date of the covering letter to the Parish/Town Councils and local ward member(s). The consultation period may be extended, if requested, to enable local council meetings to take place.';
- b) para. 6.0 having the word 'must' replaced by 'should';
- c) para. 6.3 being amended to read 'Street names should not be difficult to pronounce or awkward to spell. Names that may be considered unsuitable and names capable of misinterpretation should be avoided.';
- d) para. 6.6 being amended to read 'Street names may include the following words, but to comply with national standards *should* not end with them:...' ; and
- e) para. 8.3, the last line being amended to read 'In addition the Council will consult the Royal Mail and local Parish/Town Councils and ward member(s).'

44. Strategic Housing Market Assessment

The report outlined the findings of the Strategic Housing Market Assessment (SHMA). The first stage in the process of preparing a new Local Plan was to establish up to date housing needs of the District. The consultant GL Hearn had been procured jointly by Sevenoaks District and Tunbridge Wells Borough Councils to undertake the Strategic Housing Market Assessment (SHMA), which was a key piece of evidence from which the Local Plan strategy would be developed. Based on the Government's latest population and household projections the SHMA identified the objectively assessed housing need across the District. This was an unconstrained figure and not the District's housing

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target. It also identified the need for different sizes and types of homes. Members' noted the recommendations made by the Planning Advisory Committee who had considered the same report and had agreed to recommend it to Cabinet.

The Portfolio Holder for Planning presented the report outlining concerns especially with the figures within the report, which had led to the distribution of further information prior to the meeting. Officers had been working hard to validate the figures, and he thanked them for this. Whilst overall he believed them to be correct there were still some outstanding concerns. Therefore he proposed that the recommendation should be amended by dropping the reference to the document being 'a robust evidence base.'

The Senior Planning Officer (Policy) further advised that the publication of the SHMA did not constitute acceptance by the District Council that it did not have a five year housing land supply. The SHMA was as yet untested, and so the five year housing land supply would continue to be judged against the adopted housing target of 165 new homes per year set out in the Core Strategy. Secondly, the SHMA provided a starting point based on the latest Government statistics. All local authorities were required to undertake this study as a basis for developing their Local Plan strategy, and any future planning policies would have to take account of the District's environmental constraints, market activity and viability, and would be subject to public consultation before being submitted to the Government's Planning Inspectorate. The final figure as a result, is likely to be significantly lower than the identified housing need.

Members noted that further questions could be asked of the consultant when they are invited to attend a workshop with the Cabinet (date to be confirmed). Members were also reminded of the forthcoming workshop to review the existing housing strategy/policy on Tuesday 1 December 2015 at 7.45pm.

Members were generally concerned with the figures within the report and were pleased with the proposed amended recommendation.

Public Sector Equality Duty

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

The Chairman moved the amended recommendation, and it was

Resolved: That the Strategic Housing Market Assessment (SHMA) be approved, from which the Local Plan Strategy would be developed.

THE MEETING WAS CONCLUDED AT 8.09 PM

CHAIRMAN

IMPLEMENTATION OF DECISIONS

This notice was published on 2015. The decision contained in Minute 42 takes effect immediately. The decisions contained in Minutes 41, 43 and 44 take effect on 17 November 2015.

DRAFT BUDGET 2016/17

Cabinet – 3 December 2015

Report of Chief Finance Officer

Status: For Decision

Key Decision: No

Executive Summary: The Council has an excellent track record in identifying, planning for and addressing financial challenges. In light of the challenging financial position facing all authorities five years ago, for 2011/12 the Council produced a 10-year budget together with a savings plan for the first time. This will be the sixth year this method has been used and provides the Council with a stable basis for future years.

This report sets out progress made in preparing the 2016/17 budget and updates Members on key financial information.

The major changes since the Financial Prospects report on 17 September 2015 are the impacts of the Council decision to proceed with the development of Sennocke and Bradbourne car parks. These changes should result in this Council being financially self-sufficient from direct Government funding from 2016/17 which is three years earlier than previously reported.

Since the last report on 17 September 2015, the Advisory Committees have proposed additional growth and savings items.

The Cabinet will make its final recommendation on the budget at its meeting on 4 February 2016, after taking into account any updated information available at that date.

Portfolio Holder Cllr. Searles

Contact Officer(s) Adrian Rowbotham Ext. 7153

Helen Martin Ext. 7483

Recommendation to Cabinet:

- (a) Consider and respond to comments and recommendations of the Advisory Committees.

Reason for recommendation: It is important that the views of the Advisory Committees are taken into account in the budget process to ensure that the Council's resources are used in the most suitable manner.

Agenda Item 5

Introduction and Background

- 1 The Council's financial strategy over the past eleven years has worked towards increasing financial sustainability and it has been successful through the use of a number of strategies including:
 - implementing efficiency initiatives;
 - significantly reducing the back office function;
 - improved value for money;
 - maximising external income;
 - the movement of resources away from low priority services; and
 - an emphasis on statutory rather than non-statutory services.
- 2 Over this period the Council has focused on delivering high quality services based on Members' priorities and consultation with residents and stakeholders. In financial terms, the adoption of this strategy has to date allowed the Council to move away from its reliance on general fund reserves.
- 3 Due to the level of funding and other potential changes and uncertainties, it is increasingly difficult to anticipate with sufficient accuracy what the level of Government settlement is likely to be. However, using the data sources available to the Council, this report sets out a budget over the 10-year period but recognises that it is likely that more accurate data will become available and current assumptions may need to be updated.
- 4 In setting its budget for 2011/12 onwards, the Council recognised the need to address both the short-term reduction in Government funding as well as the longer-term need to reduce its reliance on reserves. The outcome was a 10-year budget, together with a four-year savings plan, that ensured the Council's finances were placed on a stable footing but that also allowed for flexibility between budget years.
- 5 With the amount of Revenue Support Grant provided by Government continuing to reduce at a significant rate it is important that the council aims to become more financially self-sufficient by having a balanced economy and a financial strategy that is focused on local solutions. These solutions include:
 - continuing to deliver financial savings and service efficiencies;
 - growing the council tax base; and
 - generating more income.
- 6 Local Government generally appears to be feeling the impacts of the Government funding reductions and the impact of the recession. However, productivity and morale within this Council remain high which has a positive impact on the financial bottom line.
- 7 At the Cabinet meeting on 17 September 2015, Members considered a report setting out the Council's financial prospects for 2016/17 and beyond. That report

set out the major financial pressures the Council is likely to face, together with a proposed strategy for setting a balanced and sustainable budget for 2016/17 and beyond.

- 8 As part of the budget process officers put forward their Service Dashboards to the Advisory Committees between September and November, which set out a summary of current and future challenges and risks. The Advisory Committees recommended new growth and savings items which will be considered at this meeting.

Financial Self-Sufficiency

- 9 The Council's Corporate Plan, introduced in 2013, set out an ambition for the Council to become financially self-sufficient. This would mean the Council no longer required direct funding from Government, through revenue support grant or new homes bonus, to deliver its services.
- 10 This approach was adopted in response to the financial challenges the country is faced with bringing its public spending down to ensure it is able to live within its means. In practice this has seen Government funding to local authorities dramatically reduced since 2010/11 with Sevenoaks District Council seeing a 32% reduction in its funding from government in 2015/16 alone.
- 11 The decision to become financially self-sufficient is intended to give the Council greater control over its services, reducing the potential for decision making to be influenced by the level of funding provided by government to local authorities.
- 12 By continuing to assume income from direct government funding, the overall position of the 10-year budget will be less assured as the Government is likely to continue to provide funding for one or two years at a time resulting in increased uncertainty going forward. With this uncertainty, the level of savings required in later years will also have to be fluid as the need to react to fluctuating funding levels continues.
- 13 Following the decision at Council on 3 November 2015 regarding the development of Sennocke and Bradbourne car parks, the Council is now able to become financially self-sufficient from direct Government funding from next year (2016/17).
- 14 The 10-year budget included in the Financial Prospects report assumed no Revenue Support Grant from 2016/17 and no New Homes Bonus from 2019/20. The attached 10-year budget now includes income from the hotel with effect from 2018/19 which results in New Homes Bonus no longer being required to finance the revenue budget from 2016/17 instead of 2019/20.
- 15 If funding continues to be received from these sources, the intention is to put it into the Financial Plan Reserve which can be used to support the 10-year budget by funding 'invest to save' initiatives and support for the Property Investment Strategy. One of the aims of the Property Investment Strategy is to achieve returns of 6%; therefore using funding for this purpose will result in additional year on year income that is not impacted by Government decisions.

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- 16 Cabinet are keen to become financially self-sufficient early so that the Council is better able to anticipate and shape change and place the Council on a stronger footing going forward. After making these changes, it is achievable to be free from Government control and be able to move ahead in the knowledge that this council has the financial resources to provide the services that the district's residents want into the future.

Updates to the Financial Prospects Report

- 17 Changes since the Financial Prospects report considered in September are explained below together with details of the assumptions included in the attached 10-year budget.

Income

- 18 **Government Support: Revenue Support Grant** (£1.5m in 2015/16) – This formula based grant has significantly reduced over recent years as the emphasis of Government Support has changed. The draft amount for 2016/17 is unlikely to be announced until mid December. Due to the uncertainty regarding the amount in 2016/17 and further reductions expected in later years, the attached 10-year budget assumes no Revenue Support Grant for 2016/17 onwards resulting in there being no reliance on this funding source to support the revenue budget. It is likely that an amount of Revenue Support Grant will be received in 2016/17 which will be put into the Financial Plan Reserve to support the 10-year budget including invest to save initiatives and support for the Property Investment Strategy.
- 19 **New Homes Bonus** (£1.8m) – The Government started this new funding stream in 2011/12 with the intention that local authorities would be rewarded for new homes being built over a six-year period. The future of this funding stream is uncertain from 2017/18. As explained in paragraph 14, no funding is included in the 10-year budget from 2016/17. Similarly to the Revenue Support Grant, if funding above the assumed level is received, this will be placed in the Financial Plan Reserve for the same purpose as noted above.
- 20 **Council Tax** (£9.3m) – The Government referendum limit has been set at 2% in recent years. The previous assumption for Council Tax was a 2% increase in 2016/17 to 2018/19 and 3% in later years. Following the General Election result in May the assumption has changed to 2% for all years.
- 21 The tax base increases each year due to the general increase in the number of residential properties and future developments as well as the continuing work to check the validity of Council Tax discounts awarded. The assumption going forward has been increased to reflect the increases achieved in recent years and the ongoing work. The increased tax base results in additional Council Tax income.
- 22 **Locally Retained Business Rates** (£1.9m) - The basis for allocating Government Support from 2013/14 changed to the Business Rates Retention Scheme. This scheme initially allows billing authorities, such as this council, to keep 40% of Business Rates received. However tariffs and top ups are applied to ensure that the funding received by each local authority is not significantly different to pre 2013/14 amounts.

- 23 In the first two years of this scheme, this council has been below the safety net level and future projections continue to take this prudent approach.
- 24 The Government has made high level comments regarding changes to how much Business Rates is distributed to local authorities but as there is no detail as yet, the assumptions for business rates have not changed.
- 25 A Business Rates Retention Pool is in operation within Kent. In certain circumstances it is financially beneficial to be a member of a pool. To date, it has not been financially beneficial for this council to be a member of the pool but officers will continue to review the position and report to members if the situation changes.
- 26 **Interest receipts** (£0.3m) – Returns are continuing to be significantly lower than they were a few years ago due to low interest rates and the Council’s Investment Strategy taking a low risk approach. Due to the change of emphasis on to the Property Investment Strategy, £250,000 has been assumed for all years as investment balances will become less predictable.
- 27 **Property Investment Strategy** – The strategy was approved by Council on 22 July 2014 with the intention of building on an approach of property based investment in order to deliver increased revenue income. This was set against a background of reducing Government Support and continued low rates of return through existing treasury management arrangements.
- 28 In addition to the amounts included for the Property Investment Strategy that were explained in the Financial Prospects report, further income has now been included with effect from 2018/19 for the Sennocke and Bradbourne car parks development.
- 29 **Variable fees and charges** – The Council receives income in fees and charges from a number of sources. This includes (income figures are shown gross):
- Land Charges (£0.2m);
 - Development Control (£0.7m);
 - Building Control (£0.5m);
 - Car parks (£2.2m); and
 - On-street parking (£0.9m)
- 30 The first three are linked to some extent to activity in the housing market and remain variable; however, all of these income sources are currently forecast to be on budget for the year.
- 31 The assumption in the previously agreed budget was a 3.5% increase for all years for fees and charges that the Council sets. This has now been reduced to 2.5% for all years following concerns being raised about the ability to increase fees and charges by that amount going forward.

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- 32 **External Funding** - The Council has been very successful in securing external funding across a range of services, based on it delivering a wide range of innovative services to local residents, often in partnership with other agencies. The Council's officers continue to seek new opportunities for funding. As financial constraints are put on public services the funding available from health and other public bodies is expected to reduce.
- 33 **Shared working** - Various services have included savings from shared working in recent years budgets and this continues to be an area that is being investigated. The Council successfully works in partnership with other authorities in a number of areas including Revenues, Benefits, Internal Audit and Anti Fraud, Finance, IT, Licensing, Building Control, CCTV and Environmental Health. Any further proposals that come forward for shared working ideas will continue to be actively pursued if they are beneficial for this Council.
- 34 **Use of reserves** – One of the principles of the Financial Strategy is to make more effective use of the remaining earmarked reserves. When this strategy was first used in 2011/12, it was agreed that the remaining balances in the Asset Maintenance and Superannuation Fund Deficit Reserves would be moved to a new Financial Plan Reserve and used over the initial 10-year budget period. The Budget Stabilisation Reserve was also set up at the same time to manage the fluctuations between years to ensure that an overall balanced budget remained for the 10-year period. This reserve has been increased by surpluses achieved on the revenue budget in recent years. As part of the financial strategy, it is important that reserves continue to be used flexibly.

Expenditure

- 35 **Pay** costs total £13.7m. The national pay award for 2016/17 has not yet been finalised and is unlikely to be resolved prior to the Council setting its draft budget for next year. The assumption is 1% for 2016/17 to 2019/20 and 2% in later years.
- 36 **Superannuation fund** - The last pension fund triennial valuation, which was the second by the actuaries Barnett Waddingham, took place in November 2013. The minimum annual contribution to fund the deficit remained similar to that recommended in the previous valuation.
- 37 Recent valuations for this council have been better than many other Kent authorities due to the practice of making lump sum contributions each year instead of linking payments to current staffing levels. Due to the uncertain economic situation over recent years, budgets for this purpose have not been reduced even though payments made have been below budgeted levels so as to protect any adverse changes at future triennial valuations. Assumed increases in 2017/18 and 2020/21 are still included but at a lower level than before.
- 38 **Non-pay costs** – The budget assumes non-pay costs will increase by an average of 2.25% in all years. In practice, items such as rates and energy costs often rise at a higher rate, so other non-pay items have been allowed a much lower inflation increase. Inflation is currently at -0.1% (CPI – October 2015).

- 39 **Welfare reform changes** - The changes affecting Housing Benefits regarding Universal Credit were looked at by a Member Scrutiny Group in 2012. Universal Credit commenced within the district in October 2015 but there has been no impact to date. It is still uncertain as to how the final scheme will operate, whether staffing and funding levels will reduce, the timescales involved and whether this Council will need to provide additional resources to support our residents.
- 40 The change to the Local Council Tax Support Scheme from 1 April 2013 was seen by many as one of the biggest changes to local government since the community charge. The initial scheme across Kent was agreed for three years and it has recently been agreed to continue for a further year into 2016/17. A thorough review of the scheme across Kent has commenced in time to potentially devise a new scheme for 2017/18.
- 41 The cost of Council Tax Support will continue to fluctuate and the impact on district councils both financially and from a social wellbeing perspective is likely to be significant and unsustainable. The full effect of both of these changes will potentially have an adverse financial impact.
- 42 Town and Parish Councils have also been impacted by the change to Local Council Tax Support. In 2013/14 additional funding was clearly identified in the Government Grant Settlement which was fully passed on by this council. In 2014/15 and 2015/16, no amount was clearly identified and it was agreed at Full Council that no funding would be passed on to Town and Parish Councils for Council Tax Support. It is not expected that the Government will include an amount for this purpose once again in 2016/17.
- 43 **Unavoidable service pressures** - One of the lessons to be learnt from previous financial strategies is that there is always a likelihood of unavoidable service pressures and there needs to be a clear strategy for dealing with these. These have been identified in the Service Change Impact Assessments (SCIAs) that were reported to the Advisory Committees between September and November.
- 44 **Progress on the savings plan** - 2016/17 will be the sixth year of using the 10-year budget. During this period, 113 savings items have been identified totalling £6.1m. The majority of these savings have already been achieved and Portfolio Holders, Chief Officers, Heads of Service and Service Managers have worked closely to deliver these savings.
- 45 Appendix C sets out a summary of the savings and growth items approved by Council since the 10-year budget strategy was first used in 2011/12. This has allowed the Council to deliver a 10-year balanced budget.
- 46 **Additional growth and savings** - The attached 10-year budget (Appendix B) assumes new net savings of £500,000 in 2016/17 and £100,000 per annum for the remainder of the 10 years.
- 47 Growth and savings proposals were presented to the Advisory Committees between September and November. These proposals are listed in Appendix D and further details supporting each proposal are contained in the Service Change Impact Assessments (SCIAs) in Appendix E.

