01 December 2016 at 7.00 pm

Conference Room, Argyle Road, Sevenoaks
Despatched: 23.11.16

Sevenoaks
DISTRICT COUNCIL

Cabinet

Membership:
Chairman, Cllr. Fleming; Vice-Chairman, Cllr. Lowe
Cllrs. Dickins, Firth, Hogarth, Piper and Scholey

Agenda

		Pages	Contact
	Apologies for Absence		
1.	**Minutes** To agree the Minutes of the meeting of the Committee held on 10 November 2016 and 22 November 2016 (to follow), as a correct record.	(Pages 1 - 6)	
2.	**Declarations of interest** Any interests not already registered.		
3.	**Questions from Members (maximum 15 minutes)**		
4.	**Matters referred from Council, Audit Committee, Scrutiny Committee or Cabinet Advisory Committees (if any)**		
5.	**Budget Update**	(Pages 7 - 78)	Adrian Rowbotham Tel: 01732 227153
	REPORTS AND RECOMMENDATIONS FROM THE CABINET ADVISORY COMMITTEES		
6.	**Treasury Management Mid Year Update 2016-17**	(Pages 79 - 112)	Roy Parsons Tel: 01732 227204
7.	**Financial Results 2016/17 - to the end of September 2016**	(Pages 113 - 120)	Helen Martin Tel: 01732 227483
8.	**Risk Based Verification**	(Pages 121 - 126)	Adrian Rowbotham, Nick Scott Tel: 01732 227153/7397

Indicates a Key Decision

indicates a matter to be referred to Council

Consideration of Exempt Information

Recommendation: That, under section 100A(4) of the Local Government Act 1972, the public be excluded from the meeting when considering Appendix A of agenda item 8 above, on the grounds that likely disclosure of exempt information is involved as defined by Schedule 12A, paragraph 7 (information relating to any action taken or to be taken in connection with the prevention, investigation or prosecution of crime)).

If you wish to obtain further factual information on any of the agenda items listed above, please contact the named officer prior to the day of the meeting.

Should you need this agenda or any of the reports in a different format, or have any other queries concerning this agenda or the meeting please contact Democratic Services on 01732 227000 or democratic.services@sevenoaks.gov.uk.

CABINET

Minutes of the meeting held on 10 November 2016 commencing at 7.00 pm

Present: Cllr. Fleming (Chairman)

Cllr. Lowe (Vice Chairman)

Cllrs. Firth, Dickins, Hogarth, Piper and Scholey

Cllrs. Dr. Canet, Eyre, McGarvey and Pett were also present.

37. Minutes

Resolved: That the minutes of the meeting of Cabinet held on 13 October 2016, be approved and signed as a correct record.

38. Declarations of interest

There were no additional declarations of interest.

39. Questions from Members

There were none.

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

a) Audit Committee Minutes – 27 September 2016

Members considered Minutes 21(c) and 22 (b) from the meeting of the Audit Committee held on 27 September 2016. The Chief Finance Officer explained the reasons for bringing this report to Cabinet.

There is a statutory requirement to value pension fund liabilities in two different mays as they are for different purposes. This is recognised each year during the annual accounts process.

The Audit, Risk and Anti-Fraud Manager has been absent for a significant part of the last few months and managers at both Sevenoaks and Dartford are working closely with the Internal Audit Team to ensure that they receive full support and that both councils continue to have an adequate and effective Internal Audit service. The Audit Committee Chairman has been kept informed of the situation.

Resolved: That

a) the significant variation between the audited and actuarial assessments of the pension fund liabilities, be noted; and

b) the absence of the Audit, Risk & Anti-Fraud Manager at 3 consecutive meetings of the Audit Committee could hamper the work of the Committee, be noted.

41. Council Tax Reduction Scheme 2017/18

The Head of Revenues and Benefits presented the report which set out options for the Council Tax Reduction Scheme (CTRS), the results of the resident consultation and the equality impact assessment. Members were asked to consider the information set out and make recommendations for the CTRS to be adopted for 2017/18 to be implemented with effect from 1 April 2017.

Through the Local Government Finance Act 2012 the Government abolished council tax benefit and placed a requirement on local authorities to have their own Council Tax Reduction Scheme (CTRS) from 1 April 2013. Each financial year the Council was required to confirm or revise its existing CTRS.

Due to timescales it had not been possible for the Finance Advisory Committee to consider the report before Cabinet, but all Members of the Advisory Committee had been invited to attend the meeting.

The Head of Revenues and Benefits set out the options agreed for consultation by Cabinet on 14 July 2016. He explained that the Council had made every effort to promote the consultation through personalised letters, social media and a video, all of which generated 164 replies.

Full details of the responses were set out between pages 19 and 54 and between pages 55 and 60 in the report under consideration, with the latter being Kent County Council's response.

The Head of Revenues and Benefits explained that all responses had been carefully considered but KCC's response was particularly important to note because of their provision of an annual payment of £125,000 to help mitigate the impact of the Council's scheme being less generous than the fully subsidised Council Tax Benefit scheme abolished in 2013. He stated that in addition, whilst they support cost reduction options, they also support the concept of an Exceptional Hardship Scheme which they and the major preceptors agree should be subsidised through the Collection Fund. He asked Cabinet to take into consideration the consultation responses and the Equality Impact Assessment detailed between pages 71 and 82 of the report and to consider and agree the recommendations made on pages 9 and 10.

Members were requested to note that following the consultation it was proposed that the assumed level of earnings for self-employed claimants would be introduced after two years of trading, not one year as in the original proposal.

Public Sector Equality Duty

Members noted Appendix D to the report detailing the consideration which had been given to impacts under the Public Sector Equality Duty.

Resolved: That it be recommended to Council that

a) the outcome of the public consultation and the consultation with Kent County Council as set out at Appendix A and B to the report be considered and noted;

b) the potential impacts of the proposed changes on working age claimants with the protected characteristics of disability, age and sex, as set out in the Equality Impact Assessment at Appendix D to the report, be noted;

c) the following amendments to the current CTRS be adopted and take effect from 1 April 2017:

   i. the maximum level of support for working-age claimants be reduced from 81.5% to 80%;

   ii. the Family Premium be removed for all new working-age claimants;

   iii. the backdating provision be reduced from six months to one month;

   iv. as a result of concerns raised through consultation, a minimum level of income be introduced for self-employed earners after two years of trading (rather than one year as initially proposed);

   v. the period for which a person can be absent from Great Britain and still receive Council Tax Reduction is reduced from thirteen weeks to four weeks;

   vi. foreign nationals with limited immigration status (Persons from Abroad) are excluded from receiving Council Tax Reduction; and

   vii. a scheme to help claimants suffering exceptional financial hardship is introduced.

d) subject to Government making the relevant amendments to the Housing Benefit regulations, the following amendments to the current CTRS be adopted and take effect from 1 April 2017:

   i. the Work Related Activity Component is removed from the calculation of Council Tax Reduction for new claims from working-age claimants who are in receipt of Employment and Support Allowance; and

   ii. the dependent child addition used in the calculation of Council Tax Reduction is limited to a maximum of two children.

e) the Exceptional Hardship Policy as set out at Appendix C to this report be adopted.

42. Environmental Health Partnership - Charging For Food Hygiene Re-Rating Inspections

The Portfolio Holder for Direct & Trading Services presented the report which provided Members with an overview of the Food Standards Agency's (FSA) proposal to introduce a change to the National Food Hygiene Rating scheme. The purpose of the pilot was to trial charging food businesses when they requested a re-rating inspection following an initial food hygiene inspection rating. The charge would be based on cost recovery and would be calculated on the average cost that the Council currently incurred for the provision of the service. The pilot would operate for a period of 3 months and the Food Standards Agency would use the data collected to introduce a National Charging Scheme in 2017. He advised that the Direct & Trading Advisory Committee had considered the same report and had agreed to recommend it to Cabinet.

Public Sector Equality Duty

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

Resolved: That

a) the Environmental Health's team participation in the Food Standards Agency pilot of charging businesses for a food hygiene re-rating inspection, be noted;

b) the fee for a food hygiene re-rating inspection be set at £200 for the period of the Food Standards Agency pilot; and

c) if the pilot was successful, and with the support of the Food Standards Agency, charging be continued on a cost recovery basis.

43. Annual Review of Parking Charges 2017 - 18

The Portfolio Holder for Direct & Trading Services presented the report which proposed consultation on revised tariffs in the Council's off-street car parks and in on-street pay and display parking bays. He advised that the Direct & Trading Advisory Committee had considered the same report and had agreed to recommend it to Cabinet.

Public Sector Equality Duty

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

Resolved: That the proposals for revised parking charges for 2017-18 be agreed for consultation.

44. Christmas Parking 2016

The Portfolio Holder for Direct & Trading Services presented the report which set out proposals for free parking on two Saturdays preceding Christmas and for the cost in terms of lost income to be funded from Supplementary Estimates. Cabinet discussed the proposals and the benefits of the intended free parking.

The Policy & Performance Advisory Committee had considered the same report and had agreed to recommend it to Cabinet.

Public Sector Equality Duty

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

Resolved: That

a) free parking be provided in car parks and on street parking bays for two Saturdays, 10 and 17 December 2016 preceding Christmas; and

b) it be recommended to Council that the cost in terms of lost income for free Christmas parking be funded from Supplementary Estimates.

45. Public Health (Preventative Services) Devolution

In accordance with Section 100B (4) of the Local Government Act 1972, the Chairman had agreed to accept the papers for this item as an urgent matter. The papers had not been available five clear working days before the meeting due to the finalisation of governance issues and the report needed to be considered by Cabinet in order to meet West Kent timescales.

The Chief Officer Communities and Business presented the report which set out proposed arrangements for an integrated approach towards public health (preventative services) across West Kent between Kent County Council, this Council and Tonbridge & Malling and Tunbridge Wells Borough Councils. The arrangements included using Kent County Council public health preventative service budgets to deliver agreed health outcomes and using District and Borough Councils' existing health-related resources in a way that complemented the agreed outcomes, consistent with the West Kent Health Deal approach.

It enabled District and Borough Councils to play a full role in the co-ordination of and provision of some, local services relating to health improvement, ensuring that services addressed local needs and are co-ordinated with other local delivery. It also enabled District and Borough Councils to play a full role in and be equal partners in the procurement of health improvement services previously procured by Kent County Council, ensuring that the needs of local residents were addressed. The proposals respond to the King's Fund report highlighting the role of district councils in health and to the West Kent Health Deal.

The Housing & Health Advisory Committee had considered similar report and had agreed to recommend that to Cabinet, however this report superseded the information that had been presented at that meeting.

Public Sector Equality Duty

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

Resolved: That

a) the approach, principles and district council role in the West Kent Public Health Preventative Services devolution model set out in the report, be approved;

b) a partnership agreement between Kent County Council, Sevenoaks District Council, Tonbridge and Malling and Tunbridge Wells Borough Councils be developed as a basis to work together to deliver the West Kent Public Health Preventative Services devolution model over the three years 2017/18 to 2019/20; and

c) the principle of the governance arrangements set out in the report be endorsed and the approval of detailed matters (including a partnership agreement) be delegated to the Leader and Portfolio Holder for Housing & Health in consultation with the Chief Officer, Communities & Business.

THE MEETING WAS CONCLUDED AT 7.40 PM

CHAIRMAN

IMPLEMENTATION OF DECISIONS

This notice was published on 11 November 2016. The decisions contained in Minutes 42 and 45 take effect on 21 November 2016. The decisions contained in Minutes 41 and 44 (b) are recommendations to Council. The decisions contained in Minutes 43 and 44 (a) take effect immediately.

BUDGET UPDATE 2017/18

Cabinet – 1 December 2016

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

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

This report sets out progress made in preparing the 2017/18 budget and updates Members on key financial information.

There are no major changes since the Financial Prospects report on 15 September 2016 however, it is likely that the Council Tax increase referendum limit will be the higher of 2% or £5 for a Band D property. If Members choose the higher £5 level, it would result in a Council Tax increase of 2.5%.

Since the last report the Advisory Committees have proposed additional growth and savings items. If all of the proposals are accepted by Cabinet, the £100,000 net savings target will have been achieved. This will result in the Council continuing to have a balanced 10-year budget and remain financially self-sufficient.

The Cabinet will make its final recommendation on the budget at its meeting on 9 February 2017, after taking into account any updated information available at that date including the Local Government finance settlement.

Portfolio Holder	Cllr. Scholey
Contact Officer(s)	Adrian Rowbotham Ext. 7153
	Helen Martin Ext. 7483

Recommendation to Cabinet:

(a) Consider and respond to comments and recommendations of the Advisory Committees regarding the growth and savings proposals listed in Appendix D and the further suggestions listed in Appendix F.

Reason for recommendation: It is important that the views of the Advisory

Committees are taken into account in the budget process to ensure that the Council's resources are used in the most suitable manner.

Introduction and Background

1 The Council's financial strategy over the past twelve 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 In setting its budget for 2011/12 onwards, the Council recognised the need to address both the short-term reduction in Government funding as well as the longer-term need to reduce its reliance on reserves. The outcome was a 10-year budget, together with a four-year savings plan, that ensured the Council's finances were placed on a stable footing but that also allowed for flexibility between budget years.

4 With the amount of Revenue Support Grant provided by Government continuing to reduce at a significant rate it is important that the council remains 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 and business rate base; and
- generating more income.

5 At the Cabinet meeting on 15 September 2016, Members considered a report setting out the Council's financial prospects for 2017/18 and beyond. That report set out the major financial pressures the Council is likely to face, together with a proposed strategy for setting a balanced and sustainable budget for 2017/18 and beyond.

6 As part of the budget process officers put forward their Service Dashboards to the Advisory Committees between September and November, which set out a summary of current and future challenges and risks. The Advisory

Committees recommended new growth and savings items which will be considered at this meeting.

Financial Self-Sufficiency

7 The Council's Corporate Plan, introduced in 2013, set out an ambition for the Council to become financially self-sufficient which was achieved in 2016/17. This means that the Council no longer requires 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 expecting to receive no Revenue Support Grant from 2017/18.

9 The decision to become financially self-sufficient is intended to give the Council greater control over its services, reducing the potential for decision making to be influenced by the level of funding provided by government to local authorities.

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 With the Council expecting to receive no Revenue Support Grant from 2017/18 and New Homes Bonus expected to reduce from 2018/19, this approach remains appropriate. The attached 10-year budget assumes no Revenue Support Grant or New Homes Bonus. Any funding received from these sources will be put into the Financial Plan Reserve which can be used to support the 10-year budget by funding invest to save initiatives and supporting 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.

12 Cabinet are keen to remain financially self-sufficient and be ahead of the game. This will allow this Council to move ahead in the knowledge that this Council has the financial resources to provide the services that the district's residents want into the future.

Updates to the Financial Prospects Report

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

Income

14 ***Government Support: Revenue Support Grant*** **(RSG)** (£0.6m received in 2016/17 but not used to fund the revenue budget) – This formula based grant has significantly reduced over recent years as the emphasis of Government Support has changed.

15 In the Local Government Finance settlement 2016/17, the Government stated that it would offer any council that wishes to take it up, a four-year funding settlement to 2019/20. On 15 September 2016, Cabinet agreed to accept this multi-year settlement offer. The figures included in the final Local Government Finance settlement 2016/17 for this council for the grants included are as follows:

Multi-Year Settlement Offer	2016/17 £000	2017/18 £000	2018/19 £000	2019/20 £000
Revenue Support Grant	633	0	0	0
Transitional Grant	0	152	123	0
Rural Services Delivery Grant	0	0	0	0
Total	**633**	**152**	**123**	**0**

16 Clearly the amounts above are extremely small compared to the amounts of Revenue Support Grant that this council used to receive. However, by accepting this offer, it should give a degree of certainty regarding these funding streams and there is a danger that councils who do not sign up to four-year settlement will receive even less in the later years. Confirmation was received from Government on 16 November 2016 stating that this council is now formally on the multi-year settlement.

17 The Local Government Finance Settlement 2016/17 also included an indicative 'tariff adjustment' amount of £1.083m in 2019/20. This is in effect a negative Revenue Support Grant and is not included in the list of grants mentioned in the multi-year settlement. This concern was mentioned in the response to Government when accepting the multi-year settlement offer.

18 The attached 10-year budget assumes no RSG resulting in there being no reliance on this funding source to support the revenue budget. Any amounts received will be put into the Financial Plan Reserve to support the 10-year budget including 'invest to save' initiatives and support for the Property Investment Strategy.

19 The Government will be announcing its Autumn Statement on 23 November 2016 and Cabinet will be updated on any impacts of this at the meeting.

20 ***New Homes Bonus (NHB)*** (£2.2m received in 2016/17 but not used to fund the revenue budget) – 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. In the same way as RSG, the attached 10-year budget assumes no NHB resulting in there being no reliance on this funding source to support the revenue budget. Any amounts received will be put into the Financial Plan Reserve for the same purpose as noted above.

21 ***Council Tax*** (£9.7m) – Following a recent consultation it is likely that the Government will amend the referendum limit for the Council Tax increase for district council's in 2017/18 to the higher of 2% or £5 for a Band D property.

22 The current assumption in the 10-year budget is a 2% increase for all years based on previous referendum limits. If Members choose to increase Council Tax by the higher £5 amount in 2017/18 only, this would result in a 2.5% increase and an additional £49,000 per annum.

