

16 September 2021 at 7.00 pm

Council Chamber, Argyle Road, Sevenoaks

Published: 08.09.21



The meeting will also be livestreamed to YouTube here

https://www.youtube.com/channel/UCIT1f_F5OfvTzxjZ6Zqn6g. Members of the public who wish to attend in person are requested to wear face masks and observe social distancing procedures. For health and safety reasons access may be limited and will be on a first come first served basis.

Cabinet

Membership:

Chairman, Cllr. Fleming; Vice-Chairman, Cllr. Dickins
Cllrs. McArthur, Dyball, Maskell and Thornton

Agenda


There are no fire drills planned. If the fire alarm is activated, which is a continuous siren with a flashing red light, please leave the building immediately, following the fire exit signs.

	Pages	Contact
Apologies for Absence		
1. Minutes To agree the Minutes of the meeting of the Committee held on 8 July 2021, 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, CIL Spending Board or Cabinet Advisory Committees (if any)		
a) In-Depth Scrutiny Working Group - CCTV	(Pages 7 - 74)	
5. Bank Account Signatories	(Pages 75 - 78)	Roy Parsons Tel: 01732 227204

REPORTS ALSO CONSIDERED BY THE CABINET ADVISORY COMMITTEES

- | | | | |
|----|---|-------------------|---------------------------------------|
| 6. | Treasury Management Annual Report 2020/21 | (Pages 79 - 112) | Roy Parsons
Tel: 01732 227204 |
| 7. | Financial Results 2021/22 to the end of July 2021 | (Pages 113 - 144) | Alan Mitchell
Tel: 01732227483 |
| 8. | Financial Prospects and Budget Strategy 2022/23 and Beyond | (Pages 145 - 168) | Adrian Rowbotham
Tel: 01732 227153 |

 Indicates a Key Decision

 indicates a matter to be referred to Council

EXEMPT INFORMATION

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 Appendices 1A, 1B and 1C of Agenda item 4a 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 8 July 2021 commencing at 7.00 pm

Present: Cllr. Fleming (Chairman)

Cllr. Dickins (Vice Chairman)

Cllrs. McArthur, Dyball, Maskell and Thornton

Cllrs. Osborne-Jackson and Purves were also present.

9. Minutes

Resolved: That the Minutes of the meeting of Cabinet held on 27 May 2021, be agreed and signed as a correct record.

10. Declarations of interest

There were none.

11. Questions from Members

There were none.

12. Matters referred from Council, Audit Committee, Scrutiny Committee, CIL Spending Board or Cabinet Advisory Committees

There were none.

13. Provisional Outturn 2020/21

The Finance & Investment Portfolio Holder presented the Provisional Financial Outturn figures for 2020/21, which showed an unfavourable variance of £321,000. The net unfavourable impact of COVID-19 had been £336,000 and therefore excluding COVID-19 there would have been a favourable variance of £15,000 for the year.

The Head of Finance answered questions on the item and he advised that the Finance & Investment Advisory Committee had noted the same report.

Public Sector Equality Duty

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

Resolved: That the provisional outturn report for 2020/21 be noted.

14. Sevenoaks District Community Plan Annual Report

The Portfolio Holder for People & Places presented the report highlighting the work of the Sevenoaks District Local Strategic Partnership (LSP) throughout 2020/21. She advised that the People & Places Advisory Committee had noted the same report.

The Health & Communities Manager outlined the work of her team on this item and Cabinet thanked her for her work.

Public Sector Equality Duty

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

Resolved: That the report be noted.

15. Sevenoaks District Community Safety Partnership - Annual Report

The Portfolio Holder for People & Places presented the report highlighting the work of the Community Safety Partnership throughout 2020/21. She advised that the People & Places Advisory Committee had noted the same report.

The Health & Communities Manager outlined the work of her team on this item and Cabinet thanked her for her work.

Public Sector Equality Duty

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

Resolved: That the report be noted.

16. Re-profiling Capital Programme 2021/22

The Cabinet considered the report which sought prioritisation of the Bevan Place Project within the Capital Programme.

The Strategic Head - Commercial & Property set out that in November 2020 the Council had agreed a three-year capital Programme part of which was to facilitate the development of new regeneration schemes for the Council. At the time of preparing the recommendations, high level assumptions were made as to potential projects, indicative costs and pace of delivery. This resulted in a list of potential projects and envisaged funding allocations, and a projects approval protocol was put in place.

In establishing the Capital Programme it also required the approval of a funding pot that would facilitate the rapid development of funds towards projects. However, with different schemes moving at different pace, there was a greater need to draw funds towards Schemes that were maturing faster. The realignment

would provide officers with greater flexibility in delivering the Bevan Place Project at pace.

Public Sector Equality Duty

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

Resolved: That £400,000 be vired within the approved Capital Programme to facilitate the delivery of Bevan Place project as follows:

- £330,000 from Edenbridge (this project to be postponed to 2022/23 and be profiled as part of the 2022/23 Budget setting process)
- £20,000 from the Sevenoaks Town Centre Regeneration Project
- £50,000 from the “Other Feasibility” allocation.

17. Air Quality - Update on the Development of a new Air Quality Action Plan

The Portfolio Holder for Cleaner & Greener presented the report that demonstrated a trend of improvement of Air Quality in Sevenoaks District and as a result the council could now consider revoking up to 5 of the 9 existing Air Quality Management Areas (AQMA).

The Acting Environmental Health Manager advised that whilst the improvements were encouraging, it was recognised that there was no safe exposure level to pollution, and so would continue to identify and implement measure to reduce pollution in the remaining AQMA. A new Air Quality Action Plan was being developed, and it would provide a commitment to undertaking measures and actions to improve air quality within the designated AQMA.

Members asked questions of clarification and agreed that a Working Group of up to 20 Members and Officers should be constituted, with a quorum of 10. The purpose of the group would be to develop a shortlist of workable measures to be tested (scenario testing) to quantify their impact upon Air Quality within the AQMA, to explore possible measures which could be included in the Action Plan and to report to the next Cleaner & Greener Advisory Committee.

Public Sector Equality Duty

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

Resolved: That

- a) officers request to DEFRA for the revocation of the M20 AQMA on the basis of the assessment undertaken by BV, be agreed;
- b) officers request to DEFRA for the revocation of the M25 AQMA (PM10) on the basis of the assessment undertaken by BV, be agreed;

- c) subject to additional monitoring demonstrating that NO2 levels do not exceed objective levels at the roundabout at London Road, Westerham and residential properties along the A224 and B221 near to the M25, officers request to DEFRA for the revocation of the M25 AQMA (NO2), be agreed;
- d) subject to additional monitoring demonstrating that NO2 levels do not exceed objective levels at receptors along the A224 London Road flyover, officers request to DEFRA for the revocation of M26 AQMA, be agreed;
- e) subject to additional monitoring demonstrating that NO2 levels do not exceed objective levels as residential properties at Phillip Avenues / Ladds Way / Cyclamen Road, Swanley, officers request to DEFRA for the revocation of the A20 AQMA, be agreed;
- f) following consultation with the Portfolio Holder for Cleaner & Greener, the Deputy Chief Executive & Chief Officer of Planning & Regulatory Services' constitution of a Working Group of up to 20 Members and Officers (with a quorum of 10) to develop a shortlist of workable measures to be tested (scenario testing) to quantify their impact upon Air Quality within the AQMA, explore possible measures which could be included in the Action Plan and report to the next Cleaner & Greener Advisory Committee, be authorised; and
- g) the District Council's withdrawal from the 'Air Alert' scheme as provided by Sussex Air and Imperial College and alternate and comparable 'Air Alert' information be made available on the Council's website, be agreed.

18. Net Zero 2030 Update - Low Emission and Electric Vehicle Strategy

The Portfolio Holder for Cleaner & Greener presented the report which outlined the Low Emission and Electric Vehicle Strategy (LEEVS) as part of the Council's commitment to be Net Zero by 2030. The Cleaner & Greener Committee had considered and recommended the report.

The Principal Planning Officer (Policy) advised that Transport remained the largest carbon emitting sector in the UK and Sevenoaks District had the highest level of registered electric vehicle ownership in Kent. The Strategy would aim to help the Council promote low carbon travel, improve the electric vehicle charging network across the district and continue to transition to a zero-carbon emissions vehicle fleet wherever possible.

Public Sector Equality Duty

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

Resolved: That the Low Emission and Electric Vehicle Strategy be agreed.

19. Adoption of Area of Outstanding Natural Beauty (AONB) Management Plans

The Portfolio Holder for Development and Conservation presented the report which sought the adoption of management Plans for the Kent Downs and High Weald Area of Outstanding Natural Beauty (AONB), which the Council was legally required to do. The role of the management plan was to set out the key components, characteristics and qualities of the AONB and to identify ways and opportunities to conserve and enhance the landscape. The Kent Downs AONB Management Plan review (2021-2026) was approved by the Joint Advisory Committee (JAC) of the AONB unit on 26 January 2021.

The Development & Conservation Advisory Committee had also considered the report and recommended that the Management Plans be adopted.

Public Sector Equality Duty

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

Resolved: That it be recommended to Council that the Kent Downs and High Weald AONB Management Plans be adopted.

20. Leisure Provision in Sevenoaks District - external review

The Portfolio Holder for People & Places presented the report providing an update on the work commissioned by the District Council and Sencio Community Leisure, and undertaken by Max Associates, an external leisure consultant, to review Sencio's operating model, recovery plan and financial appraisal.

The Deputy Chief Executive and Chief Officer for People & Places advised that the consultant's report would enable Members to make an informed decision on future options for supporting Council owned leisure facilities. The Leisure sector across the country had been massively affected by the COVID-19 pandemic, and it was expected this impact would be felt not only in the short term, but also for the medium to long term nationally. Council's across the country were working hard to keep supporting leisure providers and facilities during the Coronavirus crisis.

Despite the Council's own finances being hit hard, the authority had supported Sencio with £376,950 in the past year with grants and paying its annual management fees up front. It also agreed to delay loan repayments from Sencio to the Council of £88,000 up to March 2021. Sencio had also benefited from a £235,000 grant from the National Leisure Recovery Fund, following a joint application with the Council and £144,362.29 from various business grants administered by the Council. It had also been assisted through the Government's Coronavirus Job Retention Scheme. The Chairman confirmed that the Council would continue to support leisure provision in the District.

Despite receiving over £756,300 of public money, the trust was currently facing a budget shortfall of £2 million, which included a pre-Covid trading deficit.

Members noted that Sencio operates as an independent leisure trust and its business is directed and managed by the Sencio management team and its Board of Trustees.

Members considered the information before them, noting the information that had been provided in the exempted appendices. In response to a question from a Member, the Chairman explained that it was not in the gift of the Council to take the Sencio operation in-house.

Public Sector Equality Duty

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

Resolved: That

- a) the report and appendices be noted;
- b) taking into account the significant risk and recommendations summarised in section 6.4 of Max Associates report (Appendix A), no further financial support be considered;
- c) in the event that Sencio ceases to trade, delegated authority be given to the Chief Officer - People & Places and Chief Officer - Finance & Trading to investigate an interim shorter term leisure operator for temporary leisure delivery to the community and enter into a contract subject to consultation with the Cabinet Member for People & Places and Cabinet Member for Finance & Investment.

IMPLEMENTATION OF DECISIONS

This notice was published on 9 July 2021. The decisions contained in Minutes 13, 14, and 15 take effect immediately. The decisions contained in Minutes 16,17, 18 and 20 take effect on 19 July 2021. The decision contained in Minute 19 is a recommendation to Council.

THE MEETING WAS CONCLUDED AT 7.52 PM

CHAIRMAN

IN-DEPTH SCRUTINY WORKING GROUP - CCTV

Cabinet - 16 September 2021

Report of: Cllr. Cameron Brown (Chairman - Scrutiny Committee)

Status: For Consideration

Key Decision: No

Executive Summary: This item is for Cabinet to review the recommendations of the Scrutiny Committee following the work completed by the CCTV In-Depth Scrutiny Working Group.

Contact Officer(s): Adrian Rowbotham, Ext. 7153

Trevor Kennett. Ext. 7407

Recommendation to Cabinet:

Consider the recommendations in the minutes of the Scrutiny Committee on 13 July 2021.

Introduction and Background

- 1 An In-Depth Scrutiny Working Group was established to evaluate the effectiveness of the Council's CCTV service in supporting the Community Safety theme of the Council's Plan and its impact on privacy.
- 2 The working group considered the number and location of CCTV cameras provided across the District and their effectiveness in meeting the aims of the CCTV Service; the impact of General Data Protection Regulation (GDPR) and recovery costs.
- 3 The working group was made up of the following members of the Scrutiny Committee:
Cllr Pender (Chairman)
Cllr Ball
Cllr Kitchener
Cllr Purves
- 4 The working group's report was considered by the Scrutiny Committee on 13 July 2021.

Agenda Item 4a

Recommendations of the Scrutiny Committee

- 5 Resolved: That it be recommended to Cabinet that
- a) further information be obtained to assist in justifying the pressing need for CCTV;
 - b) disabling or removing the audio recording hardware of the cameras in the Council Offices or the introduction of an audio activation method, be considered; and
 - c) a request to third parties, such as the Police, for them to recover costs of running the CCTV service, be considered.
- 6 Cabinet are asked to consider the recommendations of the Scrutiny Committee.

Key Implications

Financial

Sevenoaks District Council operates within a balanced, 10-year budget. Any recommendations may therefore need to be subject to further investigation to remain within the current allocated budgets.

Legal Implications and Risk Assessment Statement.

No relevant legal implications or Risk Assessment

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 1 - Report and appendices of the CCTV In-Depth Scrutiny Working Group

Appendix 2 - Scrutiny Committee 13 July 2021 minute extract

Background Papers

None

Cllr Cameron Brown

Chairman - Scrutiny Committee

Report of the CCTV working group to the Scrutiny Committee.

Contents

Motivation/Background	2
Aims	3
Overview of CCTV systems	4
Method and findings:	
Paper based enquiries	8
Paper trail of removed cameras	11
Cllr Pender’s visit to control room	12
Examination of Exemplar Footage	13
Audio Recording	16
Report of Dr. Taylor	17
Councils that have reduced use of CCTV	17
Conversations with the Police	18
Discussion with CCTV control room manager	20
Costs query: Attachment to prosecutions?	20
“Missing persons” and “fear of crime” arguments	21
Conclusions and recommendations	22
Appendices	
Appendix 1. Financial Costs of the system	26
Appendix 2. Location of SDC cameras (including maps)	27
Appendix 3. Note from the CPS website	34
Appendix 4. Note on “Dummy Cameras”	35
Appendix 5. New Information on Security of Data Pipeline	37
Appendix 6. Report of criminologist, Dr. Emmeline Taylor	

Agenda Item 4a

Motivation/Background to the review and an introduction to privacy concerns and CCTV

The motivation for embarking on this independent review was two-fold. The first was simply that it has been a long time since the last one in 2010. The second motivation emerged from questions raised at Scrutiny committee (in 2019) about the privacy impact of the council's camera systems.

There are some who would suggest that dislike of being kept under electronic surveillance (in public) is limited to thieves and other ne'er-do-wells and, in some jurisdictions, the philosophy of "nothing to hide nothing to fear" clearly is the dominant principle of the rulers¹ however, this is not the dominant philosophy of Sevenoaks District Council.

While, of course, SDC's camera system should at least meet the privacy standards set out in the CCTV code of conduct² and the privacy norms set by the Information Commissioner's office (ICO) and the Surveillance Camera commissioner (SCC) the code itself provides an insufficiently high bar when it comes to privacy assurance. In particular, the code of conduct, the ICO, and the SCC do not provide any principles which, in practice, serve to limit the level of surveillance of public areas. They are, instead, primarily, concerned with how information is stored and transferred³, i.e. The various codes of conduct are focussed on principles of data protection, not data collection⁴.

Nonetheless it should be noted that our system has been accredited by the Surveillance Camera Commissioner up until 2024. In 2016 SDC received two national awards from the CCTV User Group⁵.

This review also considers the financial costs of the system but, to be clear, the financial aspect was not the primary motivation for this review. Nonetheless, the financial aspect is important because the very considerable resources that are applied to running camera systems, could be applied in other ways.

¹ The Chinese Communist Party has an extensive camera network, facial recognition, and social credit system, right down to big screens to shame jaywalkers. It is also true that, at least at one time, the number of UK CCTV cameras exceeded the number in China and, of course, for many decades the UK's national ANPR system has held a database of all vehicle movements, with the police currently considering the addition extra cameras to this system, covering more minor roads, including at least five within the district of Sevenoaks.

² The code applies to the use of surveillance camera systems that operate in (i.e. observe) public places in England and Wales, regardless of whether or not there is any live viewing or recording of images or information or associated data.

³ This review has done relatively little work in the area of "data protection" partly because we probably lack the expertise to do a systematic review of the operational methods of data transfer, storage and deletion etc. and partly because this is the focus of other reviewers, such as the surveillance camera commissioner, and we feel it is better to focus on important areas which are normally missed.

⁴ There is a stated principle which looks, to a lay eye, like it might limit the number of cameras. Principle 1 of the code of conduct states that surveillance cameras should only exist if there is a "pressing need" for them (while principle 2 suggests that regular reviews should check that the need remains) however, in practice, simply stating that a camera is "for the purpose of prevention and detection of crime" is sufficient to satisfy the code (as currently implemented).

Clearly such a blanket response should not be sufficient to satisfy SDC.

⁵ www.cctvusergroup.com

Remit/Aims

To Consider:

1. The effectiveness of the service in reducing crime
2. Whether the quality of images needs to be improved
3. The privacy impact of the service
4. Whether the financial resources of the council are being well applied, i.e. the cost effectiveness of the service.
5. The number of convictions arising from CCTV.
6. Whether and/or to what extent CCTV deters crime, and how this might be measured.
7. The positioning of our town centre CCTV systems, "Are they in the right places?"
8. The implications of emerging facial recognition technology.
9. Whether and how a financial contribution to CCTV could be garnered from other agencies (e.g. The police, CPS).
10. What recommendations to make following consideration of the above.

Agenda Item 4a

Overview of the surveillance camera system at SDC

Sevenoaks District Council (SDC) maintains a system of 144 cameras⁶. The majority transmit their data, either via cables (owned or hired) or over an encrypted internet connection, to the SDC CCTV control room. This data can be shared by operators, with Police, in real time, via two police monitors (i.e. screens which mirror their feed to the Police)⁷.

The majority of these 144 cameras have Pan Tilt and Zoom (PTZ) capacity, meaning they can be directed over a wide range of angles (often 360 degrees) as well as being able to zoom in or out considerably.

The system's *structure dates back to 1997* when Central Government funding was provided to encourage camera systems nationwide, though most of the original cameras have subsequently been replaced. The number of cameras has also grown by around 50% since that time, and the technical capability of each camera is, in most cases, significantly greater, in both resolution and PTZ capacity. This has sometimes allowed one camera to replace two.

SDC does not use facial recognition on its systems, and no backup of the bulk data is kept. Data which has not been marked for preservation is deleted after 31 days.

While some cameras only see visible light, the CCTV manager reports that most also have infrared sensitivity. We were initially told that no part of the CCTV system undertakes audio recording⁸, which is not allowed under the code of conduct, however that turns out not to be the case and is addressed later in the report.

Official figures show the financial cost of the system⁹ is four hundred and fifteen thousand pound per year (£415,000 p.a.) net and four hundred and seventy-five thousand pounds per year (£475,000 p.a.) gross (i.e. two other councils pay us £60,000 p.a. for our camera operators to man their out of hours telephone line).

The service has 7 full time members of staff.

Closed Circuit Television (CCTV)

For historical reasons we often talk about "CCTV" cameras. This term was presumably coined because "closed circuit" was somewhat reassuring to those with privacy concerns.

There are some who would argue for the correctness of this term today by saying that there is no upper limit on the size of a "closed" circuit and who would, therefore, be happy to call, for example, the national ANPR network a "closed circuit" spanning the entirety of Great Britain.

However, most of us would, I suspect, think this usage of "closed" stretches the meaning somewhat. We would probably only recognise a few of SDC's cameras, those in the Dunbrik storeroom, as "closed circuit" in any meaningful sense. The rest are centrally controlled from the basement of the Council's offices in Argyle Road, meaning that our "CCTV", is a network spanning over a 20 mile diameter.

Arguably we should not, therefore, continue to use the term "CCTV" and instead simply use the term "surveillance camera", or "networked camera".

We will, nonetheless, continue to use the term "CCTV", or just "cameras" throughout the rest of this report.

⁶ Data correct as per November 2019 (likely correct as of today also)

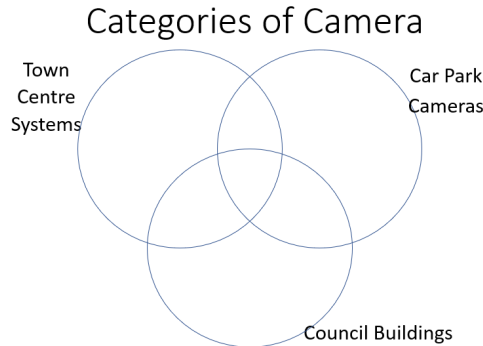
⁷ At any given time something will normally be being played over this link.

⁸ This is addressed on page 17.

⁹ Appendix 1 contains a breakdown of costs (actual and budgeted) for 2019/20, as well as budgeted costs for 2020/21

(Types of) Camera Locations

It is helpful to break down the 144 cameras into three overlapping categories which happen to be almost precisely equal in numerical size¹⁰. These are: Town Centre Cameras, Cameras in Car Parks owned by SDC, and Cameras observing Council property:



More information on these overlapping categories

Town Centre Cameras

There are five “Town Centre” camera systems. These are in:

- Sevenoaks Town
- Swanley
- New Ash Green
- Edenbridge
- and Westerham.¹¹

These are the cameras which are most heavily monitored in real time.

They are probably the most significant category in terms of privacy impact (on the general public, as opposed to SDC employees).

The operation of these cameras also represents the main financial cost of the system, in terms of officer time spent monitoring them, and they are the cameras which the system’s structure is built around (i.e. without at least one town centre system no one would suggest, for example, having a CCTV control room staffed through the night).

Car Park Cameras

A number of SDC owned car parks have CCTV. Most of these cameras are in Sevenoaks Town, including 22 in Sevenoaks town car park¹² and a similar number in other Sevenoaks car parks.

A major privacy impact of car park cameras is that they keep a record (routinely for 31 days) of people’s movements, in a way that is highly searchable – checking of car number plates (even without numberplate recognition software) is a lot easier than checking faces.

¹⁰ 48 in each category is a reasonable estimate although, especially within Sevenoaks itself, there are cameras which observe council building as well as public land, or which observe pedestrianised areas as well as car parks. From a privacy perspective (and, to a great extent, from an operational perspective too) the precise position of a camera is less important than the camera’s field of view.

¹¹ Lists of camera locations can be found in appendix 2, with maps in Gold appendix A.

¹² Also known as “Buckhurst 2”, especially on internal CCTV service documents such in Appendix 2.

Agenda Item 4a

One recent example of this is our cameras being used to place a vehicle in Lullingstone Car park as part of a high profile recent criminal inquiry. The question for members will be one of proportionality: Does this undoubtedly positive individual outcome justify the monitoring of all vehicle movements in and out of our numerous car parks over the course of 24 years?

Automated Number Plate Recognition (ANPR) can be used to extract very rich mass data sets from cameras without much human intervention, though, to the best of our knowledge, the only ANPR software used on our systems is in connection with one of the cameras at the Dunbrik depot.

To underline the overlapping nature of these three categories, cameras in relatively open car parks can function in the same way as Town Centre cameras to monitor pedestrians (this is especially the case with PTZ cameras).

Cameras monitoring the Council's own buildings

These include the Council's Argyle road building in Sevenoaks (e.g. in the reception area), cameras at Dunbrik, and at Swanley White Oak Leisure centre (both the car park and publicly accessible indoor areas). There are also cameras which monitor the office of the Dunbrik manager and the CCTV control manager, though these are not fully integrated into the networked system.

This is a complete overview of where our cameras are located, according to the written information we have received¹³.

Camera Numbers, Privacy Impact and Efficacy

One of the first questions people often ask about any CCTV system is how many cameras there are in total, or in a particular location. While this is clearly a useful number to know in rough terms, there is a clear danger in thinking that numbers of cameras can easily quantify the privacy impact of a camera system.

To take an obvious example, consider a large multi-storey car park which could be fitted with no cameras, 2 cameras, or 22 cameras.

Clearly 22 cameras has a significant privacy impact relative to having zero cameras. But consider the privacy impact of just two cameras recording the number plates (and hence time of entry/egress) of every car entering or leaving a car park. Very few people would suggest that these two cameras had less than 10% of the privacy impact that the 22 would have.

Clearly some drivers would prefer to have full privacy while others would prefer cameras to be present, perceiving that this mitigates the small risk of car crime. However, the idea that privacy impact of public space CCTV can be quantified by reference mainly to the total the number of cameras is a commonly made, and often unhelpful, tacit assumption.

¹³ See Appendix 2 for the details of the districts 144 CCTV camera locations.

Monitoring schedule

The control room is currently manned (according to a fixed weekly schedule) 152 hours per week (i.e. there are 16 hours when it is not manned). The manned hours include all hours at weekends, and all overnight hours.

The full weekly monitoring schedule is contained in Gold Appendix B.

Out of hours service

The CCTV control room staff also answer the out-of-hours telephone line for the council. This involves fielding an average of around twenty calls per week for SDC (mainly at weekends) as well as a similar number of calls answered on behalf of others, for which SDC receives a flat fee.

Providing an out of hours telephone answering service, regardless of whether we maintain a CCTV service, is something that residents benefit from. This service could be delivered, as a stand-alone service, in (at least) two ways:

- 1) The out of hours service could be outsourced to another local authority. The average cost of such a service level agreement is approximately £30,000¹⁴ (about 6 or 7% of the cost of the CCTV service). This figure is also in line with the amount we charge other authorities, to provide this service.
- 2) We could provide a stand-alone out of hours contact service, manned by “on-call” SDC staff, either working from home, or working on other office-based tasks, but available to answer the phones. The 2020/21 pandemic has seen our contact centre staff able to operate effectively, in the medium term, by staff working from home. Calls to the council during the night or at weekend could be redirected to existing staff at home in a way which is now fairly commonplace during the daytime. Some, relatively modest, salary increment would probably have to be paid for this. Another possibility could be, for example, that a member of staff might agree to come in to do office work on a Saturday (while being available to answer phones) with a weekday being given as a holiday in lieu.

The benefits of this kind of in-house option would include that we would retain control over the way the out of hours service operates and we could ensure a level of local knowledge amongst those answering calls¹⁵. An in-house option allows us to plan for the long term without the prospect of annual negotiations over a new service level agreement and, finally, we might even be able to retain the current arrangement whereby we generate tens of thousands of pounds of annual revenue, by answering phone lines for other authorities.

¹⁴ Source: Email from the Head of Direct Services (in overall charge of both the CCTV service, and the out of hours contact service).

¹⁵ Indeed, these could potentially be the same people that answer the in-hours phone lines.

Agenda Item 4a

Method and Findings:

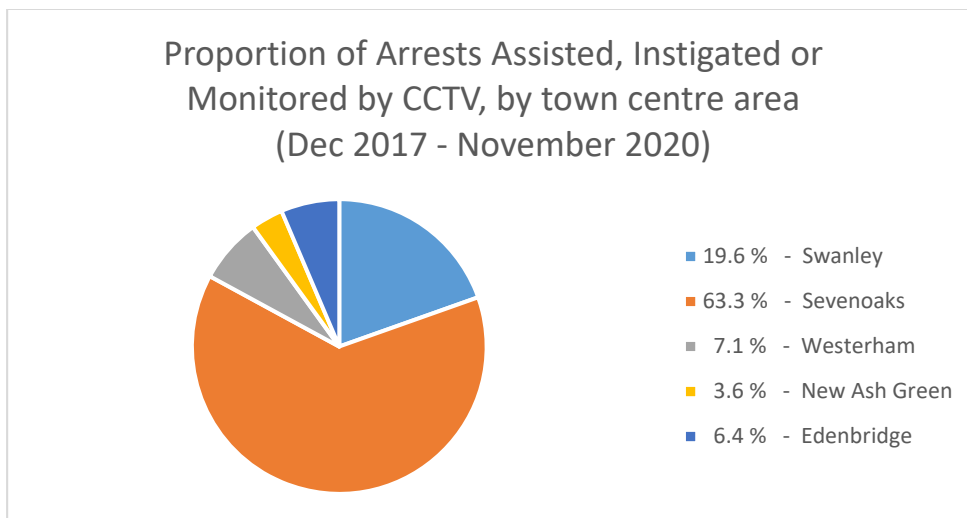
1. Paper based enquiries (Performance indicators)

The CCTV service keeps data for Monitored Arrests, Instigated Arrests and Assisted Arrests for the five town centre areas, on a month-by-month basis.

On the next page we present this data, in full, for the last three years.

This data shows that the vast majority of these arrests occurred in Sevenoaks town itself (63.3%)¹⁶ and, to a lesser extent, in Swanley (19.6%).

At the other end of the spectrum, New Ash Green has seen an annual average of just three individual arrests monitored, assisted, or instigated by CCTV¹⁷.



There are also relatively small numbers of arrests related to CCTV in Westerham and Edenbridge. The following table shows that, in common with New Ash Green, Edenbridge saw 30 of the last 36 months without an arrest either assisted or instigated by CCTV. The picture was similar in Westerham, with 28 out of the last 36 months showing no arrests on the same measure.

Number of months with no arrests "instigated", or "assisted" by CCTV, out of the last 36, by area.

Town Centre under CCTV	Months without a CCTV arrest "instigated or assisted", based on official figures	Months with at least one such arrest	Months in sample
Sevenoaks	19	17	36
Swanley	2	34	36
Westerham	28	8	36
New Ash Green	30	6	36
Edenbridge	30	6	36

¹⁶ The proportion of CCTV arrests which occurred in Sevenoaks Town rises to over two thirds (68.6%) if one only considers arrests "Instigated or Assisted" by CCTV (as opposed to merely monitored).

¹⁷ This is based on three years' worth of data. Two such incidents are detailed in the next section of this report which covers exemplar footage seen by the working group. The one that appears in figures as an "assisted" arrest (rather than merely "monitored") refers to a shop lifter who was detained by an off-duty police officer, before he managed to exit the shop. Only the arm of the arrested person appears, fleetingly, on the (council's) CCTV footage, and, although his accomplice does appear, we ascertained (by following up with the shop) that his accomplice did not face any criminal justice consequence for this crime, nor was he arrested. I.E. We assume that this means he was not identified, despite the presence of extensive shop CCTV footage, and some SDC footage too.

Raw CCTV Impact Data¹⁸ on Arrests involving SDC cameras

CCTV PERFORMANCE (Dec 2017 - Jan 2018)				
MONITORED ARRESTS				
	Dec	Jan	Feb	Mar
Swanley	0	1	0	0
Sevenoaks	0	3	1	0
Westerham	0	0	0	0
New Ash Green	0	0	0	0
Edenbridge	0	0	0	0
TOTAL	0	4	1	0
INSTIGATED ARRESTS				
	Dec	Jan	Feb	Mar
Swanley	0	0	1	0
Sevenoaks	0	0	0	3
Westerham	0	0	0	2
New Ash Green	0	1	0	0
Edenbridge	0	0	0	0
TOTAL	0	1	1	5
ASSISTED ARRESTS				
	Dec	Jan	Feb	Mar
Swanley	0	2	0	0
Sevenoaks	5	3	5	5
Westerham	0	0	0	0
New Ash Green	0	0	0	0
Edenbridge	0	0	0	1
TOTAL	5	5	5	6

CCTV PERFORMANCE (2018/19)													
MONITORED ARRESTS													
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Total
Swanley	2	0	0	0	0	0	0	0	0	1	1	2	6
Sevenoaks	1	1	0	2	1	0	0	1	4	1	0	0	11
Westerham	0	1	0	0	1	0	0	0	0	0	0	1	3
New Ash Green	0	0	0	0	0	0	0	0	0	0	0	0	0
Edenbridge	0	0	0	0	0	0	0	0	0	0	0	1	1
TOTAL	3	2	0	2	2	0	0	1	4	2	1	4	21
INSTIGATED ARRESTS													
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Total
Swanley	0	0	0	0	0	0	0	0	0	0	1	0	1
Sevenoaks	0	1	6	3	0	0	1	0	4	2	2	1	20
Westerham	0	0	0	0	0	0	0	0	0	0	0	0	0
New Ash Green	0	0	0	0	0	0	0	0	0	0	0	0	0
Edenbridge	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL	0	1	6	3	0	0	1	0	4	2	3	1	21
ASSISTED ARRESTS													
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Total
Swanley	0	1	1	1	0	0	1	0	0	0	2	1	7
Sevenoaks	6	1	0	1	1	2	1	3	0	1	0	3	19
Westerham	0	0	0	1	0	1	0	0	2	0	0	0	4
New Ash Green	1	0	0	0	0	0	0	0	0	0	0	0	1
Edenbridge	1	0	1	0	3	0	0	0	1	0	3	1	10
TOTAL	8	2	2	3	4	3	2	3	3	1	5	5	41

¹⁸ These are official figures as recorded by the CCTV service. The data on the previous page can be entirely reconstructed using these two pages of arrest data. No data is held on convictions resulting from CCTV.

CCTV PERFORMANCE (2019/20)													
MONITORED ARRESTS													
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Total	
Swanley	0	1	1	3	1	0	3	0	1	1	1	12	
Sevenoaks	2	1	1	2	1	3	2	1	0	1	0	15	
Westerham	0	0	0	0	0	0	0	1	0	0	1	2	
New Ash Green	0	0	0	0	0	0	0	0	0	0	0	0	
Edenbridge	0	0	0	0	0	0	0	0	0	0	0	0	
TOTAL	2	2	2	5	2	3	5	2	1	2	2	29	
INSTIGATED ARRESTS													
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Total	
Swanley	0	0	0	0	0	0	0	0	0	1	1	2	
Sevenoaks	2	1	0	0	1	9	1	2	0	2	0	19	
Westerham	0	0	0	0	0	0	2	0	0	0	0	2	
New Ash Green	1	0	0	0	0	0	0	0	0	0	0	1	
Edenbridge	0	0	0	0	0	0	0	0	0	0	0	0	
TOTAL	3	1	0	0	1	9	3	2	0	3	1	24	
ASSISTED ARRESTS													
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Total
Swanley	0	1	0	1	0	1	4	1	0	2	1	0	11
Sevenoaks	3	1	3	2	2	0	3	0	1	1	2	5	23
Westerham	0	3	1	0	0	0	0	0	0	0	0	0	4
New Ash Green	0	0	0	0	0	1	0	0	1	0	0	0	2
Edenbridge	0	1	0	1	1	0	0	1	1	0	0	0	5
TOTAL	3	6	4	4	3	2	7	2	3	3	3	5	45

CCTV PERFORMANCE (2020 up to November)												
MONITORED ARRESTS												
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Total			
Swanley	1	0	2	0	0	1	0	1	5			
Sevenoaks	1	0	1	2	1	0	0	1	6			
Westerham	0	0	0	0	0	0	0	0	0			
New Ash Green	0	0	0	3	0	0	0	0	3			
Edenbridge	0	0	0	0	0	0	1	0	1			
TOTAL	2	0	3	5	1	1	1	2	15			
INSTIGATED ARRESTS												
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Total			
Swanley	0	0	0	0	0	2	0	0	2			
Sevenoaks	4	1	3	4	0	2	0	0	14			
Westerham	3	0	0	0	0	0	0	0	3			
New Ash Green	0	1	0	0	0	0	0	1	2			
Edenbridge	0	0	0	0	0	0	0	0	0			
TOTAL	7	2	3	4	0	4	0	1	21			
ASSISTED ARRESTS												
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Total			
Swanley	0	0	0	0	1	1	1	2	5			
Sevenoaks	1	2	6	6	1	0	3	7	26			
Westerham	0	0	0	0	0	0	0	0	0			
New Ash Green	0	0	0	0	0	0	0	0	0			
Edenbridge	0	0	0	0	0	0	0	0	0			
TOTAL	1	2	6	6	2	1	4	9	31			

2. Paper trail of removed cameras

The CCTV code of conduct mandates that the presence of cameras be reviewed from time to time, with cameras being removed, in the interests of public privacy, unless there is evidence to show that a **pressing need** for those cameras still exists.