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- 48 The net total of these growth and savings proposals is £448,000 against a target of £500,000; therefore if they are all approved further savings are still required. The minutes containing the recommendations from the Advisory Committees will be included in the papers for Cabinet.
- 49 The net savings target of £100,000 per annum from 2017/18 will ideally be made through additional income but if this is not achievable, further savings will be required.

Feedback from the Advisory Committees

- 50 To assist the Advisory Committees in making additional suggestions for growth or savings for Cabinet to consider an interactive session was held at each of their recent meetings. Members were asked for their individual feedback to five questions and requested to write their comments on post-it notes. The questions asked were:
- a) What services might the Council want to consider investing more in?
 - b) Where could the Council make savings to enable investment in other service?
 - c) What services work well?
 - d) What services would Members like to see make further improvement?
 - e) What would Members like Cabinet to take into account?
- 51 Members of the Advisory Committee have commented positively about this process as it provided them with both a clearer understanding of our budget process and were able to assess the conflicting demands and pressures the Council is faced with. The feedback received from Members in response to these questions was summarised at the Advisory Committee meeting before any recommendations to Cabinet were proposed.
- 52 Provided at Appendix F is a summary of the responses received to these questions from the Advisory Committees for Housing & Health, Economic & Community Development, Direct & Trading Services, Legal & Democratic Services and Planning. A summary of responses from the Advisory Committees for Finance and Policy & Performance will be circulated separately once the final Advisory Committee meeting has been held.
- 53 Two Members' Budget Training sessions also took place before the Advisory Committees with the intention of increasing or refreshing Members knowledge of the budget process. These training sessions were well received by those who attended. As part of the training sessions, Members were also asked questions (a) and (b) above and the feedback received is also included within the summary at Appendix F.

Current Budget Position

- 54 The 10-year budget (Appendix B) shows a fully funded 10-year position.

- 55 The Government is expected to announce the 2016/17 funding settlement in mid December but as Revenue Support Grant and New Homes Bonus are no longer included in the revenue budget, this is unlikely to have an impact on the current assumptions.
- 56 The Cabinet will make its final recommendation on the 2016/17 budget at its meeting on 4 February 2016, after taking account of the latest information available at that date.

Collection Fund and Tax base

- 57 The 2016/17 tax base will be agreed at Cabinet on 14 January 2016. At the same time, Members will be presented with an estimate of the Collection Fund balance as at 1 December 2015.

2015/16 Outturn

- 58 Supported by the Finance Advisory Committee, tight financial monitoring and control has been in place for a number of years and again for 2015/16. Given the constraints being placed on all budgets, and the savings planned for 2015/16 and future years, it will be essential to continue on this basis.
- 59 The 2015/16 forecast reported elsewhere on this agenda shows a forecast overspend of £159,000. The Chief Executive has tasked Chief Officers to identify ways in which the forecast overspend can be addressed. This includes bringing forward some of the savings proposed for 2016/17 to mitigate the impact of the unforeseen items that have arisen in the current financial year.

Budget Consultation

- 60 During October 2015, the Council employed an independent research company to carry out a resident survey.
- 61 The data was collected by way of a telephone survey of 201 Sevenoaks District residents. Collectively they formed a broadly representative sample of the District population.
- 62 As part of the survey, residents were asked about the Council's budget priorities for the coming financial year. The table below shows the percentage of residents who agreed with the five budget related statements:

The Council should continue to change and improve the way it provides services to make its operations more efficient.	91%
The Council should always look at savings from the back offices and bureaucracy first so it can continue to protect services used by the public.	85%

Agenda Item 5

The Council should look for new opportunities to work with others to deliver services and further reduce costs.	87%
The Council runs some services that it has no legal obligation to provide. In future, users of these services should pay the full cost.	45%
As the economy recovers, the Council should invest in services that support businesses and attract new ones to the area.	84%
The Council should continue to make investments that would generate extra income to help fund council services for the public into the future.	87%

Key Implications

Financial

All financial implications are covered elsewhere in this report.

Legal Implications and Risk Assessment Statement.

There are no legal implications.

For the effective management of our resources and in order to achieve a sustainable budget it is essential that all service cost changes and risks are identified and considered.

Current and future challenges together with risks were included in the Service Dashboards presented to the Advisory Committees and each Service Change Impact Assessment (SCIA) includes the likely impacts including a risk analysis.

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

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

Equality Assessment

Members are reminded of the requirement, under the Public Sector Equality Duty (section 149 of the Equality Act 2010) to have due regard to (i) eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Equality Act 2010, (ii) advance equality of opportunity between people from different groups, and (iii) foster good relations between people from different groups.

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

Community Impact and Outcomes

Members' early consideration of the issues raised in this report would be beneficial to residents in that a planned approach to achieving a balanced budget should produce the best outcome for the community in limiting the level in budget reductions.

Conclusions

The changes explained in this report show that this Council can become financially self-sufficient from direct Government funding with effect from 2016/17 which will be a major achievement.

The budget process will continue to be a significant financial challenge for a Council that already provides value for money services to a high standard. In making any budget proposals, Members will need to consider the impact on customers, service quality and staff well-being, to ensure that these proposals lead to an achievable 10-year budget that supports the Council's aspirations for customer-focused services.

Appendices

Appendix A – Budget Timetable

Appendix B – 10-year Budget

Appendix C – Summary of the Council's agreed savings plan and growth items

Appendix D – New growth and savings items proposed by the Advisory Committees

Appendix E – Service Change Impact Assessment forms (SCIAs) for the new growth and savings items proposed

Appendix F – Advisory Committee Responses to Five Questions

Background Papers:

[Report to Council 17 February 2015 – Budget and Council Tax Setting 2015/16](#)

[Report to Cabinet 17 September 2015 – Financial](#)

Agenda Item 5

[Prospects and Budget Strategy 2016/17 and Beyond](#)

[Report to Housing and Health Advisory Committee 22 September 2015, Economic and Community Development Advisory Committee 24 September 2015, Direct and Trading Advisory Committee 6 October 2015, Legal and Democratic Services Advisory Committee 8 October 2015, Planning Advisory Committee 13 October 2015, Finance Advisory Committee 17 November 2015, Policy and Performance Advisory Committee 26 November 2015 – Budget 2016/17: Review of Service Dashboards and Service Change Impact Assessments \(SCIAs\)](#)

Adrian Rowbotham
Chief Finance Officer

2016/17 Budget Setting Timetable

	Date	Committee
Stage 1		
Financial Prospects and Budget Strategy 2016/17 and Beyond	1 September	Finance AC
	17 September	Cabinet
↓		
Stage 2		
Review of Service Dashboards and Service Change Impact Assessments (SCIAs)	22 September	Housing & Health AC
	24 September	Economic & Comm. Dev. AC
	6 October	Direct & Trading AC
	8 October	Legal & Dem. Svs AC
	13 October	Planning AC
	17 November	Finance AC
	26 November	Policy & Performance AC
↓		
Stage 3		
Budget Update (incl. Service Change Impact Assessments (SCIAs), feedback from Advisory Committees)	3 December	Cabinet
↓		
Stage 4		
Budget Update (incl. Government Support information)	14 January	Cabinet
↓		
Stage 5		
Budget Update and further review of Service Change Impact Assessments (if required)	January - February	Advisory Committees
↓		
Stage 6		
Budget Setting Meeting (Recommendations to Council)	4 February	Cabinet
↓		
Stage 7		
Budget Setting Meeting (incl. Council Tax setting)	16 February	Council

Note: The Scrutiny Committee may 'call in' items concerning the budget setting process.

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Ten Year Budget - Revenue

	Budget 2015/16	Plan 2016/17	Plan 2017/18	Plan 2018/19	Plan 2019/20	Plan 2020/21	Plan 2021/22	Plan 2022/23	Plan 2023/24	Plan 2024/25	Plan 2025/26
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Expenditure											
Net Service Expenditure c/f	14,136	14,253	13,676	14,248	14,499	14,659	15,210	15,564	15,925	16,293	16,666
Inflation	473	569	506	622	446	638	454	461	468	473	478
Superannuation Fund deficit: actuarial increase	0	(721)	300	0	0	200	0	0	0	0	0
Net savings (approved in previous years)	(356)	(13)	(162)	(271)	(216)	(187)	0	0	0	0	0
New growth	0	88	28	0	30	0	0	0	0	0	0
New savings/Income	0	(500)	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(100)
Net Service Expenditure b/f	14,253	13,676	14,248	14,499	14,659	15,210	15,564	15,925	16,293	16,666	17,044
Financing Sources											
Government Support											
: Revenue Support Grant	(1,516)	0	0	0	0	0	0	0	0	0	0
New Homes Bonus	(1,818)	0	0	0	0	0	0	0	0	0	0
Council Tax	(9,298)	(9,597)	(9,905)	(10,221)	(10,546)	(10,879)	(11,222)	(11,574)	(11,935)	(12,307)	(12,688)
Locally Retained Business Rates	(1,934)	(1,973)	(2,012)	(2,052)	(2,093)	(2,135)	(2,178)	(2,222)	(2,266)	(2,311)	(2,357)
Interest Receipts	(301)	(250)	(250)	(250)	(250)	(250)	(250)	(250)	(250)	(250)	(250)
Property Investment Strategy Income	0	(500)	(500)	(1,132)	(1,276)	(1,276)	(1,276)	(1,276)	(1,376)	(1,376)	(1,376)
Contributions to/(from) Reserves	(233)	(233)	(353)	(353)	(353)	(353)	(353)	(179)	(179)	(635)	148
Total Financing	(15,100)	(12,553)	(13,020)	(14,008)	(14,518)	(14,893)	(15,279)	(15,501)	(16,006)	(16,879)	(16,523)
Budget Gap (surplus)/deficit	(847)	1,123	1,228	491	141	317	285	424	287	(213)	521
Contribution to/(from) Stabilisation Reserve	847	(1,123)	(1,228)	(491)	(141)	(317)	(285)	(424)	(287)	213	(521)
Unfunded Budget Gap (surplus)/deficit	0	0	0	0	0	0	0	0	0	0	0

Assumptions

Revenue Support Grant:	-100% in 16/17
Locally Retained Business Rates:	2% all years
Council Tax:	2% in all years
Interest Receipts:	£250,000 16/17 onwards
Property Inv. Strat.:	£500,000 from 16/17, £700,000 from 18/19, £800,000 onwards. Sennocke and Bradbourne development income included from 2018/19.
Pay award:	1% in 16/17 - 19/20, 2% later years
Other costs:	2.25% in all years
Income:	2.5% all years

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Summary of the Council's Agreed Savings and Growth Items

Appendix C

SCIA		Description	2011/12 £000	2012/13 £000	2013/14 £000	2014/15 £000	2015/16 £000	2016/17 £000	Later Years £000	Total £000
Year	No.									
		Direct and Trading Advisory Committee								
		No savings or growth agreed from 2016/17 onwards								
		Economic and Community Development Advisory Committee								
2014/15	2	Economic Development & Property Team - SCIA originally called 'Broadband and business growth' (reversal of temporary growth item)						(50)	(30)	
		Finance Advisory Committee								
2011/12	62,63	Staff terms and conditions - savings agreed by Council 18/10/11						(143)	(836)	
2015/16	1	Staffing: Employers National Insurance increase from April 2016 - implications due to change in legislation						200		
2015/16	10	External Audit fee reduction (reversal of temporary saving item)							30	
2015/16	11	Dartford BC partnerships: revised split of costs (reversal of temporary saving item)						90		
		Housing and Health Advisory Committee								
2015/16	17	Housing Advice: Bed and breakfast reduction (reversal of temporary saving item)						10		
2015/16	18	Housing Advice: Private sector letting scheme (reversal of temporary saving item)						10		
		Legal and Democratic Services Advisory Committee								
		No savings or growth agreed from 2016/17 onwards								
		Planning Advisory Committee								
2014/15	15	Planning: Use CIL funds for monitoring						(50)		
		Policy and Performance Advisory Committee								
2014/15	18	Corporate Projects (reversal of temporary growth item)						(60)		
2014/15	21	Customer Services: Channel shift programme						(20)		
		Total Savings	(2,984)	(841)	(314)	(479)	(533)	(103)	(806)	(6,060)
		Total Growth	371	45	50	327	177	90	(30)	1,030
		Net Savings	(2,613)	(796)	(264)	(152)	(356)	(13)	(836)	(5,030)

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New Growth and Savings Proposals

Proposal shown as 'New Growth' on the attached 10-year budget						
SCIA Year	No.	Description	Year	Ongoing	Annual Impact £000	10-year Budget Impact £000
Growth						
Policy and Performance Advisory Committee						
2016/17	1	Economic Development & Property: Staffing establishment levels made permanent	2016/17	yes	88	1,342
Total					88	1,342

Proposals not included on the attached 10-year budget						
SCIA Year	No.	Description	Year	Ongoing	Annual Impact £000	10-year Budget Impact £000
Growth						
Direct and Trading Advisory Committee						
2016/17	2	Street Cleaning: Fly-tipping clearance and enforcement action	2016/17	yes	36	360
Economic and Community Development Advisory Committee						
2016/17	3	Tourism: Full-time Tourism Officer	2016/17	yes	39	390
Finance Advisory Committee						
2016/17	4	Facilities Management: Loss of asset maintenance income	2016/17	yes	13	130
2016/17	5	Facilities Management: Asset maintenance at Hever Road Travellers Site	2016/17	yes	30	300
2016/17	6	Finance: Insurance Premium Tax increase	2016/17	yes	12	120
Housing and Health Advisory Committee						
none						
Legal and Democratic Services Advisory Committee						
2016/17	7	Register of Electors: Individual Electoral Registration	2016/17	yes	40	400
Planning Advisory Committee						
none						
Policy and Performance Advisory Committee						
none						
Sub Total					170	1,700

Proposals not included on the attached 10-year budget						
SCIA Year	No.	Description	Year	Ongoing	Annual Impact £000	10-year Budget Impact £000
Savings						
Direct and Trading Advisory Committee						
2016/17	8	Playgrounds: Reduction in asset maintenance	2016/17	5 yrs	(7)	(35)
2016/17	9	Public Conveniences: Reduction in asset maintenance	2016/17	5 yrs	(8)	(40)
Economic and Community Development Advisory Committee						
2016/17	10	Youth: Reduction in contributions to projects	2016/17	yes	(10)	(100)
Finance Advisory Committee						
2016/17	11	Facilities Management: Reduction in utility costs	2016/17	yes	(15)	(150)
2016/17	12	Facilities Management: Reduction in maintenance and consumables cost	2016/17	yes	(66)	(660)
2016/17	13	Facilities Management: Increased print income	2016/17	yes	(10)	(100)
2016/17	14	Various partnerships: Revised split of costs	2016/17	yes	(70)	(700)
2016/17	15	Finance: Partnership work covered within existing resources	2016/17	yes	(72)	(720)
Housing and Health Advisory Committee						
2016/17	16	Housing Advice & Standards: Housing Register	2016/17	yes	(15)	(150)
2016/17	17	Disabled Facility Grants: Fee income	2016/17	yes	(20)	(200)
2016/17	18	Private Sector Lettings (PSL) scheme: reduced contribution	2016/17	yes	(5)	(50)
Legal and Democratic Services Advisory Committee						
none						
Planning Advisory Committee						
2016/17	19	Planning: Efficiency review	2016/17	yes	(20)	(200)
Policy and Performance Advisory Committee						
2016/17	20	Pay costs saving	2016/17	yes	(300)	(3,000)
Sub Total					(618)	(6,105)
Net Savings Total					(448)	(4,405)
Net Savings required in 10-Year Budget					(500)	
Remaining shortfall IF all of the above SCIA's are agreed					(52)	

SERVICE CHANGE IMPACT ASSESSMENT

SCIA 1 (16/17)

Chief Officer:	Communities & Business	Service:	Economic Development & Property
Activity	Economic Development & Property	No. of Staff:	8 fte

Activity Budget Change	2016/17 Growth / (Saving) £000	Later Years Comments (ongoing, one-off, etc.)
Economic Development & Property Team	88	Increasing to £116,000 in 2017/18 and £146,000 in 2019/20.

Reasons for and explanation of proposed change in service

In 2013/14 Members agreed that a new team should be formed to deliver the Council’s aspiration to be self-sufficient through property investment and to increase business activity in the District.

This was achieved by bringing two existing posts together (that of Property Manager and Economic Development Officer), creating two new posts, (including the new Head of ED & Property and Admin Officer) and making two temporary posts permanent (that of Asset Surveyor and PRINCE 2 Co-ordinator). It was also planned to employ two graduate trainees, one for Economic Development (already in post) and one for Property.

