

11 November 2021 at 7.00 pm

Council Chamber, Argyle Road, Sevenoaks

Published: 03.11.21

The meeting will also be livestreamed to YouTube here:

https://www.youtube.com/channel/UCLT1f_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 14 October 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)		
REPORTS ALSO CONSIDERED BY THE CABINET ADVISORY COMMITTEES		
5. Local Plan Timetable (Local Development Scheme) 	(Pages 7 - 14)	Hannah Gooden Tel: 01732 227178
6. Infrastructure Funding Statement - Priorities	(Pages 15 - 48)	Claire Pamberi Tel: 01732227221

- 
- | | | | |
|---|--|-------------------|---|
| 7. | Community Infrastructure Levy (CIL) Governance Review | (Pages 49 - 80) | Claire Pamberi
Tel: 01732227221 |
| 8. | Christmas Parking 2021 | (Pages 81 - 84) | Trevor Kennett
Tel: 01732 227407 |
|  | | | |
| 9. | Treasury Management Mid-Year Update 2021/22 | (Pages 85 - 120) | Roy Parsons
Tel: 01732 227204 |
| 10. | Financial Results 2021/22 to the end of September 2021 | (Pages 121 - 158) | Alan Mitchell
Tel: 01732227483 |
| 11. | Mid Year Appointment to Other Organisations 2021/22 | (Pages 159 - 160) | Charlotte Sinclair |
| 12. | Quercus Housing - Increasing the Delivery of Affordable Housing in the Sevenoaks District | (Pages 161 - 180) | Sarah Robson,
Adrian Rowbotham
Tel: 01732227129,
Tel: 01732 227153 |



Indicates a Key Decision



indicates a matter to be referred to Council

EXEMPT INFORMATION

Recommendation: That, under section 100A (4) of the Local Government Act 2972, the public be excluded from the meeting when considering Appendix B, of Agenda item 12 above, on the grounds that likely disclosure of exempt information is involved as defined by Schedule 12A, paragraph 3 (Information relating to the financial or business affairs of any particular person (including the authority holding that information)).

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 14 October 2021 commencing at 7.00 pm

Present: Cllr. Fleming (Chairman)

Cllr. Dickins (Vice Chairman)

Cllrs. McArthur, Dyball and Thornton

Apologies for absence were received from Cllr. Maskell

Cllr. Purves was also present.

Cllr. Maskell was present via a virtual media platform, which does not constitute attendance as recognised by the Local Government Act 1972.

29. Minutes

Resolved: That the Minutes of the meeting of Cabinet held on 16 September 2021, be agreed and signed as a correct record.

30. Declarations of interest

There were no additional declarations of interest.

31. Questions from Members (maximum 15 minutes)

There were none.

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

There were none.

33. Sevenoaks District - Voluntary Sector Barometer Survey

The Portfolio Holder for People & Places presented the report which detailed the results and the steps being taken to action the issues raised from the Voluntary Sector Forum's barometer survey in May 2021. Covid-19 had a major impact on the voluntary and community sector both nationally and locally and the survey would track the impact on the voluntary and community sector in the District.

The Health and Communities Manager advised that the results of the survey were attached as Appendix A with the results groups by theme. A second barometer survey would shortly be undertaken to assess the action taken on issues identified so far.

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.

34. Tree Management Strategy

The Portfolio Holder for Cleaner & Greener presented the report which sought approval of the 10-year Tree Strategy 2021- 2031. The aim of the strategy was to assist and inform residents, Council officers and Councillors of the Council's responsibilities and strategy regarding its own tree stock.

The Head of Direct Services set out that the Strategy linked strongly to the Council's Plan, and Net Zero 2030 commitment.

The Cleaner & Greener Committee had considered and recommended the report.

Public Sector Equality Duty

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

Resolved: That the Tree Strategy for 2021-2031 be agreed.

35. Farmstead Drive, Spitals Cross, Edenbridge - Development Proposal

The Cabinet considered the report which sought approval for funding to undertake further feasibility and design work to facilitate the submission of a planning application and to deliver the scheme subject to receiving the necessary statutory consents. The development proposal was for a site located on Farmstead Road, within the Spitals Cross housing estate in Edenbridge. As this was a new capital project that was not accounted for in the Capital Programme 2020/21, and the estimated project budget, Council approval was required.

The estate was built in the 1960s, and as such the community buildings that currently occupied the proposed development site were at the end of their economic life and required substantial refurbishment. There was the opportunity to redevelop and re-provide the community hall and its facilities and to replace the shop with modern premises, to provide new housing, and public open space and parking. The sale of the residential accommodation would provide capital receipts to pay for these improvements.

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

Cabinet - 14 October 2021

- a) the provision of £7,609, 620 in the 2021/22 Capital Programme to deliver the scheme within the financial implications, detailed as (i) to (vi) below, be agreed:
- i. The scheme be intended to be funded (ultimately) from capital receipts from the sale of residential units in the scheme;
 - ii. A summary of the estimated scheme funding, based on feasibility to date;
 - iii. 23 residential units would be disposed of in the open market and according to the Council's property consultant, which were expected to generate a sales receipt of £8.143m. The affordable housing units were expected to generate £1.172m and would be discounted to reflect development costs and were in line with current market practice for affordable housing;
 - iv. Until receipts from the sales of the residential units were received, short-term external borrowing be used to fund the scheme. Potential financing costs were detailed within paragraph 18 of the report;
 - v. The new retail unit would be retained by the Council, and let on market terms. The Community Hall be leased to reflect community benefit, but also to ensure future on-going liabilities be recuperated; and
 - vi. Consideration be given to the VAT implications of the project, dependant on the use of some of the elements of the project may require specific VAT treatment and further VAT advice be sought.
- b) subject to approval, of recommendation (a), authority be delegated to the Strategic Head of Property and Commercial and the Chief Officer Finance & Trading, following consultation with the Cabinet Member for Finance & Investments to proceed with the Scheme subject to final scheme viability; and
- c) subject to approval of recommendation (a), authority be delegated to the Strategic Head of Property and Commercial following consultation with the Chief Officer Finance and Trading and the Head of Legal and Democratic Services to submit a planning application and to enter into any necessary contracts to facilitate the development and construction of the proposed scheme in accordance with the Council's Contracts Procedure Rules and for the disposal of the residential and commercial units.

36. Stangrove Estate Regeneration Project.

The Cabinet considered the report which sought Council's approval for a new capital project to proceed and for provision to be made within the Capital Programme for 13 new homes, a retail unit together with parking and landscape improvements within the Stangrove Estate in Edenbridge.

The Stangrove estate had several parcels of land which were poorly used, and by development of the sites, the Council would contribute to its housing targets, and also significantly improve the Estate's public realm by providing additional car parking spaces and landscaping improvements to the open spaces. A new community shop would also be provided in response to the local communities wishes. Design and feasibility work, alongside other due diligence studies had been undertaken and a planning application for the development was submitted in August 2021. Subject to planning consent being obtained and funding being finalised it was envisaged that the new scheme would be delivered by Summer 2023.

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

- a) the capital funding of the scheme of £4,312,743 be agreed;
- b) that the scheme would only progress subject to the funding gap being eliminated and planning permission being obtained, be noted;
- c) subject to approval of the recommendation (a) the development scheme for 7 sites within Stangrove Park, Edenbridge to provide 7 off-street, communal car parks, a new community shop, improvements to landscaping and 13 residential units at an estimated total project cost of £4,312,743, as set out at paragraph 15, be agreed; and
- d) subject to approval of recommendation (a), the Strategic Head of Property and Commercial, following consultation with the Head of Legal and Democratic Services and the Chief Officer Finance & Trading, be delegated authority to enter into necessary contracts for the funding of the scheme and the disposal of the residential and commercial units.

IMPLEMENTATION OF DECISIONS

This notice was published on 15 October 2021. The decisions contained in Minute 33 and 34 take effect immediately. The decisions contained in Minutes 35 and 36 are references to Council.

THE MEETING WAS CONCLUDED AT 7.39 PM

CHAIRMAN

This page is intentionally left blank

Item 5 - Local Plan Timetable (LDS)

The attached report was considered by the Development & Conservation Advisory Committee on 19 October 2021. The relevant Minute extract is below.

Development & Conservation Advisory Committee (19 October 2021, Minute 19)

The Planning Policy Team Leader (Policy) presented the report which set out the proposed timetable for the Local Plan, which was also known as the Local Development Scheme (LDS). The timetable would be included within an LDS document, which would also provide details of other relevant documents such as Supplementary Planning Documents (SPDs) and Neighbourhood Plans.

Members were provided with a summary of the timetable and that it was hoped for the plan to be published in winter 2022/23 for final representations which would then be provided to the examining Inspector. It was anticipated that the plan would be adopted by April 2024.

Members discussed the timetable noting that it was a pressurised timetable and the amount of work which would be undertaken by the team.

Public Sector Equality Duty

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

Resolved: That it be recommended to Cabinet that the Local Plan Timetable (LDS), be approved.

LOCAL PLAN TIMETABLE (LOCAL DEVELOPMENT SCHEME)

Cabinet - 11 November 2021

Report of: Deputy Chief Executive and Chief Officer - Planning & Regulatory Services

Status: For Consideration, Development & Conservation Advisory Committee / For Decision, Cabinet

Also considered by:

- Development and Conservation Advisory Committee - 19 October 2021

Key Decision: Yes

Portfolio Holder: Cllr. Julia Thornton

Contact Officer: Hannah Gooden, Ext. 7178

Recommendation to Development & Conservation Advisory Committee:

To consider the proposed Local Plan timetable and recommend its approval to Cabinet.

Recommendation to Cabinet:

To approve the Local Plan timetable.

Reason for recommendation: To update the Local Plan work programme to reflect the current timetable for the production of the Local Plan.

Introduction and Background

- 1 This report outlines the proposed timetable for the Local Plan. This is known as the Local Development Scheme (LDS).
- 2 The Local Development Scheme (LDS) is the document that sets out the Council's proposals and timetable for the production of the Local Plan. The LDS no longer has to be submitted to the Secretary of State for approval, but has to be made available and published on the Council's website. This is so that local communities and interested parties can keep track of progress.
- 3 The Council's current LDS was approved by Cabinet in 2018 and is now out of date. This revision (please see Appendix 1) has been prepared to bring the timetable up to date. This timetable will be included within an LDS

Agenda Item 5

document, which will also provide details of other relevant documents such as Supplementary Planning Documents (SPDs) and Neighbourhood Plans.

Proposed Timetable

- 4 The LDS proposes the following timetable:
- 5 Evidence base preparation, call for sites, policy preparation (autumn 2021-spring 2022) (shown in blue). This will include ongoing work on a number of evidence base studies, including:
 - Settlement Capacity Study (due to complete Sept 21)
 - Targeted review of housing need (due to complete Sept 21)
 - Settlement hierarchy (due to complete Nov 21)
 - Town Centre Strategy (due to complete Dec 21)
 - Characterisation Study (due to complete Feb 22)

We will also be commissioning updates to our existing evidence base documents to ensure that they remain up to date and indicate of current needs. A call-for-sites, initially focusing on sites within built confines, will also take place. Discussions with neighbouring authorities and statutory providers are ongoing, in relation to the Duty to Co-operate, and will continue throughout the plan-making process.
- 6 Informal consultation (Regulation 18) (April/May 2022) (shown in orange). An initial 6-week consultation on the draft plan is programmed to take place in late spring 2022. This will be followed by a period of further policy preparation, reviewing the representations, undertaking Duty to Co-operate discussions, concluding evidence base work and refining the policies within the Local Plan (shown in blue).
- 7 Pre-submission publication (Regulation 19) (Dec 22/Jan 23) (shown in brown). The plan will be published in winter 2022/23 for final representations, which are then provided to the examining Inspector. This stage of the plan making process asks for specific comments on legal compliance, soundness and whether the duty to co-operate has been met.
- 8 Reviewing representations / submission preparation (spring 23) (shown in green). Representations received under Regulation 19 will be reviewed and the Plan documents prepared for submission. Given the focus on legal compliance and the duty to co-operate, it is important that officers have sufficient time to consider representations on these matters and if necessary, discuss the issues with relevant parties, including those who raised concerns.
- 9 The timetable assumes that no significant concerns are raised at this stage and the Council can proceed to submitting the plan for adoption. Officers

will seek to meet this timescale by addressing as many issues as possible immediately after the Regulation 18 stage. However, we cannot assume a predetermined outcome. In the event that significant issues are raised, it may be necessary to consider further rounds of consultation.

- 10 Submission (Regulation 22) (April 23) (shown in yellow) The plan will be considered by Full Council for submission to the Secretary of State, for an examination which will be carried out by the Planning Inspectorate (PINS).
- 11 Examination (April 23-April 24) (shown in purple) The timetable for the examination and hearings is at the discretion of PINS, but it is shown indicatively lasting for a year. Adoption (shown in grey) is shown in April 2024.

Conclusion

- 12 This report outlines the proposed update to the Local Development Scheme (LDS) which sets out the work programme for the production of the Local Plan.

Other options Considered and/or rejected

The current LDS is out of date and it cannot remain unchanged. The reasons for the changes in its content and programme are explained above.

Key Implications

Financial

No additional costs to the Council arise from the amendment of the LDS. Evidence base work is funded from the Council's Local Plan reserve.

Legal Implications and Risk Assessment Statement.

All local authorities are required to produce an LDS to set out their timetable for the production of planning policy documents.

Local authorities are required to have an up-to-date Local Plan in place by December 2023. The government may intervene where local authorities fail to meet this deadline in accordance with the existing statutory powers, considering appropriate action on a case-by-case basis. It is suggested that provided the Local Plan is submitted before this date and that the examination is ongoing, the risk of intervention is minimal.

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.

Sevenoaks District Council aims to effectively involve the community in the development of all Local Plan documents, in line with the Statement of Community

Agenda Item 5

Involvement.

Appendices

Appendix A - LDS timetable

Background Papers

None

Richard Morris

Deputy Chief Executive and Chief Officer - Planning & Regulatory Services

Local Development Scheme
(Planning Policy Timetable)
Updated Sept 2021

	2021				2022								2023								2024																							
	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D				
Local Plan	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■

- Evidence base / call for sites / policy prep
- Informal consultation (Regulation 18)
- Pre-submission publication (Regulation 19)
- Reviewing reps / submission prep
- Submission (Regulation 22)
- * Examination
- Adoption
- * Timetable at the discretion of PINS

This page is intentionally left blank

Item 6 - Infrastructure Funding Statement

The attached report was considered by the Development & Conservation Advisory Committee on 19 October 2021. The relevant Minute extract is below.

Development & Conservation Advisory Committee (19 October 2021, Minute 18)

The Planning Policy Team Leader (Infrastructure) presented the report which sought agreement to proposed priorities for the Council's Infrastructure Funding Statement (IFS) which the Council was required to report to the Government by the end of the year.

