

**FINANCE ADVISORY COMMITTEE**

**01 September 2015 at 7.00 pm**

**Conference Room, Argyle Road, Sevenoaks**

**AGENDA**

**Membership:**

Chairman: Cllr. Searles   Vice-Chairman: Cllr. Scholey  
Cllrs. Mrs. Bayley, Bosley, Cooke, Esler, Eyre, Kelly, Krogdahl, Lake, Pett and Rosen

	<b><u>Pages</u></b>	<b><u>Contact</u></b>
<b>Apologies for Absence</b>		
1. <b>Minutes</b> To agree the minutes of the meeting of the Committee held on 2 June 2015, as a correct record.	(Pages 1 - 4)	
2. <b>Declarations of Interest</b> Any interest not already registered		
3. <b>Actions from Previous Meeting (if any)</b>		
4. <b>Update from Portfolio Holder</b>		
5. <b>Referral from Cabinet or the Audit committee (if any)</b>		
6. <b>Introduction to Audit, Risk and Anti-Fraud - Presentation</b>		Bami Cole Tel: 01732 227236
7. <b>Annual Treasury Management Report 2014/2015</b>	(Pages 5 - 18)	Roy Parsons Tel: 01732 227204
8. <b>Financial Performance Indicators 2015/16 - to the end of July 2015</b>	(Pages 19 - 24)	Helen Martin Tel: 01732 227483
9. <b>Financial Results 2015/16 - to the end of July 2015</b>	(Pages 25 - 64)	Helen Martin Tel: 01732 227483
10. <b>Financial Prospects and Budget Strategy 2016/17 and Beyond</b>	(Pages 65 - 80)	Adrian Rowbotham Tel: 01732 227153
11. <b>Work Plan</b>	(Pages 81 - 82)	

### **EXEMPT ITEMS**

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

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

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

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

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

**FINANCE ADVISORY COMMITTEE**

Minutes of the meeting held on 2 June 2015 commencing at 7.00 pm

Present: Cllr. Searles (Chairman)

Cllr. Scholey (Vice-Chairman)

Cllrs. Mrs. Bayley, Cooke, Esler, Kelly, Krogdahl, Lake, Pett and Scholey

Apologies for absence were received from Cllrs. Bosley and Rosen

1. Appointment of Chairman

Resolved: That Cllr. Searles be appointed as Chairman of the Committee for the ensuing municipal year.

(Cllr. Searles in the Chair)

2. Appointment of Vice-Chairman

Resolved: That Cllr. Scholey be appointed as Vice-Chairman of the Committee for the ensuing municipal year.

3. Minutes

Resolved: That the Minutes of the meeting of the Finance and Resources Advisory Committee held on 14 April 2015 be agreed and signed by the Chairman as a correct record.

4. Declarations of Interest

No additional declarations of interest were made.

5. Actions from Previous Meeting

The actions from the Finance and Resources Advisory Committee meeting held on 14 April 2015, were noted.

6. Update from Portfolio Holder

The Chairman and Portfolio Holder for Finance advised that he was new to the role and was looking forward to the challenge ahead.

7. Referrals from Cabinet or the Audit Committee

There were no referrals.

## Agenda Item 1

### Finance Advisory Committee - 2 June 2015

#### 8. Scope of Officer Responsibilities

The Chief Finance Officer presented a report which provided details of the role of the Committee, its areas of responsibility and key issues and challenges facing those areas. Members received a short [presentation](#) on the relevant service areas.

#### 9. Financial Performance Indicators 2014/15 - to the end of March 2015

The Head of Finance presented a report which detailed the internally set performance indicators as at the end of March 2015 which Members considered.

Resolved: That the report be noted.

#### 10. Provisional Outturn 2014/15 and Carry Forward Requests

The Head of Finance presented the provisional financial outturn figures for 2014/15 which would be presented to Cabinet at its meeting on 4 June 2015, and set out the requests to carry forward unspent budgets into 2015/16 for Revenue items.

#### 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

- a) the Revenue 'carry forward' requests totalling £204,090 as set out in paragraph 14 of the report be approved;
- b) the Capital carry forward request totalling £140,000 as set out in paragraph 15 of the report be approved;
- c) a sum of £50,000 be transferred to the Housing Surveys earmarked reserve to enable a Stock Condition survey to be completed in 2015/16;
- d) a Health and Safety Earmarked Reserve be established, and a sum of £100,000 be transferred to that reserve as at the end of March 2015; and
- e) a sum of £60,000 be set aside to provide for payment in respect of restitutionary claims and costs in respect of personal search fees.

#### 11. Work Plan

The work plan was noted. It was agreed that the meeting of the 25 February 2016 would be moved to 18 April 2016.

1 September 2015: Introduction to Audit, Risk and Anti-Fraud

17 November 2015: Introduction to Revenues and Benefits

25 January 2016: Introduction to Procurement Strategy

**Finance Advisory Committee - 2 June 2015**

Risks and Assumptions for Budget 2016/17  
Capital and Asset Maintenance Budget 2016/17  
Treasury Management Strategy 2016/17  
Financial Performance Indicators 2015/16 – to the end of  
November 2015  
Financial Results 2015/16 – to the end of November 2015

18 April 2016: Introduction to Facilities Management  
Financial Performance Indicators 2015/16 – to the end of February  
2016  
Financial Results 2015/16 – to the end of February 2016

THE MEETING WAS CONCLUDED AT 7.40 PM

CHAIRMAN

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**ANNUAL TREASURY MANAGEMENT REPORT 2014/15**

**Finance Advisory Committee – 1 September 2015**

Report of the: Chief Finance Officer

Status: For recommendation to Cabinet

Also considered by: Cabinet – 17 September 2015

Key Decision: No

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**Executive Summary:** This report provides the customary review of investment activity during 2014/15 as required by the Council’s Financial Procedure Rules. The report outlines the strategy adopted during the year, shows the position of the investment portfolio at the beginning and the end of the year and gives details of how the fund performed in comparison with previous years and against various benchmarks.

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

**Portfolio Holder** Cllr. Searles

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

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**Recommendation to Finance Advisory Committee:** That Cabinet be asked to approve the Annual Treasury Management Report for 2014/15.

**Recommendation to Cabinet:** It be RESOLVED that the Annual Treasury Management Report for 2014/15 be approved.

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**Reason for recommendation:** As required by both the Council’s Financial Procedure Rules and the CIPFA Code, an annual report of treasury management activity is to be presented to Members for approval.

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**Background**

- 1 The Council is required through regulations issued under the Local Government Act 2003 to produce an annual treasury report reviewing treasury management activities and the actual prudential and treasury indicators for 2014/15. This report meets the requirements of both the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Treasury Management (the Code) and the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code).
- 2 During 2014/15 the minimum reporting requirements were that the Council should receive the following reports:

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- an annual treasury strategy in advance of the year (Council 18/2/2014)
  - a mid year (minimum) treasury update report (Finance and Resources Advisory Committee 11/11/14, Cabinet 13/11/14)
  - an annual report following the year describing the activity compared to the strategy (this report)
- 3 In addition, regular reports on progress were presented to the predecessor of this Committee, the Finance and Resources Advisory Committee. The Council's treasury management advisers, Capita Asset Services Ltd, also provided monthly reviews of our investment performance which were forwarded to Members.
- 4 The regulatory environment places responsibility on Members for the review and scrutiny of treasury management policy and activities. This report is important in that respect, as it provides details of the outturn position for treasury activities and highlights compliance with the Council's policies previously approved by Members.
- 5 This Council also confirms that it has complied with the requirement under the Code to give prior scrutiny to treasury management reports before they were reported to the full Council. Member training on treasury management issues was undertaken on 27 January 2010 in order to support Members' scrutiny role.
- 6 Members will be aware of the Property Investment Strategy which commenced in the latter part of 2014/15. The use of surplus cash balances for this type of 'Policy Investment' does not form part of the treasury management strategy and is not required to be included in either the Treasury Management Strategy Statement or the Annual Investment Strategy.

### **Introduction**

- 7 This **annual treasury report** covers:
- (a) The Council's treasury position at the beginning and end of the financial year;
  - (b) Investment Strategy for 2014/15;
  - (c) the economy and interest rates in 2014/15;
  - (d) compliance with treasury limits and prudential indicators;
  - (e) investment rates in 2014/15;
  - (f) investment outturn for 2014/15 and performance; and
  - (g) Icelandic bank defaults and Municipal Bonds Agency

### **Treasury position at the beginning and end of the financial year**

- 8 The Council's investment portfolio at the beginning and end of the financial year appears at Appendix A, whilst an analysis by maturity and repayment due dates appears at Appendix B.



### **Investment Strategy for 2014/15**

- 9 The expectation for interest rates within the strategy for 2014/15 anticipated low but rising Bank Rate (starting in quarter 1 of 2015), and gradual rises in medium and longer term fixed borrowing rates during 2014/15. Variable, or short-term rates, were expected to be the cheaper form of borrowing over the period. Continued uncertainty in the aftermath of the 2008 financial crisis promoted a cautious approach, whereby investments would continue to be dominated by low counterparty risk considerations, resulting in relatively low returns compared to borrowing rates.
- 10 In this scenario, the treasury strategy was to postpone borrowing to avoid the cost of holding higher levels of investments and to reduce counterparty risk.
- 11 The actual movement in gilt yields meant that Public Works Loan Board (PWLB) rates saw little overall change during the first four months of the year but there was then a downward trend for the rest of the year with a partial reversal during February.
- 12 The strategy adopted in the original Treasury Management Strategy Report for 2014/15, approved by the Council on 18 February 2014, was subject to a minor revision during the year to allow investment in one non-UK institution, Svenska Handelsbanken AB.
- 13 Counterparty credit ratings were kept under constant review to ensure that any investment decisions met minimum lending requirements.

### **The economy and interest rates in 2014/15**

- 14 The original market expectation at the beginning of 2014/15 was for the first increase in Bank Rate to occur in quarter 1 of 2015 as the unemployment rate had fallen much faster than expected through the Bank of England's initial forward guidance target of 7%. In May, however, the Bank revised its forward guidance. A combination of very weak pay rises and inflation above the rate of pay rises meant that consumer disposable income was still being eroded and in August the Bank halved its forecast for pay inflation in 2014 from 2.5% to 1.25%. Expectations for the first increase in Bank Rate therefore started to recede as growth was still heavily dependent on buoyant consumer demand.
- 15 During the second half of 2014 financial markets were caught out by a halving of the oil price and the collapse of the peg between the Swiss franc and the Euro. Fears also increased considerably that the European Central Bank (ECB) was going to do too little too late to ward off the threat of deflation and recession in the Eurozone. In mid-October, financial markets had a major panic for about a week. By the end of 2014, it was clear that inflation in the UK was going to head towards zero in 2015 and, possibly, even turn negative. In turn, this made it clear that the Bank of England's Monetary Policy Committee (MPC) would have great difficulty in starting to raise Bank Rate in 2015 while inflation was around zero and so market expectations for the first increase receded back to around quarter 3 of 2016.
- 16 Gilt yields were on a falling trend for much of the last eight months of 2014/15 but were then pulled in different directions by increasing fears after the anti-

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austerity parties won power in Greece in January; developments since then have increased fears that Greece could be heading for an exit from the euro. While the direct effects of this would be manageable by the EU and ECB, it is very hard to quantify quite what the potential knock on effects would be on other countries in the Eurozone (EZ) once the so called impossibility of a country leaving the EZ had been disproved.

- 17 Another downward pressure on gilt yields was the announcement in January that the ECB would start a major programme of quantitative easing, purchasing EZ government and other debt in March. On the other hand, strong growth in the US caused an increase in confidence that the US was well on the way to making a full recovery from the financial crash and would be the first country to start increasing its central rate, probably by the end of 2015. The UK would be closely following it due to strong growth over both 2013 and 2014 and good prospects for a continuation into 2015 and beyond. However, there was also an increase in concerns around political risk from the general election due in May 2015.

### Compliance with treasury limits and prudential indicators

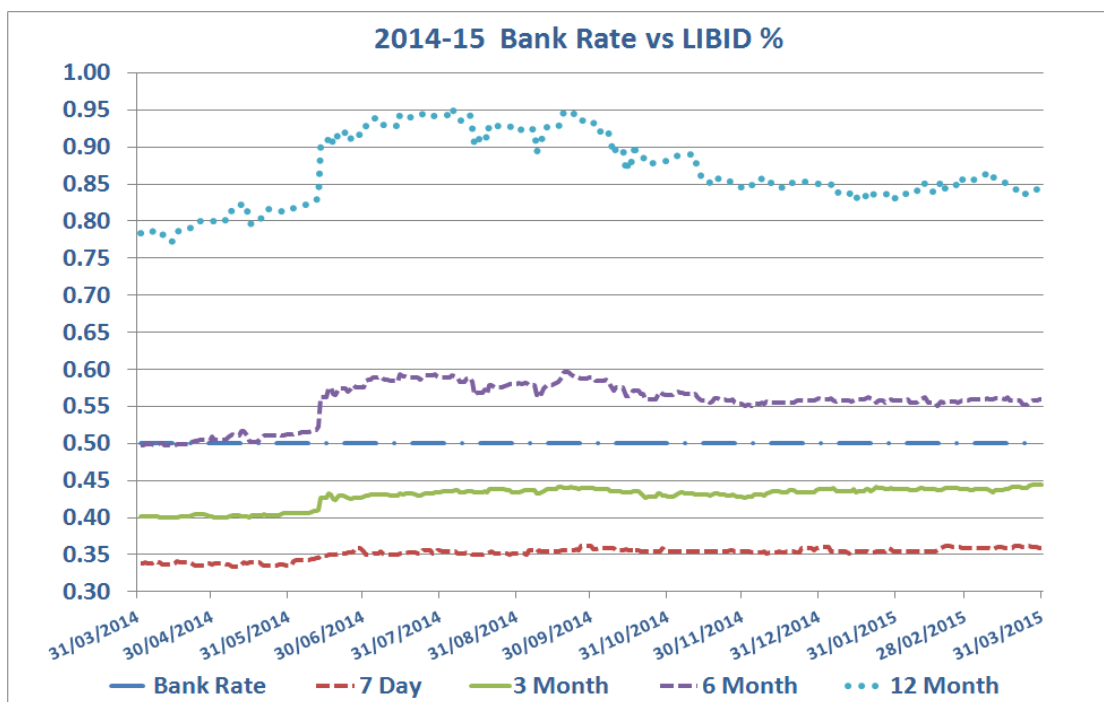
- 18 During 2014/15, the Council complied with its legislative and regulatory requirements. The key actual prudential and treasury indicators detailing the impact of capital expenditure activities during the year, with comparators, are as follows:

	2013/14 Actual (£000)	2014/15 Original (£000)	2014/15 Actual (£000)
Capital expenditure	2,114	1,207	4,263
Total Capital Financing Requirement:			
• Non-HRA	-	-	-
• HRA	-	-	-
• Total	-	-	-
Net borrowing	-	-	-
External debt	-	-	-
Investments:			
• Longer than 1 year	-	-	-
• Under 1 year	33,050		37,801
• Total	33,050		37,801

- 19 The investment figures relate to the time left to maturity, not the length at the commencement date and exclude accrued interest.
- 20 During the year the Council operated within the treasury limits and prudential indicators set out in its Treasury Policy Statement and Annual Treasury Strategy Statement.
- 21 The lending list was kept under constant review throughout the year in response to credit rating changes as and when they arose.
- 22 No institutions in which investments were made during 2014/15 had any difficulty in repaying investments and interest in full during the year.

**Investment rates in 2014/15**

- 23 Bank Rate remained at its historic low of 0.5% throughout the year; it has now remained unchanged for six years. Market expectations as to the timing of the start of monetary tightening started the year at quarter 1 of 2015 but then moved back to around quarter 3 of 2016 by the end of the year. Deposit rates remained depressed during the whole of the year, primarily due to the effects of the Funding for Lending Scheme.



**Investment outturn for 2014/15 and performance**

- 24 The Council’s investment policy is governed by Department of Communities and Local Government (CLG) guidance, which has been implemented in the annual investment strategy approved by the Council on 18 February 2014. This policy sets out the approach for choosing investment counterparties, and is based on credit ratings provided by the three main credit rating agencies supplemented by

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additional market data (such as rating outlooks, credit default swaps, bank share prices etc).

- 25 The investment activity during the year conformed to the approved strategy, and the Council had no liquidity difficulties, which might have led to the need to borrow.
- 26 Appendix C shows the performance of the fund during 2014/15 both in table and graphical form. The table shows the average percentage return on the fund, both monthly and for the whole year and compares them with the average 7-day and 3-month London Interbank Bid (LIBID) rates. The average return achieved by each broker is only a very basic measure of performance, because returns will depend on the number and length of each investment he/she is asked to carry out. If a particular broker is only asked to place short term investments, he/she may well not achieve the same overall rate as a broker who predominantly handles longer term investments for us.
- 27 The graph shows actual monthly receipts for 2012/13, 2013/14 and 2014/15 plus budgeted monthly receipts for 2014/15. The monthly interest budget has been profiled in line with the previous year's monthly weighted average principal.
- 28 Over the course of the year interest receipts amounted to £0.250m compared with a budget of £0.268m.
- 29 In 2014/15 the average return on the Council's investments was in line with that of one of our neighbouring authorities. Our overall rate of return was 0.58% compared with 0.68% for Tonbridge & Malling Borough Council. It should be noted, however, that investment returns are notoriously difficult to compare as they have often been compiled on a different basis (for example, whether or not interest has been compounded, whether or not cashflow generated balances have been included, whether or not externally managed funds have been included and whether or not the figures are net of borrowings).
- 30 Our treasury management advisers recommend the 3-month LIBID figure as a benchmark. This reflects a more realistic neutral investment position for core investments with a medium term horizon and a rate which is more stable with less fluctuation caused by market liquidity. Historically, this rate has been slightly higher than the 7-day rate and therefore more challenging a comparator, but one which does not necessitate a significantly increased level of risk. The figures calculated by our advisers for these two benchmarks are as follows:
  - 7-day LIBID uncompounded 0.352%
  - 3-month LIBID uncompounded 0.429%

### **Icelandic bank defaults and Municipal Bonds Agency**

- 31 The Council had an investment of £1m frozen in Landsbanki Islands hf (later renamed as LBI). The investment was placed on 25 June 2007 at 6.32%, to mature on 25 June 2009.

- 32 The Council has sold its claim against the insolvent estate of LBI. The claim was sold through a sales process brokered by Deutsche Bank. The price at which the claim was sold was based on a reserve price set by the Council on the basis of legal advice received from Bevan Brittan, Solicitors and financial advice procured by the Local Government Association. The proceeds of the sale were paid in cash in Pounds Sterling. The sale means that the Council has recovered 95.9% of the amount that was originally deposited with LBI in 2007. The Council is now no longer a creditor of LBI.
- 33 After taking into account interest received prior to the insolvency, the full amount of the original investment has now been recovered.
- 34 In addition, a small repayment in Icelandic Krona remains in an escrow account in Iceland awaiting the lifting of capital controls before it can be repatriated. The GBP equivalent is approximately £7,000. It is attracting interest at a rate of between 3% and 4%.
- 35 During 2014/15, the Council invested £50,000 to become an equity shareholder in the Local Capital Finance Company, which was set up by the Local Government Association under the name of the Municipal Bonds Agency. Again, this was a 'Policy Investment' and does not form part of the treasury management strategy. The purpose of the Agency is to facilitate borrowing by local authorities at rates that are expected to be more competitive than those of the PWLB. At the time of writing this report, the Agency is in the process of conversion to a PLC and hopes to be issuing its first £250m bond in the Autumn of 2015.