23 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 increased tax base results in additional Council Tax income.

24 ***Locally Retained Business Rates*** (£2.0m) - 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.

25 Due to the large number of business rates appeals being outstanding with the Valuation Office Agency (VOA) and the limited opportunities to increase the number of businesses in the district, the assumption in the 10-year budget remains at the safety net level which is the amount of business rates the council is assured of retaining in the current scheme.

26 The Department for Communities and Local Government (DCLG) has recently undertaken a consultation called 'Self-sufficient local government: 100% Business Rates Retention'. The Government intends to introduce 100% Business Rates Retention to local government by the end of the current Parliament. It is expected that, at the same time, the Government will update the relative needs formulae (i.e. that determine the amount of resources that an authority will have if it collects at its Business Rates target).

27 At this stage it is not clear whether 100% Business Rates will start in 2019/20 or 2020/21 and what impact it will have on this council. Officers have responded to the consultation and will keep Members up to date during the budget setting process.

28 A Business Rates Retention Pool is in operation within Kent although it is uncertain how long this option will continue. In certain circumstances it is financially beneficial to be a member of a pool but this council is not currently a member of the pool. Officers will continue to review the position and update members if the situation changes.

29 ***Interest receipts*** (£0.13m) – Returns are continuing to be significantly lower than they were a few years ago due to low interest rates and the Council's Investment Strategy taking a low risk approach. Due to the change of emphasis on to the Property Investment Strategy and the current low interest rates, £130,000 has been assumed for 2017/18 – 18/19 and £250,000 for later years as investment balances will become less predictable.

30 ***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.

31 Three assets have been purchased to date and on 21 July 2015, Council agreed to set aside a further £10m for the Property Investment Strategy.

32 The current assumption is £500,000 in 2017/18, £1.132m in 2018/19, £1.276m from 2019/20 to 2022/23 an additional £100,000 from 2023/24 and a further additional £200,000 from 2026/27. This includes income from the hotel from 2018/19.

33 ***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 (£0.8m)

34 The first three are linked to some extent to activity in the housing market and remain variable.

35 The assumption is currently for a 2.5% increase for all years.

36 ***External Funding*** - the Council has been very successful in securing external funding across a number 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.

37 It is still unclear what the impact of the EU Referendum will have on the LEADER Programme. Officers will report to Members when more information is known.

38 ***Shared working*** - Various services have included savings from shared working in recent years budgets. The Council successfully works in partnership with other authorities in a number of areas including Revenues, Benefits, Counter Fraud, Internal Audit Finance, IT, Licensing, Building Control, CCTV and Environmental Health. Any further proposals that come forward for shared working ideas will continue to be actively pursued if it is in this Council's best interests to do so.

39 ***Use of reserves*** – One of the principles of the Financial Strategy is to make more effective use of the remaining earmarked reserves. When this strategy was first used in 2011/12, it was agreed that the remaining balances in the Asset Maintenance and Superannuation Fund Deficit Reserves would be moved to a new Financial Plan Reserve and used over the initial 10-year budget period. The Budget Stabilisation Reserve was also set up at the same time to manage the fluctuations between years to ensure that an overall balanced budget remained for the 10-year period. This reserve has been increased by surpluses achieved on the revenue budget in recent years. As part of the financial strategy, it is important that reserves continue to be used flexibly.

Expenditure

40 ***Pay*** costs total £14m. The national pay award for 2017/18 has not yet been finalised and is unlikely to be resolved prior to the Council setting its draft budget for next year. The assumption is 1% for 2017/18 to 2019/20 and 2% in later years.

41 ***Superannuation fund*** - The latest pension fund triennial valuation has recently taken place in November. This was the third valuation by the actuaries Barnett Waddingham.

42 The funding level has increased from 72% to 78%.

43 The valuation recommends that the future service rate should increase from 14.2% of pay to 15.9% of pay and the deficit contribution for 2017/18 should reduce from £1.605m to £1.43m. The deficit contribution will increase by 3.9% in each of the following two years to £1.49m and £1.54m. The actuaries have suggested that the overall impact of these changes should be cost neutral.

44 Full details are expected shortly and officers will then work through the full implications. An amount of £300,000 has been included in the 10-year budget for 2017/18 to fund any contribution increases.

45 It has been recognised that there are currently difficulties around staff recruitment and retention which are expected to continue. It is proposed that the remaining element of the £300,000 be held separately for the assessment of future pension deficit pressures and for the identification of a solution to the recruitment and retention difficulties. It is important that the council is able to retain and recruit high quality staff who are able to provide the level of services that Members and residents desire.

46 ***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 0.9% (CPI – October 2016).

47 ***Welfare reform changes -*** the changes affecting Housing Benefits regarding Universal Credit were looked at by a Member Scrutiny Group in 2012. Universal Credit commenced within the district in October 2015 but only in a very small way. Full roll out of Universal Credit is not now expected for several years.

48 The change to the Council Tax Reduction Scheme (also known as Council Tax Support) from 1 April 2013 was seen by many as one of the biggest changes to local government since the community charge. The scheme for 2017/18 will be agreed by Council on 22 November 2016 and Cabinet will be informed of any budgetary impacts.

49 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. Since then no amount has been clearly identified and it was agreed at Full Council that no funding would be passed on to Town and Parish Councils for Council Tax Reduction. It is not expected that the Government will include an amount for this purpose once again in 2017/18.

50 ***Unavoidable service pressures*** - One of the lessons to be learnt from previous financial strategies is that there is always a likelihood of unavoidable service pressures and there needs to be a clear strategy for dealing with these. These have been identified in the Service Change Impact Assessments (SCIAs) that were reported to the Advisory Committees between September and November.

51 ***Progress on the savings plan*** – 2017/18 will be the seventh year of using the 10-year budget. During this period, 126 savings items have been identified totalling £6.6m. 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.

52 Appendix C sets out a summary of the savings and growth items approved by Council since the 10-year budget strategy was first used in 2011/12. This has allowed the Council to deliver a 10-year balanced budget.

53 *Additional growth and savings -* The attached 10-year budget (Appendix B) assumes new net savings of £100,000 in all years.

54 Growth and savings proposals were presented to the Advisory Committees between September and November. These proposals are listed in Appendix D and further details supporting each proposal are contained in the Service Change Impact Assessments (SCIAs) in Appendix E.

55 The new net savings of £100,000 in this budget setting process are required to deliver net savings of £1m over the 10-year budget period.

56 The total of these growth and savings proposals for the 10-year budget period is £1.011m, therefore if they are all approved, the savings target for 2017/18 will be achieved.

Feedback from the Advisory Committees

57 To assist the Advisory Committees in making additional suggestions for growth or savings for Cabinet to consider, Members were asked for their individual thoughts on the following two points:

- Growth ideas for services within the terms of reference of this Advisory Committee.
- Savings ideas for services within the terms of reference of this Advisory Committee.

58 The individual ideas were then discussed by the Committee before deciding which suggestions would be passed to Cabinet.

59 Provided at Appendix F is a list of the growth and savings suggestions from the Advisory Committees.

60 Two Members' Budget Training sessions also took place before the Advisory Committees with the intention of increasing or refreshing Members knowledge of the budget process. These training sessions were well received by those who attended. As part of the training sessions, Members were also asked the above questions and their answers were fed back to the relevant Advisory Committees.

Current Budget Position

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

62 The Government is expected to announce the 2017/18 funding settlement in late December. Even though this Council has signed up to the Government's multi-year settlement offer and the Revenue Support Grant and New Homes Bonus are no longer included in the revenue budget, it is still important to analysis any potential impact of the settlement.

63 The Cabinet will make its final recommendation on the 2017/18 budget at its meeting on 9 February 2017, after taking account of the latest information available at that date.

Collection Fund and Tax Base

64 The 2017/18 tax base will be agreed at Cabinet on 12 January 2017. At the same time, Members will be presented with an estimate of the Collection Fund balance as at 1 December 2016.

2016/17 Outturn

65 Supported by the Finance Advisory Committee, tight financial monitoring and control has been in place for a number of years and again for 2016/17. Given the constraints being placed on all budgets, and the savings planned for 2016/17 and future years, it will be essential to continue on this basis.

66 The latest 2016/17 monitoring report shows an adverse variance of £284,000. The major reasons for this overspend are the short term impacts of projects that will result in additional long term income to the Council including loss of rent at Suffolk House as the property is refurbished; loss of car parking income as Bradbourne Car Park is developed and business rates on properties in Swanley that the Council is holding for future development.

Budget Consultation

67 Members will note that the growth and savings items put forward to ensure the Council delivers a balanced budget have limited impact on services. Resultantly it was considered reasonable to not undertake a full public consultation. At the request of Members there has been consultation with Town and Parish Councils in relation to SCIA 2 which proposes to provide copies of planning documents electronically in the future.

68 An area of more significant impact on residents is the Council Tax Reduction scheme. Members will note that Cabinet have recommended a scheme to Council to adopt and that the proposals were subject to public consultation and a full equality impact assessment. Within the consultation on the council tax reduction scheme respondents were asked to give their views on how the Council could manage their budgets to minimise the level of reductions to council tax support.

69 The outcome of that question within the survey indicated that the majority of respondents said that their first preference was that the Council made more use of its reserves, their second preference being that the Council find other savings or reduce other Council services and their third priority would be to increase the level of council tax.

Key Implications

Financial

All financial implications are covered elsewhere in this report.

Legal Implications and Risk Assessment Statement.

There are no legal implications.

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

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

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

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

Equality Assessment

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

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

Community Impact and Outcomes

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

Conclusions

The changes explained in this report show that this Council can remain financially self-sufficient from direct Government funding which will continue to be a major achievement.

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

Appendices	Appendix A – Budget Timetable Appendix B – 10-year Budget Appendix C – Summary of the Council's agreed savings and growth items Appendix D – New growth and savings proposals presented to the Advisory Committees Appendix E – Service Change Impact Assessment forms (SCIAs) for the new growth and savings proposals in Appendix D Appendix F – Further growth and savings suggestions from the Advisory Committees
Background Papers:	Report to Cabinet 4 February 2016 – Budget and Council Tax Setting 2016/17 Report to Cabinet 15 September 2016 - Financial Prospects and Budget Strategy 2017/18 and Beyond Report to Planning Advisory Committee 22 September 2016, Housing and Health Advisory Committee 4 October 2016, Policy and Performance Advisory Committee 6 October 2016, Economic and Community Development Advisory Committee 11 October 2016, Legal and Democratic Services Advisory Committee 18 October 2016, Direct and Trading Advisory Committee 1 November 2016, Finance Advisory Committee 15 November 2016 - Budget 2017/18: Service Dashboards and Service Change Impact Assessments (SCIAs)

Adrian Rowbotham
Chief Finance Officer

2017/18 Budget Setting Timetable

	Date	Committee
Stage 1		
Financial Prospects and Budget Strategy 2017/18 and Beyond	6 September	Finance AC
	15 September	Cabinet
⬇		
Stage 2		
Review of Service Dashboards and Service Change Impact Assessments (SCIAs)	22 September	Planning AC
	4 October	Housing & Health AC
	6 October	Policy & Performance AC
	11 October	Economic & Comm. Dev. AC
	18 October	Legal & Dem. Svs AC
	1 November	Direct & Trading AC
	15 November	Finance AC
⬇		
Stage 3		
Budget Update (incl. Service Change Impact Assessments (SCIAs), feedback from Advisory Committees)	1 December	Cabinet
⬇		
Stage 4		
Budget Update (incl. Government Settlement information)	12 January	Cabinet
⬇		
Stage 5		
Budget Update and further review of Service Change Impact Assessments (if required)	*January - February*	*Advisory Committees*
⬇		
Stage 6		
Budget Setting Meeting (Recommendations to Council)	9 February	Cabinet
⬇		
Stage 7		
Budget Setting Meeting (incl. Council Tax setting)	21 February	Council

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

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Appendix B

Ten Year Budget - Revenue

	Budget 2016/17 £000	Plan 2017/18 £000	Plan 2018/19 £000	Plan 2019/20 £000	Plan 2020/21 £000	Plan 2021/22 £000	Plan 2022/23 £000	Plan 2023/24 £000	Plan 2024/25 £000	Plan 2025/26 £000	Plan 2026/27 £000
Expenditure											
Net Service Expenditure c/f	14,253	13,689	14,249	14,489	14,638	15,178	15,536	15,886	16,243	16,605	16,972
Inflation	569	494	611	435	627	443	450	457	462	467	471
Superannuation Fund deficit: actuarial increase	(721)	300	0	0	200	0	0	0	0	0	0
Net savings (approved in previous years)	(13)	(162)	(271)	(216)	(187)	15	0	0	0	0	0
New growth	***88***	***28***	***0***	***30***	***0***	***0***	***0***	***0***	***0***	***0***	***0***
New savings/Income	***(487)***	***(100)***	***(100)***	***(100)***	***(100)***	***(100)***	***(100)***	***(100)***	***(100)***	***(100)***	***(100)***
Net Service Expenditure b/f	**13,689**	**14,249**	**14,489**	**14,638**	**15,178**	**15,536**	**15,886**	**16,243**	**16,605**	**16,972**	**17,343**
Financing Sources											
Government Support											
: Revenue Support Grant	0	0	0	0	0	0	0	0	0	0	0
New Homes Bonus	0	0	0	0	0	0	0	0	0	0	0
Council Tax	(9,672)	(9,982)	(10,300)	(10,627)	(10,963)	(11,309)	(11,663)	(12,028)	(12,402)	(12,786)	(13,181)
Locally Retained Business Rates	(1,951)	(1,989)	(2,048)	(2,113)	(2,155)	(2,198)	(2,242)	(2,287)	(2,333)	(2,380)	(2,428)
Collection Fund Surplus	(333)	0	0	0	0	0	0	0	0	0	0
Interest Receipts	(250)	(130)	(130)	(250)	(250)	(250)	(250)	(250)	(250)	(250)	(250)
Property Investment Strategy Income	(500)	(500)	(1,132)	(1,276)	(1,276)	(1,276)	(1,276)	(1,376)	(1,376)	(1,376)	(1,576)
Contributions to/(from) Reserves	100	(353)	(353)	(353)	(353)	(353)	(179)	(179)	(635)	148	148
Total Financing	**(12,606)**	**(12,954)**	**(13,963)**	**(14,619)**	**(14,997)**	**(15,386)**	**(15,610)**	**(16,120)**	**(16,996)**	**(16,644)**	**(17,287)**
Budget Gap (surplus)/deficit	**1,083**	**1,295**	**526**	**19**	**181**	**150**	**276**	**123**	**(391)**	**328**	**56**
Contribution to/(from) Stabilisation Reserve	**(1,083)**	**(1,295)**	**(526)**	**(19)**	**(181)**	**(150)**	**(276)**	**(123)**	**391**	**(328)**	**(56)**
Unfunded Budget Gap (surplus)/deficit	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**

Assumptions	
Revenue Support Grant:	nil all years
Locally Retained Business Rates:	2% all years
Council Tax:	2% all years
Interest Receipts:	£130,000 in 17/18 - 18/19, £250,000 in later years
Property Inv. Strategy:	£500,000 from 16/17, £700,000 from 18/19, £800,000 23/24 onwards. Sennocke and Bradbourne development income included from 2018/19.
Pay award:	1% in 16/17 - 19/20, 2% in later years
Other costs:	2.25% in all years
Income:	2.5% in all years

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SCIA Year	SCIA No.	Description	2011/12 £000	2012/13 £000	2013/14 £000	2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000	Later Years £000	Total £000
		Direct and Trading Advisory Committee									
2016/17	8	Playgrounds: Reduction in asset maintenance (reversal of temporary saving item)								7	
2016/17	9	Public Conveniences: Reduction in asset maintenance (reversal of temporary saving item)								8	
		Economic and Community Development Advisory Committee									
2014/15	2	Economic Development & Property Team - SCIA originally called 'Broadband and business growth' (reversal of temporary growth item)								(30)	
		Finance Advisory Committee									
2011/12	62,63	Staff terms and conditions - savings agreed by Council 18/10/11							(162)	(674)	
2015/16	10	External Audit fee reduction (reversal of temporary saving item)								30	
		Housing and Health Advisory Committee									
		No savings or growth agreed from 2017/18 onwards									
		Legal and Democratic Services Advisory Committee									
		No savings or growth agreed from 2017/18 onwards									
		Planning Advisory Committee									
		No savings or growth agreed from 2017/18 onwards									
		Policy and Performance Advisory Committee									
2016/17	1	Ec. Dev. & Property: Staffing levels made permanent							28	30	
		Total Savings	(2,984)	(841)	(314)	(479)	(533)	(721)	(162)	(599)	(6,633)
		Total Growth	371	45	50	327	177	309	28	(30)	1,277
		Net Savings	(2,613)	(796)	(264)	(152)	(356)	(412)	(134)	(629)	(5,356)

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New Growth and Savings Proposals: Presented to the Advisory Committees