Members took the opportunity to ask questions of clarification, and discussed the types of infrastructure projects that had received monies through the CIL Spending Board. Discussions also took place around the priorities for spending this year and that Edenbridge should be included as a priority area for health services.

Public Sector Equality Duty

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

Resolved: That it be recommended to Cabinet that

- a) The criteria for prioritising infrastructure projects for funding in the Infrastructure Funding Statement, as set out below, be agreed;
 - The projects fall with the infrastructure types/projects identified in the IFS report.
 - The projects have been identified in our Infrastructure Delivery Plan. (This ensures that the infrastructure prioritised supports the Local Plan).
 - The projects support and are clearly related to proposed or allocated development in the District. They therefore provide a strong link between development and the proposed project.
 - That there is a strong social, environmental or economic justification for the scheme.
 - That projects have not received CIL previously.
 - The scheme has support from infrastructure providers
 - That there is a need or it will be expected to be delivered within the next 5 years.
 - That it is identified as having a critical or high need where the project has to be delivered prior to any development to support it.

Agenda Item 6

- Where it is likely that the infrastructure project can be delivered within the plan period as there are little or no issues with funding or landownership.
 - Where there is a clear plan as to how the project would be funded; and
- b) the specific projects and types of Infrastructure recommended in paragraphs 28 - 38 of the report, be identified in the Infrastructure Funding Statement as having a priority for full or partial funding, with the inclusion of Edenbridge under priorities under Health and Social Care

INFRASTRUCTURE FUNDING STATEMENT - PRIORITIES

Development and Conservation Advisory Committee - 19 October 2021

Report of: Deputy Chief Executive, Chief Officer Planning & Regulatory Services

Status: For recommendation to Cabinet

Also considered by: Cabinet - 11 November 2021

Key Decision: Yes

Executive Summary:

As members are aware, it is a mandatory requirement, as set out in the Community Infrastructure Levy Regulations 2010 (as amended) for Local Authorities to produce an annual Infrastructure Funding Statement (IFS). This should include a CIL report, a section 106 report and the infrastructure projects or types of infrastructure that Sevenoaks District Council intends to be funded at least in part by CIL over the next year.

This report therefore looks at what was proposed last year and what projects and type of infrastructure should be prioritised in the Council's new Infrastructure Funding Statement (IFS) for the next year. This does not mean that local authorities are bound by the priorities laid out in the IFS but that it will provide transparency to developers and the community as to what our intentions are.

To assist members this report considers the type of projects and types of infrastructure that was prioritised last year, it then looks at what we have spent money on through Section 106 and CIL over the last few years. The report then considers if there is any further evidence through circumstances or evidence which would indicate what infrastructure or projects should be prioritised this year. It will then concludes by making recommendations for our funding priorities.

This reports support the Key Aim of: of ensuring that Sevenoaks District remains a great place to live, work and visit and that development is supported by the most appropriate infrastructure.

Portfolio Holder: Cllr. Julia Thornton

Contact Officer: Claire Pamberi ex 7221 and Carlyn Kan ex 7264

Recommendation to Development and Conservation Advisory Committee:

That the recommendations to Cabinet are supported.

Recommendation to Cabinet:

To agree and adopt the following:

- a) The criteria for prioritising infrastructure projects as laid out in paragraph 7 remains.
- b) That the specific projects and types of Infrastructure recommended in paragraphs 28 - 38 of this report are identified in the IFS as having a priority for full or partial funding.

Reason for recommendation:

For the Council to agree on spending priorities for the Section 106 and the Community Infrastructure Levy for the next year.

Introduction and Background

- 1 As Members are aware, Sevenoaks District Council have been a CIL (Community Infrastructure Levy) charging authority since 4th August 2014. From this date until middle of September 2020, the Council have collected just over £11 million of CIL contributions.
- 2 New CIL Regulations came into effect on 1st September 2019, which included a requirement for local authorities to report on their CIL and Section 106 income and expenditure by producing an annual report. The annual report, named an Infrastructure Funding Statement, is also expected to state the types of infrastructure or projects the authority intends to fund wholly or partially through CIL.
- 3 As you are aware, this is required for all Local Planning Authorities and is expected to be issued on or before 31st December of each year.
- 4 This report follows on from last year's Infrastructure Funding Statement and considers whether any changes need to be made to the Council's priorities for infrastructure spending in its new IFS.

Discussion

- 5 In considering what Sevenoaks District Councils priorities should be for allocating CIL and Section 106 monies, it is proposed to lay the report out in the following way:
 - A. Firstly, it will consider what priorities are already in place and what projects and type of infrastructure were put forward last year.

- B. The report will then consider what Sevenoaks District Council have spent CIL and 106 money on recently.
- C. It will then consider any changes to circumstances and any evidence that has come forward in the Local Plan and the Infrastructure Delivery Plan. This will enable us to consider how this will impact what infrastructure should be prioritised.
- D. In light of all the above evidence, it will then propose what the priorities and projects for spending should be.

A - Priorities for allocating CIL and Section 106 monies already in place:

- 6 Looking at the report that determined the priorities for the Infrastructure Funding Statement last year (See Appendix A). The following was agreed:
- 7 Firstly, a number of criteria were agreed, which stated that infrastructure projects should be prioritised for funding if they meet them:
 - The projects fall with the infrastructure types/projects identified in the IFS report.
 - The projects have been identified in our Infrastructure Delivery Plan. (This ensures that the infrastructure prioritised supports the Local Plan).
 - The projects support and are clearly related to proposed or allocated development in the District. They therefore provide a strong link between development and the proposed project.
 - That there is a strong social, environmental or economic justification for the scheme.
 - That projects have not received CIL previously.
 - The scheme has support from infrastructure providers
 - That there is a need or it will be expected to be delivered within the next 5 years.
 - That it is identified as having a critical or high need where the project has to be delivered prior to any development to support it.
 - Where it is likely that the infrastructure project can be delivered within the plan period as there are little or no issues with funding or landownership.
 - Where there is a clear plan as to how the project would be funded.
- 8 In addition to this, the following types of infrastructure and projects were agreed to be priority in last years IFS:

Highways and transport:

- Swanley Transport Improvement Measures
- Junction 3 M25 Swanley - improvements required to address increased capacity and accessibility for pedestrians.
- Improvements to bus services in and around Swanley
- Junction improvements to Bat & Ball

Agenda Item 6

- Edenbridge Junction improvements
- Edenbridge - sustainable transport improvements

Utilities

- Badgers Mount water supply upgrades
- Swanley supply water upgrades

Health and Social Care

- CIL funding is provided to deliver the additional capacity required in the next 6 - 10 years to health services in the following areas:
 - 1 Northern Sevenoaks Health
 - 2 Swanley,
 - 3 Hextable,
 - 4 Farningham,
 - 5 New Ash Green,
 - 6 Hartley,
 - 7 Fawkham,
 - 8 South Darenth
- Expansion of GP Practices in the Sevenoaks Urban Area (Time scale 11- 15 years).
- To increase the capacity of Otford Health Services (related to Fort Halstead) (Timescale 6 - 10 years).

Affordable Housing

- It was agreed to follow our current planning policies, Government Guidance and SDC's Supplementary Planning Document.

Local Infrastructure Projects

- any local project that provides evidence to show that it addresses a clear community need or provides a clear community benefit will be considered a priority.

Net Zero 2030

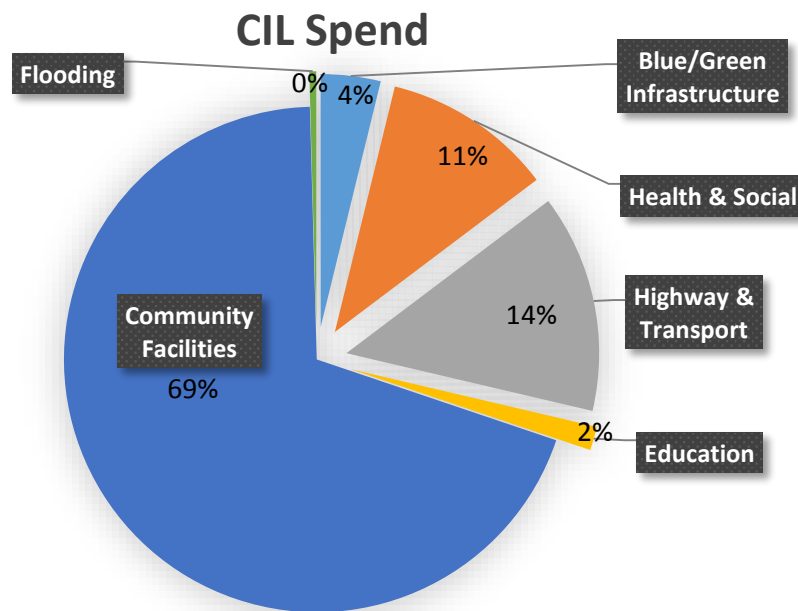
- over the next year any infrastructure projects which clearly support our ambition to achieve net zero greenhouse emissions should be considered as a priority to receive CIL funding.

Broadband

- any infrastructure proposals that seek to improve existing rural broadband services or propose new broadband infrastructure in rural areas will be also considered as a priority.

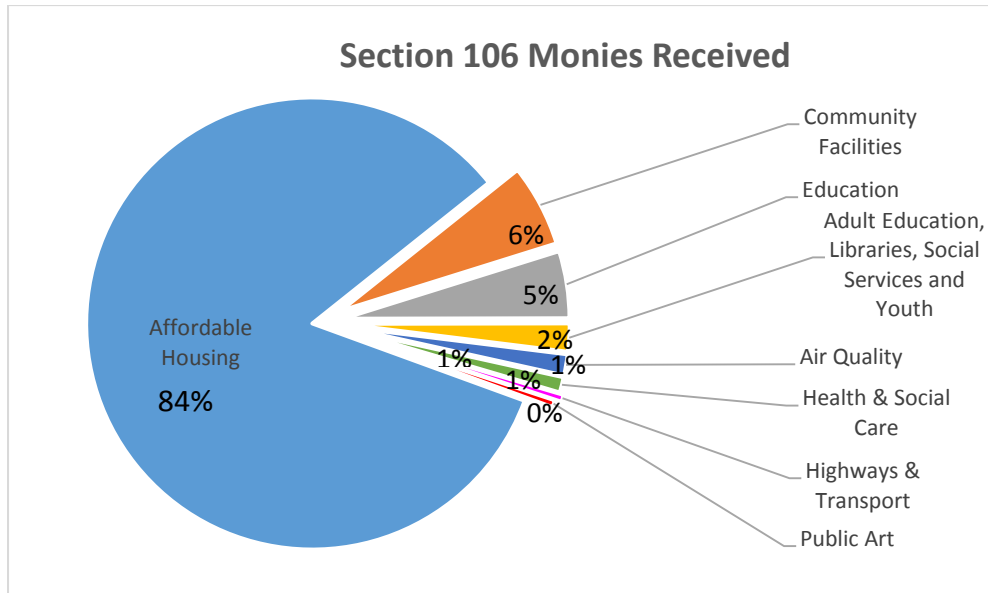
B - What have we funded so far?

- 9 As the types and categories of infrastructure were identified, in the report which came to DCAC last year, it is considered that it may be helpful to show you what has been funded through CIL and 106 over the last few years. Full details of this can be found at **Appendix B**.
- 10 For CIL, since 2014 we have awarded the following to the following types of infrastructure projects through the CIL Spending Board:



- 11 You can see in this pie chart shows that the largest amount of spend has been on Community Facilities (69%), which has included village halls, public toilets and play areas. The next largest amount falls under Highways and Transport (14%) which has included train station and footpath improvements. The next is Health and Social care (11%) where money has been awarded to a medical centre/hub and a health pod. These projects have all been awarded funding by following the criteria laid out in the Councils Constitution regarding CIL Governance (Appendix X1) of the Constitution.

- 12 For Section 106s, we looked previously at the period between 2011 and 2016 (as we have the best data over this period):



13 A total of £ 93,362.55 towards Affordable housing contributions were the only Section 106 funds received in the April 2020 to March 2021 period.

13 It is interesting to note here that the money received and spent is different to that allocated through CIL with Affordable Housing being the majority (84%) and with Community Facilities (5.9%) and Education (4.8%) being the next amount. The last two would have been secured before CIL was introduced.

14 If we are now considering again what projects should be prioritised, one issue that needs to be considered is whether we continue to following the patterns of CIL and 106 and ensure that Affordable Housing and Community facilities continue to be a priority.

C - Evidence in the Local Plan and Infrastructure Delivery Plan

Local Plan

15 As members are aware, the Council received confirmation from the Court of Appeal that its application to challenge the judgement of Mr Justice Dove regarding our approach to meeting the Duty to co-operate (DTC) had not been successful.

16 Since this time officers have been looking to move the local plan forward, with an aim to meet the objective of ensuring that we have a Local Plan in place by 2023.

17 We have been carrying out discussions with promoters of the larger sites and we are also updating our evidence base. As this is currently on going there is nothing that has taken place or finalised that would influence our priorities for spending at this current time.

Infrastructure Delivery Plan (IDP)

- 18 A full review of this document is laid out in last years report in Appendix A. As stated above as we are still in the early stages of reviewing our Local Plan, and therefore this document has not been recently updated.
- 19 It is likely to be reviewed once our evidence base is finalised, and it is likely that this will impact on our priorities next year.

Circumstances

- 20 It is important to note that the situation has changed for some projects and types of infrastructure.

Community facilities

- 21 Firstly community facilities have been awarded the highest amount of CIL, disproportionately higher than any other type of infrastructure since CIL was introduced. Whilst it is acknowledged that local community projects are of importance, officers question whether they should be considered a priority in this year's IFS. It is considered that there may be more strategically significant infrastructure projects, which should be a priority for CIL. Should Community facilities not be proposed as a priority within the IFS, this would not prevent applicants from submitting or being granted local community projects to the next CIL Spending Board to be assessed on their own merit. It will however show the Council's intention to fund other projects.
- 22 In addition looking at particular projects, the Upper Darent Flood was identified as a high priority through the current IDP. This was previously granted funding at the May 2018 CIL Spending Board. However, the Environment Agency advised that the scheme would not be pursued in the near future and so the allocated CIL Spending Board funds have been returned to be spent at the next CIL Spending Board. All the other schemes in regard to flooding in the IDP are either for 16-20 years or their timescales are unknown and they are of medium to low priority.
- 23 Whilst the Darent Valley flood alleviation scheme proposed at the May 2018 CIL Spending Board could not be implemented at this time, this should not prejudice against other projects being put forward to assist this area. It is considered that this should therefore be included in the IFS priorities this year.
- 24 It should also be noted that in March the CIL Spending Board approved CIL money to expand the Kemsing Doctors Surgery (Part of the Otford Health Service). It is therefore questioned as to whether this should be removed from the list of priorities.