### **Key Implications**

#### Financial

- 36 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

- 37 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.
- 38 This annual review report fulfils the requirements of The Chartered Institute of Public Finance & Accountancy's Code of Practice on Treasury Management 2009.
- 39 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.

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- 40 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 year.

### Equality Assessment

- 41 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**

- 42 The overall return on the Council's investments was below budget in 2014/15 by approximately £18,000.
- 43 The economic situation both globally and within the Eurozone remains volatile, and this will have consequences for the UK economy. Treasury management in the past financial year was conducted against this background and with a cautious investment approach.

### **Appendices:**

Appendix A – Investment portfolio at start and end of financial year

Appendix B – Analysis of investment portfolio by maturity and repayment due dates

Appendix C - Investment performance in 2014/15

### **Background Papers:**

[Treasury Management Strategy for 2014/15 - Council 18 February 2014](#)

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

**SEVENOAKS DISTRICT COUNCIL**

List of Investments as at:- 31-Mar-14

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.		1,550,000	01-Oct-11			0.35000%	Variable	Direct
	National Westminster Bank plc (Liquidity Select)	A	U.K.	RBS	4,000,000	07-Oct-11			0.50000%	Variable	Direct
	National Westminster Bank plc (95 Day Notice)	A	U.K.	RBS	3,000,000	24-May-13			0.60000%	Variable	Direct
	Ignis Liquidity Fund (Money Market Fund)	AAA	U.K.		2,500,000	11-May-12				Variable	Direct
	Insight Liquidity Fund (Money Market Fund)	AAA	U.K.		1,000,000	11-May-12				Variable	Direct
IP1155	Bank of Scotland plc	A	U.K.	Lloyds/HBOS	1,000,000	11-Feb-14	0.95000%	10-Feb-15		1 Year	Direct
IP1156	Bank of Scotland plc	A	U.K.	Lloyds/HBOS	1,000,000	21-Feb-14	0.95000%	20-Feb-15		1 Year	Direct
IP1146	Coventry Building Society	A	U.K.		1,000,000	15-Jan-14	0.45000%	15-Apr-14		3 Months	R P Martin
IP1158	Coventry Building Society	A	U.K.		1,000,000	28-Feb-14	0.45000%	30-May-14		3 Months	Sterling
IP1153	Leeds Building Society	A-	U.K.		1,000,000	04-Feb-14	0.40000%	06-May-14		3 Months	Tradition
IP1131	Lloyds Bank plc	A	U.K.	Lloyds/HBOS	2,000,000	08-Oct-13	0.98000%	07-Oct-14		1 Year	Direct
IP1136	Lloyds Bank plc	A	U.K.	Lloyds/HBOS	1,000,000	30-Oct-13	0.98000%	29-Oct-14		1 Year	Direct
IP1138	Lloyds Bank plc	A	U.K.	Lloyds/HBOS	1,000,000	04-Nov-13	0.98000%	03-Nov-14		1 Year	Direct
IP1098	Lloyds TSB Bank plc	A	U.K.	Lloyds/HBOS	1,000,000	08-Apr-13	1.10000%	08-Apr-14		1 Year	Direct
IP1113	Lloyds TSB Bank plc	A	U.K.	Lloyds/HBOS	1,000,000	04-Jul-13	1.01000%	03-Jul-14		1 Year	Direct
IP1145	Nationwide Building Society	A	U.K.		1,000,000	09-Jan-14	0.47000%	09-Apr-14		3 Months	Tradition
IP1149	Nationwide Building Society	A	U.K.		2,000,000	23-Jan-14	0.47000%	23-Apr-14		3 Months	Sterling
IP1152	Nationwide Building Society	A	U.K.		1,000,000	03-Feb-14	0.47000%	06-May-14		3 Months	Tradition
IP1157	Nationwide Building Society	A	U.K.		1,000,000	28-Feb-14	0.47000%	30-May-14		3 Months	R P Martin
IP1150	Skipton Building Society	BBB-	U.K.		1,000,000	29-Jan-14	0.43000%	29-Apr-14		3 Months	Direct
IP1159	Skipton Building Society	BBB-	U.K.		1,000,000	28-Feb-14	0.43000%	30-May-14		3 Months	Direct
IP1151	Ulster Bank Ltd	A-	U.K.	RBS	1,000,000	29-Jan-14	0.85000%	28-Jan-15		1 Year	R P Martin
IP1148	Yorkshire Building Society	BBB+	U.K.		2,000,000	20-Jan-14	0.40000%	22-Apr-14		3 Months	Sterling
	<b>Total Invested</b>				<b><u>33,050,000</u></b>						
	<b>Matured Investment</b>										
IP813	Landsbanki Islands hf		Iceland		1,000,000	25-Jun-07	6.32000%	25-Jun-09		2 Years	R P Martin
	<b>Other Loan</b>										
	Sevenoaks Leisure Limited				250,000	29-Apr-08	7.00000%	31-Mar-18		10 Years	Direct

**SEVENOAKS DISTRICT COUNCIL**

List of Investments as at- 31-Mar-15

Reference	Name	Rating	Country	Group	Amount	Start Date	Comm Rate	End Date	Curr Rate	Terms	Broker
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	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.		2,801,000	01-Oct-11			0.35000%	Variable	Direct
	Barclays Bank plc (Flexible IBCA)	A	U.K.		2,000,000	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
	Ignis 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
IP1218	Coventry Building Society	A	U.K.		1,000,000	15-Jan-15	0.45000%	15-Apr-15		3 Months	R P Martin
IP1231	Coventry Building Society	A	U.K.		1,000,000	27-Feb-15	0.45000%	29-May-15		3 Months	Tradition
IP1160	Lloyds Bank plc	A	U.K.	Lloyds/HBOS	1,000,000	08-Apr-14	0.95000%	07-Apr-15		1 Year	Direct
IP1165	Lloyds Bank plc	A	U.K.	Lloyds/HBOS	1,000,000	29-Apr-14	0.95000%	28-Apr-15		1 Year	Direct
IP1167	Lloyds Bank plc	A	U.K.	Lloyds/HBOS	1,000,000	06-May-14	0.95000%	05-May-15		1 Year	Direct
IP1174	Lloyds Bank plc	A	U.K.	Lloyds/HBOS	1,000,000	03-Jul-14	0.95000%	03-Jul-15		1 Year	Direct
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
IP1215	Nationwide Building Society	A	U.K.		1,000,000	09-Jan-15	0.66000%	09-Jul-15		6 Months	Tradition
IP1226	Nationwide Building Society	A	U.K.		1,000,000	06-Feb-15	0.66000%	06-Aug-15		6 Months	Tradition
IP1230	Nationwide Building Society	A	U.K.		1,000,000	27-Feb-15	0.66000%	28-Aug-15		6 Months	R P Martin
IP1233	Nationwide Building Society	A	U.K.		2,000,000	23-Mar-15	0.66000%	23-Sep-15		6 Months	Tradition
IP1217	Plymouth City Council		U.K.		2,000,000	15-Jan-15	0.40000%	15-Apr-15		3 Months	R P Martin
IP1220	Skipton Building Society	BBB	U.K.		1,000,000	22-Jan-15	0.43000%	22-Apr-15		3 Months	R P Martin
IP1223	Ulster Bank Ltd	A-	U.K.	RBS	1,000,000	28-Jan-15	0.60000%	28-Jul-15		6 Months	R P Martin
IP1216	Yorkshire Building Society	A-	U.K.		1,000,000	15-Jan-15	0.47000%	15-Apr-15		3 Months	R P Martin
IP1221	Yorkshire Building Society	A-	U.K.		1,000,000	22-Jan-15	0.47000%	22-Apr-15		3 Months	R P Martin
	Total Invested				<u>37,801,000</u>						
	<b>Other Loan</b>										
	Sevenoaks Leisure Limited				250,000	29-Apr-08	7.00000%	31-Mar-18		10 Years	Direct



**SEVENOAKS DISTRICT COUNCIL**

**ANALYSIS OF INVESTMENT POOL FUND 31.3.2015**

**MATURITY PROFILE (BY VALUE)**

BASED ON PERIOD OF INVESTMENT AT COMMENCEMENT DATE

MATURITY PERIOD	BANKS £'000	B.SOCS £'000	MMFS £'000	OTHER LAs £'000	TOTAL £'000
NOTICE MONEY	8,801		6,000		14,801
UP TO 1 MONTH					-
1 TO 3 MONTHS		4,000		2,000	6,000
3 TO 6 MONTHS	1,000	5,000			6,000
6 MONTHS TO 1 YEAR	10,000	1,000			11,000
OVER 1 YEAR					-
	<b>19,801</b>	<b>10,000</b>	<b>6,000</b>	<b>2,000</b>	<b>37,801</b>

**MATURITY PROFILE (PERCENTAGE OF TOTAL FUND)**

BASED ON PERIOD OF INVESTMENT AT COMMENCEMENT DATE

MATURITY PERIOD	BANKS %	B.SOCS %	MMFS %	OTHER LAs %	TOTAL %
NOTICE MONEY	23.3	-	15.9	-	39.2
UP TO 1 MONTH	-	-	-	-	-
1 TO 3 MONTHS	-	10.6	-	5.3	15.9
3 TO 6 MONTHS	2.6	13.2	-	-	15.8
6 MONTHS TO 1 YEAR	26.5	2.6	-	-	29.1
OVER 1 YEAR	-	-	-	-	-
	<b>52.4</b>	<b>26.4</b>	<b>15.9</b>	<b>5.3</b>	<b>100.0</b>

**PROFILE OF REPAYMENTS DUE**

	VALUE £'000	% TOTAL FUND
NOTICE MONEY	14,801	39.2
DUE WITHIN ONE MONTH	8,000	21.1
DUE WITHIN TWO MONTHS	2,000	5.3
DUE WITHIN THREE MONTHS	-	0.0
DUE WITHIN SIX MONTHS	7,000	18.5
DUE WITHIN ONE YEAR	6,000	15.9
DUE AFTER ONE YEAR	-	0.0
	<b>37,801</b>	<b>100.0</b>

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TOTAL INTEREST ON FUND 2014/2015

Broker/Institution	Apr-14			May-14			Jun-14		
	W.A.P	Interest Due	Ave Rate	W.A.P	Interest Due	Ave Rate	W.A.P	Interest Due	Ave Rate
Nat West (Liquidity Select)	331,988.46	1,659.94	0.5000%	343,195.73	857.99	0.2500%	343,268.60	858.17	0.2500%
Nat West (95 Day Notice)	247,876.64	1,487.26	0.6000%	247,998.88	1,487.99	0.6000%	256,391.89	1,538.35	0.6000%
Handelsbanken (Deposit A/C)									
Ignis (Money Market Fund)	326,027.40	1,401.72	0.4299%	415,068.49	1,798.28	0.4332%	410,958.90	1,821.10	0.4431%
Insight (Money Market Fund)	189,041.10	669.31	0.3541%	312,328.77	1,101.98	0.3528%	288,767.12	1,031.26	0.3571%
Tradition	246,575.34	1,101.37	0.4467%	183,561.64	860.27	0.4687%	164,383.56	780.82	0.4750%
RP Martin	246,575.34	1,454.79	0.5900%	254,794.52	1,503.84	0.5902%	246,575.34	1,463.01	0.5933%
Sterling	410,958.90	1,786.85	0.4348%	424,657.53	1,809.04	0.4260%	410,958.90	1,772.60	0.4313%
Direct dealing	821,917.81	7,158.63	0.8710%	936,986.30	8,497.53	0.9069%	924,657.53	8,360.96	0.9042%
Fund Average	2,820,961.00	16,719.88	0.5927%	3,118,591.87	17,916.93	0.5745%	3,045,961.86	17,626.28	0.5787%
Other Interest		0.00			0.00			2,971.72	
7 Day LIBID			0.3500%			0.3426%			0.3400%
3 Month LIBID			0.3900%			0.3974%			0.4037%

Broker/Institution	Jul-14			Aug-14			Sep-14		
	W.A.P	Interest Due	Ave Rate	W.A.P	Interest Due	Ave Rate	W.A.P	Interest Due	Ave Rate
Nat West (Liquidity Select)	277,588.06	693.97	0.2500%	82,889.39	207.22	0.2500%	128,766.62	322.21	0.2502%
Nat West (95 Day Notice)	256,522.54	1,373.64	0.5355%	240,081.84	840.29	0.3500%	264,991.56	927.47	0.3500%
Handelsbanken (Deposit A/C)	73,972.60	332.88	0.4500%	254,822.79	1,146.70	0.4500%	246,575.34	1,109.70	0.4500%
Ignis (Money Market Fund)	424,657.53	1,916.08	0.4512%	424,657.53	1,925.63	0.4535%	410,958.90	1,929.33	0.4695%
Insight (Money Market Fund)	416,438.36	1,511.94	0.3631%	395,890.41	1,451.76	0.3667%	410,958.90	1,552.59	0.3778%
Tradition	169,863.01	913.97	0.5381%	178,082.19	1,102.19	0.6189%	290,410.96	1,711.23	0.5892%
RP Martin	254,794.52	1,511.78	0.5933%	254,794.52	1,524.93	0.5985%	246,575.34	1,594.52	0.6467%
Sterling	424,657.53	1,902.19	0.4479%	416,438.36	1,882.47	0.4520%	284,931.51	1,272.88	0.4467%
Direct dealing	1,035,616.44	8,792.33	0.8490%	1,073,972.60	8,884.93	0.8273%	1,095,890.41	8,739.73	0.7975%
Fund Average	3,334,110.60	18,948.78	0.5683%	3,321,629.64	18,966.12	0.5710%	3,380,059.55	19,159.66	0.5668%
Other Interest		-255.20			2,493.02			3,473.21	
7 Day LIBID			0.3400%			0.3432%			0.3503%
3 Month LIBID			0.4100%			0.4168%			0.4207%

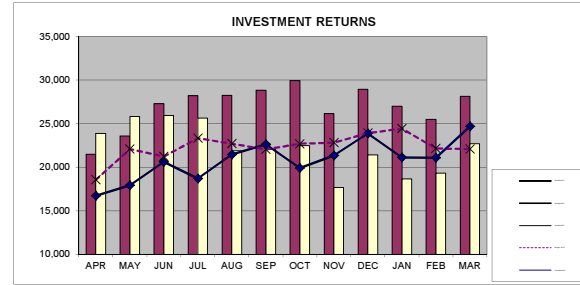
Broker/Institution	Oct-14			Nov-14			Dec-14		
	W.A.P	Interest Due	Ave Rate	W.A.P	Interest Due	Ave Rate	W.A.P	Interest Due	Ave Rate
Nat West (Liquidity Select)	84,958.87	212.40	0.2500%	76,753.34	191.88	0.2500%	199,350.00	498.32	0.2500%
Nat West (95 Day Notice)	256,789.35	898.76	0.3500%	232,007.71	812.03	0.3500%	32,250.00	112.87	0.3500%
Handelsbanken (Deposit A/C)	254,794.52	1,146.58	0.4500%	246,575.34	1,080.82	0.4383%	250,800.00	1,003.08	0.4000%
Ignis (Money Market Fund)	424,657.53	2,018.72	0.4754%	410,958.90	1,961.83	0.4774%	424,657.53	2,010.44	0.4734%
Insight (Money Market Fund)	424,657.53	1,638.01	0.3857%	410,958.90	1,586.40	0.3860%	424,657.53	1,647.49	0.3880%
Tradition	424,657.53	2,590.41	0.6100%	410,958.90	2,506.85	0.6100%	517,808.22	3,028.22	0.5848%
RP Martin	309,589.04	1,875.07	0.6057%	410,958.90	2,276.71	0.5540%	564,383.56	2,981.37	0.5283%
Sterling	115,068.49	477.53	0.4150%						
Direct dealing	1,146,575.34	9,046.16	0.7890%	1,131,506.85	8,449.59	0.7468%	1,265,753.42	9,432.33	0.7452%
Fund Average	3,441,748.22	19,903.64	0.5783%	3,330,678.86	18,866.11	0.5664%	3,679,660.27	20,714.12	0.5629%
Other Interest		0.00			2,493.02			3,160.73	
7 Day LIBID			0.3544%			0.3500%			0.3500%
3 Month LIBID			0.4284%			0.4200%			0.4206%

Broker/Institution	Jan-15			Feb-15			Mar-15		
	W.A.P	Interest Due	Ave Rate	W.A.P	Interest Due	Ave Rate	W.A.P	Interest Due	Ave Rate
Nat West (Liquidity Select)	84,363.54	210.91	0.2500%	78,762.29	196.90	0.2500%	90,033.43	225.08	0.2500%
Nat West (95 Day Notice)									
Handelsbanken (Deposit A/C)	254,794.52	1,019.18	0.4000%	230,136.99	920.55	0.4000%	254,794.52	1,019.50	0.4001%
Ignis (Money Market Fund)	424,657.53	2,010.60	0.4735%	383,561.64	1,810.63	0.4721%	424,657.53	1,996.75	0.4702%
Insight (Money Market Fund)	424,657.53	1,639.28	0.3860%	383,561.64	1,473.85	0.3843%	284,931.51	1,105.01	0.3878%
Tradition	594,520.55	3,401.37	0.5721%	536,986.30	3,088.77	0.5752%	556,164.38	3,242.47	0.5830%
RP Martin	679,452.05	3,453.70	0.5083%	613,698.63	2,962.19	0.4827%	679,452.05	3,295.34	0.4850%
Sterling									
Direct dealing	1,253,424.66	9,401.51	0.7501%	973,972.60	8,134.66	0.8352%	852,054.79	8,335.07	0.9782%
Fund Average	3,715,870.39	21,136.54	0.5688%	3,200,680.10	18,587.54	0.5807%	3,142,088.22	19,219.22	0.6117%
Other Interest		-0.51			2,493.02			5,477.45	
7 Day LIBID			0.3500%			0.3500%			0.3503%
3 Month LIBID			0.4300%			0.4300%			0.4303%

Cumulative Totals			
Broker/Institution	W.A.P	Interest Due	Ave Rate
Nat West (Liquidity Select)	2,121,918.33	6,135.00	0.2891%
Nat West (95 Day Notice)	2,034,910.42	9,478.66	0.4658%
Handelsbanken (Deposit A/C)	2,067,266.63	8,778.98	0.4247%
Ignis (Money Market Fund)	4,905,479.45	22,601.11	0.4607%
Insight (Money Market Fund)	4,366,849.32	16,408.88	0.3758%
Tradition	4,273,972.60	24,327.95	0.5692%
RP Martin	4,761,643.84	25,897.26	0.5439%
Sterling	2,487,671.23	10,903.56	0.4383%
Direct dealing	12,512,328.77	103,233.42	0.8251%
Fund Average	39,532,040.58	227,764.82	0.5762%
Other Interest		22,306.46	
7 Day LIBID			0.3476%
3 Month LIBID			0.4165%

N.B.  
These are the gross interest receipts rather than the interest remaining in the General Fund