SCIA Year	No.	Advisory Committee	Description	Year	Ongoing	2017/18 Impact £000	10-year Budget Impact £000
Growth							
2017/18	1	PAC	Building Control: Reduction in budgeted income	2017/18	yes	39	390
2017/18	6	HHAC	HERO service	2017/18	yes	35	350
2017/18	8	PPAC	Increase in website support costs	2017/18	yes	39	390
2017/18	9	PPAC	Increase in IT resource	2017/18	yes	50	500
2017/18	10	PPAC	Apprenticeship levy	2017/18	3 years	45	135
		DTSAC	none				
2017/18	15	ECDAC	Sevenoaks DC Business Prospectus	2017/18	yes	5	50
2017/18	16	LDSAC	Increase in contribution to District Elections	2017/18	yes	22	220
2017/18	17	LDSAC	Resourcing of Electoral Services	2017/18	yes	60	600
2017/18	22	FAC	Procurement: electronic software	2017/18	yes	6	60
			Sub Total			**301**	**2,695**

SCIA Year	No.	Advisory Committee	Description	Year	Ongoing	2017/18 Impact £000	10-year Budget Impact £000
Savings							
2017/18	2	PAC	Development Management: Distribution of planning applications to Town and Parish Councils	2017/18	yes	(5)	(50)
2017/18	3	PAC	Development Management: Service review	2018/19	yes	0	(270)
2017/18	4	PAC	Development Management: Revise pre-application charges	2017/18	yes	(20)	(200)
2017/18	5	PAC	Development Management: Training	2017/18	yes	(4)	(40)
2017/18	7	HHAC	Sencio management fee	2017/18	yes	(44)	(440)
2017/18	11	PPAC	Swanley contract	2018/19	yes	0	(225)
2017/18	12	PPAC	Customer Service resource	2018/19	yes	0	(225)
2017/18	13	PPAC	Review of training budgets	2017/18	yes	(15)	(150)
2017/18	14	PPAC	Consultancy	2017/18	yes	(18)	(180)
2017/18	18	LDSAC	Licensing - fourth partner joining partnership	2017/18	yes	(15)	(150)
2017/18	19	DTSAC	Asset Maintenance - Car Parks	2017/18	yes	(19)	(190)
2017/18	20	DTSAC	Direct Services: increase in net surplus	2017/18	yes	(30)	(300)
2017/18	21	DTSAC	Environmental Health: Income generation	2017/18	yes	(4)	(40)
		ECDAC	none				
2017/18	23	FAC	Partnership work covered within existing resources	2017/18	yes	(5)	(50)
2017/18	24	FAC	Audit fees	2017/18	yes	(17)	(170)
2017/18	25	FAC	Internal Enforcement Agents for Local Tax recovery	2018/19	yes	0	(936)
2017/18	26	FAC	Council Tax: stopping paper based single person discount reviews	2017/18	yes	(9)	(90)
			Sub Total			**(205)**	**(3,706)**
			Net Savings Total			**96**	**(1,011)**

SERVICE CHANGE IMPACT ASSESSMENT **Appendix E**

SCIA 1 (17/18)

Chief Officer:	Richard Wilson	**Service:**	Building Control Partnership
Activity	Building Control – SDC Income	**No. of Staff:**	8.45 FTE

Activity Budget Change	Year: 2017/18 Growth / (Saving) £000	Later Years Comments (ongoing, one-off, etc.)
Reduction in budgeted income	39	Ongoing

Reasons for and explanation of proposed change in service	Budgeted income is currently overstated and based on when compared to actual previous years income received is considered to be an unrealistic target. In order to achieve the level of income currently budgeted for new business would have to be secured and an additional Surveyor would need to be employed to deal with the extra work.
Key Stakeholders Affected	None.
Likely impacts and implications of the change in service (include Risk Analysis)	Budgeted income set to realistic level. If not reduced the Building Control Service will fail to achieve its overall budget surplus. 2016/17 – Income budget is £463,305 2016/17 – overall surplus is £127,857 2015/16 – Income achieved - £414,502 2015/16 – overall surplus achieved - £83,932

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

2016/17 Budget	£'000		Performance Indicators		
Operational Cost	335		**Description**	**Actual**	**Target**
Income	(463)		Plans checked within 15 days	99%	95%
Net Income	(128)		Register and acknowledge building notices in three days	99%	80%

Equality Impacts

The decision recommended through this growth item has a remote or low relevance to the substance of the Equality Act. There is no perceived impact on end users.

SCIA 2 (17/18)

Chief Officer:	Richard Morris	**Service:**	Planning
Activity	Development Management	**No. of Staff:**	26.37 fte

Activity Budget Change	Year: 2017/18 Growth / (Saving) £000	Later years comments (ongoing, one-off, etc.)
Distribution of planning applications to Town and Parish Councils	(5)	Ongoing

Reasons for and explanation of proposed change in service	Currently the Council prints and posts paper copies of planning applications to Town and Parish Councils as part of the consultation process. All other notifications and consultations are done electronically. As part of the Council's paper-less ambition, and to make resource and financial savings, it is proposed to now also notify Town and Parish Councils electronically. Alternatively the Council could make a charge for the distribution of a paper copy to cover the costs.
Key Stakeholders Affected	Town and Parish Councils
Likely impacts and implications of the change in service (include Risk Analysis)	Receiving paper copies is likely to be considered both convenient and necessary so the proposed change may not be welcomed by the local Councils.

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

2016/17 Budget	**£’000**
Operational Cost	1,071
Income	(747)
Net Cost	324

Performance Indicators		
Code & Description	**Actual**	**Target**
Validation of planning applications	4.18 days	Under 5 days
Processing of planning applications:		
Major (13 weeks)	100%	80%
Minor (8 weeks)	82%	80%
Other (8 weeks)	93%	90%

Equality Impacts

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

SCIA 3 (17/18)

Chief Officer:	Richard Morris	**Service:**	Planning
Activity	Development Management	**No. of Staff:**	26.37 fte

Activity Budget Change	Year: 2018/19 Growth / (Saving) £000	Later Years Comments (ongoing, one-off, etc.)
Service Review	(30)	Ongoing

Reasons for and explanation of proposed change in service	Although the duty planner service is well used, many of the answers to the queries can be found on the website, and many others simply require the submission of an application for formal confirmation. Subject to customers being equally well served from other information sources, ceasing the service, which runs all day every day, could result in the saving of a Planning Officer post.
Key Stakeholders Affected	Customers of the planning service
Likely impacts and implications of the change in service (include Risk Analysis)	Work has already been undertaken to establish the frequently asked questions (and these could be put online and shared with the contact centre). Additionally a significant proportion of queries result in customers being walked through the website, and our improved website should make navigation more straightforward.

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

2016/17 Budget	£'000		Performance Indicators		
Operational Cost	1,071		**Description**	**Actual**	**Target**
Income	(747)		Validation of planning applications	4.18 days	Under 5 days
Net Cost	324		Processing of planning applications:		
			Major (13 weeks)	100%	80%
			Minor (8 weeks)	82%	80%
			Other (8 weeks)	93%	90%

Equality Impacts

Members are reminded of the requirement, under the Public Sector Equality Duty (section 149 of the Equality Act 2010) to have due regard to (i) eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Equality Act 2010, (ii) advance equality of opportunity between people from different groups, and (iii) foster good relations between people from different groups. The decisions recommended through this paper directly impact on end users. The Council does not hold data about customers or the characteristics of customers that use the duty planner service but it is recognised that there could be some impact on them. Alternative service delivery options will be implemented to reduce or eliminate this impact.

SCIA 4 (17/18)

Chief Officer:	Richard Morris	**Service:**	Planning
Activity	Development Management	**No. of Staff:**	26.37 fte

Activity Budget Change	Year: 2017/18 Growth / (Saving) £000	Later Years Comments (ongoing, one-off, etc.)
Revise pre-application charges	(20)	Ongoing

Reasons for and explanation of proposed change in service	Charges were introduced for some elements of pre-application advice in 2010. These have not been reviewed since and have a number of exceptions, such as householder advice. Revising the existing charges and introducing charging for some elements that are currently free would ensure that the service is cost neutral.
Key Stakeholders Affected	Users of the pre-application service
Likely impacts and implications of the change in service (include Risk Analysis)	Charging for pre-application advice can only recover costs, and due to the current arrangements that doesn't happen at present. The charge is only a fraction of a development's costs and can enable a discretionary service to become cost neutral.
Risk to Service Objectives (High / Medium / Low)	Medium

2016/17 Budget	£'000		Performance Indicators		
Operational Cost	1,071		**Code & Description**	**Actual**	**Target**
Income	(747)		Validation of planning applications	4.18 days	Under 5 days
Net Cost	324		Processing of planning applications:		
			Major (13 weeks)	100%	80%
			Minor (8 weeks)	82%	80%
			Other (8 weeks)	93%	90%

Equality Impacts

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

SCIA 5 (17/18)

Chief Officer:	Richard Morris	**Service:**	Planning
Activity	Development Management	**No. of Staff:**	26.37 fte

Activity Budget Change	2017/18 Growth / (Saving) £000	Later Years Comments (ongoing, one-off, etc.)
Training	(4)	On-going

Reasons for and explanation of proposed change in service	The Council has a skilled workforce which delivers excellent internal training on a range of planning related topics. For example, permitted development, material planning considerations, CIL and conservation & heritage. This training offer could be sold to other Councils, and local councils and interested parties to generate additional income.
Key Stakeholders Affected	None
Likely impacts and implications of the change in service (include Risk Analysis)	The council is often asked to provide training within our communities and has an ongoing training programme for officers. Expectations would need to be managed carefully to ensure that work preparing training did not distract from the core functions, and to ensure that paying customers received value for money.

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

2016/17 Budget	£'000
Operational Cost	1,071
Income	(747)
Net Cost	324

Performance Indicators		
Code & Description	**Actual**	**Target**
Validation of planning applications	4.18 days	Under 5 days
Processing of planning applications:		
Major (13 weeks)	100%	80%
Minor (8 weeks)	82%	80%
Other (8 weeks)	93%	90%

Equality Impacts

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

SCIA 06 (17/18)

Chief Officer:	Lesley Bowles	**Service:**	Housing & Health
Activity	Housing	**No. of Staff:**	2 fte

Activity Budget Change	Year: 2017/18 Growth £000	Later Years Comments (ongoing, one-off, etc.)
HERO service	35	ongoing

Reasons for and explanation of proposed change in service

Currently, there are two HERO Officers and the budget required to fund their salary costs is £70,000 per annum including travelling expenses. None of this is currently funded from SDC core budgets.

The HERO service was originally funded through external Trailblazer funding from Government. Subsequently it has been funded from securing alternative sources of external funding. This has included from funding schemes which are no longer available to the Council, such as KCC Second Homes funding and some funding from partners under Service Level Agreements.

Total external income for 2016/17 was £35,000 and it is anticipated that external funding of the following amounts will continue to be available:

£20,000 Dartford Borough Council;

£6,000 Kent County Council; and

£9,000 West Kent Housing.

These funding agreements enable the council to provide services dedicated to the clients of those three funders at locations specified by them, usually their own offices.

This funding does not, however, cover the salary costs for the service provided in house to our own residents.

The core budget provision of £35k per annum will enable the service to the council’s own residents to continue.

Key Stakeholders Affected	HERO clients include vulnerable residents facing crisis relating to debt, homelessness, poverty, mental health and ill health, who, without the HERO service are likely to become homeless. Without the HERO service, the council is likely to face increased demand from these customers for housing assistance under the Housing Act 1998 as amended by the Homelessness Act 2002, under which the council has a duty to provide housing.
Likely impacts and implications of the change in service (include Risk Analysis)	The requested growth item would enable the HERO service to continue to provide assistance for our own residents. Without it, the service will be restricted to that provided for other agencies which are prepared to pay for it.

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

2016/17 Budget	**£'000**
Operational Cost	69
Income	(69)
Net Cost	0

Performance Indicators		
Code & Description	**Actual**	**Target**
Total number of homelessness acceptances	19	Less than 20

Equality Impacts

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

Vulnerable persons at risk of homelessness could be more likely to become homeless if the HERO service is not available to them.

SCIA 07 (17/18)

Chief Officer:	Lesley Bowles	**Service:**	Housing & Health
Activity	Leisure	**No. of Staff:**	1.1 fte

Activity Budget Change	Year: 2017/18 Growth / (Saving) £000	Later Years Comments (ongoing, one-off, etc.)
Sencio Management Fee	(44)	ongoing

Reasons for and explanation of proposed change in service	The original management fee, paid annually to Sencio, in 2004/05 was £486,000. This has reduced over time to £80,950 in 2012/13. The fee has remained at that rate since 2012/13. A leisure in depth scrutiny review reported its findings to Scrutiny Committee on 5 July and it was resolved that: a) The conclusions of the Scrutiny Working Group that Sencio did not offer value for money to the Council at this time, be noted, while noting the trend of improvement; and b) Cabinet be recommended to i) Review the fees paid to Sencio; and ii) Consider whether the Council could more effectively carry out the outreach element of the Sports Development function while retaining part of the management fee. And in its consideration Cabinet be advised that it may wish to take account of the further investment that Sencio had been taking forward. This recommendation is being considered by the Housing & Health Advisory Committee on 4 October 2016. In addition to the Management Fee, the Council also pays an annual contribution of £20,000 towards ‘Advantage’, a concessionary scheme that offers reduced rates for leisure activities. It is proposed that the reduction is applied to the Management Fee rather than the Advantage contribution.

Key Stakeholders Affected	Sencio Community Leisure
Likely impacts and implications of the change in service (include Risk Analysis)	Sencio is currently considering other impacts, e.g. from the Living Wage, which is likely to cost an additional £86,000. This does not take account of any pension increase associated with the Living Wage, which could cost a further £44,000. The outcome of all of these increases could lead to an increase in fees to customers.

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

2016/17 Budget	£'000
Operational Cost	250
Income	(20)
Net Cost	230

Performance Indicators		
Code & Description	**Actual**	**Target**
Percentage of Health Action Plan on target	96%	80%

Equality Impacts

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

The decision recommended through this paper has the potential to directly impact on end users if the cumulative effect of this change and other impacts necessitate an increase in fees to customers.

SCIA 08 (17/18)

Head of Service	Lee Banks	**Service:**	Communications
Activity	Website support and maintenance	**No. of Staff:**	3 fte

Activity Budget Change	Year: 2017/18 Growth £000	Later Years Comments (ongoing, one-off, etc.)
Increase in website support costs	39	Ongoing

Reasons for and explanation of proposed change in service	Costs for the support and maintenance of the Council's website have increased above the current budget provision. These costs include ongoing requirements for external hosting, security, patching, and testing. Whilst costs have increased, so has the planned functionality of the website and improved services to the public.
Key Stakeholders Affected	Customers of Sevenoaks District Council
Likely impacts and implications of the change in service (include Risk Analysis)	Without the appropriate budget provision for this service, the Council website would not be able to be maintained in a fit for purpose environment, providing important services securely to customers.
Risk to Service Objectives (High / Medium / Low)	High

2016/17 Budget	**£'000**
Operational Cost	166
Income	(13)
Net Cost	153

Performance Indicators		
Code & Description	**Actual**	**Target**
None.		

Equality Impacts

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

SERVICE CHANGE IMPACT ASSESSMENT **Appendix E**

SCIA 09 (17/18)

Chief Officer:	Jim Carrington-West	**Service:**	IT Services
Activity	IT Support and Development	**No. of Staff:**	15 FTE

Activity Budget Change	Year: 2017/18 Growth £000	Later Years Comments (ongoing, one-off, etc.)
Increase in IT resource	50	Ongoing

Reasons for and explanation of proposed change in service	Additional development and GIS resource is required to deliver on a programme of service improvements through better use of technology. This will produce more integrated services with an increased ability for customers to self-serve. £50,000 growth in funding is the net increase required once offset by expected savings across services through an invest to save approach.
Key Stakeholders Affected	Customers of Sevenoaks District Council
Likely impacts and implications of the change in service (include Risk Analysis)	This additional resource will provide a more comprehensive, accessible range of services available to the public. Failure to invest in this service development will lead to missed efficiencies and service improvements.
Risk to Service Objectives (High / Medium / Low)	High

2016/17 Budget	**£'000**
Operational Cost	955
Income	(25)
Net Cost	930

Performance Indicators		
Code & Description	**Actual**	**Target**
None		

Equality Impacts

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

SCIA 10 (17/18)

Head of Service	Lee Banks	**Service:**	Corporate Management
Activity	Apprenticeship Levy	**No. of Staff:**	N/a

Activity Budget Change	Year: 2017/18 Growth £000	Later Years Comments (ongoing, one-off, etc.)
Apprenticeship Levy	45	Ongoing for three years

Reasons for and explanation of proposed change in service	The Government is set to introduce an apprenticeship levy and public sector duty on apprenticeships which are both due to come into force from April 2017 and run until March 2020. All public sector bodies with a payroll of £3m and over will be expected to contribute 0.5% of their payroll towards the levy, the funds from which will be used to buy apprenticeship training and assessment.
Key Stakeholders Affected	None.
Likely impacts and implications of the change in service (include Risk Analysis)	It is a statutory duty for the Council to pay the apprenticeship levy. Failure to meet these costs through growth in the budget may lead to the need to identify savings within other service budgets.

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

2016/17 Budget	**£'000**
Operational Cost	-
Income	-
Net Cost	-

Performance Indicators		
Code & Description	**Actual**	**Target**
None.		