Agenda Item 6

D - Priorities for spending this year

- 25 Looking at the evidence above, as there have not been too many changes to the Local Plan or the evidence to support it, that there seems no reason to change most of the priorities.
- 26 It is however suggested that some of the priorities and projects are amended in light of the discussion above. It is therefore considered the following should be priorities for the next year:

Community Facilities

- 27 In regard to Community Facilities, all the infrastructure projects proposed for community facilities within our current IDP do not fall within the priority timescales. Most are proposed for a time scale of 16-20 years, and been given a medium to low priority. In light of the above it is therefore proposed that the provision of CIL towards community facilities is not a priority for the Sevenoaks District Council in this years IFS.

Flooding

- 28 In light of the above circumstances, it is proposed the Upper Darent Flood alleviation scheme is included as a priority in this year's IFS.

Highways and Transport

- 29 There are a number of projects already identified as a high priority for projects that are for Highways or Transport. It is considered that these remain the same:

- Swanley Transport Improvement Measures
- Junction 3 M25 Swanley - improvements required to address increased capacity and accessibility for pedestrians.
- Improvements to bus services in and around Swanley
- Junction improvements to Bat & Ball
- Edenbridge Junction improvements
- Edenbridge - sustainable transport improvements

Utilities

- 30 In light of the evidence in the IDP, it is considered that the following projects are still considered as a priority for funding in the Councils IFS:

- Badgers Mount water supply upgrades

- Swanley supply water upgrades

Health and Social Care

31 As stated above, the increase of capacity of Otford Health Services has been identified as a high priority. A bid to extend the Kemsing branch successfully received partial funding at the March 2021 CIL Spending Board. However it is considered that as development at Fort Halstead is likely to still have an impact on the services of the Otford Health Services.

32 It is therefore considered that this remains a priority for this year's IFS.

33 In light of this and the information in the IDP it is considered that additional capacity required to health services in the following areas should be identified as a priority:

- Northern Sevenoaks Health
- Swanley,
- Hextable,
- Farningham,
- New Ash Green,
- Hartley,
- Fawkham,
- South Darent
- Expansion of GP Practices in Sevenoaks Urban Area
- To increase the capacity of Otford Health Services (related to Fort Halstead)

34 Whilst these proposals have been given a high priority, the developers will still need to apply for funding through the CIL Spending Board and therefore this does not guarantee that the schemes will be fully or partly funded. The fact that they have been identified as priority projects in the IFS will mean that this will give weight to the consideration of these bids at the Board.

Affordable Housing

35 This is proposed to follow our current planning policies and Supplementary Planning Document. The income will be spent in light of the portfolio holders decision as to how we spend the money allocated to affordable housing.

Corporate Priorities

36 It is proposed that projects which would contribute towards SDC's corporate priorities should remain as a priority, in particular projects that support and facilitate our Net Zero ambitions and mental health and wellbeing.

Broadband

37 Any infrastructure proposals that seek to improve existing rural broadband services or propose new broadband infrastructure in rural areas will continue to be considered as a priority.

Agenda Item 6

Notes

- 39 It should be noted that whilst the proposals above have been given a high priority, an application to the CIL Spending Board for funding will still need to be made and therefore this does not guarantee the schemes will be fully or partly funded. However, the fact that they have been identified as priority projects in the IFS will mean that this will give weight to the consideration of these bids at the Board.
- 40 Members will also be aware of the new Government White Paper, that was produced last year. This sets out the Governments vision for a new planning process and proposes introducing an “Infrastructure Levy.” No further details of this has been provided to date, but it is likely that the CIL and 106 system will change in the future.

Other options Considered and/or rejected

- 41 Officers have based their decision on the evidence before them and through discussion with officers and Members across the Council and therefore consider that there is no alternative to those put forward.
- 42 The Committee could determine that these priorities or projects put forward are not acceptable. This could result in an incomplete IFS being produced by the Council. The committee could also recommend other priorities that they consider others are more suitable.

Key Implications

Financial

There are no financial implications regarding this report.

Legal Implications and Risk Assessment Statement.

There are no legal implications regarding this report.

Equality Assessment (Compulsory heading - do not delete)

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.

Net Zero

This has been addressed in the main report.

Conclusions

It is requested that the Committee agree to the following:

1. The criteria for prioritising infrastructure projects for funding in the Infrastructure Funding Statement.

2. That the specific projects and types of infrastructure recommended in the conclusion are identified in the IFS as having a priority for full or partial funding.

Appendices

Appendix A - Last year's IFS Report to DCAC 20th October 2020 and Cabinet on 5th November 2020.

<https://cds.sevenoaks.gov.uk/ieListDocuments.aspx?CId=361&Mid=2545&Ver=4&J=4>

Appendix B - Full details of CIL expenditure and Section 106 monies received

Background Papers

[Governance of the Community Infrastructure Levy \(CIL\) \(Cabinet - July 2020\)](#)

(Appendix X1) of the Council's Constitution.

[Infrastructure Delivery Plan March 2019](#)

Sevenoaks District Council's Supplementary Planning Document; Affordable Housing.

Richard Morris

Deputy Chief Executive, Chief Officer - Planning & Regulatory Services

This page is intentionally left blank

INFRASTRUCTURE FUNDING STATEMENT - PRIORITIES**Development and Conservation Advisory Committee - 20 October 2020****Report of:** Deputy Chief Executive, Chief Officer Planning & Regulatory Services**Status:** For Decision**Also considered by:** Cabinet - 5 November 2020**Key Decision:** Yes

Executive Summary: This report looks at the proposed priorities for the Council's new Infrastructure Funding Statement (IFS) which we are required to report to the Govt by the end of this year. The requirement for an IFS was laid out in the new Community Infrastructure Levy (CIL) legislation which was introduced in September 2019.

The new legislation requires us to report on our CIL and Section 106 income and expenditure and also on the infrastructure projects or types of infrastructure that we intend to fund wholly or partly by the levy (CIL). This will cover the period for the next year (2020/21) and will exclude the neighbourhood portion sent to Parish and Town Councils. This encourages local authorities to consider their priority for spending over the next year. This does not mean that local authorities are bound by the priorities laid out in the IFS but that it is hoped that it will provide transparency to developers and the community as to what our intentions are.

To assist members this report, firstly, considers the types of projects that can be included in the priority for spending CIL, it then looks at what we have spent money on through Section 106 and CIL over the last few years. It will then consider the priorities we already have for spending section 106 and CIL. It then importantly considers the evidence of infrastructure needs through reviewing our Infrastructure Delivery Plan which supports our Local Plan. It will then conclude by making recommendations for our funding priorities.

This reports support the Key Aim of: of ensuring that Sevenoaks District remains a great place to live, work and visit and that development is supported by the most appropriate infrastructure.

Portfolio Holder: Cllr. Julia Thornton**Contact Officer:** Claire Pamberi ex 7221**Recommendation to Development and Conservation Advisory Committee:**

That the recommendations to Cabinet are supported.

Recommendation to Cabinet:

To agree and adopt the following:

1. The criteria for prioritising infrastructure projects for funding in the Infrastructure Funding Statement.
2. That the specific projects and types of Infrastructure recommended in the conclusion of this report are identified in the IFS as having a priority for full or partial funding.

Reason for recommendation:

For the Council to agree on spending priorities for the Section 106 and the Community Infrastructure Levy for the next year.

Introduction and Background

- 1 As Members are aware, Sevenoaks District Council has been a CIL (Community Infrastructure Levy) charging authority since 4th August 2014. From this date until middle of September 2020, the Council have collected just over £9.3 million of CIL contributions.
- 2 Since 2014 and up until the end of last year, the Government asked us to report on our CIL income and expenditure, by producing a report for each financial year, which laid out CIL income and expenditure. This document had to be displayed on our website annually.
- 3 As you may be aware, new CIL Regulations came into force on 1st September 2019. As mentioned previously to you in the CIL Governance Report which came to this committee in July, these changes included:
 - removing the requirement to consult on a preliminary draft CIL charging schedule;
 - applying indexation when planning permissions are amended;
 - removing the restriction on the number of planning obligations that can be used to fund a single project;
 - allowing authorities to spend up to 5% of levy receipts on administrative expenses; and
 - most importantly (in relation to this report) the new legislation introduced new reporting requirements through Infrastructure Funding Statements.
- 4 This new way of reporting is required for all Local Planning Authorities and is expected to be issued on or before 31st December this year.

Appendix A

- 5 One of the new requirements that the legislation has introduced, is a new element to our reporting which asks each Local Authority to report *“on the infrastructure projects or types of infrastructure that the authority intends to fund wholly or partly by the levy.”*
- 6 This report is therefore seeking this committee’s views, after considering the evidence, as to the infrastructure projects that it sees as being a priority and should therefore be listed in the Infrastructure Funding Statement as being intended to be either funded or part funded by CIL.

Infrastructure funding Statements (Background)

- 7 Firstly it is considered important to lay out what Infrastructure Funding Statements (IFS) are and what is required from Local Planning Authorities:
- 8 The Infrastructure Funding Statement will impact upon the way we report on our CIL income and expenditure. Looking at the guidance provided from the Ministry of Housing, Communities and Local Government in September 2019, Infrastructure funding statements must set out the following in Paragraph: 176 Reference ID: 25-176-20190901:
- *“A report relating to the previous financial year on the Community Infrastructure Levy;*
 - *A report relating to the previous financial year on section 106 planning obligations;*
 - *A report on the infrastructure projects or types of infrastructure that the authority intends to fund wholly or partly by the levy (excluding the neighbourhood portion).”*
- 9 This report focuses on the third bullet point and considers what infrastructure projects or types of infrastructure that this authority intends to fund, either wholly or partly, by the levy or planning obligations. This will not dictate how funds must be spent but will set out the local authority’s intentions and ambitions.
- 10 This is expected to be in the form of a written narrative that demonstrates how developer contributions will be used to deliver relevant strategic policies in the plan, including any infrastructure projects or types of infrastructure that will be delivered, when, and where.
- 11 The main reason that the Government has introduced this new element into reporting is to ensure that there is more transparency over receipts and projected spend of CIL and Section 106s. The aim is to:
- simplify requests for FOIs
 - Improve stakeholder visibility and understanding
 - Promote infrastructure delivered by our Authority
 - Use it throughout the planning system to help inform and provide evidence.

- 12 It is important to note that this new way of reporting will not impact the process of the CIL Spending Board or how it is run. It is, however, likely to influence the Spending Board when deciding where to allocate money. When the bids are assessed as part of the Spending Board process, if a project meets one of the priorities laid out in this report (IFS), it will be given more weight than projects that are not identified in the IFS.

Discussion

- 13 In considering what Sevenoaks District Councils priorities should be for allocating CIL and Section 106 monies, it is proposed to lay the report out in the following way:
- Firstly, it is considered important to understand what infrastructure is and the types of projects that can be included in the IFS;
 - The report will then consider what Sevenoaks District Council have spent CIL and 106 monies on in the past;
 - It will consider the priorities we have already put in place for CIL and 106 spending;
 - It will then consider the evidence in the Local Plan and the Infrastructure Delivery Plan as to what infrastructure should be prioritised; and then,
 - In light of all the above evidence, it will then propose what the priorities and projects for spending should be.

What is infrastructure?

- 14 Firstly, it is important to identify what infrastructure is and what types of infrastructure there are. This ensures that when we prioritise spending, we are clear as to what we can propose to fund and also that we are aware of what all our options for spending are.
- 15 Infrastructure can be defined as the following:
- “The basic systems, facilities and services which support development in an area. These can include highways and other transport facilities, flood defences, energy, educational facilities, health and social care facilities, community facilities, green blue infrastructure etc”.* (Appendix X1 of the Councils Constitution).

16 Government Guidance states that for any information reported on developer contributions, infrastructure should be categorised as follows:

- Affordable housing
- Education
 - Primary
 - Secondary
 - Post-16
 - Other
- Health
- Highways
- Transport and travel
- Open space and leisure
- Community facilities
- Digital infrastructure
- Green infrastructure
- Flood and water management
- Economic development
- Land
- Section 106 monitoring fees
- Bonds (held or repaid to developers)
- Other
 - Neighbourhood CIL
 - Mayoral CIL
 - Community Infrastructure Levy administration costs

17 Looking at our Infrastructure Delivery Plan, in addition to the above, the main types of infrastructure that we have identified include the following:

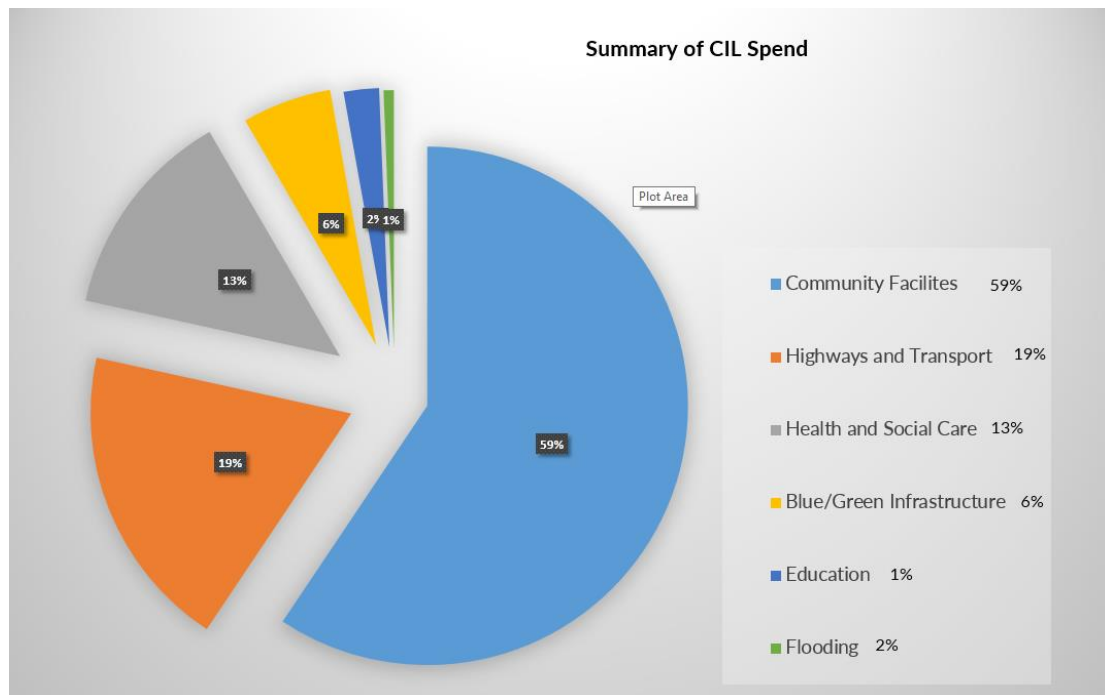
- Highways and Transport
- Flooding
- Utilities
- Communications
- Community facilities (including Tourism)
- Education
- Health and Social Care
- Police and Emergency Services
- Blue/Green Infrastructure

(Please see **Appendix A** for the full list of the types of projects identified through work towards our Infrastructure Delivery Plan).