The most recent list of cameras on the system is contained within Appendix 2 but the working group has had sight of this information for each of the last five years.

By looking at these comprehensive lists of cameras, year to year, is it possible to determine if cameras have been removed, when they were removed and, from the context around this data, also to suggest, the likely motivation for their removal.

The total number of cameras on the system has grown from 94 to 144 over the last five years, so clearly, whatever cameras have been removed, many more have been added. However, the CCTV control manager has highlighted three removals of cameras during this time.

Two of these concerned cameras in car parks. In 2017, 3 of 4 cameras were removed from Buckhurst 2 car park¹⁹ on the corner of Buckhurst lane. Senocke Car park also had two cameras removed. However, it is noticeable that 2017 saw a large net addition of cameras to the system (with around 20 added compared to the previous year – many of these for the New Bradborne multi-story Car Park). It therefore seems most plausible that the small number of camera removals was motivated by a desire to redeploy them, or to avoid the cost of replacing broken cameras, or to redeploy their data carrying capacity. I.E. To make do with only one camera covering the entrance of Buckhurst 2, on the basis that this freed up capital to allow many more cameras to be deployed in another car park. We judge that it is unlikely that the motivation was one of privacy and, if the one remaining camera in Buckhurst 2 still caught the numberplate of every car entering or leaving the car park, then the privacy benefit of this removal was not substantial in terms of the addition of un surveilled space.

The third and final example of camera removal is in New Ash Green, where cameras were replaced and upgraded with a net reduction of three cameras (a small proportion of the total). For some of these, one camera replaced the job previously done by two, so there was no privacy benefit. It is also relevant that New Ash Green shopping centre has some upper areas where there once were shops but where, sadly, there are no longer shops and where few people ever go (these areas are perfectly safe, they are just rather empty of people). It is possible that some cameras were removed from these area, either on the basis that they were no longer useful, or to redeploy the resource. Of-course it is right to remove such cameras (and there is a marginal privacy benefit to removing cameras from any public space but, equally, the privacy benefit of de-surveilling almost totally unpeopled space is fairly limited²⁰ – the impetus should be on de-surveilling places where people do go, but where the real crime threat does not merit the presence of cameras).

As such we do not see a clear commitment to remove cameras on grounds of privacy.

¹⁹ Now known as Sevenoaks Town Car Park.

²⁰ It is also possible that some cameras in this area have just been switched off, which, as we discussed in the introduction, would be wrong. There are certainly large numbers of what look like old and non-functional cameras in this area, but it is difficult to know whether these were ever SDC cameras. One issue which members ought to consider is whether ordinary people might, nonetheless, assume that these are SDC cameras (given that we do operate cameras in this area).

Agenda Item 4a

3. Cllr. Pender's visit to the control room

Cllr. Pender conducted a visit to the CCTV control room (Evening: Friday 7th February 2020). The control room was staffed during this time by the CCTV manager, as well as two operators (it is likely that, due to Cllr. Pender's visit, this was a higher level of staffing than would be normal for that day and time).

Findings:

- There are two "police monitors" which allow the control room to share data with the police remotely (either recorded or, more likely, live). These are always relaying something, with staff noting, "we wouldn't just leave them blank".
- Cllr. Pender was able to observe the very high-power optical zoom and IR capability available on the PTZ cameras. This allowed the monitoring of people in a pub garden. The people being monitored in this pub garden would not have known they were being monitored - from a distance of, probably, well over 100 yards, although this would still be considered overt surveillance, for regulatory purposes.
- There is a daily "privacy check" on each camera. This consists of checking that the camera is still pointing in the direction that it was set to be pointing by the operator who last used it.
- The time actually spent in the control room passed without event, so the on duty operators were able to show Cllr. Pender some exemplar footage which they had selected, footage he was later able to share with the group.

4. Examination of exemplar footage provided by the CCTV service.

The CCTV service selected five examples of exemplar footage. In watching these clips the group was particularly keen to try and determine what likely benefit the presence of CCTV was providing in effecting a positive outcome, either in terms of prevention of crime, mitigation of harm, or a likely criminal justice benefit (note the CCTV service does not keep data on prosecutions related to their work).

The five videos were taken from events in 2019 and 2020.

Members might prefer to read about these events in slightly more detail, on the gold pages provided. However, in order to allow members of the public into as much of our thinking as possible, we provide here a reduced summary of these events.

Example 1: Lullingstone Castle Public House

This footage related to an offence against the person with the victim and perpetrator likely to be blood relations. CCTV might have added useful evidence of crime (although we were unable to determine what happened in terms of prosecution).

It is clear that the control room did not register this incident until four or five minutes after violence had started (probably after police had received a call from a member of the public). In dealing with this incident, both in terms of defending and then immediately caring for the victim, and, probably, in terms of criminal justice matters also, it was the people on the spot who were the most use here.

Control room staff indicate that this is one of the most useful cameras on the network²¹ and it is the same camera which was used to look from long distance into the garden of this pub (see page 12 above).

Our conclusions from this video were that, while CCTV has produced some vivid footage it is was not clear that the evidence it provided would have been crucial to securing a prosecution, given the number and nature of the independent witnesses.

Example 2: Theft from Co-op New Ash Green

Although more than one perpetrator was involved in this theft, the only person who faced criminal justice consequence here was detained by a member of the public, at the scene. This person barely appears on (SDC) CCTV footage.

This is a clear example of SDC CCTV providing vivid footage which did not, it seems, lead to any particularly positive outcome. Once again, the positive outcome came from the courage and quick thinking of the people on the spot at the time of the incident.

Nonetheless this arrest appears in CCTV service figures as an arrest “assisted” by CCTV.

²¹ We believe this to be either camera 119 or camera 120, see Appendix 2

Agenda Item 4a

Example 3: **New Ash Green**

This footage showed arrests being made.

In this and most of the other incidents it is possible to determine when the control room likely appreciated that an incident was occurring, as there is normally a point where the camera view starts to shift in response to a human controller. Based on this heuristic it looks likely that the CCTV team apprehended that this incident was underway about 90 seconds after it had started (likely after it was called in by the police). Given the number of cameras on the system, it should not be considered as any sign of laxness on the part of the operators if they did not see the incident until it was pointed out to them.

Most of this incident includes multiple witnesses, including multiple police witnesses. Much of the incident was videoed by one of the many eye-witnesses (using a mobile phone which, presumably included audio as well as video). All of the incident looks to have been captured on Police Body Camera footage, much of it on multiple body cameras.

Example 4: **Sevenoaks High Street**

This was the one item of footage where we could definitively say that CCTV had proved undoubtedly useful. It shows evidence of theft, and the breaking of a shop window, in the early hours of the morning²². It is likely that the perpetrators would have got away with this crime had the operator not realised that a crime was developing and been able to call police. We know that arrests were made, and can only presume that a conviction was likely based on this evidence.

Example 5: **Sevenoaks**

This footage shows what appeared to be a drunk driver getting into a car, waiting for a few minutes in the driving seat, and then driving home. We are led to understand that the police later followed up with the driver at his home address.

The footage provides reasonably strong evidence of a drunk driving offence, however the driver was still able to drive home, so no risk to the public was prevented. We do not know all of what happened in terms of follow up (though both the driver and the car numberplate are identifiable) however the committee was of the view that the evidence was probably not of the standard where Police would be likely to try to convict the driver, in the absence of a breath test or other measure of blood alcohol level.

Moreover, as the driver made it home without being apprehended, he would have plausibly been able to claim that he had drunk more alcohol after getting home, so to prove that he was over the legal limit when driving would not have been a trivial matter. We judge that it is, therefore, likely that the police intervention here was limited to words of advice (though we do not know for sure).

²² This crime could also have been deterred/prevented by the presence of a security grate on the shop front.

The general themes we were able to conclude from these incidents were as follows:

- Even with these incidents selected by the CCTV team, it is evident that eyes in the sky are rarely a substitute for courage, compassion, or quick thinking on the part of people on the ground at the time of the incident.
- The one example where CCTV had a definite positive effect on the outcome also demonstrated the case (made by the control manager) that a passively monitored CCTV system would be pointless, and would not justify either its financial cost or its negative privacy impact. This is also demonstrated by the cases where the CCTV was not able to notice an incident until some time after it had developed (and the incident been flagged, likely through other channels). Generally speaking, in those cases, we judged that CCTV was unlikely to have provided a significantly improved outcome. The fact that many incidents which happen on camera are missed at their inception²³ is not to cast aspersions on dedication of the operators. With 144 cameras to watch, across five town centres, as well as car parks and council property, even when incidents occur on camera, it is natural that only a small proportion will be spotted at their inception.

It is therefore likely that neither an increase, nor a well targeted decrease, in the number of areas covered by cameras, would lead to a substantially greater, or smaller, number of positive CCTV-led outcomes (since operator attention must be divided across the cameras within the network – and it is their attention, rather than the camera coverage, which is the most relevant scarce resource being deployed).

[In both Sevenoaks Town based incidents the CCTV operator noticed the incident before it was called in on the ground, in all three of the other incidents the reverse was true. Cllr. Pender's visit to the control room led him to believe that significant real-time attention is also given to the cameras in Swanley.]

²³ In both Sevenoaks Town based incidents the CCTV operator noticed the incident before it was called in on the ground, in all three of the other incidents the reverse was true. Cllr. Pender's visit to the control room led him to believe that significant real-time attention is also given to the cameras in Swanley.

Agenda Item 4a

5. Audio recording

Initially we were told that there was no audio recording on SDC's CCTV systems although the presence of audio recording was disclosed to us as part of a large spreadsheet. We only appreciated the fact of audio recording at a fairly late stage in the process. The following is an extract from an email from the CCTV manager:

"Yes you are correct the reception cameras do have audio, in the public areas of the reception and the interview rooms, this is for the safety staff and visitors in these areas. The Customer Solutions team have had previous offensive customers and the meeting rooms have had the same sort of issues.

"We do not monitor the audio, this is why I forgot about them. We would only review if there was a problem."

The following is an extract from the CCTV code of conduct (which should be seen as a minimum floor level in the protection of privacy):

"3.2.2. Any proposed deployment that includes audio recording in a public place is likely to require a strong justification of necessity to establish its proportionality. There is a strong presumption that a surveillance camera system must not be used to record conversations as this is highly intrusive and unlikely to be justified."

6. Report of Dr. Emmeline Taylor, criminologist at City University.

A copy of Dr. Taylor's report is appended to this report as Appendix 5. It looks to try and evaluate the evidence for cameras deterring crime and whether it displaces criminal activity (e.g. to other places).

This is seriously detailed piece of work, and it is worth reading in its entirety, both for members of the council, but also more broadly.

Highlights from Dr. Taylor's report

The academic evidence for the effectiveness of CCTV in reducing overall crime is patchy and inconclusive.

CCTV is least effective at deterring violent crimes, and many acquisitive criminals believe they can easily evade CCTV systems.

CCTV is more effective if it is associated with a police or other security response.

There is generally a great level of disagreement amongst academics about the extent to which CCTV can displace crime. Displacement can take numerous forms other than Spatial/Geographic displacement.

In recent years there has been a disinvestment in some CCTV systems with examples given of councils that have removed CCTV altogether and others where (based on camera counting) the reduction has been as much as 50%.

In common with SDC experience Dr. Taylor suggests the main financial cost of CCTV is not the equipment itself but the officer time to monitor cameras (however attempts to automate the monitoring of cameras could have substantial negative impacts in terms of privacy).

From reading Dr. Taylor's report we are able to conclude that a clear evidence-base for the efficacy of CCTV in reducing crime does not exist.

7. Other councils that have reduced or considered discontinuing the use of CCTV

In 2013 the Independent reported²⁴ that one in five councils had reduced the number of CCTV cameras on the streets since 2010. These include Craven District Council in North Yorkshire, Trafford district council, Blackpool, Bolsover and Havant.

Westminster Council voted to decommission its CCTV systems in 2016, however the Mayor of London's office then offered to pay the costs of their system. The result is that Westminster still controls a large CCTV system, but they do not pay towards it – resulting in a saving to the Westminster council tax payer of around £17m p.a.

The report from Dr. Taylor highlighted that Trafford and Greater Manchester, implemented a reduction in CCTV of 53% (based on camera counting) from 2010-2013 and Blackpool reduced their network by 48%.

These networks were of a similar size to SDC's.

²⁴ 10 March 2013 – article by Jane Merrick and Emily Dugan

Agenda Item 4a

8. Discussions with police

Discussions with Chief Inspector Jon Kirby at scrutiny committee:

Jon Kirby made clear that the image quality was of a high standard (this also tallies with observations made by Cllr. Pender on visiting the control room, where cameras were able to observe people of order 100m away, in a pub garden). **This substantively answers question 2 from our remit.**

Correspondence with Mathew Scott (in respect of a Police financial contribution) and the position of the working group on police contribution to CCTV costs:

The working group's view is that there are strong moral-economic reasons for the police making some contribution to the CCTV service (if it exists – see i below) while there are strong moral-political reasons for their contributions not rising anywhere near to a majority of the costs incurred (see ii below).

- i. The reasons for asking the police to make a substantial dedicated contribution to the CCTV service, if it exists. Can be summarised as follows:

SDCs camera network is a mass surveillance system (which necessarily involves a certain level of privacy infringement). Some would argue that this alone is enough to warrant its removal while others would argue that its capacity to reduce crime makes the reduction in privacy a price worth paying.

All would agree that, if there were less privacy invasive crime reduction methods which would, for the same financial resources, yield lower (or similar) levels of crime to CCTV, then those things should be funded in preference to CCTV.

Part of the Police and Crime Commissioner's (PCC) role is to allocate scarce resources with a view towards reducing crime. If the PCC's budget does not bear any of the cost of CCTV the PCC (and policing in general) might be minded to support CCTV even if, for example, the resources would be better applied in different ways (e.g. salaries for more police officers, or community interventions with a tendency to reduce crime).

If the police only made a one third contribution then, even here, one might expect the Police to support CCTV even if the full resources allocated to CCTV could be nearly three times as effective applied in different (often less privacy invasive) ways.

- 1ii. On the other hand, the reason that that contribution should not get too close to (or above) 50% is based on the natural power dynamics of any bureaucratic system:

It is said that he who pays the piper calls the tune. We believe that there are strong privacy reasons that the Police should not gain overall control of the district's cameras system and, as such, we would not wish to ask them to make a majority contribution to the costs.

Matthew Scott made it admirably clear in discussions that the police will not be making any specific contribution to the costs of CCTV, despite the police position being broadly supportive of the existence of CCTV and a manned CCTV control room.

Of course, as elected PCC, Matthew Scott is absolutely entitled to decide how funds at his disposal ought to be spent, to bear down on crime in the most cost-effective way, commensurate with his priorities.

Evidence of Acting Chief Inspector Mark Stubberfield:

1. Acting Chief Inspector Stubberfield said that SDC CCTV was useful when it was able to alert Police to possible crime or public disorder, but sending an officer to check depended on resources.
2. Police believe that cameras sometimes displace offending to other areas.
3. Ac. Ch. Insp. Stubberfield concurred with the view, expressed by the CCTV control room manager, that an unmanned or passive camera system would be far less effective in reducing crime, compared to a manned service.
4. Police do not know whether authorities which have got rid of CCTV, or which do not have it, have experienced higher levels of crime as a result (or at all).
5. Police accept that street lighting is also effective, though Ac. Chief Insp. Stubberfield was not able to agree or disagree with the suggestion that effective lighting may be four times more effective than CCTV.
6. Ac. Ch. Insp. Stubberfield clearly thought the main question under discussion was a matter of financial cost on the one hand and effectiveness in crime reduction on the other. When asked whether he could think of reasons beyond matters of cost why people might be opposed to CCTV he reverted to arguments concerning cost. It is fair to say there seems to be little institutional understanding of the privacy impact of CCTV.
7. Ac. Ch. Insp. Stubberfield made clear that, in his work, he often encourages households to use their own CCTV, including covering public areas, as well as dual purpose doorbell/CCTV cameras (citing those made by a well-known subsidiary of a better known international online shopping/delivery company). There seemed to be little understanding that most such cameras observe public space in a way that violates the (broadly unenforceable) CCTV code of conduct.²⁵
8. Ac. Ch. Insp. Stubberfield said he didn't have a particular view one way or another about whether facial recognition software ought to be used with CCTV.
9. It was put to Ac. Ch. Insp. Stubberfield that cameras with zoom lenses were sometimes used to observe people who would not know that they were under surveillance (despite the camera not being an explicitly "covert" camera). Ac. Ch. Insp. Stubberfield responded that, in a "built up area", people should simply assume they are always on CCTV (even, for example, in the pub garden of a pub which may not have its own CCTV).
10. Ac. Ch. Insp. Stubberfield said that the camera network had been useful in the enforcement of Covid restrictions.

Other police correspondence:

In recent months, it has become clear that the police intend to expand the use of ANPR number plate recognition cameras within the district.

²⁵ Official police communications to residents also seem to undertake advertising of commercial CCTV-doorbell systems with, for example, the February 2021 issue of "Your local parish Monthly" describing CCTV-doorbells as "hugely beneficial to us" despite the fact that this "benefit" almost certainly only accrues due to violations of the CCTV code of conduct. This newsletter looks to have been distributed, often via email, to a significant proportion of the residents in the northern wards of the district.

Agenda Item 4a

9. Discussions with CCTV control room manager

The main point made by the control room manager during our meeting was that an unmanned control room would be pointless (Ac. Ch. Insp. Stubberfield also seemed to concur with this.).

The control room manager also agreed with the suggestion put to her that, if the same operators were monitoring fewer town centre areas they would probably be able to monitor those cameras more effectively and, conversely, with more cameras they would likely monitor each area less effectively.

10. Query about costs (attachment to prosecutions)

During the course of the review a question was raised in respect of whether prosecution costs could be used to help fund SDC's camera systems.

However, guidance²⁶ on the scope of prosecution costs specifically exclude "the cost of the investigation".

Furthermore, the Criminal Costs Practice Direction states, "Generally it will not be just or reasonable to order a defendant to pay costs of investigation which the prosecutor itself will not satisfy".

It might plausibly be possible to charge defendants for the provision of second copies of footage but this is such a minimal cost compared to running the camera network, and employee time watching live footage (or trawling recorded footage) that the costs recovered in this way would be de minimis (probably limited to the nominal fee of 10 or 20 pounds which an authority is allowed to charge in relation to a subject access request).

Furthermore, much of the time, clearly, defendants would not even be able to make that payment. The interests of justice would, nonetheless, demand that defendants deemed unable to make such a payment, should still be given access to this data, not least because the decision about disclosure would come before any verdict.

Finally, SDC does not maintain figures/information on whether a conviction does or does not result from footage supplied to the Police/CPS.

Overall, therefore, we do not believe we can recover costs from convicted persons.

²⁶ See Appendix 3

Addressing The “missing persons” and “fear of crime” arguments

Arguments in favour of CCTV sometimes pivot from reduction/detection of crime to non-crime uses, in particular to look for missing people (such as missing vulnerable people). We feel that the well-adjusted moral mind will realise that this as an incidental use, rather than a use which justifies the surveillance of public space. CCTV’s distribution is supposed to be tuned to catch/deter the maximal number of criminals while minimising surveillance of innocent people, but finding vulnerable people who have wandered off in non-suspicious circumstances only works precisely because a large number of innocent journeys are being tracked. We think, therefore, that the use of CCTV in certain types of missing person enquiries should be seen in the same way as footprints in muddy paths, or mobile phone data or, indeed, in the way that police currently use cameras on private houses (police will even use camera data which observes public space in a way which would contravene the CCTV code of conduct).

I.E. (Subject to certain safeguards) authorities will use what data they have got, but this should not be turned into an argument for the existence of CCTV, any more than the ability to track people using muddy paths or mobile phone data is an important argument for the use/maintenance of those things.

Another ultimately non-crime argument suggests that CCTV can be justified by a reduction in the fear of crime alone (i.e. even if the presence of CCTV does not reduce crime, people will sometimes argue that the reduction in the fear of crime makes it worthwhile). If fear of crime is reduced, as a result of crime actually being reduced, then that could form the basis of an argument in favour of CCTV in the minds of many members of the council (although no one would talk of fear of crime in these circumstances, since the stronger argument would be the actually reduced crime). However, if legitimate fear of crime is irrationally reduced by CCTV (or if actually irrational fear of crime is reduced by CCTV) that cannot be considered a legitimate argument for CCTV.

Furthermore, it is quite possible that, where CCTV exists, the public might assume that there is a pressing need for the cameras to prevent crime. As such CCTV may, in fact, raise the fear of crime²⁷. However, if our fear of crime has been subconsciously raised by CCTV (because we associate CCTV with dangerous areas) we may well still tell people (and tell ourselves) that CCTV reduces our fear of crime (because we assume that it is only the CCTV that prevents crime getting out of control in an area). If the area has a low intrinsic risk of crime, then our fear of crime could, in fact, be substantially reduced by the realisation that the area is still safe, following the removal of CCTV.

²⁷ One could call this the Ellie Cooper effect, after the seventeen year old daughter of Ed Balls and Yvette Cooper MP who, on September 26, 2019 tweeted *“I am scared when our house gets fitted with panic buttons, industrial-locking doors and explosive bags to catch the mail.”* – Evidently, for Ellie, the presence of these security measures had increased her fear of crime. This was not the thought process of an irrational child, rather she was using the presence of security apparatus as a proxy to judge the risk of being attacked - a risk that she (quite reasonably) assumed that those in charge of her household – i.e. her parents – would have judged correctly. Had she, separately, in a different week, been asked whether these measures reduced her fear of attack she might, nonetheless, have responded that they did. Quite obviously, the household’s test for whether to have these items (none of which, we note, are privacy invasive) would need to be based on whether they actually led to a real reduction in risk.

Like Ellie, our residents may assume that the people in charge of the area (in this case councillors in charge of public space) will have correctly judged the most risky areas of the district, and identified these (and only these) for surveillance. When a resident is, effectively, told that he is standing in a risky area he, naturally, may experience an increased fear of crime, just like Ellie.

Agenda Item 4a

Conclusions and Recommendations

We started by identifying ten key questions/areas to consider:

1. Is the service effective in reducing crime?

It is difficult to find any evidence of CCTV reducing crime. Dr. Taylor's review shows that the evidence for CCTV as a deterrent is very limited. In our analysis of exemplar footage, we did see one incident where monitored CCTV was able to bring justice to bear against the perpetrators of a smash and grab²⁸ however this was the exception, not the rule. Mostly, even when vivid CCTV footage was produced, it was of limited practical usefulness²⁹.

Similarly, it is hard to quantify the level of deterrent CCTV provides in terms of reducing crime in the first instance. There is a well-established theory that crime is displaced as a result of the provision of CCTV cameras, but it is difficult to find evidence one way or another to support this theory specifically in an SDC context.

2. Does the quality of images need to be improved?

Image quality is of a very high standard across the board. There are no issues with image quality.

3. What is the privacy impact of the service?

Keeping public space under surveillance necessarily involves a level of intrusion into the privacy of members of the public. For this reason, the presumption should be that at the very most, CCTV should only be present where it is both highly effective, beneficial, and cost-effective in deterring crime and apprehending criminals. The CCTV code of conduct says that CCTV should only be present where it meets an identified "pressing need".

Even if a mass surveillance system were proven to be effective one would still have to weigh the usual considerations which apply to other forms of surveillance such as, whether the harm that necessarily results from placing the innocent under surveillance might not outweigh any benefit derived from the surveillance. In assessing this balance one has to consider both direct harms to various people/kinds of people³⁰ and also the broader harms that can arise when government actions seem to be in conflict with fundamental British values of freedom, personal privacy and limited government.

This could be a difficult judgement, but when there is no clear benefit to weigh against the harm, the question becomes substantially easier.

4. Are the financial resources of the council are being well applied? Is the service cost effective?

We were not able to determine that the service is effective in terms of reducing/deterring crime, let alone whether it was cost effective, given the spending of four to five hundred thousand pounds per year on the service. This finding should not be taken as criticism of the people running the service, who are, after all, just doing the job that councillors, in our wisdom or otherwise, have detailed them to do. Nonetheless,

²⁸ Although in this instance a much cheaper alternative (a metal security grate) would probably have entirely prevented the theft and the property damage.

²⁹ See page 14-16: "Examination of exemplar footage provided by the CCTV service"

³⁰ The service itself would accept that the scrutiny of people in public space which is provided by the CCTV service does not fall equally across all sections of society. Committee members raised this kind of equalities consideration as a concern during internal discussions; others felt that, to focus on CCTV mainly as an equalities issue, was missing the point.

there is little evidence to suggest this is money well spent, or that the costs to the council are beneficial in providing an important service.

5. How many convictions arise as a result of CCTV?

On the evidence we have seen we believe there are, probably, a small number of convictions each year which result from CCTV. We would have liked to track the number of these and compare them to the financial cost of the service, but data on convictions is not held (only arrests). However, there is little evidence that the camera system helps the police in a proactive role in preventing crimes, such as enabling them to respond and intervene to prevent anti-social behaviour escalating into criminal activity.

6. To what extent does CCTV deter crime, and how this might be measured?

The evidence from Dr. Taylor's review is that virtually all studies show either a weak relationship, or alternatively no statistically significant relationship, between the putting in of CCTV and the levels of crime in the area. What is more, where studies do show a statistically significant relationship, some show a small decrease in crime, while others show a small statistically significant increase. As Acting Chief Inspector Stubberfield told us, "SDC CCTV was useful when it was able to alert police to possible crime or public disorder, but sending an officer to check depends on resources." and cameras "sometimes displace offending to other areas".

7. Are our CCTV cameras in the right places?

Given the lack of evidence of efficacy we cannot recommend any cameras in locations where there currently are none. There are, however, clearly wide disparities in the CCTV service arrest data from area to area. A middle ground between removal of town centre cameras, and full retention as per the status quo would, therefore, be to initially remove cameras from New Ash Green, Edenbridge and Westerham, where the data is furthest from supporting the notion of a "pressing need" for cameras. This would mean control room staff were more able to focus on potential crimes in the areas which have shown greater levels of arrests, and it ought to generate an increase in CCTV effectiveness in these areas³¹. The final decision as to what cameras are retained is, of course, ultimately a decision for the council, based upon sound and suitable risk assessments, rather than being a matter for the working group.

8. What are the implications of emerging facial recognition technology?

We do not use facial recognition technology. It is difficult to know whether SDC might ever come under pressure to use facial recognition in relation to our CCTV. Such technology could present an additional threat to privacy and so the group is content that we do not use it. We have identified that the use of audio recording threatens personal privacy and should not be a feature of our systems, on the same grounds.

9. Could and/or should a financial contribution to CCTV be garnered from other agencies such as the police or the CPS?

In so far as the CCTV system is to be maintained we would like the police to bear one quarter of the cost of running the CCTV service. However, this idea has been rejected by the Police.³²

The idea of attachment to prosecutions has been investigated, but found to be impractical.

³¹ This is based on the evidence of the CCTV service manager (as well as being based in common sense principles - needles/haystacks etc.).

³² See page 20 "Correspondence with Mathew Scott (in respect of a Police financial contribution) and the position of the working group on police contribution to CCTV costs". This is also where the broad reasoning behind the idea of a substantial minority financial contribution is contained.

Agenda Item 4a

10. What recommendations do the working group make?

The working group has looked at several areas whilst examining the effectiveness of the CCTV system that Sevenoaks District Council runs. Whilst there are some important questions that this investigation has sought to answer, the group has recognised a fundamental principle that the CCTV code of conduct requires any organisation to consider:

CCTV should only be present where it meets an identified “pressing need”.

The system that is in place, is generally well managed³³, and there are examples where it has proved to be useful in supporting police in specific cases. However, both the privacy impact, and financial cost, of providing this service is significant.

The answer to the question of ‘identified pressing need’ for the CCTV system is one that the working group has not been able to identify. The group have not seen proof of where the pressing need has been assessed and identified and, as such, it is felt that this is an area for the council to address.

There is little evidence of a pressing need for cameras anywhere in the district. We particularly question the need for town centre cameras in New Ash Green, Edenbridge and Westerham.³⁴ The group also questions whether there is a pressing need for the current level of car park surveillance and, in particular, whether, in future car parks, CCTV really needs to be installed as standard in the way that it seems to have been up until now. Both the audio and video surveillance provided by the Council’s fourteen “reception cameras”³⁵ should cease. Audio surveillance should never be reinstated and, as with cameras, simply switching off audio surveillance hardware is not acceptable, the hardware itself should be removed.³⁶

No capital spending is budgeted for CCTV in 2020/21, this is the level at which capital spending on CCTV should remain into the future.

More detailed work should be done to fully consider options to provide a stand-alone out-of-hours contact service, though we have confidence in the current estimates provided, which show a very small cost compared to running a monitored camera network. The pandemic has suggested an expanded range of options for maintaining a stand-alone out-of-hours service.

As technology has improved it has become possible to use technically overt CCTV as, effectively, covert surveillance, and we know that our system is used in this way currently. This must cease or, alternatively, court orders should be obtained to allow it³⁷.

Until and unless we decide to remove all town centre CCTV, these systems should be monitored, in real time (which is what happens currently).

The privacy impact of the system increases as the size of the area under surveillance increases. It is also likely that any effectiveness reduces as local knowledge is lost in the scaling up of surveillance systems to

³³ This comment refers to the operational aspects of the system. With the exception of the addition of this footnote the information about the security of the data pipeline, see Appendix 6, has not been taken into account in the drafting of these recommendations.

³⁴ See page 9 “Paper based review (performance indicators)”.

³⁵ This refers to their designation within the internal CCTV service spread sheets and it refers to the 14 cameras detailed on page 36, on the penultimate page of Appendix 2 of this report.

³⁶ It is acceptable (and necessary) for the police interview room to keep the stand-alone tape recorder to record police interviews. Clearly this should only be running when suspects/witnesses/anyone else present will have been alerted that they are being recorded to maintain a record of the interview, and we assume this is the case.

³⁷ If court orders are obtained this would also require effective member scrutiny, in parallel to any court process.

larger areas. As such, while we should continue to ask the police for a minority contribution to the cost of running the service (members thought 25% was reasonable) we should not ask for anything too close to 50%, nor should we ever transfer operational control to the police, or other councils.

There should be no extension of the current deletion timescale (of 31 days), nor should any off-site backup of the data ever be contemplated³⁸.

The CCTV code of conduct should continue to be observed as the minimal acceptable standard of privacy protection. Regard should be given both to the interpretation provided by Surveillance Camera Commissioner as well as the natural language interpretation of the principles, which ought to be a particular consideration where that seems to indicate a higher standard of privacy protection.

Dummy cameras, or cameras which appear to function but do not, should not form part of the CCTV service. If it is ever discovered that a camera under our control/ownership has ceased to function in the reasonably distant past, this camera should be removed (i.e it should neither be brought into operation nor simply left as a supposed “deterrent”). Note: Our current understanding is that we do not have any such cameras. This recommendation is simply made to clarify what should be done if such cameras are discovered.³⁹

SDC’s general policy should be to encourage owners of cameras (dummy or operational) which a reasonable person might mistake for an SDC camera to either remove them or to make clear that they are not SDC cameras, by way of signage indicating the identity of the data controller. SDC has a duty to ensure that an untrained member of the public should be able to look at a camera, and its surrounding, and determine (e.g. from signage in their vicinity) whether the camera is or is not an SDC camera.

Main Recommendations:

The working group hereby recommends the following for consideration by the council:

- 1) The cameras that the council currently maintain and use should be assessed to establish whether there is a clear justification to demonstrate their pressing need (see, in particular, answers to key questions 7 and 10 above).
- 2) Audio recording hardware should be removed from the SDC system (it is currently present in the foyer area of the council offices, and other similar parts of the Argyle Road building). In most of these areas video surveillance should also be removed.
- 3) Other recommendations should be heeded (pages 22-25).

³⁸ As per the status quo.

³⁹ Appendix 4 explains the reason for this in a little more detail and shows that this policy is in line with the norms of over public space surveillance.

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Appendix 1: Briefing Note on the financial costs of the service.

The following shows the actual cost and budget for the financial year 2019/20 and the budget for the financial year 2020/21.

	19/20 Actuals £	19/20 Budget £	20/21 Budget £
Direct Costs			
Staffing Cost (Including Pension and NI)	222,322.63	227,634.21	228,508.00
Running Costs	19,510.29	15,401.00	16,092.00
CCTV Control Room Costs	75,344.63	107,753.00	90,178.00
Income from Partners	- 44,935.00	- 85,564.00	- 57,674.00
Net Direct Cost	272,242.55	265,224.21	277,104.00
Recharges			
Support Services	75,350.83	72,772.00	79,878.00
Asset Maintenance Recharge	19,778.84	24,867.00	28,095.00
Capital Charges	5,443.00	29,947.00	29,947.00
Total Recharges	100,572.67	127,586.00	137,920.00
Total Net Revenue Cost	372,815.22	392,810.21	415,024.00
Capital Costs (CCTV Equipment)	19,031.37	20,000.00	0

The staffing cost is based on 7 FTE's (1 manager and 6 CCTV operatives.) Income from partners comes from agreements with Tunbridge Wells BC and Tonbridge and Malling BC.

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Appendix 2: The locations of SDC cameras.

Lists and Maps⁴⁰ of SDC town centre camera systems (from North to South within the district):

For a map of Swanley Camera Locations, as they correspond to these numbers, see Gold Appendix A.