	Actuals 12/13	Actuals 13/14	Actuals 14/15	Budget 14/15	Variance	Forecast 14/15
APR	21,489	23,889	16,720	18,541	-1,821	16,700
MAY	23,571	25,821	17,917	22,096	-4,179	17,900
JUN	27,280	25,924	20,598	21,221	-623	20,600
JUL	28,227	25,660	18,694	23,313	-4,619	18,700
AUG	28,256	21,900	21,459	22,703	-1,244	21,500
SEP	28,853	22,069	22,633	22,043	590	22,600
OCT	29,941	22,500	19,904	22,687	-2,783	19,900
NOV	26,144	17,673	21,359	22,815	-1,456	21,400
DEC	28,954	21,411	23,875	23,906	-31	23,900
JAN	26,999	18,662	21,136	24,435	-3,299	21,100
FEB	25,505	19,308	21,081	22,165	-1,084	21,100
MAR	28,159	22,693	24,697	22,075	2,622	24,700
<b>TOTAL</b>	<b>323,378</b>	<b>267,510</b>	<b>250,073</b>	<b>268,000</b>	<b>-17,927</b>	<b>250,100</b>



**INVESTMENT RETURNS (CUMULATIVE)**

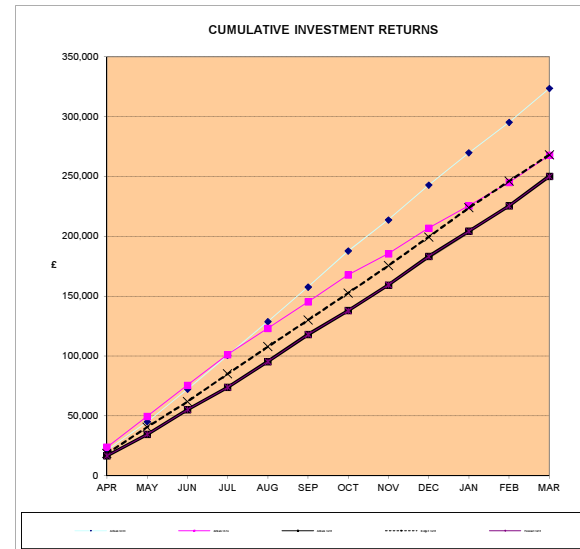
	Actuals 12/13	Actuals 13/14	Actuals 14/15	Budget 14/15	Variance	Forecast 14/15
APR	21,489	23,889	16,720	18,541	-1,821	16,700
MAY	45,060	49,710	34,637	40,637	-6,000	34,600
JUN	72,340	75,634	55,235	61,858	-6,623	55,200
JUL	100,567	101,294	73,929	85,171	-11,242	73,900
AUG	128,823	123,194	95,388	107,874	-12,486	95,400
SEP	157,676	145,263	118,021	129,917	-11,896	118,000
OCT	187,617	167,763	137,925	152,604	-14,679	137,900
NOV	213,761	185,436	159,284	175,419	-16,135	159,300
DEC	242,715	206,847	183,159	199,325	-16,166	183,200
JAN	269,714	225,509	204,295	223,760	-19,465	204,300
FEB	295,219	244,817	225,376	245,925	-20,549	225,400
MAR	323,378	267,510	250,073	268,000	-17,927	250,100

BUDGET FOR 2014/15                    268,000  
 FORECAST OUTTURN                    250,100

CODE:-                    YHAA                    96900

**N.B.**  
 These are the gross interest receipts rather than  
 the interest remaining in the General Fund

Fund Average                    0.5762%  
 7 Day LIBID                    0.3476%  
 3 Month LIBID                    0.4165%



**FINANCIAL PERFORMANCE INDICATORS 2015/16 – TO THE END OF JULY 2015**

**Finance Advisory Committee – 1 September 2015**

Report of Chief Finance Officer

Status: For Consideration

Key Decision: No

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**Portfolio Holder** Cllr Searles

**Contact Officer(s)** Helen Martin Ext. 7483

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

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**Reason for recommendation:** This recommendation supports the sound control of the Councils finances.

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**Introduction and Background**

- 1 This report presents figures on seven internally set performance indicators covering activities that support information provided in the regular financial monitoring statements.
- 2 Information is provided on targets for the financial year, and figures for the previous year are given for comparison.
- 3 Use of these indicators assists management in highlighting areas where performance has an impact on financial outturn for the authority.

**Key Implications**

Financial

There are no financial implications arising from this report

Legal Implications and Risk Assessment Statement.

Under section 151 of the Local Government Act 1972, the section 151 officer has statutory duties in relation to the financial administration and stewardship of the authority.

Equality 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.

## Agenda Item 8

**Appendices**

Appendix A – Performance Indicators – July 2015

**Background Papers:**

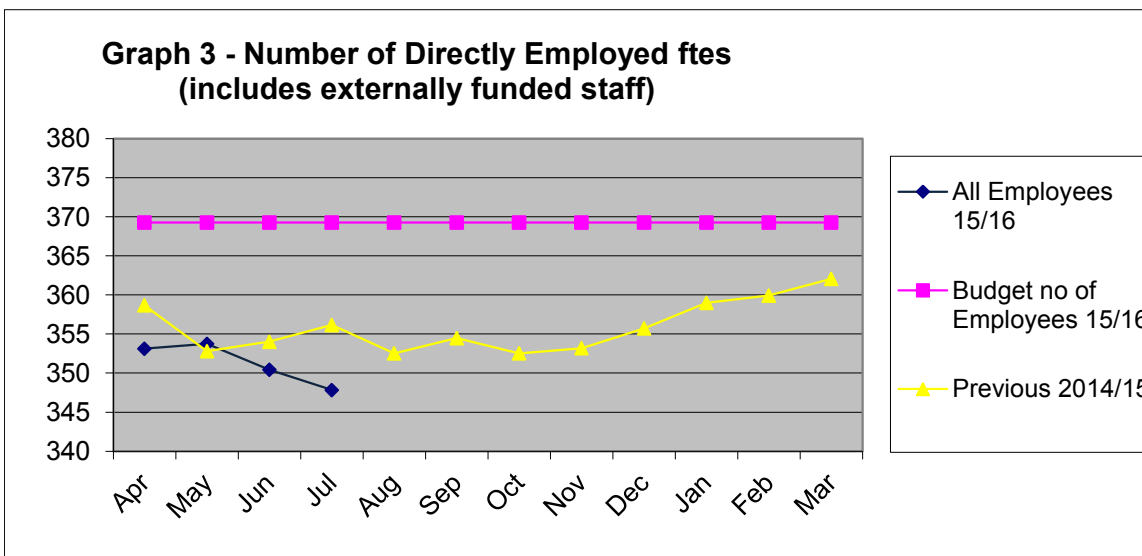
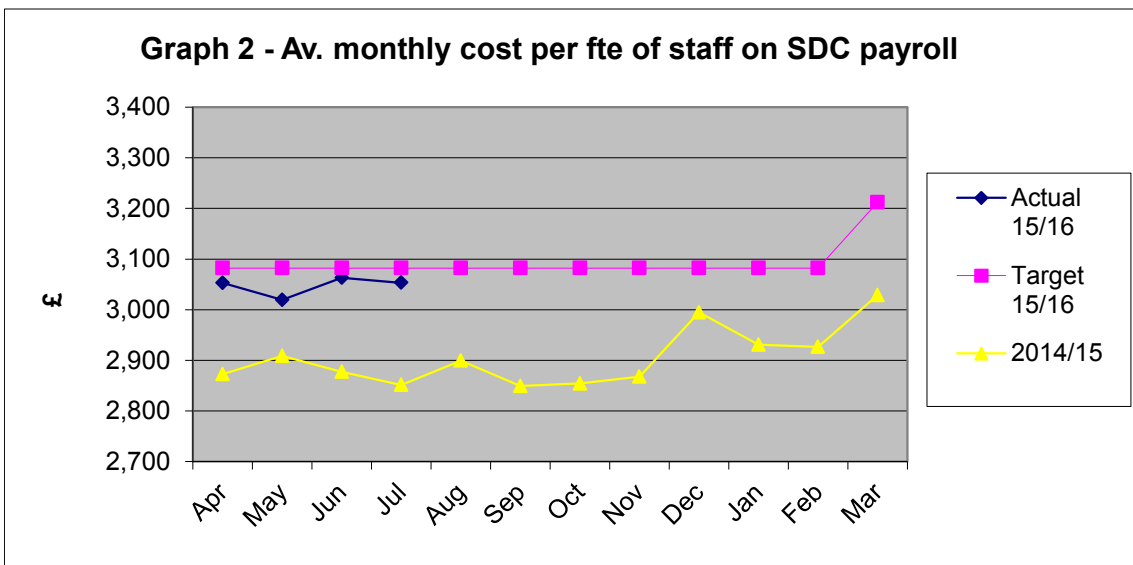
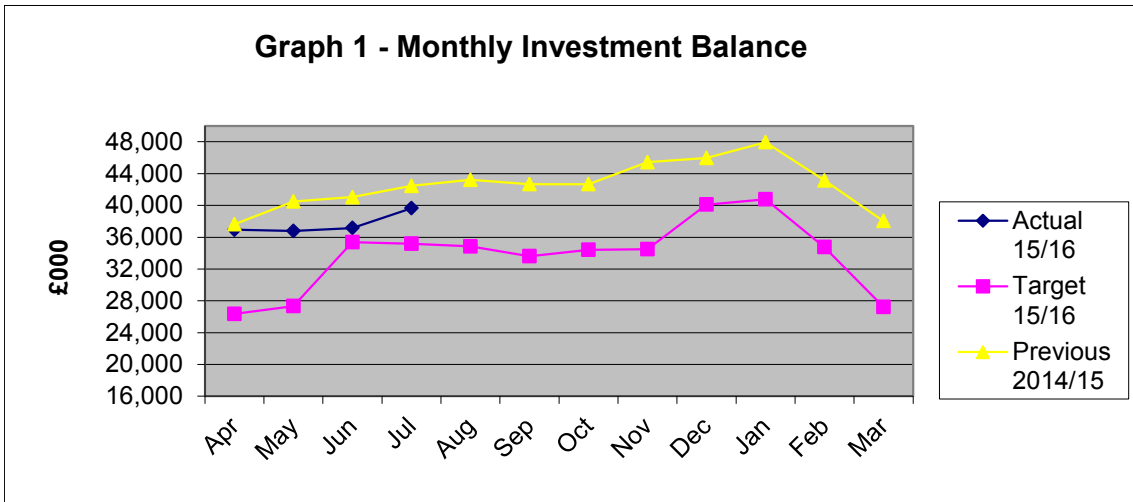
None

**Adrian Rowbotham  
Chief Finance Officer**

**Finance Advisory Committee Finance Indicators 2015/16  
as at end July 2015**

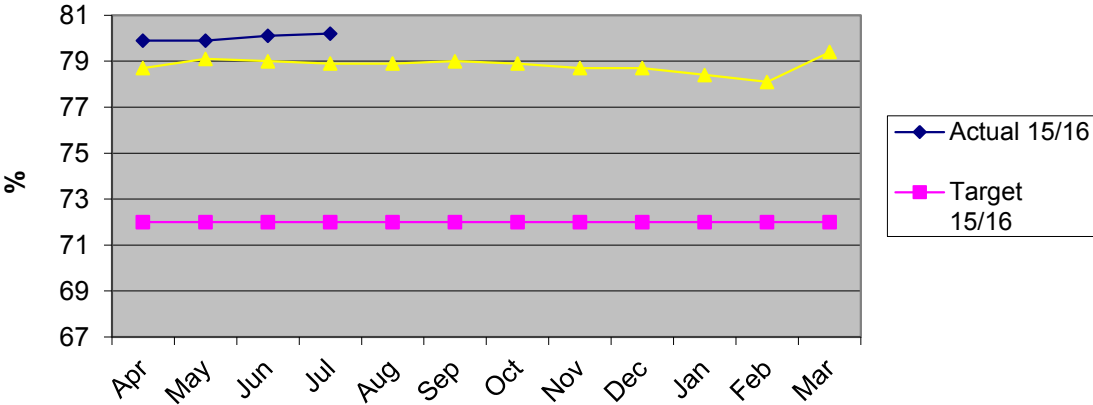
Description	target	actual	Variance		notes	graph
Monthly investment balance £000	27,238	39,656	12,418	45.6%	Total investments at month end. Since April 2013, precepts are paid in 12 instalments of roughly £5m. (Previous years we paid in 10 instalments - not June or December). The target figures have been updated to reflect the Balance Sheet position as at 31/03/13.	1
Average monthly cost per employee £	3,093	3,047	-46	-1.5%	Target is annual pay budget divided by budget ftes.	2
Average monthly salary cost SDC £'000	1,138	1,111	-28	-2.4%		
Number of employees (full time equivalent)	369.3	347.8	-21.4	-5.8%	Target is budgeted ftes.	3
Council Tax % collected for 2015/16	40.0	40.1	0.1	0.3%	LPIFS 19. Monthly cumulative figures	-
NNDR % collected for 2015/16	40.2	39.9	-0.3	-0.7%	LPIFS 20. Monthly cumulative figures.	-
Council Tax payers % on direct debit	72.0	80.2	8.2	11.4%	LPIFS 8 - % on direct debit	4
Investment return %	0.80	0.66	-0.14	-17.7%	Cumulative return on investments. Target is budget assumption	5
3 month LIBID		0.43				
7 day LIBID		0.35				
Sundry debtors: debts over 21 days £000	35	32	-3	-8.1%	21 days is taken as the base as the first reminder is issued after 3 wks.	6
Sundry debtors: debts over 61 days £000	20	13	-7	-36.5%	61 days is when the third reminder is issued (debts exclude items on 'indefinite hold', e.g. debtors in administration)	7

**Finance Advisory Committee Finance Indicators 2015/16  
as at end July 2015**

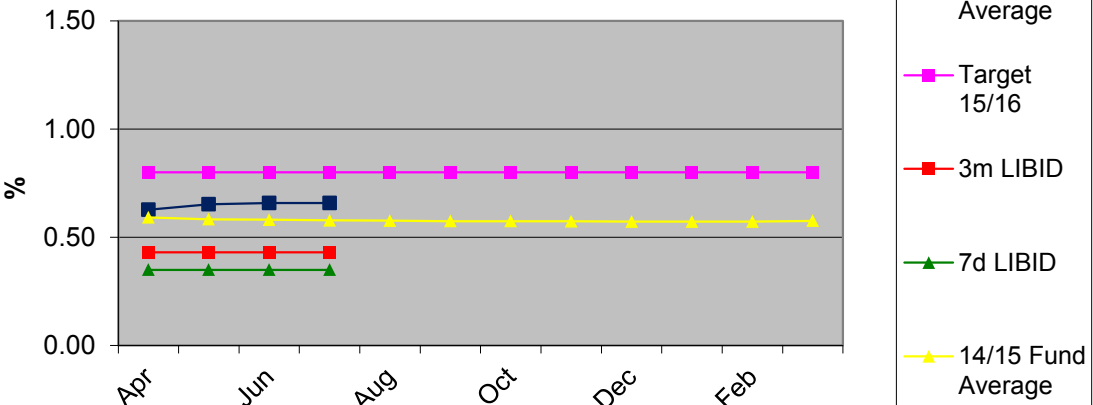


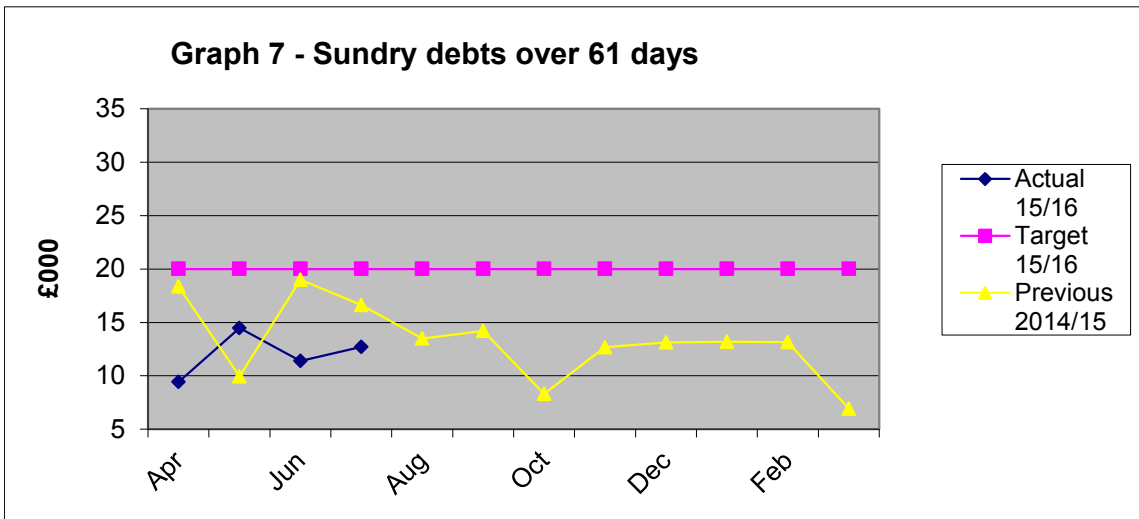
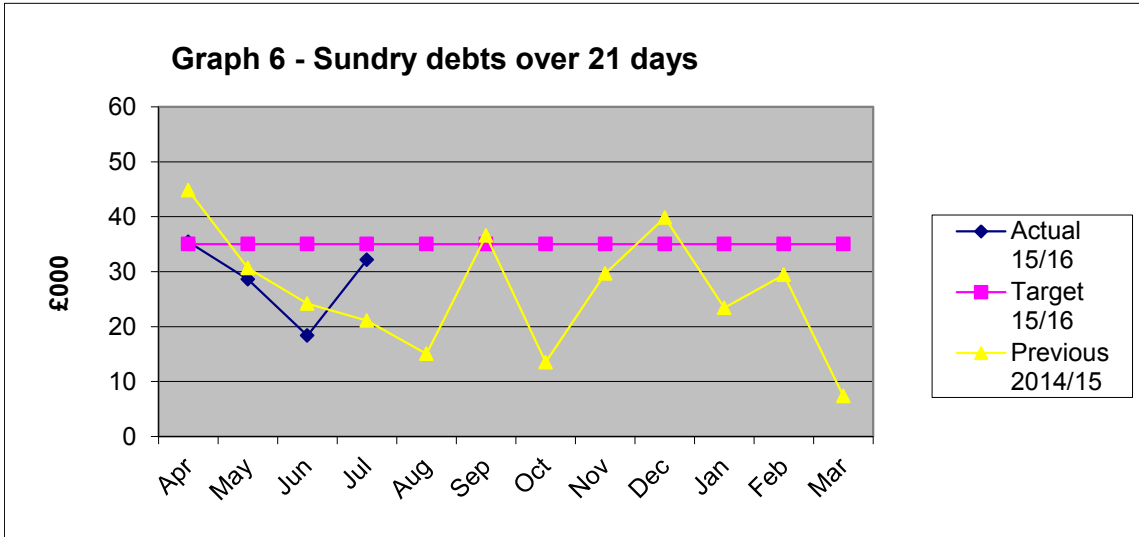


**Graph 4 - Council Tax % on direct debit**



**Graph 5 - Investment Return %**





**FINANCIAL RESULTS 2015/16 – to the end of July 2015**

**Finance Advisory Committee – 1 September 2015**

Report of Chief Finance Officer

Status: For consideration

Also considered by: Cabinet – 17 September 2015

Key Decision: No

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

**Portfolio Holder** Cllr. Searles

**Contact Officer(s)** Helen Martin Ext. 7483

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**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

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**Reason for recommendation:** sound financial governance of the Council.