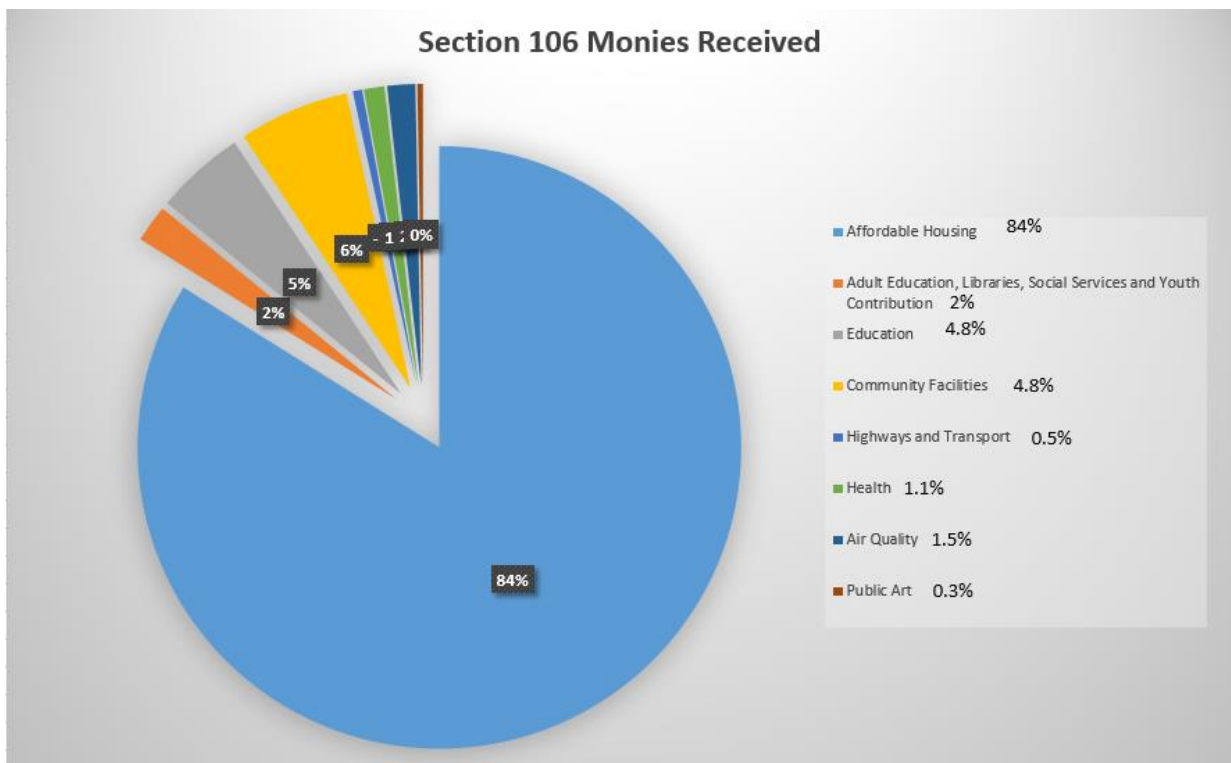
18 When considering what projects we should prioritise for CIL funding in the future, we need to ensure that the infrastructure we fund falls within the categories above (paragraphs 16 and 17), and clearly supports, and is related to, development in an area. Priority should be given to projects which clearly do this.

What have we funded so far?

- 19 As the types and categories of infrastructure have now been identified, it is considered that it may be helpful to show you what has been funded through CIL and 106 over the years. Full details of this can be found at **Appendix B**.
- 20 For CIL since 2014 we have awarded the following different categories of infrastructure projects through the CIL Spending Board:



- 21 The pie chart shows that the greatest amount has been spent on Community Facilities (59%), which has included the White Oak Leisure Centre, village halls, public toilets and play areas. The next largest amount falls under Highways and Transport (19%) which has included train station and footpath improvements. The next is Health and Social care (13%) where money has been awarded to a medical centre/hub and a health pod. These projects have all been awarded funding by following the Councils Constitution regarding CIL Governance (Appendix X1) of the Constitution, which lays out the criteria as to how the bids should be assessed.
- 22 For Section 106s, looking at a period between 2011 and 2016 (as we have the best data over this period) we have secured the following:



23 It is interesting to note here that the money received and spent is different to that allocated through CIL with Affordable Housing being the majority (84%) and with Community Facilities (5.9%) and Education (4.8%) being the next amount. The last two would have been secured before CIL was introduced.

24 If we are now deciding what projects should be prioritised, one issue that needs to be considered is whether we follow the patterns of CIL and 106 and ensure that Affordable Housing and Community facilities continue to be a priority for funding or whether we focus on other types of infrastructure which have not seen so much funding.

CIL Spending Board Priorities

25 As laid out in Appendix A the CIL Spending Board’s key considerations for awarding CIL money are as follows:

26 Firstly, there needs to be a clear public and overall community benefit of the proposed scheme for residents in Sevenoaks District. In determining each project put forward, the Spending Board therefore need to consider the following issues in making its recommendation:

27 (Note - In assessing priorities, it is considered important to include some of these criteria into our priorities for funding identified in the IFS. These are

underlined. The criteria that are not underlined are considered to relate to individual projects and will still be considered by the Spending Board).

- Whether sufficient evidence has been provided to demonstrate a strong social, environmental or economic justification for the scheme.
- Whether sufficient evidence has been provided to demonstrate a strong link between new development and the scheme.
- Whether sufficient evidence has been submitted to show that the project involves partnership working.
- Whether the scheme forms part of a planned, local, economic or community strategy to address the need for local or strategic infrastructure. This includes information in the Infrastructure Delivery Plan.
- Whether sufficient evidence has been provided to show that other sources of funding have been maximised.
- Whether there is sufficient certainty that the scheme will be delivered, including considering whether the project has all the necessary permissions in place and evidence has been provided to demonstrate that there are sufficient maintenance arrangements in place.
- Whether the scheme has local support.
- Whether the project has already benefited from CIL funding through the CIL Spending Board or the Parish and Town Councils.
- Whether the bid provides a benefit to the community as a whole

28 The board may also take into account other factors that it considers relevant, but I think this is a helpful guide to help us assess what our priorities for CIL funding should be in the future.

29 As you are aware, limited CIL funding is available to support all projects that are put forward. Therefore, it is important to note that when we make a decision to prioritise projects, it does not mean that we fund all of the scheme, it just means that these projects will be a priority when considering funding. The inclusion of a project in the IFS will be a consideration that is material to the assessment of bids to the CIL Spending Board, but does not necessarily mean that all of these projects will be funded. This is because the allocations in the Infrastructure Funding

Statement are not binding and also there are other criteria that the Spending Board will consider, as listed above, when allocating the money.

Infrastructure Delivery Plan (IDP)

- 30 A review of the IDP is also helpful as it lays out the priorities for infrastructure spending and also identifies projects that have been put forward by Infrastructure providers to support the Local Plan.
- 31 It has been demonstrated, through the IDP, that a number of infrastructure improvements will be required over the course of the plan period to facilitate development and meet future needs. Furthermore, it also makes it clear that there are no large-scale infrastructure requirements which would inhibit development coming forward or be required to unlock development in the Local Plan.
- 32 In collecting evidence of the infrastructure as part of the IDP and also to assist in considering the needs for the Local Plan, infrastructure providers and delivery partners were contacted and provided with details of the potential development sites that could be taken forward within the Draft Local Plan. Any responses received as part of the Draft Local Plan consultation were assessed and categorised to provide a full infrastructure Schedule to support the Local Plan. (The full schedule is available in full in Appendix C)
- 33 The responses were categorised as follows:
- *Timescale - infrastructure providers giving an estimate to when an infrastructure project would be delivered over the Plan period:*
 - *1-5 years (expected to be delivered between 2015-2020)*
 - *6-10 years (expected to be delivered between 2021-2025)*
 - *11-15 years (expected to be delivered between 2026-2030)*
 - *16-20 years (expected to be delivered between 2031-2035)*
 - *Priority - infrastructure providers giving an indication on how likely the infrastructure project would be delivered to support development.*
 - *Critical - the infrastructure project would have to be delivered prior to any development in order to support it*

- *High - the infrastructure project would have to be delivered in tandem with the development in order to support it*
- *Medium - the infrastructure project would support the delivery of development but there are no plans to bring it forward in the immediate future (1 - 10 years)*
- *Low - the infrastructure project would support the delivery of development but there are no plans to bring it forward within the Plan period.*
- *Risk to Delivery - while infrastructure providers may have the statutory right to carry out the infrastructure project, there could be a potential risk to delivering it. This could include landownership issues, uncertainty over funding streams and other factors.*
 - *High - based on the information submitted, it is highly unlikely that the infrastructure project will be delivered within the Plan period due to the uncertainty of funding / landownership issues etc.*
 - *Medium - based on the information submitted there is a possibility that the infrastructure project may be delivered by the provider.*
 - *Low - it is highly likely that the infrastructure project will be delivered within the Plan period as there are little or no issues with funding or landownership*
- *Funding Position - a summary of how the infrastructure would be funded. The statement also includes whether any funding has been secured or sought through capital investment.*

34 Therefore, based on the above criteria it is considered that priority should be given to infrastructure projects for the following:

- The project needs or will be expected to be delivered within the next 5 years.
- That there is a critical or high infrastructure need where the project has to be delivered prior to or in tandem with any development to support it.

Appendix A

- That there is a Low risk to the project, meaning that the project is likely to be delivered, as there are little or no issues with funding or landownership.
- Where there is a clear plan as to how the project would be funded.

Conclusion

35 Looking at the evidence above and the existing criteria we have put in place it is suggested that infrastructure projects should be prioritised for funding if they meet the following criteria:

- The projects fall within the infrastructure types/projects identified above.
- The projects have been identified in our Infrastructure Delivery Plan. This ensures that the infrastructure prioritised supports the Local Plan.
- The projects clearly relate to proposed or allocated development in the Local Plan. There is therefore a strong link between development and the proposed project.
- That there is a strong social, environmental or economic justification for the scheme.
- Whether the scheme addresses a clear local need for infrastructure.
- That the specific projects have not received CIL previously.
- The scheme has support from infrastructure providers
- That it will be expected to be delivered within the next 5 years.
- That it is identified as having a critical or high need where the project has to be delivered prior to any development to support it.
- Where it is likely that the infrastructure project can be delivered within the plan period as there are little or no issues with funding or landownership.
- Where there is a clear plan as to how the project would be funded.

36 With this in mind, this report will now consider the projects put forward in the IDP (**Appendix C**) under each category:

Highways and Transport

37 There are a number of projects identified as a high priority for Highways or Transport. Whilst ideally, in light of the above, we would require timescales for their implementation, it is clear that they are a high priority, that they fall within the definition of infrastructure and that they would support

development proposed in the Local Plan. Therefore, it is considered appropriate to provide timescales of 1-5 years and the need for these projects and their progress will be monitored annually.

38 In light of the evidence in the IDP and the criteria above, it is considered that the following projects are considered as a priority for funding in the Councils IFS:

1. Swanley Transport Improvement Measures
2. Junction 3 M25 Swanley - improvements required to address increased capacity and accessibility for pedestrians
3. Improvements to bus services in and around Swanley
4. Junction improvements to Bat & Ball
5. Edenbridge Junction improvements
6. Edenbridge - sustainable transport improvements

This supports the preferred development strategy laid out in the Local Plan which seeks to focus growth in existing settlements, including at higher densities.

39 The following are identified as high need in the IDP, however as they are linked to sites still to come forward in the local plan they are not considered to be a priority at the current time:

1. Access roads between A25 and Sevenoaks Quarry site
2. Sustainable transport accessibility improvements to Quarry Site

40 Projects identified as high need, but support sites that were not taken forward in the Local Plan have not been included.

Utilities

41 In light of the evidence in the IDP and the criteria above, it is considered that the following projects are considered as a priority for funding in the Councils IFS:

- Badgers Mount water supply upgrades
- Swanley supply water upgrades

42 Again looking at timescales for this, none have been provided by the Infrastructure providers, so it is proposed that these be made a priority and implemented for the next 1-5 years. A consideration of their progress and need will be reviewed annually.

Appendix A

Education

- 43 Looking at the projects put forward for Educational infrastructure, they do not fall within the priority timescales above. Most are proposed for a time scale of 11-15 or 16-20 years, and have been given a medium to low priority. A number also relate to sites that have not yet come through the Local Plan process.
- 44 It is therefore proposed that the provision of CIL towards education facilities or infrastructure projects is not a priority for the Sevenoaks District Council in this year's IFS.

Community Facilities

- 45 As stated above all the infrastructure projects proposed for community facilities within the IDP do not fall within the priority timescales above. Most are proposed for a time scale of 16-20 years, and been given a medium to low priority. In addition to this, a large amount of CIL has been provided to community projects through the CIL Spending Board for example towards new village halls, and the White Oak Leisure Centre.
- 46 It is therefore proposed that the provision of CIL towards large scale or general community facilities is not a priority for the Sevenoaks District Council in this year's IFS as insufficient evidence has been provided to show that this form of development is currently a priority.

Flooding

- 47 The Upper Darent Flood alleviation scheme is identified as a high priority through the IDP. This project has already been allocated funding through the CIL Spending Board, but the money has not been transferred to the Environment Agency as there appears to be some issues in regard to land ownership and whether the entire project can be implemented. We are however still in discussion regarding this.
- 48 As CIL money had already been allocated to this project which has the highest priority and all the other schemes are either for 16-20 years or their timescales are unknown and are of medium to low priority, it is my view that there are no further schemes where CIL is required as a priority. It is therefore proposed that whether the Upper Darent Flood alleviation scheme can go ahead or not, as no other priority projects have been put forward, that the provision of CIL towards flooding facilities or infrastructure is not a priority for the Sevenoaks District Council in this year's IFS.

Health and Social Care

- 49 The IDP has identified a number of Health and Social Care projects that are of a high priority. Whilst some of these are not required immediately, they have been identified as high priority projects and the expansion of GP practices and increased health care services are vital to support the increase of development in the District and they provide a clear benefit.

50 Taking into account the criteria above it is considered that Health and Social care be identified as a priority for CIL Spending over the next year. In particular, the following projects have been identified:

1. CIL funding is provided to deliver the additional capacity required in the next 6 - 10 years to health services in the following areas:

- Northern Sevenoaks Health
- Swanley,
- Hextable,
- Farningham,
- New Ash Green,
- Hartley,
- Fawkham,
- South Darent

2. Expansion of GP Practices in the Sevenoaks Urban Area (Time scale 11-15 years).

3. To increase the capacity of Otford Health Services (related to Fort Halstead) (Timescale 6 - 10 years).

This again supports the preferred development strategy laid out in the Local Plan which seeks to focus growth in existing settlements, including at higher densities and provides infrastructure to support allocated sites.

51 Whilst Edenbridge Health Services are also mentioned as a high priority, partial funding towards this project has already been approved through the CIL Spending Board in December last year towards the Edenbridge Health hub. It is therefore proposed that this is not identified as a priority for this year's IFS.