Camera Number	Swanley CAMERA LOCATION	BT VXHS Circuit Numbers	TYPE	Model	Transmission
113	Town Council office and car park	VXHS 200586	PTZ	Samsung SDN-550	Fibre
114	Shopping centre car park and football pitch	VXHS 200588	PTZ	Mici 500	Fibre
115	Bartholomew Way and Asda car park	VSHX 200594	PTZ	Concept pro	Fibre
116	Asda car and High street	VXHS 200595	PTZ	Bosch Dinion	Fibre
117	High street circle and Asda	VXHS 200587	PTZ	JVC	Fibre
118	High street above Superdrug	VXHS 200589	PTZ	Concept Pro	Fibre
119	High street/Station road roundabout	VXHS 200591	PTZ	JVC	Fibre
120	High Street/Godsel Road roundabout	VXHS 200593	PTZ	Samsung SDN-550	Fibre
121	Godsel Road car park	VXHS 200592	PTZ	JVC TK-1200E	Fibre
122	Station Road car park	VXHS 200590	PTZ	Samsung SDN-550	Fibre
101	Whiteoak leisure centre front car park right	VXHS 20233 Multi Link	PTZ	Samsung SDN-550	Fibre
102	Whiteoak leisure centre front car park left	VXHS 20233 Multi Link	PTZ	Concept pro	Fibre
103	Whiteoak Bowls centre car park	VXHS 20233 Multi Link	PTZ	Samsung SDN-550	Fibre
104	Whiteoak Bowls centre car park	VXHS 20233 Multi Link	PTZ	Samsung SDN-550	Fibre
105	Whiteoak Bowls centre car park	VXHS 20233 Multi Link	PTZ	Samsung SDN-550	Fibre
106	Whiteoak leisure and bowls car parks	VXHS 20233 Multi Link	PTZ	Samsung SDN-550	Fibre
107	Whiteoak leisure and bowls car parks	VXHS 20233 Multi Link	PTZ	Samsung SDN-550	Fibre
108	Whiteoak leisure and bowls car park entrance ramp	VXHS 20233 Multi Link	PTZ	Concept Pro	Fibre
109	Whiteoak leisure centre car park	VXHS 20233 Multi Link	PTZ	Samsung SDN-550	Fibre
110	Whiteoak leisure centre reception	VXHS 20233 Multi Link	PTZ	VCL microsphere	Fibre
111	Whiteoak leisure centre café	VXHS 20233 Multi Link	Static	Samsung SDN-550	Fibre
112	Whiteoak leisure centre changing village	VXHS 20233 Multi Link	Static	Samsung SDN-550	Fibre

⁴⁰ Maps have been redacted from the main report but are contained in Gold Appendix A

Agenda Item 4a

For a Map of New Ash Green Camera Locations, as they correspond to these numbers, see Gold Appendix A.

Camera Number	New Ash Green CAMERA LOCATION	BT VXHS Circuit Numbers	TYPE	Model	Transmission
301	Upper Street North service yard lower	VXHS 200829-E	PTZ	HIK Vision	Network IP
302	Upper Street North service yard middle	VXHS 200829-E	STATIC	HIK Vision	Network IP
303	Upper Street North service yard near bus stop	VXHS 200829-E	PTZ	HIK Vision	Network IP
304	Shopping area opposite Lloyds Bank / Pet Shop	VXHS 200829-E	PTZ	HIK Vision	Network IP
305	Shopping area above Pizza lands	VXHS 200829-E	PTZ	HIK Vision	Network IP
306	Badger Pub area	VXHS 200829-E	PTZ	HIK Vision	Network IP
307	Village Hall	VXHS 200829-E	PTZ	HIK Vision	Network IP
308	Rear Car Park	VXHS 200829-E	STATIC	HIK Vision	Network IP
309	Rear Car Park	VXHS 200829-E	STATIC	HIK Vision	Network IP
310	Centre Road service yard right	VXHS 200829-E	PTZ	HIK Vision	Network IP

For a map of Sevenoaks Camera Locations, as they correspond to these numbers, see Gold Appendix A.

Camera Number	Sevenoaks CAMERA LOCATION	BT VXHS Circuit Numbers	TYPE	Model	Transmission
201	Corner of High Street & Rockdale Road above Sun-Do	VXHS 200554	PTZ	Videcom dome	Fibre
202	High Street above Lloyds Bank	VXHS 200553	PTZ	Bosch Dinion	Fibre
203	High Street above Specsavers	VXHS 200552	PTZ	Concept pro	Fibre
204	High Street corner of Boots & Buckhurst Lane	VXHS 20244	PTZ	Videcom dome	Fibre
205	High Street beside Tesco Metro	VXHS 201344	PTZ	JVC	Fibre
206	High Street Crossroads Pembroke Road/Suffolk Way	VXHS 200545	PTZ	Samsung SDN-550	Fibre
207	London Road corner of South Park	VXHS 200550	PTZ	Bosch Dinion	Fibre
208	London Road corner of Bligh's Walk	VXHS200546	PTZ	Samsung SDN-550	Fibre
209	London Road intersection near Council Offices	Wireless	PTZ	Mici 400	Wireless
210	London Road Railway Station	VXHS 200793	PTZ	Samsung SDN-550	Fibre
211	Shambles Courtyard	VXHS 200551	PTZ	Videcom dome	Fibre
212	Dorset Street beside Strada Restaurant	VXHS 200549	PTZ	Mici 500	Fibre
213	Bank Street corner of Well Court	VXHS 200548	PTZ	Videcom dome	Fibre
214	Buckhurst 1 car park beside bus station	VXHS 20241	PTZ	Bosch Dinion	Fibre
215	Buckhurst 1 car park back of bus station	VXHS 20093	PTZ	Samsung SDN-550	Fibre
216	Bligh's Court	VXHS 200550	PTZ	VCL microsphere	Fibre
217	Bligh's car park	VXHS 201342	PTZ	JVC	Fibre

Agenda Item 4a

218	Council Offices underground car park Eardley Road entrance	Coax Cable	PTZ	Samsung SDN-550	Fibre
219	Council Offices underground car park Eardley Road Rear	Coax Cable	PTZ	Samsung SDN-550	Fibre
220	Council Offices car park Gordon Road	Coax Cable	PTZ	Samsung SDN-550	Fibre
221	Council Offices car park Gordon Road beside stairwell	Coax Cable	PTZ	Samsung SDN-550	Fibre
222	Council Offices reception	Coax Cable	Static	VCL microsphere	Fibre
223	Suffolk way Buckhurst 2 car park behind Tesco Metro	VXHS 200547	PTZ	Bosch Dinion	Fibre
227	Hollybush car park in front of café	VXHS 20430	PTZ	JVC	Fibre
228	Hollybush car park behind café	VXHS 20430	PTZ	Samsung SDN-550	Fibre
229	Hollybush children's play area	VXHS 20430	PTZ	Bosch Dinion	Fibre
230	Hollybush bowls and council depot	VXHS 20430	PTZ	Samsung SDN-550	Fibre
231	Hollybush bowls car park	VXHS 20430	PTZ	Samsung SDN-550	Fibre
232	New Hollybush Gardeners Yard (Install 18/11/2019)	VXHS 20430	Static	Hik Vision Low Light	Radiowave
238	South Park Road car park entry/exit	VXHS 20238	PTZ	Samsung SDN-550	Fibre
239	South Park Road car park middle	VXHS 20090	PTZ	Samsung SDN-550	Fibre
240	South Park Road car park Stag theatre	VXHS 20094	PTZ	Samsung SDN-550	Fibre
241	South Park Road car park above recycle area	VXHS 20095	PTZ	Samsung SDN-550	Fibre
1	New Bradbourne MS Car Park	RS1000D / VXHS 20092	STATIC	Samsung Camera	Network IP
2	New Bradbourne MS Car Park	RS1000D / VXHS 20092	STATIC	Samsung Camera	Network IP
3	New Bradbourne MS Car Park	RS1000D / VXHS 20092	STATIC	Samsung Camera	Network IP
4	New Bradbourne MS Car Park	RS1000D / VXHS 20092	STATIC	Samsung Camera	Network IP
5	New Bradbourne MS Car Park	RS1000D / VXHS 20092	STATIC	Samsung Camera	Network IP
6	New Bradbourne MS Car Park	RS1000D / VXHS 20092	STATIC	Samsung Camera	Network IP
7	New Bradbourne MS Car Park	RS1000D / VXHS 20092	STATIC	Samsung Camera	Network IP
8	New Bradbourne MS Car Park	RS1000D / VXHS 20092	STATIC	Samsung Camera	Network IP
9	New Bradbourne MS Car Park	RS1000D / VXHS 20092	STATIC	Samsung Camera	Network IP
10	New Bradbourne MS Car Park	RS1000D / VXHS 20092	STATIC	Samsung Camera	Network IP
11	New Bradbourne MS Car Park	RS1000D / VXHS 20092	STATIC	Samsung Camera	Network IP
12	New Bradbourne MS Car Park	RS1000D / VXHS 20092	STATIC	Samsung Camera	Network IP
13	New Bradbourne MS Car Park	RS1000D / VXHS 20092	STATIC	Samsung Camera	Network IP
14	New Bradbourne MS Car Park	RS1000D / VXHS 20092	STATIC	Samsung Camera	Network IP
15	New Bradbourne MS Car Park	RS1000D / VXHS 20092	PTZ	Samsung Camera	Network IP
16	New Bradbourne MS Car Park	RS1000D / VXHS 20092	PTZ	Samsung Camera	Network IP
Bh2 1	Buckhurst 2 Car Park Ground Floor / Pedestrian entry north	RS 1000D / VXHS20086	STATIC	Samsung Camera May 2019	Network IP
Bh2 2	Buckhurst 2 Car Park Ground Floor / Pedestrian exit north	RS 1000D / VXHS20086	STATIC	Samsung Camera May 2019	Network IP

Agenda Item 4a

Bh2 3	Buckhurst 2 Car Park P&D 2	Ground Floor /	RS 1000D / VXHS20086	STATIC	Samsung Camera May 2019	Network IP
Bh2 4	Buckhurst 2 Car Park / Ramp up	Ground Floor	RS 1000D / VXHS20086	STATIC	Samsung Camera May 2019	Network IP
Bh2 5	Buckhurst 2 Car Park P&D 3	Ground Floor /	RS 1000D / VXHS20086	STATIC	Samsung Camera May 2019	Network IP
Bh2 6	Buckhurst 2 Car Park 4	Level 1 / P&D	RS 1000D / VXHS20086	STATIC	Samsung Camera May 2019	Network IP
Bh2 7	Buckhurst 2 Car Park / Pedestrian exit north	Ground Floor	RS 1000D / VXHS20086	STATIC	Samsung Camera May 2019	Network IP
Bh2 8	Buckhurst 2 Car Park P&D 2	Ground Floor /	RS 1000D / VXHS20086	STATIC	Samsung Camera May 2019	Network IP
Bh2 9	Buckhurst 2 Car Park / Ramp up	Ground Floor	RS 1000D / VXHS20086	STATIC	Samsung Camera May 2019	Network IP
Bh2 10	Buckhurst 2 Car Park P&D 3	Ground Floor /	RS 1000D / VXHS20086	STATIC	Samsung Camera May 2019	Network IP
Bh2 11	Buckhurst 2 Car Park 4	Level 1 / P&D	RS 1000D / VXHS20086	STATIC	Samsung Camera May 2019	Network IP
Bh2 12	Buckhurst 2 Car Park Ramp	Level 1 & 2	RS 1000D / VXHS20086	STATIC	Samsung Camera May 2019	Network IP
Bh2 13	Buckhurst 2 Car Park 5	Level 1 / P&D	RS 1000D / VXHS20086	STATIC	Samsung Camera May 2019	Network IP
Bh2 14	Buckhurst 2 Car Park 6	Level 2/ P&D	RS 1000D / VXHS20086	STATIC	Samsung Camera May 2019	Network IP
Bh2 15	Buckhurst 2 Car Park Ramp up	Level 2&3	RS 1000D / VXHS20086	STATIC	Samsung Camera May 2019	Network IP
Bh2 16	Buckhurst 2 Car Park 7	Level 2/ P&D	RS 1000D / VXHS20086	STATIC	Samsung Camera May 2019	Network IP
Bh2 17	Buckhurst 2 Car Park Pedestrian entry south	Level 2 /	RS 1000D / VXHS20086	STATIC	Samsung Camera May 2019	Network IP
Bh2 18	Buckhurst 2 Car Park Pedestrian exit south	Level 2 /	RS 1000D / VXHS20086	STATIC	Samsung Camera May 2019	Network IP
Bh2 19	Buckhurst 2 Car Park central location	Level 3 / roof	RS 1000D / VXHS20086	PTZ	Samsung Camera May 2019	Network IP
Bh2 20	Buckhurst 2 Car Park NW corner	Level 3 / roof	RS 1000D / VXHS20086	PTZ	Samsung Camera May 2019	Network IP
Bh2 21	Buckhurst 2 Car Park NE corner	Level 3 / roof	RS 1000D / VXHS20086	PTZ	Samsung Camera May 2019	Network IP
Bh2 22	Buckhurst 2 Car Park Cycle store	Ground Level/ /	RS 1000D / VXHS20086	STATIC	Samsung Camera May 2019	Network IP

We have not changed the camera location descriptions from how they appear on the spreadsheets provided by the service. References to “Buckhurst 2 Car Park” should be read as Sevenoaks Town Car Park.

For a map of Westerham Camera Locations, as they correspond to these numbers, see Gold Appendix A.

Camera Number	Westerham CAMERA LOCATION	BT VXHS Circuit Numbers	TYPE	Model	Transmission
501	Darenth car park	VXHS 200833	PTZ	Samsung SDN-550	Fibre
502	Quebec Avenue car park	VXHS 200832	PTZ	Samsung SDN-550	Fibre
503	Market Square corner of London Road	VXHS 200831	PTZ	PTZ H108:V108	Fibre
504	Market Square corner of parish council	VXHS 200830	PTZ	Sanyo	Fibre

For a map of Edenbridge Camera Locations, as they correspond to these numbers, see Gold Appendix A.

Camera Number	Edenbridge CAMERA LOCATION	BT VXHS Circuit Numbers	TYPE	Model	Transmission
401	Station Way opposite Enterprise Way	VXHS 201106	PTZ	Mici 400	Fibre
402	Four Elms Road opposite Fircroft Way	VXHS 201107	PTZ	Siemens CCCDS	Fibre
403	Leisure centre	VXHS 200822	PTZ	Videcom dome	Fibre
404	High Street outside Tesco	VXHS 200823	PTZ	Siemens CCCDS	Fibre
405	Market Square Car park	VXHS 200832	PTZ	VCL microsphere	Fibre
406	High Street opposite Church Street	VXHS 200825	PTZ	Samsung SDN-550	Fibre
407	Roundabout at end of the High Street	VXHS 201105	PTZ	Samsung SDN-550	Fibre

Agenda Item 4a

SDC Reception Cameras (including audio!)

RECEPTION Camera Number	Reception CAMERA LOCATION	Circuit	TYPE	Model	Transmission
SDC 1	Back of Reception area*	Coax Cable SDC	STATIC	Hik Vision Mar 2019	Network IP
SDC 2	Staff internal door lift and stair area	Coax Cable SDC	STATIC	Hik Vision Mar 2019	Network IP
SDC 3	Reception front counter and front door*	Coax Cable SDC	STATIC	Hik Vision Mar 2019	Network IP
SDC 4	Internal front door*	Coax Cable SDC	STATIC	Hik Vision Mar 2019	Network IP
SDC 5	Police Reception Area*	Coax Cable SDC	STATIC	Hik Vision Mar 2019	Network IP
SDC 6	Reception PC's and paying in machine*	Coax Cable SDC	STATIC	Hik Vision Mar 2019	Network IP
SDC 7	Interview room 1*	Coax Cable SDC	STATIC	Hik Vision Mar 2019	Network IP
SDC 8	Inerview room 2*	Coax Cable SDC	STATIC	Hik Vision Mar 2019	Network IP
SDC 9	Booth*	Coax Cable SDC	STATIC	Hik Vision Mar 2019	Network IP
SDC 10	Benefits room 1*	Coax Cable SDC	STATIC	Hik Vision Mar 2019	Network IP
SDC 11	Benefits room 2*	Coax Cable SDC	STATIC	Hik Vision Mar 2019	Network IP
SDC 12	Back of both Benifits rooms*	Coax Cable SDC	STATIC	Hik Vision Mar 2019	Network IP
SDC 13	Interview room 5*	Coax Cable SDC	STATIC	Hik Vision Mar 2019	Network IP
SDC 14	Outside Front door to council offices	Coax Cable SDC	STATIC	Hik Vision Mar 2019	Network IP

At the time of writing there is audio recording on all the reception cameras in the above list, with the exception of numbers 2 and 14.

Other Camera Locations

Cameras at Lullingstone Castle

Camera Number	Lullingstone CAMERA LOCATION	Circuit	TYPE	Model	Transmission
601	Visitors car park entrance/exit road	VXHS 20234	PTZ	Samsung SDN-550	Fibre
602	Visitors car park/ Visitors centre entrance	VXHS 20234	PTZ	Samsung SDN-550	Fibre
603	Rear of visitors centre	VXHS 20234	PTZ	Concept pro	Fibre

Cameras at Dunbrik Depot

Camera Number	Dunbrick CAMERA LOCATION	BT VXHS Circuit Numbers	TYPE	Model	Transmission
506	Main Gate		PTZ	Concept pro	Fibre
507	Vehicle wash bays	VXHS 20237	PTZ	Hik Vision	Fibre
508	Back of offices	VXHS 20088	PTZ	Samsung SDN-550	Fibre
509	Work Shop area	VXHS 20089	PTZ	Samsung SDN-550	Fibre

More cameras at Dunbrik Depot

Dunbrick CAMERA LOCATION	Other info	TYPE	Transmission
Dunbrik Store Room	Recorded on site on a DVR and monitor	Static	Network IP
Dunbrik Store Room	Recorded on site on a DVR and monitor	Static	Network IP
Dunbrik Store Room	Recorded on site on a DVR and monitor	Static	Network IP
Dunbrik Store Room	Recorded on site on a DVR and monitor	Static	Network IP
Dunbrik Managers Office	ANPR on front gate recorded on site on a DVR and monitor	Static	Network IP
Dunbrik Managers Office	Recorded on site on a DVR and monitor	Static	Network IP
Dunbrik Managers Office	Recorded on site on a DVR and monitor	Static	Network IP
CCTV Manager Office	CCTV corridor	Static	
CCTV Manager Office	CCTV Control Room	Static	Network IP

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Appendix 3: Note from Crown Prosecution Service website on the scope of prosecution costs

The screenshot shows a web browser window with the address bar displaying <https://www.cps.gov.uk/legal-guidance/costs>. The page title is "The scope of Prosecution Costs".

Getting Started

The scope of Prosecution Costs

Prosecution Costs exclude the costs of the investigation, which must be met by the police. Investigation costs include:

- Obtaining sufficient evidence either at the initial stage or later at CPS request;
- Re-interviewing witnesses;
- Seeking medical or expert evidence as part of the investigation, (where a witness is required to attend Court, the cost of the attendance falls on the CPS).

This is now set out in the Criminal Costs Practice Direction which provides at paragraph 3.7 that:

"Generally it will not be just or reasonable to order a defendant to pay costs of investigation which the prosecutor itself will not satisfy."

Where police provide assistance in providing items in the Prosecution process, the cost falls on the CPS e.g. although the cost of providing initial material to review the case falls on the police, if they were to provide extra copies for the purpose of court presentation this cost will fall on the CPS.

The CPS can only apply to recover costs directly incurred. It cannot recover costs incurred by any other agency. Fees, costs and other expenditure incurred by the police, including the cost of bringing absconders from bail to the court, must not be included in the CPS application. However where the CPS is going to reimburse the agency concerned and the costs are just and reasonable then they can be included within the scope of the prosecution costs application, see *Balshaw v Crown Prosecution Service* [2009] 2 Cr.App. R (S) 109. In this case the costs order included the fees for an accountancy report commissioned by the police. This report was not part of the initial investigation, but was commissioned after charge and might equally have been commissioned by the CPS rather than the police. Since the CPS acknowledged its obligation to pay the fees to the police, and given that the report formed an important part of the CPS's presentation of the case, it was just and reasonable to include it within the costs order. This case is referred to at paragraph 3.7 of the Criminal Costs Practice Direction, concluding that:

"Where substantial research is required in order to counter possible defences, the court may also award costs in respect of that work if it considers it to be justified."

<http://www.judiciary.gov.uk/publications-and-reports/practice-directions/criminal-practice-directions>

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Appendix 4 – Note on Dummy Cameras

SDC systems do not contain dummy cameras.

The surveillance camera commissioner, information commissioner, and (implicitly) the CCTV code of conduct, makes clear that dummy cameras, or cameras that have ceased to function, ought to be removed from public space camera systems.

It is a well-known industry norm that dummy cameras are not acceptable as part of local authority surveillance systems¹. To illustrate this fact, we present the following extract from an email sent from the officer of the Surveillance Camera commissioner, Tony Porter and on his behalf (the full email is contained later in this appendix).

“...cameras should be removed if they are not required. On the issue of switching the camera off, the Surveillance Camera Commissioner does not support the use of dummy cameras. Surveillance cameras should be transparent open and well run. Dummy cameras aim to deceive the public and undermine this principle.”

One school of thought suggests the privacy impact of cameras is only in the fact that data collected might be abused by council officers, police, or someone surreptitiously gaining access to data. Such a school of thought (probably the view being alluded to at that initial scrutiny committee) suggests that if a camera doesn't collect data it cannot have a privacy impact, while it still may have a deterrent effect. There are two objections to this. The first is that the existence of some dummy cameras would undermine any deterrence, not just of dummy cameras, but of real cameras too.

The other reason dummy cameras are discouraged is that actively seeking to give innocent people the feeling that they are being watched by an unseen observer does, itself, result in a failure to assure people of their privacy. This applies whether that observer (human or digital) observes in real time, or recorded for the future. Behaviour is altered and, in many, anxiety is raised.

Unsurveilled, low crime, public space is, fundamentally, more valuable to a free society, than space under surveillance.

Agenda Item 4a

Email response from the office of the Surveillance Camera Commissioner

Dear George,

Thank you for your email to the Surveillance Camera Commissioner's mailbox.

The Surveillance Camera Commissioner (SCC) regulates the use of surveillance camera systems by relevant authorities (the police and local authorities) pursuant of the Protection of Freedoms Act 2012. He does not regulate the use of domestic CCTV systems or systems operated by other organisations, nor does he have powers which enable him to inspect or audit CCTV systems, enforce laws or otherwise impose a financial or other sanction. The role of the Commissioner is advisory.

Relevant authorities have to pay due regard to the Code. If your organisation is not a "relevant authority" and does not have to comply with the Surveillance Camera Code of Practice, the principles contained in the Code will support you in meeting your data protection and legal responsibilities.

The intrusive capabilities of CCTV means that there will need to be careful consideration of the impact it will have on privacy and how it can be used in a way that is sensitive and transparent. To assist you, Principle 1 of the Surveillance Camera Code of Practice states - surveillance camera systems operating in public places must always have a clearly defined purpose or purposes in pursuit of a legitimate aim and necessary to address a pressing need (or needs).

I would recommend that you complete a self-assessment tool and data protection impact assessment to help you comply with the surveillance camera code of practice and legal requirements. These resources are free and can be found on the Surveillance Camera Commissioner's website:
<https://www.gov.uk/government/news/launch-of-the-online-toolbox>.

Ideally, the cameras should be removed if they are not required. On the issue of switching the camera off, the Surveillance Camera Commissioner does not support the use of dummy cameras. Surveillance cameras should be transparent open and well run.

Dummy cameras aim to deceive the public and undermine this principle.

I trust that you find this to be helpful.

Kind regards

Ola

Ola Akande
Policy Support Officer
Surveillance Camera Commissioner
Home Office/2 Marsham Street/London/SW1P 4DF

-----Original Message-----

From: George Pender
Sent: 17 July 2019 00:41
To: Surveillance Camera Commissioner <scc@scccommissioner.gov.uk>

Dear Tony Porter,

I have a question about what should happen with cameras which are identified as no longer having a pressing need.

Should such cameras be actually removed? Is it acceptable instead to choose to switch the camera off but to leave it up (perhaps as a continuing deterrent)?

Best regards,

George

Appendix 5 - New Information on Security of Data Pipeline

Very late in the process of putting together this report we were able to confirm that, for the last month or so⁴¹, the cupboard housing the CCTV computer in New Ash Green has been left with the door open (i.e. unlocked and somewhat ajar).

This means that any member of the public, with no expertise, could have walked in and turned off the New Ash Green CCTV (for example, by switching off the power to the computers). To be clear, these are the computers which sit in the data transmission chain between the New Ash Green cameras themselves, and the link to Argyle Road.

The group does not have sufficient expertise to determine whether, in addition to being able to turn the NAG system off/on, someone who knew what they were doing could either:

- A. Exfiltrate data from the systems
- OR
- B. Infiltrate false data into the system (such as a loop of “nothing to see here” footage).

When alerted to this the CCTV manager seemed to be inclined to blame the owner of the shopping centre and/or his staff.

While the owner of the shopping centre had put some of his own possessions at risk of theft (the cupboard also contained various tools etc.) there was no indication that any items had, in fact, been taken.

Although we do not, at this stage, wish to open up the whole report we do, nonetheless, think it is worth reporting the existence of a de facto policy delegating the data security of the council’s CCTV systems, to the owner of the New Ash Green Shopping centre.

⁴¹ This was probably from at least mid-January until the 9th of March 2021, at which point Cllr. Pender was able to confirm the facts, and alert the CCTV manager.

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Understanding the effectiveness of CCTV: Displacement, Deterrence and Detection

**An overview of research prepared for Sevenoaks District Council
June 2020**

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School of Arts and Social Sciences
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Introduction.

Upon invitation by Councillor George Pender, this document has been prepared to provide an overview of research on closed circuit television (CCTV). The remit is to provide an overview of academic and other credible research into the effectiveness of CCTV, taking into account the privacy implications and alternative crime control measures. Dr Emmeline Taylor, Associate Professor in the Department of Sociology, at City, University of London, has prepared the document and has received no remuneration or other incentive to do so.

The following should be read with the caveat that as visual surveillance technologies have become hugely diversified – to include aerial drones, body-worn cameras, and dashcams, as well as incorporating sophisticated features such as live facial recognition, etc., the intensity of academic research on the role and effectiveness of CCTV (particularly council owned and/or operated CCTV) has reduced. As such, findings from studies are now somewhat dated.

What is CCTV ?

Discussion about ‘CCTV’ often proceeds as if all systems are large the same with similar design, operation and management, but in reality CCTV systems differ hugely to the point that no two are identical. CCTV systems vary greatly from basic schemes, involving a handful of cameras without any ongoing monitoring, to complex integrated networks that can feature automatic zoom, night vision, facial recognition, thermal imaging, automatic number plate recognition (ANPR), tracking devices, ‘talking’ cameras and so on that are monitored continuously. Many systems have now shifted from analogue to digital which has not only changed the way CCTV is operated but also altered its characteristics, providing for higher resolution and frame rates, improved retrievability and increased data retention periods due to greater storage capacity. A



new generation of 'intelligent' or 'smart' cameras, combining visual surveillance with biometrics, for example, is demanding a reconsideration of what CCTV is, whether it 'works' and what the implications are for intruding on personal freedoms. Concurrent to technological advances, an evidence-base is emerging about how CCTV functions. This is informing system design and the conditions under which CCTV is operated (such as improved lighting, the position and number of cameras and quality of image).

A 3D vision of CCTV: Deterrence, Displacement and Detection

It is a pertinent time to reflect upon the use of CCTV. As some areas withdraw funding from their CCTV systems, others are expanding coverage and upgrading to Intelligent CCTV (ICCTV) or 'smart' CCTV supplemented with facial recognition and a range of other capabilities.

The evaluation of CCTV has produced mixed and what often appear to be contradictory findings. There is now a range of studies of the effectiveness of CCTV in different countries and in different settings, and it is only possible to highlight some of the key elements which impact on effectiveness here. However, it is important to stress that there have been relatively few independent evaluations by professional researchers, and many scholars believe the quality of the 'evidence' demonstrating efficacy to be poor. In light of this, a number of systematic reviews have been undertaken to draw together a meta-analysis of evaluations that meet certain prescribed criteria, usually those adhering to a pre-test/post-test control group design. In 2002, a systematic review was produced synthesizing the findings from 22 studies on the effectiveness of CCTV across three main settings: city centres, public transport and car parks. The impact that the CCTV systems had on crime was summarised as follows:



Half (11) found a desirable effect on crime and five found an undesirable effect on crime. Five evaluations found a null effect on crime (i.e., clear evidence of no effect), while the remaining one was classified as finding an uncertain effect on crime (i.e., unclear evidence of an effect).¹

It is evident that the findings from the meta-analysis were clearly inconclusive, similar to previous reviews that had also reported mixed findings. In 2008, Welsh and Farrington conducted a further systematic review, this time including 44 evaluations of CCTV. They provided the following overview:

The results suggest that CCTV caused a modest (16%) but significant decrease in crime in experimental areas compared with control areas ... largely driven by the effectiveness of CCTV schemes in car parks ... Schemes in most other public settings had small and nonsignificant effects on crime.²

While useful for providing an insight into effectiveness, the reviews do little to assist in understanding *why* CCTV can be effective in some contexts but only have limited, if any, impact in others. In practice, there are a number of ways in which CCTV can work; that is, there are a variety of ways in which it can be considered effective or not effective.

Understanding the effectiveness of CCTV can be usefully understood using the '3D model' which examines the deterrence, displacement and detection of CCTV systems.

¹ Welsh, B.C. and Farrington, D.P. (2002) *Crime Prevention Effects of Closed Circuit Television: A Systematic Review*. Home Office Research Study 252. Home Office Research, Development and Statistics Directorate.

² Welsh, B.C. and Farrington, D.P. (2008). *Effects of Closed Circuit Television Surveillance on Crime*. The Campbell Collaboration. London. The full report can be downloaded here: <https://onlinelibrary.wiley.com/doi/10.4073/csr.2008.17>



Deterrence

Deterrence refers to the potential for CCTV to prevent a criminal act from taking place. Quite simply the idea is that a would-be offender decides not to commit a criminal act because there is a CCTV camera in the vicinity and the individual perceives it to heighten the risk sufficiently.

The crux of the deterrence capability lies in the claim that offenders are rational beings that weigh up the benefits and risks of committing crime. If CCTV is interpreted as a risk that cannot be easily overcome, it might prevent a crime from taking place in that location.

Research has shown that CCTV is least effective at deterring violent crimes. Although comparatively rare, it is these crimes that the public report being most fearful of. So called 'expressive crimes', particularly those involving drugs or alcohol, are unlikely to be prevented by cameras because offenders are not in a rational mindset. CCTV can impact on premeditated crimes that involve a certain level of cognition and thought process, usually property crimes, but many studies report that offenders are not overly concerned about the threat presented by CCTV because they believe they can easily evade it.

Clearly the potential for deterrence, and the ability of CCTV to increase feelings of safety amongst the public, is predicated on both offenders and members of the public actually knowing that CCTV is in operation in the first place. In all likelihood those with criminal intention, particularly rational offenders, will have heightened awareness of the cameras as they will feature in their weighing up of the benefits and risks of their chosen offence. Moreover, even when they are aware of the cameras they need to believe that they represent a threat, and even some serious offenders don't view them as a major risk; some thieves for example note that stealing regularly and rarely being caught is an indication that cameras are a risk that can mostly be managed. The key



finding from research with offenders is that CCTV is much more of a threat if it is associated with a police or other security response.

Another important dimension to the deterrence capability is that it is vulnerable to changes over time. Initial deterrence can wane, particularly as offenders familiarise themselves with the location of the cameras and operation of the system, and especially as crimes go undetected or are not followed up.

Detection

Detection refers to the use of CCTV footage after the event has taken place – either bringing an otherwise unreported incident to attention or the footage is used to aide investigations.

It has been argued that since the London bombings in July 2005, the role of CCTV has shifted from being primarily deterrence to data and intelligence gathering. Under some circumstances footage can be used to aide investigations, identify offenders, eliminate suspects and seek witnesses. However, its capabilities as a crime detection tool should not be overstated as many crimes are not solved as a direct result of CCTV, even when relatively clear footage exists. Returning to the idea of rational criminals, offenders can simply evade detection by wearing hats, scarves, glasses; interfering with the cameras; or even damaging them so that they are no longer operable. On the plus side using CCTV as a reactive forensic tool is cheaper as it avoids expensive monitoring costs.

Displacement

Displacement refers to when the introduction of situational crime prevention measures (e.g. lighting, CCTV, alley gates) in one location simply moves the crime problem to another, nearby location.



The displacement of crime has been a pervasive concern in relation to situational crime prevention measures; this centres on the danger that rather than prevent crime it merely moves it and sometimes to less protected targets in poorer areas. Criminologists have long noted that displacement can take a variety of forms, including:

- Spatial/Geographical Displacement—the same crime is moved from one location to another.
- Temporal Displacement—the same crime in the same area but committed at a different time.
- Tactical Displacement—the offender uses new means (*modus operandi*) to commit the same offence.
- Target Displacement—offenders choose a different type of victim within the same area.
- Functional Displacement—offenders change from one type of crime to another, for example from burglary to robbery.
- Perpetrator Displacement—occurs where a crime opportunity is so compelling that even if one person passes it by, others are available to take their place.

Determining whether displacement has occurred is not straightforward. A large problem is that various studies have used different measurements on different types of cameras in different contexts make generalising unwise. Indeed, although early work on CCTV pointed to evidence of crime displacement the outcome from more recent studies is far from conclusive, for example:

CCTV can spatially displace crime but it does not do so frequently or universally across offence types or space. (Waples et al., 2009: 221)

There was no or minimal crime displacement in the surrounding area caused by CCTV operation. (Hyeon Ho Park et al., 2012: 190)



Displacement is directly caused by the installation of the video cameras and not by other factors, since criminal activity has barely changed on the streets that are further away, that is, those in the control area with similar characteristics to the streets adjacent to the area controlled by video cameras in the experimental area. (Cerezo, 2013: 234)³

The evidence, inconclusive as it is, suggests that CCTV may well displace crime, and taking account of this possibility is an important element in the design and operation of any CCTV scheme.

There is one other point on this issue, and that is that sometimes rather than displacement there can be a diffusion of benefits, that is the fact that there are cameras in one area can mean benefits accrue in other areas. Here too there is a need to note that findings are likely to be affected by a range of characteristics of context but the possibility of diffusion is a real one.

Disinvestment and the cost of CCTV

In recent years, there has been a disinvestment in some CCTV systems or a substantive change in their mode of operation. For example, Freedom of Information requests responded to by 209 of 326 local authorities in England found that 46 councils reported a reduction in the number of CCTV cameras in operation since 2010. According to the figures, the Craven District Council in North Yorkshire no longer has any CCTV cameras

³ Waples, S., Gill, M. and Fisher, P. (2009). CCTV and Displacement: Evidence from a National Evaluation. *Criminology and Criminal Justice*, 9(2), May, 207–224.

Hyeon, H.P., Gyeong, S.O. and Seung, Y. (2012). Measuring the Crime Displacement and Diffusion Effects of Open Street CCTV in South Korea. *International Journal of Law, Crime and Justice*, 40(3), September 2012, 179–191.

Cerezo, A. (2013). CCTV and Crime Displacement: A Quasi-experimental Evaluation. *European Journal of Criminology*, 10(2), 222–236.



under its jurisdiction, a reduction from seven in 2010. In Trafford, Greater Manchester, there was a 53% reduction, from 245 cameras in 2010 to 115 in 2013. The third-highest cut was 48% in Blackpool, from 151 cameras to 79.⁴

The vast majority of cameras are privately owned and operated; the BSIA (2013) estimates that just 1 camera in 70 is state owned and so some Local Authorities are opting to rely on the large-scale provision of private systems rather than spend on their own. Some view the amount of private CCTV cameras positively and welcome the additional security function provided by the private sector, whereas others believe the use of CCTV by private entities raises serious issues of regulation and accountability regarding the processing of personal data.