---

**Overall Financial Position**

1. Four months into the year the results to date show an overall unfavourable variance of £6,000.
2. The year-end position is forecast to be £202,000 worse than budget; just under 1.4% 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 July we had received £177,000 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

## Agenda Item 9

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 are ahead of budget at the end of July. 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 £26,000 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 £15,000 behind schedule.

### **Year End Forecast**

9. The year-end position is forecast to be £202,000 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 coppicing woodland 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.
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 have 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**

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. Income from sale of recycled glass is forecast to be £15,000 below budget following adverse market fluctuations in the price of cullet.
16. Asset Maintenance work at Hever Road site is forecast to exceed budget by £23,000.

17. 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).
18. Investment income from treasury activity is a small unfavourable variance.

### **Future Issues and Risk areas**

19. 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:
  - Some posts are proving difficult to fill and there are some vacancies;
  - Asset Maintenance costs may increase, costs have already 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;
  - Funding arrangements for the Housing HERO project are being reviewed;
  - There remains the risk that planning decisions will be challenged, either at appeal or through the Courts.
20. 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.
21. 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.

### **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.

## Agenda Item 9

**Appendices**

Appendix – July Budget Monitoring

**Background Papers:**

None

**Adrian Rowbotham  
Chief Finance Officer**

# Budget Monitoring Sheets for July 2015

## Contents

- 1 Commentaries
- 2 Overall Summary
- 3 Overall Summary by Service
- 4 Cumulative Salary Monitoring
- 5 Direct Services Trading accounts
- 6 Investment Income
- 7 Staffing Statistics
- 8 Reserves
- 9 Capital
- 10 Income Graphs

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## **BUDGET MONITORING - Strategic Commentary - As at 31 July 2015**

### **Overall Financial Position**

- Four months into the year the results to date show an overall unfavourable variance of £6,000.
- The year-end position is forecast to be £202,000 worse than budget; just under 1.4% of the net budget for the year.
- Both the results to date and forecasts include any significant accruals.

### **Key Issues for the year to date**

- **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 July we had received £177,000 and this will be transferred to the Budget Stabilisation Reserve.
- **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.
- **Income** from On Street parking, Land Charges and Development Management are ahead of budget at the end of July. Other major income sources are currently below profiled budgets.
- **Pay costs** – the actual expenditure to date on salaried staff (excluding those who are externally funded) is, in total, within £26,000 of budget. There are variances in individual areas and the larger variances are explained in the Chief Officer commentaries.
- **Corporate Savings** – there is a budget of £100,000 from vacancy savings and these savings are currently £15,000 behind schedule.

### **Year End Forecast**

- The year-end position is forecast to be £202,000 worse than budget.
- 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**

- Costs have been incurred at Farningham Woods for coppicing woodland 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.
- 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.
- Tandridge District Council have 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**

- 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.
- Income from sale of recycled glass is forecast to be £15,000 below budget following adverse market fluctuations in the price of cullet.
- Asset Maintenance work at Hever Road site is forecast to exceed budget by £23,000.
- 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).
- Investment income from treasury activity is a small unfavourable variance.

**Future Issues and Risk areas**

- 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:
  - Some posts are proving difficult to fill and there are some vacancies;
  - Asset Maintenance costs may increase, costs have already 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;
  - Funding arrangements for the Housing HERO project are being reviewed;
  - There remains the risk that planning decisions will be challenged, either at appeal or through the Courts.

- 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.
- 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

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### Communities and Business – July 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	10		New Economic Development Property team is not yet fully staffed. This has been partly offset by additional costs associated with our properties, some of these cost have been addressed by a report to Cabinet 16 <sup>th</sup> July 2015.
West Kent Partnership	12		Annual contributions from partners have now been received in advance of expenditure.
West Kent Partnership Business Support	44		Annual contributions from partners have now been received in advance of expenditure.
Salaries	39		New Economic Development Property team not yet fully staffed. The new Economic Development Officer and Project/Programme Co-ordinator started on 10th August. The vacant Property Surveyor post is being reassessed against current business needs and a proposal will be presented to SMT and Cabinet briefing shortly.
Capital – Investment Properties	192		Balance of Property Investment Strategy budget associated with Acquisition of Suffolk House and Swanley Petrol Filling Station.

Future Issues/Risk Areas

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**Chief Officer Communities and Business  
August 2015**

## Corporate Support – July 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	-30	-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	65		Spend as per IT Asset Maintenance plan.
Estates Management – Buildings	-11	-10	£13k unrecoverable income forecast due to termination of Asset Maintenance agreement by Tandridge District Council.
Support – Contact Centre	19		Underspend due to currently vacant posts.
Support – General Admin	50		Current position reflects an overachievement in print income currently being monitored, plus £10k MFD invoices received late July not shown in these figures and MFD expenditure allocated to fleet replacement costs.
Salaries	45		Variance to date relates to vacancies/maternity leave which are in the process of being filled.

## Future Issues/Risk Areas

Costs for the maintenance of Hever Road in relation to allocated budget are currently under review.
---

**Chief Officer Corporate Support  
August 2015**

Service	Variance to date £'000 (Minus is bad news)	Forecast Annual Variance £000	Explanation of variance and action planned (including changes from previous month)
Building Control	-25	-36	Fee income £7,000 below budget target. Budget contains £36,000 income for previous shared management arrangement with T&MBC which will not be realised as full shared working commenced in October 2014.
Car Parks	-18		First half year's NDR bills higher than profile. First quarter rent for new area of Blighs car park paid. Overall income to budget target.
Car Parking – On-street	12		Income £46,000 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 car park in Westerham.
EH Environmental Protection	5	10	Savings on air quality monitoring costs and income received for polluting premises registration ahead of profile.
Parks – Rural	-51	-40	Unbudgeted expenditure incurred at Farningham Woods for coppicing woodland to try to contain infestation of Oriental Chestnut Gall Wasp under instruction 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.
Refuse Collection	-64	-15	Income from first quarter recycling credits profiled but not yet invoiced to KCC. Income from sale of recycled glass £15,000 lower than profile due to sharp fall in price paid for Cullet. Price subject to market fluctuations.
Salaries – Environmental Health	10		Vacancy in Environmental Protection team not filled yet. Being partly covered by work of external contractor.
Salaries – Parking Services	-16		Posts of Parking Manager and Parking Engineer now filled.
Capital – Vehicle Purchases	17		Full replacement programme will be completed within approved budget.
Direct Services – Refuse	29		Income £8,000 above profile, mainly on paid bulky items. Savings on salaries and transport costs.
Direct Services – Street Cleaning	11		Savings on salaries, supplies and services and transport costs.
Direct Services – Green Waste	-33		Income £20,000 below profile due to changes in annual renewal of permits, so all renewals do not fall in same month. Income will still be received but later in the year than profiled.

Service	Variance to date £'000 (Minus is bad news)	Forecast Annual Variance £000	Explanation of variance and action planned (including changes from previous month)
Direct Services – Trading accounts overall	9		Income £19,000 below profile (mainly green waste permits) but expenditure £28,000 below profile. Current surplus is £114,500 against a profiled surplus of £105,000.

Agenda Item 9

Future Issues/Risk Areas

Empty rectangular box for future issues/risk areas.

Chief Officer Environmental & Operational Services  
August 2015



Service	Variance to date £'000 (Minus is bad news)	Forecast Annual Variance £000	Explanation of variance and action planned (including changes from previous month)
Corporate Management	13		The variance in the Corporate Management budget relates to the Council's Audit Fees. The invoice for the first quarter will be payable in the next month which will reduce the variance.
Corporate Savings	-15		The negative variance relates to the Council's vacancy savings. The Council has a budget to achieve £100,000 from vacant posts and this is currently behind profile.
Dartford Partnership Hub (SDC Costs)	-124		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.
Equalities Legislation	18		The Council has a secondment agreement in place for the West Kent Equalities officer with Tunbridge Wells Borough Council. The invoice for the services provided was expected to be paid in June but was not received in time. The payment will be made in July, reducing the budget variance.
External Communications	10		Due to the timing of the In Shape publications for this year a variance of £7,000 for the printing of the magazine by the Council's suppliers has been received in accordance with the budget profile. The budget allocated to the production of In Shape will be spent in full this year.
Misc. Finance	-26	-9	Costs associated with development projects are included here.
Support – Finance Function	25	18	Work on non finance partnerships is currently being contained within original resources.
Salaries	-66	-274	Agency staff are being used to help address the Benefits workload and to be proactive in contacting Council Tax Support customers.

#### 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  
August 2015**

### Housing – July 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 Option – Trailblazer	-13		External funding and should not affect Council budgets.
Salaries	-12		Part time officer for West Kent leader project is being paid via Housing budgets at the moment until contract sorted with DEFRA (hopefully next month). Although we can claim salary costs retrospectively it wasn't budgeted to be paid for via Housing. We may have to employ a temp for Housing Standards for a couple of months as there are 3 large projects underway for filthy and verminous properties. Funding for this should be met from existing budgets. In addition, the DFG work is taking off and there is a vacant post in that team.
Capital - Improvement Grants	50		It is hard to predict when works will be completed but bottom line is correct.
Capital – WKHA Adaps for Disabled	71		It is hard to predict when works will be completed but bottom line is correct.
Capital - SDC / RHPCG	-19		External funding does not affect Council budgets.

#### Future Issues/Risk Areas

The highly successful HERO scheme (see Trailblazer above) has previously been funded by income and external funding. However the number of surgeries has reduced due to KCC being unable to fund the children's centres (although their Ofsted report encouraged the use of HERO as excellent practice). SDC is having ongoing discussions with KCC about the way forward and it is looking more hopeful.

There are also negotiations underway to provide two surgeries for Dartford BC, which, if successful, will generate income and a surgery for their children's centre. No confirmation yet and I will update. In addition we are now tendering for a surgery for Probation.

If any of these options do not happen we need to look at possibly a small growth item to support this scheme which is highly successful and is known by Government departments. This will be reviewed again in a couple of months and you will be updated.

**Chief Housing Officer  
August 2015**

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	-3	-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	-44		Additional resources to cover the increased workload as a result of the Individual Electoral Registration and the triple election process. We are applying for some Government funding and if we are successful this could 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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Service	Variance to date £'000 (Minus is bad news)	Forecast Annual Variance £000	Explanation of variance and action planned (including changes from previous month)
Planning – Appeals	11		The underspend is due to the fact that appeals to date this year have not required specialist input. This is likely to change in the coming months
Planning – Development Management	67		This is principally the result of a small number of high fee applications, including for the proposal at Fort Halstead.
Planning – Enforcement	13		This is a result of a vacant administrative post.
Salaries	21		The underspend is a result of maternity leave and recruitment to vacant posts.
Capital – Affordable Housing	-91		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, 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.

**Chief Planning Officer  
August 2015**

2. Overall Summary

July 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	83	29	54	65	457	394	64	14	1,054	1,054	-	839
Corporate Support	206	168	38	18	1,250	1,189	61	5	3,325	3,355	-30	3,247
Environmental and Operational Services	99	214	-115	-117	777	854	-77	-10	2,484	2,598	-114	2,536
Financial Services	348	373	-26	-7	1,288	1,423	-134	-10	5,063	5,064	-1	4,847
Housing	161	153	8	5	356	370	-14	-4	730	730	-	725
Legal and Governance	36	41	-5	-14	323	321	2	1	634	685	-52	541
Planning Services	106	105	1	1	420	327	94	22	1,279	1,279	-	1,060
<b>NET EXPENDITURE (1)</b>	<b>1,037</b>	<b>1,083</b>	<b>-46</b>	<b>-49</b>	<b>4,872</b>	<b>4,878</b>	<b>-6</b>	<b>17</b>	<b>14,569</b>	<b>14,766</b>	<b>-196</b>	<b>13,795</b>
<i>Adjustments to reconcile to amount to be met from Reserves</i>												
Direct Services Trading Accounts	-39	-11	-29	-72	-105	-115	9	9	-84	-84	-	-192
Capital charges outside General Fund	-5	-5	-0	-0	-21	-21	-0	-0	-63	-63	-	-60
Support Services outside General Fund	-14	-14	0	1	-55	-56	1	1	-168	-168	-	-168
Redundancy Costs - all	-	-	-	-	-	-	-	-	-	-	-	31
<b>NET EXPENDITURE (2)</b>	<b>979</b>	<b>1,053</b>	<b>-74</b>	<b>-8</b>	<b>4,690</b>	<b>4,686</b>	<b>4</b>	<b>0</b>	<b>14,254</b>	<b>14,451</b>	<b>-196</b>	<b>13,406</b>
Revenue Support Grant (incl. CT Support)	-126	-126	-	0	-505	-505	-	0	-1,516	-1,516	-	-2,232
Retained Business Rates	-161	-161	-	0	-645	-645	-	0	-1,934	-1,934	-	-1,898
New Homes Bonus	-152	-152	-	0	-606	-606	-	0	-1,818	-1,825	7	-1,396
Council Tax Requirement - SDC	-775	-775	-	0	-3,099	-3,099	-	0	-9,298	-9,298	-	-9,010
Property Investment Strategy Income	-	-16	16	-	-	-177	177	-	-	-383	383	-
<b>NET EXPENDITURE (3)</b>	<b>-235</b>	<b>-177</b>	<b>-58</b>	<b>25</b>	<b>-165</b>	<b>-347</b>	<b>182</b>		<b>-312</b>	<b>-505</b>	<b>194</b>	<b>-1,129</b>
<i>Summary including investment income</i>												
Net Expenditure	-235	-177	-58	25	-165	-347	182	0	-312	-505	194	-1,129
Investment Impairment	-	-	-	0	-	-	-	0	-	-	-	-
Interest and Investment Income	-28	-30	3	-9	-102	-92	-10	-10	-301	-288	-13	-227
<b>OVERALL TOTAL</b>	<b>-263</b>	<b>-207</b>	<b>-55</b>	<b>-21</b>	<b>-267</b>	<b>-439</b>	<b>171</b>		<b>-613</b>	<b>-793</b>	<b>181</b>	<b>-1,357</b>
Planned appropriation (from)/to Reserves	-	-	-	-	-	-	-	-	613	613	-	-
Appropriation to Budget Stabilisation Reserve	-	177	-177	-	-	177	-177	-	-	383	-383	-
(Surplus)/Deficit	-	-	-	-	-267	-261	-6	-	-	202	-202	-1,357

3. Net Service Expenditure for each Chief Officer - analysed by Budget area

July 2015

**Communities & Business**

**SDC Funded**

	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	Variance	Actual
	£'000	£'000	£'000	%	£'000	£'000	£'000	%	£'000	(including Accruals) £'000	£'000	£'000
Administrative Expenses - Communities & Business	1	- 3	4	329	5	3	2	45	14	14	-	-
All Weather Pitch	- 0	- 0	0	-	- 1	- 1	0	8	- 2	- 2	-	- 2
Community Development Service Provisions	- 0	-	- 0	-	- 2	- 4	3	160	- 5	- 5	-	- 5
Community Safety	14	12	3	18	57	51	7	11	173	173	-	183
Economic Development	4	15	- 11	- 260	16	22	- 6	- 34	49	49	-	76
Economic Development Property	27	32	- 5	- 19	107	97	10	9	242	242	-	-
Grants to Organisations	3	2	0	3	164	163	0	0	184	184	-	181
Health Improvements	3	3	0	7	11	11	1	5	34	34	-	45
Leisure Contract	33	31	2	6	89	82	7	8	227	227	-	207
Leisure Development	5	5	0	1	10	10	0	1	20	20	-	20
The Community Plan	4	4	- 0	- 8	16	15	1	6	49	49	-	46
Tourism	3	4	- 1	- 39	16	20	- 4	- 24	31	31	-	32
West Kent Partnership	3	- 33	36	1,357	- 22	- 33	12	55	-	-	-	-
Youth	3	2	1	39	12	13	- 1	- 6	38	38	-	47
<b>Total Communities &amp; Business (SDC Funded)</b>	<b>101</b>	<b>73</b>	<b>29</b>	<b>28</b>	<b>481</b>	<b>448</b>	<b>33</b>	<b>7</b>	<b>1,054</b>	<b>1,054</b>	<b>-</b>	<b>839</b>

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**Externally Funded**

Business Area Improvement Fund	-	-	-	-	-	1	- 1	-	-	-	-	-
Choosing Health WK PCT	- 22	- 18	- 4	- 18	- 24	- 21	- 3	- 12	-	-	-	-
Community Sports Activation Fund	1	5	- 4	- 313	5	6	- 1	- 23	-	-	-	-
Dunton Green Project	-	2	- 2	-	-	3	- 3	-	-	-	-	-
Falls Prevention	-	0	- 0	-	-	0	- 0	-	-	-	-	-
New Ash Green	-	-	-	-	-	1	- 1	-	-	-	-	-
Partnership - Home Office	3	3	- 1	- 25	- 4	2	- 6	- 143	-	-	-	-
PCT Health Checks	-	-	-	-	-	- 0	0	-	-	-	-	-
PCT Initiatives	-	- 1	1	-	-	1	- 1	-	-	-	-	-
Repair & Renew Flood Support Scheme	-	-	-	-	-	- 0	0	-	-	-	-	-
Troubled Families Project	-	-	-	-	-	- 2	2	-	-	-	-	-
West Kent Partnership Business Support	-	- 36	36	-	-	- 44	44	-	-	-	-	-
<b>Total Communities &amp; Business (Ext Funded)</b>	<b>- 18</b>	<b>- 44</b>	<b>26</b>	<b>140</b>	<b>- 23</b>	<b>- 55</b>	<b>31</b>	<b>133</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Total Communities & Business**

<b>83</b>	<b>29</b>	<b>54</b>	<b>65</b>	<b>457</b>	<b>394</b>	<b>64</b>	<b>14</b>	<b>1,054</b>	<b>1,054</b>	<b>-</b>	<b>839</b>
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Agenda Item 9

### 3. Net Service Expenditure for each Chief Officer - analysed by Budget area

July 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
<b>Corporate Support</b>												
Administrative Expenses - Corporate Support	1	1	1	48	3	7	-4	-119	27	27	-	29
Administrative Expenses - Human Resources	1	1	1	54	5	7	-3	-58	14	14	-	14
Administrative Expenses - Property	0	1	-0	-	1	1	1	55	4	4	-	2
Asset Maintenance Argyle Road	-	2	-2	-	31	34	-2	-8	69	69	-	10
Asset Maintenance Hever Road	0	9	-9	-	2	32	-30	-1,630	6	29	-23	34
Asset Maintenance IT	21	2	19	91	84	19	65	77	263	263	-	260
Asset Maintenance Leisure	15	13	2	11	29	29	0	0	167	167	-	198
Asset Maintenance Other Corporate Properties	1	-	1	100	4	6	-2	-56	30	30	-	47
Asset Maintenance Sewage Treatment Plants	1	-2	3	433	3	3	-0	-12	8	13	-5	39
Asset Maintenance Support & Salaries	6	6	0	0	29	33	-4	-13	92	92	-	88
Bus Station	-0	2	-2	-	5	7	-2	-45	15	13	2	16
Corporate Projects	-	-	-	-	-	4	-4	-	-	-	-	85
Estates Management - Buildings	-8	-4	-5	-55	8	19	-11	-144	-37	-26	-10	-74
Housing Premises	1	0	0	62	-10	-4	-6	-63	-1	-2	1	-4
Support - Central Offices	8	8	0	0	295	300	-5	-2	430	421	9	493
Support - Central Offices - Facilities	20	23	-3	-13	81	83	-2	-3	247	251	-3	246
Support - Contact Centre	37	32	5	14	147	128	19	13	441	441	-	387
Support - General Admin	28	-3	32	112	99	48	50	51	276	276	-	241
Support - Human Resources	21	29	-8	-38	85	91	-6	-8	272	272	-	271
Support - IT	50	46	4	9	322	314	8	2	906	906	-	765
Support - Local Offices	0	0	-0	-	16	14	2	14	56	56	-	61
Support - Nursery	-	0	-0	-	-	1	-1	-	-	-	-	3
Support - Property Function	3	3	0	8	13	13	0	4	39	39	-	34
<b>Total Corporate Support</b>	<b>206</b>	<b>168</b>	<b>38</b>	<b>18</b>	<b>1,250</b>	<b>1,189</b>	<b>61</b>	<b>5</b>	<b>3,325</b>	<b>3,355</b>	<b>-30</b>	<b>3,247</b>