Equality Impacts

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

SCIA 11 (17/18)

Chief Officer:	Jim Carrington-West	**Service:**	Customer Services
Activity	Customer Services	**No. of Staff:**	15.78 FTE

Activity Budget Change	Year: 2018/19 Saving £000	Later Years Comments (ongoing, one-off, etc.)
Swanley contract	(25)	Ongoing

Reasons for and explanation of proposed change in service	The Council is partway through a two year contract with Swanley Town Council to provide some customer facing services locally on behalf of the district, which can be reviewed at the end of its current term. As more services move online and are available for self-service, coupled with the provision of alternative payment methods for the payment of Council Tax it is expected that costs related to the current contract can be reviewed and reduced.
Key Stakeholders Affected	Residents of the Swanley Area
Likely impacts and implications of the change in service (include Risk Analysis)	There is likely to be little impact to the residents of Swanley due to the ability to self-serve or deal directly with Customer Services staff at the District Council Offices. Local residents can pay for their Council Tax at the Swanley Link via the Post Office Counter or any PayPoint outlet. In addition it is anticipated that the weekly Benefits surgery would continue twice a week for face to face meetings.

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

2016/17 Budget	**£'000**		**Performance Indicators**		
Operational Cost	53		**Code & Description**	**Actual**	**Target**
Income	-		None		
Net Cost	53				

Equality Impacts

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

SERVICE CHANGE IMPACT ASSESSMENT **Appendix E**

SCIA 12 (17/18)

Chief Officer:	Jim Carrington-West	**Service:**	Customer Services
Activity	Customer Services	**No. of Staff:**	15.78 FTE

Activity Budget Change	Year: 2018/19 (Saving) £000	Later Years Comments (ongoing, one-off, etc.)
Customer Service Resource	(25)	Ongoing

Reasons for and explanation of proposed change in service	As more services move online and are available for self-service with the delivery of the new SDC website, it is expected that resource requirements within the Customer Services Team can be reviewed and reduced from 2018/19 onwards.
Key Stakeholders Affected	Residents of Sevenoaks District
Likely impacts and implications of the change in service (include Risk Analysis)	The impact of this change is expected to be low as it is not intended that services are reduced but moved to a more accessible and cost effective method of access. It is expected that sufficient resource will be retained to ensure face to face and telephone services remain available to those customers that wish to contact the Council in this way.

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

2016/17 Budget	**£'000**
Operational Cost	449
Income	-
Net Cost	449

Performance Indicators		
Code & Description	**Actual**	**Target**
Percentage of phone calls answered within 20 seconds	63%	70%

Equality Impacts

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

SCIA 13 (17/18)

Chief Officer:	Jim Carrington-West	**Service:**	Human Resources
Activity	Training and development	**No. of Staff:**	6.03 FTE

Activity Budget Change	Year: 2017/18 (Saving) £000	Later Years Comments (ongoing, one-off, etc.)
Review of training budgets	(15)	Ongoing

Reasons for and explanation of proposed change in service	The excellent training and development the council provides has been recognised through the recent Investors in People award. The Council is the only local authority to hold the prestigious Platinum IiP Accreditation. In achieving this recognition, the types and methods of training are under constant review to ensure that it is targeted, efficient and highly effective. In many instances, internal talent has been recognised and our own staff used to deliver training. This has led to the more effective use of the allocated budget in this area. Therefore an ongoing saving of £15,000 per year is achievable whilst maintaining the high standards the council has been recognised for.
Key Stakeholders Affected	Sevenoaks District Council Staff and Members
Likely impacts and implications of the change in service (include Risk Analysis)	The impact of this change is expected to be low as more cost effective methods of training have been delivered and continue to serve the organisation well.

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

2016/17 Budget	£'000		Performance Indicators		
Operational Cost	143		**Code & Description**	**Actual**	**Target**
Income			None		
Net Cost	143				

Equality Impacts

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

SERVICE CHANGE IMPACT ASSESSMENT **Appendix E**

SCIA 14 (17/18)

Head of Service	Lee Banks	**Service:**	Corporate Management
Activity	Consultancy	**No. of Staff:**	N/a

Activity Budget Change	Year: 2017/18 (Saving) £000	Later Years Comments (ongoing, one-off, etc.)
Consultancy	(18)	Ongoing

Reasons for and explanation of proposed change in service	The council retained a relatively small budget, which often goes unspent to contribute towards the costs of projects and initiatives where some level of expertise or skill is required that cannot be met from internal resources. This budget is no longer deemed necessary to hold as the introduction of the Property Investment Strategy and 'spend to save' resources are in place to meet such costs.
Key Stakeholders Affected	None.
Likely impacts and implications of the change in service (include Risk Analysis)	None. The Council retains sufficient budget to meet the costs associated with projects and other initiatives.

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

2016/17 Budget	**£'000**
Operational Cost	18
Income	-
Net Cost	18

Performance Indicators		
Code & Description	**Actual**	**Target**
None.		

Equality Impacts

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

SCIA 15 (17/18)

Chief Officer:	Lesley Bowles	**Service:**	Economic Development & Property
Activity	Economic Development	**No. of Staff:**	0.2 fte (6 fte in ED & Prop)

Activity Budget Change	Year: 2017/18 Growth £000	Later Years Comments (ongoing, one-off, etc.)
Business Prospectus	5	Ongoing

Reasons for and explanation of proposed change in service	On 21 April Cabinet endorsed a proposal for the introduction of an inward investment magazine for the District and the request to submit a growth item for future years of £4,950. The 48 to 56 page magazine is aimed at investors, developers and those looking for business opportunities, who may not have previously considered locating in the Sevenoaks District. The company which produces the magazine only produces magazines for the public sector and understands the market well. They produce such magazines for local authorities across the UK including Medway, Croydon and Bromley. Annually, there is also an event called Site Match, which matches sites with potential investors. In addition an e-newsletter is published 4 times a year. The print run of 5,000 magazines is produced with 3,500 mailed out directly to a carefully targeted database with 500 sent directly to advertisers and 1,000 to the Council to use at its own business events. The anticipated positive impact is set out below.
Key Stakeholders Affected	Local businesses

Likely impacts and implications of the change in service (include Risk Analysis)	A positive impact is anticipated with the main objectives of the magazine being: • To create a positive impression of the Sevenoaks District as a good place to invest; • An increase in tourism; • Positive engagement with the private sector; • Attract attention to specific development opportunities; and • Inject a sense of aspiration, excitement and ambition.

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

2016/17 Budget	£'000		Performance Indicators		
Operational Cost	51		**Code & Description**	**Actual**	**Target**
Income	-		None		
Net Cost	51				

Equality Impacts

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

SCIA 16 (17/18)

Chief Officer:	Jim Carrington-West	**Service:**	Electoral Services
Activity	Elections	**No. of Staff:**	2.71 fte

Activity Budget Change	Year: 2017/18 Growth £000	Later Years Comments (ongoing, one-off, etc.)
Increase in contribution to reserves for District Elections	22	Ongoing

Reasons for and explanation of proposed change in service	Full District Council elections occur every four years. The costs of approximately £160,000 are funded from a reserve into which a contribution is made each year. The current annual contribution is not sufficient to cover the cost of these elections therefore an additional sum is required.
Key Stakeholders Affected	All residents of Sevenoaks District Council
Likely impacts and implications of the change in service (include Risk Analysis)	This is a statutory function which in the absence of sufficient funds in the elections reserve would still need to be funded, resulting in a significant overspend in the year of a District Council Election.
Risk to Service Objectives (High / Medium / Low)	High

2016/17 Budget	**£'000**		**Performance Indicators**		
Operational Cost	228		**Code & Description**	**Actual**	**Target**
Income	-148		None		
Net Cost	80				

Equality Impacts

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

SCIA 17 (17/18)

Chief Officer:	Jim Carrington-West	**Service:**	Electoral Services
Activity	Electoral Services	**No. of Staff:**	2.71 fte

Activity Budget Change	Year: 2017/18 Growth £000	Later Years Comments (ongoing, one-off, etc.)
Resourcing of Electoral Services	60	Ongoing

Reasons for and explanation of proposed change in service	Workload for Electoral Registration has increased following the introduction of Individual Elector Registration (IER). Central government did provide some initial transitional funding to support the increased burden. This funding has decreased to £20,000 for the year 2016/17 with no indication any will be available for future years. The workload has however not reduced and indications are that it will continue to require additional expenditure to fulfil the statutory duty including canvassing. It is also intended to carry out a review of current Electoral Services processes within current statutory requirements to identify more effective and automated working practices going forward. This is currently not feasible to be carried out within existing resources.
Key Stakeholders Affected	All residents of Sevenoaks District Council
Likely impacts and implications of the change in service (include Risk Analysis)	This is a statutory function which in the absence of sufficient funds would still need to be carried out, resulting in an overspend of the allocated budget.

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

2016/17 Budget	£'000		Performance Indicators		
Operational Cost	228		Code & Description	Actual	Target
Income	-148		None		
Net Cost	80				

Equality Impacts

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

SERVICE CHANGE IMPACT ASSESSMENT **Appendix E**

SCIA 18 (17/18)

Chief Officer:	Richard Wilson	**Service:**	Licensing Partnership
Activity	Licensing	**No. of Staff:**	9.4 fte

Activity Budget Change	Year: 2017/18 Growth / (Saving) £000	Later Years Comments (ongoing, one-off, etc.)
4th Partner joining partnership	(15)	Ongoing

Reasons for and explanation of proposed change in service	From November 2016, a 4th Partner, London Borough of Bexley, joined the Licensing Partnership. This means the total licensing 'hub' costs are now shared between 4 partners instead of 3. Even though the total cost of the hub has increased proportionately, the split of total costs is now across 4 Authorities, reducing, proportionately, the actual cost of the 3 previous partnership authorities. The SDC share of this saving, in a full year, is £15,000.
Key Stakeholders Affected	Licensees. TWBC; SDC, MBC and LBB
Likely impacts and implications of the change in service (include Risk Analysis)	No change in service levels. The Licensing Administration team will start administering Bexley's licences [not taxis] from November 2016 and the Licensing Partnership Manager started managing the Bexley team from September 2016.

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

2016/17 Budget	£'000		Performance Indicators		
Operational Cost	108		**Code & Description**	**Actual**	**Target**
Income	(101)		LPI LIC 002	100%	95%
Net Cost	7		LPI LIC 001	100%	95%

Equality Impacts

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

SCIA 19 (17/18)

Chief Officer:	Richard Wilson	**Service:**	Car Parks
Activity	Asset Maintenance	**No. of Staff:**	-

Activity Budget Change	Year: 2017/18 Growth / (Saving) £000	Later Years Comments (ongoing, one-off, etc.)
Asset Maintenance – Car Parks	(19)	Ongoing

Reasons for and explanation of proposed change in service	Maintenance of car parks can legitimately be funded by on-street parking surpluses. Any surplus for on-street parking, above the budgeted surplus, is now held in a ring fenced reserve to facilitate works allowed under the Traffic Management Act. Asset maintenance of car parks falls into this category. 2015/16 on-street surplus above budgeted surplus and passed to ring fenced reserve: £92,000. 2016/17 on-street surplus above budgeted surplus as at end August 2016: £28,000.
Key Stakeholders Affected	Car park users
Likely impacts and implications of the change in service (include Risk Analysis)	No impact on service

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

2016/17 Budget	£'000		Performance Indicators		
Operational Cost	19		Code & Description	Actual	Target
Income	-		None		
Net Cost	19				

Equality Impacts

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

SCIA 20 (17/18)

Chief Officer:	Richard Wilson	**Service:**	Direct Services
Activity	Trading Accounts	**No. of Staff:**	90.56 FTE

Activity Budget Change	Year: 2017/18 Growth / (Saving) £000	Later Years Comments (ongoing, one-off, etc.)
Direct Services: Increase in net surplus	(30)	Ongoing

Reasons for and explanation of proposed change in service	Budgeted increase in Direct Services net surplus of £30,000. 2015/16 surplus was £233,000 against a budget surplus of £84,000 (positive variance of £149,000) The budgeted surplus in 2016/17 is £92,000. This change would increase the budgeted surplus to £122,000 in 2017/18 onwards.
Key Stakeholders Affected	Budget only
Likely impacts and implications of the change in service (include Risk Analysis)	No impact on service users. There is a risk that if fuel [diesel] costs escalate significantly, this surplus target could be at risk, but at recent [last 2 years] and current diesel prices, this risk is perceived to be medium
Risk to Service Objectives (High / Medium / Low)	Medium

2016/17 Budget	**£'000**
Operational Cost	6,810
Income	6,902
Net Cost	(92)

Performance Indicators		
Code & Description	**Actual**	**Target**
LPI waste 003	99%	97%
LPI clean 001	17	60

Equality Impacts

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

SCIA 21 (17/18)

Chief Officer:	Richard Wilson	**Service:**	Environmental Health
Activity	Commercial	**No. of Staff:**	12.18 fte

Activity Budget Change	Year: 2017/18 Growth / (Saving) £000	Later Years Comments (ongoing, one-off, etc.)
Income generation	(4)	Ongoing

Reasons for and explanation of proposed change in service	Introduction of cost recovery charges for food hygiene re-rating inspections and potentially general pre-application advice, also on a cost recovery basis
Key Stakeholders Affected	Food premises and other premise owners requiring pre-application advice.
Likely impacts and implications of the change in service (include Risk Analysis)	No risk to service. May result in more food hygiene re-rating inspections, but costs will be recovered (£200 per re-rating inspection).
Risk to Service Objectives (High / Medium / Low)	Low

2016/17 Budget	**£'000**		**Performance Indicators**		
Operational Cost	284		**Code & Description**	**Actual**	**Target**
Income	(5)		LPI EH 4	100%	100%
Net Cost	279		LPI EH 8	90%	85%

Equality Impacts

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

SERVICE CHANGE IMPACT ASSESSMENT **Appendix E**

SCIA 22 (17/18)

Chief Officer:	Richard Wilson	**Service:**	Procurement
Activity	Procurement	**No. of Staff:**	-

Activity Budget Change	2017/18 Growth £000	Later Years Comments
Electronic procurement software	6	Ongoing

Reasons for and explanation of proposed change in service	It is a requirement on the public sector to be able to receive all tender documents electronically, not just over an email system, by 2018. To ensure a system can be purchased, implemented and tested in advance of the statutory deadline there is a need to create a budget to purchase and sustain an e-procurement solution. Quotes received from potential suppliers estimate that £6k will be sufficient to meet the council's needs.
Key Stakeholders Affected	Organisations seeking to do business with the council
Likely impacts and implications of the change in service (include Risk Analysis)	Failure to implement e-procurement software would place the council at risk of breaching regulations.
Risk to Service Objectives (High / Medium / Low)	High

2016/17 Budget	**£'000**
Operational Cost	-
Income	-
Net Cost	-

Performance Indicators		
Code & Description	**Actual**	**Target**
None		

Equality Impacts

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

SERVICE CHANGE IMPACT ASSESSMENT **Appendix E**

SCIA 23 (17/18)

Chief Officer:	Adrian Rowbotham	**Service:**	Finance
Activity	Finance	**No. of Staff:**	9.32 fte

Activity Budget Change	2017/18 Saving £000	Later Years Comments
Partnership work covered within existing resources	(5)	Ongoing

Reasons for and explanation of proposed change in service	When partnerships have started budgets have been included to take account of additional work required from support services (Finance, IT, HR etc). These support services have managed to deliver the extra work created from within existing resources. A saving of £72,000 was made in 2016/17 and the saving in 2017/18 is for the remaining £5,000.
Key Stakeholders Affected	None
Likely impacts and implications of the change in service (include Risk Analysis)	No impact assuming that workloads continue at current levels and partnership agreements remain in place.
Risk to Service Objectives (High / Medium / Low)	Low

2016/17 Budget	**£'000**
Operational Cost	434
Income	-
Net Cost	434

Performance Indicators		
Code & Description	**Actual**	**Target**
None		

Equality Impacts

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

SCIA 24 (17/18)

Chief Officer:	Adrian Rowbotham	**Service:**	Finance
Activity	External Audit	**No. of Staff:**	-

Activity Budget Change	2017/18 Saving £000	Later Years Comments
Reduction in audit fees budget	(17)	Ongoing

Reasons for and explanation of proposed change in service	The council has steadily reduced the budget it holds to meet the cost of its external audit fees over recent years. With the council's recent agreement to continue to procure external audit services from a nationally agreed contract it is expected that further savings can be sustained in audit fees budget.
Key Stakeholders Affected	None
Likely impacts and implications of the change in service (include Risk Analysis)	The decision to reduce the budget for audit fees presents a low risk to the council. Sufficient budget will be retained to meet current and expected future costs.
Risk to Service Objectives (High / Medium / Low)	Low

2016/17 Budget	**£'000**
Operational Cost	88
Income	-
Net Cost	88

Performance Indicators		
Code & Description	**Actual**	**Target**
None		

Equality Impacts

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

SERVICE CHANGE IMPACT ASSESSMENT **Appendix E**

SCIA 25 (17/18)

Chief Officer:	Adrian Rowbotham	**Service:**	Revenues & Benefits
Activity	Local Tax (Recovery)	**No. of Staff:**	40.88 fte

Activity Budget Change	Year: 2018/19 Growth / (Saving) £000	Later Years Comments (ongoing, one-off, etc.)
Certified internal enforcement agents for Compliance Stage of enforcement process	(104)	ongoing

Reasons for and explanation of proposed change in service	An outcome of a recent service review has highlighted an opportunity to consider bringing the services currently provided by the enforcement agency in-house Once a liability order has been obtained, the proposal is to use certified internal enforcement agents to undertake the first stage only (Compliance Stage) of the enforcement process. Stages two and three would continue to be done in partnership with external enforcement agents. **Stage 1 – Compliance Stage (currently undertaken by external enforcement agents)** From the date a liability order is passed to a certified enforcement agent, a standard fee of £75 can be charged by the agent. Actions to be taken at this stage of the enforcement process involve contact with the debtor by letter, phone, text and email – all of which could be undertaken by internally certified enforcement agents **Stage 2 – Enforcement Stage (to continue to be undertaken by external enforcement agents)** This is where the external enforcement agent is of the opinion that they should take control of goods - affected by issuing a notice of enforcement. **Stage 3 – Sale Stage (to continue to be undertaken by external enforcement agents)**

	This is where the external enforcement agent removes goods for sale – affected by issuing a notice of sale.
Key Stakeholders Affected	Enforcement Agents
Likely impacts and implications of the change in service (include Risk Analysis)	Seeking to provide enforcement agency services in-house would give the council increased control over the actions of the staff and the way in which work is conducted. Assessments would need to be conducted to ensure any detailed proposal properly mitigates any risk to the council, the staff providing the service and to local residents. The estimated net income is based on the total number of liability orders (Council Tax and Business Rates) passed to enforcement agents in 2015/16 less the cost of employing additional staff to provide the service. The net income to the partnership with Dartford is likely to be in the region of £208,000 which would be split equally between the partners.