The ongoing costs of CCTV are likely to also form part of the reasons underpinning disinvestment. CCTV is not cheap. In the United Kingdom, it has been estimated that more than £250 million of public money was spent on CCTV over the ten-year period of 1992 to 2002, but this is likely to be a gross underestimate. Government funding was mostly dedicated to the purchase of equipment and infrastructure, and it was largely left to local governments (and to a lesser extent the police) to support substantial ongoing expenditure to operate, monitor, maintain and upgrade systems. Drawing upon a range of available data, Norris et al. (2004: 112) estimated that over the decade 1994–2004 ‘around £4–5 Billion has been spent on the installation of CCTV and maintenance of CCTV systems in the UK, and this excludes the monitoring costs associated with these systems’.

Recognising that one of the main costs of CCTV is monitoring staff, some areas have switched to recording rather than proactively monitoring live camera images. The footage is then only accessed if an incident is detected by another means. This development is stimulating growth in products that can automate the detection of

⁴ Merrick, J. and Dugan, E. (2013). Watch Out – Fewer CCTV Cameras about. *The Independent*. Accessed November 11, 2013, from www.independent.co.uk/news/uk/home-news/watch-out--fewer-cctv-cameras-about-8527928.html



suspicious behaviour. Some believe that this will have a negative impact on effectiveness, whereas others perceive it to be a more efficient use of resources.

Conclusion

Research has begun to untangle the capabilities and limitations of CCTV, and many studies have been important in offering new insights and understanding about how CCTV works and the impact it can have. However, at present, research has neither kept pace with the changing technological possibilities nor tried to seriously take account of them. This limits the ability to be precise about how CCTV can best be deployed to optimize effectiveness while safeguarding privacy and civil liberties. Despite the mass of studies that have been undertaken, we still know relatively little about when and how CCTV works best. Indeed, some of the initial research questions, including, for example, whether CCTV is a deterrent against crime, whether CCTV poses a serious impediment to offenders of common offences, whether CCTV makes people safer, whether CCTV is more effective than the alternatives on a range of criteria, determining the types of measures that best complement CCTV, and the extent to which CCTV poses dangers to civil liberties are still largely unknown, and not least for different types of CCTV systems. As such, arguments for and against CCTV are based on limited evidence.

It is important to chart the progress of security cameras. A key area of growth over the next decade will be in the peripheral products that can be used alongside standard visual systems to aid analytics. Many new types of cameras are emerging, including at the time of writing, different types of point-of-view (POV) or body-worn cameras which are affixed to the head or chest to monitor, for example, interactions between the public and police. Facial recognition is becoming more sophisticated and mainstream, as are cameras with audio capabilities that can record conversations as well as images. Increasingly aerial surveillance from unmanned aerial vehicles (UAVs), commonly referred to as 'drones' is generating new concerns about the ethical



operation of cameras and the personal freedoms they impede. Moving forward CCTV is likely to remain a part of the security landscape. However, despite the huge appetite that appears to remain for visual surveillance, the effectiveness of CCTV should never be taken for granted.

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SCRUTINY COMMITTEE

Minutes of the meeting held on 13 July 2021 commencing at 7.00 pm

Present: Cllr. Brown (Chairman)

Cllr. London (Vice Chairman)

Cllrs. Ball, Barnes, Kitchener, London, Morris, Osborne-Jackson, Pender, Purves and Williamson

Cllr. McArthur was also present.

8. Final Report - In-Depth Scrutiny Working Group CCTV

The Chairman thanked the Working Group for their report on the In-Depth Scrutiny of the Council's CCTV Service.

Cllr Pender presented the final report as Chairman of the In-Depth Scrutiny Working Group. The Working Group had considered the effectiveness of the Council's CCTV service in supporting Community Safety and its impact on privacy. The Working Group had recommended that the cameras the Council currently maintained be assessed to establish whether there was a pressing need for them and that audio recording hardware of the cameras in the Council Offices be removed with most video surveillance also removed. Further recommendations and observations were set out within the report.

Members asked questions of clarification. It was confirmed that the CCTV Code of Practice had been considered in producing the report, however the Code had been considered the minimum requirement in the protection of privacy by the Working Group. It was queried whether businesses or the police who used the CCTV service had been approached to help cover the costs of the service.

Following questions on the benefits of CCTV to help find missing persons and deter crime, the Chairman of the Working Group advised that as addressed in the report, there were concerns that this was not sufficient justification to record all individuals in public spaces.

It was moved by the Chairman and it was

Resolved: That, under section 100A(4) of the Local Government Act 1972, the public be excluded from the meeting during consideration of Appendices A, B and C of the report, 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 considered and discussed the exempt information as set out in the exempt appendices.

It was moved by the Chairman and it was

Resolved: That the public no longer be excluded from the meeting.

Members of the Working Group expressed concerns that there appeared to be little evidence to demonstrate benefits or disadvantages of the CCTV cameras for the Police. It was emphasised that cameras ought to only be in place if there was a “pressing need” for them.

The Head of Direct Services clarified that a log of what the operator was doing was maintained. Key performance indicators had been logged, but it was possible for more data to be recorded. The need for each camera had been regularly checked as required by the Code of Practice. Various factors relating to community safety had been considered during these checks, not just those relating to crime.

It was moved by Cllr London and duly seconded that it be recommended to Cabinet that further information be collected as evidence for the pressing need for CCTV, consideration be given for the removal or disabling of audio recording hardware of the cameras in the Council Offices, and consideration be given to approach third parties to recover costs of the CCTV service.

It was moved by Cllr Pender and duly seconded that it the motion be amended to recommend to Cabinet that instead of further evidence gathering, the cameras the Council maintained be assessed to establish if they demonstrate their pressing need.

Members debated the amendment.

The amendment was put to the vote and it was lost.

It was moved by Cllr Pender and duly seconded that the motion be amended to recommend to Cabinet that audio recording hardware within the Council Offices be removed or disabled and most video surveillance be removed.

Members debated the amendment.

The amendment was put to the vote and it was lost.

It was moved by Cllr Pender and duly seconded that the motion be amended so instead of recommending to Cabinet that consideration be given, it be recommended that audio recording hardware within the Council Offices be removed or an audio activation method be introduced.

The amendment was put to the vote and it was lost.

Members considered and discussed the motion. It was expressed that the safety of staff at the Council Offices was a priority.

The motion was put to the vote and it was

Resolved: That it be recommended to Cabinet that

- a) further information be obtained to assist in justifying the pressing need for CCTV;
- b) disabling or removing the audio recording hardware of the cameras in the Council Offices or the introduction of an audio activation method, be considered; and
- c) a request to third parties, such as the Police, for them to recover costs of running the CCTV service, be considered.

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BANK ACCOUNT SIGNATORIES

Cabinet - 16 September 2021

Report of: Deputy Chief Executive and Chief Officer - Finance & Trading

Status: For Decision

Key Decision: No

Executive Summary: This report seeks approval for a change to the list of officers authorised to sign cheques and sanction banking instruments on behalf of the Council.

This reports support the Key Aim of: efficient management of the Council's resources.

Portfolio Holder: Cllr. Matthew Dickins

Contact Officer: Roy Parsons, Ext. 7204

Recommendation to Cabinet:

That, pursuant to Financial Procedure Rules 4.73 and 4.74, Mr Joshua Bell, Senior Accountant, be authorised to sign cheques and sanction banking instruments on behalf of the Council.

Reason for Recommendation:

To update the list of authorised signatories for the Council's bank accounts.

Introduction and Background

- 1 The Council operates an imprest account for use by the Legal Section to defray small but urgent items of expenditure. This account operates independently of the Council's main bank accounts. It is funded up to a maximum of £700 at any one time. The authorised signatories to it are members of the Legal Section.
- 2 In addition, bank accounts are operated on behalf of Quercus 7 Limited and Quercus Housing Limited. The authorised signatories to these are the company directors.

Agenda Item 5

- 3 With regard to the remainder of the Council's bank accounts, currently, four officers plus the Chief Executive and the Deputy Chief Executive and Chief Officer - Finance & Trading are authorised signatories. It is in respect of these accounts that the changes detailed below are required.

Changes Required

- 4 The Council's Financial Procedure Rules require Cabinet approval for officers other than the Chief Executive or Section 151/Chief Finance Officer to be able to sign cheques or sanction banking instruments on behalf of the Council.
- 5 Over the last year or two, on a small number of occasions, it has proved difficult to find enough officers simultaneously available to complete an urgent electronic payment through the bank. This was brought more into focus during the coronavirus pandemic, when the number of electronic payments increased exponentially due to the awarding of test and trace self isolation grants and business support grants.
- 6 In order to build resilience, it would be sensible to add the recently appointed Senior Accountant to the list of authorised signatories. This would increase the number to five officers plus the Chief Executive and the Deputy Chief Executive and Chief Officer - Finance & Trading.

Key Implications

Financial

There are no financial implications.

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, including the operation of banking facilities.

For day to day practical reasons, officers need to be authorised to sign cheques and sanction banking instruments on behalf of the Council. Failure to have authorised signatories in place would severely restrict the Council in the way in which it could operate bank accounts and deal with its financial needs.

Protection is in place by:

- (i) limiting the balance held in the Chief Executive's Imprest Account to a maximum of £700 at any one time and requiring dual signatories on amounts over this sum; and
- (ii) requiring dual signatories on the other bank accounts for items over £10,000 (£5,000 for housing benefit and local tax payments).

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.

Conclusions

Members are being asked to update the list of authorised signatories to the Council's bank accounts.

Adrian Rowbotham

Deputy Chief Executive and Chief Officer - Finance & Trading

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Item 6 - Treasury Management Annual Report 2020/21

The attached report was considered by the Finance & Investment Advisory Committee on 7 September 2021. The relevant Minute extract was not available prior to the printing of this agenda and will follow when available.

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TREASURY MANAGEMENT ANNUAL REPORT 2020/21

Cabinet - 16 September 2021

Report of: Deputy Chief Executive and Chief Officer - Finance & Trading

Status: For Decision

Also considered by: Finance & Investment Advisory Committee - 7 September 2021

Key Decision: No

Executive Summary: This report provides the customary review of investment and borrowing activity during 2020/21 as required by the Council's Financial Procedure Rules. The report outlines the strategy adopted during the year, shows the position of the investment and debt portfolios at the beginning and the end of the year and gives details of how the investment fund performed in comparison with previous years and against various benchmarks.

This report supports the Key Aim of: efficient management of the Council's resources.

Portfolio Holder: Cllr. Matthew Dickins

Contact Officer: Roy Parsons, Ext. 7204

Recommendation to Finance & Investment Advisory Committee: That Cabinet be asked to approve the Treasury Management Annual Report for 2020/21.

Recommendation to Cabinet: That the Treasury Management Annual Report for 2020/21 be approved.

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

Background

- 1 The Council is required by regulations issued under the Local Government Act 2003 to produce an annual treasury management review of activities and the actual prudential and treasury indicators for 2020/21. This report meets the requirements of both the Chartered Institute of Public Finance

Agenda Item 6

and Accountancy (CIPFA) Code of Practice on Treasury Management (the Code) and the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code).

- 2 During 2020/21 the minimum reporting requirements were that the Council should receive the following reports:
 - an annual treasury strategy in advance of the year (Council 25/02/2020)
 - a mid year (minimum) treasury update report (Circulated to Members of Finance & Investment Advisory Committee for comment & Cabinet 10/12/2020)
 - an annual review following the end of the year describing the activity compared to the strategy (this report)
- 3 The Council's treasury management advisers, Link Asset Services, also provided monthly reviews of our investment performance which were emailed to Members.
- 4 The regulatory environment places responsibility on Members for the review and scrutiny of treasury management policy and activities. This report is, therefore, important in that respect, as it provides details of the outturn position for treasury activities and highlights compliance with the Council's policies previously approved by Members.
- 5 This Council also confirms that it has complied with the requirement under the Code to give prior scrutiny to all of the above treasury management reports by the Finance & Investment Advisory Committee before they were reported to Cabinet or the full Council. Member training was last undertaken on 14 November 2018 in order to support Members' scrutiny role.

Introduction

- 6 This **annual treasury report** covers:
 - (a) The Council's capital expenditure and financing;
 - (b) treasury position at the beginning and end of the financial year
 - (c) the economy and interest rates;
 - (d) investment strategy and control of interest rate risk in 2020/21;
 - (e) borrowing requirement and debt;
 - (f) borrowing strategy and control of interest rate risk in 2020/21;
 - (g) borrowing outturn 2020/21;

- (h) investment outturn for 2020/21 and performance;
- (i) compliance with treasury management limits and prudential indicators; and
- (j) other issues (including an update on the Municipal Bonds Agency).

The Council’s capital expenditure and financing

- 7 The Council undertakes capital expenditure on long-term assets. These activities may either be:
- financed immediately through the application of capital or revenue resources (capital receipts, capital grants, revenue contributions etc.), which has no resultant impact on the Council’s borrowing need; or
 - if insufficient financing is available, or a decision is taken not to apply resources, the capital expenditure will give rise to a borrowing need.
- 8 The actual capital expenditure forms one of the required prudential indicators. The following table shows the actual capital expenditure and how this was financed.

	31/3/20 Actual (£000)	31/3/21 Actual (£000)
Capital expenditure	11,881	11,635
Financed in year	(6,081)	(3,641)
Unfinanced capital expenditure	5,800	7,994

The unfinanced capital expenditure was funded by internal borrowing.

Treasury position at the beginning and end of the financial year

- 9 The Council’s treasury position at the beginning and end of the financial year was as follows:

Agenda Item 6

	31/3/20 Principal (£000)	Rate Return (%)	Average Life (Years)	31/3/21 Principal (£000)	Rate Return (%)	Average Life (Years)
Total debt	5,074	2.66	27.5	4,954	2.66	26.5
Capital Financing Requirement (CFR)	27,515	-	-	35,235	-	-
Over/(under) borrowing	(22,441)	-	-	(30,281)	-	-
Total investments	16,404	0.89	-	11,050	0.35	-
Net debt/ (investments)	(11,330)	-	-	(6,096)	-	-

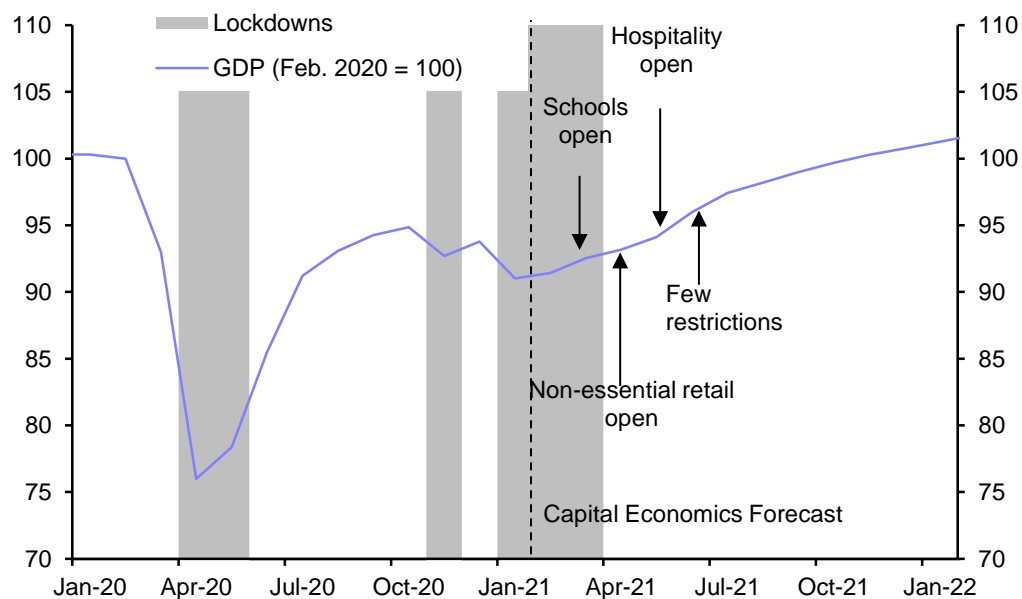
The maturity structure of the debt portfolio was as follows:

	31/3/20 Actual (£000)	31/3/21 Actual (£000)
Under 12 months	-	-
12 months and over and within 20 years	-	-
20 years and over and within 30 years	5,074	4,954
30 years and over and within 50 years	-	-

- 10 The investment portfolio at the beginning and end of the financial year appears at Appendix A, whilst an analysis by maturity and repayment due dates appears at Appendix B.
- 11 All investments were for periods up to one year in duration.

The economy and interest rates

12 **UK. Coronavirus.** The financial year 2020/21 will go down in history as being the year of the pandemic. The first national lockdown in late March 2020 did huge damage to an economy that was unprepared for such an eventuality. This caused an economic downturn that exceeded the one caused by the financial crisis of 2008/09. A short second lockdown in November did relatively little damage but by the time of the third lockdown in January 2021, businesses and individuals had become more resilient in adapting to working in new ways during a three month lockdown so much less damage than was caused than in the first one. The advent of vaccines starting in November 2020, were a game changer. The way in which the UK and US have led the world in implementing a fast programme of vaccination which promises to lead to a return to something approaching normal life during the second half of 2021, has been instrumental in speeding economic recovery and the reopening of the economy. In addition, the household saving rate has been exceptionally high since the first lockdown in March 2020 and so there is plenty of pent-up demand and purchasing power stored up for services in the still-depressed sectors like restaurants, travel and hotels as soon as they reopen. It is therefore expected that the UK economy could recover its pre-pandemic level of economic activity during quarter 1 of 2022.



Both the Government and the Bank of England took rapid action in March 2020 at the height of the crisis to provide support to financial markets to ensure their proper functioning, and to support the economy and to protect jobs.

13 The Monetary Policy Committee (MPC) cut Bank Rate from 0.75% to 0.25% and then to 0.10% in March 2020 and embarked on a £200bn programme of quantitative easing (QE) i.e. purchase of gilts so as to reduce borrowing costs throughout the economy by lowering gilt yields. The MPC increased then QE by £100bn in June and by £150bn in November to a total of £895bn. While Bank Rate remained unchanged for the rest of the year, financial markets were

Agenda Item 6

concerned that the MPC could cut Bank Rate to a negative rate; this was firmly discounted at the February 2021 MPC meeting when it was established that commercial banks would be unable to implement negative rates for at least six months - by which time the economy was expected to be making a strong recovery and negative rates would no longer be needed.

- 14 **Average inflation targeting.** This was the major change adopted by the Bank of England in terms of implementing its inflation target of 2%. The key addition to the Bank's forward guidance in August was a new phrase in the policy statement, namely that "it does not intend to tighten monetary policy until there is clear evidence that significant progress is being made in eliminating spare capacity and achieving the 2% target sustainably". That seems designed to say, in effect, that even if inflation rises to 2% in a couple of years' time, do not expect any action from the MPC to raise Bank Rate - until they can clearly see that level of inflation is going to be persistently above target if it takes no action to raise Bank Rate. This sets a high bar for raising Bank Rate and no increase is expected by March 2024, and possibly for as long as five years. Inflation has been well under 2% during 2020/21; it is expected to briefly peak at just over 2% towards the end of 2021, but this is a temporary short lived factor and so not a concern to the MPC.
- 15 **Government support.** The Chancellor has implemented repeated rounds of support to businesses by way of cheap loans and other measures, and has protected jobs by paying for workers to be placed on furlough. This support has come at a huge cost in terms of the Government's budget deficit ballooning in 2020/21 and 2021/22 so that the Debt to GDP ratio reaches around 100%. The Budget on 3 March 2021 increased fiscal support to the economy and employment during 2021 and 2022 followed by substantial tax rises in the following three years to help to pay the cost for the pandemic. This will help further to strengthen the economic recovery from the pandemic and to return the government's finances to a balanced budget on a current expenditure and income basis in 2025/26. This will stop the Debt to GDP ratio rising further from 100%. An area of concern, though, is that the government's debt is now twice as sensitive to interest rate rises as before the pandemic due to QE operations substituting fixed long-term debt for floating rate debt; there is, therefore, much incentive for the Government to promote Bank Rate staying low e.g. by using fiscal policy in conjunction with the monetary policy action by the Bank of England to keep inflation from rising too high, and / or by amending the Bank's policy mandate to allow for a higher target for inflation.
- 16 **BREXIT.** The final agreement on 24 December 2020 eliminated a significant downside risk for the UK economy. The initial agreement only covered trade so there is further work to be done on the services sector where temporary equivalence has been granted in both directions between the UK and EU; that now needs to be formalised on a permanent basis. There was much disruption to trade in January as form filling has proved to be a formidable barrier to trade. This appears to have eased somewhat since then but is an area that needs further work to ease difficulties, which are still acute in some areas.
- 17 **USA.** The US economy did not suffer as much damage as the UK economy due to the pandemic. The Democrats won the presidential election in

November 2020 and have control of both Congress and the Senate, although power is more limited in the latter. This enabled the Democrats to pass a \$1.9trn (8.8% of GDP) stimulus package in March on top of the \$900bn fiscal stimulus deal passed by Congress in late December. These, together with the vaccine rollout proceeding swiftly to hit the target of giving a first jab to over half of the population within the President's first 100 days, will promote a rapid easing of restrictions and strong economic recovery during 2021. The Democrats are also planning to pass a \$2trn fiscal stimulus package aimed at renewing infrastructure over the next decade. Although this package is longer-term, if passed, it would also help economic recovery in the near-term.

- 18 After Chair Jerome Powell spoke on the Federal Reserve's (Fed) adoption of a flexible average inflation target in his Jackson Hole speech in late August 2020, the mid-September meeting of the Fed agreed a new inflation target - that *"it would likely be appropriate to maintain the current target range until labour market conditions were judged to be consistent with the Committee's assessments of maximum employment and inflation had risen to 2% and was on track to moderately exceed 2% for some time."* This change was aimed to provide more stimulus for economic growth and higher levels of employment and to avoid the danger of getting caught in a deflationary "trap" like Japan. It is to be noted that inflation has actually been under-shooting the 2% target significantly for most of the last decade, (and this year), so financial markets took note that higher levels of inflation are likely to be in the pipeline; long-term bond yields duly rose after the meeting. There is now some expectation that where the Fed has led in changing its policy towards implementing its inflation and full employment mandate, other major central banks will follow, as indeed the Bank of England has done so already. The Fed expects strong economic growth during 2021 to have only a transitory impact on inflation, which explains why the majority of Fed officials project US interest rates to remain near-zero through to the end of 2023. The key message is still that policy will remain unusually accommodative - with near-zero rates and asset purchases - continuing for several more years. This is likely to result in keeping treasury yields at historically low levels. However, financial markets in 2021 have been concerned that the sheer amount of fiscal stimulus, on top of highly accommodative monetary policy, could be over-kill leading to a rapid elimination of spare capacity in the economy and generating higher inflation much quicker than the Fed expects. They have also been concerned as to how and when the Fed will eventually wind down its programme of monthly QE purchases of treasuries. These concerns have pushed treasury yields sharply up in the US in 2021 and are likely to have also exerted some upward pressure on gilt yields in the UK.
- 19 **EU.** Both the roll out and take up of vaccines has been disappointingly slow in the EU in 2021, at a time when many countries are experiencing a sharp rise in cases which are threatening to overwhelm hospitals in some major countries; this has led to renewed severe restrictions or lockdowns during March. This will inevitably put back economic recovery after the economy had staged a rapid rebound from the first lockdowns in Q3 of 2020 but contracted slightly in Q4 to end 2020 only 4.9% below its pre-pandemic

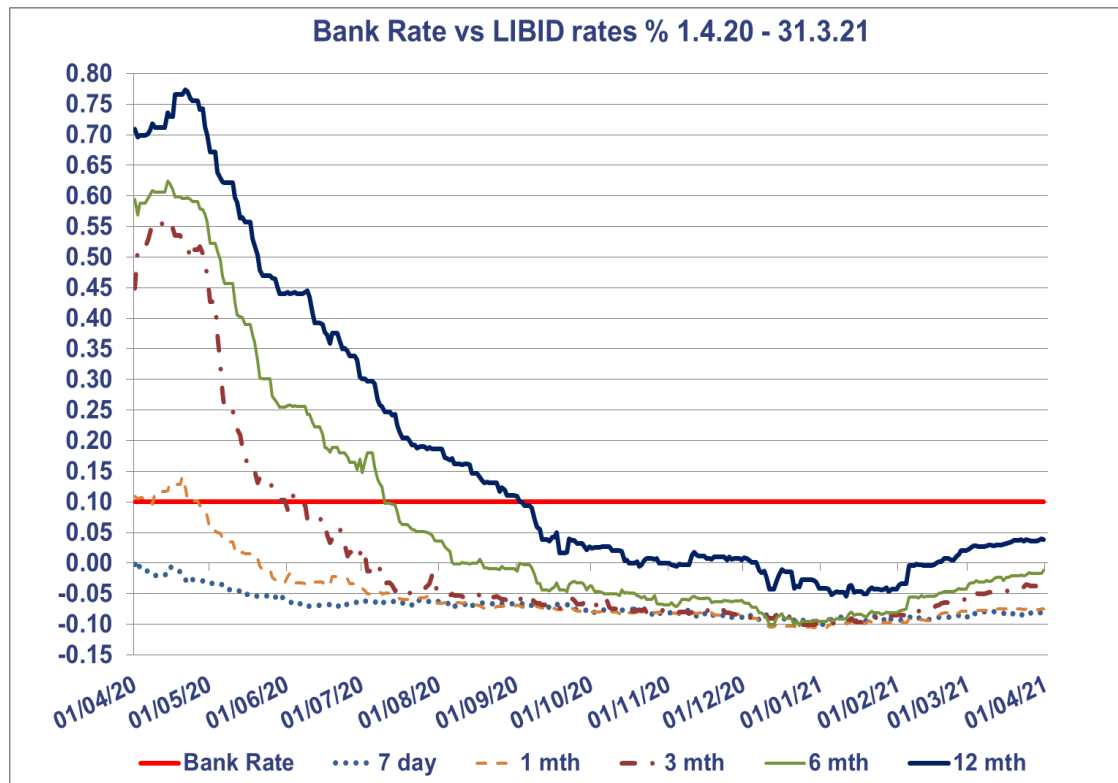
Agenda Item 6

level. Recovery will now be delayed until Q3 of 2021 and a return to pre-pandemic levels is expected in the second half of 2022.

- 20 Inflation was well under 2% during 2020/21. The European Central Bank (ECB) did not cut its main rate of -0.5% further into negative territory during 2020/21. It embarked on a major expansion of its QE operations (PEPP) in March 2020 and added further to that in its December 2020 meeting when it also greatly expanded its programme of providing cheap loans to banks. The total PEPP scheme of €1,850bn is providing protection to the sovereign bond yields of weaker countries like Italy. There is, therefore, unlikely to be a euro crisis while the ECB is able to maintain this level of support.
- 21 **China.** After a concerted effort to get on top of the virus outbreak in Q1 of 2020, economic recovery was strong in the rest of the year; this has enabled China to recover all of the contraction in Q1. Policy makers have both quashed the virus and implemented a programme of monetary and fiscal support that has been particularly effective at stimulating short-term growth.
- 22 **Japan.** Three rounds of government fiscal support in 2020 together with Japan's relative success in containing the virus without draconian measures so far, and the roll out of vaccines gathering momentum in 2021, should help to ensure a strong recovery in 2021 and to get back to pre-virus levels by Q3.
- 23 **World growth.** World growth was in recession in 2020. Inflation is unlikely to be a problem in most countries for some years due to the creation of excess production capacity and depressed demand caused by the coronavirus crisis.
- 24 **Deglobalisation.** Until recent years, world growth has been boosted by increasing globalisation i.e. countries specialising in producing goods and commodities in which they have an economic advantage and which they then trade with the rest of the world. This has boosted worldwide productivity and growth, and, by lowering costs, has also depressed inflation. However, the rise of China as an economic superpower over the last 30 years, which now accounts for nearly 20% of total world GDP, has unbalanced the world economy. In March 2021, western democracies implemented limited sanctions against a few officials in charge of government policy on the Uighurs in Xinjiang; this led to a much bigger retaliation by China and is likely to mean that the China / EU investment deal then being negotiated, will be torn up. After the pandemic exposed how frail extended supply lines were around the world, both factors are now likely to lead to a sharp retrenchment of economies into two blocs of western democracies v. autocracies. It is, therefore, likely that we are heading into a period where there will be a reversal of world globalisation and a decoupling of western countries from dependence on China to supply products and vice versa. This is likely to reduce world growth rates.
- 25 **Central banks' monetary policy.** During the pandemic, the governments of western countries have provided massive fiscal support to their economies which has resulted in a big increase in total government debt in each country. It is therefore very important that bond yields stay low while debt to GDP ratios slowly subside under the impact of economic growth. This

provides governments with a good reason to amend the mandates given to central banks to allow higher average levels of inflation than we have generally seen over the last couple of decades. Both the Fed and Bank of England have already changed their policy towards implementing their existing mandates on inflation, (and full employment), to hitting an average level of inflation. Greater emphasis could also be placed on hitting subsidiary targets e.g. full employment before raising rates. Higher average rates of inflation would also help to erode the real value of government debt more quickly.

Investment strategy and control of interest rate risk in 2020/21



	Bank Rate	7 Day	1 Mth	3 Mth	6 Mth	12 Mth
High	0.10	0.00	0.14	0.56	0.62	0.77
High Date	01/04/2020	02/04/2020	20/04/2020	08/04/2020	14/04/2020	21/04/2020
Low	0.10	-0.10	-0.11	-0.10	-0.10	-0.05
Low Date	01/04/2020	31/12/2020	29/12/2020	23/12/2020	21/12/2020	11/01/2021
Average	0.10	-0.07	-0.05	0.01	0.07	0.17
Spread	0.00	0.10	0.25	0.66	0.73	0.83

26 Investment returns which had been low during 2019/20, plunged during 2020/21 to near zero or even into negative territory. Most local authority lending managed to avoid negative rates and one feature of the year was the growth of

Agenda Item 6

inter local authority lending. The expectation for interest rates within the treasury management strategy for 2020/21 was that Bank Rate would continue at the start of the year at 0.75 % before rising to end 2022/23 at 1.25%. This forecast was invalidated by the Covid-19 pandemic bursting onto the scene in March 2020 which caused the Monetary Policy Committee to cut Bank Rate in March, first to 0.25% and then to 0.10%, in order to counter the hugely negative impact of the national lockdown on large swathes of the economy. The Bank of England and the Government also introduced new programmes of supplying the banking system and the economy with massive amounts of cheap credit so that banks could help cash-starved businesses to survive the lockdown. The Government also supplied huge amounts of finance to local authorities to pass on to businesses. This meant that for most of the year there was much more liquidity in financial markets than there was demand to borrow, with the consequent effect that investment earnings rates plummeted.

- 27 While the Council has taken a cautious approach to investing, it is also fully appreciative of changes to regulatory requirements for financial institutions in terms of additional capital and liquidity that came about in the aftermath of the financial crisis. These requirements have provided a far stronger basis for financial institutions, with annual stress tests by regulators evidencing how institutions are now far more able to cope with extreme stressed market and economic conditions.
- 28 Investment balances have been kept to a minimum through the agreed strategy of using reserves and balances to support internal borrowing, rather than borrowing externally from the financial markets. External borrowing would have incurred an additional cost, due to the differential between borrowing and investment rates as illustrated in the charts shown above and below. Such an approach has also provided benefits in terms of reducing the counterparty risk exposure, by having fewer investments placed in the financial markets.

The borrowing requirement and debt

- 29 The Council's underlying need to borrow to finance capital expenditure is termed the Capital Financing Requirement (CFR).
- 30 In order to ensure that borrowing levels are prudent over the medium term and only for a capital purpose, the Council should ensure that its gross external borrowing does not, except in the short term, exceed the total of the capital financing requirement in the preceding year (2020/21) plus the estimates of any additional capital financing requirement for the current (2021/22) and next two financial years. This essentially means that the Council is not borrowing to support revenue expenditure. This indicator allowed the Council some flexibility to borrow in advance of its immediate capital needs in 2020/21. The table below highlights the Council's gross borrowing position against the CFR. The Council has complied with this prudential indicator.

	31/3/20 Actual (£000)	31/3/21 Actual (£000)
CFR General Fund	27,515	35,235
Gross borrowing position	5,074	4,954
Over/(under) funding of CFR	(22,441)	(30,281)

- 31 The “authorised limit” is the “affordable borrowing limit” required by s3 of the Local Government Act 2003. Once this has been set, the Council does not have the power to borrow above this level. The table below demonstrates that during 2020/21 the Council has maintained gross borrowing within its authorised limit.
- 32 The “operational boundary” is the expected borrowing position of the Council during the year. Periods where the actual position is either below or over the boundary are acceptable subject to the authorised limit not being breached.
- 33 “Actual financing costs as a proportion of net revenue stream” is an indicator identifying the trend in the cost of capital, (borrowing and other long term obligation costs net of investment income), against the net revenue stream.