Affordable Housing

52 This is proposed to follow our current planning policies and Supplementary Planning Document. See update to Affordable Housing Policy in **Appendix D**. The income will be spent in light of the portfolio holder's decision as to how we spend the money allocated to affordable housing.

52 The first priority should always be for developers to provide affordable units on site and to work with Housing Providers to identify the right number, size and tenure. However, when a financial contribution is sought through a section 106 agreement, it will be ring fenced and the priority will be to use the money to meet the Council's affordable housing objectives. This money will therefore be spent using the following criteria (as laid out in the Council's Supplementary Planning Guidance: Affordable Housing):

- Provision of new affordable housing in the District via a Registered Provider of social housing (including adding to provision on development sites, new standalone schemes and existing property purchase);

Appendix A

- Initiatives to make better use of the existing stock (including tackling under occupation and fuel poverty where it enables better use to be made of the stock);
- Managing future needs for affordable housing, including homelessness prevention and benefit advisory services;
- Assisting those in housing need to access low cost home ownership;
- Supporting the development of rural exception sites to meet rural housing needs (for fully or partially exempted Parishes only as set out in Section 17 Housing Act 1996, Housing (Right to Acquire or Enfranchise) (Designated Rural Areas in the South East) 1997 Order.

53 Apart from the provision of rural housing, funds will be used to meet affordable housing in a flexible way where it can be used most effectively across the District.

Local Infrastructure Projects

54 Looking at the criteria that have been agreed to assess the bids put to the CIL Spending Board, as well as the large strategic projects, there is a clear aim by the Council to support local community projects. These local projects include those submitted by infrastructure bodies and also those submitted by Parish and Town Councils or local community groups who put forward projects to benefit their local community.

55 Whilst not listing any specific projects, in addition to the above, it is suggested that one of the Council's priorities for infrastructure, for the next year, should be to partially fund local community or infrastructure projects that show a clear public benefit or support a clear local need. Therefore, this means that CIL priorities will not only be made with reference to the Local Plan. If a local body comes forward with a worthy CIL application the Board must be free to consider it as long as it is of community or local benefit, it supports new development in their area and is infrastructure.

56 Whilst community projects or infrastructure to address flooding issues have not been identified above as being a priority, any local project that provides evidence to show that it addresses a clear community need or provides a clear community benefit will be considered a priority. This could include the provision of community, flood or education (inc. nurseries etc.) infrastructure.

Net Zero 2030

57 The leader of the Council brought a report to Full Council on 19th November 2019. The report set out a clear ambition for the Council to achieve net zero greenhouse gas emissions by 2030. The Cabinet working group which was set up to oversee and lead on this ambition agreed that the Council

would be a “community leader” and encourage low carbon measures across the District through education, best practice, incentives, policy and opportunities.

- 58 It is therefore suggested, following on from this Council’s clear ambition and the desire to be community leaders, that over the next year any infrastructure projects which clearly support our ambition to achieve net zero greenhouse emissions should be considered as a priority to receive CIL funding.

Broadband

- 59 In looking at the requirements in the Local Plan, and also in light of the current Covid situation, there is a clear need in this District for improvements to our rural broadband. It is recognised that some areas have poor connection.
- 60 Currently there is a clear switch in the community to people working from home, therefore, increasing the need for an improvement in broadband services. In addition, this is expected to lead to a reduction in car journeys and encourage job growth in rural areas. Therefore, any infrastructure proposals that seek to improve existing rural broadband services or propose new broadband infrastructure in rural areas will be also considered as a priority.

Notes

- 61 It should be noted that whilst the proposals above have been given a high priority, an application to the CIL Spending Board for funding will still need to be made and therefore this does not guarantee the schemes will be fully or partly funded. However, the fact that they have been identified as priority projects in the IFS will mean that this will give weight to the consideration of these bids at the Board.
- 62 Members will also be aware of the new Government White Paper, currently out for consultation, which sets out the Governments vision for a new planning process. Pillar 3 of this legislation looks particularly at Infrastructure, CIL and Section 106s. The vision of the Government is to remove CIL and Section 106 and bring together all payments through one contribution “The Infrastructure Levy.” This will mean that all income will be brought under the Levy and therefore this will change how we report and prioritise in the future.

Other options Considered and/or rejected

- 63 Officers have based their decision on the evidence before them and through discussion with officers and Members across the Council and therefore consider that there is no alternative to those put forward.
- 64 The Committee could determine that these priorities or projects put forward are not acceptable. This could result in an incomplete IFS being

Appendix A

produced by the Council or the committee could recommend other priorities that they consider others are more suitable.

Key Implications

Financial

There are no financial implications regarding this report.

Legal Implications and Risk Assessment Statement.

There are no legal implications regarding this report.

Equality Assessment (Compulsory heading - do not delete)

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.

Net Zero

This has been addressed in the main report.

Conclusions

It is requested that the Committee agree to the following:

1. The criteria for prioritising infrastructure projects for funding in the Infrastructure Funding Statement.
2. That the specific projects and types of infrastructure recommended in the conclusion are identified in the IFS as having a priority for full or partial funding.

Appendices

Appendix A - Categories and projects identified as infrastructure

Appendix B - Full details of CIL expenditure and Section 106 monies received

Appendix C - Infrastructure requirements assessed in the Sevenoaks Infrastructure Delivery Plan.

Appendix D - Updates to affordable housing Policy December 2019.

Background Papers

[Governance of the Community Infrastructure Levy \(CIL\) \(Cabinet - July 2020\)](#)

(Appendix X1) of the Council's Constitution.

Infrastructure Delivery Plan March 2019

Sevenoaks District Council's Supplementary Planning Document; Affordable Housing.

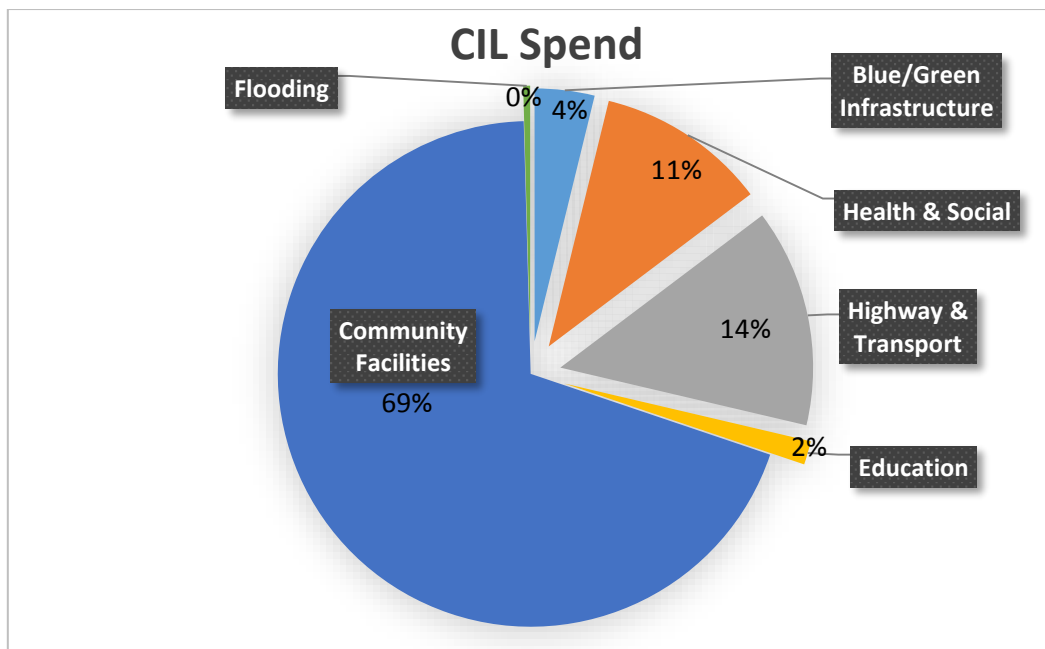
Richard Morris

Deputy Chief Executive, Chief Officer - Planning & Regulatory Services

Appendix B

Projects awarded CIL since 2014 to date

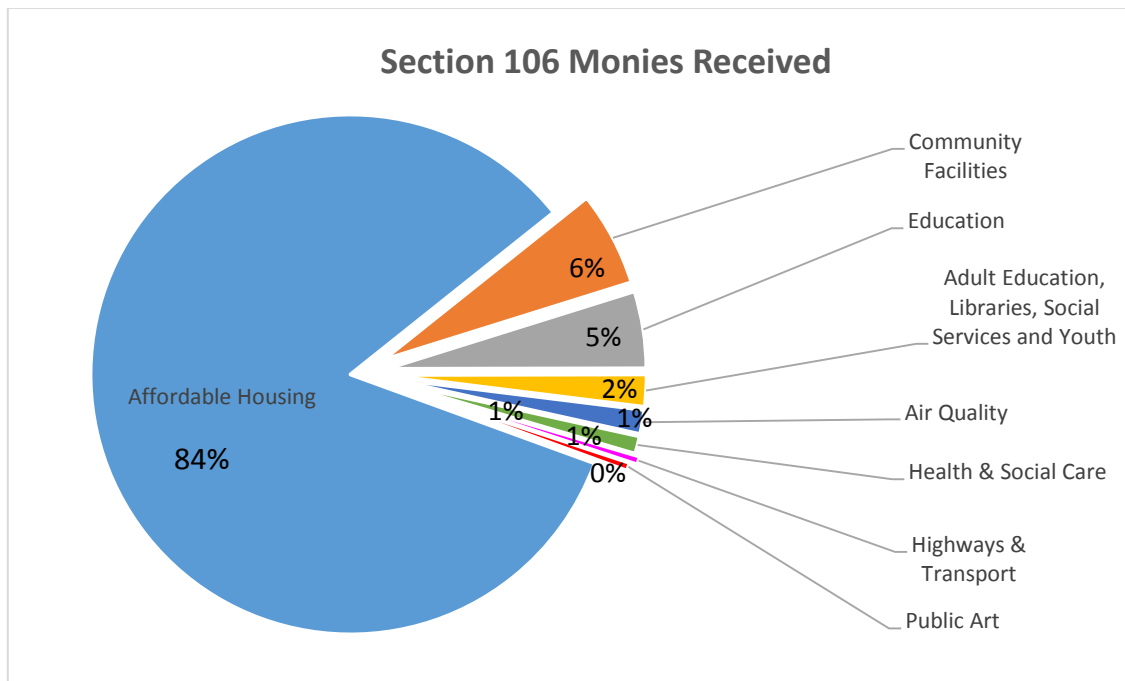
Type of Infrastructure	CIL Funds Awarded	Percentage of overall amount
Community Facilities	£ 4,583,324	69%
Highways and Transport	£ 921,444.50	14%
Health and Social Care	£ 719,880	11%
Blue/Green Infrastructure	£ 252,400.00	4%
Education	£ 100,000.00	2%
Flooding	£ 29,000.00	0%
Total	£ 6,606,048.50	



Section 106 funds received between 2011 and 2016

Agenda Item 6

Type of Infrastructure/facilities	Section 106 funds Received	Percentage of overall amount
Affordable Housing	£8,302,629.33	83.9%
Community Facilities	£583, 866.00	5.9%
Education	£477,694.00	4.8%
Adult Education, Libraries, Social Services and Youth Contribution	£197,345.99	2%
Air Quality	£145,021.00	1.5%
Health and Social Care	£108, 068.00	1.1%
Highways and Transport	£53,622.00	0.5%
Public Art	£25, 055.80	0.3%
Total	£9,893,302.00	



Item 7 - Community Infrastructure Levy (CIL) Governance Annual Review

The attached report was considered by the Development & Conservation Advisory Committee on 19 October 2021. The relevant Minute extract is below.

Development & Conservation Advisory Committee (19 October 2021, Minute 17)

The Planning Policy Team Leader (Infrastructure) presented the report on the annual review of governance arrangements of allocating Community Infrastructure Levy (CIL) funding to local and strategic infrastructure projects across Sevenoaks District. The current governance arrangements had been agreed by Members of the Committee in July 2020. The report looked at what had been implemented and considered the recommendations made by an independent review, as well as any further changes that were required to the process of spending CIL. The Chairman and Vice Chairman of the CIL Spending Board had also been consulted.

Members took the opportunity to discuss the report and the comments made by the independent review by the Planning Advisory Service (PAS). Members discussed the suggested approach as set out in paragraphs 18 to 22 and 28 to 30 of the report. The Planning Policy Team Leader (Infrastructure) advised that due to time constraints for some infrastructure projects that would otherwise go without the benefit of CIL monies, or may never be implemented, it was proposed that 15% of the money currently allocated CIL Spending Board money be allocated to spend on projects outside of the Spending Board process, in certain circumstances. Members discussed the suggestions and whether some changes could be made, including the removal of allocating to officers, that the allocation be 15% of the CIL money received in a financial year, and that the Leader and Portfolio Holder for Development & Conservation agree the spend by a Portfolio Holder Decision. Members discussed if other Members of the Committee should be consulted noting particularly the Chairman and Vice Chairman of CIL Spending Board should be consulted.

Members also noted that there were proposed changes to part X1 of the Council's constitution.

Public Sector Equality Duty

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

Resolved: That it be recommended to Cabinet that

Agenda Item 7

- a) the following approach as detailed within the report and as (i) to (v), below be agreed;
- i. Whilst the results of the assessment are good overall as we are seen as being a well-managed and integrated authority, it is important for us to consider if there are any ways to improve.
 - ii. One of the main suggestions is to look at predicting our CIL income. As officers, our recommendation in the past has been that we do not predict our CIL income as there is no guarantee and it is difficult to predict. This has been because not all permissions that have been served a Liability Notice will be implemented and also as we have no control over when development commences. Predicting CIL could cause us problems or unnecessarily raise hopes. If we allocate funds based on our prediction and less CIL actually comes in, it could also lead to disappointment and projects may miss out. As currently nothing relies on our CIL income and the meeting of the CIL Spending Board is flexible and is based on how much CIL actually comes in, it is suggested that there is no need to predict our CIL income and that we set up a CIL Spending Board only when we have sufficient CIL income to do so.
 - iii. It has also been suggested that we adopt a structured engagement plan to set out formally how we engage with stakeholders. Whilst this could be positive as we could formally set out ways in which we interact and when, it could also be beneficial to leave this flexible so we can interact and agree outcomes as and when needed.
 - iv. I do not consider that there is a need to set up an officer's working group as the CIL Spending Board is set up to distribute CIL funds and the DCAC and Cabinet oversee the Governance of this. It is considered that this is appropriate and a working group is not required.
 - v. In regard to the focus of our IDP, it will be possible to make this more of a delivery document, to look to update this regularly and also to ensure that it links into our IFS. It is important to have a clear structure to this process to ensure that all parties are included and to ensure that this links to our more strategic aims. As we are looking at the IDP and IFS again, in relation to a revised Local Plan, this is the perfect time to consider how this can be done more effectively. As a team are looking at this, it is considered that we can look at a better and more efficient way of dealing with this but no details have been decided yet. It is requested that this aspect be allocated to officers to consider a way forward.