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

2016/17 Budget	**£'000**		**Performance Indicators**		
Operational Cost	1,515		**Code & Description**	**Actual**	**Target**
Income	(684)		None.		
Net Cost	831				

Equality Impacts

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

SERVICE CHANGE IMPACT ASSESSMENT **Appendix E**

SCIA 26 (17/18)

Chief Officer:	Adrian Rowbotham	**Service:**	Revenues & Benefits
Activity	Local Tax	**No. of Staff:**	17.83 fte

Activity Budget Change	2017/18 Saving £000	Later years comments
Council Tax: single person discount reviews	(9)	Ongoing

Reasons for and explanation of proposed change in service	Stopping paper based single person discount (SPD) reviews for all residents claiming an SPD and replacing the review with a credit reference agency intelligence based product which provides an alert monitoring service every time a change in household details is detected.
Key Stakeholders Affected	Staff, Print Studio
Likely impacts and implications of the change in service (include Risk Analysis)	This change will prevent 26,000 SPD reviews per annum for the partnership at an approximate cost of £0.66 per review. (Total saving £17,000 split with DBC). This should also result in additional Council Tax income as SPD errors are likely to be found earlier.
Risk to Service Objectives (High / Medium / Low)	Low

2016/17 Budget	£'000
Operational Cost	522
Income	(476)
Net Cost	46

Performance Indicators		
Code & Description	Actual	Target
The percentage of council tax collected	97.7%	97.5%

Equality Impacts

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

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Budget Update

Further Growth and Savings Suggestions from the Advisory Committees

Policy and Performance Advisory Committee

Growth	**Savings**
Broadband improvements	Additional property acquisitions/developments
Reinstatement of the Big Community Fund or something similar	Investigate further shared services opportunities within this portfolio's terms of reference
Investment in skills training (Economic & Community Development Advisory Committee remit)	External communications (social and online)
Improved start up business accessibility, e.g. seed funding (Economic & Community Development Advisory Committee remit)	Look at ways to reduce corporate management further
Improved district event and activity promotion	Set up a bank (mobile/local)
	Become a social landlord for young workers (Housing & Health Advisory Committee's remit)

Economic and Community Development Advisory Committee

Growth	**Savings**
	Advisory/consulting offering to other councils – look for opportunities across the council
	Officer time recording. Efficiencies may result in a time saving rather than a cost saving but it would be useful if this could be quantified. Look at how this could be implemented across certain services.

Legal and Democratic Services Advisory Committee

Growth	**Savings**
Chairman support – modest increase to provide benefits for tourism and economic development	Members – review the number of Members
	Members – review the number of Cabinet Members and Advisory Committees
	Members – reduce use of paper
	Members – review allowances
	Civic Expenses
	Seek further opportunities for joint working
	Licensing Partnership – seek additional partners
	Digital elections

Appendix F

Finance Advisory Committee

Growth	Savings
Redevelop housing in obsolete shopping centres	Explore options regarding moving from Argyle Road to a lower cost site
	Explore development potential at Sevenoaks Bus station
	Review Estates Management to increase net income
	More electronic mail rather than post

A range of growth and savings ideas were also discussed at the Planning Advisory Committee, Housing and Health Advisory Committee, Direct and Trading Services Advisory Committee but it was decided not to advise Cabinet with further suggestions.

Item 6 – Treasury Management Mid Year Update 2016-17

The attached report was considered by the Finance Advisory Committee on 15 November 2016, relevant Minute extract below:

Finance Advisory Committee on 15 November 2016 (Minute 28)

The Principal Accountant presented the report which gave details of treasury activity in the first half of the current financial year, recent developments in the financial markets and fulfils the reporting requirements of the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Treasury Management. An update on the Municipal Bonds Agency was also provided.

Resolved: That it be recommended to Cabinet

a) that the Treasury Management Mid-Year Update for 2016/17, be approved; and

b) to sign up to the Municipal Bonds Agency's Framework Agreement, and delegated authority be given to the Section 151 Officer and the Monitoring Officer to sign the documents, as appropriate, on behalf of the Council.

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TREASURY MANAGEMENT MID-YEAR UPDATE 2016/17

Cabinet – 1 December 2016

Report of the: Chief Finance Officer

Status: For Consideration

Also considered by: Finance Advisory Committee – 15 November 2016

Key Decision: No

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

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

Portfolio Holder Cllr. Scholey

Contact Officer Roy Parsons, Principal Accountant - Ext 7204

Recommendation to Finance Advisory Committee:

(a) That Cabinet be asked to approve the Treasury Management Mid-Year Update for 2016/17; and

(b) That Members' views are sought on signing up to the Municipal Bonds Agency's Framework Agreement.

Recommendation to Cabinet:

(a) It be RESOLVED that the Treasury Management Mid-Year Update for 2016/17 be approved; and

(b) Members' decision is sought on signing up to the Municipal Bonds Agency's Framework Agreement and ,if approved, delegated authority is given to the Section 151 Officer and the Monitoring Officer to sign these documents, as appropriate, on behalf of the Council.

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

Background

1 The Council is required through regulations issued under the Local Government Act 2003 to produce an annual Treasury Management Strategy Statement, which includes the Annual Investment Strategy and Minimum Revenue Provision Policy, for the year ahead, a mid-year review report and an annual report covering activities during the previous year.

2 During 2016/17 the minimum reporting requirements are that the Council should receive the following reports:

- an annual treasury strategy in advance of the year (Council 16/2/2016).
- a mid year treasury update report (this report).
- an annual report following the year describing the activity compared to the strategy.

3 In addition, monthly reports from our treasury management advisors, Capita Asset Services, are emailed to Members of the Finance Advisory Committee.

Introduction

4 The Council operates a balanced budget, which broadly means cash raised during the year will meet its cash expenditure. Part of the treasury management operations ensure this cash flow is adequately planned, with surplus monies being invested in low risk counterparties, providing adequate liquidity initially before considering optimising investment return.

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

6 Accordingly, treasury management is defined as:

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

7 This mid-year update report, prepared in compliance with CIPFA's Code of Practice on Treasury Management, covers:

(a) an economic update for the 2016/17 financial year to 30 September 2016;

(b) interest rate forecasts;

(c) a review of the Treasury Management Strategy Statement and Annual Investment Strategy; and

(d) a review of the Council's investment portfolio for 2016/17.

Economic Update

8 UK GDP growth rates in 2013 of 2.2% and 2.9% in 2014 were strong but 2015 was disappointing at 1.8%, though it still remained one of the leading rates among the G7 countries. Growth improved in quarter 4 of 2015 from +0.4% to 0.7% but fell back to +0.4% (2.0% y/y) in quarter 1 of 2016 before bouncing back again to +0.7% (2.1% y/y) in quarter 2. During most of 2015, the economy had faced headwinds for exporters from the appreciation during the year of Sterling against the Euro, and weak growth in the EU, China and emerging markets, plus the dampening effect of the Government's continuing austerity programme. The referendum vote for Brexit in June this year delivered an immediate shock fall in confidence indicators and business surveys, pointing to an impending sharp slowdown in the economy. However, subsequent surveys have shown a sharp recovery in confidence and business surveys, though it is generally expected that although the economy will now avoid flat lining, growth will be weak through the second half of 2016 and in 2017.

9 The Bank of England meeting on 4 August 2016 addressed this expected slowdown in growth by a package of measures including a cut in Bank Rate from 0.50% to 0.25%. The Inflation Report included an unchanged forecast for growth for 2016 of 2.0% but cut the forecast for 2017 from 2.3% to just 0.8%. The Governor of the Bank of England, Mark Carney, had warned that a vote for Brexit would be likely to cause a slowing in growth, particularly from a reduction in business investment, due to the uncertainty of whether the UK would have continuing full access, (i.e. without tariffs), to the EU single market. He also warned that the Bank could not do all the heavy lifting and suggested that the Government will need to help growth by increasing investment expenditure and possibly by using fiscal policy tools (taxation). The new Chancellor Phillip Hammond announced after the referendum result, that the target of achieving a budget surplus in 2020 will be eased in the Autumn Statement on 23 November 2016.

10 The Inflation Report also included a sharp rise in the forecast for inflation to around 2.4% in 2018 and 2019. CPI has started rising during 2016 as the falls in the price of oil and food twelve months ago fall out of the calculation during the year and, in addition, the post referendum 10% fall in the value of sterling on a trade weighted basis is likely to result in a 3% increase in CPI over a time period of 3-4 years. However, the Bank of England's Monetary Policy Committee (MPC) is expected to look through a one off upward blip from this devaluation of sterling in order to support economic growth, especially if pay increases continue to remain subdued and therefore pose little danger of stoking core inflationary price pressures within the UK economy.

11 The American economy had a patchy 2015 with sharp swings in the growth rate leaving the overall growth for the year at 2.4%. Quarter 1 of 2016 disappointed at +0.8% on an annualised basis while quarter 2 improved, but only to a lacklustre +1.4%. However, forward indicators are pointing towards a pickup in growth in the rest of 2016. The US Federal Reserve (Fed) embarked on its long anticipated first increase in rates at its December 2015 meeting. At that point, confidence was high that there would then be four more increases to come in 2016. Since then, more downbeat news on the international scene and then the Brexit vote, have caused a delay in the timing of the second increase which is now strongly expected in December this year.

12 In the Eurozone, the European Central Bank (ECB) commenced in March 2015 its massive €1.1 trillion programme of quantitative easing to buy high credit quality government and other debt of selected Eurozone countries at a rate of €60bn per month; this was intended to run initially to September 2016 but was extended to March 2017 at its December 2015 meeting. At its December and March meetings it progressively cut its deposit facility rate to reach -0.4% and its main refinancing rate from 0.05% to zero. At its March meeting, it also increased its monthly asset purchases to €80bn. These measures have struggled to make a significant impact in boosting economic growth and in helping inflation to rise from around zero towards the target of 2%. GDP growth rose by 0.6% in quarter 1 2016 (1.7% y/y) but slowed to +0.3% (+1.6% y/y) in quarter 2. This has added to comments from many forecasters that central banks around the world are running out of ammunition to stimulate economic growth and to boost inflation. They stress that national governments will need to do more by way of structural reforms, fiscal measures and direct investment expenditure to support demand in the their economies and economic growth.

13 Japan is still bogged down in anaemic growth and making little progress on fundamental reform of the economy while Chinese economic growth has been weakening and medium term risks have been increasing.

Interest Rate Forecasts

14 The Council's treasury advisor, Capita Asset Services, has provided the following forecast:

	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19
Bank rate	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.25%	0.25%	0.25%	0.25%	0.50%
5yr PWLB rate	1.00%	1.00%	1.10%	1.10%	1.10%	1.10%	1.20%	1.20%	1.20%	1.20%	1.30%
10yr PWLB rate	1.50%	1.50%	1.60%	1.60%	1.60%	1.60%	1.70%	1.70%	1.70%	1.70%	1.80%
25yr PWLB rate	2.30%	2.30%	2.40%	2.40%	2.40%	2.40%	2.50%	2.50%	2.50%	2.50%	2.60%
50yr PWLB rate	2.10%	2.10%	2.20%	2.20%	2.20%	2.20%	2.30%	2.30%	2.30%	2.30%	2.40%

15 Capita Asset Services undertook a quarterly review of its interest rate forecasts after the MPC meeting of 4 August 2016 cut Bank Rate to 0.25% and gave forward guidance that it expected to cut Bank Rate again to near zero before the year end. The above forecast therefore includes a further cut to 0.10% in November this year and a first increase in May 2018, to 0.25%, but no further increase to 0.50% until a year later. Mark Carney, has repeatedly stated that increases in Bank Rate will be slow and gradual after they do start. The MPC is concerned about the impact of increases on many heavily indebted consumers, especially when the growth in average disposable income is still weak and could well turn negative when inflation rises during the next two years to exceed average pay increases.

16 The overall longer run trend is for gilt yields and Public Works Loan Board (PWLB) rates to rise, albeit gently. An eventual world economic recovery may also see investors switching from the safe haven of bonds to equities. However, we have been experiencing exceptional levels of volatility in financial markets which have caused significant swings in PWLB rates. Capita Asset Services' PWLB rate forecasts are based on the Certainty Rate (minus 20 bps) which has been accessible to most authorities since 1 November 2012.

17 The overall balance of risks to economic recovery in the UK remains to the downside. Downside risks to current forecasts for UK gilt yields and PWLB rates currently include:

- Monetary policy action reaching its limit of effectiveness and failing to stimulate significant sustainable growth, combat the threat of deflation and reduce high levels of debt in some major developed economies, combined with a lack of adequate action from national governments to promote growth through structural reforms, fiscal policy and investment expenditure.
- Weak capitalisation of some European banks.
- A resurgence of the Eurozone sovereign debt crisis.
- Geopolitical risks in Europe, the Middle East and Asia, increasing safe haven flows.
- Emerging country economies, currencies and corporates destabilised by falling commodity prices and/or Fed rate increases, causing a further flight to safe havens (bonds).
- UK economic growth and increases in inflation are weaker than currently anticipated.
- Weak growth or recession in the UK's main trading partners, the EU and US.

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

- The pace and timing of increases in the Fed funds rate causing a fundamental reassessment by investors of the relative risks of holding bonds as opposed to equities and leading to a major flight from bonds to equities.

- UK inflation returning to significantly higher levels than in the wider EU and US, causing an increase in the inflation premium inherent to gilt yields.

Treasury Management Strategy and Annual Investment Strategy update

19 The Treasury Management Strategy Statement (TMSS) and Prudential Indicators for 2016/17 were approved by the Council on 16 February 2016. There are no policy changes to the TMSS thus far and the details in this report merely update the position in the light of updated economic data.

Investment Portfolio 2016/17

20 In accordance with the Code, it is the Council's priority to ensure security of capital and liquidity, and to obtain an appropriate level of return which is consistent with the Council's risk appetite. As described above, it is a very difficult investment market in terms of earning the level of interest rates commonly seen in previous decades as rates are very low and in line with the 0.25% Bank Rate. The continuing potential for a re-emergence of a Eurozone sovereign debt crisis together with other risks which could impact on the creditworthiness of banks, prompts a low risk strategy. Given this risk environment, investment returns are likely to remain low.

21 The Council held £43.331m of investments as at 30 September 2016 (£34.420m at 31 March 2016) and the investment portfolio yield for the first six months of the year is 0.62% against 7 Day and 3 Month LIBID benchmarks of 0.35% and 0.44% respectively. A full list of investments held as at 30 September 2016 appears in Appendix A.

22 The approved limits within the Annual Investment Strategy have been breached just once during the first six months of 2016/17. At the close of business on 15 August 2016, the balance held in the Business Premium Account at Barclays reached £7.2m, which, together with £2m of fixed deposits, exceeded the £7m limit we had set. The breach occurred on the Principal Accountant's first day back from annual leave and was corrected on the following day. Following two similar breaches in 2015/16, as reported to the previous meeting of the Finance Advisory Committee, further measures have been introduced to minimise the risk of this happening in the future.

23 The Council's budgeted investment return for 2016/17 is £277k and performance for the year to date is less than £1k below budget. At this stage, the year-end forecast is expected to remain at, or very slightly below, the budgeted level of £277k.

24 The current investment counterparty criteria approved in the Treasury Management Strategy Statement is currently meeting the requirements of the treasury management function.

Update on the Municipal Bonds Agency (MBA)

25 Members were updated on the latest developments at the last meeting of the Finance Advisory Committee. The relevant paragraphs have been reproduced in Appendix B.

26 At that time Members raised concerns about the joint and several liability clauses in the framework agreement. These concerns have been echoed by our Legal team and also by other authorities looking to sign up to the framework agreement. Whilst the likelihood of a borrowing authority defaulting on its loan is extremely unlikely, the risk is still there. The MBA has produced a draft report for authorities' use when seeking to approve for the framework agreement which appears in Appendix C.