	2020/21 (£000)
Authorised limit	35,520
Maximum gross borrowing position during the year	5,074
Operational boundary	30,520
Average gross borrowing position	5,014
Financing costs as a proportion of net revenue stream	0.88%

Agenda Item 6

Borrowing strategy and control of interest rate risk in 2020/21

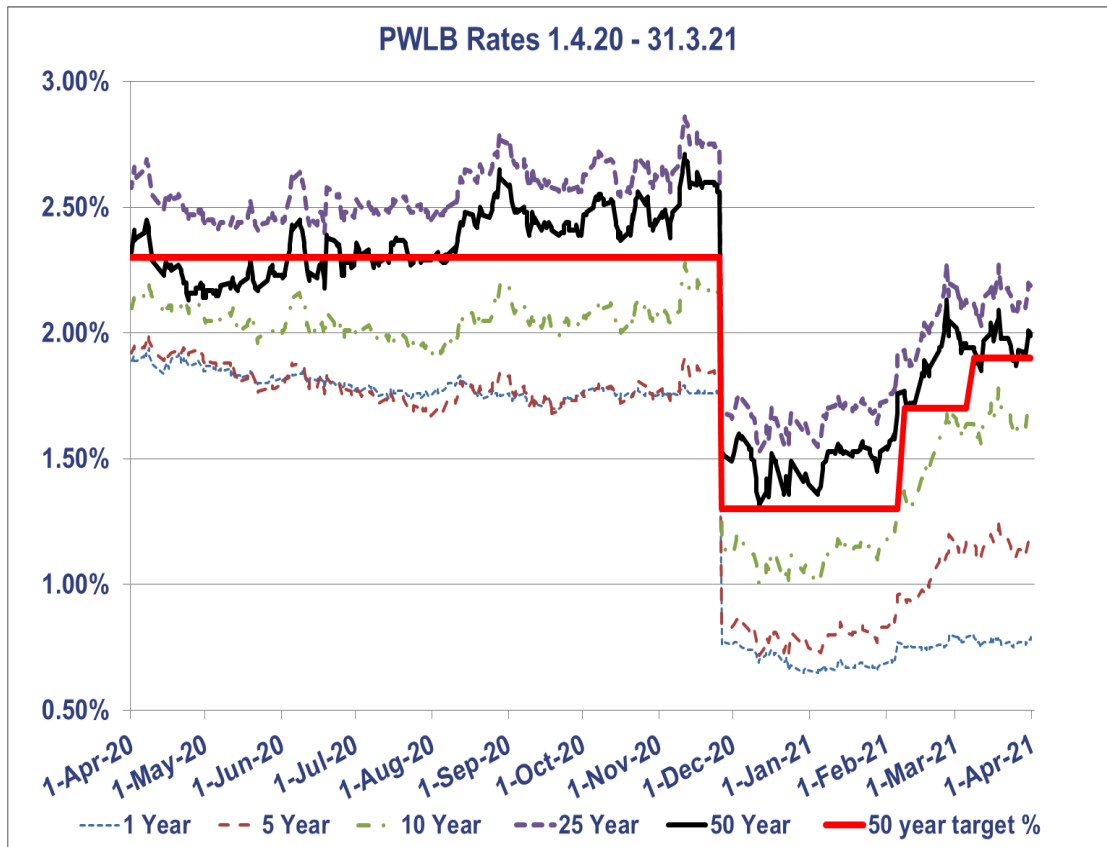
- 34 During 2020/21 the Council maintained an under-borrowed position. This meant that the capital borrowing need (the Capital Financing Requirement) was not fully funded with loan debt, as cash supporting the Council's reserves, balances and cash flow was used as an interim measure. This is known as internal borrowing. This strategy was prudent as investment returns were low and minimising counterparty risk on placing investments also needed to be considered.
- 35 A cost of carry remained during the year on any new long-term borrowing that was not immediately used to finance capital expenditure, as it would have caused a temporary increase in cash balances; this would have incurred a revenue cost - the difference between (higher) borrowing costs and (lower) investment returns.
- 36 The policy of avoiding new borrowing by running down spare cash balances, has served the Council well over the last few years. However, this was kept under review to avoid incurring higher borrowing costs in the future when this authority may not be able to avoid new borrowing to finance capital expenditure and/or the refinancing of maturing debt.
- 37 Interest rate forecasts anticipated only gradual rises in medium and longer term fixed borrowing rates during 2020/21 and the two subsequent financial years. Variable, or short-term rates, were expected to be the cheaper form of borrowing over the period. Forecasts from our treasury management advisors, Link Asset Services, together with historical rates appear below.

Forecast at the time of approval of 2020/21 Treasury Management Strategy:-

Link Asset Services Interest Rate View														
	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23
Bank Rate View	0.75	0.75	0.75	0.75	0.75	1.00	1.00	1.00	1.00	1.00	1.25	1.25	1.25	1.25
3 Month LIBID	0.70	0.70	0.70	0.80	0.90	1.00	1.00	1.00	1.10	1.20	1.30	1.30	1.30	1.30
6 Month LIBID	0.80	0.80	0.80	0.90	1.00	1.10	1.10	1.20	1.30	1.40	1.50	1.50	1.50	1.50
12 Month LIBID	1.00	1.00	1.00	1.10	1.20	1.30	1.30	1.40	1.50	1.60	1.70	1.70	1.70	1.70
5yr PVLB Rate	2.30	2.40	2.40	2.50	2.50	2.60	2.70	2.80	2.90	2.90	3.00	3.10	3.20	3.20
10yr PVLB Rate	2.60	2.70	2.70	2.70	2.80	2.90	3.00	3.10	3.20	3.20	3.30	3.30	3.40	3.50
25yr PVLB Rate	3.20	3.30	3.40	3.40	3.50	3.60	3.70	3.70	3.80	3.90	4.00	4.00	4.10	4.10
50yr PVLB Rate	3.10	3.20	3.30	3.30	3.40	3.50	3.60	3.60	3.70	3.80	3.90	3.90	4.00	4.00

Forecast at year end:-

Link Group Interest Rate View		8.3.21											
	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24
BANK RATE	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
3 month ave earnings	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
6 month ave earnings	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
12 month ave earnings	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20
5 yr PWLB	1.20	1.20	1.20	1.20	1.20	1.20	1.20	1.30	1.30	1.40	1.40	1.40	1.40
10 yr PWLB	1.60	1.60	1.60	1.60	1.70	1.70	1.70	1.80	1.80	1.90	1.90	1.90	1.90
25 yr PWLB	2.10	2.10	2.10	2.20	2.30	2.30	2.30	2.40	2.40	2.50	2.50	2.50	2.50
50 yr PWLB	1.90	1.90	1.90	2.00	2.10	2.10	2.10	2.20	2.20	2.30	2.30	2.30	2.30



	1 Year	5 Year	10 Year	25 Year	50 Year
Low	0.65%	0.72%	1.00%	1.53%	1.32%
Date	04/01/2021	11/12/2020	11/12/2020	11/12/2020	11/12/2020
High	1.94%	1.99%	2.28%	2.86%	2.71%
Date	08/04/2020	08/04/2020	11/11/2020	11/11/2020	11/11/2020
Average	1.43%	1.50%	1.81%	2.33%	2.14%
Spread	1.29%	1.27%	1.28%	1.33%	1.39%

Agenda Item 6

- 38 PWLB rates are based on, and are determined by, gilt (UK Government bonds) yields through H.M.Treasury determining a specified margin to add to gilt yields. The main influences on gilt yields are Bank Rate, inflation expectations and movements in US treasury yields. Inflation targeting by the major central banks has been successful over the last 30 years in lowering inflation and the real equilibrium rate for central rates has fallen considerably due to the high level of borrowing by consumers: this means that central banks do not need to raise rates as much now to have a major impact on consumer spending, inflation, etc. This has pulled down the overall level of interest rates and bond yields in financial markets over the last 30 years. We have seen over the last two years, many bond yields up to 10 years in the Eurozone turn negative on expectations that the EU would struggle to get growth rates and inflation up from low levels. In addition, there has, at times, been an inversion of bond yields in the US whereby 10 year yields have fallen below shorter term yields. In the past, this has been a precursor of a recession.
- 39 Gilt yields fell sharply from the start of 2020 and then spiked up during a financial markets melt down in March caused by the pandemic hitting western countries; this was rapidly countered by central banks flooding the markets with liquidity. While US treasury yields do exert influence on UK gilt yields so that the two often move in tandem, they have diverged during the first three quarters of 2020/21 but then converged in the final quarter. Expectations of economic recovery started earlier in the US than the UK but once the UK vaccination programme started making rapid progress in the new year of 2021, gilt yields and gilt yields and PWLB rates started rising sharply as confidence in economic recovery rebounded. Financial markets also expected Bank Rate to rise quicker than in the forecast tables in this report.
- 40 At the close of the day on 31 March 2021, all gilt yields from 1 to 5 years were between 0.19 - 0.58% while the 10-year and 25-year yields were at 1.11% and 1.59%.
- 41 HM Treasury imposed two changes of margins over gilt yields for PWLB rates in 2019/20 without any prior warning. The first took place on 9 October 2019, adding an additional 1% margin over gilts to all PWLB period rates. That increase was then, at least partially, reversed for some forms of borrowing on 11 March 2020, but not for mainstream non-HRA capital schemes. A consultation was then held with local authorities and on 25 November 2020, the Chancellor announced the conclusion to the review of margins over gilt yields for PWLB rates; the standard and certainty margins were reduced by 1% but a prohibition was introduced to deny access to borrowing from the PWLB for any local authority which had purchase of assets for yield in its three year capital programme. The new margins over gilt yields are as follows: -
- **PWLB Standard Rate** is gilt plus 100 basis points (G+100bps)
 - **PWLB Certainty Rate** is gilt plus 80 basis points (G+80bps)
 - **PWLB HRA Standard Rate** is gilt plus 100 basis points (G+100bps)

- **PWLB HRA Certainty Rate** is gilt plus 80bps (G+80bps)
- **Local Infrastructure Rate** is gilt plus 60bps (G+60bps)

42 There is likely to be only a gentle rise in gilt yields and PWLB rates over the next three years as Bank Rate is not forecast to rise from 0.10% by March 2024 as the Bank of England has clearly stated that it will not raise rates until inflation is sustainably above its target of 2%; this sets a high bar for Bank Rate to start rising.

Borrowing outturn for 2020/21

43 No borrowing was undertaken during the year. The following is the only loan outstanding:-

Lender	Principal	Type	Interest Rate	Maturity
PWLB	£5.25m	Fixed interest rate - Annuity	2.66%	3/11/2047

44 There were no repayments or rescheduling of debt during 2020/21.

Investment outturn for 2020/21 and performance

45 The Council’s investment policy is governed by Ministry of Housing Communities and Local Government (MHCLG) guidance, which has been implemented in the annual investment strategy approved by the Council on 25 February 2020. This policy sets out the approach for choosing investment counterparties, and is based on credit ratings provided by the three main credit rating agencies, supplemented by additional market data (such as rating outlooks, credit default swaps, bank share prices etc).

46 The investment activity during the year conformed to the approved strategy, and the Council had no liquidity difficulties.

47 Appendix C shows the performance of the fund during 2020/21 both in table and graphical form. The table shows the average percentage return on the fund, both monthly and for the whole year and compares them with the average 7-day and 3-month London Interbank Bid (LIBID) rates. The average return achieved by each broker is only a very basic measure of performance, because returns will depend on the number and length of each investment he/she is asked to carry out. If a particular broker is only asked to place short term investments, he/she may well not achieve the same overall rate as a broker who predominantly handles longer term investments for us.

48 The graph shows actual monthly receipts for 2018/19, 2019/20 and 2020/21 plus budgeted monthly receipts for 2020/21. The monthly interest budget

Agenda Item 6

has been profiled in line with the previous year's monthly weighted average principal.

- 49 Over the course of the year interest receipts amounted to £79,300 compared with a budget of £300,000. The fall in income reflects the ultra-low returns on short duration deposits (up to 12 months) available in the market at the present time. Rates declined throughout 2020/21 in response to both the March 2020 Bank Rate cut and the realisation that recovery from the economic impacts of Covid-19 is going to be with us for some time to come. Balances available for investment were significantly reduced during the year owing to the demands of the property investment strategy and the funding of the capital programme, which also restricted the planned diversification into longer-term pooled investment vehicles such as multi-asset funds. These funds have the potential for greater revenue income, but also have the potential for capital loss as well as capital growth. For these reasons, they are viewed with a minimum 5 year investment horizon which, in theory, evens out capital loss and growth.
- 50 In 2020/21 the average return on the Council's investments was roughly in line with that of our neighbouring authorities. Our overall rate of return was 0.35% compared with 0.22% for Tonbridge & Malling Borough Council and 0.36% for Gravesham Borough Council. It should be noted that investment returns are notoriously difficult to compare as they have often been compiled on a different basis (for example, whether or not interest has been compounded, whether or not cashflow generated balances have been included, whether or not externally managed funds have been included and whether or not the figures are net of borrowings). Note that this Council has also invested in property which is not included in this report.
- 51 Our treasury management advisers recommend the 3-month LIBID figure as a benchmark. This reflects a more realistic neutral investment position for core investments with a medium term horizon and a rate which is more stable with less fluctuation caused by market liquidity. Historically, this rate has been slightly higher than the 7-day rate and therefore more challenging a comparator, but one which does not necessitate a significantly increased level of risk. The figures calculated by our advisers for these two benchmarks are as follows:
- 7-day LIBID uncompounded -0.0706%
 - 3-month LIBID uncompounded 0.0150%

Compliance with treasury management limits and prudential indicators

- 52 The Council operates to approved prudential indicators for treasury management as contained in the Treasury Management Strategy Statement (TMSS). The TMSS for 2020/21 was part of the annual treasury strategy reported to Council on 25 February 2020. The approved limits exist to regulate short-term borrowing for operational cash flow fluctuations, as well

as long-term borrowing for financing capital investments. Additionally, the limits aim is to mitigate against fluctuations in interest rates.

Other issues

Update on the Municipal Bonds Agency

- 53 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). There are 56 shareholder councils.
- 54 The MBA has revised its standard loan terms and framework agreement. Guarantees for the debt of other borrowers are now proportional and limited and a requirement to make contribution loans in the event of a default by a borrower has been introduced. The agency has issued 5-year floating rate and 40-year fixed rate bonds in 2020, in both instances Lancashire County Council is the sole borrower and guarantor. A planned third bond issuance by Warrington Borough Council was withdrawn in early December after the reduction in PWLB borrowing rates.
- 55 The Company also engaged with a number of local authorities amongst its shareholders and others with respect to their debt finance requirements and supported authorities in their due diligence process. The Company is now working to assemble a number of councils with borrowing demand, with a view to returning to the market with a pooled bond in 2021.
- 56 The MBA is an option for any future borrowing requirement, but the Council will first need to ensure that it has thoroughly scrutinised the legal terms and conditions of the arrangement and is satisfied with them.

CIPFA consultations

- 57 In February 2021 CIPFA launched two consultations on changes to its Prudential Code and Treasury Management Code of Practice. These follow the Public Accounts Committee's recommendation that the prudential framework should be further tightened following continued borrowing by some authorities for investment purposes. These are principle-based consultations and will be followed by more specific proposals later in the year.
- 58 In the Prudential Code the key area being addressed is the statement that "local authorities must not borrow more than or in advance of their needs purely in order to profit from the investment of the extra sums borrowed". Other proposed changes include the sustainability of capital expenditure in

Agenda Item 6

accordance with an authority's corporate objectives, i.e. recognising climate diversity and innovation, commercial investment being proportionate to budgets, expanding the capital strategy section on commercial activities, replacing the "gross debt and the CFR" with the liability benchmark as a graphical prudential indicator.

- 59 Proposed changes to the Treasury Management Code include requiring job specifications and "knowledge and skills" schedules for treasury management roles to be included in the Treasury Management Practices (TMP) document and formally reviewed, a specific treasury management committee and a new TMP 13 on Environmental, Social and Governance Risk Management.

Non-treasury management investments

- 60 Members will be aware that significant property purchases have been carried out in recent years which are regarded as non-treasury investments. Further details are contained within Property Investment Strategy reports that are submitted to Members separately.

Key Implications

Financial

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

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.

This annual review report fulfils the requirements of The Chartered Institute of Public Finance & Accountancy's Code of Practice on Treasury Management 2017.

Treasury management has two main risks :

- Fluctuations in interest rates can result in a reduction in income from investments; and
- A counterparty to which the Council has lent money fails to repay the loan at the required time.

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

Equality Assessment

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

The overall return on the Council's investments was below budget in 2020/21 by more than £220,000 but the percentage return exceeded the recognised benchmarks. Inflation continues to outpace investment returns, leading to the gradual erosion of capital in real terms.

The economic situation both globally and within the Eurozone remains volatile, and this will have consequences for the UK economy. Treasury management in the past financial year was conducted against this background and with a cautious investment approach.

Appendices

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

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

Appendix C - Investment performance in 2020/21

Background Papers

[Treasury Management Strategy for 2020/21 - Council 25 February 2020](#)

Adrian Rowbotham
Deputy Chief Executive and Chief Officer Finance & Trading

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SEVENOAKS DISTRICT COUNCIL

List of Investments as at:- 31-Mar-20

Reference	Name	Rating	Country	Group	Amount	Start Date	Comm Rate	End Date	Curr Rate	Terms	Broker
	Barclays Bank plc (Business Premium A/C)	A+	U.K.		2,203,690	01-Oct-11			0.55000%	Variable	Direct
	Svenska Handelsbanken AB (Deposit A/C)	AA	Sweden		0	23-Jul-14			0.40000%	Variable	Direct
	Svenska Handelsbanken AB (35 Day Notice A/C)	AA	Sweden		0	01-Sep-16			0.50000%	Variable	Direct
	Aberdeen Standard Liquidity Fund (Money Market Fund)	AAA	U.K.		800,000	11-May-12				Variable	Direct
	Insight Liquidity Fund (Money Market Fund)	AAA	U.K.		100,000	11-May-12				Variable	Direct
	BlackRock Liquidity Fund (Money Market Fund)	AAA	U.K.		100,000	13-Oct-16				Variable	Direct
	CCLA Public Sector Deposit Fund (Money Market Fund)	AAA	U.K.		2,200,000	08-Oct-18				Variable	Direct
IP1357	Bank of Scotland plc	A+	U.K.	Lloyds/HBOS	1,000,000	09-Aug-17	0.45000%	14-Jun-20	0.45000%	95 Day Notice	Direct
IP1414	Goldman Sachs International Bank	A	U.K.		3,000,000	15-Nov-19	0.93000%	15-May-20		6 Months	Tradition
IP1374	Lloyds Bank plc	A+	U.K.	Lloyds/HBOS	1,000,000	05-Jan-18	0.70000%	14-Jun-20	0.45000%	95 Day Notice	Direct
IP1410	Newcastle Building Society		U.K.		2,000,000	22-Jul-19	1.27000%	20-Jul-20		1 Year	Tradition
IP1409	Newcastle Building Society		U.K.		1,000,000	31-Jul-19	1.30000%	31-Jul-20		1 Year	R P Martin
IP1416	Thurrock Borough Council		U.K.		3,000,000	31-Jan-20	0.92000%	31-Jul-20		6 Months	R P Martin
Total Invested					<u>16,403,690</u>						
Other Loans											
Sevenoaks Leisure Limited					538,115	02-Mar-18	6.00000%	02-Mar-28		10 Years	Direct

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SEVENOAKS DISTRICT COUNCIL
ANALYSIS OF INVESTMENT POOL FUND 31.3.2021

MATURITY PROFILE (BY VALUE)

BASED ON PERIOD OF INVESTMENT AT COMMENCEMENT DATE

MATURITY PERIOD	BANKS £'000	B.SOCS £'000	MMFS £'000	OTHER LAs £'000	TOTAL £'000
NOTICE MONEY	2,250	-	4,800	-	7,050
UP TO 1 MONTH	-	-	-	-	-
1 TO 3 MONTHS	-	-	-	-	-
3 TO 6 MONTHS	-	-	-	-	-
6 MONTHS TO 1 YEAR	2,000	2,000	-	-	4,000
OVER 1 YEAR	-	-	-	-	-
	4,250	2,000	4,800	-	11,050

MATURITY PROFILE (PERCENTAGE OF TOTAL FUND)

BASED ON PERIOD OF INVESTMENT AT COMMENCEMENT DATE

MATURITY PERIOD	BANKS %	B.SOCS %	MMFS %	OTHER LAs %	TOTAL %
NOTICE MONEY	20.4	-	43.4	-	63.8
UP TO 1 MONTH	-	-	-	-	-
1 TO 3 MONTHS	-	-	-	-	-
3 TO 6 MONTHS	-	-	-	-	-
6 MONTHS TO 1 YEAR	18.1	18.1	-	-	36.2
OVER 1 YEAR	-	-	-	-	-
	38.5	18.1	43.4	-	100.0

PROFILE OF REPAYMENTS DUE

	VALUE £'000	% TOTAL FUND
NOTICE MONEY	7,050	63.8
DUE WITHIN ONE MONTH	2,000	18.1
DUE WITHIN TWO MONTHS	-	-
DUE WITHIN THREE MONTHS	-	-
DUE WITHIN SIX MONTHS	2,000	18.1
DUE WITHIN ONE YEAR	-	-
DUE AFTER ONE YEAR	-	-
	11,050	100.0

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TOTAL INTEREST ON FUND 2020/2021	Apr-20	Apr-20	Apr-20	May-20	May-20	May-20	Jun-20	Jun-20	Jun-20
Broker/Institution	W.A.P	Interest Due	Ave Rate	W.A.P	Interest Due	Ave Rate	W.A.P	Interest Due	Ave Rate
Handelsbanken (Deposit A/C)	0.00	0.00	0.0000%	0.00	0.00	0.0000%	0.00	0.00	0.0000%
Handelsbanken (35 Day Notice)	0.00	0.00	0.0000%	0.00	0.00	0.0000%	0.00	0.00	0.0000%
Aberdeen Standard (Money Market Fund)	336,986.30	1,371.76	0.4071%	161,643.84	785.04	0.4857%	287,123.29	796.45	0.2774%
Insight (Money Market Fund)	324,657.53	768.54	0.2367%	121,917.81	262.95	0.2157%	170,136.99	239.33	0.1407%
BlackRock (Money Market Fund)	324,657.53	1,013.92	0.3123%	135,616.44	335.88	0.2477%	207,945.21	427.27	0.2055%
CCLA (Money Market Fund)	404,109.59	1,578.30	0.3906%	212,328.77	719.57	0.3389%	205,479.45	620.31	0.3019%
Tradition	410,958.90	4,380.82	1.0660%	375,342.47	3,724.66	0.9923%	493,150.68	3,690.41	0.7483%
RP Martin	328,767.12	3,336.99	1.0150%	339,726.03	3,448.22	1.0150%	410,958.90	3,624.66	0.8820%
Sterling	0.00	0.00	0.0000%	0.00	0.00	0.0000%	0.00	0.00	0.0000%
Direct dealing	164,383.56	739.72	0.4500%	169,863.01	764.38	0.4500%	82,191.78	1,247.32	1.5176%
Fund Average	2,294,520.55	13,190.05	0.5748%	1,516,438.36	10,040.70	0.6621%	1,856,986.30	10,645.75	0.5733%
Other Interest		0.00			0.00			73.70	
7 Day LIBID			-0.0200%			-0.0500%			-0.0700%
3 Month LIBID			0.5200%			0.2100%			0.0600%

	Jul-20	Jul-20	Jul-20	Aug-20	Aug-20	Aug-20	Sep-20	Sep-20	Sep-20
Broker/Institution	W.A.P	Interest Due	Ave Rate	W.A.P	Interest Due	Ave Rate	W.A.P	Interest Due	Ave Rate
Handelsbanken (Deposit A/C)	0.00	0.00	0.0000%	0.00	0.00	0.0000%	0.00	0.00	0.0000%
Handelsbanken (35 Day Notice)	0.00	0.00	0.0000%	0.00	0.00	0.0000%	0.00	0.00	0.0000%
Aberdeen Standard (Money Market Fund)	327,123.29	579.49	0.1771%	244,931.51	330.19	0.1348%	200,273.97	184.77	0.0923%
Insight (Money Market Fund)	91,780.82	59.04	0.0643%	74,794.52	8.11	0.0108%	41,095.89	4.10	0.0100%
BlackRock (Money Market Fund)	168,219.18	231.56	0.1377%	143,835.62	65.62	0.0456%	111,780.82	14.93	0.0134%
CCLA (Money Market Fund)	228,767.12	456.28	0.1995%	282,191.78	376.12	0.1333%	230,958.90	315.82	0.1367%
Tradition	594,520.55	3,469.86	0.5836%	594,520.55	2,522.47	0.4243%	701,369.86	3,449.32	0.4918%
RP Martin	509,589.04	3,967.40	0.7785%	509,589.04	1,707.12	0.3350%	493,150.68	1,635.62	0.3317%
Sterling	0.00	0.00	0.0000%	0.00	0.00	0.0000%	0.00	0.00	0.0000%
Direct dealing	0.00	0.00	0.0000%	0.00	0.00	0.0000%	0.00	0.00	0.0000%
Fund Average	1,920,000.00	8,763.63	0.4564%	1,849,863.01	5,009.63	0.2708%	1,778,630.14	5,604.55	0.3151%
Other Interest		-2.39			0.00			7.16	
7 Day LIBID			-0.0600%			-0.0700%			-0.0700%
3 Month LIBID			-0.0300%			-0.0500%			-0.0600%

Agenda Item 6

Broker/Institution	Oct-20			Nov-20			Dec-20		
	W.A.P	Interest Due	Ave Rate	W.A.P	Interest Due	Ave Rate	W.A.P	Interest Due	Ave Rate
Handelsbanken (Deposit A/C)	0.00	0.00	0.0000%	0.00	0.00	0.0000%	0.00	0.00	0.0000%
Handelsbanken (35 Day Notice)	0.00	0.00	0.0000%	0.00	0.00	0.0000%	0.00	0.00	0.0000%
Aberdeen Standard (Money Market Fund)	201,917.81	129.31	0.0640%	264,383.56	112.52	0.0426%	387,123.29	72.76	0.0188%
Insight (Money Market Fund)	8,493.15	0.85	0.0100%	62,465.75	6.23	0.0100%	128,219.18	12.59	0.0098%
BlackRock (Money Market Fund)	115,616.44	11.56	0.0100%	118,082.19	11.81	0.0100%	195,616.44	8.19	0.0042%
CCLA (Money Market Fund)	192,602.74	170.80	0.0887%	315,342.47	186.94	0.0593%	424,657.53	219.66	0.0517%
Tradition	764,383.56	3,881.37	0.5078%	739,726.03	3,460.27	0.4678%	676,712.33	2,471.78	0.3653%
RP Martin	509,589.04	1,673.15	0.3283%	493,150.68	1,619.18	0.3283%	509,589.04	1,673.15	0.3283%
Sterling	0.00	0.00	0.0000%	0.00	0.00	0.0000%	0.00	0.00	0.0000%
Direct dealing	0.00	0.00	0.0000%	0.00	0.00	0.0000%	0.00	0.00	0.0000%
Fund Average	1,792,602.74	5,867.04	0.3273%	1,993,150.68	5,396.95	0.2708%	2,321,917.81	4,458.13	0.1920%
Other Interest		0.00			0.00			25.39	
7 Day LIBID			-0.0800%			-0.0800%			-0.0900%
3 Month LIBID			-0.0800%			-0.0800%			-0.0900%

Agenda Item 6

Broker/Institution	Jan-21			Feb-21			Mar-21		
	W.A.P	Interest Due	Ave Rate	W.A.P	Interest Due	Ave Rate	W.A.P	Interest Due	Ave Rate
Handelsbanken (Deposit A/C)	0.00	0.00	0.0000%	0.00	0.00	0.0000%	0.00	0.00	0.0000%
Handelsbanken (35 Day Notice)	0.00	0.00	0.0000%	0.00	0.00	0.0000%	0.00	0.00	0.0000%
Aberdeen Standard (Money Market Fund)	339,726.03	33.98	0.0100%	232,054.79	23.21	0.0100%	8,493.15	0.85	0.0100%
Insight (Money Market Fund)	240,273.97	0.00	0.0000%	99,726.03	0.00	0.0000%	8,493.15	0.00	0.0000%
BlackRock (Money Market Fund)	327,397.26	0.00	0.0000%	245,753.42	0.00	0.0000%	8,493.15	0.57	0.0067%
CCLA (Money Market Fund)	424,657.53	154.08	0.0363%	373,972.60	149.87	0.0401%	382,191.78	175.57	0.0459%
Tradition	594,520.55	2,225.21	0.3743%	536,986.30	2,009.86	0.3743%	512,328.77	2,143.01	0.4183%
RP Martin	501,369.86	1,646.85	0.3285%	358,904.11	1,184.38	0.3300%	115,068.49	379.73	0.3300%
Sterling	0.00	0.00	0.0000%	0.00	0.00	0.0000%	0.00	0.00	0.0000%
Direct dealing	0.00	0.00	0.0000%	0.00	0.00	0.0000%	0.00	0.00	0.0000%
Fund Average	2,427,945.21	4,060.11	0.1672%	1,847,397.26	3,367.33	0.1823%	1,035,068.49	2,699.73	0.2608%
Other Interest		0.00			0.00			69.04	
7 Day LIBID			-0.0900%			-0.0900%			-0.0800%
3 Month LIBID			-0.0900%			-0.0600%			-0.0400%

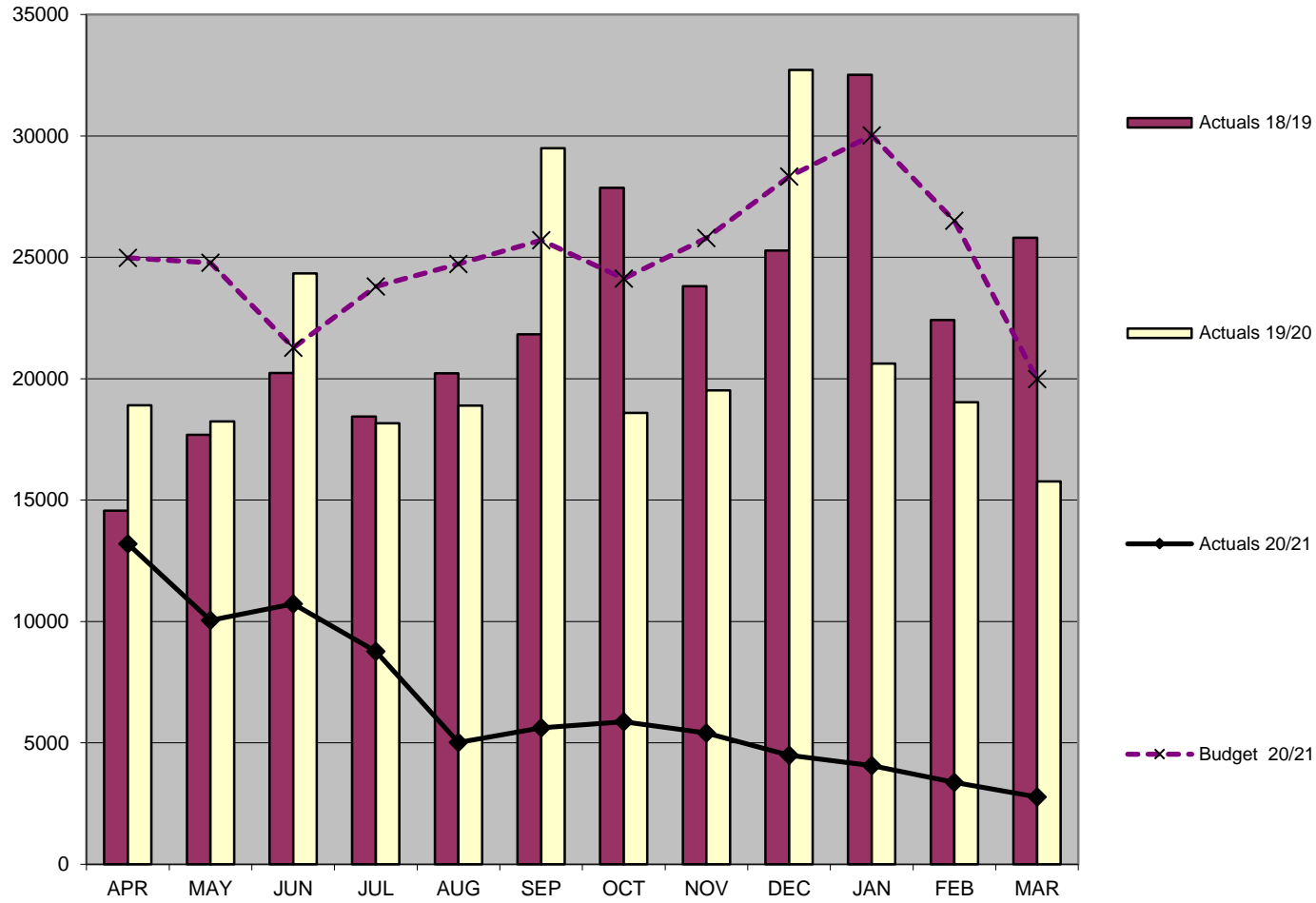
<u>Broker/Institution - Cumulative Totals</u>	W.A.P	Interest Due	Ave Rate
Handelsbanken (Deposit A/C)	0.00	0.00	0.0000%
Handelsbanken (35 Day Notice)	0.00	0.00	0.0000%
Aberdeen Standard (Money Market Fund)	2,991,780.82	4,420.33	0.1477%
Insight (Money Market Fund)	1,372,054.79	1,361.74	0.0992%
BlackRock (Money Market Fund)	2,103,013.70	2,121.31	0.1009%
CCLA (Money Market Fund)	3,677,260.27	5,123.32	0.1393%
Tradition	6,994,520.55	37,429.04	0.5351%
RP Martin	5,079,452.05	25,896.44	0.5098%
Sterling	0.00	0.00	0.0000%
Direct dealing	416,438.36	2,751.42	0.6607%
Fund Average	22,634,520.55	79,103.60	0.3495%
Other Interest		172.90	
7 Day LIBID			-0.0708%
3 Month LIBID			0.0175%

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

N.B.

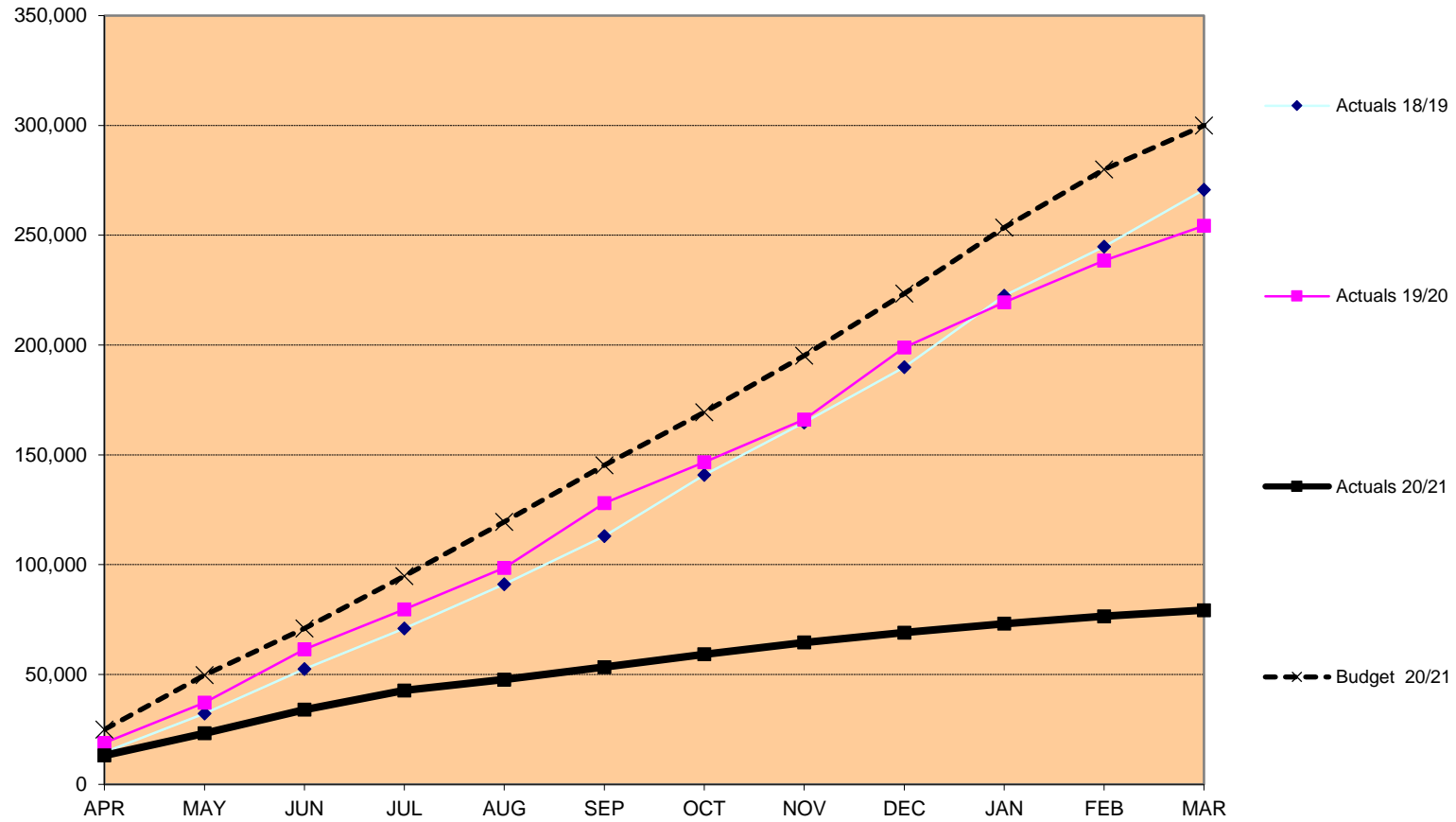
INVESTMENT RETURNS	Actuals 18/19	Actuals 19/20	Actuals 20/21	Budget 20/21	Variance
APR	14,566	18,908	13,190	24,977	-11,787
MAY	17,690	18,243	10,041	24,770	-14,729
JUN	20,233	24,341	10,719	21,274	-10,555
JUL	18,443	18,166	8,761	23,790	-15,029
AUG	20,224	18,891	5,010	24,730	-19,720
SEP	21,831	29,495	5,612	25,700	-20,088
OCT	27,864	18,586	5,867	24,127	-18,260
NOV	23,808	19,520	5,397	25,789	-20,392
DEC	25,281	32,723	4,484	28,331	-23,847
JAN	32,513	20,620	4,060	30,020	-25,960
FEB	22,411	19,034	3,367	26,511	-23,144
MAR	25,803	15,768	2,769	19,981	-17,212
Total	270,667	254,295	79,277	300,000	-220,723

INVESTMENT RETURNS



INVESTMENT RETURNS (CUMULATIVE)	Actuals 18/19	Actuals 19/20	Actuals 20/21	Budget 20/21	Variance
APR	14,566	18,908	13,190	24,977	-11,787
MAY	32,256	37,151	23,231	49,747	-26,516
JUN	52,489	61,492	33,950	71,021	-37,071
JUL	70,932	79,658	42,711	94,811	-52,100
AUG	91,156	98,549	47,721	119,541	-71,820
SEP	112,987	128,044	53,333	145,241	-91,908
OCT	140,851	146,630	59,200	169,368	-110,168
NOV	164,659	166,150	64,597	195,157	-130,560
DEC	189,940	198,873	69,081	223,488	-154,407
JAN	222,453	219,493	73,141	253,508	-180,367
FEB	244,864	238,527	76,508	280,019	-203,511
MAR	270,667	254,295	79,277	300,000	-220,723

CUMULATIVE INVESTMENT RETURNS



BUDGET FOR 2020/21	300,000
FORECAST OUTTURN	79,300

CODE:-	YHAA	96900
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N.B.