The first two years were funded from existing budgets plus the budget approved for broadband development (which Members had decided not to pursue), plus that approved for the two formerly temporary posts. It was anticipated that there would be an additional annual cost when this funding ceased and this is the subject of this SCIA. The two graduate trainees were to be funded from external funding where this could be found and are not the subject of this SCIA.

The further increases in 2017/18 and 2019/20 are due to SCIA 2014/15-2 (Economic and Property Team growth) originally being agreed to be phased out.

SERVICE CHANGE IMPACT ASSESSMENT

Key Stakeholders Affected

Residents and businesses, local economies.

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

This SCIA seeks to continue to fund the Economic Development & Property team in order to continue to achieve additional revenue for the Council. Currently a minimum of £400,000 income through property investments is anticipated each year, based on new investments already made. Additional investment is planned and capital funding of approximately £1m is being sought for improvements to sustainable transport.

The risk of not funding these posts going forward is that the expertise and staff resource required will be lost and Council's Property Investment Strategy could not be delivered.

Funding for the graduate trainee posts remains subject to external funding and it may be that it is only possible to recruit one trainee on a short term basis as the cost of employing graduate trainees has increased. This graduate trainee post is not the subject of this SCIA and efforts are still being made to identify external funding for this post.

Risk to Service Objectives (High / Medium / Low)

High

2015/16 Budget

	£'000
Operational Cost	283
Income	(41)
Net Cost	242

Equality Impacts

The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. There is no perceived impact on end users.

SERVICE CHANGE IMPACT ASSESSMENT

SCIA 2 (16/17)

Chief Officer:	Environmental and Operational Services	Service:	Street Cleaning
Activity	Fly-Tipping Clearance and Enforcement Action	No. of Staff:	25.32 fte

Activity Budget Change	2016/17 Growth / (Saving) £000	Later Years Comments (ongoing, one-off, etc.)
Fly-tipping clearance and enforcement action	36 or 23	Ongoing

Reasons for and explanation of proposed change in service

Sevenoaks District Council as a waste collection authority has responsibility for enforcement action as well as clearance of fly-tipped waste deposited on adopted Highway or SDC owned land. There is provision within the Council's general street cleaning budget [£54,000] for a Cleaner District Support Unit (CDSU) consisting of a vehicle and two-person crew, which has historically provided fly-tip clearance services [3 days/week] as well as household bulky collections [2 d/w].

Until 2014 some enforcement action was undertaken by Kent County Council on behalf of SDC using delegated enforcement powers. This was paid for through a £5000pa contribution to the County wide 'Clean Kent' initiative. With the cessation of the 'Clean Kent' brand by KCC in early 2015 SDC officer's informally agreed limited enforcement support with Dartford BC subject to resource availability and DBC priorities. Unfortunately DBC were unable to assist on the few occasions they were approached. A lack of enforcement resource within Direct Services has resulted in agreement with KCC waste enforcement colleagues that they will resume enforcement support on a directly chargeable basis for a trial period during 2015/16.

There is no specific budget allocation for fly-tipping enforcement action. Cost of any actions by KCC will be charged to the CDSU fly-tip clearance budget. As of July 2015 this budget is showing a deficit of £6,600 and is forecast to be £17,500 in deficit, excluding any enforcement costs, at financial year end.

SERVICE CHANGE IMPACT ASSESSMENT

The proposed growth above [£36,000] provides for the additional clearance of fly tipped waste on highway land, where not obstructing the carriageway, [previously cleared by KCC highways], and a part time enforcement officer [3 d/w] on Band D. Alternatively, the growth item could be reduced to £23,000 for the additional cost of removing fly tipped waste on the highway and purchasing enforcement action, if available, from KCC.

Key Stakeholders Affected

Residents living near to locations subjected to repeat fly-tip deposits have expressed appreciation for timely clearance of the waste but also frustration that the culprits cannot be identified, caught and prosecuted. Council Members have been contacted and asked why no enforcement action can be taken.

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

It will not be possible to identify and take action against all offenders but residents will expect where there is some evidence that an investigation is undertaken and they be advised of the outcome whether it be no further action, a warning, a formal caution or prosecution.

KCC enforcement support (including legal action) is subject to KCC's own priorities and service demands and therefore beyond direct SDC officer control. Members may choose to accept this level of potentially limited action and control or opt to fund a directly employed resource to undertake these duties. In either case an appropriate increase in allocated budget for 2016/17 is sought to meet the shortfall in fly-tip clearance costs and provide for the chosen level of enforcement action which should anticipate the risk of unrecovered legal costs in the event of an unsuccessful prosecution.

Risk to Service Objectives (High / Medium / Low)

High

2015/16 Budget

	£'000
Operational Cost	1,279
Income	(24)
Net Cost	1,255

SERVICE CHANGE IMPACT ASSESSMENT

Equality Impacts

The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. There is no perceived impact on end users.

SERVICE CHANGE IMPACT ASSESSMENT

SCIA 3 (16/17)

Chief Officer:	Communities & Business	Service:	Health, Leisure & Tourism
Activity	Tourism	No. of Staff:	0.2 fte

Activity Budget Change	2016/17 Growth / (Saving) £000	Later Years Comments (ongoing, one-off, etc.)
Full-time Tourism Officer	39	Ongoing

Reasons for and explanation of proposed change in service

Issue:

Because of an increase placed on the importance of tourism to the local economy and Members’ desire to improve the offer, it has been suggested that we increase capacity to provide tourism services and review the services provided by Visit Kent. Tourism brings £168m into the District each year. Objectives include increasing the total number of stays in the District, increasing the number of beds and increasing the number of day visits. The last study completed (2013) showed a reduction in the total stay spend and a reduction in the number of day visits.

Increasing the Council’s capacity would require the employment of a Tourism Officer.

Tourism services are currently provided through a Service Level Agreement with Visit Kent. This Service Level Agreement costs the Council £9,455 per year.

As part of that agreement, they provide:

Marketing and promotion exposure to the tourism industry to attract visitors to the District from both the UK, Europe and targeted campaigns in other countries

Professional business start up and existing business advice for tourism businesses

Assessment and grading accommodation which enables local providers to advertise their businesses

Organise travel trade and media visits to the District to increase awareness of the District as a key visitor destination.

Provide regular content in trade and industry magazines,

SERVICE CHANGE IMPACT ASSESSMENT

website, e-newsletter and other social media

Feature Sevenoaks District on the Visit Kent website including events, themed features such as heritage sites, food and drink, shopping, active and outdoors

Support the Council with a dedicated website

Provide quarterly performance indicator data against agreed targets.

In addition to the work undertaken by Visit Kent, the Health, Leisure & Tourism Manager spends approximately 20% of her time on Tourism working with tourism partners to deliver the Tourism priorities within the Corporate, Plan, Community Plan and Economic Development Strategy.

Context:

The Corporate Plan commits to supporting tourism and the rural economy. The Community Plan commits to:

- Encouraging and supporting tourism and the rural economy
- Work together to deliver projects including Darent Valley Landscape Partnership scheme to conserve the landscape, wildlife and rich heritage (Green Environment)

The Economic Development Strategy includes targets to:

- Sustain the number of bedrooms provided by tourism accommodation providers
- Increase the number of providers of hotel accommodation
- Produce a Destination Management Plan
- Increase the number of users of a District Tourism web portal
- Provide sector specific workshops and networking event

History

The Council's Tourism budget and activity was reduced in 2010 to contribute a required saving of £30k. Formerly, the Council employed a part-time Tourism Officer, 50% of whose primary function was to produce a paper accommodation guide and advertise the guide. Distribution of 85,000 copies of the guide was undertaken by a private distribution company specialising in such work. The other 50% was spent working with Maidstone, Ashford, Tunbridge Wells and Tonbridge and Malling to promote the Heart of Kent.

SERVICE CHANGE IMPACT ASSESSMENT

This partnership no longer exists and the guide ceased in 2010.

At that time, tourism marketing was changing in line with new digital methods used by customers and it was agreed that the old tourism role was best performed by Visit Kent who were better placed than the Council to promote the District's tourism offer nationally and internationally and provide specialist advice and services, using their links into the tourism industry both locally and abroad.

The budget in 2015/16 is £31,275, including staffing, on costs, premises costs, etc with £12,000 of this available to commission Visit Kent. The staff allocated to the Tourism function includes just 20% of the Health, Leisure and Tourism Manager's time.

Key Stakeholders Affected

The key stakeholders affected would be tourist attractions, accommodation providers, town partnerships, Visit Kent, businesses indirectly affected by the tourist economy.

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

It will be necessary to retain some of the services of Visit Kent or another provider if we are to continue to promote the District nationally and internationally as the Council does not have the budget to make the significant connections with the trade and tourism industry media.

However, specialist knowledge and increased capacity within the Council would enable time to be spent on particular campaigns, supporting local tourism businesses, updating the website and destination management plan, creating linkages between tourism businesses, promoting and developing tourism events and developing the offer this District has as a key visitor destination.

Risk to Service Objectives (High / Medium / Low)

Medium

2015/16 Budget

	£'000
Operational Cost	31
Income	-
Net Cost	31

SERVICE CHANGE IMPACT ASSESSMENT

Equality Impacts

The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. There is no perceived impact on end users.

SERVICE CHANGE IMPACT ASSESSMENT

SCIA 4 (16/17)

Chief Officer:	Corporate Support	Service:	Facilities Management
Activity	Asset Maintenance – External	No. of Staff:	0.48 fte

Activity Budget Change	2016/17 Growth / (Saving) £000	Later Years Comments (ongoing, one-off, etc.)
Loss of income for support of asset maintenance service for Tandridge District Council	13	Ongoing

Reasons for and explanation of proposed change in service	<p>Since 2010 Sevenoaks District Council has provided a service to Tandridge District Council (TDC) to help them resolve asset maintenance issues and monitor maintenance budgets relating to Tandridge Leisure Centre. Income of £13,000 per annum was achieved for this service.</p> <p>In April 2015 we received notification that there will be a significant reduction in budgets for the leisure centre. TDC then sent further notification expressing their gratitude for the service over the past 5 years, but informing us they are looking to deliver this service in-house to account for a reduction in funding. This has meant a decrease in income of £13,000 to the Council which is not sustainable and as such requires a growth item to rectify.</p>
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Key Stakeholders Affected	None
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Likely impacts and implications of the change in service (include Risk Analysis)	This is a direct reduction of £13,000 in income. Failure to approve this as a growth item will result in an unsustainable overspend of £13,000 within Facilities Management as income will not be achieved.
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Risk to Service Objectives (High / Medium / Low)	Low
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SERVICE CHANGE IMPACT ASSESSMENT

2015/16 Budget

	£'000
Operational Cost	101
Income	(137)
Net Cost	(36)

Equality Impacts

The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. There is no perceived impact on end users.

SERVICE CHANGE IMPACT ASSESSMENT

SCIA 5 (16/17)

Chief Officer:	Corporate Support	Service:	Facilities Management
Activity	Asset Maintenance – Hever Road Travellers Site	No. of Staff:	0.73 fte

Activity Budget Change	2016/17 Growth / (Saving) £000	Later Years Comments (ongoing, one-off, etc.)
Increased asset maintenance costs for the Hever Road Travellers site	30	Ongoing

Reasons for and explanation of proposed change in service

Current allocated budgets for maintenance of pitches, fire safety equipment and living modules is insufficient to meet the increased requirement for maintenance as the facility ages.

Having reviewed the asset maintenance plan for the site, a further £30,000 per annum is requested for the maintenance of the Hever Road Travellers Site in addition to the already allocated funding.

This additional funding will cover service contracts, annual maintenance and unplanned maintenance required at the site.

Key Stakeholders Affected

Residents of the Hever Road Travellers site

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

Failure to adequately maintain the Hever Road site on an ongoing basis will lead to elements of the site being deemed not fit for purpose and incur increased future costs.

Risk to Service Objectives (High / Medium / Low)

High

SERVICE CHANGE IMPACT ASSESSMENT

2015/16 Budget

	£'000
Operational Cost	12
Income	-
Net Cost	12

Equality Impacts

The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. There is no perceived impact on end users.

SERVICE CHANGE IMPACT ASSESSMENT

SCIA 6 (16/17)

Chief Officer:	Chief Finance Officer	Service:	Finance
Activity	Insurance	No. of Staff:	n/a

Activity Budget Change	2016/17 Growth / (Saving) £000	Later Years Comments (ongoing, one-off, etc.)
Insurance Premium Tax	12	ongoing

Reasons for and explanation of proposed change in service: From November 2015, the standard rate of Insurance Premium Tax will increase from 6% to 9.5%.

Key Stakeholders Affected: None

Likely impacts and implications of the change in service (include Risk Analysis): It is essential that the Council has suitable insurance in place to reduce the financial risk when insurable events arise.

Risk to Service Objectives (High / Medium / Low): High

2015/16 Budget	£'000
Operational Cost	369
Income	-
Net Cost	369

Equality Impacts

The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. There is no perceived impact on end users.

SERVICE CHANGE IMPACT ASSESSMENT

SCIA 7 (16/17)

Chief Officer:	Chief Officer Legal and Governance	Service:	Elections
Activity	Electoral Registration	No. of Staff:	n/a

Activity Budget Change	2016/17 Growth / (Saving) £000	Later Years Comments (ongoing, one-off, etc.)
Individual Electoral Registration	40	ongoing

Reasons for and explanation of proposed change in service

Legislative change has taken place in relation to Electoral Registration, resulting in a more complex process being implemented due to Individual Electoral Registration (IER).

The expected overspend in the first year of IER (2015/16) is £56,000 but once the register is up to date and efficiencies are made in the process, it is expected that costs will reduce.

Key Stakeholders Affected

Electorate

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

It is a legal requirement that we have a full and accurate register.

The new system of individual registration reduces the risk of electoral fraud. However, it is proving to be a more costly process to implement and administer.

Risk to Service Objectives (High / Medium / Low)

High

2015/16 Budget	£'000	Performance Indicators		
		Code & Description	Actual	Target
Operational Cost	141			
Income	(2)	n/a		
Net Cost	139			

SERVICE CHANGE IMPACT ASSESSMENT

Equality Impacts

The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. There is no perceived impact on end users.

SERVICE CHANGE IMPACT ASSESSMENT

SCIA 8 (16/17)

Chief Officer:	Environmental and Operational Services	Service:	Playgrounds
Activity	Asset Maintenance	No. of Staff:	n/a

Activity Budget Change	2016/17 Growth / (Saving) £000	Later Years Comments (ongoing, one-off, etc.)
Reduction in Playgrounds asset maintenance budget	(7)	For 5 years

Reasons for and explanation of proposed change in service	A saving is possible as the actual spend in recent years has been below budget following capital Investment in playground equipment in the last 5 years.
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Key Stakeholders Affected	n/a
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Likely impacts and implications of the change in service (include Risk Analysis)	There may be a need to restore the budget to previous levels in future years as the equipment becomes older to ensure it remains safe to use.
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Risk to Service Objectives (High / Medium / Low)	Low
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2015/16 Budget	£'000
Operational Cost	14
Income	-
Net Cost	14

Equality Impacts

The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. There is no perceived impact on end users.

SERVICE CHANGE IMPACT ASSESSMENT

SCIA 9 (16/17)

Chief Officer:	Environmental and Operational Services	Service:	Public Conveniences
Activity	Asset Maintenance	No. of Staff:	N/A

Activity Budget Change	2016/17 Growth / (Saving) £000	Later Years Comments (ongoing, one-off, etc.)
Reduction in asset maintenance budget	(8)	For 5 years

Reasons for and explanation of proposed change in service	A saving is possible as the actual spend in recent years has been below budget as there is only one Council owned public convenience with responsibility for maintenance (bus station convenience, Sevenoaks).
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Key Stakeholders Affected	N/A
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Likely impacts and implications of the change in service (include Risk Analysis)	There may be a need to restore the budget to previous levels in future years if additional maintenance is required.
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Risk to Service Objectives (High / Medium / Low)	Low
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2015/16 Budget	£'000
Operational Cost	14
Income	-
Net Cost	14

Equality Impacts

The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. There is no perceived impact on end users.

SERVICE CHANGE IMPACT ASSESSMENT

SCIA 10 (16/17)

Chief Officer:	Communities & Business	Service:	Community Safety & Youth
Activity	Youth	No. of Staff:	0.1 fte dedicated to youth

Activity Budget Change	2016/17 Growth / (Saving) £000	Later Years Comments (ongoing, one-off, etc.)
Reduction in contribution to youth projects undertaken in the District	(10)	Ongoing

Reasons for and explanation of proposed change in service	Reduction in contribution to one off projects aimed at young people in order to meet required budget savings. Many projects aimed at young people contribute to outcomes such as a reduction in unemployment, increase in skills and diversionary activities to reduce anti-social behaviour. For this reason they are often done in partnership with other organisations that also make a contribution to the project. It is proposed that we would seek to maintain the extent to which we are involved in initiating and participating in such projects but seek additional funding either from partners or from other external funding sources.
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Key Stakeholders Affected	Young people, partner agencies
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Likely impacts and implications of the change in service (include Risk Analysis)	Through the use of external funding and working closely with partners, we would anticipate zero impact as the projects would still go ahead.
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Risk to Service Objectives (High / Medium / Low)	Low
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SERVICE CHANGE IMPACT ASSESSMENT

2015/16 Budget

	£'000
Operational Cost	38
Income	-
Net Cost	38

Equality Impacts

The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. There is no perceived impact on end users.