- b) the changes to CIL Spending as detailed as (i) to (iii) below, be agreed;
- i. As the percentage for admin and Parish and Town Council's have already been agreed, it is suggested by officers that out of the 70% allocated to the CIL Spending Board to spend, that 15% percent be set aside for officers to spend outside of the CIL Spending Board process.
 - ii. It is still appropriate for the majority of the spending to be allocated through the CIL Spending Board. It be suggested that 15% of the CIL Spending Board money is allocated to spend on projects outside of the CIL Spending Board process and that funding can only be allocated in the following circumstances:
 - The project is for infrastructure
 - The request is submitted in writing
 - The project is for one of the priorities laid out in the Council's IFS.
 - A clear need is shown for this project and it provides a clear community benefit.
 - It is part of an existing strategy or plan.
 - That the project has sought to maximise funding from other resources.
 - It is within a financial year
 - That the Leader of the Council and Portfolio Holder for Development & Conservation agree to the spend, by sign off on a Portfolio Holder Decision sheet, following consultation with the Chairman and Vice Chairman of CIL Spending Board.
 - iii. It is considered that this will enable Sevenoaks District Council to contribute to much needed infrastructure projects that otherwise would go without the benefit of CIL monies or may never be implemented. There is no time limit on when this money can be spent and provided the projects will meet the criteria above it will be at officer's discretion. It is only a small percentage of the CIL funds and would enable SDC to be more flexible with the allocation of CIL and be able to help projects that are in line with our priorities.

Agenda Item 7

- c) the amendments to Appendix X1 of the Constitution, as set out in Appendices A, B, C, D and E to the report, be agreed.

COMMUNITY INFRASTRUCTURE LEVY (CIL) SPENDING BOARD - REVIEW OF GOVERNANCE

Cabinet 11 November 2021

Report of: Chief Officer - Planning and Regulatory Services

Status: For Decision

Also considered by:

- Development & Conservation Advisory Committee - 19 October 2021

Key Decision: No

Executive Summary: This report follows on from the Community Infrastructure Levy (CIL) Governance Report that was discussed at the Development and Conservation Advisory Committee in July 2020. As you are aware, when Sevenoaks District Council set up the initial Governance arrangements for CIL, it was expected that the Governance of CIL would be reviewed at least once a year. This has happened now for many years and this report provides this yearly review.

The report looks at what has been implemented since the last CIL Governance Review, it also considers the recommendations made recently by an independent review and any further changes that are required to the process of spending CIL. The Chairman and Vice Chairman of the Spending Board have been a part of this review.

This report supports the Key Aim of: ensuring that Sevenoaks District remains a great place to live, work and visit and that development is supported by the relevant infrastructure.

Portfolio Holder: Cllr. Julia Thornton

Contact Officer(s): Claire Pamberi, Ext. 7221 and Carlyn Kan Ext. 7264

Recommendation to Development & Conservation Advisory Committee

That the recommendations to Cabinet are supported.

Recommendation to Cabinet: That

- a) The recommendation laid out in paragraph 23 is agreed.
- b) The recommendation laid out in paragraph 31 is agreed.
- c) amendments to Appendix X1 of the Constitution, as set out in Appendices A, B, C, D and E be agreed; and

d) that the information in the report be noted.

Reason for recommendation: To ensure that the Council is able to make decisions on how the CIL process is governed in an open, transparent, appropriate, fair manner and to ensure consistency

Introduction and Background

- 1 Sevenoaks District Council has been charging the Community Infrastructure Levy (CIL) since August 2014. From this date, until August 2021, the Council has collected just over £11.2 million of CIL contributions, with just over £3.3 million passed to relevant town and parish councils to help fund local infrastructure improvements. This has meant that there has been just over £7 million available to spend on local and strategic infrastructure projects, through the CIL Spending Board, with just under £6.5 million of this amount already committed to specific projects.
- 2 As part of the current CIL Governance arrangements, that were originally set up by Sevenoaks District Council (SDC), it was agreed that the structure and process governing the CIL Spending Board and the process of allocating CIL money would be reviewed on an annual basis. This is to ensure that the Council's processes and procedures remain relevant, transparent and fit for purpose. This report is therefore part of this process.
- 3 This report will consider the following:
 - Changes in CIL Legislation
 - Changes put in place since the last review
 - The CIL Pilot project and independent review
 - Amendments to the Spending of CIL
 - Suggested changes to the current process
- 4 This report will address each one in turn:

Changes in Legislation

- 5 There have been no changes to the CIL Legislation since the Governance Review last year.
- 6 It still appears to be the intention of the Government to change the planning system in regard to CIL and Section 106s, to create a new infrastructure levy. However no further details have been provided to Local Authorities as to how they want to take this forward.

- 7 At the last review, Members were made aware of the new CIL Regulations which came into force on 1st September 2019.
- The regulations make a number of important changes to the operation of CIL and also section 106 planning obligations. These included new reporting requirements through Infrastructure Funding Statements.
- 8 Sevenoaks District Council produced its first Infrastructure Funding Statement in December last year. This lays out the income and spending for CIL and 106 over the past financial year and also provides a report on the infrastructure projects or types of infrastructure that the authority intends to fund wholly or partly by the levy. The priorities include some transport, health and local community projects. It also includes any projects that help the Council reach its net zero ambitions.
- 9 The only other change is that due to Covid, the Govt introduced legislation that allowed small and medium sized developers to be able defer their CIL payments or agree payments in installments. A deferral request can only be made for payments that were due during the material period. (22nd July 2020 - 31st July 2021) and this has therefore recently come to an end. We only had one request to defer a CIL payment during this time.

Changes put in place since the last review

- 10 Since the last Government review we have implemented the following:

A Clearer guidelines and timescales for monitoring CIL projects.

We now regularly monitor all bids and projects that have been awarded CIL money. We ask for quarterly updates and have amended our legal agreements to ensure that this is agreed in advance of the money being awarded. We also contact organisations at 2 months and at 4 months after the decision is made to award CIL, to ensure that Legal Agreements are completed within 6 months. We also monitor the money that has been sent to Parish and Town Councils to ensure that it is spent correctly and spent within 5 years.

B We have formalised how to consider changes to CIL Bids that have been awarded funding.

We have had a number of organisations that have requested changes to their bid and we will only allow it if the following occurs:

- where the project (and the community benefits provided) is at least substantially similar to that approved; and
- where the risk to the CIL monies does not materially increase

Agenda Item 7

We have refused amendments that do not meet this criteria.

- C We now provide quarterly updates to the CIL Chair and Vice chair informing them of the CIL awarded, CIL income, training carried out and any other relevant information.
 - D We now have a standard template letters in place, to ensure that bids which are not successful are provided with clear reasons why. We also provide information to indicate the best way forward for them.
 - E We have now set up our internal systems so that there is a formal process if organisations or the Parish and Town Councils wish to review our decision.
 - F We have also produced Guidance Notes for Parish and Town Councils and for any Organisations that wish to submit bids to the CIL Spending Board.
 - G We have also carried out training for Members, Members of the CIL Spending Board and also Parish and Town Councils.
- 11 We are also intending to carry out some further training for members and Parish and Town Councils by the end of the year to keep them informed.

The CIL pilot project and independent review

- 12 Towards the end of last year (2020) we were invited to take part in a Pilot project for PAS (Planning Advisory Service). The aim was for PAS to carry out an independent assessment of our CIL Governance, with the aim of providing guidance to other Local Authorities.
- 13 We carried out the self-assessment with the assistance of the consultants who considered the following:
- Leadership and Resources
 - Governance and Processes
 - Policy and Evidence
 - Tools and Systems
 - Project Delivery
- 14 For each section we were given a maturity level:

A - Ad-Hoc

B - Organised but inconsistent

C - Managed and Integrated

15 The results of our assessment were as follows:

- Leadership and Resources

Here SDC was determined to be at Level 3 Managed and Integrated. This was because there was a clear understanding across the Council of how these developer contributions were spent. The process had the support of the leadership of the Council. Our governance was also considered to be well managed and resourced and we had a review process in place, which allows continual learning.

- Governance and Processes

Here SDC was also determined to be at Level 3 again. This is because good governance exists with good understanding and transparency across the Council. The process to allocate funds included clear criteria for assessment and Guidance. Member involvement was also considered to be in a managed and structured way.

- Policy and Evidence

Here SDC was rated as a Level 2 authority - Organised but inconsistent. Whilst it was recognised that there was a clear and consistent corporate vision for growth and that our policies and guidance are in place. We performed weaker under this section as we do not predict our CIL income and have no established methodology in place to do this. We could also align our strategic priorities to the Local Plan and other strategic priorities in a more structured way.

- Tools and Systems

Here SDC was determined to be a Level 3. This is because we have clear templates and processes in place. They are transparent so that the relevant services across the Council can use and understand it. The knowledge of CIL is spread throughout the team so it is not just reliant on one service. Legal and Regulatory checks are undertaken systematically and support is readily available.

- Project Delivery

Agenda Item 7

Here SDC was determined to be a level 3 as we have a clear and dedicated approach towards delivery projects. Monitoring and reporting on the projects are done in a consistent way across the Council.

- 16 The proposed Action Plan resulting from the assessment included the following:
- We could benefit from a structured Engagement Plan to set out formally how we engage with stakeholders inside and outside of the Council.
 - We may benefit from establishing a more formal agreement as to how we work with some group i.e. KCC and other statutory providers. This could potentially form part of our Duty to co-operate evidence.
 - Training and periodic briefings with Councilors. (Note - we already do this)
 - We may wish to consider implementing an officer working group that report to the CIL Spending Board to monitor and assess project proposals.
 - We may wish to consider changing the focus of our Infrastructure Delivery Plan (IDP) to a delivery document and not just an evidence document. They also suggest setting up an officers working group and also to include senior management in our decision-making.
 - We could consider undertaking some projections for our CIL income, you can calculate this through CIL liability and Demand Notice.
 - We could introduce a more strategic and integrated consideration of funding across the Council including strategic projects for CIL, Capital programme etc.
- 17 It is also important to note that our interactive map, our CIL Spending Board Terms of reference and also our guidance on CIL bids were all used as case studies in PAS Guidance as examples as good practice.

Conclusion (Pilot Project)

- 18 Whilst the results of the assessment are good overall as we are seen as being a well managed and integrated authority, it is important for us to consider if there are any ways to improve.
- 19 One of the main suggestions is to look at predicting our CIL income. As officers, our recommendation in the past has been that we do not predict our CIL income as there is no guarantee and it is difficult to predict. This has been because not all permissions that have been served a Liability Notice will be implemented and also as we have no control over when

development commences. Predicting CIL could cause us problems or unnecessarily raise hopes. If we allocate funds based on our prediction and less CIL actually comes in, it could also lead to disappointment and projects may miss out. As currently nothing relies on our CIL income and the meeting of the CIL Spending Board is flexible and is based on how much CIL actually comes in, it is suggested that there is no need to predict our CIL income and that we set up a CIL Spending Board only when we have sufficient CIL income to do so.

- 20 It has also been suggested that we adopt a structured engagement plan to set our formally how we engage with stakeholders. Whilst this could be positive as we could formally set out ways in which we interact and when, it could also be beneficial to leave this flexible so we can interact and agree outcomes as and when needed.
- 21 I do not consider that there is a need to set up an officer's working group as the CIL Spending Board is set up to distribute CIL funds and the DCAC and Cabinet oversee the Governance of this. It is considered that this is appropriate and a working group is not required.
- 22 In regard to the focus of our IDP, it will be possible to make this more of a delivery document, to look to update this regularly and also to ensure that it links into our IFS. It is important to have a clear structure to this process to ensure that all parties are included and to ensure that this links to our more strategic aims. As we are looking at the IDP and IFS again, in relation to a revised Local Plan, this is the perfect time to consider how this can be done more effectively. As a team are looking at this, it is considered that we can look at a better and more efficient way of dealing with this but no details have been decided yet. It is requested that this aspect be allocated to officers to consider a way forward.
- 23 It is requested that Members confirm that this is the right approach as laid out in paragraphs 18-22.

Amendments to the Spending of CIL

- 24 It is clear, through the independent assessment (Pilot) that the CIL Governance process is mature and well managed, and therefore there is not much that needs to change. However over the years it is noted that there is a considerable amount of time between each CIL Spending Boards, which has increased due to Covid. This means that some much needed infrastructure projects miss out on funding due to the time limitations of these projects.
- 25 Some of our infrastructure providers have also voiced concerns that important projects have missed out due to our long timescales. In addition

Agenda Item 7

to this, there are net zero projects, who have been working in collaboration with this Council who have missed out on funding.

- 26 Officers consider that it is important to make members aware of this issue and to initiate a discussion as to whether there is a way to make the spending of a small percentage of the CIL money more flexible.
- 27 As it currently stands up to 5% of the CIL income is spent on Administration of CIL, 25% is given to Parish and Town Councils, with the remaining 70% allocated through the CIL Spending Board.
- 28 As the percentage for admin and Parish and Town Council's have already been agreed, it is suggested by officers that out of the 70% allocated to the CIL Spending Board to spend, that a percentage is set aside for officers to spend outside of the CIL Spending Board process.
- 29 It is still appropriate for the majority of the spending to be allocated through the CIL Spending Board. It is suggested that 15% of the CIL Spending Board money is allocated to officers to spend on projects outside of the CIL Spending Board process and that funding can only be allocated in the following circumstances:
 - The project is for infrastructure
 - The request is submitted in writing
 - The project is for one of the priorities laid out in the Council's IFS.
 - A clear need is shown for this project and it provides a clear community benefit.
 - It is part of an existing strategy or plan.
 - That the project has sought to maximise funding from other resources.
 - That the Leader of the Council or Portfolio holder agree to the spend.
- 30 It is considered that this will enable Sevenoaks District Council to contribute to much needed infrastructure projects that otherwise would go without the benefit of CIL monies or may never be implemented. There is no time limit on when this money can be spent and provided the projects will meet the criteria above it will be at officers discretion. It is only a small percentage of the CIL funds and would enable SDC to be more flexible with the allocation of CIL and be able to help projects that are in line with our priorities.

- 31 It is requested that members agree to the changes to CIL Spending as laid out in paragraphs 28 - 30 of this report. Officers are also happy to consider other options put forward.

Suggested changes to the current process

- 32 Whilst the existing system runs well, there are a couple of issues with the CIL Governance which need to be clarified. These issues were identified through the last CIL Spending Board process and are as follows:

- Clarification in the format of the CIL Spending Board Meeting
- Change in assessment criteria and pro forma to reflect net zero ambitions
- Change in assessment criteria and pro forma to reflect projects that have already benefited from CIL exemptions.
- The role of Cabinet in the CIL Spending Board decisions.