27 The question now seems to be around the wisdom rather than the legality of signing up to the MBA's framework agreement. There is an attraction to signing up to the agreement now, in that access to borrowing could go ahead at short notice without seeking further approval. Additionally, the Council would only be called upon to meet the liabilities of a defaulting authority if it was a borrower at that time. If the Council does not intend to borrow from the MBA in the near future, the joint and several liability clauses would not be an issue until it does so.

28 Members' views on the next steps would be welcomed.

Key Implications

Financial

29 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

30 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.

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

32 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.

33 Consideration of risk is integral in our approach to treasury management. However, this particular report has no specific risk implications as it is not proposing any new actions, but merely reporting performance over the last six months.

Equality Assessment

34 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

35 The overall return on the Council's investments up to the end of September 2016 is at budget and is forecast to remain at, or marginally below, that level by the end of the financial year.

36 The percentage yield on the portfolio is 0.62%, which exceeds the recognised benchmarks.

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

Appendices:	Appendix A - Investment Portfolio at 30 September 2016 Appendix B – Extract from Item 5, Finance Advisory Committee 15 September 2016 Appendix C - Municipal Bonds Agency draft framework agreement
Background Papers:	Treasury Management Strategy for 2016/17 - Council 16 February 2016

Adrian Rowbotham
Chief Finance Officer

SEVENOAKS DISTRICT COUNCIL

List of Investments as at:- 30-Sep-16

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 (30 Day Notice Corporate A/C)	A	U.K.	NAB	0	10-Sep-10			0.40000%	Variable	Direct
	Barclays Bank plc (Business Premium A/C)	A	U.K.		1,931,000	01-Oct-11			0.30000%	Variable	Direct
	Barclays Bank plc (Flexible IBCA)	A	U.K.		0	01-Jun-14			0.45000%	Variable	Direct
	National Westminster Bank plc (Liquidity Select)	BBB+	U.K.	RBS	1,000,000	07-Oct-11			0.25000%	Variable	Direct
	National Westminster Bank plc (95 Day Notice)	BBB+	U.K.	RBS	0	24-May-13			0.35000%	Variable	Direct
	Svenska Handelsbanken AB (Deposit A/C)	AA-	Sweden		1,000,000	23-Jul-14			0.15000%	Variable	Direct
	Svenska Handelsbanken AB (35 Day Notice A/C)	AA-	Sweden		2,000,000	01-Sep-16			0.25000%	Variable	Direct
	Standard Life Liquidity Fund (Money Market Fund)	AAA	U.K.		5,000,000	11-May-12				Variable	Direct
	Insight Liquidity Fund (Money Market Fund)	AAA	U.K.		4,400,000	11-May-12				Variable	Direct
IP1295	Barclays Bank plc	A	U.K.		2,000,000	08-Apr-16	0.64000%	10-Oct-16		6 Months	Direct
IP1312	Bank of Scotland plc	A+	U.K.	Lloyds/HBOS	1,000,000	09-Aug-16	0.65000%	09-Feb-17		6 Months	Direct
IP1314	Bank of Scotland plc	A+	U.K.	Lloyds/HBOS	1,000,000	19-Aug-16	0.65000%	20-Feb-17		6 Months	Direct
IP1301	Coventry Building Society	A	U.K.		2,000,000	17-May-16	0.60000%	17-Nov-16		6 Months	Tradition
IP1307	Coventry Building Society	A	U.K.		1,000,000	15-Jul-16	0.42000%	16-Jan-17		6 Months	R P Martin
IP1309	Coventry Building Society	A	U.K.		2,000,000	22-Jul-16	0.42000%	23-Jan-17		6 Months	R P Martin
IP1294	Lloyds Bank plc	A+	U.K.	Lloyds/HBOS	1,000,000	05-Apr-16	0.80000%	05-Oct-16		6 Months	Direct
IP1297	Lloyds Bank plc	A+	U.K.	Lloyds/HBOS	1,000,000	26-Apr-16	0.80000%	26-Oct-16		6 Months	Direct
IP1299	Lloyds Bank plc	A+	U.K.	Lloyds/HBOS	1,000,000	03-May-16	0.80000%	03-Nov-16		6 Months	Direct
IP1300	Lloyds Bank plc	A+	U.K.	Lloyds/HBOS	1,000,000	04-May-16	0.80000%	04-Nov-16		6 Months	Direct
IP1302	Lloyds Bank plc	A+	U.K.	Lloyds/HBOS	1,000,000	27-May-16	0.80000%	28-Nov-16		6 Months	Direct
IP1304	Lloyds Bank plc	A+	U.K.	Lloyds/HBOS	1,000,000	04-Jul-16	0.80000%	04-Jan-17		6 Months	Direct
IP1321	Lloyds Bank plc	A+	U.K.	Lloyds/HBOS	2,000,000	29-Sep-16	0.65000%	29-Mar-17		6 Months	Direct
IP1296	Nationwide Building Society	A	U.K.		1,000,000	15-Apr-16	0.71000%	17-Oct-16		6 Months	R P Martin
IP1306	Nationwide Building Society	A	U.K.		1,000,000	11-Jul-16	0.53000%	11-Jan-17		6 Months	Tradition
IP1310	Nationwide Building Society	A	U.K.		1,000,000	08-Aug-16	0.40000%	08-Feb-17		6 Months	Tradition
IP1232	Royal Bank of Scotland plc	BBB+	U.K.	RBS	3,000,000	15-Apr-15	1.21000%	18-Apr-17		2 Years	R P Martin
IP1317	Santander UK plc	A	U.K.		2,000,000	08-Sep-16	0.46000%	08-Mar-17		6 Months	Tradition
IP1320	Santander UK plc	A	U.K.		2,000,000	23-Sep-16	0.46000%	23-Mar-17		6 Months	Tradition
IP1298	Thurrock Borough Council		U.K.		1,000,000	28-Apr-16	0.53000%	28-Oct-16		6 Months	R P Martin
	Total Invested				43,331,000						
	Other Loan										
	Sevenoaks Leisure Limited				250,000	29-Apr-08	7.00000%	31-Mar-18		10 Years	Direct

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Extract from Item 5, Treasury Management Annual Report 2015/16
Finance Advisory Committee 15 September 2016

Update on the Municipal Bonds Agency

33 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 (MBA). 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 Public Works Loan Board (PWLB).

34 The Agency has now converted to a PLC and is seeking a first bond issue in the autumn of 2016, although pricing and duration of the initial bond issue are unknown at present. It has been confirmed that pricing would be advantageous to the 57 shareholders, the latest of which to join are Surrey County Council and East Sussex County Council.

35 The MBA has stressed that success or failure will depend on local authority take up of loans. To date, eight local authorities have signed off the "framework agreement" allowing them to borrow from the MBA, but the major sticking point has been the implementation of a joint and several liability clause in the event that a borrowing local authority defaults on its loan. In these circumstances, the other borrowing authorities would be liable to make up the shortfall.

36 The objective of the MBA is to provide borrowing at lower rates than the PWLB Certainty Rates (i.e. gilts + 80 basis points). A credit rating has been issued by both Fitch & Moodys and the MBA is content with the outcome. No further information on this will be released ahead of the first bond issue.

37 It is also the intention of the MBA to develop a platform for inter-authority borrowing between councils. They are looking to provide a platform that is more controlled, more transparent and cheaper than the PWLB.

38 The MBA is keen for all of its shareholders to sign up to the framework agreement mentioned above. This would paint a more positive picture to those investors looking to purchase the bonds.

39 Although there are no immediate plans to borrow from the MBA, for the reasons given above, it is my intention to bring the draft agreement before the next meeting of this Committee for approval. It will need to be checked by our legal team, particularly the part covering joint and several liability as this has been of major concern to other authorities.

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XX

EXECUTIVE DECISION REPORT

<REPORT OF THE <INSERT JOB TITLE>>

<APPROVAL OF UK MUNICIPAL BONDS AGENCY'S FRAMEWORK AGREEMENT, AND JOINT AND SEVERAL GUARANTEE>

<INSERT COMMITTEE NAME>

<INSERT DATE>

1. PURPOSE OF REPORT

1.1 This report seeks approval for the Council to enter into the borrowing documents prepared by the UK Municipal Bonds Agency (the "Agency").

1.2 The Agency requires that local authorities borrowing from it enter into its Framework Agreement. The Agreement includes an accession document confirming that the council has the necessary approvals to sign the Agreement and a joint and several guarantee to those lending money to the Agency in respect of the borrowing of all other local authorities from the Agency. Entering into the Framework Agreement enables the Council to access funding from the Agency as and when required.

1.3 This report sets out the background to the Agency, key facets of the Framework Agreement and the advantages and disadvantages of entering into the Agreement, including an assessment of the risk that the Council will be called upon under the guarantee. It seeks approval for the Council to enter into the Framework Agreement.

2. EXECUTIVE SUMMARY

2.1 The purpose of the Agency is to deliver cheaper capital finance to local authorities. It will do so via periodic bond issues, as an aggregator for financing from institutions such as the European Investment Bank ("EIB") and by facilitating greater inter-authority lending. The Agency is wholly owned by 56 local authorities and the Local Government Association ("LGA"). <The Council is a

shareholder in the Agency with a total investment of **<**£<insert amount>**>**.

2.2 The Council has limited sources of capital finance available to it. The margin charged by the PWLB rose significantly in 2010 and therefore the LGA explored and then, with the support of a number of local authorities, established the Agency as an alternative to the PWLB.

2.3 The Agency's Framework Agreement sets out the arrangements for borrowing from the Agency and incorporates a joint and several guarantee that requires all local authorities borrowing from the Agency to guarantee the money owed by the Agency to those who have lent it money to fund its loans. The Framework Agreement incorporates a mechanism to prevent a call under the guarantee by requiring borrowers to lend the Agency money to cover a default by another local authority, referred to as "contributions".

2.4 The Council has the power to enter into the Framework Agreement under Section 1 of the Localism Act 2011 – the general power of competence. Borrowing under the Framework Agreement will be under Section 1 of the Local Government Act 2003 – the power to borrow.

2.5 Acting on behalf of prospective borrowers, a small group of authorities appointed lawyers, Allen & Overy, to review and advise upon the documentation. Allen & Overy instructed counsel to obtain senior opinion on vires and reasonableness. The advice and opinion resulted in a small number of changes to the Agency's documentation.

2.6 Counsel raised three key considerations that a local authority must take into account when taking a decision to enter into the Framework Agreement:

- its specific financial position;
- whether or not the council is "reasonably financially robust" i.e. the council it can meet the potential demands that the Framework Agreement places upon it; and
- whether it is to the authority's advantage to enter into the Framework Agreement taking into account the advantages and disadvantages of doing so.

2.7 Taken together, these three considerations help address a key requirement of the Wednesbury principles that the Council exercises its powers in a reasonable manner.

2.8 **<**The Council has a need to borrow of £**<**xx**>** million over the next three years comprising £**<**xx**>** million of borrowing to fund capital expenditure and £**<**xx**>** million of refinancing including internal borrowing**>**. **<**Use of the Agency will save the Council interest costs; otherwise the Council will use alternative sources of borrowing. Every 0.01 per cent interest saved is worth £**<**xx,xxx**>**.**>** The savings may be significant as the Agency's bond pricing improves and institutions such as the EIB provide financing to the Agency.

OR:

2.9 **<**Although the Council has no immediate need to borrow or refinance, entering into the Framework Agreement enables the Council to access funding from the Agency as and when required. Access to the cheapest source of finance will reduce the costs of borrowing and thus its impact on the Council Tax.**>** Over time, the Agency's business case suggested that the savings delivered by the Agency would be 0.2 per cent.

AND / OR:

2.10 <The Council has total borrowings of £<xx> million. Should these need to be refinanced, each 0.01 per cent saved will be worth £<xx,xxx>. Over time, the Agency's business case suggested that the savings delivered by the Agency would be 0.2 per cent.

2.11 UK local authorities are heavily supervised and subject to tight statutory control that significantly reduces the probability that a local authority will default on its financial obligations. Furthermore, the Agency will undertake credit assessments of local authorities and limit its exposure to authorities to reduce credit risk. In the event that a local authority needs to refinance its borrowings from the Agency, the PWLB is available to all local authorities as lender of last resort provided that the borrowing from the PWLB is not unlawful. No UK local authority has ever defaulted on one of its primary debt obligations. Taken together, the risk of a default is judged to be low and thus the risk of entering into the Framework Agreement and guarantee is deemed to be low.

2.12 If a local authority does default, the Agency has liquidity facilities available to it so that it can meet the interest payments due on a bond and cover a limited default on a principal repayment by a local authority; the provisions of the Framework Agreement will be used if these facilities are exhausted. The Council has adequate reserves of £<xx> million and in the unlikely event of a call for contributions under the Framework Agreement or payment under joint and several guarantee, has access to PWLB funds at 48 hours' notice if required.

2.13 The risks associated with the joint and several guarantee are mitigated by the contribution arrangements. Therefore, from a practical perspective, the real risk to the Council is the requirement to make contributions in the event of a default by another borrower and this exposure is proportional because it is calculated by reference to the amount borrowed by the Council as a proportion of all non-defaulting loans made by the Agency. If the Council has no borrowings via the Agency, it will not be called upon under the Framework Agreement.

2.14 In the unlikely event that the guarantee is called upon, it is also unlikely that bond holders or other providers of finance to the Agency will pursue a single Council for payment because the best outcome for lenders is likely to be achieved by pursuing all the guarantors because this maximises the potential revenues available to repay them.

2.15 Section 13 of the Local Government Act secures all debts of a local authority on its revenues and therefore it is highly likely that the Agency will be able to recover amounts owed to it by a defaulting authority. In turn, this will enable the Agency to repay sums lent to it under the Framework Agreement or paid out by the Council under the guarantee.

2.16 The risk that the Council suffers a loss under the Framework Agreement and the joint and several guarantee is therefore a combination of the low risk of a default by a local authority and the low risk that if a local authority does default, local authorities cannot recover sums owed to them.

2.17 In return for accepting this risk, the Council will receive access to more diverse and cheaper sources of capital finance via the Agency. On balance, the financial advantages outweigh the financial disadvantages.

2.18 Although the Agency intends that the Framework Agreement is permanent, there may be a need to either amend the Framework Agreement or if the Council wishes, set aside provisions for a period of time without amending the contributions arrangements or joint and several guarantee.

3. RECOMMENDATIONS

3.1 The <insert committee name> is recommended to:

a) approve the Council's entry into the Framework Agreement and its accompanying schedules including the joint and several guarantee;

b) delegate authority to the <insert job title> as Section 151 Officer and <insert job title> as Monitoring Officer to sign those documents, as appropriate, on behalf of the Council;

c) grant the Section 151 Officer delegated authority to agree amendments to the Framework Agreement as appropriate.

3.2 The <insert committee name> is asked to note:

- the Introduction to the Agency in **Appendix 1**, **section 2**, which explains the Agency in layman's terms;
- the Framework Agreement and its schedules, including the joint and several guarantee, as set out in **Appendix 1**, **section 3**;
- the legal advice and counsel's opinion set out in **Appendix 1**, **sections 1**, **4 and 5**;
- consideration of the Council's financial position and financial standing in **section 9**;
- signing the Framework Agreement does not make the Council subject to the joint and several guarantee or provisions of the Framework Agreement until such time it borrows from the Agency; and
- the assessment of the advantages and disadvantages of entering into the Framework Agreement in **section 10**.

4. THE UK MUNICIPAL BONDS AGENCY

Establishment:

4.1 The establishment of the UK Municipal Bonds Agency was led by the LGA following the announcement in the 2010 Autumn Statement that PWLB rates would increase from 0.15 per cent over Gilts to 1 per cent over Gilts, greatly increasing the cost of new borrowing and refinancing. This followed the introduction of punitive early repayment penalties by the PWLB in 2007, which have prevented local authorities from restructuring their loan portfolios to reduce costs while interest rates are low. Although the Government subsequently introduced the "certainty rate", which effectively reduced the PWLB's margin to 0.8 per cent over Gilts in return for the limited disclosure of an authority's borrowing plans, the LGA found that rate remained higher than a bonds agency should be able to achieve.

4.2 The LGA also noted that it was easy for UK investors such as pension funds to provide capital to overseas local authorities through the London capital markets, but not so to UK local authorities.

4.3 The LGA published a revised business case in March 2014 that set out how a bonds agency would issue bonds on behalf of local authorities in an efficient and cost effective manner and at lower rates than the PWLB. It identified that the regulatory environment meant that the PWLB had a de facto monopoly on providing simple loans to local authorities:

- For regulatory purposes a bank must set aside capital when lending to local authorities – unlike when lending to the Government – and therefore it is difficult for banks to compete with the PWLB on rates and make money other than by offering structured lending products.

- Bond investors value liquidity and benchmark sized issues (£250 million), which makes it difficult for most local authorities to access the bond markets, particularly as one-off bond issues can be costly.

- Supranational agencies such as the EIB would typically lend only for large projects, typically £150 million or £250 million depending on the project, thereby excluding most local authorities.

4.4 The LGA's revised business case was published in March 2014 and the company established in June 2014. The agency will act as an intermediary, borrowing the money and on-lending it to local authorities on a matched basis to deliver cheaper capital finance to local authorities through periodic bond issues, as an aggregator for loans from other bodies such as the EIB, and facilitating longer term inter-authority lending via the Agency.

4.5 The LGA and 56 local government shareholders representing 65 principal local authorities and 1 combined authority have invested over £6 million in the Agency. **<**The Council is a shareholder in the Agency with a total investment of **<**£**<**insert amount**>>**.