### 3. Net Service Expenditure for each Chief Officer - analysed by Budget area

July 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
<b>Environmental and Operational Services</b>												
Administrative Expenses - Building Control	1	0	0	50	3	4	-1	-32	9	9	-	5
Administrative Expenses - Direct Services	-	0	-0	-	-	-0	0	-	-	-	-	0
Administrative Expenses - Health	2	1	1	55	9	3	6	69	26	26	-	11
Administrative Expenses - Transport	1	0	0	57	3	2	1	31	10	10	-	10
Asset Maintenance Car Parks	2	-	2	100	6	-	6	100	19	19	-	20
Asset Maintenance CCTV	1	1	-0	-5	5	1	4	74	16	16	-	15
Asset Maintenance Countryside	1	-	1	100	3	-	3	100	8	8	-	5
Asset Maintenance Direct Services	3	1	2	56	12	10	2	18	37	37	-	49
Asset Maintenance Playgrounds	1	-	1	100	5	-	5	100	14	14	-	1
Asset Maintenance Public Toilets	1	-	1	100	5	0	4	90	14	14	-	0
Building Control	-15	-13	-2	-14	-60	-35	-25	-42	-159	-123	-36	-113
Building Control Discretionary Work	-1	-	-1	-100	-3	1	-4	-120	-9	-9	-	3
Building Control Partnership Hub (SDC Costs)	-0	-	-0	-	-0	-	-0	-	-	-	-	-
Building Control Partnership Implementation & Project Costs	-	-	-	-	-	-6	6	-	-	-	-	-
Building Control Partnership Members	-	5	-5	-	-	5	-5	-	-	-	-	-
Car Parks	-168	-163	-5	-3	-548	-530	-18	-3	-1,803	-1,803	-	-1,658
Car Parking - On Street	-47	-47	0	0	-162	-173	12	7	-467	-467	-	-440
CCTV	20	19	1	3	116	119	-2	-2	238	238	-	260
Civil Protection	3	2	1	24	13	11	2	14	34	34	-	26
Dangerous Structures	1	1	0	24	3	2	1	23	10	10	-	19
Dartford Environmental Hub (SDC Costs)	-0	-	-0	-	-0	-	-0	-	-	-	-	-
EH Animal Control	1	1	0	36	5	5	1	11	1	1	-	24
EH Commercial	22	21	1	3	88	81	8	9	260	260	-	257
EH Environmental Protection	35	45	-10	-30	134	129	5	4	368	358	10	377
Emergency	5	5	0	5	21	21	1	4	64	64	-	61
Estates Management - Grounds	8	9	-1	-8	33	36	-3	-9	98	98	-	125
Kent Resource Partnership	-51	-51	-0	-1	-196	-195	-1	-1	-	-	-	-
Land Charges	-6	-12	6	113	-23	-30	7	30	-98	-98	-	-116
Licensing Partnership Hub (Trading)	0	-0	0	-	0	2	-2	-	-	-	-	-
Licensing Partnership Members	-	0	-0	-	-	1	-1	-	-	-	-	-
Licensing Regime	-3	3	-6	-185	10	14	-4	-44	-0	-0	-	10
Markets	-20	-23	3	17	-64	-69	5	8	-190	-190	-	-183
Parks and Recreation Grounds	8	8	0	6	33	29	4	12	98	98	-	118
Parks - Rural	9	66	-58	-669	34	86	-51	-149	103	143	-40	62
Public Conveniences	4	4	-0	-5	18	23	-5	-27	43	51	-8	56
Public Transport Support	0	-	0	-	0	-	0	-	0	0	-	-
Refuse Collection	171	220	-50	-29	823	886	-64	-8	2,415	2,455	-40	2,359

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Street Cleansing	107	107	- 0	- 0	423	419	4	1	1,255	1,255	-	1,235
Street Naming	1	- 0	2	127	5	- 2	7	149	15	15	-	5
Support - Direct Services	5	4	0	9	18	10	9	47	54	54	-	39
Support - Health and Safety	2	1	0	11	6	5	1	19	18	18	-	14
Taxis	- 3	- 2	- 1	- 37	- 4	- 9	5	130	- 18	- 18	-	- 26
<b>Total Environmental and Operational Services</b>	<b>99</b>	<b>214</b>	<b>- 115</b>	<b>- 117</b>	<b>777</b>	<b>854</b>	<b>- 77</b>	<b>- 10</b>	<b>2,484</b>	<b>2,598</b>	<b>- 114</b>	<b>2,536</b>

### 3. Net Service Expenditure for each Chief Officer - analysed by Budget area

July 2015

#### Financial Services

	Period				Y-T-D				Annual Budget	Annual Forecast (including Accruals)	Annual Variance	2014/15 Actual
	Period	Period	Period	Period	Y-T-D	Y-T-D	Y-T-D	Y-T-D				
	Budget	Actual	Variance	Variance	Budget	Actual	Variance	Variance				
	£'000	£'000	£'000	%	£'000	£'000	£'000	%	£'000	£'000	£'000	£'000
Action and Development	1	- 0	1	184	2	2	0	18	7	7	-	4
Administrative Expenses - Chief Executive	3	1	2	71	11	6	6	48	36	36	-	10
Administrative Expenses - Financial Services	3	1	2	78	11	18	- 6	- 57	35	41	- 5	31
Administrative Expenses - Transformation and Strategy	0	0	0	-	2	4	- 2	- 85	6	6	-	4
Benefits Admin	- 53	- 51	- 2	- 3	- 100	- 95	- 4	- 4	794	800	- 6	1,092
Benefits Grants	- 33	- 33	-	-	- 231	- 231	-	-	- 659	- 659	-	- 659
Consultation and Surveys	-	-	-	-	-	-	-	-	4	4	-	-
Corporate Management	71	88	- 17	- 25	299	306	- 7	- 2	1,092	1,092	-	863
Corporate Savings	1	-	1	100	- 15	-	- 15	- 100	- 97	- 97	-	-
Dartford Partnership Hub (SDC costs)	173	220	- 47	- 27	664	791	- 126	- 19	-	-	-	- 552
Equalities Legislation	18	-	18	100	18	-	18	100	18	18	-	14
External Communications	21	16	4	21	46	36	10	21	150	150	-	174
Housing Advances	-	-	-	-	2	1	1	58	2	1	1	1
Local Tax	- 71	- 81	11	15	- 306	- 309	4	1	90	90	-	236
Members	33	38	- 5	- 14	134	137	- 3	- 2	418	418	-	377
Misc. Finance	144	145	- 1	- 1	572	597	- 26	- 5	2,410	2,419	- 9	2,604
Performance Improvement	-	-	-	-	6	9	- 3	- 49	6	6	-	- 20
Support - Audit Function	- 12	- 9	- 3	- 24	- 24	- 18	- 6	- 24	146	146	-	187
Support - Exchequer and Procurement	11	10	0	4	42	41	2	4	135	135	-	137
Support - Finance Function	18	10	8	43	71	46	25	35	213	195	18	150
Support - General Admin	12	10	2	19	48	51	- 3	- 7	145	145	-	175
Treasury Management	8	8	- 0	- 1	34	33	2	5	112	112	-	121
<b>Total Financial Services</b>	<b>348</b>	<b>373</b>	<b>- 26</b>	<b>- 7</b>	<b>1,288</b>	<b>1,423</b>	<b>- 134</b>	<b>- 10</b>	<b>5,063</b>	<b>5,064</b>	<b>- 1</b>	<b>4,847</b>

3. Net Service Expenditure for each Chief Officer -

July 2015	analysed by Budget area				Y-T-D	Y-T-D	Y-T-D	Y-T-D	Annual	Annual	Annual	2014/15
	Period	Period	Period	Period	Budget	Actual	Variance	Variance	Budget	Forecast	Variance	Actual
	Budget	Actual	Variance	Variance	Budget	Actual	Variance	Variance	Budget	(including Accruals)	Variance	Actual
<u>Housing</u>	£'000	£'000	£'000	%	£'000	£'000	£'000	%	£'000	£'000	£'000	£'000
Administrative Expenses - Housing	1	1	0	10	6	6	- 0	- 3	18	18	-	12
Energy Efficiency	3	2	1	43	11	5	6	55	25	25	-	26
Gypsy Sites	- 3	- 1	- 1	- 44	- 10	- 2	- 9	- 84	- 30	- 30	-	- 19
Homeless	7	4	2	35	26	26	- 0	- 1	79	79	-	94
Homelessness Funding	3	1	1	42	10	6	4	42	-	-	-	0
Homelessness Prevention	-	3	- 3	-	-	5	- 5	-	-	-	-	4
Housing	127	120	7	6	223	232	- 8	- 4	438	438	-	437
Housing Initiatives	1	0	1	85	4	4	1	22	13	13	-	6
Housing Option - Trailblazer	2	6	- 3	- 154	9	22	- 13	- 150	-	-	-	-
Leader Programme	1	1	0	0	3	3	0	1	10	10	-	10
Private Sector Housing	18	16	3	15	73	64	9	13	178	178	-	153
<b>Total Housing</b>	<b>161</b>	<b>153</b>	<b>8</b>	<b>5</b>	<b>356</b>	<b>370</b>	<b>- 14</b>	<b>- 4</b>	<b>730</b>	<b>730</b>	<b>-</b>	<b>725</b>

3. Net Service Expenditure for each Chief Officer -

	analysed by Budget area				Y-T-D				Annual	Annual	Annual	2014/15
	Period	Period	Period	Period	Y-T-D	Y-T-D	Y-T-D	Y-T-D	Budget	Forecast	Variance	Actual
	Budget	Actual	Variance	Variance	Budget	Actual	Variance	Variance	Budget	(including Accruals)	Variance	Actual
	£'000	£'000	£'000	%	£'000	£'000	£'000	%	£'000	£'000	£'000	£'000
<b>Legal and Governance</b>												
Administrative Expenses - Legal and Governance	4	3	1	29	36	32	4	10	65	61	4	63
Civic Expenses	0	0	0	-	14	15	-1	-7	15	15	-	15
Democratic Services	11	11	0	3	49	46	2	4	139	139	-	112
Elections	-1	-1	0	2	133	133	0	0	73	73	-	57
Register of Electors	5	10	-5	-99	25	28	-3	-13	139	195	-56	131
Support - Legal Function	17	18	-1	-8	67	67	1	1	202	202	-	162
<b>Total Legal and Governance</b>	<b>36</b>	<b>41</b>	<b>-5</b>	<b>-14</b>	<b>323</b>	<b>321</b>	<b>2</b>	<b>1</b>	<b>634</b>	<b>685</b>	<b>-52</b>	<b>541</b>

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3. Net Service Expenditure for each Chief Officer -

	analysed by Budget area				Y-T-D				Annual	Annual	Annual	2014/15
	Period	Period	Period	Period	Y-T-D	Y-T-D	Y-T-D	Y-T-D	Budget	Forecast	Variance	Actual
	Budget	Actual	Variance	Variance	Budget	Actual	Variance	Variance	Budget	(including Accruals)	Variance	Actual
	£'000	£'000	£'000	%	£'000	£'000	£'000	%	£'000	£'000	£'000	£'000
<b>July 2015</b>												
<b>Planning Services</b>												
Administrative Expenses - Planning Services	3	5	-2	-66	11	19	-8	-71	34	34	-	28
Conservation	4	4	0	5	14	14	-1	-6	44	44	-	40
Fort Halstead	-	-	-	-	-	-4	4	-	-	-	-	-22
LDF Expenditure	-	-0	0	-	-	1	-1	-	-	-	-	53
Planning - Appeals	16	13	4	22	65	54	11	17	195	195	-	180
Planning - CIL Administration	-	-	-	-	-	2	-2	-	-	-	-	3
Planning - Counter	-0	-0	0	-	-0	-0	0	-	-0	-0	-	-0
Planning - Development Management	33	39	-6	-20	134	66	67	50	343	343	-	71
Planning - Enforcement	23	20	3	15	92	80	13	14	278	278	-	249
Planning Policy	27	25	2	6	105	96	9	9	385	385	-	459
<b>Total Planning Services</b>	<b>106</b>	<b>105</b>	<b>1</b>	<b>1</b>	<b>420</b>	<b>327</b>	<b>94</b>	<b>22</b>	<b>1,279</b>	<b>1,279</b>	<b>-</b>	<b>1,060</b>

#### 4. Cumulative Salary Monitoring

July 2015

	Period	Period	Period	Period	Y-T-D	Y-T-D	Y-T-D	Y-T-D	Annual	Annual	Annual
	Budget	Actual	Variance	Variance	Budget	Actual	Variance	Variance	Budget	Forecast	Variance
	£'000	£'000	£'000	%	£'000	£'000	£'000	%	£'000	(including Accruals) £'000	£'000
Communities and Business	52	41	10	20	206	167	39	19	618	618	-
Corporate Support	162	152	10	6	649	604	45	7	1,948	1,948	-
Environmental & Operational Services:	419	427	-8	-2	1,699	1,708	-9	-1	5,120	5,120	-
- Building Control	36	36	0	0	145	146	-1	-1	434	434	-
- Environmental Health	51	52	-1	-2	205	194	10	5	614	614	-
- Licensing	24	24	0	0	96	97	-1	-1	289	289	-
- Operational Services	282	281	0	0	1,131	1,133	-2	-0	3,385	3,385	-
- Parking & Amenity Services	26	33	-8	-29	123	139	-16	-13	399	399	-
Financial Services	223	262	-39	-17	891	957	-66	-7	2,678	2,952	-274
Housing	50	50	0	1	201	213	-12	-6	603	603	-
Legal & Governance	48	55	-7	-15	192	236	-44	-23	577	577	-
Planning Services	151	143	8	6	599	579	21	3	1,824	1,824	-
<b>Sub Total</b>	<b>1,105</b>	<b>1,129</b>	<b>-24</b>	<b>-2</b>	<b>4,439</b>	<b>4,464</b>	<b>-26</b>	<b>-1</b>	<b>13,367</b>	<b>13,641</b>	<b>-274</b>
Council Wide - Vacant Posts	4	-	4	100	-0	-	-0	-100	-55	-55	-
Staff Recruitment and Retention	-	-	-	-	-	-	-	-	155	155	-
<b>TOTAL SDC Funded Salary Costs</b>	<b>1,109</b>	<b>1,129</b>	<b>-21</b>	<b>-2</b>	<b>4,439</b>	<b>4,464</b>	<b>-26</b>	<b>-1</b>	<b>13,467</b>	<b>13,741</b>	<b>-274</b>
<u>Externally Funded &amp; Funded from other sources (gross figures). Overspendings here are matched by external funding and represent additional resources secured for the Council since the budget was set.</u>											
Communities and Business Ext. Funded	14	15	-2	-11	55	56	-1	-1	165	165	-
Housing Ext. Funded	18	19	-1	-5	74	75	-1	-1	222	222	-
	32	35	-2	-7	129	131	-2	-1	387	387	-
<b>TOTAL All Salary Costs</b>	<b>1,141</b>	<b>1,164</b>	<b>-23</b>	<b>-2</b>	<b>4,568</b>	<b>4,595</b>	<b>-27</b>	<b>-1</b>	<b>13,854</b>	<b>14,128</b>	<b>-274</b>
<i>Less Allocs to Trading a/cs inc Ext Funded TASK</i>	<i>-233</i>	<i>-225</i>	<i>-8</i>	<i>-3</i>	<i>-936</i>	<i>-913</i>	<i>-23</i>	<i>-3</i>	<i>-2,801</i>	<i>-2,801</i>	<i>-</i>
<i>Less Allocations to Capital and Asset maint. etc</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
<b>Check total to Pay Costs</b>	<b>908</b>	<b>939</b>	<b>-31</b>	<b>-3</b>	<b>3,631</b>	<b>3,682</b>	<b>-51</b>	<b>-1</b>	<b>11,053</b>	<b>11,327</b>	<b>-274</b>