- 33 I will address each one in turn:

Clarification in the format of the CIL Spending Board Meeting

- 34 Members of the Board indicated at the last meeting that they were not clear of as to when they were allowed to ask questions of the speakers. At some meetings we have allowed questions at the end of each speaker at others questions have been asked after they have all spoken. In addition, it was also considered helpful to reminded members of the Board that they can only ask questions that relate to the project itself and whether it is suitable to receive CIL.

- 35 Paragraph 5.9 states that:

“Members of the Spending Board will then have an opportunity to ask questions of clarification of the Speakers present”.

- 36 It is suggested that this amended to read:

“Members of the Spending Board will then have an opportunity to ask questions of clarification of the Speakers present, after all the speakers have spoken on that item. Members shall only ask questions that relate to the project and how it relates to the granting of CIL monies”.

Change in assessment criteria and proforma to reflect net zero ambitions

- 37 As you are aware the leader of the Council brought a report to full Council on 19th November 2019. The report set out a clear ambition for the Council to achieve net zero greenhouse gas emissions by 2030. The Cabinet working

Agenda Item 7

group which was set up to oversee and lead on this ambition agreed, amongst others, that the Council would be a “community leader” and encourage low carbon measures across the District through education, best practice, incentives, policy and opportunities.

- 38 It is therefore suggested following on from this Council’s clear ambition and the desire to be community leaders that over the next year, any infrastructure projects which clearly support our ambition to achieve net zero greenhouse emissions should be considered as a priority to receive CIL funding. This is already reflected in our Infrastructure statement and should therefore be reflected in the assessment of the bids. Projects will be looked upon more favourably if they help to achieve these ambitions. The pro-forma also needs to be amend to reflect this.
- 39 Please see Appendix A and B which shows the suggested changes, which include adding a section in the pro forma for the organisation submitting the bid to indicate how the project helps to achieve our net zero ambitions. An amendment is also proposed to the assessment criteria to ensure that bids that help achieve our ambitions will be scored more highly. It is requested that these amendments agree to the amendments laid out in the appendices.

Change in assessment criteria and pro-forma to assess projects that may already have had CIL relief

- 40 One concern that has been raised to officers is how we assess bids for projects that have already received a CIL exemption.
- 41 This means that when projects are granted planning permission some are exempt from paying CIL. They have to apply for this exemption but it does mean that their project has already benefited by not paying CIL. There are exemptions for the following:
- minor development exemption - less than 100 sq metres.
 - Self build exemption
 - exemption s for residential annexes or extensions
 - Charitable relief - charitable institution
 - social housing relief
 - exceptional circumstances relief
- 42 If a project falls within any of these exemptions and they do not have to pay CIL, if they are then asking for CIL towards their project it is suggested that they could be seen to benefit twice.

- 43 It is not suggested that these projects should not benefit from CIL or should be prevented from applying, but just that members are aware and that this issue is taken into consideration when assessing the bid. It is therefore suggested that the pro-forma and criteria for assessing bids are amended to ensure that the Board is aware of these issues before a decision is made to award money.
- 44 Please see Appendix C and D, which shows the suggested changes, which include adding a section for the organisation submitting the bid to indicate whether their project has had a CIL exemption and also an amendment to the assessment criteria to ensure that bids that have already had an exemption will be assessed in light of this. A small-scale change is also suggested to remove reference to out of date legislation. It is therefore requested that members agree to the amendments laid out in the appendices.

Clarification as to what happens if the Cabinet disagree with the CIL Spending Board's decision.

- 45 It was brought to officers attention that whilst it is clear that the Council's Cabinet are expected to ratify decisions made by the CIL Spending Board, the process is not clear for what happens if the cabinet chooses not to ratify any of the projects. This could result in projects going between the two bodies with no decision made.
- 46 It is suggested that a project can only go back to the Spending Board once before the Cabinet then have the right to refuse CIL money being granted to that bid. If a bid is refused it is still open for anyone to re-apply to the Board and provide additional information.
- 47 See appendix E for details, which suggest changes to the Council's Constitution to ensure that a decision by Cabinet will only be reviewed once.

Conclusion

- 48 It is clear from looking at the Governance of CIL over the last year, that there are good and clear structures in place, to enable the monitoring and spending of CIL to happen effectively. This has been recognised in the independent review. The changes that are suggested, are small scale and help to clarify matters and also ensure that the process supports the Council's priorities.
- 49 It is hoped that the committee can agree to these recommendations.

Other Options Considered and/or Rejected

- 50 Members could decide not to agree the proposed changes to the current governance arrangements. However, the proposed changes seek to build on the existing arrangements to make the process more consistent, flexible, manageable and robust to ensure that future funding allocated by the CIL Spending Board is appropriately spent and monitored.
- 51 In addition, any further identified weaknesses in the system can be addressed through the annual review process.

Key Implications

Financial

There are no financial implications regarding this report.

Legal Implications and Risk Assessment Statement

There are no legal implications regarding this report.

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

This report sets out some suggested changes to the CIL Governance following feedback received from Officers and the Chairman and Vice Chairman of the CIL Spending Board and it is therefore asked that Members grant the Chief Planning Officer and Legal Team delegated authority to implement these changes.

Appendices

Appendix A - Request to amend the CIL bid pro-forma as laid out in the Councils constitution in regard to Net Zero

Appendix B - Request to add additional criteria to the criteria used to assess CIL bids laid out in Appendix X1 of the Council's constitution.

Appendix C - Request to amend the CIL bid pro forma as laid out in the Councils constitution in regard to CIL exemptions

Appendix D - Request to add additional criteria to the criteria used to assess CIL bids laid out in Appendix X1 of the Council's constitution in regard to CIL exemptions.

Appendix E - Request to add Paragraph 1.2 to Appendix X1 of the Council's constitution.

Background Papers

[Governance of the Community Infrastructure Levy \(CIL\) \(Planning Advisory Committee - 16 May 2017\)](#)

[Governance of the Community Infrastructure Levy \(CIL\) \(Cabinet - 15 June 2017\)](#)

[Referral from Cabinet - Further Advice to PAC re Governance of the Community Infrastructure Levy \(22 June 2017\)](#)

[Planning Advisory Committee response to referral - Community Infrastructure Levy \(Cabinet - 13 July 2017\)](#)

[Planning Advisory Committee - 12 March 2019](#)

Richard Morris

Chief Officer - Planning & Regulatory Services

This page is intentionally left blank

Appendix A

- 1 Please see an extract from Page 6 of Appendix X1 of the Council’s Constitution, which looks at the standard pro-forma where applicants have the opportunity to explain the benefit to each scheme they submit.

Please provide an explanation of the ‘public benefit’ of the scheme proposed for residents in Sevenoaks District:

5	Economic	
6	Social	
7	Environmental	
8	Is the need for the scheme identified in any adopted strategy/plan? E.g. Neighbourhood Plan, Work programme of a Statutory Body, Infrastructure Plan. If so, which?	
9	How does the scheme identify with the Council’s Infrastructure Delivery Plan (IDP) and its priorities?	

Appendix X1 - Page 6

- 2 It is suggested that an additional box is added to include the following:

10	How does this project help the Council achieve its ambition to reduce net greenhouse gas emissions and achieve its Net Zero 2030 target?	
----	--	--

- 3 All the numbers for the following boxes within the pro-forma should be changed accordingly.

This page is intentionally left blank

Appendix B

1. Please see original criteria as laid out in the Appendix X1 of the Council's constitution - see next page:

Criteria Number	Criteria Description	Detail
1	The need for the scheme	Here we would expect the applicant to explain the need for and the benefits of the scheme. We have asked for the applicant to respond specifically in regard to the Economic, Social and Environmental needs of the District and its residents. We will therefore award points under each section:
		Economic - are there benefits to the economy?
		Social - what is the benefit to the local community or wider community.
		Environmental - Are there clear benefits to the environment by implementing this scheme. Whilst we are aware that new projects would improve the immediate environment, bids would be looked upon more favorably if they included a wider environment benefit. For example landscaping improvements to a wider area, enhancements to wildlife, enhancements to the overall appearance of the wider site etc.
2	Does the scheme proposed support local or strategic infrastructure.	Schemes that will provide for key infrastructure projects are likely to have a greater impact i.e. medical, schools, highways, flooding will receive higher scores. Those identified in the Council's Infrastructure Plan (Reg 123 List) or Infrastructure Delivery Plan will provide towards a clear local need and will receive a higher score. Evidence should also be provided to demonstrate a strong link between new development and the bid project. Projects which also can be shown to support the local community with a clear community benefit will also be looked upon favorably.
3	Working in partnership	Has the applicant provided evidence that they are working in partnership with one or more organisation. We will look at the type of partners involved, how formal the Partnership is and the amount of involvement from all partners. Please note; we will take into account those infrastructure/statutory providers that do not need to work in partnership.
4	Is the Bid scheme part of an existing Strategy/Plan	We would expect the scheme to be put forward as part of an existing Strategy or Plan. This could include Neighbourhood or Parish plans. It could also include regional strategies, economic strategies, Work Programmes by statutory bodies or if it has been identified as a key or much needed project.
5	Public Benefit	It is likely that bids are looking to provide the greatest public benefit will be looked upon more favourably than those that do not bring a greater benefit to the wider community. Definition: We are therefore looking for schemes that will provide something that is advantageous or good; that will relate to, or affecting a population or a community as a whole.
6	Does the scheme show that funding has been maximised from other sources	The majority of the money to fund a project should not come from CIL. It should not be used to fund entire projects. Please note; schemes that will be relying totally on CIL will not be considered favorably. Schemes that already have a large amount/majority funding in place will receive a higher score. The security of the funding should also be considered. The majority of funding should be sought from other sources.
7	Deliverability	Through their bid we would expect the applicant to show evidence that the project is well managed. Have they provided for example: - clear dates for start and finish of the project. - details of the management of the project and timescales - details of when they will provide updates to SDC whether planning permission or other consents is required or sought? Bids that have planning permission in place will be looked upon favourably. This assessment should also include considering whether the works require PP or whether the proposal is permitted development. This assessment should also ensure that the applicant has checked this issue. It is considered that large scale projects which are supported by a number of neighbourhood, local and business plans are unlikely to have all their paperwork and funding in place. Therefore this part of the assessment should also consider the benefits of a larger scheme against the fact that they do not have all their permissions in place.
8	Does the Bid have local support?	In particular, does the Bid have the support of a local member, a local organisation or business and/or the Parish and Town Council? Bids that have local support are more likely to be looked upon favourably.
9	Has the project already had CIL funding?	A lower score will be given for those projects which have already received CIL funding via the CIL Spending Board. Unless a strong justification can be provided as to why further funding is required. Projects which are working in Partnership and include CIL funding from Parish or Town Councils will be looked upon more favorably.
10	Evaluation of the overall benefits of the scheme and the benefit it provides to the community	Higher scores will be given to those projects which show that they have sought the majority of funding from other sources and overall provide clear evidence of a community benefit or need. Projects where the CIL money would complete the scheme will also be scored highly.

2 It is suggested that an additional section is included:

2	Net Zero Ambitions	How does the scheme contribute towards the Council's net zero ambitions? A scheme that does not contribute at all will receive a lower score. Those which clearly help and provide evidence to show that the project put forward will help produce less or no green house emissions will receive a higher score.
---	--------------------	--

2. It is suggested that the numbers are amended accordingly after this insert.

This page is intentionally left blank

Appendix C

- 1 Please see an extract from Page 8 of Appendix X1 of the Council’s Constitution, which looks at the benefit to each scheme.

15	Has this scheme already benefited from CIL funding through the CIL Spending Board?	Yes / No (please delete as appropriate)	
		If Yes; Please provide further justification as to why further CIL funding is required for this project.	

16	Has this scheme/land/building already benefited from funding from Sevenoaks District Council? Note- this can include grants, section 106s, a Community Fund etc.	Yes / No (please delete as appropriate)	
		If Yes; Please provide further details of amount and the project involved.	

- 2 It is suggested that an additional box is added to include the following:

17	Has the project, at any stage benefited from any CIL Exemptions as laid out in the Community Infrastructure Levy Regulations 2010 (as amended)?	Yes/No (Please delete as appropriate) If yes, please explain why CIL is still required following an exemption.
----	---	---

- 3 All the following numbers for the following boxes within the pro-forma should be changed accordingly.

This page is intentionally left blank

Appendix D

1. Please see original criteria in Appendix B - as laid out in the Appendix X1 of the Council's constitution - see below:

Criteria Number	Criteria Description	Detail
1	The need for the scheme	Here we would expect the applicant to explain the need for and the benefits of the scheme. We have asked for the applicant to respond specifically in regard to the Economic, Social and Environmental needs of the District and its residents. We will therefore award points under each section:
		Economic - are there benefits to the economy?
		Social - what is the benefit to the local community or wider community.
		Environmental - Are there clear benefits to the environment by implementing this scheme. Whilst we are aware that new projects would improve the immediate environment, bids would be looked upon more favorably if they included a wider environment benefit. For example landscaping improvements to a wider area, enhancements to wildlife, enhancements to the overall appearance of the wider site etc.
2	Does the scheme proposed support local or strategic infrastructure.	Schemes that will provide for key infrastructure projects are likely to have a greater impact i.e. medical, schools, highways, flooding will receive higher scores. Those identified in the Council's Infrastructure Plan (Reg 123 List) or Infrastructure Delivery Plan will provide towards a clear local need and will receive a higher score. Evidence should also be provided to demonstrate a strong link between new development and the bid project. Projects which also can be shown to support the local community with a clear community benefit will also be looked upon favorably.
3	Working in partnership	Has the applicant provided evidence that they are working in partnership with one or more organisations. We will look at the type of partners involved, how formal the Partnership is and the amount of involvement from all partners. Please note; we will take into account those infrastructure/statutory providers that do not need to work in partnership.
4	Is the Bid scheme part of an existing Strategy/Plan	We would expect the scheme to be put forward as part of an existing Strategy or Plan. This could include Neighbourhood or Parish plans. It could also include regional strategies, economic strategies, Work Programmes by statutory bodies or if it has been identified as a key or much needed project.
5	Public Benefit	It is likely that bids are looking to provide the greatest public benefit will be looked upon more favourably than those that do not bring a greater benefit to the wider community. Definition: We are therefore looking for schemes that will provide something that is advantageous or good; that will relate to, or affect a population or a community as a whole.
6	Does the scheme show that funding has been maximised from other sources	The majority of the money to fund a project should not come from CIL. It should not be used to fund entire projects. Please note; schemes that will be relying totally on CIL will not be considered favorably. Schemes that already have a large amount/majority funding in place will receive a higher score. The security of the funding should also be considered. The majority of funding should be sought from other sources.
7	Deliverability	Through their bid we would expect the applicant to show evidence that the project is well managed. Have they provided for example: - clear dates for start and finish of the project. - details of the management of the project and timescales - details of when they will provide updates to SDC whether planning permission or other consents is required or sought? Bids that have planning permission in place will be looked upon favourably. This assessment should also include considering whether the works require PP or whether the proposal is permitted development. This assessment should also ensure that the applicant has checked this issue. It is considered that large scale projects which are supported by a number of neighbourhood, local and business plans are unlikely to have all their paperwork and funding in place. Therefore this part of the assessment should also consider the benefits of a larger scheme against the fact that they do not have all their permissions in place.
8	Does the Bid have local support?	In particular, does the Bid have the support of a local member, a local organisation or business and/or the Parish and Town Council? Bids that have local support are more likely to be looked upon favourably.
9	Has the project already had CIL funding?	A lower score will be given for those projects which have already received CIL funding via the CIL Spending Board. Unless a strong justification can be provided as to why further funding is required. Projects which are working in Partnership and include CIL funding from Parish or Town Councils will be looked upon more favorably.
10	Evaluation of the overall benefits of the scheme and the benefit it provides to the community	Higher scores will be given to those projects which show that they have sought the majority of funding from other sources and overall provide clear evidence of a community benefit or need. Projects where the CIL money would complete the scheme will also be scored highly.