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

Fund Average	0.3495%
7 Day LIBID	-0.0708%
3 Month LIBID	0.0175%

Item 7 - Financial Results 2021-22 To the end of June 2021

The attached report was considered by the Finance & Investment Advisory Committee on 7 September 2021. The relevant Minute extract was not available prior to the printing of this agenda and will follow when available.

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FINANCIAL RESULTS 2021/22 - TO THE END OF JUNE 2021

Cabinet - 16 September 2021

Report of: Deputy Chief Executive & Chief Officer - Finance & Trading

Status: For Consideration

Also considered by: Finance & Investment Advisory Committee - 7 September 2021

Key Decision: No

This report support the Key Aim of: Effective Management of Council Resources

Portfolio Holder: Cllr. Matthew Dickins

Contact Officers: Alan Mitchell, Ext. 7483

Adrian Rowbotham, Ext 7153

Recommendation to Finance & Investment Advisory Committee:

That the report be noted, and any comments forward to Cabinet.

Recommendation to Cabinet:

That Cabinet considers any comments from Finance & Investment Advisory Committee and notes the report.

Reason for recommendation: Sound financial governance of the Council.

Introduction and Background

- 1 The year-end position at the end of June 21 was forecast to be an unfavourable variance of £0.246m which represents 1.4% of our net service budget totalling £17.015m.
- 2 During September 2020 the Government issued the first COVID-19 Sales, Fees and Charges Compensation Scheme as part of the Governments COVID-19 support. The scheme was due to be limited to 2020/21 but has been extended to the first quarter for 2021/22. It is anticipated that the compensation for this additional claim will be approximately £350,000.

Year to Date - Areas of Note

- 3 This being the first quarter of the 2021/22 financial year there are a limited amount of areas of note as budget holders in the main are still anticipating to be within budget.
- 4 The financial impact of Pay costs - the expenditure to date on staff costs is £193,000 below budget. There are currently vacancies within Direct services, licencing and revenue & Benefits. However, some of these, in particular Direct Services are currently being filled by agency staff and Planning. The impact of salary variances are included within the Chief Officer

Agenda Item 7

commentaries.

- 5 The 2021/22 pay award is still under discussion and therefore no increase has yet been paid. The latest offer is 1.75% and the budget assumption is at 2%.
- 6 Income - the Council receives a number of different income streams to help balance the budget; section 8 of the monitoring pack provides details in relation to the main streams. At the end of June, income as detailed within the report is still below budget in some areas such as Car Parks, Taxi licensing and Land charges but other areas such as Planning - Development Management and Building Control are ahead of budget.
- 7 Investment Returns - the return to date on the treasury management investments held by the Council is lower than budget with interest received totalling £5,000 compared to a budget of £47,000 for the year to date. This is due to a number of factors. Firstly, the current interest rate on investments remains very low, secondly the available cash which we can invest is greatly reduced from previous years due to the funding of capital programme and Quercus 7 acquisitions and also COVID-19. The interest due from Quercus 7 is due to be in excess of £200,000 this year.
- 8 Council Tax - collection is expected to be at about the budgeted level which was reduced for the current year due to the impact of COVID-19.
- 9 Retained Business Rates - Income expectation of £2.182m forms part of the 2021/22 budget; any receipts over and above this amount, including those that result from being a beneficiary of the Kent Business Rates Pool, will be transferred to the Budget Stabilisation Reserve. The full year Forecast for the additional funds is £405,000. Regular monitoring takes place, with any amendments feeding into the outturn forecasts.

Year End Forecast

- 10 The year-end forecast position is an unfavourable variance of £0.246m (including the Covid-19 Sales, Fees and Charges Compensation Scheme) . In paragraphs 11 to 20 there are details of the larger variances, both favourable and unfavourable.

Net Service Expenditure - Favourable Variances

- 11 Within Miscellaneous Finance the forecasted favourable variance £350,000 which is the expected first quarter claim for the Covid-19 Sales, Fees and Charges Compensation Scheme and is offsetting additional costs incurred in other areas.

Net Service Expenditure - Unfavourable Variances

- 12 Homeless is forecasting an adverse variance of £300,000 which is the additional cost being incurred relating to an increased number of people being put in temporary accommodation and the cost of that accommodation versus the recovery from Government . The homelessness funding is currently being reviewed in order to fund the programme in future years.
- 13 Local Tax is forecasting an unfavourable variance of £100,000 due enforcement income being lower than budget expectations. In addition, the levels of fee recovery are low as a result of COVID-19.

Other Variances

- 14 Interest Receipts - current levels of investment returns and possible rates going forward, along with reduced cash levels due to ongoing loss of income, have resulted in an unfavourable variance of £150,000 being forecast.
- 15 Investment Property Income - The majority of properties held within the Property Investment Strategy continue to achieve the income levels predicted. Due to a tenant going into administration as a result of COVID-19 a single property has not produced income in line with budget and this loss of income is reflected in the unfavourable variance of £79,000.

Future Issues and Risk Areas

- 16 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:
 - Ongoing impact of COVID-19 on the leisure industry and Council owned leisure facilities - consultancy review completed.
 - There remains the risk that planning decisions and enforcement action will be challenged, either at appeal or through the Courts.
 - Within Development & Conservation recruiting to vacant posts continues to be difficult.
 - The financial impact of proposed changes to the Planning System will need to be carefully considered.
 - COVID-19 continues to affect the entire authority and is being closely monitored. As part of the 10-year budget process the expected financial impacts will continue to be reviewed.
 - Car parking customer numbers are increasing but it is uncertain what the impact will be for the rest of the year especially if there are further lockdowns.
 - Additional staffing costs for Direct Services are possible if a number of staff self-isolate as the intention is to continue at normal service levels wherever possible.
 - Ongoing Temporary Accommodation (TA) costs within the district due to increases in homelessness. All Covid-19 placements ended on 30 June 2021 and a TA Charging Policy came into effect from 1 August.
 - The likely effect of the Government's Income Compensation scheme is included elsewhere in this report.
 - IT Asset Maintenance spend as per 10-year plan resulting in draw down from reserves in current year.

Agenda Item 7

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 A - June 2021 Budget Monitoring Commentary

Appendix B - June 2021 Financial Information

Background Papers

None

Adrian Rowbotham

Deputy Chief Executive and Chief Officer - Finance & Trading

People and Places	Budget to Date £'000	Actual to end of June 21 £'000	Variance to date £'000	Annual Forecast Variance due to COVID-19 £'000	Annual Forecast Variance due to other factors £'000	Total Annual Forecast Variance £'000	Explanation for year end variances greater than £10k
Contain Outbreak Management F	0	-35	-35			0	External funding received in advance from Kent County Council towards COVID-19 recovery projects.
Grants to Organisations	164	58	-106			0	Both Citizens Advice branches are yet to sign their Service Level Agreement to enable the release of funding.
Leisure Contract	21	6	-14			0	Waiting for Sencio to sign annual contract in order to release first tranche of funding.
Local Strategic Partnership	0	12	12			0	The LSP Community Wellbeing Fund supports Covid-19 related priorities and will be funded through the relevant reserve.
Partnership - Home Office	-26	3	29			0	External funding from Kent Police and Crime Commissioner - community safety project spend.
Tourism	18	-80	-98			0	Grants received ahead of spend.
West Kent Enterprise Advisor Network	0	15	15			0	Spend ahead of grant claim.
West Kent Partnership	-23	-43	-20			0	Grants received ahead of spend.
Future Issues/Risk Areas	Ongoing impact of COVID-19 on the leisure industry and Council owned leisure facilities - consultancy review completed.						

	Budget to Date £'000	Actual to end of June 21 £'000	Variance to date £'000	Annual Forecast Variance due to COVID-19 £'000	Annual Forecast Variance due to other factors £'000	Total Annual Forecast Variance £'000	Explanation for year end variances greater than £10k
Development and Conservation							
Building Control Partnership Hub (SDC Costs)	102	119	17			0	Temporary overspend due to partnership decoupling.
Building Control	-32	-67	-35			0	Over recovery of income in fees.
Planning Policy	120	110	-10			0	Lower levels of grant funding paid out than budgeted for.
Planning - Development Management	-12	-33	-21			0	Small number of high fee applications in first quarter in addition to a uplift in general case numbers.
Planning - Enforcement	77	90	14			0	Additional investment in the delivery of the service.
Planning Performance Agreement	0	12	12			0	PPA are reinvested in the delivery of the service.
Administrative Expenses - Planning Services	9	34	25			0	Education and training costs recharged at year end.
Future Issues/Risk Areas	There remains the risk that planning decisions and enforcement action will be challenged, either at appeal or through the Courts. Recruiting to vacant posts continues to be difficult. The financial impact of proposed changes to the Planning System will need to be carefully considered.						

Agenda Item 7

Finance and Investments	Budget to Date £'000	Actual to end of June 21 £'000	Variance to date £'000	Annual Forecast Variance due to COVID-19 £'000	Annual Forecast Variance due to other factors £'000	Total Annual Forecast Variance £'000	Explanation for year end variances greater than £10k
Asset Maintenance Direct Services	10	69	58			0	Overspend due to depot refurbishment works.
Benefits Admin	-182	-373	-191			0	Additional New Burdens funding received that was un budgeted for. Potential need of transfer to a holding account.
Dartford Rev&Ben Partnership Hub (SDC costs)	518	382	-136			0	Invoicing for IT software yet to be realised (Roughly -100k) in addition to surplus grant income currently received (-40k).
Dartford Audit Partnership Hub (SDC Costs)	56	46	-10			0	Underspend due to vacancy.
Local Tax	-149	-36	113		100	100	Variance due to Enforcement Income not in line with budgetted expectation (25k) as highlighted in High level Commentary. Current Fee recovery levels are low as a result of COVID Impact. These levels are expected to rise and be closer to normal levels by year end.
Misc. Finance	293	-461	-754	-350		-350	Covid-19 grants received at the start of the year. This will offset spend on this and other lines. Over-recovery compared to budget expected due to income compensation scheme.
Treasury Management	29	42	13			0	Current overspend due to credit card bill to be charged to other codes.
Future Issues/Risk Areas	Covid-19 continues to have a potential impact on income levels and expenditure.						

	Budget to Date £'000	Actual to June 21 £'000	Variance to date £'000	Annual Forecast Variance due to COVID-19 £'000	Annual Forecast Variance due to other factors £'000	Total Annual Forecast Variance £'000	Explanation for year end variances greater than £10k
Cleaner & Greener							
Cleaner and Greener							
Asset Maintenance Argyle Road	20	5	-15			0	Spend currently behind profile. Planned works mean there is no variance projected at year end.
Asset Maintenance Other Corporate Properties	9	38	29			0	Urgent works to Fircroft residents association hall.
Asset Maintenance Hever Road	10	25	15			0	Urgent repair works required pushing spend ahead of profile.
Bus Station	10	11	2			0	
Car Parks	-270	20	290			0	Parking income is currently behind profile. As restrictions lift monthly income is improving and it is anticipated it will recover to the level of the budget by year end.
Civil Protection	15	9	-6			0	
Dartford Environmental Hub (SDC Costs)	180	164	-16			0	Underspend due to vacancy.
EH Commercial	71	78	7			0	
EH Animal Control	9	-1	-10			0	Awaiting invoicing that has not yet come through.
Emergency	20	17	-4			0	
Parking Enforcement - Tandridge DC	-10	-50	-40			0	Income collected on behalf of Tandridge to be paid over.
Housing Premises	-8	-14	-6			0	
Kent Resource Partnership	84	38	-45			0	Funding received ahead of expenditure. The Kent Resource Partnership is transferring to Kent County Council. All balances will be transferred leaving no variance at year end.
Markets	-50	-57	-6			0	
Public Transport Support	0	0	-0			0	
Administrative Expenses - Transport	1	1	-0			0	
Street Cleansing	388	342	-46			0	Binfastructure Grant received ahead of spend.
Support - Central Offices	325	304	-21			0	Spend currently behind profile. Planned works mean there is no variance projected at year end.
Support - Health and Safety	2	0	-2			0	
Support - Direct Services	12	23	12			0	Overspend against profile on training and staff advertising relating to the restructure.
Future Issues/Risk Areas: Potential staff salary budget pressure due to staff absences.							

	Budget to Date £'000	Actual to June 21 £'000	Variance to date £'000	Annual Forecast Variance due to COVID-19 £'000	Annual Forecast Variance due to other factors £'000	Total Annual Forecast Variance £'000	Explanation for year end variances greater than £10k
Housing and Health							
Contain Outbreak Management Fund 2021/22	0	-107	-107				External funding received in advance from Kent County Council towards COVID-19 recovery projects.
Homeless	105	165	60		300		Demand for temporary/emergency accommodation saw an increase as a result of eviction ban being lifted and homeless approaches increasing.
Housing	65	19	-46				Staff underspend relating to vacant Housing Strategy Manager and Housing Team Leader posts and as mentioned above, Citizens Advice SLA remaining unsigned.
Housing Pathway Co-ordinator	0	-25	-25				External funding received from MHCLG towards Rough Sleeper Initiative (staffing cost, post currently vacant and being recruited to).
Homelessness Prevention	0	21	21				Government's Everyone In Policy and the recent lift of the eviction ban has created unplanned expenditure for the year. This is being reviewed on an ongoing basis and the overspend will need to be offset and funded from either Govt grant, other external grants or central reserves.
Rough Sleepers Initiative (4)	-22	-72	-50				External funding received in advance from MHCLG towards Rough Sleeper Initiative.
Choose Your Health WK PCT	0	-23	-23				External funding received in advance from Kent Public Health on a quarterly basis. This will be offset by staff salaries and spent in quarter.
Homelessness Funding	-428	-418	10				External funding from MHCLG Homelessness Prevention Grant - staff related spend.
Future Issues/Risk Areas							Ongoing Temporary Accommodation costs within the district due to increases in homelessness. Recruitment to vacant posts being completed, all Covid-19 placements to end on 30 June 2021 and a TA Charging Policy to come into effect from 1 August.

	Budget to Date £'000	Actual to June 21 £'000	Variance to date £'000	Annual Forecast Variance due to COVID-19 £'000	Annual Forecast Variance due to other factors £'000	Total Annual Forecast Variance £'000	Explanation for year end variances greater than £10k (starred items)
Improvement and Innovation							
Asset Maintenance IT	74	115	41			0	Spend as per Asset Maintenance Plan
Corporate - Other	-38	0	38			0	The savings made on vacant posts are currently lower than the budget profiled for the year to date. Request to Recruit forms are still to be processed.
Economic Development Property	121	96	-25			0	Underspend due to vacancies.
Elections	21	93	72			0	Current overspend due to income outstanding relating to the PCC, KCC and District Elections. PCC and KCC accounts have not been submitted to the KCC and the government's Elections Claims Unit. All election staff have been paid.
External Communications	52	39	-13		-10	-10	The current variance is due to a delay in the receipt of invoices for the production and dispatch of InShape magazine.
Members	118	104	-14			0	Members allowances lower than budgeted levels due to changes in roles as only one Special Responsibility Allowance is payable.
Support Contact Centre	216	195	-20			0	Current underspend due to staffing changes currently under review.
Support General Admin (Print Shop)	-3	-15	-12			0	Underspend due to reduction in staffing and overtime costs.
Future Issues/Risk Areas							IT Asset Maintenance spend as per 10 year plan resulting in draw down from reserves in current year.

Agenda Item 7

APPENDIX B

Position as at the end of June 2021	Y-T-D Actual £'000	Annual Budget £'000	Annual Forecast (including Accruals) £'000	Annual Variance £'000	Annual Variance %
People and Places	(15)	591	591	0	0.0
Development and Conservation	344	958	958	0	0.0
Finance and Investments	(34)	3,095	2,845	(250)	(8.1)
Cleaner and Greener	2,426	5,718	5,730	12	0.2
Housing and Health	(289)	988	1,288	300	30.4
Improvement and Innovation	1,612	5,666	5,604	(62)	(1.1)
Services Total	4,043	17,015	17,015	0	0.0
Adjustments to Reconcile to amount to be met from reserves: Capital Charges outside the General Fund	(15)	(60)	(60)	0	0.0
Adjustments to Reconcile to amount to be met from reserves: Support Services outside the General Fund	(43)	(172)	(172)	0	0.0
NET SERVICE EXPENDITURE	3,985	16,783	16,783	0	0.0
New Homes Bonus	(289)	(1,155)	(1,155)	0	0.0
Retained Business Rates	(546)	(2,182)	(2,587)	(405)	(18.6)
Council Tax	(2,861)	(11,443)	(11,443)	0	(0.0)
Contribution from Collection Fund	4	17	17	0	0.0
Council Tax	0	(245)	(245)		
Local Council Tax Support (LCTS)	0	(98)	(98)		
Summary excluding Investment Income	294	1,677	1,272	(405)	(24.1)
Investment Property Income	(238)	(1,372)	(1,293)	79	5.8
Interest Receipts	(5)	(188)	(21)	167	(88.8)
OVERALL TOTAL	51	117	(42)	(159)	(136.2)
Planned Appropriation to/(from) Reserves	(404)	(1,615)	(1,615)	0	
Other Reserve Movements	0	1,498	1,903	405	
Supplementary Estimates	0	0	0	0	
(Surplus)/Deficit	(353)	(0)	246	246	

Appendix B : Summary by Service

APPENDIX B

Position as at the end of June 2021	Y-T-D Actual	Budget to Date	Variance	Annual Budget	Annual Forecast Variance	Annual Forecast (including Accruals)	Forecast Annual Variance
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
People & Places SDC Funded							
All Weather Pitch	(1)	(1)	(0)	(5)	-	(5)	-
Community Safety	37	40	(3)	160	-	160	-
Community Development Service Provisions	(3)	(6)	3	(6)	-	(6)	-
The Community Plan	8	5	3	21	-	21	-
Grants to Organisations	58	164	(106)	185	-	185	-
Leisure Contract	6	21	(14)	112	-	112	-
Leisure Development	-	5	(5)	21	-	21	-
Administrative Expenses - Communities & Business	7	5	3	22	-	22	-
Tourism	(80)	18	(98)	30	-	30	-
West Kent Partnership	(43)	(23)	(20)	-	-	-	-
Youth	7	12	(6)	50	-	50	-
Total People & Places SDC Funded	(3)	240	(243)	591	-	591	-

Position as at the end of June 2021	Y-T-D Actual	Budget to Date	Variance	Annual Budget	Annual Forecast Variance	Annual Forecast (including Accruals)	Forecast Annual Variance
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
People & Places Externally Funded							
Compliance & Enforcement	(6)	-	(6)	-	-	-	-
Contain Outbreak Management Fund 2021/22	(35)	-	(35)	-	-	-	-
Local Strategic Partnership	12	-	12	-	-	-	-
Partnership - Home Office	3	(26)	29	-	-	-	-
Police & Crime Commissioners (PCCs)	(3)	-	(3)	-	-	-	-
Community Sports Activation Fund	7	-	7	-	-	-	-
West Kent Enterprise Advisor Network	15	0	15	-	-	-	-
West Kent Kick Start	(3)	-	(3)	-	-	-	-
West Kent Partnership Business Support	(2)	-	(2)	-	-	-	-
People & Places Externally Funded	(12)	(26)	14	-	-	-	-
Total People & Places	(15)	213	(229)	591	-	591	-

Position as at the end of June 2021	Y-T-D Actual	Budget to Date	Variance	Annual Budget	Annual Forecast Variance	Annual Forecast (including Accruals)	Forecast Annual Variance
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Development and Conservation							
Building Control Partnership Members	-	-	-	-	-	-	-
Building Control Partnership Hub (SDC Costs)	119	102	17	-	-	-	-
Building Control	(68)	(32)	(35)	(130)	-	(130)	-
Conservation	31	33	(1)	130	-	130	-
Dangerous Structures	-	1	(1)	3	-	3	-
Planning Policy	110	120	(10)	483	-	483	-
LDF Expenditure	1	-	1	-	-	-	-
Planning - Appeals	47	42	4	209	-	209	-
Planning - CIL Administration	-	9	(9)	(66)	-	(66)	-
Planning - Counter	-	(2)	2	(6)	-	(6)	-
Planning - Development Management	(33)	(12)	(21)	(33)	-	(33)	-
Planning - Enforcement	90	77	14	306	-	306	-
Planning Performance Agreement	12	-	12	-	-	-	-
Administrative Expenses - Building Control	0	3	(3)	12	-	12	-
Administrative Expenses - Planning Services	34	9	25	49	-	49	-
Total Development and Conservation	344	348	(4)	958	-	958	-

Position as at the end of June 2021	Y-T-D Actual	Budget to Date	Variance	Annual Budget	Annual Forecast Variance	Annual Forecast (including Accruals)	Forecast Annual Variance
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Finance and Investments							
Asset Maintenance CCTV	-	5	(5)	18	-	18	-
Asset Maintenance Countryside	1	2	(2)	9	-	9	-
Asset Maintenance Direct Services	69	10	58	42	-	42	-
Asset Maintenance Playgrounds	0	4	(4)	16	-	16	-
Asset Maintenance Public Toilets	-	4	(4)	16	-	16	-
Benefits Admin	(373)	(182)	(191)	148	-	148	-
Benefits Grants	(6)	(6)	(0)	(25)	-	(25)	-
Dartford Rev&Ben Partnership Hub (SDC costs)	382	518	(136)	-	-	-	-
Dartford Audit Partnership Hub (SDC Costs)	46	56	(10)	-	-	-	-
Housing Advances	-	1	(1)	1	-	1	-
Local Tax	(36)	(149)	113	(85)	100	15	100
Misc. Finance	(461)	293	(754)	1,580	(350)	1,230	(350)
Administrative Expenses - Chief Executive	0	3	(3)	20	-	20	-
Administrative Expenses - Finance	12	17	(5)	26	-	26	-
Administrative Expenses - Revenues and Benefits	(0)	-	(0)	-	-	-	-
Administrative Expenses - Strategic Property	1	-	1	-	-	-	-
Support - Rev & Ben Control	56	56	(0)	224	-	224	-
Support - Counter Fraud	13	13	0	52	-	52	-
Support - Audit Function	50	50	(0)	201	-	201	-
Support - Exchequer and Procurement	40	37	3	158	-	158	-
Support - Finance Function	60	64	(4)	256	-	256	-
Support - Legal Function	56	65	(8)	259	-	259	-
Support - Procurement	-	2	(2)	7	-	7	-
Support - Property Function	14	13	1	52	-	52	-
Treasury Management	42	29	13	123	-	123	-
Total Finance and Investments	(34)	905	(940)	3,095	(250)	2,845	(250)

Position as at the end of June 2021	Y-T-D Actual	Budget to Date	Variance	Annual Budget	Annual Forecast Variance	Annual Forecast (including Accruals)	Forecast Annual Variance
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cleaner and Greener							
Asset Maintenance Argyle Road	5	20	(15)	79	-	79	-
Asset Maintenance Other Corporate Properties	38	9	29	35	-	35	-
Asset Maintenance Hever Road	25	10	15	40	-	40	-
Asset Maintenance Leisure	72	47	25	190	-	190	-
Asset Maintenance Support & Salaries	20	23	(3)	138	-	138	-
Asset Maintenance Sewage Treatment Plants	-	2	(2)	9	-	9	-
Bus Station	11	10	2	8	-	8	-
Car Parks	20	(270)	290	(1,198)	-	(1,198)	-
CCTV	108	48	61	269	-	269	-
Civil Protection	9	15	(6)	49	-	49	-
Dartford Environmental Hub (SDC Costs)	164	180	(16)	-	-	-	-
Car Parking - On Street	(54)	(74)	20	(245)	-	(245)	-
EH Commercial	78	71	7	280	6	286	6
EH Animal Control	(1)	9	(10)	22	6	28	6
EH Environmental Protection	60	97	(37)	400	1	400	1
Emergency	17	20	(4)	81	-	81	-
Parking Enforcement - Tandridge DC	(50)	(10)	(40)	(39)	-	(39)	-
Estates Management - Buildings	82	37	45	(16)	-	(16)	-
Estates Management - Grounds	31	32	(1)	128	-	128	-
Housing Other Income	(4)	(4)	(0)	(14)	-	(14)	-
Housing Premises	(14)	(8)	(6)	16	-	16	-
Kent Resource Partnership	38	84	(45)	-	-	-	-
Licensing Partnership Hub (Trading)	64	6	58	-	-	-	-
Licensing Partnership Members	-	-	-	-	-	-	-
Licensing Regime	1	10	(9)	47	-	47	-
Asset Maintenance Operatives	2	1	1	5	-	5	-
Markets	(57)	(50)	(6)	(217)	-	(217)	-
Parks - Greensand Commons Project	37	-	37	-	-	-	-
Parks and Recreation Grounds	36	33	2	135	-	135	-
Parks - Rural	50	42	8	171	-	171	-

Position as at the end of June 2021	Y-T-D Actual	Budget to Date	Variance	Annual Budget	Annual Forecast Variance	Annual Forecast (including Accruals)	Forecast Annual Variance
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cleaner and Greener	-	0	(0)	0	-	0	-
Public Transport Support	752	768	(16)	2,913	-	2,913	-
Refuse Collection	5	-	5	-	-	-	-
Administrative Expenses - Direct Services	0	1	(1)	5	-	5	-
Administrative Expenses - Health	0	2	(1)	7	-	7	-
Administrative Expenses - Licensing	2	1	1	3	-	3	-
Administrative Expenses - Property	1	1	(0)	7	-	7	-
Administrative Expenses - Transport	342	388	(46)	1,540	-	1,540	-
Street Cleansing	304	325	(21)	483	-	483	-
Support - Central Offices	53	67	(14)	279	-	279	-
Support - Central Offices - Facilities	-	1	(1)	5	-	5	-
Support - General Admin	44	53	(8)	219	-	219	-
Support - General Admin (Post/Scanning)	-	2	(2)	8	-	8	-
Support - Health and Safety	23	12	12	50	-	50	-
Support - Direct Services	88	(145)	233	(231)	-	(231)	-
Direct Services Trading account	3	3	0	11	-	11	-
Taxis	17	15	2	48	-	48	-
Public Conveniences	2,426	1,882	544	5,718	12	5,730	12
Total Cleaner and Greener							

Position as at the end of June 2021	Y-T-D Actual	Budget to Date	Variance	Annual Budget	Annual Forecast Variance	Annual Forecast (including Accruals)	Forecast Annual Variance
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Contain Outbreak Management Fund 2021/22	(107)	-	(107)	-	-	-	-
Gypsy Sites	(4)	(3)	(1)	(10)	-	(10)	-
Health Improvements	12	12	0	48	-	48	-
Homeless	165	105	60	429	300	729	300
Housing Register	13	9	4	37	-	37	-
Disabled Facilities Grant Administration	-	-	-	(50)	-	(50)	-
Housing	19	65	(46)	186	-	186	-
Housing Initiatives	18	14	4	55	-	55	-
Next Steps Accommodation Programme	1	-	1	-	-	-	-
Housing Pathway Co-ordinator	(25)	-	(25)	-	-	-	-
Homelessness Prevention	21	-	21	-	-	-	-
Housing Energy Retraining Options (HERO)	27	33	(5)	130	-	130	-
Private Sector Housing	67	71	(4)	284	-	284	-
Rough Sleepers Initiative (4)	(72)	(20)	(52)	-	-	-	-
Administrative Expenses - Housing	2	-	2	-	-	-	-
One You - Your Home Project	0	-	0	-	-	-	-
Choosing Health WK PCT	(23)	0	(23)	-	-	-	-
PCT Health Checks	5	5	(0)	-	-	-	-
Homelessness Funding	(418)	(428)	10	(122)	-	(122)	-
PCT Initiatives	7	-	7	-	-	-	-
Total Housing and Health	(289)	(137)	(152)	988	300	1,288	300

Position as at the end of June 2021	Y-T-D Actual	Budget to Date	Variance	Annual Budget	Annual Forecast Variance	Annual Forecast (including Accruals)	Forecast Annual Variance
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Improvement and Innovation	-	2	(2)	8	-	8	-
Action and Development	115	74	41	296	-	296	-
Asset Maintenance IT	16	16	(0)	17	-	17	-
Civic Expenses	-	-	-	4	-	4	-
Consultation and Surveys	241	248	(7)	1,146	(52)	1,094	(52)
Corporate Management	26	18	8	71	-	71	-
Corporate Projects	-	(38)	38	(9)	-	(9)	-
Corporate - Other	39	42	(3)	167	-	167	-
Democratic Services	26	22	3	38	-	38	-
Economic Development	96	121	(25)	442	-	442	-
Economic Development Property	93	21	72	125	-	125	-
Elections	39	52	(13)	222	(10)	212	(10)
External Communications	(22)	(30)	8	(118)	-	(118)	-
Land Charges	104	118	(14)	473	-	473	-
Members	6	7	(0)	(0)	-	(0)	-
Performance Improvement	44	42	2	204	-	204	-
Register of Electors	3	5	(3)	23	-	23	-
Administrative Expenses - Corporate Services	36	46	(9)	72	-	72	-
Administrative Expenses - Legal and Democratic	1	1	(1)	5	-	5	-
Administrative Expenses - Transformation and Strategy	13	5	7	9	-	9	-
Administrative Expenses - Human Resources	1	0	0	2	-	2	-
Street Naming	195	216	(20)	862	-	862	-
Support - Contact Centre	11	14	(3)	178	-	178	-
Support - General Admin	(15)	(3)	(12)	(41)	-	(41)	-
Support - General Admin (Print Shop)	426	433	(7)	1,071	-	1,071	-
Support - IT	0	-	0	-	-	-	-
Support - Local Offices	0	-	0	-	-	-	-
Support - Nursery	119	115	3	397	-	397	-
Support - Human Resources	1,612	1,546	65	5,666	(62)	5,604	(62)
Total Improvement and Innovation	4,043	4,759	(716)	17,015	0	17,015	0
Total SDC							

Appendix B : Salaries

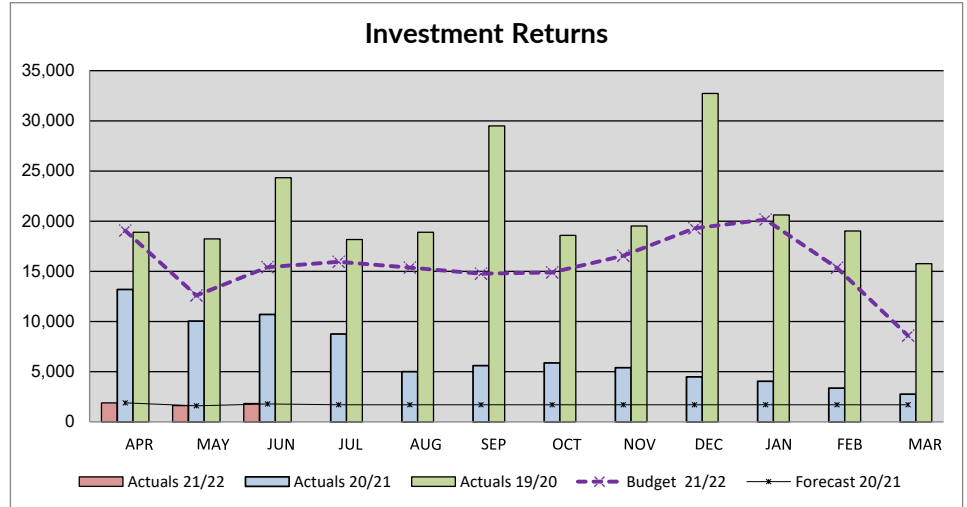
Position as at the end of June 2021	Y-T-D Actual £'000	Annual Budget £'000	Annual Forecast £'000	Annual Variance £'000	Annual Variance %
Development and Conservation					
Building Control	111	381	381	0	0%
Planning Services	510	1,964	1,964	0	0%
Total	621	2,345	2,345	0	0%
Finance and Investments					
Chief Executive	53	216	216	0	0%
Finance	226	951	951	0	0%
Revenues and Benefits	383	1,660	1,660	0	0%
Strategic Property	119	607	607	0	0%
Total	781	3,434	3,434	0	0%
Cleaner and Greener					
Direct Services	968	4,382	4,382	0	0%
Health	165	712	712	0	0%
Licensing	108	483	483	0	0%
Property	121	481	481	0	0%
Transport	120	500	500	0	0%
Total	1,482	6,558	6,558	0	0%
Housing and Health					
Housing	157	771	771	0	0%
Total	157	771	771	0	0%
Improvement and Innovation					
Corporate Services	440	1,868	1,868	0	0%
Legal and Democratic	155	628	628	0	0%
Transformation and Strategy	154	669	669	0	0%
Human Resources	99	387	387	0	0%
Total	848	3,551	3,551	0	0%
People and Places					
Communities & Business	85	390	390	0	0%
Total	85	390	390	0	0%
Sub Total	3,974	17,049	17,049	0	0%
Council Wide - Vacant Posts	0	(153)	(153)	0	0%
Staff Recruitment and Retention	0	73	73	0	0%
TOTAL SDC Funded Salary Costs	3,974	16,969	16,969	0	0%
Communities & Business*	106	264	264	0	0%
Direct Services*	20	126	126	0	0%
Housing*	84	149	149	0	0%
Externally Funded Total	210	540	540	0	0%
TOTAL Salary Costs	4,184	17,508	17,508	0	0%

*Externally Funded & Funded from other sources (gross figures). Overspendings here are matched by external funding and represent additional resources secured for the Council since the budget was set.