SERVICE CHANGE IMPACT ASSESSMENT

SCIA 11 (16/17)

Chief Officer:	Corporate Support	Service:	Facilities Management
Activity	Support of Office Environment	No. of Staff:	n/a

Activity Budget Change	2016/17 Growth / (Saving) £000	Later Years Comments (ongoing, one-off, etc.)
Reduction in utility costs	(15)	Ongoing

Reasons for and explanation of proposed change in service

The introduction of LED lighting across the Council Offices at Argyle Road has led to a reduction in electricity consumption. This has been supplemented by reviewing the operation of other plant across the building, introducing more energy efficient practices and reducing other utility costs.

Based on current figures and projected efficiencies a figure of £15,000 per year representing approximately a 15% saving on current costs can be achieved.

Key Stakeholders Affected

All occupants of the Argyle Road office

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

Likely impacts of this budget reduction are low. Energy is procured through a framework with stable pricing for a fixed period. Longer term increases in energy costs could present a risk if they are significant and it is not possible to be offset by other means.

Risk to Service Objectives (High / Medium / Low)

Low

2015/16 Budget

	£'000
Operational Cost	99
Income	-
Net Cost	99

SERVICE CHANGE IMPACT ASSESSMENT

Equality Impacts

The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. There is no perceived impact on end users.

SERVICE CHANGE IMPACT ASSESSMENT

SCIA 12 (16/17)

Chief Officer:	Corporate Support	Service:	Facilities Management
Activity	Maintenance and Consumables	No. of Staff:	n/a

Activity Budget Change	2016/17 Growth / (Saving) £000	Later Years Comments (ongoing, one-off, etc.)
Reduction in maintenance and consumable costs	(66)	Ongoing

Reasons for and explanation of proposed change in service

Having reviewed individual budget lines across all areas of Facilities Management and service office budgets, it is proposed that a collective reduction of £66,000 can be achieved through reducing expenditure on maintenance of plant and equipment; provision of stationery and paper; and other office expenditure.

Key Stakeholders Affected

All occupants of the Argyle Road office

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

Likely impacts of this budget reduction are low. Future maintenance costs have been assessed and these are expected to fall within the revised budget level being proposed. Reductions in expenditure on consumables are being identified as more electronic processes and a reduction on the reliance of paper are being introduced.

Risk to Service Objectives (High / Medium / Low)

Low

2015/16 Budget

	£'000
Operational Cost	296
Income	-
Net Cost	296

SERVICE CHANGE IMPACT ASSESSMENT

Equality Impacts

The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. There is no perceived impact on end users.

SERVICE CHANGE IMPACT ASSESSMENT

SCIA 13 (16/17)

Chief Officer:	Jim Carrington-West	Service:	Facilities Management
Activity	Print Studio	No. of Staff:	1.88 fte

Activity Budget Change	2016/17 Growth / (Saving) £000	Later Years Comments (ongoing, one-off, etc.)
Increased Print Income	(10)	Ongoing

Reasons for and explanation of proposed change in service	Based on an increasing drive to commercialise the Print Studio and increase income to the Council, coupled with a review of current and predicted performance it is felt that a further increase of £10,000 per annum income should be achievable.
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Key Stakeholders Affected	All Print Studio Customers
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Likely impacts and implications of the change in service (include Risk Analysis)	Likely impacts of this increase in income are low provided that the upward trend continues and work continues to come in to the Print Studio.
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Risk to Service Objectives (High / Medium / Low)	Low
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2015/16 Budget	£'000
Operational Cost	161
Income	(194)
Net Cost	(33)

Equality Impacts

The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. There is no perceived impact on end users.

SERVICE CHANGE IMPACT ASSESSMENT

SCIA 14 (16/17)

Chief Officer:	Chief Finance Officer	Service:	Revenues, Benefits, Audit, Anti-Fraud, Environmental Health
Activity	Various Partnerships	No. of Staff:	59.26 fte

Activity Budget Change	2016/17 Growth / (Saving) £000	Later Years Comments (ongoing, one-off, etc.)
Revised split of partnership costs	(70)	ongoing

Reasons for and explanation of proposed change in service

As part of the agreements with Dartford BC, cost sharing arrangements are reviewed annually and revised if there is a significant change in activity levels between the partners.

In recent years, activity levels in Benefits in particular have changed due to the demographic differences between the two authorities resulting in the number of benefit changes increasing at a greater rate in Dartford BC.

A saving for this was approved in 2015/16 for one year only, to see if the upturn in the economy materially affected the split. It is now expected that the split of workload will continue going forward.

Key Stakeholders Affected

Dartford BC

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

The implementation of Universal Credit in future years is likely to affect the Benefits workload and therefore the costs of the service. The saving also assumes that partnership arrangements remain in place.

Risk to Service Objectives (High / Medium / Low)

Low

SERVICE CHANGE IMPACT ASSESSMENT

2015/16 Budget

	£'000
Operational Cost*	2,546
Income	-
Net Cost	2,546

*SDC contribution to the partnership hub costs.

Equality Impacts

The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. There is no perceived impact on end users.

SERVICE CHANGE IMPACT ASSESSMENT

SCIA 15 (16/17)

Chief Officer:	Chief Finance Officer	Service:	Finance
Activity	Finance	No. of Staff:	9.22 fte

Activity Budget Change	2016/17 Growth / (Saving) £000	Later Years Comments (ongoing, one-off, etc.)
Partnership work covered within existing resources	(72)	ongoing

Reasons for and explanation of proposed change in service	When partnerships have started, budgets have been included to take account of additional work required from support services (Finance, IT, HR etc). These services have managed to deliver the extra work within existing resources.
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Key Stakeholders Affected	None
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Likely impacts and implications of the change in service (include Risk Analysis)	No impact assuming that workloads continue at current levels and partnership agreements remain in place.
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Risk to Service Objectives (High / Medium / Low)	Low
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2015/16 Budget	£'000
Operational Cost	405
Income	(76)
Net Cost	329

Equality Impacts

The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. There is no perceived impact on end users.

SERVICE CHANGE IMPACT ASSESSMENT

SCIA 16 (16/17)

Chief Officer:	Chief Housing Officer	Service:	Housing
Activity	Housing Advice and Standards	No. of Staff:	3 statutory fte (1 fte is externally funded)

Activity Budget Change	2016/17 Growth / (Saving) £000	Later Years Comments (ongoing, one-off, etc.)
Housing Register managed by West Kent Housing Association (WKHA)	(15)	Ongoing

Reasons for and explanation of proposed change in service

The housing register has been managed for the Council by WKHA since 1989 when the housing stock was transferred. Over the last few years the cost has increased more than inflation. The budget is currently £89,000 per annum.

Through negotiation with WKHA it is expected that a reduction in the cost of providing the service can be delivered to ensure the arrangement continues to deliver value for money to both organisations.

Key Stakeholders Affected

Homeless people
Housing Advice team
WKHA
Social Services

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

If the Register is still managed by WKHA it will provide continuation of service and improved value for money and importantly not confuse the people applying for re-housing.

If the saving is agreed by WKHA (due to some innovative ideas currently being discussed) then this will be a positive situation.

Risk to Service Objectives (High / Medium / Low)

Low

SERVICE CHANGE IMPACT ASSESSMENT

2015/16 Budget

	£'000
Operational Cost	89
Income	-
Net Cost	89

Equality Impacts

The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. There is no perceived impact on end users.

SERVICE CHANGE IMPACT ASSESSMENT

SCIA 17 (16/17)

Chief Officer:	Chief Housing Officer	Service:	Housing
Activity	Disabled Facilities Grants	No. of Staff:	2.5 fte

Activity Budget Change	2016/17 Growth / (Saving) £000	Later Years Comments (ongoing, one-off, etc.)
Fee income from Disabled Facilities Grant (DFG) management	(20)	Ongoing

Reasons for and explanation of proposed change in service

As the DFG process is now managed successfully in house, it is proposed to generate around £20,000 per annum fee income for undertaking certain work in the process.

A fee (being considered but could be 12% of the grant being paid out) for officers to provide technical expertise, project management and procuring contractors to deliver works.

Key Stakeholders Affected

DFG applicants
KCC Social Services

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

This process will not adversely affect DFG applicants as the process for them will be the same. It is about extending the support side of the service rather than other organisations charging for their time.

Risk to Service Objectives (High / Medium / Low)

Low

2015/16 Budget

	£'000
Operational Cost	534
Income	(477)
Net Cost (capital)	57

Equality Impacts

The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. There is no perceived impact on end users.

SERVICE CHANGE IMPACT ASSESSMENT

SCIA 18 (16/17)

Chief Officer:	Chief Housing Officer	Service:	Housing
Activity	Private Sector Lettings scheme	No. of Staff:	1 fte (shared between 2 staff)

Activity Budget Change	2016/17 Growth / (Saving) £000	Later Years Comments (ongoing, one-off, etc.)
To reduce the Private Sector Lettings (PSL) scheme budget	(5)	Ongoing

Reasons for and explanation of proposed change in service

The scheme assists potentially homeless people to rent in the private sector and reduces homelessness by offering rent in advance and a deposit bond as a loan. The reduction of £5,000 per annum will not affect the scheme because the team is now negotiating for Discretionary Housing Payments in applicable cases which will cover this amount.

Key Stakeholders Affected

Homeless people. Landlords (private sector)

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

There will be no negative impact on the service or homeless people as Discretionary Housing Payment will meet the gap if not, homeless funding can be used.

Risk to Service Objectives (High / Medium / Low)

Low

2015/16 Budget

	£'000
Operational Cost	10
Income	-
Net Cost	10

Equality Impacts

The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. There is no perceived impact on end users.

SERVICE CHANGE IMPACT ASSESSMENT

SCIA 19 (16/17)

Chief Officer:	Chief Planning Officer	Service:	Planning
Activity	Planning	No. of Staff:	45.80 fte

Activity Budget Change	2016/17 Growth / (Saving) £000	Later Years Comments (ongoing, one-off, etc.)
Efficiency Review	(20)	Ongoing

Reasons for and explanation of proposed change in service	The saving will be met from increased flexible working, an ongoing review of processes and procedures and a healthy demand for development and associated pre-application advice.
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Key Stakeholders Affected	None
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Likely impacts and implications of the change in service (include Risk Analysis)	Service delivery is closely monitored so the likely impact can be minimised.
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Risk to Service Objectives (High / Medium / Low)	Low
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2015/16 Budget	£'000
Operational Cost	2,012
Income	(716)
Net Cost	1,296

Equality Impacts

The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. There is no perceived impact on end users.

SERVICE CHANGE IMPACT ASSESSMENT

SCIA 20 (16/17)

Chief Officer:	Chief Executive	Service:	All Services
Activity	Pay costs	No. of Staff:	369.27 fte

Activity Budget Change	2016/17 Growth / (Saving) £000	Later Years Comments (ongoing, one-off, etc.)
Pay costs saving	(300)	Ongoing

Reasons for and explanation of proposed change in service

Pay costs will reduce in two key ways:

Firstly, Council approved the proposed Senior Management Restructure on 3 November 2015. The proposed restructure delivers on a commitment made by the Chief Executive to undertake a review of Senior Management to ensure the Council is well placed to manage the opportunities and future challenges it is presented with.

The restructure proposes to reduce the number of Chief Officers and under a new structure of a Chief Executive and five Chief Officers a further review of how services are delivered will take place to identify additional required savings.

Secondly, the Council has a procedure in place that requires a contribution of three months salary to be made to the vacant posts budget when an officer leaves their post.

The three month contribution reflects the time period that posts are most likely to be vacant for a robust recruitment and selection process to be completed. Where it is evident services would be affected by delaying recruitment or making the contribution, procedures allow for it to be waived.

Savings can also be generated when an officer that leaves the Council is replaced by an officer on the same pay band but on a lower scale point.

SERVICE CHANGE IMPACT ASSESSMENT

Key Stakeholders Affected

All Council staff

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

<p>The risk of reducing the senior management structure, whilst retaining the Council's ability to deliver on its vision and promises and the corporate projects Members have set out, is considered to be low.</p> <p>The extent of contributions collected from vacancies is dependent on the levels of staff turnover in the organisation and there is always some risk that the target will not be met.</p>

Risk to Service Objectives (High / Medium / Low)

Low

2015/16 Budget

	£'000
Operational Cost	13,706
Income	-
Net Cost	13,706

Equality Impacts

The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. There is no perceived impact on end users.

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Summary of feedback from the Advisory Committees

To assist the Advisory Committees in making additional suggestions for growth or savings for Cabinet to consider an interactive session was held at each of their recent meetings.

This Appendix provides a summary of the Advisory Committees for Housing & Health, Economic & Community Development, Direct & Trading Services, Legal & Democratic Services and Planning. A summary of responses from the Advisory Committees for Finance and Policy & Performance will be circulated separately once the final Advisory Committee meeting has been held.

Members should note that this appendix is provided as information for Cabinet arising from the discussions held at the Advisory Committees. The recommendations arising from those meetings are provided elsewhere within the Agenda.

Question a: What services might the Council want to consider investing more in?

Members of each Advisory Committee provided feedback on services that were both within the remit of their committee and on services overseen by other committees. In general, each Advisory Committee was supportive of seeing further investment in priority services within their portfolio responsibilities.

Members commented that their priorities for investment in housing are on energy efficiency, HERO, housing initiatives, private sector housing and affordable housing.

When thinking about services delivered by Communities and Business investment would be welcomed on health and leisure with some focus on youth engagement in sport and other activities. Members commented a new leisure centre for Swanley should also be considered for investment.

In the same service areas Members also suggested investment in community safety (e.g. supporting more Safer Neighbourhood groups) and grants to other organisations.

On the subject of Economic Development Members would like to see more investment in this area generally as well as specific mention of property, tourism and business advice. Communication infrastructure was also mentioned, this is understood to be broadband and mobile phone coverage across the District. Consideration of how business rate rebates could be used to bring investment to the District was also highlighted.

Members would also like to consider further investment in the Council's recycling service, with specific mention of glass and the green waste service. Aligned to this was investment in street cleaning, fly tipping and fly tipping enforcement.

Services such as car parking, car parks and parking enforcement (including potential use of CCTV to support safer parking near schools) were also suggested for investment as were income generating services such as Building Control, land charges, markets and the Licensing Partnership. Improved enforcement of dog fouling and promoting good pet ownership was also suggested.

In relation to Planning, Members priorities for investment are enforcement, pre-application advice charge, conservation and support for neighbourhood plans.

Suggestions that were not service specific include investing in services that give a return / profit, an income or is a shared arrangement. Investing in the sale of products was also put forward as was investing in channel shift, including more online forms.

Question b: Where could the Council make savings to enable investment in other service?

Members were asked to consider those services, either within the remit of their Advisory Committee or elsewhere that the Council may be able to disinvest to enable investment in some of the areas set out above.

In the area of Communities and Business there is some contradiction with (other) Members suggesting that leisure and leisure centres is an area could consider for savings. It was noted that Members were seeking to reduce Council spending and did not imply that would seek to see the level of service reduced.

Members also suggested savings could be drawn from work undertaken to improve broadband provision, from grant to organisations, from the Community Plan, tourism and economic development.

Within the Housing service the only suggestion put forward was to review the expenditure on sites for the Districts gypsy and traveller community.

Across the Council's environmental & operational services Members suggested that savings could be considered or disinvestments made in the pest control service, asset maintenance of playgrounds, in the provision of air quality monitoring, building control services and CCTV. Disinvestment in the trade waste service was also suggested.

In relation to Planning Members suggested that some savings could be gained in planning policy, the pre-application advice service, from enforcement and in the administrative expenses that support the service.

Suggestions that were not service specific include disinvesting in in-house costs, stopping non-statutory services that cost the Council money, reducing spend in non profitable areas and selling the Council offices and relocating to a new site. It was also suggested that the Council could disinvest in Members.

Question c: What services work well?

Members were asked to consider those services, either within the remit of their Advisory Committee or elsewhere, that perform well.

The Council's refuse collection service was said to perform well at almost all of the Advisory Committee meetings. Other Environmental & Operational services considered to be performing well also include street cleaning (incl. clearing of fly tips), building control, civic protection, the pest control service, car parks, the Licensing Partnership and the Environmental Health food safety inspection and rating scheme.

Within the Housing service Members consider the HERO scheme, home improvement grants, homeless service and sites for the gypsy and traveller community perform well.

Other services commended by Members include health improvements, leisure contract, community safety, economic development, the legal function, the register of electors, the development management service and conservation.

Question d: What services would Members like to see make further improvement?

Members were asked to consider those services, either within the remit of their Advisory Committee or elsewhere, which could seek to make improvements in their performance.