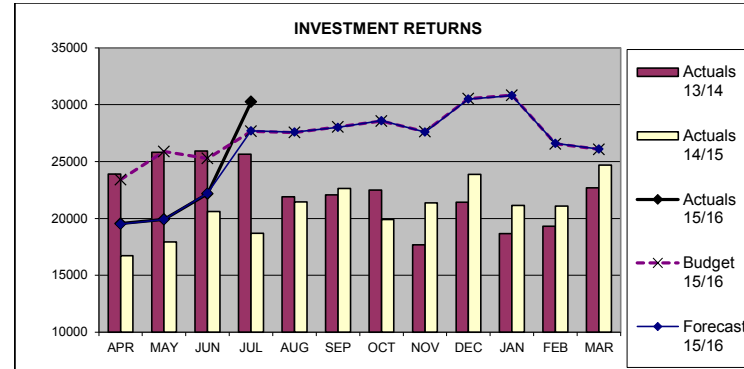
**DIRECT SERVICES SUMMARY**

July 2015	PERIOD				Y-T-D				ANNUAL			Y-T-D NET VARIANCE			ANNUAL NET VARIANCE		
	Budget	Actual	Actual / Budget	Variance	Budget	Actual	Actual / Budget	Variance	Budget	Forecast	Variance	Net Budget by Service	Net Actual by Service	Variance by Service	Net Budget by Service	Net Actual by Service	Variance by Service
	£'000	£'000	%	£'000	£'000	£'000	%	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Income</b>																	
Refuse	-192	-192	0%	1	-770	-778	1%	8	-2,313	-2,313		-16	-45	29	-57	-57	
CDSU	-5	-5	0%		-18	-18	0%		-54	-54		6	7	-1	17	17	
Street Cleaning	-101	-101	0%		-403	-403	0%		-1,210	-1,210		19	9	11	57	57	
Trade	-33	-44	33%	11	-152	-165	9%	13	-375	-375		-33	-32	-1	-17	-17	
Workshop	-52	-43	-17%	-9	-208	-193	-7%	-15	-624	-624		-2	4	-6	-6	-6	
Green Waste	-54	-35	-35%	-19	-194	-174	-10%	-20	-414	-414		-59	-25	-33	-23	-23	
Premises Cleaning	-8	-8	0%		-30	-30	0%		-90	-90		-9	-11	2	-28	-28	
Cesspools	-21	-22	7%	2	-83	-84	1%	1	-250	-250		-5	-6	1	-16	-16	
Pest Control	-14	-22	56%	8	-28	-34	23%	6	-82	-82		-1	-7	6			
Grounds	-11	-11	0%		-43	-43	0%		-132	-132		6	6		-8	-8	
Fleet	-73	-74	2%	1	-292	-294	1%	2	-877	-877		-5	-6	1			
Depot	-23	-18	-22%	-5	-101	-87	-14%	-14	-298	-298		-5	-5				
Emergency	-4	-4	0%		-17	-17	0%		-50	-50		-1	-2		-3	-3	
<b>Total Income</b>	<b>-589</b>	<b>-578</b>	<b>-2%</b>	<b>-11</b>	<b>-2,340</b>	<b>-2,322</b>	<b>-1%</b>	<b>-19</b>	<b>-6,767</b>	<b>-6,767</b>		<b>-105</b>	<b>-115</b>	<b>9</b>	<b>-84</b>	<b>-84</b>	
<b>Expenditure</b>																	
Refuse	188	190	-1%	-2	754	733	3%	21	2,256	2,256							
CDSU	6	5	24%	1	24	25	-3%	-1	72	72							
Street Cleaning	106	100	5%	5	422	412	2%	10	1,267	1,267							
Trade	30	31	-2%	-1	119	133	-12%	-14	358	358							
Workshop	51	54	-6%	-3	206	197	5%	9	618	618							
Green Waste	31	45	-47%	-14	136	149	-10%	-13	391	391							
Premises Cleaning	5	6	-8%		21	19	9%	2	62	62							
Cesspools	20	19	4%	1	78	78	0%		234	234							
Pest Control	7	7	-6%		27	27	-3%	-1	82	82							
Grounds	12	16	-35%	-4	49	49	1%		123	123							
Fleet	72	73	-1%	-1	287	289	0%	-1	877	877							
Depot	20	18	7%	1	96	82	14%	14	298	298							
Emergency	4	4	6%		16	15	3%		47	47							
<b>Total Expenditure</b>	<b>550</b>	<b>567</b>	<b>-3%</b>	<b>-17</b>	<b>2,235</b>	<b>2,207</b>	<b>1%</b>	<b>28</b>	<b>6,683</b>	<b>6,683</b>							
<b>Net</b>	<b>-39</b>	<b>-11</b>	<b>-72%</b>	<b>-29</b>	<b>-105</b>	<b>-115</b>	<b>9%</b>	<b>9</b>	<b>-84</b>	<b>-84</b>							

## INVESTMENT RETURNS

### INVESTMENT RETURNS

	Actuals 13/14	Actuals 14/15	Actuals 15/16	Budget 15/16	Variance	Forecast 15/16
APR	23,889	16,720	19,545	23,406	-3,861	19,500
MAY	25,821	17,917	19,918	25,875	-5,957	19,900
JUN	25,924	20,598	22,172	25,272	-3,100	22,200
JUL	25,660	18,694	30,253	27,663	2,590	27,700
AUG	21,900	21,459		27,560		27,600
SEP	22,069	22,633		28,045		28,000
OCT	22,500	19,904		28,556		28,600
NOV	17,673	21,359		27,635		27,600
DEC	21,411	23,875		30,531		30,500
JAN	18,662	21,136		30,831		30,800
FEB	19,308	21,081		26,556		26,600
MAR	22,693	24,697		26,070		26,100
	267,510	250,073	91,888	328,000	-10,328	315,100



### INVESTMENT RETURNS (CUMULATIVE)

	Actuals 13/14	Actuals 14/15	Actuals 15/16	Budget 15/16	Variance	Forecast 15/16
APR	23,889	16,720	19,545	23,406	-3,861	19,500
MAY	49,710	34,637	39,463	49,281	-9,818	39,400
JUN	75,634	55,235	61,635	74,553	-12,918	61,600
JUL	101,294	73,929	91,888	102,216	-10,328	91,900
AUG	123,194	95,388		129,776		119,500
SEP	145,263	118,021		157,821		147,500
OCT	167,763	137,925		186,377		176,100
NOV	185,436	159,284		214,012		203,700
DEC	206,847	183,159		244,543		234,200
JAN	225,509	204,295		275,374		265,000
FEB	244,817	225,376		301,930		291,600
MAR	267,510	250,073		328,000		317,700

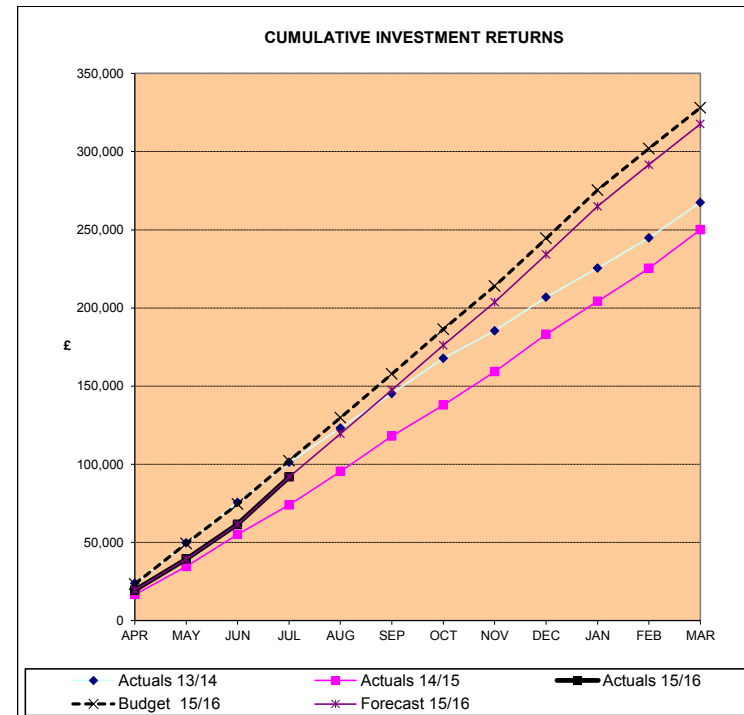
BUDGET FOR 2015/16                    328,000  
 FORECAST OUTTURN                    317,700

CODE:-                    YHAA                    96900

**N.B.**

These are the gross interest receipts rather than the interest remaining in the General Fund

Fund Average                    0.6583%  
 7 Day LIBID                    0.3500%  
 3 Month LIBID                    0.4300%





**STAFFING STATISTICS JULY 2015**

	BUDGET FTE	STAFF FTE	AGENCY STAFF	CASUAL FTE	TOTAL	COMMENTS	JUNE TOTALS
<b>1. Communities and Business</b>	13.73	10.73	0.00	0.00	10.73	Posts identified in the future but not recruited to	<b>11.75</b>
<b>2. Corporate Support</b>							
<i>Contact Centre, HR, Secretariat &amp; Property</i>	60.23	55.84	1.75	0.00	57.59		<b>56.84</b>
<b>3. Environmental &amp; Operational Services</b>	148.81	146.06	23.40	1.05	170.51		<b>164.05</b>
<i>3a. Building Control</i>	10.61	10.61	0.00	0.00	10.61		<b>10.61</b>
<i>3b. Environmental Health</i>	12.57	11.18	2.00	0.00	13.18		<b>12.68</b>
<i>3c. Licensing</i>	8.62	8.42	0.00	0.00	8.42		<b>8.42</b>
<i>3d&amp;e. Operational Services</i>	105.01	101.85	21.40	1.05	124.30		<b>119.16</b>
<i>3f. Parking &amp; Amenity Services</i>	12.00	12.00	0.00	0.00	12.00		<b>12.00</b>
<i>3g. Kent Resource Partnership</i>	0.00	2.00	0.00	0.00	2.00	Funding comes from a number of authorities not just SDC	<b>2.00</b>
<b>4. Finance</b>							
<i>Finance, Revenues &amp; Benefits, Transformation &amp; Strategy, &amp; Chief Executive</i>	64.72	56.54	8.75	0.25	65.54	High number of agency due to universal credit	<b>65.29</b>
<b>5. Housing</b>	12.35	13.03	0.25	0.00	13.28		<b>13.95</b>
<b>6. Legal &amp; Governance</b>	12.31	11.12	1.75	0.50	13.37		<b>13.23</b>
<b>7. Planning Services</b>	45.80	42.17	0.00	0.00	42.17		<b>43.37</b>
<b>SUB TOTAL</b>	<b>357.95</b>	<b>335.49</b>	<b>35.90</b>	<b>1.80</b>	<b>373.19</b>		<b>368.48</b>
<b>EXTERNALLY FUNDED POSTS</b>							
<b>8. Communities and Business</b>	5.23	5.23	0.00	0.00	5.23		<b>5.23</b>
<b>9. Housing</b>	6.09	5.31	0.00	0.00	5.31		<b>5.31</b>
<b>SUB TOTAL</b>	<b>11.32</b>	<b>10.54</b>	<b>0.00</b>	<b>0.00</b>	<b>10.54</b>		<b>10.54</b>
<b>TOTAL</b>	<b>369.27</b>	<b>346.03</b>	<b>35.90</b>	<b>1.80</b>	<b>383.73</b>		<b>379.02</b>
<b>Number of staff paid in July 2015:</b> 382 permanent, 6 casuals							

**Reserves**

	01/04/15	Movement in month	Cumulative to date	Balance as at end July 15	31/3/16 budget	31/3/16 forecast
	£000	£000	£000	£000	£000	£000
<b>Provisions</b>						
Accumulated Absences	152			152	152	152
Municipal Mutual Insurance (MMI)	257			257	257	257
NNDR Appeals	1,804			1,804	1,804	1,804
Others	94			94	94	94
	<b>2,307</b>	<b>0</b>	<b>0</b>	<b>2,307</b>	<b>2,307</b>	<b>2,307</b>
<b>Capital Receipts(Gross)</b>						
	<b>3,460</b>	<b>0</b>	<b>-23</b>	<b>3,437</b>	<b>0</b>	<b>0</b>
Note: this balance will reduce at year end as the receipts are used to finance capital expenditure						
<b>Earmarked Reserves</b>						
Budget Stabilisation	6,704			6,704	7,551	7,934
Financial Plan	4,160			4,160	3,659	3,659
Property Investment	3,731			3,731	3,731	3,731
Asset Maintenance	1,000			1,000	1,000	1,000
Housing Benefit subsidy	664			664	664	664
Pension Fund	640			640	640	640
Local Plan/LDF	634			634	571	571
Reorganisation	465			465	465	465
Vehicle Renewal	419			419	419	419
Action and Development	395			395	395	395
Communities and Business	383			383	383	383
New Homes Bonus	379			379	469	469
First Time Sewerage	366			366	366	366
Carry Forward Items	336			336	336	336
Vehicle Insurance	293			293	293	293
IT Asset Maintenance	244			244	244	244
Corporate Project Support	200			200	200	200
Capital Financing	184			184	275	275
Flood Support	144			144	144	144
Repayable Housing Grant Assistance	117			117	117	117
District Elections	106	-5	-20	86	124	124
Housing Surveys	105			105	105	105
Homelessness Prevention	103	32	17	120	103	103
Health & Safety	100			100	100	100
Others (Under £100k)	445			445	445	445
	<b>22,317</b>	<b>27</b>	<b>-3</b>	<b>22,314</b>	<b>22,799</b>	<b>23,182</b>
<b>General Fund</b>						
Required Minimum	1,500				1,500	1,500
Available Balance	0				0	0
	<b>1,500</b>				<b>1,500</b>	<b>1,500</b>
<b>TOTAL</b>	<b>29,584</b>				<b>26,606</b>	<b>26,989</b>

## 9. Capital

July 2015

	Period	Period	Period	Period	Y-T-D	Y-T-D	Y-T-D	Y-T-D	Annual	Annual	Annual	
	Budget	Actual	Variance	Variance	Budget	Actual	Variance	Variance	Budget	Forecast	Variance	
	£'000	£'000	£'000	%	£'000	£'000	£'000	%	£'000	(including Accruals) £'000	£'000	
COMMDEV	Big Community Fund - Capital	-	1	-1	-	-	7	-7	-	-	-	-
COMMDEV	Capital Investment Properties	-	-	-	-	6,500	6,308	192	3	8,000	8,000	-
ENVOPS	Car Park	-	-	-	-	-	-	-	-	4,000	4,000	-
ENVOPS	Vehicle Purchases	42	25	16	39	166	149	17	10	498	498	-
ENVOPS	Dunbrik Vehicle Workshop	-	0	-0	-	-	0	-0	-	234	234	-
HOUSING	Improvement Grants	24	6	18	76	95	44	50	53	284	284	-
HOUSING	WKHA Adaps for Disab Financing Costs Advances	21	2	19	90	83	12	71	85	250	250	-
HOUSING	SDC - HMO Grants	-	2	-2	-	-	10	-10	-	-	-	-
HOUSING	RHPCG 10-11 SDC	-	3	-3	-	-	3	-3	-	-	-	-
HOUSING	RHPCG - Energy Conservation	-	-	-	-	-	6	-6	-	-	-	-
ICT	Back-up Generator	-	-	-	-	-	-	-	-	140	140	-
DEVCONT	Affordable Housing	-	-	-	-	-	91	-91	-	-	-	-
DEVCONT	S106 Capital	-	59	-59	-	-	59	-59	-	-	-	-
		<b>86</b>	<b>98</b>	<b>-12</b>	<b>-14</b>	<b>6,844</b>	<b>6,690</b>	<b>154</b>	<b>2</b>	<b>13,406</b>	<b>13,406</b>	<b>-</b>

\*Improvement Grants budget shown net of Government grant.

# CUMULATIVE INCOME FIGURES

July 2015

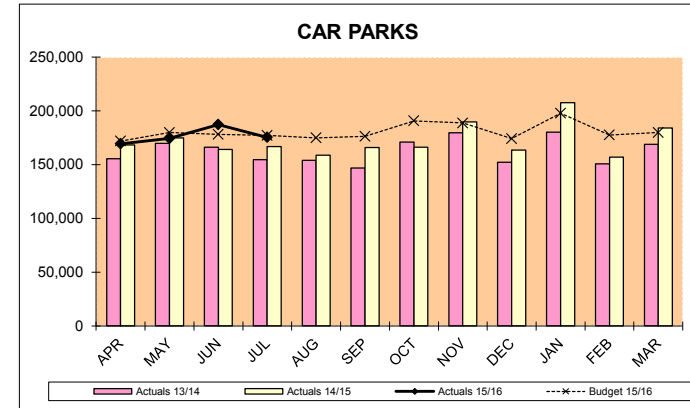
Agenda Item 9

	ACTUAL	Comparison of 14/15 and 15/16, where a minus is 'bad news'	MANAGER'S PROFILED BUDGET	Variance, where a minus is 'bad news'	ANNUAL BUDGET	Annual Forecast
CAR PARKS	706,861	32,306	707,327	-466	2,168,046	2,168,046
ON-STREET PARKING	348,509	14,530	302,582	45,927	917,973	917,973
LAND CHARGES	61,905	-20,962	53,900	8,005	190,903	190,903
BUILDING CONTROL	145,436	-23,132	152,432	-6,996	457,314	457,314
DEVELOPMENT MANAGEMENT	283,030	-30,606	222,708	60,322	715,547	715,547
	<b>1,545,741</b>	<b>-27,864</b>	<b>1,438,949</b>	<b>106,792</b>	<b>4,449,783</b>	<b>4,449,783</b>

## 10 Car Parks Graphs

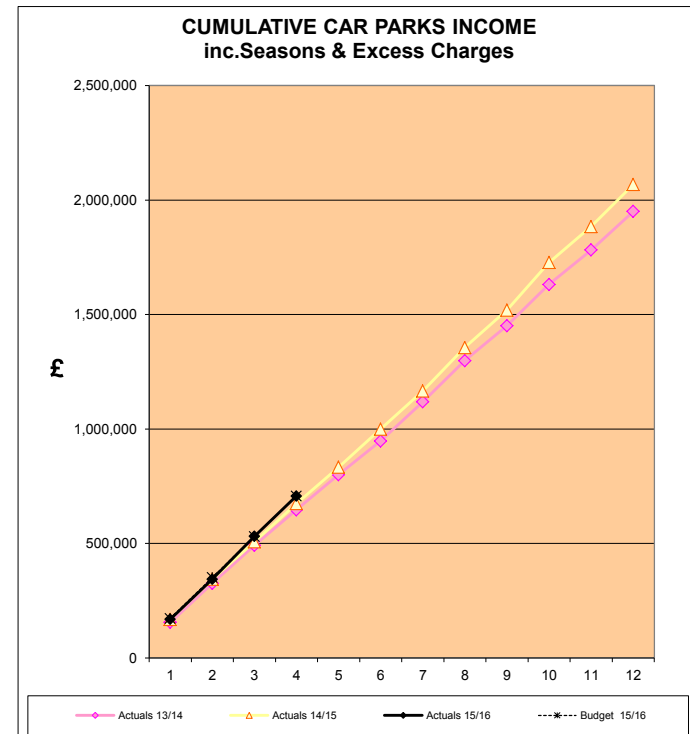
### CAR PARKS (HWCARPK)

	Actuals 13/14	Actuals 14/15	Actuals 15/16	Increase / decrease from 14/15 to 15/16	Budget 15/16	Variance (Actuals-Budget)	Manager's Forecast
1 APR	155,699	168,511	<b>169,550</b>	1,038	<b>172,079</b>	-2,529	
2 MAY	169,965	175,067	<b>174,417</b>	-649	<b>179,850</b>	-5,433	
3 JUN	166,396	164,077	<b>187,391</b>	23,314	<b>178,233</b>	9,158	
4 JUL	154,581	166,900	<b>175,503</b>	8,603	<b>177,165</b>	-1,662	
5 AUG	154,033	158,792		-158,792	<b>175,054</b>	-175,054	
6 SEP	146,979	165,949		-165,949	<b>176,365</b>	-176,365	
7 OCT	170,958	166,318		-166,318	<b>190,817</b>	-190,817	
8 NOV	179,815	189,931		-189,931	<b>188,798</b>	-188,798	
9 DEC	152,215	163,685		-163,685	<b>174,210</b>	-174,210	
10 JAN	180,306	207,783		-207,783	<b>197,832</b>	-197,832	
11 FEB	150,861	157,031		-157,031	<b>177,692</b>	-177,692	
12 MAR	168,940	184,154		-184,154	<b>179,951</b>	-179,951	
<b>TOTAL</b>	<b>1,950,748</b>	<b>2,068,198</b>	<b>706,861</b>	<b>-1,361,337</b>	<b>2,168,046</b>	<b>-1,461,185</b>	<b>2,168,046</b>



### CAR PARKS (CUMULATIVE)

	Actuals 13/14	Actuals 14/15	Actuals 15/16	Cumulative increase / decrease from 14/15 to 15/16	Budget 15/16	Variance (Column E-G)	Manager's Forecast
APR	155,699	168,511	<b>169,550</b>	1,038	<b>172,079</b>	-2,529	
MAY	325,664	343,578	<b>343,967</b>	389	<b>351,929</b>	-7,962	
JUNE	492,060	507,655	<b>531,358</b>	23,703	<b>530,162</b>	1,196	
JUL	646,641	674,555	<b>706,861</b>	32,306	<b>707,327</b>	-466	
AUG	800,674	833,347		-833,347		0	
SEP	947,653	999,296		-999,296		0	
OCT	1,118,610	1,165,614		-1,165,614		0	
NOV	1,298,425	1,355,545		-1,355,545		0	
DEC	1,450,641	1,519,229		-1,519,229		0	
JAN	1,630,947	1,727,012		-1,727,012		0	
FEB	1,781,808	1,884,044		-1,884,044		0	
MAR	1,950,748	2,068,198		-2,068,198		0	2,168,046