Appendix B : Staffing Stats - Position as at the end of June 21	Budget FTE*	Staff FTE	Agency FTE	Casual FTE	Total	June 2021 Total
Building Control	8.00	7.00			7.00	7.00
Planning Services	41.47	40.66	0.50		41.16	40.66
Finance and Investments						
Economic Development Property	14.65	15.81			15.81	15.81
Chief Executive	1.00	1.00			1.00	1.00
Finance	16.08	15.81			15.81	16.27
Property	10.03	8.46			8.46	8.46
Revenues and Benefits	43.33	39.65		0.58	40.23	38.35
Cleaner and Greener						
Direct Services	139.97	117.42	26.32		143.74	144.33
Health	12.57	11.24	1.00		12.24	12.24
Licensing	10.59	10.59			10.59	9.19
Housing and Health						
Housing	15.20	11.29			11.29	13.68
Improvement and Innovation						
Corporate Services	43.72	41.18		0.32	41.50	42.72
Legal and Democratic	7.50	7.00			7.00	7.00
Transformation and Strategy	20.35	18.16			18.16	18.16
Human Resources	7.00	9.81			9.81	9.81
People and Places						
Communities & Business	5.00	5.00			5.00	5.00
Sub Total	396.46	360.08	27.82	0.90	388.80	389.68
Externally Funded						
People & Places	6.08	8.53		0.64	9.17	8.27
People & Places - Housing	4.00	8.89			8.89	7.50
KRP	2.00	1.00			1.00	2.00
Sub total	12.08	18.42	0.00	0.64	19.06	17.77
Total	408.54	378.50	27.82	1.54	407.86	407.45
Number of staff paid in June 2021: 413 permanent, 4 casuals						

APPENDIX B: Investment Returns

	Actuals 19/20	Actuals 20/21	Actuals 21/22	Budget 21/22	Variance	Forecast 20/21
APR	18,908	13,190	1,900	19,058	-17,158	1,900
MAY	18,243	10,041	1,620	12,595	-10,975	1,600
JUN	24,341	10,719	1,829	15,424	-13,595	1,800
JUL	18,166	8,761		15,947		1,700
AUG	18,891	5,010		15,365		1,700
SEP	29,495	5,612		14,773		1,700
OCT	18,586	5,867		14,889		1,700
NOV	19,520	5,397		16,555		1,700
DEC	32,723	4,484		19,286		1,700
JAN	20,620	4,060		20,166		1,700
FEB	19,034	3,367		15,345		1,700
MAR	15,768	2,769		8,597		1,700
TOTAL	254,295	79,277	5,349	188,000	-41,728	20,600



INVESTMENT RETURNS (CUMULATIVE)

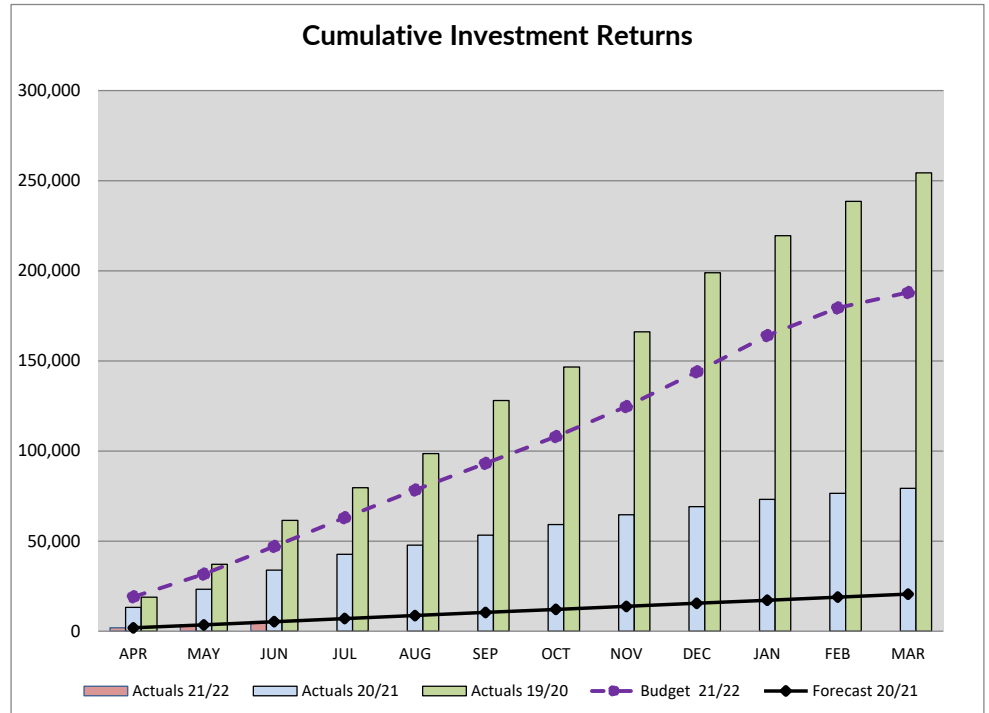
	Actuals 19/20	Actuals 20/21	Actuals 21/22	Budget 21/22	Variance	Forecast 20/21
APR	18,908	13,190	1,900	19,058	-17,158	1,900
MAY	37,151	23,231	3,520	31,653	-28,133	3,500
JUN	61,492	33,950	5,349	47,077	-41,728	5,300
JUL	79,658	42,711		63,024		7,000
AUG	98,549	47,721		78,389		8,700
SEP	128,044	53,333		93,162		10,400
OCT	146,630	59,200		108,051		12,100
NOV	166,150	64,597		124,606		13,800
DEC	198,873	69,081		143,892		15,500
JAN	219,493	73,141		164,058		17,200
FEB	238,527	76,508		179,403		18,900
MAR	254,295	79,277		188,000		20,600

BUDGET FOR 20/21 188,000
FORECAST OUTTURN 20,600

CODE:- YHAA 96900

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

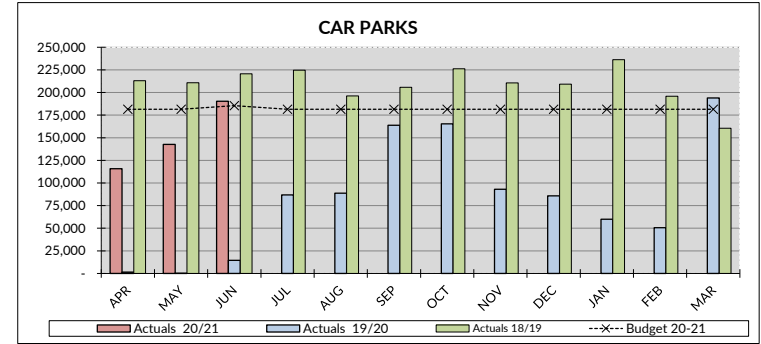
Fund Average 0.1174%
7 Day LIBID -0.0800%
3 Month LIBID -0.0400%



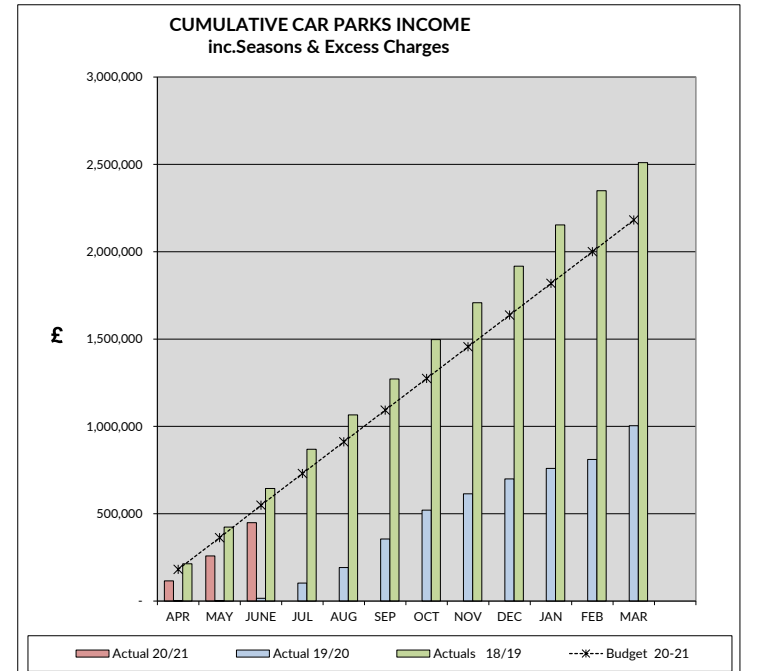
Appendix B : Income Graphs Summary

	ACTUAL	Previous Year comparatives	MANAGER' S PROFILED BUDGET	Variance YTD · brackets show underachieve ment	Annual Budget
Car Parks	448,706	16,260	548,419	(99,713)	2,181,677
Car Parking - On Street	214,642	27,915	208,155	6,487	832,621
Licensing Regime	30,583	26,695	26,314	4,269	99,148
Taxis	24,922	11,333	36,344	(11,422)	145,377
Land Charges	48,908	21,880	55,193	(6,286)	220,773
Planning - Development Management	281,404	184,913	247,055	34,349	988,220
Building Control	166,618	103,269	125,792	40,826	503,168
Total	1,215,783	392,265	1,247,272	(31,490)	4,970,984

Appendix B: CAR PARKS (HWCARP)	Actuals 19/20	Actuals 20/21	Actuals 21/22	Increase / (decrease) from 20/21 to 21/22	Budget 21/22	Variance (Budget-Actuals)	Manager's Forecast
APR	213,119	1,513	115,730	114,217	181,473	(65,743)	-
MAY	210,813	158	142,691	142,533	181,473	(38,782)	-
JUN	220,637	14,588	190,284	175,696	185,473	4,811	-
JUL	224,678	86,759			181,473		-
AUG	196,164	88,754			181,473		-
SEP	205,737	163,789			181,473		-
OCT	226,210	165,320			181,473		-
NOV	210,651	93,081			181,473		-
DEC	209,265	85,779			181,473		-
JAN	236,228	59,945			181,473		-
FEB	195,940	50,624			181,473		-
MAR	160,439	193,889			181,473		-
Total	2,509,881	1,004,200	448,705	432,446	2,181,676	(99,714)	-

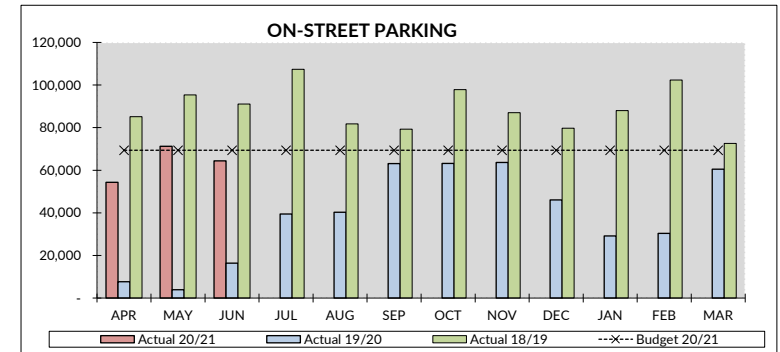


CAR PARKS (CUMULATIVE)	Actuals 19/20	Actuals 20/21	Actuals 21/22	Increase / (decrease) from 20/21 to 21/22	Budget 21/22	Variance (Budget-Actuals)	Manager's Forecast
APR	213,119	1,513	115,730	114,217	181,473	(65,743)	-
MAY	423,932	1,671	258,422	256,750	362,946	(104,525)	-
JUNE	644,570	16,260	448,706	432,446	548,419	(99,713)	-
JUL	869,247	103,018	-	-	729,892	-	-
AUG	1,065,411	191,772	-	-	911,365	-	-
SEP	1,271,148	355,561	-	-	1,092,838	-	-
OCT	1,497,358	520,882	-	-	1,274,312	-	-
NOV	1,708,009	613,963	-	-	1,455,785	-	-
DEC	1,917,274	699,741	-	-	1,637,258	-	-
JAN	2,153,502	759,687	-	-	1,818,731	-	-
FEB	2,349,442	810,311	-	-	2,000,204	-	-
MAR	2,509,881	1,004,200	-	-	2,181,677	-	-

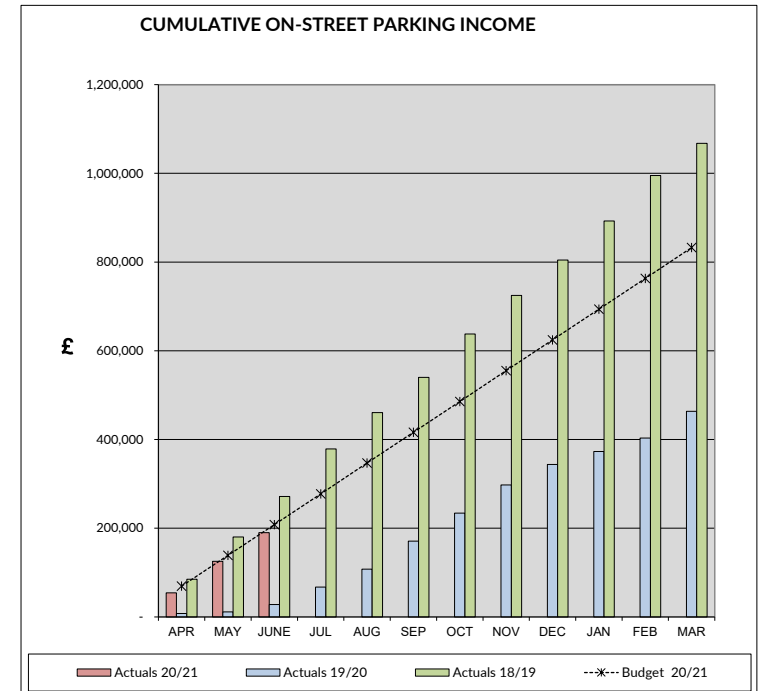


CUMULATIVE BREAKDOWN - HWCARP	Code	Actual (Cumulative)	Budget	(Monthly)
DAY TICKETS	3300	392,411	470,271	153,638
EXCESS / PENALTY CHARGES	***1/***3			
SEASON TICKETS	3310 ***2	48,905	68,716	35,396
SEASON TICKET CAR PARK	3310			
OTHER	9999, 34**	825	1,682	-
WAIVERS	3404			
RENT	86**	6,565	7,750	1,250
Business Permits	3406 /3408			
Total		448,706	548,419	190,284

Appendix B: ON-STREET PARKING (HWDCRIM / HWENFORC)	Actuals 19/20	Actuals 20/21	Actuals 21/22	Increase / (decrease) from 20/21 to 21/22	Budget 21/22	Variance (Budget-Actuals)	Manager's Forecast
APR	85,115	7,676	54,350	46,674	69,385	(15,035)	-
MAY	95,338	3,884	71,258	67,374	69,385	1,873	-
JUN	91,102	16,355	64,364	48,009	69,385	(5,022)	-
JUL	107,391	39,461	-	-	69,385	-	-
AUG	81,797	40,276	-	-	69,385	-	-
SEP	79,308	63,135	-	-	69,385	-	-
OCT	97,818	63,193	-	-	69,385	-	-
NOV	87,032	63,639	-	-	69,385	-	-
DEC	79,729	46,090	-	-	69,385	-	-
JAN	88,036	29,146	-	-	69,385	-	-
FEB	102,372	30,326	-	-	69,385	-	-
MAR	72,578	60,489	-	-	69,385	-	-
Total	1,067,616	463,670	189,972	162,057	832,620	(18,184)	-

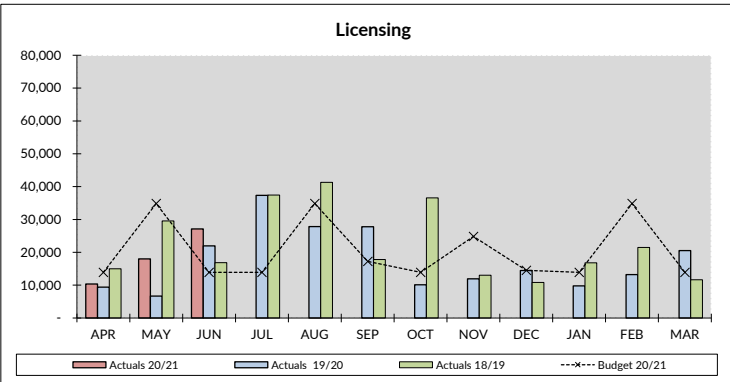


ON-STREET PARKING (CUMULATIVE)	Actuals 19/20	Actuals 20/21	Actuals 21/22	Increase / (decrease) from 20/21 to 21/22	Budget 21/22	Variance (Budget-Actuals)	Manager's Forecast
APR	85,115	7,676	54,350	46,674	69,385	(15,035)	-
MAY	180,453	11,560	125,609	114,049	138,770	(13,161)	-
JUNE	271,555	27,915	189,972	162,057	208,155	(18,183)	-
JUL	378,946	67,376	-	-	277,540	-	-
AUG	460,743	107,652	-	-	346,925	-	-
SEP	540,051	170,787	-	-	416,310	-	-
OCT	637,869	233,980	-	-	485,696	-	-
NOV	724,901	297,619	-	-	555,081	-	-
DEC	804,630	343,709	-	-	624,466	-	-
JAN	892,666	372,855	-	-	693,851	-	-
FEB	995,038	403,181	-	-	763,236	-	-
MAR	1,067,616	463,670	-	-	832,621	-	-

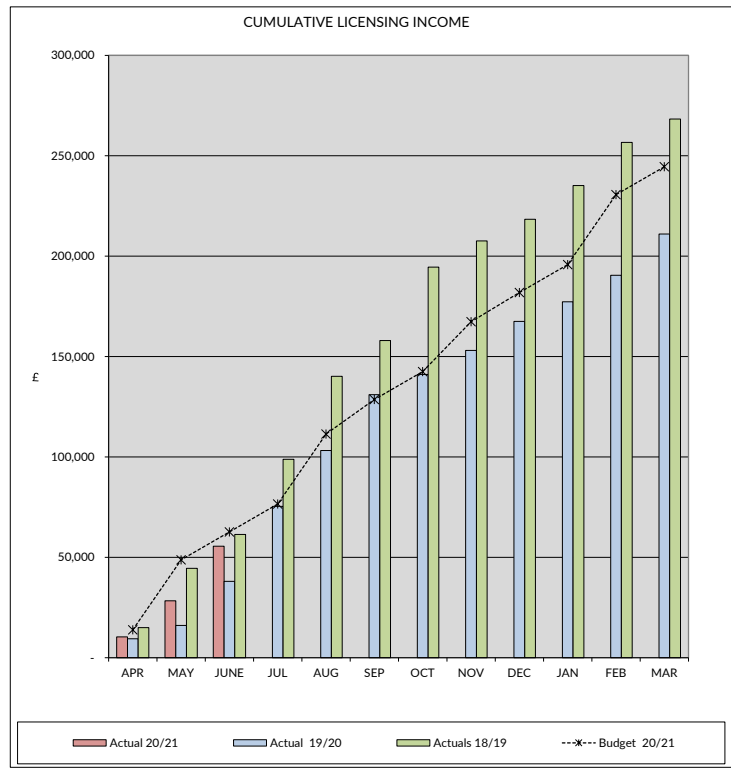


CUMULATIVE BREAKDOWN - HWDCRIM / HWENFORC	Code	Actual (Cumulative)	Budget	(Monthly)
PENALTY NOTICES & EXCESS CHARGES	3403/**1	87,339	107,499	33,922
ON STREET PARKING	3300	57,696	68,711	8,724
PENALTY NOTICES	3403	7,606	2,828	3,067
WAIVERS	3404	473	-	150
Driveway Access Protection Lines	3405	22,806	13,577	11,901
RESIDENTS PERMITS	3406	320	15,540	320
BUSINESS PERMITS	3408	13,733	-	6,280
Total		189,973	208,155	64,364

Appendix B: Licensing (EHLICREG & DSTAXIL)	Actuals 19/20	Actuals 20/21	Actuals 21/22	Increase / (decrease) from 20/21 to 21/22	Budget 21/22	Variance (Budget-Actuals)	Manager's Forecast
APR	14,991	9,404	10,356	952	13,909	(3,553)	-
MAY	29,570	6,655	18,021	11,366	34,839	(16,818)	-
JUN	16,865	21,969	27,128	5,159	13,909	13,219	-
JUL	37,419	37,346	-	-	13,909	-	-
AUG	41,305	27,847	-	-	34,839	-	-
SEP	17,814	27,783	-	-	17,221	-	-
OCT	36,559	10,099	-	-	13,909	-	-
NOV	13,047	11,939	-	-	24,839	-	-
DEC	10,833	14,460	-	-	14,489	-	-
JAN	16,790	9,782	-	-	13,909	-	-
FEB	21,506	13,232	-	-	34,839	-	-
MAR	11,638	20,550	-	-	13,909	-	-
Total	268,337	211,066	55,505	17,477	244,520	(7,152)	-

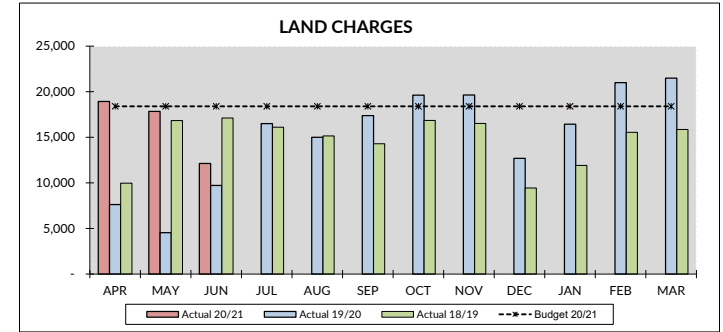


Licensing (CUMULATIVE)	Actuals 19/20	Actuals 20/21	Actuals 21/22	Increase / (decrease) from 20/21 to 21/22	Budget 21/22	Variance (Budget-Actuals)	Manager's Forecast
APR	14,991	9,404	10,356	952	13,909	(3,553)	-
MAY	44,561	16,059	28,377	12,318	48,749	(20,372)	-
JUNE	61,426	38,028	55,505	17,477	62,658	(7,153)	-
JUL	98,845	75,374	-	-	76,568	-	-
AUG	140,150	103,221	-	-	111,407	-	-
SEP	157,964	131,004	-	-	128,629	-	-
OCT	194,523	141,103	-	-	142,538	-	-
NOV	207,570	153,042	-	-	167,377	-	-
DEC	218,403	167,502	-	-	181,867	-	-
JAN	235,193	177,284	-	-	195,776	-	-
FEB	256,699	190,516	-	-	230,616	-	-
MAR	268,337	211,066	-	-	244,525	-	-

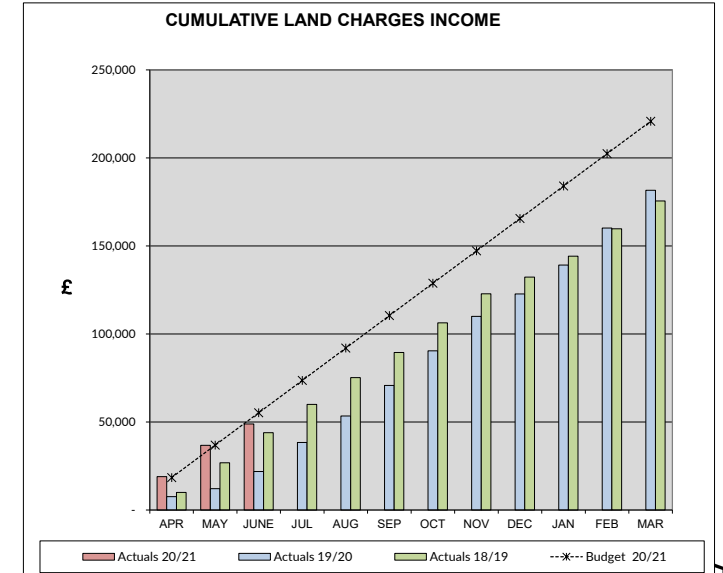


CUMULATIVE BREAKDOWN - EHLICREG/DSTAXIL	Code	Actual (Cumulative)	Budget	(Monthly)
Pre-application advice	EHLICREG/2189	-243	-	-
Personal Licences	EHLICREG/2190	687	555	206
Premises Licence Annual Fee/Premises New/Premises Variation	EHLICREG/2192/21	25,932	23,680	13,416
Temporary Event Notice	EHLICREG/2193	966	1,053	504
Gambling Act Permits/Lottery	EHLICREG/2196/7/	2,846	1,026	2,596
Pavement Licence	EHLICREG/2222	400	-	(100)
Scrap Metal Dealers	EHLICREG/2241	0	-	-
Taxi Licensing	94300/DSTAXIL	22,604	36,344	9,421
Other	94300/DSTAXIL/99	2,314	-	1,085
Total		55,506	62,658	27,127

Appendix B: LAND CHARGES (LPLNDCH)				Increase / (decrease)	Variance (Budget- Manager's		
	Actuals 19/20	Actuals 20/21	Actuals 21/22	from 20/21 to 21/22	Budget 21/22	Actuals	Forecast
APR	9,967	7,630	18,930	11,300	18,398	532	-
MAY	16,828	4,532	17,846	13,314	18,398	(551)	-
JUN	17,112	9,717	12,132	2,415	18,398	(6,266)	-
JUL	16,113	16,500	-	-	18,398	-	-
AUG	15,149	14,999	-	-	18,398	-	-
SEP	14,286	17,377	-	-	18,398	-	-
OCT	16,854	19,628	-	-	18,398	-	-
NOV	16,519	19,636	-	-	18,398	-	-
DEC	9,444	12,692	-	-	18,398	-	-
JAN	11,917	16,441	-	-	18,398	-	-
FEB	15,554	20,998	-	-	18,398	-	-
MAR	15,857	21,489	-	-	18,398	-	-
Total	175,600	181,639	48,908	27,029	220,776	(6,285)	-



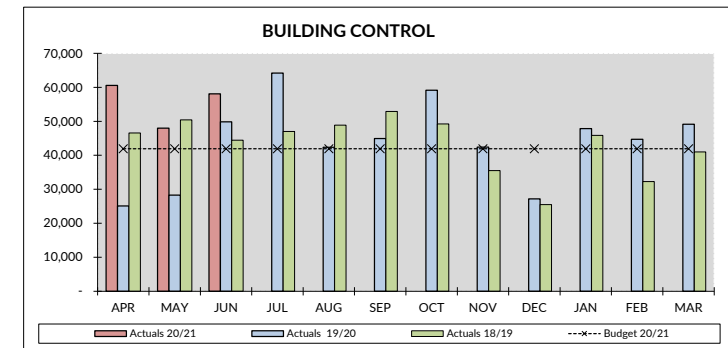
LAND CHARGES (CUMULATIVE)				Increase / (decrease)	Variance (Budget- Manager's		
	Actuals 19/20	Actuals 20/21	Actuals 21/22	from 20/21 to 21/22	Budget 21/22	Actuals	Forecast
APR	9,967	7,630	18,930	11,300	18,398	532	-
MAY	26,795	12,162	36,776	24,614	36,796	(20)	-
JUNE	43,907	21,879	48,908	27,029	55,193	(6,286)	-
JUL	60,020	38,379	-	-	73,591	-	-
AUG	75,169	53,378	-	-	91,989	-	-
SEP	89,455	70,755	-	-	110,387	-	-
OCT	106,309	90,383	-	-	128,784	-	-
NOV	122,828	110,019	-	-	147,182	-	-
DEC	132,272	122,711	-	-	165,580	-	-
JAN	144,188	139,152	-	-	183,978	-	-
FEB	159,742	160,150	-	-	202,375	-	-
MAR	175,599	181,639	-	-	220,773	-	-



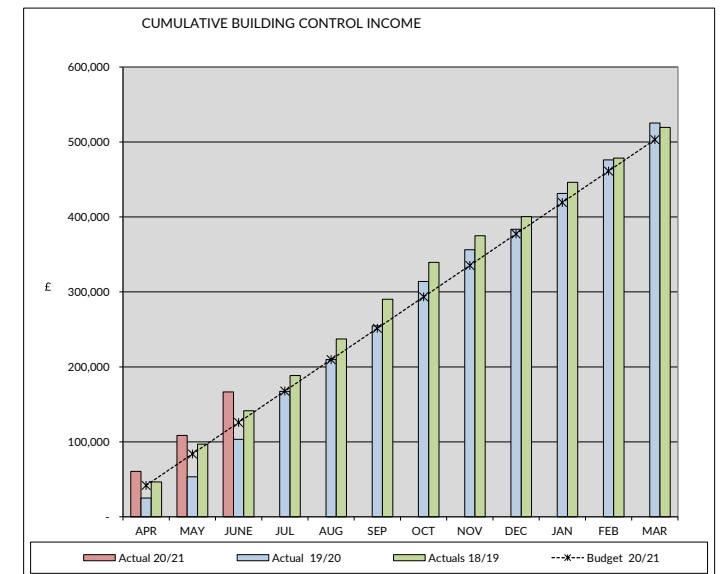
Page 141

CUMULATIVE BREAKDOWN - LPLNDCH	Received (Month)	Percentage (Month)	Percentage (Month 20/21)	Percentage (Cumulative)
Searches Received - Paper	1	1%		2
Searches Received - Electronic	89	99%	70%	361
Searches Received - Personal	0	%	30%	155
Total	90	100%	100%	518

Appendix B: BUILDING CONTROL (DVBCFEE)				Increase / (decrease) from	Variance		Manager's
	Actuals 19/20	Actuals 20/21	Actuals 21/22	20/21 to 21/22	Budget 21/22	(Budget-Actuals)	Forecast
APR	46,552	25,107	60,545	35,438	41,931	18,614	-
MAY	50,427	28,305	47,988	19,683	41,931	6,057	-
JUN	44,461	49,857	58,085	8,228	41,931	16,155	-
JUL	47,025	64,205	-	-	41,931	-	-
AUG	48,869	42,367	-	-	41,931	-	-
SEP	52,900	44,930	-	-	41,931	-	-
OCT	49,220	59,144	-	-	41,931	-	-
NOV	35,500	42,429	-	-	41,931	-	-
DEC	25,489	27,203	-	-	41,931	-	-
JAN	45,849	47,838	-	-	41,931	-	-
FEB	32,288	44,709	-	-	41,931	-	-
MAR	40,975	49,136	-	-	41,931	-	-
Total	519,555	525,230	166,618	63,349	503,172	40,826	-

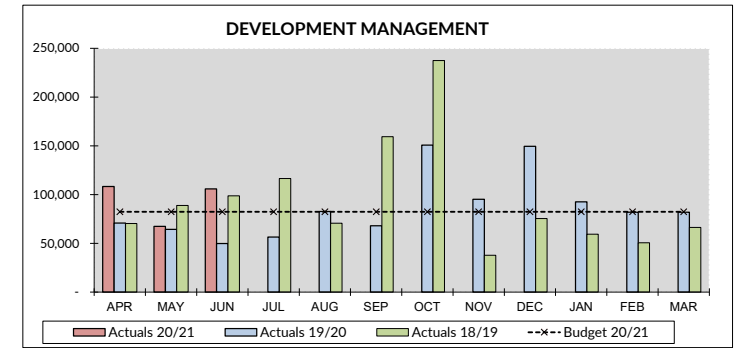


BUILDING CONTROL (CUMULATIVE)				Increase / (decrease) from	Variance		Manager's
	Actuals 19/20	Actuals 20/21	Actuals 21/22	20/21 to 21/22	Budget 21/22	(Budget-Actuals)	Forecast
APR	46,552	25,107	60,545	35,438	41,931	18,614	-
MAY	96,979	53,412	108,533	55,121	83,861	24,671	-
JUNE	141,440	103,269	166,618	63,349	125,792	40,826	-
JUL	188,465	167,474	-	-	167,723	-	-
AUG	237,334	209,841	-	-	209,653	-	-
SEP	290,234	254,771	-	-	251,584	-	-
OCT	339,454	313,915	-	-	293,515	-	-
NOV	374,954	356,344	-	-	335,445	-	-
DEC	400,443	383,547	-	-	377,376	-	-
JAN	446,292	431,385	-	-	419,307	-	-
FEB	478,580	476,094	-	-	461,237	-	-
MAR	519,555	525,230	-	-	503,168	-	-

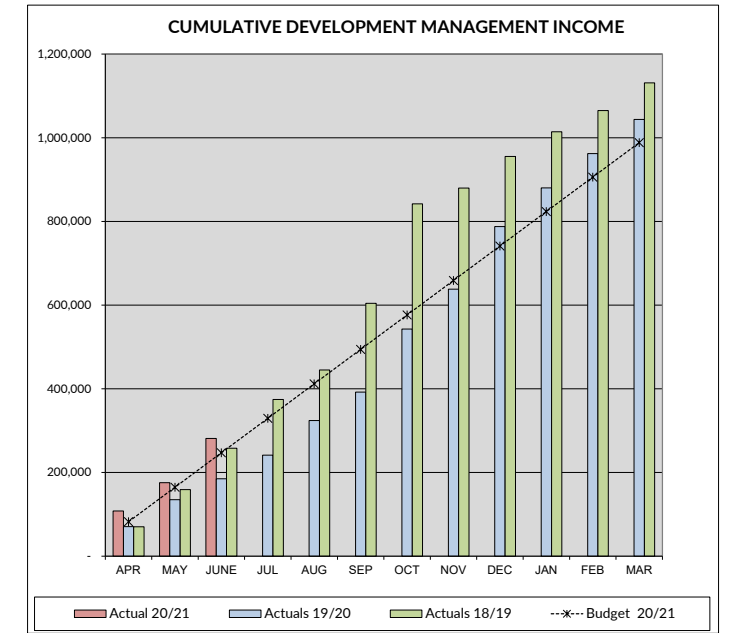


CUMULATIVE BREAKDOWN	Code	Actual (Cumulative)	Budget	(Monthly)
Plan Fee	3066	104,501	78,087	36,546
Inspection Fee	3067	62,117	47,705	21,539
Other	9999	0	-	-
New Burdens Grant	3905	0	-	-
Total		166,618	125,792	58,085

Appendix B: DEVELOPMENT MANAGEMENT (DVDEVCT/DVDEVRND)	Increase / (decrease) from					Variance (Budget-Actuals)	Manager's Forecast
	Actuals 19/20	Actuals 20/21	Actuals 21/22	20/21 to 21/22	Budget 21/22		
APR	70,363	70,765	108,220	37,455	82,352	25,869	-
MAY	88,827	64,358	67,370	3,012	82,352	(14,982)	-
JUN	98,710	49,790	105,814	56,024	82,352	23,462	-
JUL	116,501	56,443	-	-	82,352	-	-
AUG	70,614	82,700	-	-	82,352	-	-
SEP	159,361	68,065	-	-	82,352	-	-
OCT	237,506	150,748	-	-	82,352	-	-
NOV	37,774	95,145	-	-	82,352	-	-
DEC	75,475	149,560	-	-	82,352	-	-
JAN	59,329	92,513	-	-	82,352	-	-
FEB	50,534	81,896	-	-	82,352	-	-
MAR	66,253	81,833	-	-	82,352	-	-
Total	1,131,247	1,043,816	281,404	96,491	988,224	34,349	-



DEVELOPMENT MANAGEMENT (CUMULATIVE)	Increase / (decrease) from					Variance (Budget-Actuals)	Manager's Forecast
	Actuals 19/20	Actuals 20/21	Actuals 21/22	20/21 to 21/22	Budget 21/22		
APR	70,363	70,765	108,220	37,455	82,352	25,869	-
MAY	159,190	135,123	175,590	40,467	164,703	10,887	-
JUNE	257,900	184,913	281,404	96,491	247,055	34,349	-
JUL	374,401	241,356	-	-	329,407	-	-
AUG	445,015	324,056	-	-	411,758	-	-
SEP	604,376	392,121	-	-	494,110	-	-
OCT	841,882	542,869	-	-	576,462	-	-
NOV	879,656	638,014	-	-	658,813	-	-
DEC	955,131	787,574	-	-	741,165	-	-
JAN	1,014,460	880,087	-	-	823,517	-	-
FEB	1,064,994	961,983	-	-	905,868	-	-
MAR	1,131,247	1,043,816	-	-	988,220	-	-



CUMULATIVE BREAKDOWN: DVDEVCT/DVDEVRND	Code	Actual (Cumulative)	Budget	(Monthly)
Planning Application Fees	3009	248,419	218,532	9,729
Other	9999	6,303	2,213	-
Planning Performance Agreements	3012	-	0	-
Pre-application Fees	8329	458	0	-
Pre-application Fees	8330	23,224	23,318	8535
Monitoring Fees	3106	3,000	2,992	-
RECH-Other A/C/S	98100	-	-	-
Total		281,404	247,055	105,814

Page 143

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Item 8 - Financial Prospects and Budget Strategy 2022-23 and Beyond

The attached report was considered by the Finance & Investment Advisory Committee on 7 September 2021. The relevant Minute extract was not available prior to the printing of this agenda and will follow when available.