Feedback from Members that did not relate to a specific service included the ability to deliver more affordable housing across the District, work that is undertaken to support the most vulnerable citizens and it was also suggested that Members would be an area for further improvement.

Within the Council's environmental and operational services Members suggested that further improvements in performance could be sought in street cleaning, fly tipping and fly tipping enforcement, parking enforcement and the recycling service.

The arrangements for the leisure contract, youth services, tourism and grants to organisations are also considered by Members that the Council could seek to improve.

Members have suggested that improvements in the planning service could be focussed on planning in relation to business development, the conservation and enforcement services and the work of the Development Control Committee.

Finally, Members consider that the Council could seek to work ever more effectively with other major housing providers in the District and seek to further improve the way its communications.

Question e: What would Members like Cabinet to take into account?

Housing & Health Advisory Committee

- ▶ Health inequalities – more focus to be on bridging the gap between least and most deprived areas of the District
- ▶ Taking health priorities across Council services
- ▶ Youth groups in Swanley (improve community sport/activity for kids)
- ▶ Disabled Facilities Grants – opportunities in future for more income generation and shared working
- ▶ Parity of esteem needed between mental and physical health services

In relation to responsibilities of other Advisory Committees the following feedback was given:

- More parking enforcement officers
- Rural broadband in northern parishes
- SDC shouldn't be competing with local businesses

Economic & Community Development Advisory Committee

- ▶ Grants to organisations – measured return
- ▶ Broadband
- ▶ Rural economy
- ▶ Youth
- ▶ Economic Development
- ▶ Civil protection

In relation to responsibilities of other Advisory Committees the following feedback was given:

- Recycling
- Commercial MOT services
- Best bang for buck
- District to take larger role in ensuring Parishes have flood plans
- Work more with Town and Parish Councils
- Direct trading
- Property portfolio

Direct & Trading Services Advisory Committee

- ▶ Contributions to CCTV
- ▶ Contributions to air quality management
- ▶ Parking needs
- ▶ Fly tipping
- ▶ Recycling

In relation to responsibilities of other Advisory Committees the following feedback was given:

- Invest in more property for starter homes
- Profit making?
- Customer expectations
- Shared services – any more to be had?

Legal & Democratic Services Advisory Committee

- ▶ Lobby LGA/Government to lift fixed fee for Temporary Event Notices and others
- ▶ Post Committee Agenda papers instead of delivering
- ▶ Shared Services roadshow / Kent Conference to showcase our Licensing Hub
- ▶ The need for professional specialist Legal advice especially Licensing
- ▶ Members allowances should stay as they are
- ▶ Legal Services – the need for a permanent Planning Lawyer

In relation to responsibilities of other Advisory Committees the following feedback was given:

- Need to gain more income from services

Planning Advisory Committee

- ▶ Planning pre-application advice – charging
- ▶ Street numbering – increased charges
- ▶ Provide expert Planning advice service to poor performing Councils – for a fee
- ▶ Provide a rival service to the Land registry
- ▶ Lobby Government to allow local determination of Planning fees
- ▶ Force development of long term empty sites

In relation to responsibilities of other Advisory Committees the following feedback was given:

- Work better with Towns and Parishes
- Provide additional public rubbish bins
- Public Health and Housing – reduce waiting lists
- Prioritise affordable / small housing

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Item 6 – Treasury Management Mid Year Update

The attached report was considered by the Finance Advisory Committee, relevant Minute extract below:

Finance Advisory Committee – 17 November 2015 (Minute 19)

The Principal Accountant presented a report that detailed the mid-year treasury activity in the first half of the current financial year with recent developments in the financial markets which fulfilled the requirements of the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Treasury Management.

He explained that changes were recommended to the Council's credit methodology placing less reliance on implied levels of sovereign support, in line with the major ratings agencies. Two minor breaches of the Annual Investment Strategy had occurred, exceeding the sums to be held in any institution but in each case these had been corrected the next day.

In response to a question concerning the progress of the Local Government Association's Municipal Bond Agency, he explained that the agency was expecting to issue the first bond in the first quarter of 2016 but was still looking for borrowers prepared to commit.

Public Sector Equality Duty

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

Resolved: That it be recommended to Cabinet that the Treasury Management Mid-Year Update for 2015/16, including the changes to the credit methodology whereby viability, financial strength and support rating would not be considered as key criteria in the choice of creditworthy investment counterparties be approved.

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TREASURY MANAGEMENT MID-YEAR UPDATE

Cabinet – 3 December 2015

Report of the:	Chief Finance Officer
Status:	For Consideration
Also considered by:	Finance Advisory Committee – 17 November 2015
Key Decision:	No

Executive Summary: This report gives details of treasury activity in the first half of the current financial year, recent developments in the financial markets and fulfils the reporting requirements of the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Treasury Management.

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

Portfolio Holder Cllr. Searles

Contact Officer Roy Parsons, Principal Accountant - Ext 7204

Recommendation to Finance Advisory Committee: That Cabinet be asked to approve the Treasury Management Mid-Year Update for 2015/16, including the changes to the credit methodology whereby viability, financial strength and support ratings will not be considered as key criteria in the choice of creditworthy investment counterparties.

Recommendation to Cabinet: That the Treasury Management Mid-Year Update for 2015/16 be approved, including the changes to the credit methodology whereby viability, financial strength and support ratings will not be considered as key criteria in the choice of creditworthy investment counterparties.

Reason for recommendation: As required by both the Council's Financial Procedure Rules and the CIPFA Code, a mid-year report of treasury management activity is to be presented to Members for approval.

Background

- 1 The Council is required through regulations issued under the Local Government Act 2003 to produce an annual Treasury Management Strategy Statement, which includes the Annual Investment Strategy and Minimum Revenue Provision Policy, for the year ahead, a mid-year review report and an annual report covering activities during the previous year.
- 2 During 2015/16 the minimum reporting requirements are that the Council should receive the following reports:

Agenda Item 6

- an annual treasury strategy in advance of the year (Council 17/2/2015).
 - a mid year treasury update report (this report).
 - an annual report following the year describing the activity compared to the strategy.
- 3 In addition, monthly reports from our treasury management advisors, Capita Asset Services, are emailed to Members of the Finance Advisory Committee.

Introduction

- 4 The Council operates a balanced budget, which broadly means cash raised during the year will meet its cash expenditure. Part of the treasury management operations ensure this cash flow is adequately planned, with surplus monies being invested in low risk counterparties, providing adequate liquidity initially before considering optimising investment return.
- 5 The second main function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer term cash flow planning to ensure the Council can meet its capital spending operations. This management of longer term cash may involve arranging long or short term loans, or using longer term cash flow surpluses, and on occasion any debt previously drawn may be restructured to meet Council risk or cost objectives.
- 6 Accordingly, treasury management is defined as:
- “The management of the local authority's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.”
- 7 This mid-year update report, prepared in compliance with CIPFA's Code of Practice on Treasury Management, covers:
- (a) Changes in credit rating methodology;
 - (b) an economic update for the 2015/16 financial year to 30 September 2015;
 - (c) interest rate forecasts;
 - (d) a review of the Treasury Management Strategy Statement and Annual Investment Strategy; and
 - (e) a review of the Council's investment portfolio for 2015/16.

Changes in credit rating methodology

- 8 The main rating agencies (Fitch, Moody's and Standard & Poor's) have, through much of the financial crisis that occurred in 2008, provided some institutions with

a ratings “uplift” due to implied levels of sovereign support. Commencing in 2015, in response to the evolving regulatory regime, all three agencies have begun removing these “uplifts” with the timing of the process determined by regulatory progress at the national level. The process has been part of a wider reassessment of methodologies by each of the rating agencies. In addition to the removal of implied support, new methodologies are now taking into account additional factors, such as regulatory capital levels. In some cases, these factors have “netted” each other off, to leave underlying ratings either unchanged or little changed. A consequence of these new methodologies is that they have also lowered the importance of the (Fitch) Support and Viability ratings and have seen the (Moody’s) Financial Strength rating withdrawn by the agency.

- 9 In keeping with the agencies’ new methodologies, the credit element of our treasury advisor’s credit assessment process now focuses solely on the Short and Long Term ratings of an institution. Whilst this is the same process that has always been used by Standard & Poor’s, this has been a change to the use of Fitch and Moody’s ratings. It is important to stress that the other key elements to their process, namely the assessment of Rating Watch and Outlook information as well as the Credit Default Swap (CDS) overlay have not been changed.
- 10 The evolving regulatory environment, in tandem with the rating agencies’ new methodologies also means that sovereign ratings are now of lesser importance in the assessment process. Whereas through the crisis, councils typically assigned the highest sovereign rating to their criteria, the new regulatory environment is attempting to break the link between sovereign support and domestic financial institutions. Whilst this authority understands the changes that have taken place, it will continue to specify a minimum sovereign rating of AA-. This is in relation to the fact that the underlying domestic and where appropriate, international, economic and wider political and social background will still have an influence on the ratings of a financial institution.
- 11 It is important to stress that these rating agency changes do not reflect any changes in the underlying status or credit quality of the institution, merely a reassessment of their methodologies in light of enacted and future expected changes to the regulatory environment in which financial institutions operate. While some banks have received lower credit ratings as a result of these changes, this does not mean that they are suddenly less credit worthy than they were formerly. Rather, in the majority of cases, this mainly reflects the fact that implied sovereign government support has effectively been withdrawn from banks. They are now expected to have sufficiently strong balance sheets to be able to withstand foreseeable adverse financial circumstances without government support. In fact, in many cases, the balance sheets of banks are now much more robust than they were before the 2008 financial crisis when they had higher ratings than now. However, this is not universally applicable, leaving some entities with modestly lower ratings than they had through much of the “support” phase of the financial crisis.

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Economic Update

United Kingdom

- 12 UK GDP growth rates in 2013 of 2.2% and 2.9% in 2014 were the strongest growth rates of any G7 country; the 2014 growth rate was also the strongest UK rate since 2006 and the 2015 growth rate is likely to be a leading rate in the G7 again, possibly being equal to that of the US. However, quarter 1 of 2015 was weak at +0.4% (+2.9% y/y) though there was a rebound in quarter 2 to +0.7% (+2.4% y/y). Growth is expected to weaken to about +0.5% in quarter 3 as the economy faces headwinds for exporters from the appreciation of Sterling against the Euro and weak growth in the EU, China and emerging markets, plus the dampening effect of the Government's continuing austerity programme, although the pace of reductions was eased in the May Budget.
- 13 Despite these headwinds, the Bank of England August Inflation Report had included a forecast for growth to remain around 2.4 – 2.8% over the next three years, driven mainly by strong consumer demand as the squeeze on the disposable incomes of consumers has been reversed by a recovery in wage inflation at the same time that CPI inflation has fallen to, or near to, zero over the last quarter. Investment expenditure is also expected to support growth. However, since the report was issued, the Purchasing Manager's Index, (PMI), for services on 5 October would indicate a further decline in the growth rate to only +0.3% in Q4, which would be the lowest rate since the end of 2012. In addition, worldwide economic statistics and UK consumer and business confidence have distinctly weakened so it would therefore not be a surprise if the next Inflation Report in November were to cut those forecasts in August.
- 14 The August Bank of England Inflation Report forecast was notably subdued in respect of inflation which was forecast to barely get back up to the 2% target within the 2-3 year time horizon. However, with the price of oil taking a fresh downward direction and Iran expected to soon rejoin the world oil market after the impending lifting of sanctions, there could be several more months of low inflation still to come, especially as world commodity prices have generally been depressed by the Chinese economic downturn.
- 15 Therefore, there are considerable risks around whether inflation will rise in the near future as strongly as had previously been expected. This will make it more difficult for the central banks of both the US and the UK to raise rates as soon as was being forecast until recently. This is especially so given the recent major concerns around the slowdown in Chinese growth, the knock on impact on the earnings of emerging countries from falling oil and commodity prices, and the volatility we have seen in equity and bond markets in 2015 so far, which could potentially spill over to impact the real economies rather than just financial markets.

United States

- 16 The American economy made a strong comeback after a weak first quarter's growth at +0.6% (annualised), to grow by no less than 3.9% in quarter 2 of 2015. While there had been confident expectations during the summer that the Federal Reserve could start increasing rates at its meeting on 17 September, or if not by

the end of 2015, the recent downbeat news about Chinese and Japanese growth and the knock on impact on emerging countries that are major suppliers of commodities, was cited as the main reason for the Federal Reserve’s decision to pull back from making that start. The non-farm payrolls figures for September and revised August, issued on 2 October, were disappointingly weak and confirmed concerns that US growth is likely to weaken. This has pushed back expectations of a first rate increase from 2015 into 2016.

Eurozone

- 17 In the Eurozone, the European Central Bank (ECB) fired its big bazooka in January 2015 in unleashing a massive €1.1 trillion programme of quantitative easing (QE) to buy up high credit quality government and other debt of selected Eurozone (EZ) countries. This programme of €60bn of monthly purchases started in March 2015 and it is intended to run initially to September 2016. This already appears to have had a positive effect in helping a recovery in consumer and business confidence and a start to a significant improvement in economic growth. GDP growth rose to 0.5% in quarter 1 2015 (1.0% y/y) but came in at +0.4% (+1.5% y/y) in quarter 2 and looks as if it may maintain this pace in quarter 3. However, the recent downbeat Chinese and Japanese news has raised questions as to whether the ECB will need to boost its QE programme if it is to succeed in significantly improving growth in the EZ and getting inflation up from the current level of around zero to its target of 2%.

Interest Rate Forecasts

- 18 The Council’s treasury advisor, Capita Asset Services, has provided the following forecast:

	Dec-15	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18
Bank rate	0.50%	0.50%	0.75%	0.75%	1.00%	1.00%	1.25%	1.50%	1.50%	1.75%	1.75%
5yr PWLB rate	2.40%	2.50%	2.60%	2.80%	2.90%	3.00%	3.10%	3.20%	3.30%	3.40%	3.50%
10yr PWLB rate	3.00%	3.20%	3.30%	3.40%	3.50%	3.70%	3.80%	3.90%	4.00%	4.10%	4.20%
25yr PWLB rate	3.60%	3.80%	3.90%	4.00%	4.10%	4.20%	4.30%	4.40%	4.50%	4.60%	4.60%
50yr PWLB rate	3.60%	3.80%	3.90%	4.00%	4.10%	4.20%	4.30%	4.40%	4.50%	4.60%	4.60%

- 19 Capita Asset Services undertook its last review of interest rate forecasts on 11 August shortly after the quarterly Bank of England Inflation Report. Later in August, fears around the slowdown in China and Japan caused major volatility in equities and bonds and sparked a flight from equities into safe havens like gilts and so caused Public Works Loan Board (PWLB) rates to fall below the above forecasts for quarter 4 2015. However, there is much volatility in rates as news ebbs and flows in negative or positive ways and news in September in respect of Volkswagen, and other corporates, has compounded downward pressure on equity

Agenda Item 6

prices. This latest forecast includes a first increase in Bank Rate in quarter 2 of 2016.

- 20 Despite market turbulence since late August causing a sharp downturn in PWLB rates, the overall trend in the longer term will be for gilt yields and PWLB rates to rise when economic recovery is firmly established accompanied by rising inflation and consequent increases in Bank Rate, and the eventual unwinding of QE. Increasing investor confidence in eventual world economic recovery is also likely to compound this effect as recovery will encourage investors to switch from bonds to equities.
- 21 The overall balance of risks to economic recovery in the UK is currently evenly balanced. Only time will tell just how long this current period of strong economic growth will last; it also remains exposed to vulnerabilities in a number of key areas.
- 22 The disappointing US non-farm payrolls figures and UK PMI services figures at the beginning of October have served to reinforce a trend of increasing concerns that growth is likely to be significantly weaker than had previously been expected. This, therefore, has markedly increased concerns, both in the US and UK, that growth is only being achieved by monetary policy being highly aggressive with central rates at near zero and huge QE in place. In turn, this is also causing an increasing debate as to how realistic it will be for central banks to start on reversing such aggressive monetary policy until such time as strong growth rates are more firmly established and confidence increases that inflation is going to get back to around 2% within a 2-3 year time horizon. Market expectations in October for the first Bank Rate increase have therefore shifted back sharply into the second half of 2016.
- 23 Downside risks to current forecasts for UK gilt yields and PWLB rates currently include:-
 - Geopolitical risks in Eastern Europe, the Middle East and Asia, increasing safe haven flows.
 - UK economic growth turns significantly weaker than we currently anticipate.
 - Weak growth or recession in the UK's main trading partners - the EU, US and China.
 - A resurgence of the EZ sovereign debt crisis.
 - Recapitalisation of European banks requiring more government financial support.
 - Emerging country economies, currencies and corporates destabilised by falling commodity prices and / or the start of Federal Reserve rate increases, causing a flight to safe havens
- 24 The potential for upside risks to current forecasts for UK gilt yields and PWLB rates, especially for longer term PWLB rates include: -

- Uncertainty around the risk of a UK exit from the EU.
- The ECB severely disappointing financial markets with a programme of asset purchases which proves insufficient to significantly stimulate growth in the EZ.
- The commencement by the US Federal Reserve of increases in the Fed. funds rate causing a fundamental reassessment by investors of the relative risks of holding bonds as opposed to equities and leading to a major flight from bonds to equities.
- UK inflation returning to significantly higher levels than in the wider EU and US, causing an increase in the inflation premium inherent to gilt yields.