4.6 **<**Although the Council has a good credit rating of **<**insert**>** from **<**insert name**>** the Agency will offer the flexibility to borrow smaller amounts through the capital markets than the Council may be able to achieve on its own. It therefore offers an alternative and complementary source of funding to the Council.**>**

Client Base:

4.7 The Agency will only lend to UK local authorities who can give a joint and several guarantee. This is currently limited to 353 principal English local authorities that have the general power of competence under section 1(1) of the Localism Act 2011. The Department for Communities and Local Government specifically intended that local authorities should be able to give guarantees using the power in its regulatory impact assessment.[1]

4.8 The ability to give joint and several guarantees may in due course be extended to other local authorities e.g. combined, Welsh or Scottish authorities. In the event that this occurs, those authorities will be eligible to borrow from the Agency.

4.9 The Agency would prefer all borrowers to become shareholders. This ensures a strong alignment of interest between borrowers and shareholders, and is viewed positively by ratings agencies and the capital markets. Accordingly, the Agency will charge a higher interest rate to borrowers that are not shareholders, albeit one which remains competitive.

Loan Pricing:

4.10 The Agency will operate a transparent pricing structure. It will charge local authorities the interest the Agency pays to obtain the funds it on-lends, plus any transaction costs up to a maximum of 0.5 per cent of the amount borrowed, plus a margin to cover its costs. This margin is currently set at:

- 0.10 per cent for shareholders; and
- 0.15 per cent for non-shareholders.

[1] Insert link

4.11 The Agency may adjust these margins for new borrowing transactions at its discretion, but will not increase them. It is expected that these margins will reduce once the Agency is profitable.

4.12 Transactions costs include the Agency's credit rating agency fees, bank syndicate fees and legal costs. The Council has the option to amortise these over the life of the loan or to expense them.

4.13 The Agency will not require local authorities to borrow at a rate that is higher than the PWLB, thus when borrowing via the Agency the Council should always achieve a saving. Over time, the rates offered by the Agency are likely to improve as its bonds programme develops and it is able to borrow from institutions such as the EIB.

Early Repayment (Prepayment):

4.14 The Agency will pass on the cost of early repayment by a local authority (usually referred to as prepayment in financial services) to that local authority. However, the Agency will not profit from the transaction and will assist any local authority seeking early repayment to find the cheapest solution.

4.15 Prepayment rights will track through between the loans to local authorities and the Agency's financing. For bond issues, voluntary prepayment is calculated in a similar way to the PWLB's early redemption penalties, although one option available to local authorities will be to buy back part of the bond.

Governance:

4.16 The Agency is a public limited company and as such is directed by its Board. It is expected that the Board will include 7 non-executive and 3 executives.

4.17 In addition, the Board will have the following 2 sub- committees, chaired by independent non-executives:

- Risk, Compliance and Audit Committee; and
- Nomination and Remuneration Committee.

4.18 In addition, the Agency will establish a Local Authority Advisory Board, comprising local authority finance officers, to facilitate two-way communication between the Agency and its borrowers.

Credit Process:

4.19 Prior to approving any loans, the Agency will carry out a credit assessment of each potential borrower.

4.20 The Agency has developed a proprietary credit scoring model based on similar methodologies to the main credit rating agencies. In order to access funding from the Agency, a local authority will need to be able to achieve a "single A" credit rating on a standalone basis; rating agencies typically "notch up" a local authority to account for implied Government support.

4.21 In addition to credit scoring, the MBA will ensure appropriate diversification of its lending portfolio, through the contractual concentration limits agreed in the Framework Agreement.

5. THE FRAMEWORK AGREEMENT AND THE JOINT AND SEVERAL GUARANTEE

Content of the Framework Agreement:

5.1 The Framework Agreement as set out in **Appendix 1**, **Section 3** comprises:

- The Framework Agreement itself, which is primarily designed to prevent a call on the joint and several guarantee and lays out how the Agency will interact with local authorities.
- Schedule 1: *Form of Authority Accession Deed*, which local authorities sign to commit themselves to the Framework Agreement.
- Schedule 2: *Form of Guarantee*, which is the joint and several guarantee.
- Schedule 3: *Loan Standard Terms*, which is the loan agreement that covers any borrowing by an authority.
- Schedule 4: *Form of Loan Confirmation*, which supplements the Loan Standard Terms and confirms details of a loan such as principal, maturity, interest rate and etc. It is signed by the Agency and a borrower.

Need for the Joint and Several Guarantee:

5.2 The LGA's revised business case highlighted the need for borrowing authorities to sign a joint and several guarantee:

- The joint and several guarantee allows the Agency to issue bonds without having to prepare a full prospectus for each bond issue, pursuant EU's "Prospective Directive", thereby reducing costs and complexity.[2]

- The UK Listing Authority's "listing rules" that govern whether financial instruments can be listed on a UK stock exchange would not permit bonds issued by an agency to be listed on the London Stock Exchange for some years without a joint and several guarantee, meaning the bonds would need to be listed elsewhere such as the Channel Islands or Luxembourg.

- If, instead of a joint and several guarantee, investors had recourse to an agency's on-lending arrangements, every tranche of financing would require a separate credit rating and investors to assess the participating authorities, which would materially impact an agency's ability to reduce costs and deter a number of potential investors and lenders from lending money to the agency. The joint and several guarantee draws on the strength of the local government sector is simple for investors to understand.

Nature of the Joint and Several Guarantee:

5.3 The joint and several guarantee is a schedule to the Framework Agreement (**Appendix 1**, **Section 3**, **Schedule 2**) and is direct, unconditional, irrevocable and not separately administered:

"2.1.1 guarantees to each Beneficiary each and every obligation and liability the Company may now or hereafter have to such Beneficiary (whether solely or jointly with one or more persons and whether as principal or as surety or in some other capacity) in respect of the Guaranteed Liabilities and promises to pay to each Beneficiary from time to time on demand the unpaid balance of every sum (of principal, interest or otherwise) now or hereafter owing, due or payable (following the expiry of any grace period provided for) by the Company to any such Beneficiary in respect of any such Guaranteed Liability; and

2.1.2 agrees as a primary obligation to indemnify each Beneficiary from time to time on demand from and against any loss incurred by such Beneficiary as a result of any such Guaranteed Liability being or becoming void, voidable, unenforceable or ineffective as against

[2] Article 1(2)(d) of Directive 2003/71/EC

the Company for any reason whatsoever, whether or not known to such Beneficiary, the amount of such loss being the amount which such Beneficiary would otherwise have been entitled to recover from the Company."

5.4 In practice this means that all borrowers are collectively and individually guaranteeing the lenders to the Agency against a default by a local authority.

5.5 The Council can withdraw from the joint and several guarantee by giving notice and repaying its loans to the Agency. However, the irrevocable nature of the guarantee means that the Council will continue to guarantee the Agency's borrowings at the date of withdrawal until those borrowings mature. This prevents moral hazard i.e. a local authority borrowing from the Agency to achieve a cheaper borrowing rate, but walking away from the obligations. Withdrawal does mean that the Council will not be guaranteeing future borrowing by the Agency.

Preventing a Call on the Guarantee:

5.6 The Framework Agreement mitigates against a possible call on the joint and several guarantee by minimising the risk of default by a local authority, limiting the possible impact of a default and containing a default before the Agency's ability to make payments is threatened.

5.7 The Framework Agreement imposes obligations on the Agency that are designed to reduce the possibility of default by a borrower:

- The Agency must credit assess each borrower and exclude those that do not achieve at least the equivalent of a strong investment grade rating equivalent to an "A" rating from the established credit rating agencies such as Moody's.

- "Concentration limits" ensure that the Agency will maintain a diverse loan book over time that limits the proportion of the Agency's loan book that can be lent to a single or small group of authorities. (**Appendix 1**, **Section 3**, **Paragraph 5.2**)

- Credit lines are available to the Agency that it must utilise in the event of a local authority missing a payment or defaulting, before it has recourse to other borrowers.

5.8 The Framework Agreement establishes a "contributions" mechanism that requires borrowers to lend the Agency funds to cover its obligations in the event of a default by a local authority. The contributions are calculated in proportion to an authority's share of the performing loan book. The loans are interest bearing and will be repaid once the Agency has recovered the sums owed to it by the defaulting authority, which it is required to do by the Framework Agreement. If the Council has no outstanding borrowings via the Agency, it will not be called upon to make contributions under the Framework Agreement.

5.9 The payment schedules set out in the Framework Agreement are designed to ensure timely payments by local authorities so that error or late payment by a borrower does not risk a call for contributions or under the guarantee.

5.10 The Framework Agreement prevents a borrower from taking action against a defaulting authority so that a single authority cannot jeopardise the structure of the Agency and / or act against the interests of other borrowers.

Accounting for the Guarantee:

5.11 The Agency commissioned accounting advice from Grant Thornton setting out the local authority accounting requirements for borrowing via the Agency including the joint and several guarantee, as set out in **Appendix 1**, **Section 6**.

5.12 Although the Council is unable to rely on this advice and must procure additional advice if it is uncertain regarding the accounting requirements, Grant Thornton's advice does not raise any concerns at this time. For example, if the Council judges the risk of a call under the joint and several guarantee to be zero, there accounting requirements of entering into the Framework Agreement are minimal and mostly confined to disclosures in the event that the Council borrows from the Agency.

6. RISK OF DEFAULT BY AN AUTHORITY

6.1 The risk of a default by a local authority is deemed to be very low: no principal local authority has ever defaulted on a loan. The National Audit Office in its *Financial Sustainability of Local Authorities* report of November 2014 observed:

> *"A legal framework at the core of the local government accountability system effectively prevents local authorities becoming insolvent. Local authorities cannot borrow to finance revenue expenditure or run deficits."*

6.2 The statutory and prudential framework under which local authorities operate is extremely strong and designed to prevent local authorities from over-reaching themselves and becoming insolvent. Key aspects of the framework include:

- Local authorities are prevented from borrowing to fund services by the Local Government Finance Act 1992, which sets out how budgets and the Council Tax must be calculated, particularly Section 31A, 32 and 42A of the Act. These provisions require a budget to be balanced on a cash basis without the use of borrowing.

- Local authorities must comply with the prudential framework established by Part 1 of the Local Government Act 2003 and related regulations, including the Prudential Code for Capital Finance in Local Authorities published by CIPFA.

- Section 151 Officers have varied powers and responsibilities that result in prudent financial management. For example, if an authority cannot pay its bills at it falls due, he or she must submit a Section 114 report to the Executive / Council, which must be acted upon. A Section 151 officer must also report on the adequacy of reserves and robustness of budget estimate under Section 25 of the Local Government Act 2003 and action be taken by the Council to remedy an adverse report.

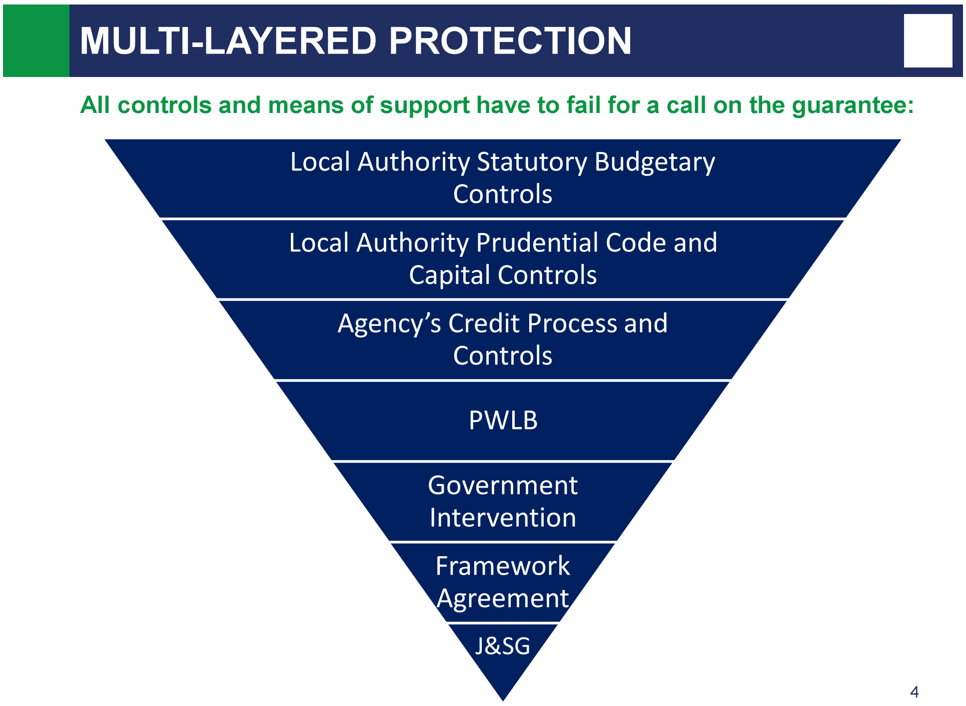
- A local authority must make a Minimum Revenue Provision ("MRP") repay debt under the local authorities *(Capital Finance and Accounting) (England) Regulations 2003*, issued by the Secretary of State under Sections 21 of the Local Government Act 2003 (as amended). This means that a local authority sets aside cash via its revenue budget, sufficient to ensure it can repay its debt.

6.3 The Agency's credit assessments, risk management processes and the concentration limits should reduce the possibility that a local authority borrowing from the Agency is likely to default.

6.4 Local authorities have access to the PWLB as lender of last resort and therefore can refinance any borrowings from the Agency by the PWLB if it cannot repay its debt to the Agency by other means.

6.5 Historically, the Government has intervened when a local authority finds itself in difficult or the Government deems a local authority to be incapable of managing itself effectively.

6.6 For the Council to be called upon to make contributions under the Framework Agreement, let alone be called upon under the joint and several guarantee, all the above controls and protections must fail. This has been summarised by the Agency in its presentations as set out in figure 1 below:



7. RISK OF NOT RECOVERING CONTRIBUTIONS OR PAYMENTS UNDER THE JOINT AND SEVERAL GUARANTEE

7.1 The Local Government Act 2003 provides several key protections to lenders that greatly reduce the possibility that the Agency and therefore the Council would be unable to recover sums owed to it if it is required to make a contribution or pay out under the joint and several guarantee:

- Section 6 provides that a lender is not required to ensure that a local authority has the power to borrow and is not "prejudiced" in the absence of such a power. This prevents a local authority claiming an act was "ultra vires" to side step its obligations.

- Section 13 provides that all debts rank pari passu i.e. have equal status under the law and thus a creditor cannot be disadvantaged by later subordination of that debt by a local authority.

- Section 13 also secures all debts of an authority on its revenues, which is the strongest possible security for a loan as the bulk of a local authority's revenues are either raised under statutory powers or allocated by the Government.

- Section 13 also provides for a receiver to be appointed by the High Court on application if principal and / or interest greater than £10,000 is outstanding for 60 days.

7.2 The Framework Agreement requires that the Agency must pursue any defaulting authority to the extent that if it does not do so promptly, borrowers can force it to do so. Furthermore, the Framework Agreement provides for a strict application of the proceeds of any debt recovered by the Agency from a defaulting authority.

8. LEGAL ADVICE AND OPINION

8.1 A small group of authorities commissioned Allen & Overy, a law firm a specialist in financial transactions, to advise on the Framework Agreement. Allen & Overy engaged Jonathan Swift QC to provide senior counsel's opinion on, amongst other things, whether:

- entry into the Framework agreement, execution of the Guarantee, entry into borrowing transactions under the Framework Agreement and the provision of contribution loans would all be within the general power of competence under the Localism Act 2011; and

- a local authority that decides to enter into the Framework Agreement and the Guarantee on the basis of the Document Package (**Appendix 1**) would be acting in accordance with the requirement of Wednesbury reasonableness.

8.2 His main conclusions were:

- local authorities do have the power, in principle, to enter into the arrangement envisaged by the Framework Agreement; and

- whilst it would, in principle, be lawful for a reasonably financially robust local authority to enter into the commitments entailed in the Framework Agreement, the final assessment of whether or not it would be reasonable use of the in principle power must be made taking into account the specific financial position of each local authority, whether it is financially robust and the balance of the advantages and disadvantages of doing so.

8.3 Wider considerations, such as establishing the independence of the sector, whether they have merit or not, should not have a bearing on the Council's assessment of the advantages and disadvantages of entering into the Framework Agreement.

8.4 Jonathan Swift QC's opinion was procured independently of the Agency.

8.5 The Council has the power to enter into the Framework Agreement under Section 1 of the Localism Act 2011 – the general power of competence. Borrowing under the Framework Agreement will be under Section 1 of the Local Government Act 2003 – the power to borrow.