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FINANCIAL PROSPECTS AND BUDGET STRATEGY 2022/23 AND BEYOND

Cabinet - 16 September 2021

Report of: Deputy Chief Executive and Chief Officer - Finance and Trading

Status: For Decision

Also considered by:

- Finance & Investment Advisory Committee - 7 September 2021

Key Decision: No

Executive Summary:

This Financial Prospects Report is the first report of the Council's budget setting process for 2022/23 onwards. It sets out the financial pressures the Council is likely to face in the coming years and suggests an appropriate strategy, utilising the 10-year budget framework first adopted in 2011/12, to ensure the Council remains financially stable over the long term.

Informed by the latest information from Government and discussions with the Portfolio Holder, the report proposes that the Council continues to set a revenue budget that assumes no direct funding from Government through the Revenue Support Grant or New Homes Bonus. This will result in the Council continuing to be financially self-sufficient.

To achieve this aim and to ensure a balanced budget position over the next 10-year period will continue to be challenging largely due to the uncertainties and ongoing financial impacts of the Covid-19 pandemic.

The budget process will be the same as two years ago as opposed to the shortened process last year. However, we are looking to shorten the process in future years to run from November to February, but this will require changes to the committee meetings schedule.

No changes have been made to the assumptions at the stage, so the annual budget gap included in this report is £100,000 which relates to the annual savings target. However, it is expected that the gap will increase due to the impacts of homelessness, ongoing Covid-19 impacts and inflationary pressures. Growth and savings proposals will be presented to the Advisory Committees and Cabinet, and their recommendations will be considered as part of the process to remove this gap.

By continuing to address these issues, this Council will once again be in a strong financial position that other councils would aspire to.

Portfolio Holder: Cllr. Matthew Dickins

Contact Officer(s): Adrian Rowbotham, Ext. 7153

Alan Mitchell, Ext 7483

Recommendation to Finance and Investment Advisory Committee:

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

Recommendation to Cabinet:

- (a) That subject to the views of the Finance and Investment Advisory Committee, endorse the ten-year financial planning approach, financial strategy and principles set out in this report;
- (b) request Advisory Committees to review the Service Dashboards and advise Cabinet of possible growth and savings options;
- (c) request officers to continue to review the assumptions in this report and consider options to address the budget gap and report back to Cabinet on 9 December 2021.

Introduction and Background

- 1 The Council's financial strategy over the past seventeen 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.
 - 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.
- 3 Using the data sources available to the Council, this report sets out a budget over the 10-year period but recognises that it is likely that more accurate data will become available in future months and current assumptions may need to be updated.

- 4 In setting its budget for 2011/12 onwards, the Council recognised the need to address both the short-term reduction in Government funding as well as the longer-term need to reduce its reliance on reserves. The outcome was a 10-year budget, together with a four-year savings plan, that ensured the Council's finances were placed on a stable footing but that also allowed for flexibility between budget years.
- 5 With the Revenue Support Grant provided by Government ceasing from 2017/18 it is important that the council remains financially self-sufficient by having a financial strategy that is focused on local solutions. These solutions include:
 - continuing to deliver financial savings and service efficiencies.
 - growing the council tax base.
 - generating more income.
- 6 The intention of this report is to enable Members to give consideration to the pressures likely to be faced by the Council and put in place a long-term solution that ensures service reductions are minimised. This report sets out the high-level approach and principles but later reports in the budget setting process will provide further details to assist in balancing the budget.

Financial Self-Sufficiency

- 7 The Council's Corporate Plan 2013-2018 set out an ambition for the Council to become financially self-sufficient which was achieved in 2016/17. The current Council Plan aims to continue with this approach. 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 was faced with in bringing its public spending down to ensure it was 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 receiving 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 Association's 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 receiving no Revenue Support Grant from 2017/18 and New Homes Bonus reducing from 2018/19, this approach remains appropriate.

Agenda Item 8

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 support for the Property Investment Strategy. One of the aims of the Property Investment Strategy is to achieve an income yield of 3%+ above the Council's average treasury management return (currently 0.1%) when not borrowing or internally borrowing, and 3%+ above the borrowing rate (currently 1.7% for 30 years) when externally borrowing, based on an average over ten years. 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 which has served the Council well and ensured it is one of the most financially stable local authorities in the country. In the 2020/21 budget, a new target was set to replace reliance on Business Rates income over the coming years. However, due to the impact of Covid-19 and the greater uncertainty as Government reviews have been deferred, this was not addressed during the 2021/22 budget process but remains a future aim. This ambition 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 need into the future.

Financial Pressures 2022/23 to 2031/32

Overall Summary

- 13 The Covid-19 pandemic raised a new level of financial impacts that could not reasonably have been foreseen and were not previously considered before setting the last 10-year budget. Estimated impacts were included in the 10-year budget approved by Council in February, but these will be reviewed as part of this budget process together with any potential impacts that had not previously been considered.
- 14 In addition to the need to make financial savings from April 2022, the Council will have to continue to progress its savings plan and maintain tight control over net expenditure in order to deliver its 10-year budget.
- 15 The 10-year budget set out in **Appendix B** has been updated from the version agreed by Council on 23 February 2021 to roll on one year.
- 16 No changes to assumptions have been made at this stage so the annual budget gap is currently £100,000 which relates to the annual savings target. However, it is expected that the gap will increase due to the impacts of homelessness, ongoing Covid-19 impacts and inflationary pressures. Options to address this gap will be presented as Service Change Impact Assessments (SCIAs) to each of the Advisory Committees and also in the Budget Update report to Cabinet on 9 December 2021.
- 17 Looking at expenditure, inflation is running at 2.0% for CPI and 3.8% for RPI (as at July 2021).

- 18 The timing of the next Government Comprehensive Spending Review and the results of any reviews on Local Government funding remain unknown. All of these events may have a financial impact on this council and officers will update the 10-year budget when announcements are made.
- 19 The Government are expected to present the next Spending Review in October which will lead on to the Provisional Local Government Finance Settlement for 2022/23. Based on previous years this is likely to be announced in December, but it is not expected to have a significant impact on this council's budget.
- 20 The paragraphs that follow set out the position in more detail and assess the impact on the current 10-year budget.

Covid-19 Financial Impact

- 21 The Covid-19 financial impact has been included in the 2021/22 budget reports as well as the Financial Monitoring reports regularly presented to FIAC and Cabinet.
- 22 There are a number of specific Covid-19 financial impacts that were included in the 10-year budget approved by Council in February. Further details are below, and they will continue to be reviewed during the budget process:
- 23 ***Council Tax Collection Fund deficit in 2020/21*** - any deficit is normally recovered in the following year, but the Government announced that any deficit in 2020/21 can be spread over the following three years instead.
- 24 ***Council Tax Collection rate reductions 2021/22 and 2022/23*** - the previous collection rate assumption for all years was 99.4%. The assumptions for 2021/22 and 2022/23 reduced to 98.4%.
- 25 ***Reduced income: Car Parking*** - it is currently forecast that car parking income will be 25% below budgeted levels in 2021/22 with the position improving by 5% each year.
- 26 ***Covid-secure workplace*** - increased cleaning of offices and vehicles as well as providing additional PPE, has been required to ensure the Council has a Covid-secure workplace. It is expected that this will continue to a certain extent going forward to ensure that the council supports the staff to carry out their duties.
- 27 ***IT costs relating to working from home and new starters*** - to maintain a Covid-secure workplace the capacity of the Councils offices has been reduced and will continue to be reviewed. It is expected that there will be a hybrid system in future, where staff split their time to work from home and in the office.

Agenda Item 8

Income

- 28 Each year in the 10-year budget there is about a £4m difference between net service expenditure and Council Tax revenue. While it is reasonable to assume that inflation rates for these two items will generally be similar, inflationary changes of the items which we rely on to meet the difference may vary. In particular the council's receipts from Business Rates could be very variable. Members should be aware that significant changes to income assumptions may result in higher levels of savings being required.
- 29 **Government Support: Revenue Support Grant (RSG)** (nil received in 2021/22) - This formula-based grant has significantly reduced since 2010/11 as the emphasis of Government Support has changed, in fact this council received no RSG in 2017/18 and is not expected to receive any in future years. The attached 10-year budget assumes no RSG, if any amounts are received in future years, they 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.
- 30 Negative RSG (i.e. where council's pay government) has previously been proposed by government. It has not been implemented but remains a threat going forward.
- 31 Local Government Funding reform was due to take place in 2019/20 but has been delayed for a number of reasons and is not now expected until 2023/24.
- 32 Two one-off grants were included in the 2021/22 Local Government Finance Settlement. These were a Lower Tier Services Grant (£98,000), to ensure that no authority had a total Core Spending Power less than in 2020/21; and a Local Council Tax Support Grant (£245,000), in recognition of the increased costs of providing Local Council Tax Support following the pandemic. Neither of these grants are expected to continue in 2022/23.
- 33 **New Homes Bonus (NHB)** (£1.16m received in 2021/22 but not used to fund the revenue budget) - the Government started this new funding stream in 2011/12 from funds top sliced from RSG with the intention that local authorities would be rewarded for new homes being built over a six-year period. The basis of NHB was changed with effect from 2017/18. Previously it was based on cumulative figures for 6 years, but this was reduced to 5 years from 2017/18 and 4 years from 2018/19. In addition, NHB is only received on tax base growth above 0.4% instead of on all growth (known as the deadweight).
- 34 The Government carried out a NHB consultation during 2021 on the future of the schemes considering a wide range of options with the intention that a new scheme would be in place for 2022/23. Details of the new scheme are awaited.
- 35 **Council Tax** (£11.4m) - The Government referendum limit for 2021/22 was an increase of 2% or £5 for a Band D property (2.3% for SDC), if higher.

Council agreed to increase Council Tax by 2.3% with the excess above 2% put into the 'Net Zero Transition Fund'.

36 The referendum limit for 2022/23 is not yet known and is expected to be announced in December. The assumption currently included in the 10-year budget is a 2% increase in all years.

37 If the same referendum limits are set for 2022/23, the following increase would be possible:

2022/23 Council Tax	Current Assumption	Potential Assumption
% increase	2.00%	2.2%
£ increase (Band D pa)	£4.50	£4.95
£ (Band D pa)	£229.41	£229.86

38 Due to the uncertainty of future Council Tax increase referendum limits, if maximum increases are not taken there will be an ongoing detrimental impact on the ability to increase Council Tax in future years.

39 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 change in the number of Council Tax discounts awarded. The assumption going forward is an increase of 730 Band D equivalent properties per annum from 2022/23, 580 per annum from 2025/26 and 480 per annum from 2027/28. The increased tax base results in additional Council Tax income which is assumed to be greater than the incremental cost of servicing the additional properties although it should be recognised that there are likely to be step changes in costs for some services in the future such as refuse collection. The Local Plan will also affect future tax base assumptions.

40 **Business Rates Retention** (£2.2m) - 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.

41 A Business Rates Pool operates in Kent and Medway which generally results in councils retaining more Business Rates than if they were not in the pool. This council and Dover Borough Council were not part of the pool in previous years, but it has been agreed that Sevenoaks and Dover will benefit as if they were in the pool going forward. It is not yet known if the Government will allow Business Rates Pools to operate in 2022/23.

42 Due to the uncertain impact of Covid-19 on local businesses, the large number of business rates appeals being outstanding with the Valuation Office Agency (VOA) and the limited opportunities to increase the number of

Agenda Item 8

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 if it were not in a pool.

- 43 Any increased Business Rates retained in 2021/22 due to being in the Kent and Medway Pool will be transferred to the Budget Stabilisation Reserve.
- 44 As the difference between Business Rates baseline and actual Business Rates collected diverges over time, a 'reset' is required after a period, to more closely align these. When Business Rates Retention was introduced in 2013/14, it was indicated that there would be a reset in 2020 however, this has been delayed three times and it is now expected to slip to 2023/24.
- 45 A reset could significantly alter the distribution of Business Rates and it is hoped that transitional arrangements would be included so that any financial impact is minimised in the short term but there remains a risk that this council may no longer retain any Business Rates in the future. This would result in a funding gap that would need to be replaced by additional income or further savings.
- 46 **Interest receipts** (£0.2m) - returns are continuing to be significantly lower than they were a few years ago due to low interest rates, reduced balances and the Council's Investment Strategy taking a low-risk approach.
- 47 Although investments with external bodies continue to be low, it should be noted that funds lent to Quercus 7 are at rates of over 4.5%. However, this income is reported under Property Investment Strategy income rather than Interest Receipts.
- 48 **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.
- 49 Six assets have been purchased or built to date, including the Sennocke Hotel, at a cost of £25m. The annual income yields for completed schemes range from 5.9% to 9.6%.
- 50 A total of £50m has been approved by Council to be spent on the Property Investment Strategy. As well as the £25m above, £10m has been spent by Quercus 7 Ltd on five assets resulting in £15m of the approved amount remaining.

Property Investment Strategy income assumptions in the 10-year budget are as follows:

2022/23	£1.508m
2023/24 - 2025/26	£1.558m per annum
2026/27 - 2028/29	£1.655m per annum

2029/30 - 2030/31 £1.696m per annum

- 51 Members should be aware that the Government and CIPFA are continuing to implement ways to limit Council's ability to make commercial property investments. This is currently limiting and may even stop Council's ability to borrow for investments made purely for yield which is what the Property Investment Strategy has been set up to do.
- 52 A Property Investment Strategy Update report will be produced later in the budget cycle.
- 53 **Variable fees and charges** - The Council receives income in fees and charges from a number of sources.
- 54 The assumption is currently for a 2.5% increase for all years except for off-street car parking which is 3.5% for five years (2019/20 - 2023/24). The additional 1% for car parking is one of the funding streams for the development of Sevenoaks Town (formerly Buckhurst 2) Car Park as agreed by Council on 22 November 2016.
- 55 It should also be noted that the car parking income budget for 2021/22 was not increased and it was agreed that the assumed inflation would be deferred until the following year.
- 56 Car parking income is expected to continue to be adversely affected by the impacts of the Covid-19 pandemic. Lower usage assumptions are currently included and will continue to be reviewed.
- 57 **External Funding** - the Council has been very successful in securing external funding across a range of services, based on it delivering a wide range of innovative services to local residents, often in partnership with other agencies. The Council's officers continue to seek new opportunities for funding. As financial constraints are put on public services the funding available from health and other public bodies may reduce.
- 58 **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, Internal Audit, Counter Fraud, Finance, Licensing, Civil Enforcement (Parking) and CCTV.
- 59 The largest savings were achieved when each shared service started, some of which were in 2010. The viability of continuing to share these services is reviewed on a regular basis to ensure that this Council receives value for money and the service standards it requires.
- 60 **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

Agenda Item 8

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.

- 61 A review of the reserves held is carried out each year as part of the budget process and that will take place again this year.
- 62 When the budget is set, the balance in the Budget Stabilisation Reserve must be sufficient to support the 10-year budget.

Expenditure

- 63 **Pay** costs total £17m. Discussions between the National Employers for Local Government Services and the unions regarding the national pay award for 2021/22 are ongoing. The latest offer is a 1.75% increase which is 0.25% below the 2% assumption included in the budget approved by Council in February. However, the unions have not accepted this offer. Discussions regarding the pay award for 2022/23 have not yet commenced.
- 64 The assumption in the attached 10-year budget is a 2% increase in all years.
- 65 Members previously agreed that a budget would be set aside to address the Council's recruitment and retention difficulties and challenges going forward. This remains in place and will be used as required.
- 66 **Superannuation fund** - the last pension fund triennial valuation, which was the fourth by the actuaries Barnett Waddingham, took place in November 2019.
- 67 The funding level has increased from 75.5% to 86.6% since the previous valuation in 2016 and the deficit recovery period for the fund has reduced from 17 years to 13 years. The 10-year budget includes the contribution amounts set by the actuaries for 2020/21 to 2022/23 and includes an additional £100,000 from 2023/24 when the next triennial valuation will come into effect.
- 68 **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 2.0% for CPI and 3.8% for RPI (as at July 2021).
- 69 **Asset Maintenance** - Any asset maintenance expenditure is funded by the revenue budget each year. Asset maintenance expenditure can fluctuate as the demand for programmed and ad hoc work varies across sites. A detailed review of the asset maintenance requirements for council owned properties was carried out in 2018/19. The asset maintenance budgets were reviewed again last year which resulted in the average yearly liability covered by the

budget being 64%. Asset maintenance budgets will be reviewed again as part of this budget cycle.

- 70 **Annual Savings** - an annual Net Savings/Additional Income assumption of £100,000 is included for all years in the 10-year budget.
- 71 **Unavoidable service pressures** - One of the lessons to be learnt from previous financial strategies is that there is always a likelihood of unavoidable service pressures and there needs to be a clear strategy for dealing with these. The model does not allow for unavoidable service pressures that could be significant. These will be identified in the Service Change Impact Assessments (SCIAs) that will be reported to the Advisory Committees.
- 72 These additional service pressures will, where possible, be absorbed within existing budgets. However, there is some likelihood that some pressures will be difficult to absorb, and Members will need to give these consideration as part of the budget process. However, it should be recognised that by having a 10-year budget there is greater scope to deal with these pressures and therefore have less impact on current services whereas other councils who only have single year budgets would have to make larger immediate savings.
- 73 **Progress on the savings plan** - 2022/23 will be the twelfth year of using the 10-year budget. During this period, 189 savings/additional income items have been identified totalling £7.7m. The majority of these savings/additional income items have already been achieved and Portfolio Holders, Chief Officers, Heads of Service and Service Managers have worked closely to deliver these savings.
- 74 **Changes since the 10-year budget started** - The table below shows how the Net Service Expenditure has changed since 2010/11. This shows that the budget has reduced by £4m (24%) in real terms.

Net Service Expenditure	£000
2010/11 (budget)	16,711
2021/22 (2010/11 budget +2% inflation per year)	20,778
2021/22 (budget)	16,783
Difference	3,995

Agenda Item 8

Current 10-year budget position

- 75 The 10-year budget set out in **Appendix B** has been updated from the version agreed by Council on 23 February 2021 by rolling it forward one year
- 76 No changes to assumptions have been made at this stage so the annual budget gap is currently £100,000 which relates to the annual savings target. However, it is expected that the gap will increase due to the impacts of homelessness, ongoing Covid-19 impacts and inflationary pressures.
- 77 Options to remove this gap will be presented as SCIAs to the Advisory Committees and also in the Budget Update report to Cabinet on 9 December 2021.
- 78 The options are likely to cover a number of areas including:
- Service efficiencies
 - Additional income
 - Re-prioritisation of reserves
- 79 When looking at prospects for year 11 onwards, there is still likely to be a need to take further actions as these years come into the rolling 10-year period.

Proposed Financial Strategy

- 80 The proposed Financial Strategy is set out in **Appendix C**.
- 81 In order to maintain a viable Council that continues to deliver on its main priorities and the services it provides to its residents, the Council aims to continue to adopt a Financial Strategy that embraces the following principles:
- Remain financially self-sufficient.
 - Be clear about the Council's future financial prospects, with a ten-year budget as an integral part.
 - Ensure a strategic approach is taken to the management of the Council's finances, Council Tax, and budget setting.
 - Make effective use of reserves and capital receipts.
 - Manage our money carefully, monitor monthly and constantly strive for better value from our spending.
- 82 It is recommended that this strategy be adopted.

Process and timetable

- 83 Members will note from the timetable set out in **Appendix A** that this report is being considered by the Finance and Investment Advisory Committee on 7

September 2021 and any comments will be considered along with this report at Cabinet on 16 September 2021.

- 84 All Advisory Committees will be presented with their Service Dashboards and Service Change Impact Assessments (SCIAs) between September and November when they will be asked for their views on growth and savings proposals for their areas. This part of the process ensures that all members have a role to play in the Governance of the council and the budget decision making process.
- 85 A Budget Update report will be presented to Cabinet on 9 December 2021 to provide details of progress made before the Budget Setting report is presented to Cabinet on 10 February 2022.
- 86 Members will recognise that this is the same budget process as two years ago as opposed to the shortened process used last year. However, we are looking to shorten the process in future years to run from November to February, but this will require significant changes to the committee meetings schedule.
- 87 Training sessions on the budget process were provided to Members in 2019. If Members require any further training or have any questions about the process, they are asked to contact Adrian Rowbotham or Alan Mitchell.

Review of the 10-year Budget Process

- 88 An audit of the 10-year budget process has recently been completed by Mazars (working for Internal Audit) and their findings were that the Council has adequate, effective and reliable controls in place over budget setting and long-term financial planning

Key Implications

Financial

All financial implications are covered elsewhere in this report.

Legal Implications and Risk Assessment Statement.

It is a requirement for the Council to set a balanced budget, failure to be able to do so could result in a S.114 notice being issued by the S.151 Officer. There is currently no expectation that the Council would be required to be in that position. Our 10-year budget approach provides adequate flexibility to manage the unprecedented financial shock of Covid-19, subject to sufficient savings being identified and implemented, and the ongoing effective and prudent management of the Council's finances.

Agenda Item 8

An effective integrated policy and priority driven long-term financial and business planning 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 changes to Business Rates Retention. The risks will be mitigated by continuing to review assumptions and estimates, remaining financially self-sufficient and by updating Members throughout the process.

Equality Assessment

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

Conclusions

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

By becoming financially self-sufficient at an early stage, this Council has become much more in control of its own destiny.

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

This budget process will once again be a challenge for a Council that already provides value for money services to a high standard; and ensuring that these proposals lead to an achievable 10-year budget, Members will need to consider the impact on service quality, staff and well-being.

Appendices

Appendix A - Budget Timetable

Appendix B - 10-year Budget

Appendix C - Financial Strategy

Background Papers

None

Adrian Rowbotham

Deputy Chief Executive and Chief Officer - Finance & Trading

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2022/23 Budget Setting Timetable

Stage 1: Financial Prospects and Budget Strategy 2022/23 and Beyond

7 September - Finance & Investment AC

16 September - Cabinet

Stage 2: Review of Service Dashboards and Service Change Impact Assessments (SCIAs)

28 September - Housing and Health AC

6 October - People & Places AC

7 October - Improvement & Innovation AC

12 October - Cleaner & Greener AC

19 October - Development & Conservation AC

4 November - Finance & Investment AC

Stage 3: Budget Update (incl. Service Change Impact Assessments (SCIAs), feedback from Advisory Committees)

9 December - Cabinet

Stage 4: Budget Update (incl. Government Settlement information)

13 January - Cabinet

Stage 5: Budget Update and further review of Service Change Impact Assessments (if required)

January to February - Advisory Committees

Stage 6: Budget Setting Meeting (Recommendations to Council)

10 February - Cabinet

Stage 7: Budget Setting Meeting (incl. Council Tax setting)

22 February - Council

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

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	Budget 2021/22	Plan 2022/23	Plan 2023/24	Plan 2024/25	Plan 2025/26	Plan 2026/27	Plan 2027/28	Plan 2028/29	Plan 2029/30	Plan 2030/31	Plan 2031/32
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Expenditure											
Net Service Expenditure c/f	15,581	16,879	16,633	16,967	17,171	17,380	17,643	18,173	18,712	19,258	19,813
Inflation	616	496	503	509	515	522	529	539	547	556	565
Superannuation Fund deficit	0	0	100	0	0	50	0	0	0	0	0
Net savings (approved in previous years)	682	(642)	(169)	(206)	(206)	(209)	1	0	(1)	(1)	0
New growth	0	0	0	0	0	0	100	100	100	100	100
New savings/Income	0	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(100)
Net Service Expenditure b/f	16,879	16,633	16,967	17,171	17,380	17,643	18,173	18,712	19,258	19,813	20,378
Financing Sources											
Govt Support: Revenue Support Grant	0	0	0	0	0	0	0	0	0	0	0
: Lower Tier Services Grant	(98)										
: Local Council Tax Support (LCTS)	(245)										
New Homes Bonus	0	0	0	0	0	0	0	0	0	0	0
Council Tax	(11,443)	(11,836)	(12,366)	(12,786)	(13,182)	(13,589)	(13,982)	(14,384)	(14,798)	(15,222)	(15,657)
Business Rates Retention	(2,182)	(2,226)	(2,271)	(2,316)	(2,362)	(2,409)	(2,457)	(2,506)	(2,556)	(2,607)	(2,659)
Collection Fund Deficit/(Surplus)	17	17	17	0	0	0	0	0	0	0	0
Interest Receipts	(188)	(188)	(188)	(188)	(188)	(188)	(188)	(188)	(188)	(188)	(188)
Property Investment Strategy Income	(1,468)	(1,508)	(1,558)	(1,558)	(1,558)	(1,655)	(1,655)	(1,655)	(1,696)	(1,696)	(1,696)
Contributions to/(from) Reserves	(337)	(146)	(130)	(572)	226	241	255	271	285	185	148
Total Financing	(15,944)	(15,887)	(16,496)	(17,420)	(17,064)	(17,600)	(18,027)	(18,462)	(18,953)	(19,528)	(20,052)
Budget Gap (surplus)/deficit	935	746	471	(250)	316	43	146	250	305	285	326
Contribution to/(from) Stabilisation Reserve	(935)	(746)	(471)	250	(316)	(43)	(146)	(250)	(305)	(285)	(326)
Unfunded Budget Gap (surplus)/deficit	0	0	0	0	0	0	0	0	0	0	0

Assumptions	
Revenue Support Grant:	nil all years
Business Rates Retention:	Business Rates Retention safety-net plus 2% per year
Council Tax:	2% in all years
Council Tax Base:	Increase of 730 Band D equivalent properties p.a. from 22/23, 580 p.a. from 25/26, 480 p.a. from 27/28
Interest Receipts:	£188,000 in all years
Property Investment Strategy:	£1.508m in 22/23, £1.558m from 23/24, £1.655m from 26/27, £1.696m from 29/30
Pay award:	2% in all years
Other costs:	2.25% in all years
Income:	2.5% in all years except for off-street car parks which are an average of 3.5% per annum from 19/20 - 23/24. Note 21/22 Car Parking inflation deferred for one year

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Financial Strategy








INTRODUCTION

In the years preceding this Strategy Sevenoaks District Council has proven itself to be highly successful in some of the most austere and challenging times faced by local government. This was only possible because of our award winning financial strategy and the achievement of a self-sufficient balanced budget within our unique 10-year budget framework.

The absolute need and desire to support our local businesses and people in our communities during the Covid-19 pandemic placed an unforeseen and difficult challenge on the Council and its finances. Using our previous experience and following our principles, we acted early, bringing forward our budget setting, making incredibly difficult but necessary savings to maximise the opportunity for a much stronger financial position in the medium to long-term.

Our Financial Strategy enables the Council to deliver its services effectively, in accordance with the priorities set out in the Corporate Strategy. At the same time, it ensures that our spending is prioritised to deliver the promises our Members set out in the **Council Plan themes**:

-  Environment
-  Economy
-  Housing
-  Community Safety
-  Health

OUR FINANCES

Our Vision Long-term financial health to deliver exceptional services and achieve the promises set out in the Council Plan.

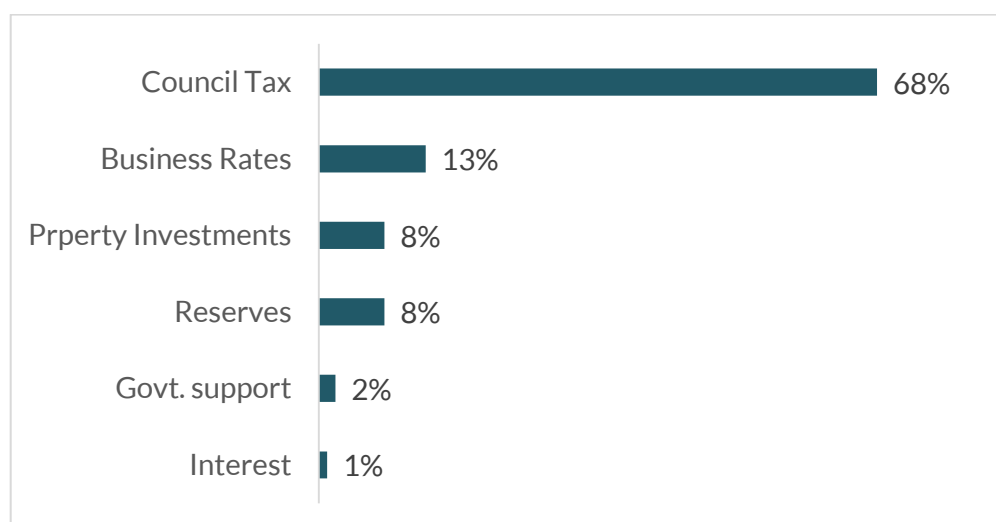
What's important to us:

- Our budget supports the Council's vision and priorities
- Taxpayers and customers receive quality services and value for money
- Innovation, efficiency and cost-effectiveness
- Maximising income from grants and other funding opportunities
- Taking a commercial approach where it will benefit our budgets and our residents and local businesses
- Good quality, risk managed investments to generate more income for local priorities

To be successful, we must:

- Remain financially self-sufficient
- Be clear about the Council's future financial prospects, with a ten-year budget as an integral part
- Ensure a strategic approach is taken to the management of the Council's finances, Council Tax, and budget setting
- Make effective use of reserves and capital receipts
- Manage our money carefully, monitor monthly and constantly strive for better value from our spending

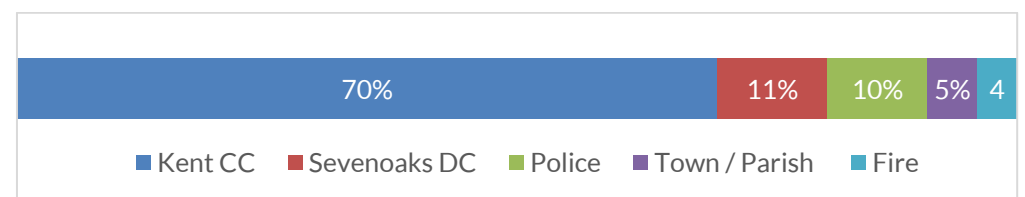
WHERE OUR MONEY COMES FROM



COUNCIL TAX

Sevenoaks District Council collects the Council Tax charge for itself but also for Kent County Council, Kent Fire & Rescue Service, Kent Police & Crime Commissioner and all the local town and parish councils. Each authority sets its own charge that contributes to the total.




Sevenoaks District Council's part of the charge at Band D is £224.91, 11% of the total. Council Tax contributes about £11.4million to District Council services.



WHERE OUR MONEY IS SPENT

In 2021/22 the Council will spend about £16.8million on services for local people

	Cleaner & Greener £5.7m
	Development & Conservation £0.9m
	Housing & Health £1.0m
	People & Places £0.6m

	Finance & Investments £3.1m
	Improvement & Innovation £5.7m
	Other -£0.2m

OUR PRIORITIES | By keeping a focus on our priorities we will deliver our vision

Financial self-sufficiency



No longer relying on direct government funding gives greater certainty to our financial planning. It allows for long-term plans to be developed over our 10-year budget period.

- We will produce high quality financial reports and monitor our budgets every month
- We will address growth items and service pressures annually through the budget planning process
- We will manage inflationary pressures and prudent assumptions about future pressures and keep them under regular review

Savings & reserves



Creating a culture where there is a continuous drive for better value in our spend helps to create savings to balance our budgets. Alongside flexible and effective use of reserves, it allows for sustainable solutions to financial pressures

- We will seek to deliver a minimum of £100,000 in savings annually
- We will regularly review the use of reserves and maintain a minimum balance of 10% of the Net Service Expenditure budget.
- We will make flexible use of the Budget Stabilisation Reserve to increase resilience in the budget setting process

Income & investments



Making best use of the Council's reserves and carefully managed borrowing generates 10% of the Council's annual budget. Seeking new opportunities for funding from grants and investments is increasingly essential to the Council's financial sustainability.

- We will bid for external funding
- We will adopt a commercial approach where it will be of benefit to our budgets and support the delivery of Council priorities
- We will make investments in property and banks and institutions to bring in income to support the delivery of Council services

Delivering our Financial Strategy

Our Financial Strategy is supported by a number of related strategies and an action plan to help us achieve our vision and to deliver the ambitions set out by Members in the Council Plan.

How we work as a team of officers is critical to the success of the organisation and to help us achieve our aims, the Financial Strategy seeks to unite us all behind the same priorities and approach.

The outcomes we hope to achieve and the measures that will help us to determine whether we have been successful are set out below.



Outcomes and success measures

Financial self-sufficiency					
	Financial plans ensure there are no unplanned reductions to Council services		Overall proportion of Council budgets funded by income from council tax does not increase		A balanced 10-year budget is delivered annually
Savings & Reserves					
	Annual savings exceed the £100,000 target whilst continuing to protect services		The General Fund reserves retains at least 10% of the Net Service Expenditure budget		Specific savings agreed as part of the annual budget process are achieved as planned.
Income & Investments					
	Successful bids for external funding generate new income and opportunities for the Council		Income from paid for services is in accordance with budget costs, is comparable to neighbouring authorities and is considered to provide value for money		Treasury Management, Property and commercial investments exceed expected yield