Treasury Management Strategy and Annual Investment Strategy update

- 25 The Treasury Management Strategy Statement (TMSS) and Prudential Indicators for 2015/16 were approved by the Council on 17 February 2015. There are no policy changes to the TMSS thus far and the details in this report merely update the position in the light of updated economic data.
- 26 As far as the Council's Prudential Indicators are concerned, three indicators relating to borrowing were reviewed by Cabinet on 16 July 2015 and approved by the Council on 21 July 2015 as a consequence of expanding the Property Investment Strategy. The indicators relating to the Operational Boundary and the Authorised Limit For External Debt were amended, whilst the indicator relating to Treasury Management Limits On Activity was left unchanged for the time being. Other indicators relating to the Council's borrowing need (the Capital Financing Requirement or 'CFR') and the Council's minimum revenue provision (MRP) strategy were highlighted for potential changes once a requirement to borrow had been identified.

Investment Portfolio 2015/16

- 27 In accordance with the Code, it is the Council's priority to ensure security of capital and liquidity, and to obtain an appropriate level of return which is consistent with the Council's risk appetite. As described above, it is a very difficult investment market in terms of earning the level of interest rates commonly seen in previous decades as rates are very low and in line with the 0.5% Bank Rate. The continuing potential for a re-emergence of a Eurozone sovereign debt crisis, and its impact on banks, prompts a low risk and short term strategy. Given this risk environment, investment returns are likely to remain low.
- 28 The Council held £40.719m of investments as at 30 September 2015 (£37.801m at 31 March 2015) and the investment portfolio yield for the first six months of the year is 0.66% against 7 Day and 3 Month LIBID benchmarks of 0.35% and 0.43% respectively. A full list of investments held as at 30 September 2015 appears in the Appendix.
- 29 The approved limits within the Annual Investment Strategy were breached twice during the first six months of 2015/16. At the close of business on 8 May 2015, the balance held in the Business Premium Account at Barclays reached £5.3m,

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which, together with £2m of fixed deposits, exceeded the £7m limit we had set. At the close of business on 15 September 2015, the balance held in Business Premium Account at Barclays reached £6.1m, which, together with £3m of fixed deposits, again exceeded the £7m limit. Both breaches occurred when treasury management staff were absent and both were corrected on the following day.

- 30 The Council's budgeted investment return for 2015/16 is £328k and performance for the year to date is £20k below budget. At this stage, the year-end forecast is expected to remain in the region of £20k below budget.

Key Implications

Financial

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

Legal Implications and Risk Assessment Statement

- 32 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.
- 33 This annual review report fulfils the requirements of The Chartered Institute of Public Finance & Accountancy's Code of Practice on Treasury Management 2009.
- 34 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.
- 35 Consideration of risk is integral in our approach to treasury management. However, this particular report has no specific risk implications as it is not proposing any new actions, but merely reporting performance over the last six months.

Equality Assessment

- 36 The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. There is no perceived impact on end users.

Conclusions

- 37 The overall return on the Council's investments up to the end of September 2015 is £20k below budget and is forecast to remain at that level by the end of the financial year.
- 38 The percentage yield on the portfolio is 0.66%, which exceeds the recognised benchmarks.

- 39 The economic situation both globally and within the Eurozone remains volatile, and this will have consequences for the UK economy. Treasury management in the current and recent financial years has been conducted against this background and with a cautious investment approach.

Appendices: Investment Portfolio at 30 September 2015

Background Papers: [Treasury Management Strategy for 2015/16 - Council 17 February 2015](#)

[Property Investment Strategy – Council 21 July 2015](#)

Adrian Rowbotham
Chief Finance Officer

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SEVENOAKS DISTRICT COUNCIL

List of Investments as at:- 30-Sep-15

Reference	Name	Rating	Country	Group	Amount	Start Date	Comm Rate	End Date	Curr Rate	Terms	Broker
	Santander UK plc (Business Reserve A/C)	A	U.K.	Santander	0	01-Apr-99			0.40000%	Variable	Direct
	Santander UK plc (Money Market A/C)	A	U.K.	Santander	0	09-Oct-06			0.40000%	Variable	Direct
	Clydesdale Bank plc (Base Tracker Plus - 15 Day)	A	U.K.	NAB	0	10-Sep-10			0.30000%	Variable	Direct
	Barclays Bank plc (Business Premium A/C)	A	U.K.		1,719,000	01-Oct-11			0.35000%	Variable	Direct
	Barclays Bank plc (Flexible IBCA)	A	U.K.		0	01-Jun-14			0.45000%	Variable	Direct
	National Westminster Bank plc (Liquidity Select)	A	U.K.	RBS	1,000,000	07-Oct-11			0.25000%	Variable	Direct
	National Westminster Bank plc (95 Day Notice)	A	U.K.	RBS	0	24-May-13			0.35000%	Variable	Direct
	Svenska Handelsbanken AB (Deposit A/C)	AA-	Sweden		3,000,000	23-Jul-14			0.40000%	Variable	Direct
	Standard Life Liquidity Fund (Money Market Fund)	AAA	U.K.		5,000,000	11-May-12				Variable	Direct
	Insight Liquidity Fund (Money Market Fund)	AAA	U.K.		1,000,000	11-May-12				Variable	Direct
IP1227	Bank of Scotland plc	A	U.K.	Lloyds/HBOS	1,000,000	10-Feb-15	1.00000%	09-Feb-16		1 Year	Direct
IP1229	Bank of Scotland plc	A	U.K.	Lloyds/HBOS	1,000,000	20-Feb-15	1.00000%	19-Feb-16		1 Year	Direct
IP1259	Barclays Bank plc	A	U.K.		3,000,000	08-Sep-15	0.66000%	08-Mar-16		6 Months	Direct
IP1250	Coventry Building Society	A	U.K.		1,000,000	15-Jul-15	0.60000%	15-Jan-16		6 Months	R P Martin
IP1256	Coventry Building Society	A	U.K.		1,000,000	17-Aug-15	0.45000%	17-Nov-15		3 Months	Tradition
IP1258	Coventry Building Society	A	U.K.		1,000,000	28-Aug-15	0.60000%	29-Feb-16		6 Months	Tradition
IP1191	Lloyds Bank plc	A	U.K.	Lloyds/HBOS	2,000,000	07-Oct-14	1.00000%	06-Oct-15		1 Year	Direct
IP1198	Lloyds Bank plc	A	U.K.	Lloyds/HBOS	1,000,000	03-Nov-14	1.00000%	02-Nov-15		1 Year	Direct
IP1204	Lloyds Bank plc	A	U.K.	Lloyds/HBOS	1,000,000	28-Nov-14	1.00000%	27-Nov-15		1 Year	Direct
IP1234	Lloyds Bank plc	A	U.K.	Lloyds/HBOS	1,000,000	07-Apr-15	1.00000%	05-Apr-16		1 Year	Direct
IP1240	Lloyds Bank plc	A	U.K.	Lloyds/HBOS	1,000,000	28-Apr-15	1.00000%	26-Apr-16		1 Year	Direct
IP1241	Lloyds Bank plc	A	U.K.	Lloyds/HBOS	1,000,000	05-May-15	1.00000%	04-May-16		1 Year	Direct
IP1246	Lloyds Bank plc	A	U.K.	Lloyds/HBOS	1,000,000	03-Jul-15	0.70000%	04-Jan-16		6 Months	Direct
IP1247	Nationwide Building Society	A	U.K.		1,000,000	09-Jul-15	0.66000%	11-Jan-16		6 Months	Tradition
IP1254	Nationwide Building Society	A	U.K.		1,000,000	06-Aug-15	0.66000%	08-Feb-16		6 Months	Tradition
IP1257	Nationwide Building Society	A	U.K.		1,000,000	28-Aug-15	0.66000%	29-Feb-16		6 Months	R P Martin
IP1261	Nationwide Building Society	A	U.K.		2,000,000	23-Sep-15	0.66000%	23-Mar-16		6 Months	Tradition
IP1232	Royal Bank of Scotland plc	A-	U.K.	RBS	3,000,000	15-Apr-15	1.00000%	18-Apr-17	1.21000%	2 Years	R P Martin
IP1251	Skipton Building Society	BBB	U.K.		1,000,000	22-Jul-15	0.43000%	22-Oct-15		3 Months	R P Martin
IP1249	Yorkshire Building Society	A-	U.K.		1,000,000	15-Jul-15	0.47000%	15-Oct-15		3 Months	R P Martin
IP1252	Yorkshire Building Society	A-	U.K.		1,000,000	22-Jul-15	0.47000%	22-Oct-15		3 Months	R P Martin
IP1253	Yorkshire Building Society	A-	U.K.		1,000,000	28-Jul-15	0.47000%	28-Oct-15		3 Months	R P Martin
IP1255	Yorkshire Building Society	A-	U.K.		1,000,000	17-Aug-15	0.47000%	17-Nov-15		3 Months	Tradition
	Total Invested				40,719,000						
	Other Loan										
	Sevenoaks Leisure Limited				250,000	29-Apr-08	7.00000%	31-Mar-18		10 Years	Direct

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Item 7 – Financial Results to the end of September 2015

The attached report was considered by the Finance Advisory Committee, relevant Minute extract below:

Finance Advisory Committee – 17 November 2015 (Minute 21)

The Head of Finance presented a report which detailed the financial results as at the end of September 2015 which showed an overall favourable variance of £12,000. The end of year position forecast was to be £159,000 worse than budget and so the Chief Executive had asked Officers to consider what reductions planned for future years could be brought forward.

Public Sector Equality Duty

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

Resolved: That the report be noted and recommended to Cabinet with no additional comments.

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FINANCIAL RESULTS 2015/16 – TO THE END OF SEPTEMBER 2015

Cabinet – 3 December 2015

Report of Chief Finance Officer

Status: For consideration

Also considered by: Finance Advisory Committee – 17 November 2015

Key Decision: No

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

Portfolio Holder Cllr. Searles

Contact Officer(s) Helen Martin Ext. 7483

Recommendation to Finance Advisory Committee: That the report be noted, and any comments forwarded to Cabinet.

Recommendation to Cabinet: Cabinet considers any comments from Finance Advisory Committee and notes the report

Reason for recommendation: sound financial governance of the Council.

Overall Financial Position

- 1 Six months into the year the results to date show an overall favourable variance of £12,000.
- 2 The year-end position is forecast to be £159,000 worse than budget; just over 1.0% of the net budget for the year.
- 3 Both the results to date and forecasts include any significant accruals.

Key Issues for the year to date

- 4 **Property Investment Strategy Income** – this is a new income source and represents income derived from the recent acquisitions of commercial property. As at the end of September we had received £270,000 and this will be transferred to the Budget Stabilisation Reserve.
- 5 **Revenues and Benefits Partnership** - Within Finance, additional resources have been used to help address the Benefits workload and to be proactive in contacting Council Tax Support customers. The funding of this additional cost will be shared with Dartford BC with the SDC element funded from the agreed carry forward and

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contributions from KCC, Fire and Police.

- 6 **Income** from On Street parking, Land Charges and Development Management is ahead of budget at the end of September. Other major income sources are currently below profiled budgets.
- 7 **Pay costs** – the actual expenditure to date on salaried staff (excluding those who are externally funded) is, in total, within £12,000 of budget. There are variances in individual areas and the larger variances are explained in the Chief Officer commentaries.
- 8 **Corporate Savings** – there is a budget of £100,000 from vacancy savings and these savings are currently £20,000 ahead of schedule at the end of September.

Year End Forecast

- 9 The year-end position is forecast to be £159,000 worse than budget.
- 10 Forecast net income of £383,000 from commercial letting of the recent Property Investment Strategy acquisitions is excluded from the forecast as it will be transferred to the Budget Stabilisation Reserve.

Unforeseen pressures on 2015-16 Budget

- 11 Costs have been incurred at Farningham Woods for emergency felling of coppices and standard trees to try to contain the infestation of Oriental Chestnut Gall Wasp under instruction from DEFRA/Forestry Commission. There is a forecast of £40,000 for this work, though it is expected that there will be some income from timber sales to offset this.
- 12 Work on the Individual Electoral Registration Canvass is forecast to exceed budget by £56,000; the cost of the additional work is forecast to be greater than the amount of central government funding that we have received.
- 13 Tandridge District Council has terminated the agreement whereby Sevenoaks staff managed asset maintenance work and this has resulted in lost income of £10,000.
- 14 Asset Maintenance work at Hever Road site is forecast to exceed budget by £23,000. A SCIA growth item has been proposed in respect of future maintenance at this site.

Other forecasts for 2015-16

- 15 Budgeted income of £36,000 from a Building Control shared management arrangement with Tonbridge and Malling Council will not be received this year as full shared working commenced in October 2014.

- 16 Income from sale of recycled glass is forecast to be £40,000 below budget for the year following adverse market fluctuations in the price of cullet.
- 17 Within Finance, support work to non-finance partnerships is mainly contained within existing resources and this gives rise to a favourable forecast of £28,000
- 18 Development Management Income is forecast to be better than budget due to a small number of high fee applications.
- 19 The budgeted surplus for the Direct Services Trading account has increased by £20,000 following a reallocation of savings required by SCIA21 (Back Office Savings).
- 20 An ongoing vacancy in Planning Enforcement will result in a forecast favourable variance of £29,000.

Future Issues and Risk areas

- 21 Chief Officers have considered the future issues and risk areas for their services and the impacts these may have on the Council's finances as follows:
 - Asset Maintenance costs, including those for leisure centres, may increase, costs have already exceeded the original budget at the Hever Road site;
 - Universal Credit started in October 2015;
 - Benefit Fraud will move to the DCLG in February 2016. It is the intention to have a corporate fraud function after that date;
 - There remains the risk that planning decisions will be challenged, either at appeal or through the Courts.
- 22 Planned savings for 2015/16 total £533,000, including efficiency savings, particularly from partnership working, and from additional income generation and these will be risk areas for the current and for future years.
- 23 We have just commenced working with a new software package which will enable us to make a more rigorous assessment of the outstanding business rate appeals. It should be noted that income from retained business rates may increase, as this Council is entitled to retain 50% of extra income arising from increases in the business rate tax base, however this figure will be affected by results of outstanding appeals.
- 24 Grant funding to local government has been reducing and this is a non-protected area and must be considered vulnerable in the future. Further information about government plans for future funding is expected to be announced in the Comprehensive Spending Review in November.
- 25 Chief Officers have been tasked by the Chief Executive to identify ways in which the forecast overspend can be addressed including bringing forward some of the

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savings proposed for 2016/17 to mitigate the impact of the unforeseen items that have arisen in the current financial year.

Key Implications

Financial

The financial implications are set out elsewhere in 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.

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

Equality Assessment

The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. There is no perceived impact on end users.

Appendices

Appendix – September Budget Monitoring -
Summary

Background Papers:

[Finance Advisory Committee 17 November 2015](#)

Adrian Rowbotham
Chief Finance Officer

2. Overall Summary

September 2015

	Period	Period	Period	Period	Y-T-D	Y-T-D	Y-T-D	Y-T-D	Annual	Annual	Annual	2014/15
	Budget	Actual	Variance	Variance	Budget	Actual	Variance	Variance	Budget	Forecast (including Accruals)	Variance	Actual
	£'000	£'000	£'000	%	£'000	£'000	£'000	%	£'000	£'000	£'000	£'000
Communities and Business	96	82	14	15	642	560	82	13	1,054	1,054	-	839
Corporate Support	236	305	-69	-29	1,859	1,887	-28	-2	3,319	3,357	-38	3,247
Environmental and Operational Services	189	188	1	1	1,191	1,218	-27	-2	2,474	2,673	-199	2,536
Financial Services	446	429	17	4	2,158	2,289	-131	-6	5,091	5,040	51	4,847
Housing	66	67	-2	-3	483	509	-26	-5	730	730	-	725
Legal and Governance	41	49	-8	-18	358	361	-3	-1	634	685	-52	541
Planning Services	104	78	25	25	626	472	153	24	1,267	1,169	97	1,060
NET EXPENDITURE (1)	1,178	1,198	-20	-2	7,316	7,297	19	0	14,569	14,710	-141	13,795
<i>Adjustments to reconcile to amount to be met from Reserves</i>												
Direct Services Trading Accounts	-19	-35	16	84	-146	-181	35	24	-84	-79	-5	-192
Capital charges outside General Fund	-5	-5	-0	-0	-32	-31	-0	-0	-63	-63	-	-60
Support Services outside General Fund	-14	-14	0	1	-83	-84	1	1	-168	-168	-	-168
Redundancy Costs - all	-	24	-24	-	-	24	-24	-	-	-	-	31
NET EXPENDITURE (2)	1,140	1,168	-28	-2	7,056	7,025	31	0	14,254	14,400	-146	13,406
Revenue Support Grant (incl. CT Support)	-126	-126	-	0	-758	-758	-	0	-1,516	-1,516	-	-2,232
Retained Business Rates	-161	-161	-	0	-967	-967	-	0	-1,934	-1,934	-	-1,898
New Homes Bonus	-152	-152	-	0	-909	-909	-	0	-1,818	-1,825	7	-1,396
Council Tax Requirement - SDC	-775	-775	-	0	-4,649	-4,649	-	0	-9,298	-9,298	-	-9,010
Property Investment Strategy Income	-	-91	91	-	-	-270	270	-	-	-383	383	-
NET EXPENDITURE (3)	-74	-137	63	-86	-227	-529	302	-133	-312	-556	244	-1,129
<i>Summary including investment income</i>												
Net Expenditure	-74	-137	63	-86	-227	-529	302	-133	-312	-556	244	-1,129
Investment Impairment	-	-	-	0	-	-	-	0	-	-	-	-
Interest and Investment Income	-28	-25	-3	12	-158	-138	-20	-12	-301	-281	-20	-227
OVERALL TOTAL	-102	-161	60	59	-385	-667	282	-73	-614	-837	224	-1,357
Planned appropriation (from)/to Reserves	-	-	-	-	-	-	-	-	614	614	-	-
Additional Appropriation to Budget Stabilisation Reserve	-	-	-	-	-	270	-270	-	-	383	-383	-
(Surplus)/Deficit	-	-	-	-	-	-	-	-	-	159	-159	-1,357

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BUDGET MONITORING - Strategic Commentary - As at 30 September 2015**Overall Financial Position**

1. Six months into the year the results to date show an overall favourable variance of £12,000.
2. The year-end position is forecast to be £159,000 worse than budget; just over 1.0% of the net budget for the year.
3. Both the results to date and forecasts include any significant accruals.