### JULY 2015

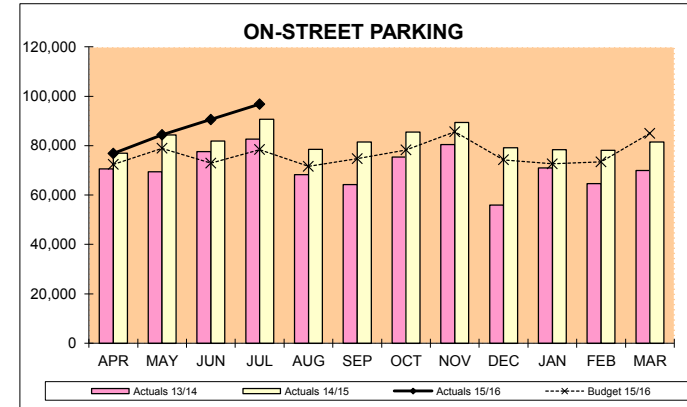
#### HWCARPK

	Actual (Cumulative)	Budget	(Monthly)	
DAY TICKETS	3300	<b>593,554</b>	<b>598,967</b>	155,895
EXCESS / PENALTY CHARGES	****1/****3	(397)	-	(372)
SEASON TICKETS	***2	<b>110,431</b>	<b>102,360</b>	18,051
OTHER (inc.Res.Pkg)	***9	<b>1,635</b>	<b>2,000</b>	423
WAIVERS	3404	<b>140</b>	-	30
RENT	94500	<b>1,499</b>	<b>4,000</b>	1,477
<b>TOTAL</b>		<b>706,861</b>	<b>707,327</b>	<b>175,503</b>

## 9 On-Street / Enforcement Graphs

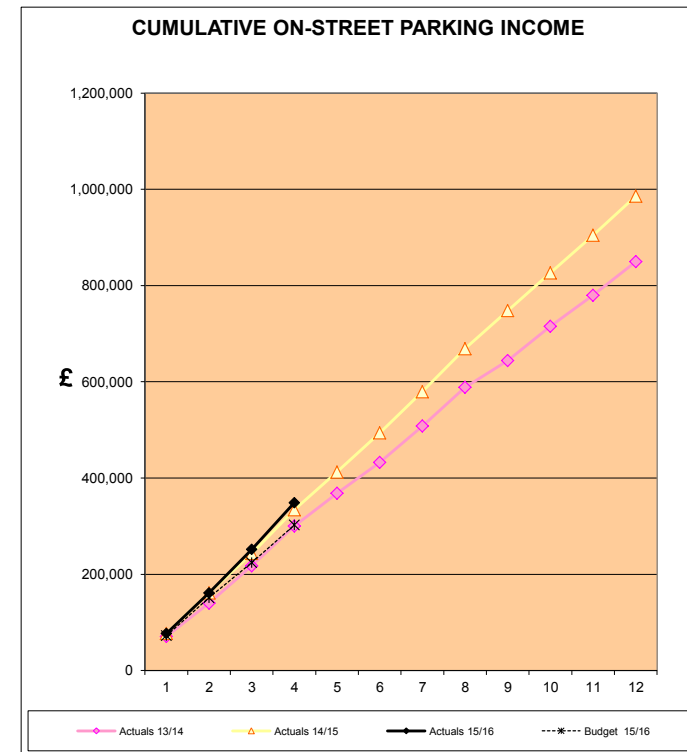
### ON-STREET PARKING (HWDCRIM / HWENFORC)

	Actuals 13/14	Actuals 14/15	Actuals 15/16	Increase / decrease from 14/15 to 15/16	Budget 15/16	Variance (Actuals-Budget)	Manager's Forecast
1 APR	70,633	76,959	<b>76,819</b>	-139	<b>72,400</b>	4,419	
2 MAY	69,381	84,385	<b>84,358</b>	-27	<b>78,899</b>	5,459	
3 JUN	77,535	81,925	<b>90,549</b>	8,624	<b>72,906</b>	17,643	
4 JUL	82,605	90,710	<b>96,782</b>	6,072	<b>78,377</b>	18,405	
5 AUG	68,200	78,464		-78,464	<b>71,559</b>	-71,559	
6 SEP	64,195	81,440		-81,440	<b>74,705</b>	-74,705	
7 OCT	75,420	85,478		-85,478	<b>78,258</b>	-78,258	
8 NOV	80,422	89,411		-89,411	<b>85,619</b>	-85,619	
9 DEC	55,880	79,197		-79,197	<b>74,251</b>	-74,251	
10 JAN	70,937	78,399		-78,399	<b>72,606</b>	-72,606	
11 FEB	64,562	78,050		-78,050	<b>73,433</b>	-73,433	
12 MAR	69,925	81,534		-81,534	<b>84,960</b>	-84,960	
	<b>849,694</b>	<b>985,953</b>	<b>348,509</b>	<b>-637,444</b>	<b>917,973</b>	<b>-569,464</b>	<b>917,973</b>



### ON-STREET PARKING (CUMULATIVE)

	Actuals 13/14	Actuals 14/15	Actuals 15/16	Cumulative increase / decrease from 14/15 to 15/16	Budget 15/16	Variance (Column E-G)	Manager's Forecast
APR	70,633	76,959	<b>76,819</b>	-139	<b>72,400</b>	4,419	
MAY	140,014	161,344	<b>161,178</b>	-166	<b>151,299</b>	9,879	
JUNE	217,548	243,269	<b>251,727</b>	8,458	<b>224,205</b>	27,522	
JUL	300,153	333,979	<b>348,509</b>	14,530	<b>302,582</b>	45,927	
AUG	368,353	412,444		-412,444		0	
SEP	432,548	493,883		-493,883		0	
OCT	507,968	579,361		-579,361		0	
NOV	588,390	668,772		-668,772		0	
DEC	644,270	747,969		-747,969		0	
JAN	715,207	826,369		-826,369		0	
FEB	779,769	904,419		-904,419		0	
MAR	849,694	985,953		-985,953		0	917,973



### JULY 2015

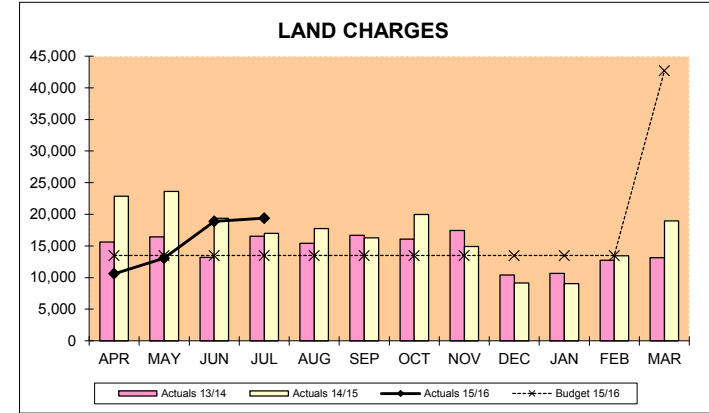
#### HWDCRIM / HWENFORC

	Actual (Cumulative)	Budget	(Monthly)	
PENALTY NOTICES	3403	<b>64,690</b>	46,080	19,722
WAIVERS	3404	<b>1,720</b>	3,332	622
RESIDENTS PERMITS	3406	<b>22,653</b>	16,000	5,313
ON STREET PARKING	3300	<b>178,662</b>	160,050	47,135
BUSINESS PERMITS	3408	<b>29,987</b>	27,664	8,954
OTHER	9999	-	-	-
EXCESS CHARGE	****1	<b>50,797</b>	49,456	15,037
		<b>348,509</b>	<b>302,582</b>	<b>96,782</b>

## 10 Land Charges Graphs

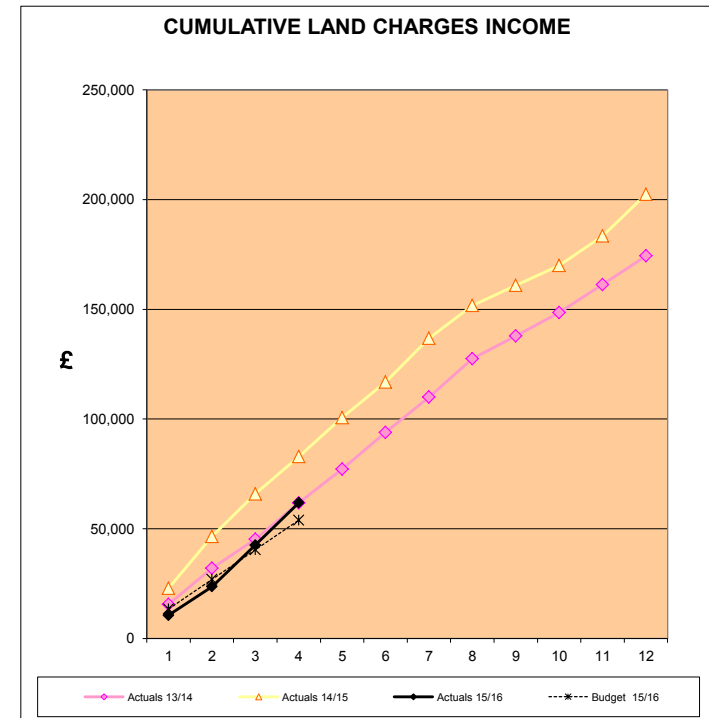
### LAND CHARGES (LPLNDCH)

	Actuals 13/14	Actuals 14/15	Actuals 15/16	Increase / decrease from 14/15 to 15/16	Budget 15/16	Variance (Actuals-Budget)	Manager's Forecast
1 APR	15,600	22,879	<b>10,600</b>	-12,280	<b>13,475</b>	-2,875	
2 MAY	16,455	23,640	<b>13,067</b>	-10,572	<b>13,475</b>	-408	
3 JUN	13,180	19,373	<b>18,870</b>	-503	<b>13,475</b>	5,395	
4 JUL	16,544	16,975	<b>19,368</b>	2,393	<b>13,475</b>	5,893	
5 AUG	15,419	17,740		-17,740	<b>13,475</b>	-13,475	
6 SEP	16,709	16,259		-16,259	<b>13,475</b>	-13,475	
7 OCT	16,083	19,959		-19,959	<b>13,475</b>	-13,475	
8 NOV	17,455	14,915		-14,915	<b>13,475</b>	-13,475	
9 DEC	10,427	9,149		-9,149	<b>13,475</b>	-13,475	
10 JAN	10,652	9,067		-9,067	<b>13,475</b>	-13,475	
11 FEB	12,722	13,439		-13,439	<b>13,475</b>	-13,475	
12 MAR	13,127	18,985		-18,985	<b>42,678</b>	-42,678	
<b>TOTAL</b>	<b>174,373</b>	<b>202,382</b>	<b>61,905</b>	<b>-140,477</b>	<b>190,903</b>	<b>-128,998</b>	<b>190,903</b>



### LAND CHARGES (CUMULATIVE)

	Actuals 13/14	Actuals 14/15	Actuals 15/16	Cumulative increase / decrease from 14/15 to 15/16	Budget 15/16	Variance (Column E-G)	Manager's Forecast
APR	15,600	22,879	<b>10,600</b>	-12,280	<b>13,475</b>	-2,875	
MAY	32,055	46,519	<b>23,667</b>	-22,852	<b>26,950</b>	-3,283	
JUNE	45,235	65,892	<b>42,537</b>	-23,355	<b>40,425</b>	2,112	
JUL	61,779	82,867	<b>61,905</b>	-20,962	<b>53,900</b>	8,005	
AUG	77,198	100,607		-100,607		0	
SEP	93,907	116,867		-116,867		0	
OCT	109,990	136,826		-136,826		0	
NOV	127,445	151,741		-151,741		0	
DEC	137,872	160,890		-160,890		0	
JAN	148,524	169,957		-169,957		0	
FEB	161,246	183,397		-183,397		0	
MAR	174,373	202,382		-202,382		0	190,903



### JULY 2015

#### LPLNDCH

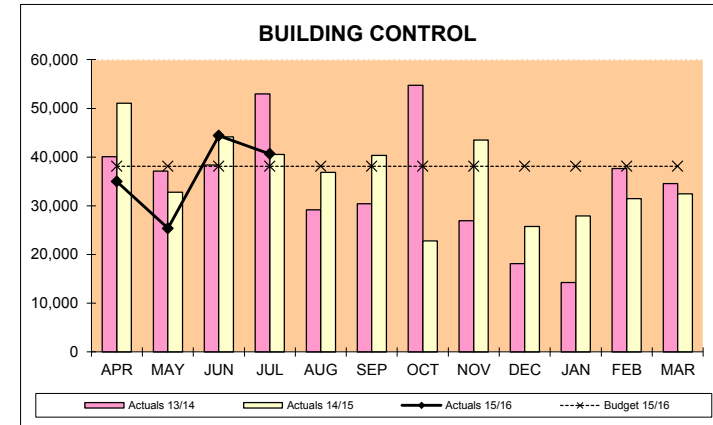
Searches Received - Paper  
 Searches Received - Electronic  
 Searches Received - Personal

	Received (Month)	Percentage (Month)	Percentage (Month 14/15)	(Cumulative)
£105	61	21%	26%	211
£86	134	47%	42%	422
£0	90	32%	32%	364
<b>TOTAL</b>	<b>285</b>	<b>100.0%</b>	<b>100.0%</b>	<b>997</b>

## 10 Building Control Graphs

### BUILDING CONTROL (DVBCFEE)

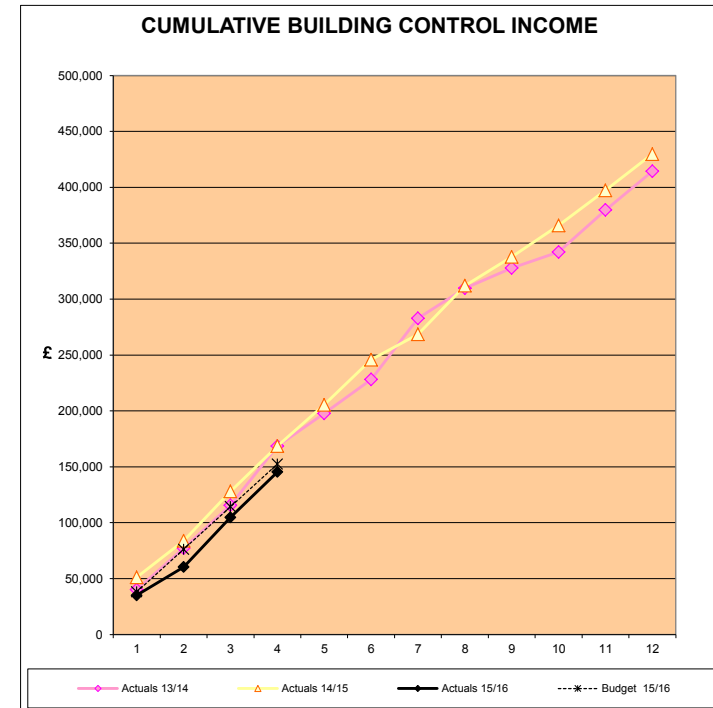
	Actuals 13/14	Actuals 14/15	Actuals 15/16	Increase / decrease from 14/15 to 15/16	Budget 15/16	Variance (Actuals-Budget)	Manager's Forecast
1 APR	40,068	51,034	35,001	-16,033	38,108	-3,107	
2 MAY	37,100	32,817	25,363	-7,454	38,108	-12,745	
3 JUN	38,370	44,143	44,417	274	38,108	6,309	
4 JUL	52,998	40,573	40,654	81	38,108	2,546	
5 AUG	29,169	36,853		-36,853	38,108	-38,108	
6 SEP	30,402	40,314		-40,314	38,108	-38,108	
7 OCT	54,714	22,812		-22,812	38,108	-38,108	
8 NOV	26,918	43,520		-43,520	38,108	-38,108	
9 DEC	18,120	25,767		-25,767	38,108	-38,108	
10 JAN	14,239	27,922		-27,922	38,108	-38,108	
11 FEB	37,644	31,466		-31,466	38,108	-38,108	
12 MAR	34,554	32,457		-32,457	38,126	-38,126	
<b>TOTAL</b>	<b>414,297</b>	<b>429,679</b>	<b>145,436</b>	<b>-284,243</b>	<b>457,314</b>	<b>-311,878</b>	<b>457,314</b>



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### BUILDING CONTROL (CUMULATIVE)

	Actuals 13/14	Actuals 14/15	Actuals 15/16	Cumulative increase / decrease from 14/15 to 15/16	Budget 15/16	Variance (Column E-G)	Manager's Forecast
APR	40,068	51,034	35,001	-16,033	38,108	-3,107	
MAY	77,168	83,852	60,365	-23,487	76,216	-15,851	
JUNE	115,539	127,995	104,782	-23,213	114,324	-9,542	
JUL	168,537	168,568	145,436	-23,132	152,432	-6,996	
AUG	197,706	205,421		-205,421		0	
SEP	228,108	245,735		-245,735		0	
OCT	282,823	268,547		-268,547		0	
NOV	309,740	312,067		-312,067		0	
DEC	327,861	337,834		-337,834		0	
JAN	342,099	365,756		-365,756		0	
FEB	379,743	397,222		-397,222		0	
MAR	414,297	429,679		-429,679		0	457,314



### JULY 2015

#### DVBCFEE

	Actual (Cumulative)	Budget	(Monthly)	
Plan Fee	3066	88,683	91,996	24,210
Inspection Fee	3067	56,752	60,436	16,444
<b>TOTAL</b>	<b>145,436</b>	<b>152,432</b>	<b>40,654</b>	

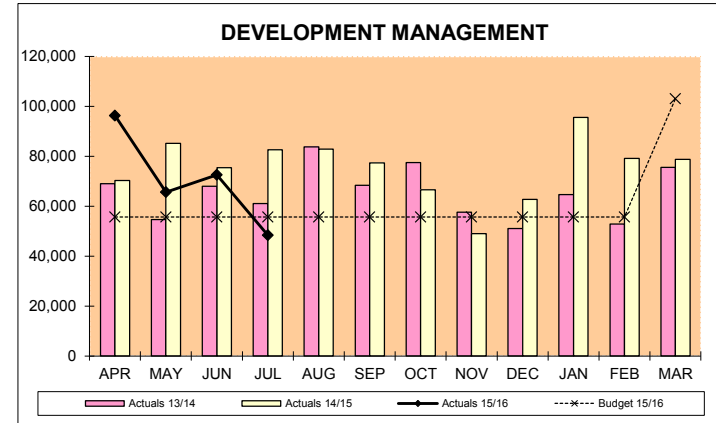
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## 10 Development Management Graph