9. FINANCIAL POSITION AND FINANCIAL ROBUSTNESS OF THE COUNCIL

Need to Borrow:

9.1 **<**The Council has a need to borrow of £<xx> million over the next three years comprising £<xx> million of borrowing to fund capital expenditure and £<xx> million of refinancing including internal borrowing>. This is set out in the Council's Treasury Management Strategy and summarised in Figure 2 below:

<Insert Table or Chart**>**

9.2 < Use of the Agency will save the Council interest costs; otherwise the Council will use alternative sources of borrowing. Every 0.01 per cent interest saved is worth £**<**xx,xxx**>**. A saving of 0.1 per cent would be worth £<xx,xxx>.> The savings over time may be significant as the Agency's bond pricing improves and institutions such as the EIB lend money to the Agency. For capital investment in eligible sectors, the EIB can offer funding that is significantly cheaper than either the PWLB or bond markets.**>**

OR:

9.1 <Although the Council has no immediate need to borrow or refinance, entering into the Framework Agreement enables the Council to access funding from the Agency as and when required. Access to the cheapest source of finance will reduce the costs of borrowing and thus its impact on the Council Tax.>

9.3/2 **<**Insert more specific details of key projects and requirements here e.g. investment projects to earn a return**>**

Financial Robustness:

9.x The Council's revenue budget and medium term financial strategy demonstrate and set out the financial pressures the Council is under, particularly in light of the funding cuts and uncertainties that changes to the system of local government finance and business rates may bring. Nonetheless, the Council is required to balance its budget and is subject to tight statutory controls and supervision. As highlighted elsewhere in this report, it is therefore extremely unlikely that the Council will find itself in the position that it is unable to meet the requirements of the Framework Agreement and joint and several guarantee e.g. that it makes contributions if asked.

9.y If the Council were called upon, it has access to PWLB funds at 48 hours' notice if required. Loans made to the Agency under the Framework Agreement as part of the contribution arrangements could constitute capital expenditure because loans to third parties are defined as such under the *(Capital Finance and Accounting) (England) Regulations 2003* (as amended). Given that the Agency is likely to recover the amounts owed to it by a defaulting authority and that the contributions are in themselves loans, the impact on the revenue budget it likely to be negligible if the Council is required to make a contribution or called upon under the joint and several guarantee.

10. RISKS AND DISADVANTAGES OF ENTERING INTO THE FRAMEWORK AGREEMENT

10.1 Exposure to the contribution arrangements and the joint and several guarantee means that entering into the Framework Agreement and borrowing via the Agency is different in nature to borrowing from the Public Works Loan Board, under a bilateral loan facility or through a bond issue in the capital markets.

10.2 There are inherent risks associated with the proposed structure, not least the joint and several nature of the guarantee. These are:

- The risk that the Council's guarantee may be called independently of any other Guarantee and for the full amount owing by the Agency under the financing document that is covered by the guarantee (and, therefore, such participating local authority is potentially liable to pay out amounts to the MBA that exceed the amounts borrowed).

- Even if the Council has terminated its Guarantee, it will continue to guarantee the "Guaranteed Liabilities" entered into by the Agency before the termination date. The effect of this is that the Council's liability under its Guarantee may potentially continue in existence for many years after termination.

10.3 However, the risks associated with the joint and several guarantee are mitigated by the contribution arrangements. The Framework Agreement is such that the Council's exposure, from a practical perspective, is the requirement to make contributions in the event of a default by another borrower and this exposure is proportional because it is calculated by reference to the amount borrowed by the Council as a proportion of all non-defaulting loans made by the Agency.

10.4 The risk of a default by a local authority it low as set out in section 6 of this report. The ability of the Agency to recover sums owed to it in the event of a default is set out in section 7 of this report.

10.5 There is a risk that the Agency does not observe its obligations under the Framework Agreement, but the Council is entitled to expect that the Agency will operate in accordance with its obligations under the Framework Agreement when considering whether or not to enter into the Framework Agreement. The LGA and local authorities control the Agency via their shareholdings so could intervene if the Agency did not abide by the Framework Agreement.

10.6 The prime advantage to the Council is the prospect of lower borrowing costs and the possibility to obtain types of loans that are not available from the PWLB. Cheaper capital finance will reduce pressure on the Council's finances. This advantage more than offsets the low risk that a local authority defaults and the Agency is unable to recover the debts owed to it in order to repay the Council any contributions it is required to make.

10.7 The Framework Agreement only comes into effect if the Council does borrow from the Agency. If the Council does not borrow, there is no risk to the Council arising from the contribution arrangements or joint and several guarantee. The Council is not obligated to borrow via the Agency and even if it chooses to legally commit to borrowing via a bond issue, it will not be required to take a loan that is not cheaper than the PWLB, so the bond will not be issued. Therefore, the financial risk to the Council of the Agency either failing to deliver a saving or the Council not borrowing having signed the Framework Agreement is eliminated.

11. CONTRIBUTION TO STRATEGIC AIMS / WAYS OF WORKING

11.1 Effective and efficient treasury management helps support the overall achievement of the Council's strategic objectives.

12. COMMUNITY ENGAGEMENT

12.1 There is no requirement to consult with the community or stakeholders on this particular issue.

13. EQUALITY IMPACT ASSESSMENT

13.1 There are no equalities issues arising from this report.

14. LEGAL IMPLICATIONS

14.1 These are set out throughout the report.

15. FINANCIAL IMPLICATIONS

15.1 These are set out throughout the report.

15.2 The Council, with appropriate professional advice when required, will continue to keep all potential sources of borrowing under review. At present, borrowing via the Agency is likely to be the cheapest source of borrowing available to the Council, particularly as the Agency develops

<OFFICER NAME>
<OFFICER JOB TITLE>

Contact Officer(s):

<INSERT DETAILS>

Local Government Act 1972 (as amended) – Background papers used in the preparation of this report:

Item 7 – Financial Results 2016/17 - to the end of September 2016

The attached report was considered by the Finance Advisory Committee on 15 November 2016, relevant Minute extract below:

Finance Advisory Committee on 15 November 2016 (Minute 32)

The Head of Finance presented a report on the Council's financial results 2016/17 to the end of September 2016, which showed the year end position forecast was currently an adverse variance of £284,000.

She advised Members that some additional costs would be incurred this year as a consequence of longer term capital projects, and net income from Investment Property would be less than originally budgeted due to refurbishment works and a rent free period, though additional income over the ten year budget period would more than compensate for this. She suggested that Members might wish to consider requesting Cabinet to approve a supplementary estimate to cover the revenue consequences arising from the Investment Strategy.

Public Sector Equality Duty

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

The Chairman moved and it was

Resolved: That it be recommended to Cabinet

a) to note the report; and

b) that a supplementary estimate of £210,000 be approved in respect of timing issues arising from the Council's Property Investment Strategy.

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FINANCIAL RESULTS 2016/17 – TO THE END OF SEPTEMBER 2016

Cabinet – 1 December 2016

Report of	Chief Finance Officer
Status:	For consideration
Also considered by:	Finance Advisory Committee – 15 November 2016
Key Decision:	No

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

Portfolio Holder	Cllr. Scholey
Contact Officer	Helen Martin Ext. 7483

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

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

Reason for recommendation: Sound financial governance of the Council.

Overall Financial Position

1 The year-end position is currently forecast to be an adverse variance of £284,000. This forecast includes any significant accruals.

Key Issues for the year to date

2 Property Investment Strategy Income – this represents income derived from the acquisitions of commercial property in Sevenoaks and Swanley. The net income from acquisitions to date will be £110,000 less than originally budgeted for 2016/17 due to refurbishment works and a rent free period awarded at the start of a new ten year lease. This will result in additional income over the 10-year budget period that will more than compensate for this deficit. Investigations into further acquisitions are continuing in line with the strategy.

3 Pay costs – the actual expenditure to date on staff costs, (including agency cover and costs of advertising for professional posts, but excluding those who are externally funded) is £43,000 less than budget. There are variances in individual areas and the larger variances are explained in the Chief Officer commentaries.

Year End Forecast

4 The year-end position is forecast to be an unfavourable variance of £284,000. Within that variance are several items where additional revenue expenditure will be incurred in this financial year as a consequence of longer term capital projects that will generate income in later years.

5 Asset Maintenance work at our Leisure sites, including work at White Oak that was required to continue safe operation, is now forecast to cost £30,000 over budget.

6 Car Park income is currently below budget and forecast to be £50,000 worse than budget for 16/17. Bradbourne Car Park closed in August and this has resulted in loss of income; however on street parking has delivered increased income.

7 Business Rates have been paid for two properties in Swanley that we are holding for future development and this has given rise to an unfavourable variance of £47,000.

8 Land Charges income is now forecast to be £40,000 worse than budget.

9 The budgeted surplus for the Direct Services Trading account is forecast to be £20,000 better than budget. The budgeted surplus has increased from £82,000 to £92,000 as part of budget adjustments for the Management Review (SCIA 20). Expenditure for the year is forecast to exceed budget by £39,000, however income is forecast to be £59,000 better than original budget.

Future Issues and Risk areas

10 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 property projects will incur revenue expenditure in advance before any income is received.
- There is potential that asset maintenance on leisure centres, particularly White Oak, will exceed current budgets due to ageing assets;
- The cost of diesel fuel may increase due to weakness of the £ against the US Dollar.
- Planning fee income remains uncertain and is being closely monitored;
- There remains the risk that planning decisions will be challenged, either at appeal or through the Courts;
- Future Planning appeals may incur costs arising from specialist input.

11 This Council is entitled to retain 50% of extra income arising from increases in the business rate tax base, however this figure is subject to great volatility as it is affected by the results of outstanding appeals and this area will be closely monitored.

12 Planned savings for 2016/17 total £412,000, including savings from the senior management re-structure, from partnership working, and from additional income generation, and these will be risk areas for the current and for future years.

13 The impact on financial markets and externally funded projects following the results of the Referendum in June 2016 will be monitored and addressed as part of the Council's risk management process.

Key Implications

Financial

The financial implications are set out elsewhere in this report.

Legal Implications and Risk Assessment Statement.

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

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

Equality Assessment

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

Appendices	Appendix – September Budget Monitoring
Background Papers:	None

Adrian Rowbotham
Chief Finance Officer

2. Overall Summary

September 2016

2015/16 *Actual as Cabinet May '16* £'000		Y-T-D Actual £'000	Annual Budget £'000	Annual Forecast (including Accruals) £'000	Annual Variance £'000	Annual Variance %
1,556	Communities & Business	780	1,349	1,349	0	0.0
2,555	Corporate Services	1,486	2,777	2,787	10	0.4
4,089	Environmental & Operational Services	2,322	4,217	4,435	218	5.2
5,057	Financial Services	2,092	4,228	4,200	(28)	(0.7)
1,207	Planning Services	623	1,435	1,429	(6)	(0.4)
14,464		**7,303**	14,006	14,200	194	1.4
	Adjustments to Reconcile to amount to be met from reserves					
(233)	Direct Services Trading Account	(159)	(92)	(112)	(20)	(22)
(63)	Capital Charges outside the General Fund	(29)	(60)	(60)	0	0
(222)	Support Services outside the General Fund	(86)	(165)	(165)	0	0
97	Redundancy Costs	3	0	0	0	-
14,043	**NET SERVICE EXPENDITURE**	**7,032**	13,689	**13,863**	**174**	1.3
(3,341)	Revenue Support Grant and New Homes Bonus	0	0	0	0	-
(2,084)	Retained Business Rates	(976)	(1,951)	(1,951)	0	0.0
(9,298)	Council Tax	(4,836)	(9,672)	(9,672)	0	0.0
0	Contribution from Collection Fund	(167)	(333)	(333)	0	0.0
(680)	Summary excluding Investment Income	**1,054**	**1,733**	**1,907**	**174**	10.0
(422)	Investment Property Income	(267)	(500)	(390)	110	(22.0)
(259)	Interest Receipts	0	(250)	(250)	0	0.0
(1,361)	**OVERALL TOTAL**	788	**983**	**1,267**	**284**	28.9
1,331	Planned Appropriation to/(from) Reserves	(492)	(983)	(983)	0	0
(30)	(Surplus)/Deficit	296	**0**	**284**	**284**	

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Item 8 – Risk Based Verification

The attached report was considered by the Finance Advisory Committee on 15 November 2016, relevant Minute extract below:

Finance Advisory Committee on 15 November 2016 (Minute 30)

The Head of Revenues and Benefits presented a report which sought approval of a Risk Based Verification Policy.

The Chairman moved and it was

> Resolved: That, under section 100A(4) of the Local Government Act 1972, the public be excluded from the meeting when considering Appendix A of agenda item 12 above, on the grounds that likely disclosure of exempt information is involved as defined by Schedule 12A, paragraph 7 (information relating to any action taken or to be taken in connection with the prevention, investigation or prosecution of crime).

Members discussed and asked questions concerning the exempted appendix.

Public Sector Equality Duty

Members noted the considerations given to impacts under the Public Sector Equality Duty.

> Resolved: That it be recommended to Cabinet that the Risk Based Verification Policy attached as a confidential Appendix A to the report, be approved.

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RISK BASED VERIFICATION

Cabinet – 1 December 2016

Report of	Chief Finance Officer
Status:	For Decision
Also considered by:	Finance Advisory Committee – 15 November 2016
Key Decision:	No

Portfolio Holder	Cllr. Scholey
Contact Officers	Adrian Rowbotham, Ext. 7153 Nick Scott, Ext. 7397

Recommendations to Finance Advisory Committee: That Committee recommend for approval by Cabinet the Risk Based Verification Policy attached at Appendix A to this report.

Recommendations to Cabinet: That the Risk Based Verification Policy attached at Appendix A to this report, be approved.

Introduction and Background

1 The Revenues & Benefits Partnership currently processes 2,700 new claims and 29,600 changes in circumstances each year for Housing Benefit (HB) and Council Tax Reduction (CTR). Of this, 1,100 and 13,700 respectively relates to Sevenoaks.

2 The legislation governing the administration of new claims and changes in circumstances requires the local authority to be satisfied that it has sufficient evidence to enable it to accurately assess entitlement to HB and CTR. In the majority of cases, this is done by asking the claimant to supply documentary evidence in support of the declarations they have made on the application form in respect of their income and savings.

3 Following successful pilots between the Department for Work & Pensions and Local Authority partners in 2011, Risk Based Verification (RBV) was opened up to all organisations responsible for the administration of Housing Benefit in 2012. RBV is technology that uses risk models, incorporated with business intelligence from credit reference agencies, to assess the risk associated with a process which then informs the decision making process. These classifications then help to streamline the level of evidence required from a claimant by providing an individual risk rating, based on the likelihood of it being fraudulent or erroneous. The result then empowers officers to apply a

verification process which is both appropriate and proportionate to the risk posed.

4 The result classifications are low, medium and high risk and the levels of verification required for each are detailed in the RBV policy at Appendix A. In summary, low risk cases only require essential checks to be made, medium risk cases require the same level of checks that are currently in place and high risk cases will have enhanced stringency applied to the verification process.

5 There is still an obligation to ensure there is sufficient evidence to make an accurate assessment of entitlement but, as explained, the need to gather evidence in low risk cases can be reduced whilst still providing the level of assurance necessary. In effect, this will allow resources to be diverted to those cases posing the greatest risk whilst reducing processing times and providing improved customer service to those that pose the least risk.

Key Implications

Financial

The RBV software is provided by Callcredit Information Group at a cost of £12,690 per annum for the Revenues and Benefits Partnership.

Following a successful business case made to the major preceptors (Kent County Council, Kent Police and Kent Fire and Rescue) seeking an investment in technology to help tackle fraud and increase income collection, they have provided a significant proportion of financial investment to help cover the majority of this cost. As a result, the actual cost to the Council for the software is only £762 per annum and this has been accounted for from within existing budgets.

For low risk cases, RBV will also reduce the print, mail and delivery costs associated to the current administration and verification process for these cases. Whilst difficult to quantify this will result in savings running into thousands of pounds.

Legal Implications and Risk Assessment Statement

In Circular S11/2011, the Department for Work and Pensions extended the use of RBV on a voluntary basis to all local authorities, effective from April 2012.

Authorities opting to apply RBV in the administration of Housing Benefit and Council Tax Reduction are required to have in place a RBV policy detailing risk profiles and verification standards, as well as stating the minimum number of claim checks to be undertaken when the policy becomes effective.

As well as the need to require Member approval, the RBV policy must also be agreed by the Section 151 Officer.

The RBV software has an in-built reporting system that enables the allocation and accuracy of risk categories to be monitored. Blind sampling is also automated to provide further reassurance and officers are able to increase the risk category of an individual case should they have cause for concern.

In addition, regular management reports will be produced to identify how much fraud and error has been detected in each risk group and, following implementation, frequent monitoring will be carried out to ensure that cases are being allocated to the correct risk group.

Equality Assessment

Members are reminded of the requirement, under the Public Sector Equality Duty (section 149 of the Equality Act 2010) to have due regard to (i) eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Equality Act 2010, (ii) advance equality of opportunity between people from different groups, and (iii) foster good relations between people from different groups. The decisions recommended through this paper directly impact on end users. The impact has been analysed and [EITHER varies] [OR does not vary] between groups of people. The results of this analysis are set out immediately below.

RBV assigns a risk rating to each benefit claim based on the likelihood of it being fraudulent or erroneous. This then determines the level of verification required when a new claim or change in circumstances is being administered.

When a risk rating is assessed, it takes no account of age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion and belief, sex and sexual orientation. Therefore, all cases are treated equally and RBV has no direct impact on any of the protected characteristics.

Conclusion

That the report be noted and the RBV Policy be recommended to Cabinet for approval.

Appendices	Appendix A - Risk Based Verification Policy (exempt under paragraph 7 of Part 1 of Schedule 12A to the Local Government Act 1972 as it contains information relating to any action taken or to be taken in connection with the prevention, investigation or prosecution of crime)
Background Papers	None

Adrian Rowbotham
Chief Finance Officer

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By virtue of paragraph(s) 7 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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