Key Issues for the year to date

4. Property Investment Strategy Income – this is a new income source and represents income derived from the recent acquisitions of commercial property. As at the end of September we had received £270,000 and this will be transferred to the Budget Stabilisation Reserve.
5. Revenues and Benefits Partnership – Within Finance, additional resources have been used to help address the Benefits workload and to be proactive in contacting Council Tax Support customers. The funding of this additional cost will be shared with Dartford BC with the SDC element funded from the agreed carry forward and contributions from KCC, Fire and Police.
6. Income from On Street parking, Land Charges and Development Management is ahead of budget at the end of September.
7. Pay costs – the actual expenditure to date on staff costs, (including agency staff but excluding those who are externally funded) is, in total, within £12,000 of budget. There are variances in individual areas and the larger variances are explained in the Chief Officer commentaries.
8. Corporate Savings – there is a budget of £100,000 from vacancy savings and these savings are currently £20,000 ahead of schedule.

Year End Forecast

The year-end position is forecast to be £159,000 worse than budget.

Property Investment Strategy

9. Forecast net income of £383,000 from commercial letting of the recent Property Investment Strategy acquisitions is excluded from the forecast as it will be transferred to the Budget Stabilisation Reserve.

Unforeseen pressures on 2015-16 Budget

10. Costs have been incurred at Farningham Woods for emergency felling of coppices and standard trees to try to contain the infestation of Oriental Chestnut Gall Wasp under instruction from DEFRA/Forestry Commission. There is a forecast of £40,000 for this work. It is expected that there will be some income from timber sales to offset this.
11. Work on the Individual Electoral Registration Canvass is forecast to exceed budget by £56,000; the cost of the additional work is forecast to be greater than the amount of central government funding that we have received.
12. Tandridge District Council has terminated the agreement whereby Sevenoaks staff managed asset maintenance work and this has resulted in lost income of £10,000.

Other forecasts for 2015-16

13. Asset Maintenance work at Hever Road site is forecast to exceed budget by £23,000.
14. Budgeted income of £36,000 from a Building Control shared management arrangement with Tonbridge and Malling Council will not be received this year as full shared working commenced in October 2014.
15. The adverse variance of £30,000 for car parks relates to the rent for the leased area of Bligh's car park.
16. Income from sale of recycled glass is forecast to be £40,000 below budget following adverse market fluctuations in the price of cullet.
17. Within Finance, support work to non-finance partnerships is mainly contained within existing resources and this gives rise to a favourable forecast of £28,000.
18. Development Management income is forecast to be £45,000 better than budget due to a small number of high fee applications.
19. The budgeted surplus for the Direct Services Trading account increased by £20,000 following a reallocation of savings required by SCIA21 (Back Office Savings).
20. An ongoing vacancy in Planning Enforcement will result in a forecast favourable variance of £29,000.

Future Issues and Risk areas

21. Chief Officers have considered the future issues and risk areas for their services and the impacts these may have on the Council's finances as follows:

- Asset Maintenance costs, including those for leisure centres, may increase, costs have exceeded the original budget at the Hever Road site;
- Universal Credit will impact on this council from October 2015;
- Benefit Fraud will move to the DCLG in February 2016. It is the intention to have a corporate fraud function after that date;
- There remains the risk that planning decisions will be challenged, either at appeal or through the Courts.

22. Planned savings for 2015/16 total £533,000, including efficiency savings, particularly from partnership working, and from additional income generation and these will be risk areas for the current and for future years.

23. We have just commenced working with a new software package which will enable us to make a more rigorous assessment of the outstanding business rate appeals. It should be noted that income from retained business rates may increase as this Council is entitled to retain 50% of extra income arising from increases in the business rate tax base, however this figure will be affected by results of outstanding appeals.

24. Grant funding to local government has been reducing and this is a non-protected area and must be considered vulnerable in the future. Further information about government plans for future funding is expected to be announced in the Comprehensive Spending Review in November.

Contacts:

Pav Ramewal	Chief Executive	Ext 7298
Adrian Rowbotham	Chief Finance Officer	Ext 7153
Helen Martin	Head of Finance	Ext 7483

Communities and Business – September 2015 Commentary

Service	Variance to date £'000 (Minus is bad news)	Forecast Annual Variance £000	Explanation of variance and action planned (including changes from previous month)
Economic Development Property	22		We will be recruiting the remainder of the Property and Economic Development team (project manager plus two graduate trainees) to complete the agreed restructure and will reassess the salaries budget once that is complete. The overspend on the services budget is due to property acquisition and disposal costs and is within the total sum agreed by Members. Approved sums for property acquisition and disposals are not added to the revenue budget - hence the overspend is currently showing on this line, more than offset by an underspend on staffing costs.
Leisure Contract	11		The leisure strategy is currently being commissioned.
Choosing Health WK PCT	-13		This is external funding received in advance. The budget will be zero at the year end.
Community Sports Activation Fund	14		This is external funding received in advance. The budget will be zero at the year end.
West Kent Partnership Business Support	42		This is external funding received in advance for business support across West Kent. The budget will be zero at the year end.
Salaries	51		This relates primarily to the Economic Development & Property Team. Two posts have recently been filled and the final post is currently going out to advert. This will continue to be closely monitored and a change to the end of year forecast (underspend) may be necessary.
Capital – Big Community Fund	-10		These projects are funded from a revenue budget throughout the year and drawn down from an earmarked reserve at the year end. Although the Big Community Fund is no longer making grant approvals expenditure on some of the approved projects is yet to be drawn down by the successful applicants.

Agenda Item 7

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Future Issues/Risk Areas

Income from the Property Investment Strategy is shown on the summary page of the monitoring pack.

Lesley Bowles, Chief Officer Communities and Business
October 2015

Corporate Support – September 2015 Commentary

Service	Variance to date £'000 (Minus is bad news)	Forecast Annual Variance £000	Explanation of variance and action planned (including changes from previous month)
Asset Maintenance Hever Road	-43	-23	Current forecast due to increased asset maintenance costs. This area is currently under review. Current additional overspend due to be recovered from insurance claim.
Asset Maintenance IT	14		Spend as per IT Asset Maintenance plan.
Estates Management – Buildings	-13	-10	£13k unrecoverable income forecast due to termination of Asset Maintenance agreement by Tandridge District Council.
Support – General Admin	46		Current position reflects an overachievement in print income currently being monitored, plus MFD invoices not yet received or shown in these figures and MFD expenditure allocated to fleet replacement costs.
Salaries	54		Variance to date relates to vacancies/maternity leave which are in the process of being filled.

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Future Issues/Risk Areas

Costs for the maintenance of Hever Road in relation to allocated budget are currently under review.
Potential for asset maintenance costs on leisure centres to exceed current budget due to ageing assets.

**Chief Officer Corporate Support
October 2015**

Agenda Item 7

Environmental & Operational Services – September 2015 Commentary

Service	Variance to date £'000 (Minus is bad news)	Forecast Annual Variance £000	Explanation of variance and action planned (including changes from previous month)
Asset Maintenance Car Parks	9	-15	Additional servicing works to be carried out.
Building Control	-50	-56	Fee income £24,000 below target. Budget contains £36,000 income from previous shared management arrangement with T&MBC which will not be realised as full shared working commenced in October 2014.
Car Parks	-20	-30	First half year's NNDR bills higher than profile. First quarter rent for new Bligh's car park paid. Overall, income just slightly below budget target.
Car Parking – On-street	46		Income £85,000 above budget target, partly offset by increased salary costs (Parking Engineer now full time) and loss of income from sharing previous Parking Engineer with T&MBC. Contribution to be made for construction of overflow car park at Darent, Westerham.
EH Commercial	12		£10,000 grant received for 'Better Business for All' Campaign. To be used for employment of contractors for volume food inspections.
EH Environmental Protection	-1	10	Expenditure incurred on air quality monitoring costs and lower than profiled income on polluting premises registration.
Estates Management – Grounds	-23	-25	Essential tree maintenance work on ex-housing estate land.
Kent Resource Partnership	15		Income received for project work ahead of expenditure.
Land Charges	12	10	Income £16,000 above budget target.
Parks & Recreation Grounds	0	-15	Anticipated maintenance works at Bradbourne Lakes.
Parks – Rural	-54	-40	Unbudgeted expenditure incurred at Farningham woods for coppicing woodland to try and contain infestation of Oriental Chestnut Gall Wasp under direction from DEFRA/Forestry Commission. Some income should be recovered by sale of felled timber. Further coppicing to be undertaken but costs covered by timber value.

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Service	Variance to date £'000 (Minus is bad news)	Forecast Annual Variance £000	Explanation of variance and action planned (including changes from previous month)
Refuse Collection	-25	-40	Income from sale of glass for recycling £20,000 below profile, due to sharp fall in price paid for cullet. Price subject to market fluctuation.
Street Naming	10	10	Income above profile, expenditure below profile.
Support – Direct Services	12		Expenditure under profile on training, which will be delivered later in the year on manual handling and driver CPC training.
Salaries – Operational Services	18		Savings on salaries due to vacancies partly offset by expenditure on agency staff to maintain services. Reflected in Direct Services Trading Accounts.
Salaries – Parking & Amenity Services	-22		Posts of Parking Manager and Parking Engineer now filled. Parking Engineer now full time. Additional costs being met by on-street account positive income situation.
Capital – Vehicle Purchases	63		Full replacement programme will be completed within approved budget.
Direct Services – Refuse	69	13	Income £11,000 above profile mainly on paid bulky items. Expenditure £57,000 below profile. Savings on salaries only partly offset by agency staff, fuel and transport costs.
Direct Services – Street Cleaning	15	7	Expenditure £14,000 below profile. Savings on salaries and fuel costs.
Direct Services – Trade	-4	-11	Income above profile but offset by disposal charges and necessary use of agency staff.
Direct Services – Green Waste	-50	-9	Income forecast to be on target by year end but below profile due to changes in annual renewal of permits, so all renewals do not fall in same month. Expenditure higher than profile on agency and transport related costs.
Direct Services – Trading Account Overall	35	-5	Income £58,000 below profile (mainly green waste permits) but expenditure £93,000 below profile. Current surplus is £181,000 against a profiled surplus of £146,000.

Future Issues/Risk Areas

Unbudgeted - Expenditure being incurred at Farningham Woods to try to contain the Oriental Chestnut Gall Wasp. Working with the Forestry Commission. Emergency felling of coppices and standard trees, plus destruction of foliage required to attempt to contain these invasive pests.

Chief Officer Environmental & Operational Services

October 2015

Financial Services – September 2015 Commentary

Service	Variance to date £'000 (Minus is bad news)	Forecast Annual Variance £000	Explanation of variance and action planned (including changes from previous month)
Admin Expenses – Chief Executive	12	10	Small underspends on several items including printing and training.
Dartford Partnership Hub (SDC Costs)	-181		Additional resources to help address the Benefits workload and to be proactive in contacting Council Tax Support customers. The funding of this additional cost will be shared with Dartford BC, with the SDC element funded from the agreed carry forward.
Local Tax	28	25	Variance relates to an increase in court costs recoveries.
Misc. Finance	-25	-9	Costs associated with development projects are included here.
Support – Finance Function	37	28	Work on non finance partnerships is mainly covered within original resources.
Salaries	-116	-275	Agency staff are being used to help address the Benefits workload and to be proactive in contacting Council Tax Support customers.

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Future Issues/Risk Areas

Benefit Fraud will move to the DCLG in February 2016. It is the intention to have a corporate fraud function after this date.
Universal Credit will impact this Council from October 2015.

Chief Finance Officer
October 2015

Housing – September 2015 Commentary

Service	Variance to date £'000 (Minus is bad news)	Forecast Annual Variance £000	Explanation of variance and action planned (including changes from previous month)
Housing Energy Retraining Options (HERO)	-19		This deficit will be met in part by a successful £5,000 bid and other external funding including some DCLG homeless funding. This service is not funded by Council budgets.
Salaries	-10		This overspend is mainly due to an agency member of staff covering a long term sickness and will end around middle of November. This variance should be managed over the year due to the profiling of existing budgets.
Salaries – Ext Funded	-2	-16	Primarily due to a part time officer working on the West Kent Leader project who is now paid via the housing budget. This expenditure will be recovered form DEFRA funding at the end of the year.
Capital - Improvement Grants	12		It is difficult to predict when works will be completed but bottom line is correct.
Capital – WKHA Adaps for Disabled	89		It is difficult to predict when works will be completed but bottom line is correct.
Capital - SDC / RHPCG	-29		Landlord Accreditation & Discretionary Grants are funded from recycled external funding.

Future Issues/Risk Areas

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Chief Housing Officer
October 2015

Legal & Governance – September 2015 Commentary

Service	Variance to date £'000 (Minus is bad news)	Forecast Annual Variance £000	Explanation of variance and action planned (including changes from previous month)
Register of Electors	-5	-56	2015 sees the first ever Individual Electoral Registration Canvass. 100% of residential properties are to be targeted with a Household Enquiry Form. If there is a change within the household they must also complete an Invitation to Register Form. Additionally legislation requires a reminder form and a personal canvass for both types of forms if not returned. The grant received from Government does not cover such eventualities.
Salaries	-58		Additional resources to cover the increased workload as a result of the Individual Electoral Registration and the triple election process. We have been successful in obtaining £11k Government funding which help with some of the additional expenditure in relation to Individual Electoral Registration. In the Legal Department we have had to appoint a locum for an interim period.

Future Issues/Risk Areas

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Chief Officer Legal & Governance
October 2015

Planning Services – September 2015 Commentary

Service	Variance to date £'000 (Minus is bad news)	Forecast Annual Variance £000	Explanation of variance and action planned (including changes from previous month)
Fort Halstead	16	16	This comes from a planning performance agreement that allowed us to recover the cost of managing the application and will fund the tasks transferred to others as a result of it.
Planning – Appeals	18	-16	The underspend is due to the fact that appeals to date this year have not required specialist input, however this is likely to change in the coming months as notice has been received of significant appeals in Edenbridge, Sevenoaks and Swanley.
Planning – Development Management	101	70	This continues to be the result of a small number of high fee applications, including for the proposal at Fort Halstead, plus a proportion of this favourable position is pay (see comments Salaries). Notably, fee income was below budget estimate for the month.
Planning – Enforcement	17	29	This is a result of a vacant administrative post.
Salaries	50	88	This underspend is a result of maternity leave, unsuccessful attempts to recruit and recruiting at lower grades.
Capital – Affordable Housing	-92		This will be financed at the end of the year from S106 planning obligations receipts. Payments include Contribution to Rural Housing Enabler, Housing Discretionary, Sevenoaks Almshouses, and Edenbridge Housing Needs Survey.
Capital – S106 Capital	-59		This will be financed at the end of the year from S106 planning obligations receipts. Current spend includes the agreement arising from the West Kent Cold Store development.

Future Issues/Risk Areas

There remains the risk that planning decisions will be challenged, either at appeal or through the Courts. Application fee income was below budget in September and continues to be closely monitored.

**Chief Planning Officer
October 2015**

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Item 8 – Swanley Gateway - Demolition

The attached report was considered by the Policy & Performance Advisory Committee on 26 November 2015, and the relevant Minute extract was not available prior to the printing of this agenda.