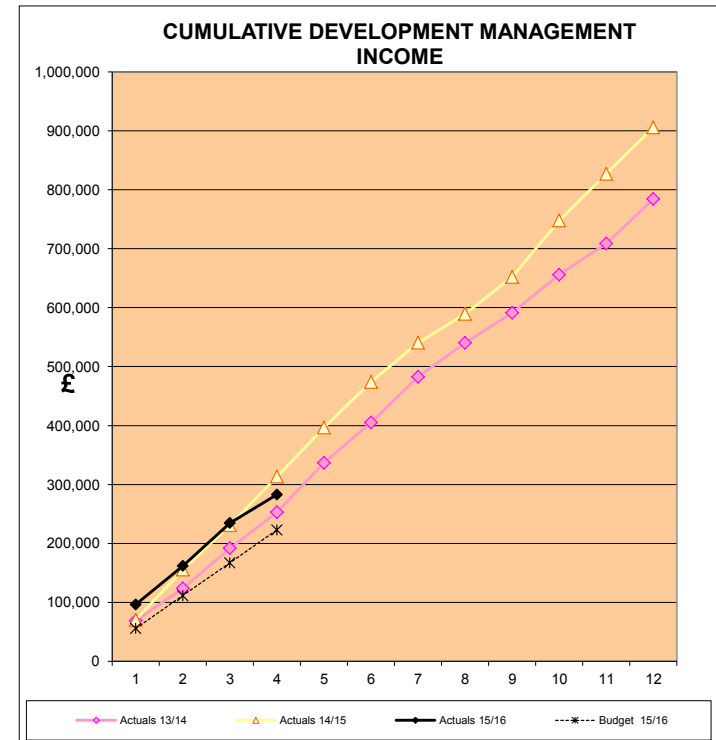
### DEVELOPMENT MANAGEMENT (DVDEVCT)

	Actuals 13/14	Actuals 14/15	Actuals 15/16	Increase / decrease from 14/15 to 15/16	Budget 15/16	Variance (Actuals-Budget)	Manager's Forecast
1 APR	69,061	70,352	96,359	26,007	55,677	40,682	
2 MAY	54,683	85,205	65,683	-19,522	55,677	10,006	
3 JUN	68,069	75,418	72,594	-2,824	55,677	16,917	
4 JUL	61,049	82,661	48,394	-34,267	55,677	-7,283	
5 AUG	83,804	82,965		-82,965	55,677	-55,677	
6 SEP	68,457	77,386		-77,386	55,677	-55,677	
7 OCT	77,511	66,604		-66,604	55,677	-55,677	
8 NOV	57,665	49,012		-49,012	55,677	-55,677	
9 DEC	51,148	62,729		-62,729	55,677	-55,677	
10 JAN	64,624	95,591		-95,591	55,677	-55,677	
11 FEB	52,900	79,133		-79,133	55,677	-55,677	
12 MAR	75,584	78,850		-78,850	103,100	-103,100	
<b>TOTAL</b>	<b>784,555</b>	<b>905,905</b>	<b>283,030</b>	<b>-622,875</b>	<b>715,547</b>	<b>-432,517</b>	<b>715,547</b>



### DEVELOPMENT MANAGEMENT (CUMULATIVE)

	Actuals 13/14	Actuals 14/15	Actuals 15/16	Cumulative increase / decrease from 14/15 to 15/16	Budget 15/16	Variance (Column E-G)	Manager's Forecast
APR	69,061	70,352	96,359	26,007	55,677	40,682	
MAY	123,743	155,557	162,042	6,485	111,354	50,688	
JUNE	191,813	230,975	234,637	3,662	167,031	67,606	
JUL	252,862	313,636	283,030	-30,606	222,708	60,322	
AUG	336,666	396,601		-396,601		0	
SEP	405,123	473,987		-473,987		0	
OCT	482,634	540,590		-540,590		0	
NOV	540,299	589,602		-589,602		0	
DEC	591,447	652,331		-652,331		0	
JAN	656,070	747,922		-747,922		0	
FEB	708,971	827,055		-827,055		0	
MAR	784,555	905,905		-905,905		0	715,547



### JULY 2015

#### DVDEVCT

	Actual (Cumulative)	Budget	(Monthly)	
Planning Application Fees	3009	258,979	202,164	39,027
Other	9999	-	-	-
Pre-application Fees	94301	17,202	17,104	5,517
Monitoring Fees	94302	6,850	3,440	3,850
<b>TOTAL</b>	<b>283,030</b>	<b>222,708</b>	<b>48,394</b>	

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**FINANCIAL PROSPECTS AND BUDGET STRATEGY 2016/17 AND BEYOND**

**Finance Advisory Committee – 1 September 2015**

Report of Chief Finance Officer

Status: For Decision

Also considered by: Cabinet – 17 September 2015

Key Decision: No

**Executive Summary:**

This Financial Prospects Report is the first report of the Council’s budget setting process for 2016/17 onwards. It sets out the financial pressures the Council is likely to face in the coming years and suggests an appropriate strategy, utilising the 10 year budget framework first adopted in 2011/12, to ensure the Council remains financially stable over the long term.

Informed by the latest information from Government and discussions with the Portfolio Holder and Cabinet Members the report proposes that from next year the Council sets a budget which assumes no funding from Government through the Revenue Support Grant. This is the first major step taken towards the Council’s ambition to be financially self-sufficient as set out in its Corporate Plan.

To achieve this aim and to ensure a balanced budget position over the next 10 year period, whilst also increasing the Council’s ability to be sustainable beyond that time, a savings requirement of £500,000 in 2016/17 is required, along with additional income or savings of £100,000 in each of the following nine years.

**Portfolio Holder** Cllr. Searles

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

**Recommendation to Finance Advisory Committee:**

- (a) Advise Cabinet with views on the ten-year financial planning approach and principles set out in this report.

**Recommendation to Cabinet:**

- (b) That subject to the views of the Finance Advisory Committee, endorse the ten-

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year financial planning approach and principles set out in this report;

- (c) request Advisory Committees to review Service Dashboards and advise Cabinet of possible growth and savings options;
  - (d) request officers to continue to review the assumptions in this report and report back to Cabinet on 3 December 2015; and
  - (e) note the budget timetable set out in Appendix A.
- 

### **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 in future months 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 The intention of this report is to enable Members to give consideration to the pressures likely to be faced by the Council and put in place a long-term solution that ensures service reductions are minimised. This report sets out the high level approach and principles but a report to Cabinet on 3 December 2015 will provide further budget details along with analysis of the areas the Cabinet has requested officers to consider in assisting the balancing of the budget, as well as feedback from advisory committees on service dashboards for 2016/17 onwards.

### **Financial Self-Sufficiency**

- 7 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.
- 8 This approach was adopted in response to the financial challenges the Country is faced with in 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.
- 9 The decision to become financially self-sufficient is intended to give the Council greater control over their services, reducing the potential for decision making to be influenced by the level of funding provided by government to local authorities.
- 10 The Council's decision to seek to become financially self-sufficient was subject to scrutiny by the Local Government Associations Peer Challenge of the District Council during December 2013. In their closing letter to the Council they concluded that they 'fully support that aspiration and given the existing and anticipated squeeze upon public finances this makes much sense'.
- 11 The Revenue Support Grant has reduced drastically over recent years and we are unlikely to know the amount for 2016/17 until very late in the budget process with no details for later years. New Homes Bonus is only guaranteed until 2016/17 and with Government committed to significant reductions in public sector funding and priorities in public health and devolution amongst other ideas, funding for District Councils is likely to continue to be squeezed.
- 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 The attached 10-year budget assumes no Revenue Support Grant from 2016/17 and no New Homes Bonus from 2019/20. If funding continues to be received from these sources, the intention is to put it into the Financial Plan Reserve which

## Agenda Item 10

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.

- 14 Cabinet are keen to become financially self-sufficient early to be ahead of the game and after reviewing the assumptions in the 10-year budget it is clear that it is an achievable aim 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.

### **Financial Pressures 2016/17 to 2025/26**

#### Overall Summary

- 15 In the medium term, the Council will have to progress its savings plan and maintain tight control over net expenditure in order to deliver its 10-year budget.
- 16 Looking at expenditure, inflation is running at 0.1% (CPI at July 2015).
- 17 The local government finance settlement for 2016/17 is not likely to be announced by Government until late December. The Council has seen a dramatic reduction to its grant funding since 2011, which included a 32% reduction for 2015/16 alone.
- 18 On this basis the 10-year budget accompanying this report proposes that the Council budgets for zero Revenue Support Grant from 2016/17 onwards. This means that the Council would no longer place any reliance on this grant and would take a large step forward in its ambition to be self-sufficient. If this approach is endorsed by Members, Sevenoaks District Council would become one of, if not the very first local authority to seek to deliver its services without reliance on direct government funding through the Revenue Support Grant.
- 19 By taking this approach the 10-year budget attached at Appendix B shows a savings requirement of £500,000 in 2016/17 and £100,000 per annum in later years to deliver a long term sustainable budget.
- 20 The paragraphs below set out the position in more detail and assess the impact on the current 10-year budget.

#### Income

- 21 **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 late 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 their 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.

- 22 **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 so a 40% reduction has been applied in 2017/18 and 2018/19 with no funding assumed from 2019/20 onwards. 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.
- 23 **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.
- 24 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.
- 25 **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.
- 26 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.
- 27 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.
- 28 **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. The assumption was previously 1.35% in 2016/17, 1.75% in 2017/18 and 1.85% in later years reflecting Bank Rate estimates provided by our treasury advisors. 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
- 29 **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.

## Agenda Item 10

- 30 No income was previously assumed from this strategy as it was deemed prudent to wait until assets had been purchased and income was starting to be received. Three assets have now been purchased, one will be developed and two are producing income of over £400,000 per annum. With further funding approved by Council, assumptions have now been included for income of £500,000 from 2016/17 to 2017/18, £700,000 from 2018/19 to 2022/23 and £800,000 for later years.
- 31 **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 (£0.7m)
- 32 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.
- 33 The assumption was previously a 3.5% increase for all years for fees and charges that the Council sets, but 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.
- 34 **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.
- 35 **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.
- 36 **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.

### Expenditure

- 37 **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 was previously 1.5% in 2016/17 to 2017/18 and 2% in later years.
- 38 The Government's emergency budget on 8 July 2015 announced that there will be Public Sector pay rises of 1% for the next four years. This does not directly affect local government but it often seem as a guide for those local authorities, including this council, on national terms and conditions. Therefore, the assumption has changed to 1% in 2016/17 to 2019/20 and 2% in later years.
- 39 **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.
- 40 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.
- 41 **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 – July 2015).
- 42 **Welfare reform changes** - the changes affecting Housing Benefits regarding Universal Credit were looked at by a Member Scrutiny Group in 2012. Universal Credit will commence within the district in October 2015 but only in a very small way. 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.
- 43 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 cost of benefits 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.
- 44 Town and Parish Councils have also been impacted by this change. 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

## Agenda Item 10

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.

- 45 **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. The model does not allow for unavoidable service pressures which could be significant. These will be identified in the Service Change Impact Assessments (SCIAs) that will be reported to the Advisory Committees between September and November.
- 46 **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.
- 47 The following table shows the differences for 2016/17 between the 10-year budget agreed by Council on 17 February 2015 and the latest version set out in Appendix B.

<b>10-Year Budget</b>	£000
<b>Previous 10-year budget 2016/17 gap/(surplus)</b>	<b>(1,077)</b>
Base changes:	
Base figures updated to 15/16 budget and updated base data	33
Assumption changes:	
Removing reliance on Revenue Support Grant	1,355
Increase in Council Tax Base	(58)
Reduction in Pay Award inflation (1.5% to 1%)	(67)
Reduction in fees and charges inflation (3.5% to 2.5%)	64
Removal of 2010 Superannuation Fund deficit roll forward	(390)
Reduction in inflation on Superannuation Fund deficit	(331)
Property Investment changes:	
Income from Property Investment Strategy	(500)
Property Team growth item from 2016/17	73
Reduction in Interest Receipts	259
Savings:	
Additional savings items	(500)

<b>Revised 10-year budget 2016/17 gap/(surplus)</b>	<b>(1,139)</b>
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The surplus in 2016/17 helps to support the position in later years resulting in a sustainable 10-year budget.

- 48 When looking at prospects for year 11 onwards, there is still likely to be a need to take further actions as these years come into the rolling 10 year period.

### **Proposed Business and Financial Planning Strategy**

- 49 In order to maintain a viable Council that continues to deliver on its main priorities and the services it provides to its residents, the Council has already adopted a Financial Strategy that embraces the following principles:

- A ten-year balanced budget;
- Flexible use of the Budget Stabilisation Reserve;
- More effective use of remaining earmarked reserves;
- Structured use of capital receipts; and
- The review and tighter management of inflationary pressures.

- 50 It is recommended that this strategy continues to be adopted.

### **Process and timetable**

- 51 Members will note from the timetable set out in Appendix A that this report is being considered by the Finance Advisory Committee on 1 September 2015 and any comments will be considered along with this report at Cabinet on 17 September 2015.

- 52 All Advisory Committees will be presented with their Service Dashboards and Service Change Impact Assessments (SCIAs) between September and November when they will be asked for their views and priorities on their service areas using the information provided in the report and their knowledge. It is likely that they will also be asked to come up with growth and savings proposals for their areas. This part of the process ensures that all members have a role to play in the Governance of the council and the budget decision making process.

- 53 Training will be provided to members in September to ensure they have an understanding of the process and relevant issues to allow them to play an active part in the budget setting process.

- 54 Cabinet will receive a Budget Update report on 3 December 2015 taking into account any updated information and feedback from the Advisory Committees. Cabinet will agree its draft budget on 4 February 2016 and full Council will consider the budget on 16 February 2016.

### **Consultation**

## Agenda Item 10

- 55 Residents will be consulted as part of the budget process and their views will then be considered prior to decisions being made as to how the budget will be balanced. Residents will be asked if they agree with the approach to become financially self-sufficient as opposed to being reliant on central government.

### **Key Implications**

#### Financial

All financial implications are covered elsewhere in this report.

#### Legal Implications and Risk Assessment Statement.

There are no legal implications.

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, pursuing self-sufficiency and by updating Members throughout the process.

#### 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.

#### 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 Strategic Financial and Business Planning process has ensured that the Council follows a logical and well considered process and approach in dealing with the many difficult financial challenges which it has faced. The 10-year budget has further improved this process and helped to ensure that the Council is well placed in dealing with more immediate and longer-term financial challenges.

By becoming financially self-sufficient at an early stage, this Council will become much more in control of its own destiny as the Property Investment Strategy should provide a much more stable income stream than the reducing direct government funding streams.

The attached 10-year budget shows that this Council can continue to be financially stable going into the future with a level of assurance that any council would aspire to.

This budget process will once again be a major 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 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

**Background Papers:**

None

**Adrian Rowbotham  
Chief Finance Officer**

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2016/17 Budget Setting Timetable

	Date	Committee
<b>Stage 1</b>		
<b>Financial Prospects and Budget Strategy 2016/17 and Beyond</b>	1 September	Finance AC
	17 September	Cabinet
↓		
<b>Stage 2</b>		
<b>Review of Service Dashboards and Service Change Impact Assessments (SCIAs)</b>	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
↓		
<b>Stage 3</b>		
<b>Budget Update</b> (incl. Service Change Impact Assessments (SCIAs), feedback from Advisory Committees)	3 December	Cabinet
↓		
<b>Stage 4</b>		
<b>Budget Update</b> (incl. Government Support information)	14 January	Cabinet
↓		
<b>Stage 5</b>		
<b>Budget Update and further review of Service Change Impact Assessments (if required)</b>	January - February	Advisory Committees
↓		
<b>Stage 6</b>		
<b>Budget Setting Meeting</b> (Recommendations to Council)	4 February	Cabinet
↓		
<b>Stage 7</b>		
<b>Budget Setting Meeting</b> (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
<b>Expenditure</b>											
Net Service Expenditure c/f	14,136	14,253	13,661	14,233	14,484	14,644	15,195	15,549	15,910	16,278	16,651
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
<b>New growth</b>	<b>0</b>	<b>73</b>	<b>28</b>	<b>0</b>	<b>30</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>New savings/Income</b>	<b>0</b>	<b>(500)</b>	<b>(100)</b>	<b>(100)</b>	<b>(100)</b>	<b>(100)</b>	<b>(100)</b>	<b>(100)</b>	<b>(100)</b>	<b>(100)</b>	<b>(100)</b>
<b>Net Service Expenditure b/f</b>	<b>14,253</b>	<b>13,661</b>	<b>14,233</b>	<b>14,484</b>	<b>14,644</b>	<b>15,195</b>	<b>15,549</b>	<b>15,910</b>	<b>16,278</b>	<b>16,651</b>	<b>17,029</b>
<b>Financing Sources</b>											
Government Support											
: Revenue Support Grant	(1,516)	0	0	0	0	0	0	0	0	0	0
New Homes Bonus	(1,818)	(2,247)	(1,348)	(1,348)	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)	(700)	(700)	(700)	(700)	(700)	(800)	(800)	(800)
Contributions to/(from) Reserves	(233)	(233)	(353)	(353)	(353)	(353)	(353)	(179)	(179)	(635)	148
<b>Total Financing</b>	<b>(15,100)</b>	<b>(14,800)</b>	<b>(14,368)</b>	<b>(14,924)</b>	<b>(13,942)</b>	<b>(14,317)</b>	<b>(14,703)</b>	<b>(14,925)</b>	<b>(15,430)</b>	<b>(16,303)</b>	<b>(15,947)</b>
<b>Budget Gap (surplus)/deficit</b>	<b>(847)</b>	<b>(1,139)</b>	<b>(135)</b>	<b>(440)</b>	<b>702</b>	<b>878</b>	<b>846</b>	<b>985</b>	<b>848</b>	<b>348</b>	<b>1,082</b>
<b>Contribution to/(from) Stabilisation Reserve</b>	<b>847</b>	<b>1,139</b>	<b>135</b>	<b>440</b>	<b>(702)</b>	<b>(878)</b>	<b>(846)</b>	<b>(985)</b>	<b>(848)</b>	<b>(348)</b>	<b>(1,082)</b>
<b>Unfunded Budget Gap (surplus)/deficit</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

<b>Assumptions</b>	
Revenue Support	-100% in 16/17
Locally Retained	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
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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**Finance Advisory Committee Work Plan 2015/16 (as at 18/08/2015)**

<b>1 September 2015</b>	<b>17 November 2015</b>	<b>25 January 2016</b>	<b>18 April 2016</b>
<p>Introduction to Audit, Risk and Anti-Fraud – Presentation</p> <p>Annual Treasury Management Report 2014/15</p> <p>Financial Performance Indicators 2015/16 – to the end of July 2015</p> <p>Financial Results 2015/16 – to the end of July 2015</p> <p>Financial Prospects and Budget Strategy 2016/17 and Beyond</p>	<p>Introduction to Revenues and Benefits – Presentation</p> <p>Treasury Management Statutory Report</p> <p>Budget: Service Reviews and Service Change Impact Assessments (SCIAS)</p> <p>Financial Performance Indicators 2015/16 – to the end of September 2015</p> <p>Financial Results 2015/16 – to the end of September 2015</p>	<p>Introduction to Procurement Strategy – Presentation</p> <p>Risks and Assumptions for Budget 2016/17</p> <p>Capital and Asset Maintenance Budget 2016/17</p> <p>Financial Performance Indicators 2015/16 – to the end of November 2015</p> <p>Financial Results 2015/16 – to the end of November 2015</p>	<p>Introduction to Facilities Management – Presentation</p> <p>Financial Performance Indicators 2015/16 – to the end of February 2016</p> <p>Financial Results 2015/16 – to the end of February 2016</p>

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