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SWANLEY REGENERATION

Cabinet – 3 December 2015

Report of Chief Officer Communities & Business

Also considered by: Policy & Performance Advisory Committee – 26 November 2015

Status: For Recommendation to Cabinet

Key Decision: Yes

Executive Summary:

This report seeks approval to the demolition of redundant premises at the Former Swanley Working Men's Club, 18 High Street, 27 to 37 High Street and Bevan Place Car Park, Swanley

This report supports the Key Aim of Value for money

Portfolio Holder Cllr Fleming

Contact Officer(s) Mark Bradbury Ext. 7099

Recommendation to Policy & Performance Advisory Committee:

That the Committee recommends that Cabinet approves the demolition of redundant premises at the Former Swanley Working Men's Club, 18 High Street, 27 to 37 High Street and Bevan Place Car Park, Swanley subject to a detailed appraisal of the VAT implications.

Recommendation to Cabinet:

To approve the demolition of redundant premises at the Former Swanley Working Men's Club, 18 High Street, 27 to 37 High Street and Bevan Place Car Park, Swanley subject to a detailed appraisal of the VAT implications.

Reason for recommendation: Development of these sites will generate income and capital receipts that can be reinvested. High quality development will serve the needs of the town and improve an important area of the town, thus supporting the Council's Economic Development strategy. It will also result in higher performing assets in accordance with the Council's approved Property Investment Strategy.

Introduction and Background

Agenda Item 8

- 1 The Council has owned property comprising the Bevan Place Car Park, 16 High Street and 27 – 37 High Street, Swanley for some time. The Former Swanley Working Men’s Club was acquired in March 2015.
- 2 The site of the Bevan Place Car Park and Working Men’s Club is allocated in the Adopted ADMP for residential development. Whilst 16 High Street is not included in the allocation, it is immediately adjacent and the allocation encourages a comprehensive scheme.
- 3 Planning Consent was granted in September 2015 to demolish 27 – 37 High Street and redevelop the site to provide 400 Square metres of commercial space on the ground floor with 14 flats one two upper floors.
- 4 Age Concern used to occupy 27 -37 High Street but vacated to new premises in Swanley earlier this year.
- 5 The Citizens Advice Bureau and the Local Food Bank currently occupy 16 High Street, both will be relocating, by agreement, to new premises in Swanley by the end of this year. The occupiers had been responsible for payment of business rates.
- 6 West Kent Mediation Service occupy a portakabin situated within the Bevan Place car park. They have now agreed terms to move into offices at Knole Academy and will move in December 2015. Again the tenant had been responsible for business rates.

Demolition

- 7 It is intended that both sites will be redeveloped in the near future. We are in the process of procuring architects to design a high quality scheme that will raise the standard of design in Swanley town centre and create an attractive gateway which will act as a catalyst for further regeneration. These proposals will be drawn up and consulted upon as part of the planned Masterplan for the Regeneration & Growth of Swanley & Hextable.
- 8 In the meantime empty buildings on the sites will expose the Council to a business rates liability as well as attracting unwanted attention from vandals and squatters creating Health & Safety and maintenance issues.
- 9 Consultant Building Surveyors AHP Partnership (of Sevenoaks) have therefore been appointed to prepare specifications and procure and manage contractors to clear and hoard the sites. It is intended that the hoardings will be used to promote the masterplanning and regeneration of Swanley, encouraging as many local residents and businesses as possible to be involved in the consultation for the masterplan.
- 10 The works are currently out to tender and due back on 27th November. A report on the budget costs will be tabled at Committee and a detail report updated following the tender will be tabled at Cabinet on 3rd December. If approved, works are programmed to start in January.

Conclusions

11 Early demolition of the buildings will:-

- Remove the Council's business rates liability
- Reduce the risk of vandalism or squatting
- Improve the visual appearance of the sites
- Prepare the sites for redevelopment

12 It is therefore recommended that Members recommend to Cabinet that the properties be demolished subject to the outcome of the tender process and a detailed assessment of the VAT implications.

Key Implications

Financial

Development of these sites will generate income and capital receipts that can be reinvested in higher performing assets in accordance with the Council's approved Property Investment Strategy.

Early demolition of these (soon to be) vacant premises will reduce the Council's liability to Business Rates and potential costs relating to squatting and health & safety.

Works such as demolition or other site clearance for 27 -37 High Street, and the laying of foundations, are zero-rated (the council will not incur VAT), if they are carried out 'in the course of' construction of dwellings. HM Revenue & Customs (HMRC) expect there to be at least outline planning permission for construction (this site has planning consent for residential development granted in September 2015), and for it to be clear that construction work will follow shortly afterwards otherwise they may challenge zero-rating if there is a delay. With regards to Bevan Place Car Park/Working Men's Club site we will not be able to zero rate if site investigation or demolition work is carried out before planning permission. A detailed assessment of the VAT implications will be completed once the tender prices are received.

Legal Implications and Risk Assessment Statement.

There are no legal implications arising from the recommendation.

No significant risks have been identified for the Council in progressing the sale. The land is not required for operational purposes.

Equality Assessment

The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. There is no perceived impact on end users.

Appendices: Appendix A : Site Plan

Background Papers: None

Agenda Item 8

Lesley Bowles

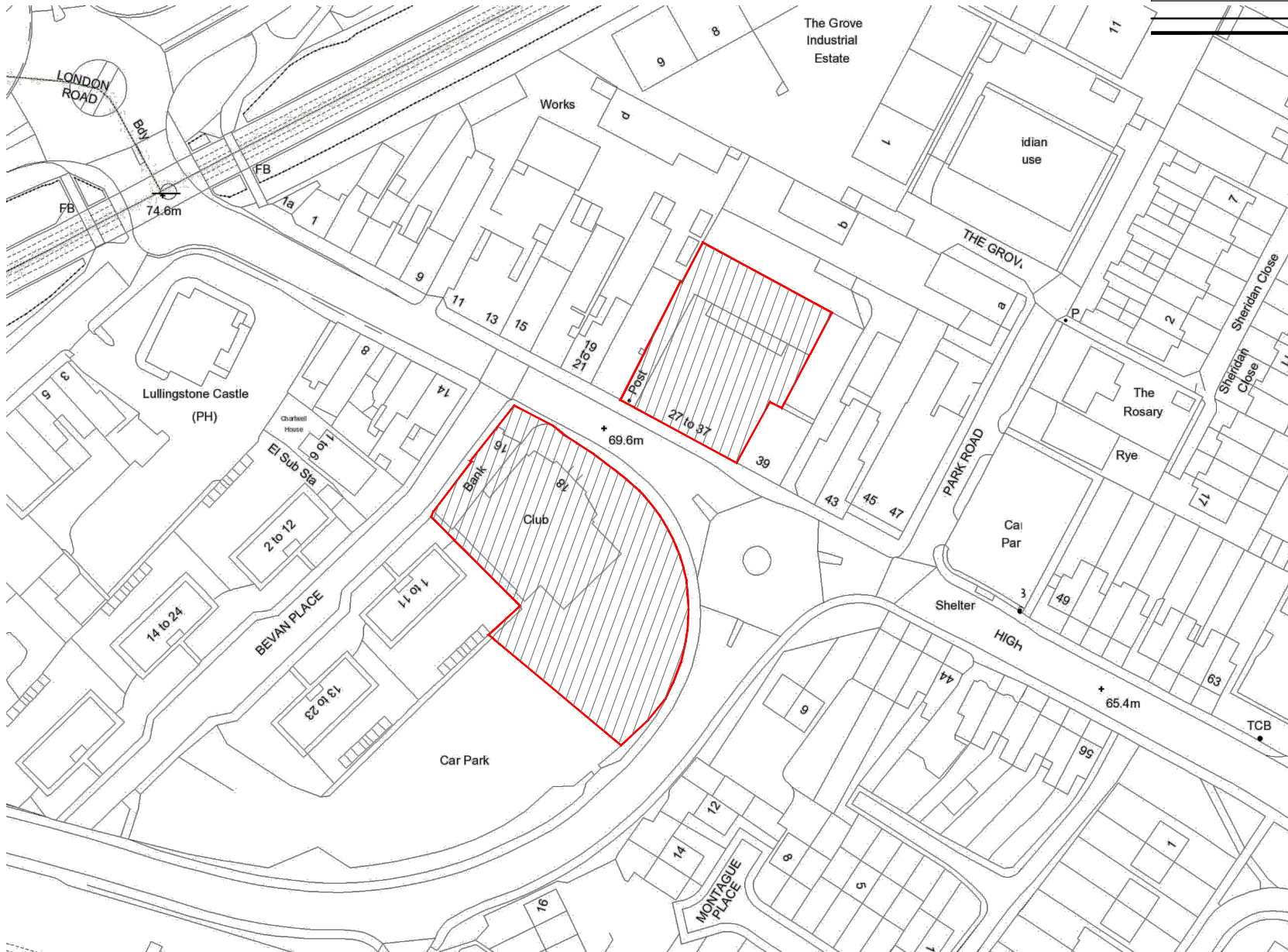
Chief Officer Communities & Business

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REV:	REVISION DESCRIPTION:	REV'D BY:	DATE REV'D:



AHP Architects and Surveyors Ltd
 18 St. John's Hill, Sevenoaks, Kent, TN13 3NP
 The Mount, 2 Trent Valley Road, Lichfield, Staffordshire, WS13 6EG
 Tel: 01732 463916 | Email: info@ahpltd.co.uk | www.ahpltd.co.uk

PROJECT:
SWANLEY SITES - DEMOLITION WORKS
HIGH STREET, SWANLEY BR8 8AE

CLIENT:

SEVENOAKS DISTRICT COUNCIL

DRAWING TITLE:
LOCATION PLAN
16-18 HIGH STREET, SWANLEY
27-37 HIGH STREET, SWANLEY

DRAWN BY:	DATE:	PAGE SIZE:	SCALE:
CRG	10/11/15	A4	1:1250
DRAWING NUMBER:			REVISION NUMBER:

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Item 9 – Property Disposal Update

The attached report was considered by the Policy & Performance Advisory Committee on 26 November 2015, and the relevant Minute extract was not available prior to the printing of this agenda.

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PROPERTY DISPOSALS UPDATE

Cabinet – 3 December 2015

Report of	Chief Officer Communities & Business
Also considered by:	Policy & Performance Advisory Committee – 26 November 2015
Status:	For Recommendation to Cabinet
Key Decision:	Yes

Executive Summary:

This report seeks approval to the disposal of surplus property assets at Shacklands Road, Badgers Mount

This report supports the Key Aim of Value for money

Portfolio Holder Cllr Fleming

Contact Officer(s) Mark Bradbury Ext. 7099

Recommendation to Policy & Performance Advisory Committee:

That the Committee recommends to Cabinet the disposal of surplus land at Shacklands Road, Badgers Mount and authorises the Head of Economic Development and Property to agree detailed Heads of Terms

Recommendation to Cabinet:

To agree the disposal of surplus land at Shacklands Road, Badgers Mount and authorise the Head of Economic Development and Property to agree detailed Heads of Terms

Reason for recommendation: Disposal of surplus and underperforming assets will generate capital receipts that can be reinvested in higher performing assets in accordance with the Council's approved Property Investment Strategy.

Introduction and Background

- 1 The Council owns an area of woodland in Badgers Mount adjacent to the M25 motorway. This land lies outside of the areas of woodland managed as an amenity for the public. The land is shown edged red on the attached plan.
- 2 Part of the woodland, edged green on the attached plan has been sold on a long lease to one adjoining owner. That owner is now interested in acquiring further

Agenda Item 9

land and 2 other neighbouring residential owners are also interested. Between them they are interested in acquiring all of the land.

- 3 One other neighbouring property has also been approached and they have indicated that they are not interested.
- 4 The land is wooded and does provide a visual and aural screen between the adjoining properties and the M25 motorway. The woodland has not previously been protected by a Tree Preservation Order although it is Ancient Woodland. When the Council sold the land edged green (on a long lease) a number of trees were felled by the lessee to allow horses to be grazed.

Disposal

- 4 The land does not form part of the Council's operational needs nor is it managed as a community facility. It does not generate an income or have potential to generate an income in line with the Council's Property Investment Strategy criteria. Therefore in accordance with the principles of Asset Management discussed at the Planning and Performance Advisory Committee on with members the property is surplus to requirements.
- 4 It is therefore proposed that the land is sold in agreed parcels to the three interested parties. Agreement has been reach in principle and subject to Cabinet approval based on a guide price of £20,000 per hectare.
- 5 A Tree Preservation Order has been made covering the entirety of the land and it is proposed that sales would not be completed until the Order is confirmed.
- 6 It is also proposed that the sale will be subject to conditions that the property is owned and managed as private woodland in perpetuity.

Badgers Mount Parish Council

- 7 Badgers Mount Parish Council have been consulted on the proposals and have met with the Property Team and with the Leader of the Council.
- 8 The Parish Council advise that they would prefer the District Council to retain ownership on the basis that 'the only way to ensure that the protection of the woodland is maintained is that it remains in Public Ownership'. They have advised that if the District Council does not wish to retain ownership the Parish Council would be prepared to enter into discussions regarding a transfer to them. We understand that they would not be prepared to pay market value. A copy of a letter from the Parish Council is attached as Appendix B.

Conclusions

- 9 The land is surplus to requirements and the making of a Tree Preservation Order and sale of the land to neighbouring residents with suitable restriction on the use of the land is likely to be the most appropriate route to ensuring the maintenance of the land for the amenity of those residents. It also offers Value for Money to taxpayers.

- 10 It is therefore recommended that the offer be accepted and the Head of Economic Development be authorised to agree detailed terms.

Key Implications

Financial

Disposal of surplus and underperforming assets will generate capital receipts that can be reinvested in higher performing assets in accordance with the Council's approved Property Investment Strategy

Legal Implications and Risk Assessment Statement.

Resources from the Council's legal team are and will continue to be needed to complete the disposal process.

No significant risks have been identified for the Council in progressing the sale. The land is not required for operational purposes.

Equality Assessment

The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. There is no perceived impact on end users.

Appendices:

Appendix A : Site Plan

Appendix B : Letter from Parish Council

Background Papers:

None

Lesley Bowles
Chief Officer Communities & Business

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Title Information Plan	
	Scale: 1:2,500 Date: May 2015
Shacklands Cottages and Adjacent	

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Mark Bradbury
Head of Economic Development and Property
Sevenoaks District Council
Argyle Road
Sevenoaks
TN13 1HG

21st October 2015

Dear Mr Bradbury

RE: Woodland West of M25 between Shacklands Road and Badgers Road, Badgers Mount

Following the meeting on 22nd September 2015 between Cllrs John Grint and Noel Wills, and Leigh Keating, we confirm the following.

Badgers Mount Parish Council is very concerned about the proposed disposal of part of Jenkins Neck Wood adjacent to the west side of the M25 motorway between Shacklands Road and Badgers Road, and east of Sunnyside, Blue Haze and F M Conway's Chelsfield Depot, Badgers Mount.

At the inquiry into the Swanley to Sevenoaks section of the M25, great importance was given to the woodland alongside the motorway providing both visual and acoustic screening. At that time the woodland was owned by the Forestry Commission, a Government Department, which would ensure that the woodland was properly maintained to preserve this screening. Some additional areas of land were also acquired and planted with trees to provide additional screening to mitigate visual and acoustic intrusion. The protection provided by all areas of woodland adjacent to the motorway was, therefore, well accepted. This woodland is the community's only effective barrier against the noise and pollution generated by the M25 and, as such is an important part of the local infrastructure.

After SDC took over responsibility of these woods, the previous owner of Sunnyside succeeded in persuading you not to clear the trees because of the assurances which had been given that they would be retained to maintain the essential screening.

In 2008, you leased part of this woodland adjacent to the Shacklands Road Cottages. This area is designated Ancient Woodland on your maps. The majority of the trees were felled to make a field for grazing horses, and coppiced sweet chestnuts have not re-grown, which they would normally start to do in the following spring. Residents report that there appears to have been an increase in noise levels from the motorway since this occurred.

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We have received a copy of the Tree Preservation Order, which has just been made on this woodland, and that this, together with the Ancient Woodland designation, should give further protection. However, this Council is sceptical about Sevenoaks District Council's ability to enforce these protections in view of what has already occurred. A TPO is not necessarily a guarantee of protection as it is sometimes ignored, and once the trees are gone, they are gone. Enforcement can only act after the event which by that time it is too late and would take decades for the barrier to re-grow. If the trees are felled following the proposed sale, the increased noise will impact on both the tranquillity of the present local community and on the value of many of the properties.

Badgers Mount Parish Council believes that the only way to ensure that the protection of the woodland is maintained is that it remains in Public Ownership. If Sevenoaks District Council is no longer prepared to carry out this function and is unable to guarantee that the woodland will not be cleared, then this Council would like to enter into discussions with Sevenoaks District Council with a view to the transfer of ownership of the woodland to Badgers Mount Parish Council.

Our view, that it is important that this woodland be retained by the public, is supported by Shoreham Parish Council and by Halstead Parish Council.

We look forward to hearing from you in due course.

Yours sincerely



Sarah Moon
Clerk to Badgers Mount Parish Council