2 It is suggested that section 9 is amended to include the following:

9	Has the project already had CIL funding?	A lower score will be given for those projects which have already received CIL funding via the CIL Spending Board or have benefited from CIL exemption. Unless a strong justification can be provided as to why further funding is required....
---	--	---

3. It is also suggested that relevance to out of date documents is also amended so the criteria now refers to the our Infrastructure Delivery Plan and our Infrastructure Funding Statement rather than our Reg 123 list which has been replaced. See new criteria laid out in section 2 below:

Criteria Number	Criteria Description	Detail
1	The need for the scheme	Here we would expect the applicant to explain the need for and the benefits of the scheme. We have asked for the applicant to respond specifically in regard to the Economic, Social and Environmental needs of the District and its residents. We will therefore award points under each section:
		Economic - are there benefits to the economy?
		Social - what is the benefit to the local community or wider community.
		Environmental - Are there clear benefits to the environment by implementing this scheme. Whilst we are aware that new projects would improve the immediate environment, bids would be looked upon more favourably if they included a wider environment benefit. For example landscaping improvements to a wider area, enhancements to wildlife, enhancements to the overall appearance of the wider site etc.
2	Net Zero Ambitions	How does the scheme contribute towards the Council's net zero ambitions? A scheme that does not contribute all will receive a lower score. Those which clearly help and provide evidence to show that the project put forward will help produce less or no green house emissions will receive a higher score.
3	Does the scheme proposed support local or strategic infrastructure.	Schemes that will provide for key infrastructure projects are likely to have a greater impact i.e. medical, schools, highways, flooding will receive higher scores. Those identified in the Council's Infrastructure Delivery Plan or Infrastructure Funding Statement (or any document superseding these) will receive a higher score. Evidence should also be provided to demonstrate a strong link between new development and the bid project. Projects which also can be shown to support the local community with a clear community benefit will also be looked upon favourably.
4	Working in partnership	Has the applicant provided evidence that they are working in partnership with one or more organisation. We will look at the type of partners involved, how formal the Partnership is and the amount of involvement from all partners. Please note; we will take into account those infrastructure/statutory providers that do not need to work in partnership.
5	Is the Bid scheme part of an existing Strategy/Plan	We would expect the scheme to be put forward as part of an existing Strategy or Plan. This could include Neighbourhood or Parish plans. It could also include regional strategies, economic strategies, work programmes by statutory bodies or if it has been identified as a key or much needed project.
6	Public Benefit	It is likely that bids are looking to provide the greatest public benefit will be looked upon more favourably than those that do not bring a greater benefit to the wider community. Definition: We are therefore looking for schemes that will provide something that is advantageous or good; that will relate to, or affecting a population or a community as a whole.
7	Does the scheme show that funding has been maximised from other sources	The majority of the money to fund a project should not come from CIL. It should not be used to fund entire projects. Please note; schemes that will be relying totally on CIL will not be considered favourably. Schemes that already have a large amount/majority funding in place will receive a higher score. The security of the funding should also be considered. The majority of funding should be sought from other sources.
8	Deliverability	Through their bid we would expect the applicant to show evidence that the project is well managed. Have they provided for example:
		- clear dates for start and finish of the project.
		-details of the management of the project and timescales
		-details of when they will provide updates to SDC
whether planning permission or other consents is required or sought? Bids that have planning permission in place will be looked upon favourably. This assessment should also include considering whether the works require PP or whether the proposal is permitted development. This assessment should also ensure that the applicant has checked this issue. It is considered that large scale projects which are supported by a number of neighbourhood, local and business plans are unlikely to have all their paperwork and funding in place. Therefore this part of the assessment should also consider the benefits of a larger scheme against the fact that they do not have all their permissions in place.		
9	Does the Bid have local support?	In particular, does the Bid have the support of a local member, a local organisation or business and/or the Parish and Town Council? Bids that have local support are more likely to be looked upon favourably.
10	Has the project already had CIL funding?	A lower score will be given for those projects which have already received CIL funding via the CIL Spending Board or have benefited from CIL exemption. Unless a strong justification can be provided as to why further funding is required. Projects which are working in Partnership and include CIL funding from Parish or Town Councils will be looked upon more favourably.
11	Evaluation of the overall benefits of the scheme and the benefit it provides to the community	Higher scores will be given to those projects which show that they have sought the majority of funding from other sources and overall provide clear evidence of a community benefit or need. Projects where the CIL money would complete the scheme will also be scored highly.

Appendix E

- 1 Paragraph 1.1 of the Council’s constitution states the following:

“The Board shall consider bids for Community Infrastructure (CIL) funding (in accordance with Appendices 1 and 2), and submit recommendations to Cabinet for ratification. If Cabinet chooses not to ratify a particular recommendation, then it shall provide an explanation setting out its concerns and request that the Board reconsiders the issue”.
- 2 It is suggested that paragraph 1 be revised to state the following:
 - 1.1 “The Board shall consider bids for Community Infrastructure (CIL) funding (in accordance with Appendices 1 and 2), and submit recommendations to Cabinet for consideration together with its reasons.
 - 1.2 If Cabinet is minded not to approve any of the recommendations from the Board then the Cabinet should usually provide the Board with its reasons and an opportunity to reconsider the issue before the Cabinet’s final determination”.

This page is intentionally left blank

CHRISTMAS PARKING 2021

Cabinet - 11 November 2021

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

Status: For Decision

Also considered by: Council - 16 November 2021

Key Decision: No

Executive Summary: This report requests that Council consider free concessionary parking on select dates in 2021 for off-street car parks.

This report supports the Key Aim of: Building on the District's thriving economy through the regeneration of our market towns, and by enhancing both the visitor and rural communities.

Portfolio Holder: Cllr. Margot McArthur

Contact Officer: Adrian Rowbotham, Ext. 7153

Trevor Kennett, Ext. 7407

Recommendation to Cabinet: That

a) free parking be provided for two weekends leading up to Christmas, as detailed in paragraph 2 of the report, be agreed; and

b) subject to recommendation (a) above, it be recommended to Council that the cost in terms of loss of income for free parking be met from the supplementary estimates.

Recommendation to Council: That, the Council considers the view of Cabinet, and the cost in terms of loss of income for free parking be met from the supplementary estimates.

Reason for recommendation: To help encourage shoppers and other visitors to Sevenoaks and Westerham, in the busy shopping period leading up to Christmas 2021.

Agenda Item 8

Introduction

- 1 In previous years the Council has helped encourage shoppers and visitors to Sevenoaks and Westerham by giving free parking in off-street car parks on two Saturdays in the run up to Christmas.
- 2 Free parking proposed in all Sevenoaks town and Westerham off-street car parks on the two weekends (Saturdays only in Westerham) leading up to Christmas in December 2021 and free parking in Bligh's car park, which is the only charged car park on the two Sundays before Christmas.

Location	Date
Sevenoaks	Saturday & Sunday 11 and 12 December 2021
	Saturday & Sunday 18 and 19 December 2021
Westerham	Saturday 11 December 2021 (Sundays free)
	Saturday 18 December 2021 (Sundays free)

- 3 To help maintain parking turnover in Blighs over the two weekends, the maximum stay reduced from 4 to 3 hours.
- 4 Relaxing off-street parking charges on weekends has no impact on Swanley or at Knockholt Station as charges only apply Monday to Friday.
- 5 Vehicles parking are still required to observe maximum periods of stay in car parks. Regular monitoring will endeavour to ensure compliance with remaining parking restrictions to ensure that space is not monopolised by all-day parking. Weekend free parking in Sevenoaks promoted for shop workers using the Council's offices car park, accessed from Gordon Road.

Key Implications

Financial

Shortfall in parking income of £17,000 to be met from supplementary estimates.

Legal Implications and Risk Assessment Statement.

Management of 'overstay' parking is difficult when there is no requirement for a ticket to be displayed or purchased, however enforcement monitoring will take place.

Equality Assessment

There is low risk that the proposals in this report would have any implications under the Equality Act 2021.

Appendices - None

Background Papers - None

Adrian Rowbotham

Deputy Chief Executive & Chief Officer Finance & Trading

This page is intentionally left blank

Item 9 - Treasury Management Mid-Year Update 2021/22

The attached report was considered by the Finance & Investment Advisory Committee on 4 November 2021. The relevant Minute extract was not available prior to the printing of this agenda and will follow when available.

This page is intentionally left blank

TREASURY MANAGEMENT MID-YEAR UPDATE 2021/22

Cabinet 11 November 2021

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

Status: For Decision

Also considered by:

- Finance & Investment Advisory Committee - 11 November 2021

Key Decision: No

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

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

Portfolio Holder: Cllr. Matthew Dickins

Contact Officer: Roy Parsons, Ext. 7204

Recommendations to Finance & Investment Advisory Committee:

- a) that Cabinet be asked to approve the Treasury Management Mid-Year Update for 2021/22; and
- b) provide comments to Cabinet regarding investment in Multi-Asset Funds in line with the approach laid out in Appendix C.

Recommendations to Cabinet:

- a) that the Treasury Management Mid-Year Update for 2021/22 be approved.
- b) that investment in Multi-Asset Funds be commenced in line with the approach laid out in Appendix C.

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

Agenda Item 9

Background

Capital Strategy

- 1 In December 2017, the Chartered Institute of Public Finance and Accountancy (CIPFA) issued revised Prudential and Treasury Management Codes. These require all local authorities to prepare a Capital Strategy which is to provide the following:
 - a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services;
 - an overview of how the associated risk is managed; and
 - the implications for future financial sustainability
- 2 This Council's capital strategy for 2021/22 was considered by Members at the meeting of the Finance & Investment Advisory Committee on 21 October 2020 (Capital Programme & Asset Maintenance 2021/24 report) and by Cabinet on 5 November 2020 (Budget Setting 2021/22 report).

Treasury management

- 3 The Council operates a balanced budget, which broadly means cash raised during the year will meet its cash expenditure. Part of the treasury management operations ensure this cash flow is adequately planned, with surplus monies being invested in low risk counterparties, providing adequate liquidity initially before considering optimising investment return.
- 4 The second main function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer term cash flow planning to ensure the Council can meet its capital spending operations. This management of longer term cash may involve arranging long or short term loans, or using longer term cash flow surpluses, and on occasion any debt previously drawn may be restructured to meet Council risk or cost objectives.
- 5 Accordingly, treasury management is defined as:

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

Introduction

- 6 This report has been written in accordance with the requirements of the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management (revised 2017). The primary requirements of the Code are as follows:

- Creation and maintenance of a Treasury Management Policy Statement which sets out the policies and objectives of the Council's treasury management activities;
- Creation and maintenance of Treasury Management Practices which set out the manner in which the Council will seek to achieve those policies and objectives;
- Receipt by the full council of an annual Treasury Management Strategy Statement - including the Annual Investment Strategy and Minimum Revenue Provision Policy - for the year ahead, a Mid-year Review Report and an Annual Report (stewardship report), covering activities during the previous year;
- Delegation by the Council of responsibilities for implementing and monitoring treasury management policies and practices and for the execution and administration of treasury management decisions; and
- Delegation by the Council of the role of scrutiny of treasury management strategy and policies to a specific named body. For this Council the delegated body is the Finance & Investment Advisory Committee.

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

- 7 This mid-year report has been prepared in compliance with CIPFA's Code of Practice on Treasury Management, and covers the following:
- An economic update for the first part of the 2021/22 financial year;
 - Interest rate forecasts;
 - A review of the Treasury Management Strategy Statement and Annual Investment Strategy;
 - A review of the Council's investment portfolio for 2021/22;
 - A review of the Council's borrowing strategy for 2021/22; and
 - Any recent treasury management developments.

Economic update (as at 6 October 2021)

- 8 **UK.** At its meeting on 24 September 2021, the Bank of England's Monetary Policy Committee (MPC) voted unanimously to leave Bank Rate unchanged at 0.10% and made no changes to its programme of quantitative easing purchases due to finish by the end of this year at a total of £895bn; two MPC members voted to stop the last £35bn of purchases as they were concerned that this would add to inflationary pressures.

Agenda Item 9

- 9 There was a major shift in the tone of the MPC's minutes at this meeting from the previous meeting in August which had majored on indicating that some tightening in monetary policy was now on the horizon, but also not wanting to stifle economic recovery by too early an increase in Bank Rate. In his press conference after the August MPC meeting, Governor Andrew Bailey said, "the challenge of avoiding a steep rise in unemployment has been replaced by that of ensuring a flow of labour into jobs" and that "the Committee will be monitoring closely the incoming evidence regarding developments in the labour market, and particularly unemployment, wider measures of slack, and underlying wage pressures." In other words, it was flagging up a potential danger that labour shortages could push up wage growth by more than it expects and that, as a result, CPI inflation would stay above the 2% target for longer. It also discounted sharp increases in monthly inflation figures in the pipeline in late 2021 which were largely propelled by events a year ago e.g., the cut in VAT in August 2020 for the hospitality industry, and by temporary shortages which would eventually work their way out of the system: in other words, the MPC had been prepared to look through a temporary spike in inflation.
- 10 So, in August the country was just put on alert. However, this time the MPC's words indicated there had been a marked increase in concern that more recent increases in prices, particularly the increases in gas and electricity prices in October and due again next April, are, indeed, likely to lead to faster and higher inflation expectations and underlying wage growth, which would in turn increase the risk that price pressures would prove more persistent next year than previously expected. Indeed, to emphasise its concern about inflationary pressures, the MPC pointedly chose to reaffirm its commitment to the 2% inflation target in its statement; this suggested that it was now willing to look through the flagging economic recovery during the summer to prioritise bringing inflation down next year. This is a reversal of its priorities in August and a long way from words at earlier MPC meetings which indicated a willingness to look through inflation overshooting the target for limited periods to ensure that inflation was 'sustainably over 2%'. Indeed, whereas in August the MPC's focus was on getting through a winter of temporarily high energy prices and supply shortages, believing that inflation would return to just under the 2% target after reaching a high around 4% in late 2021, now its primary concern is that underlying price pressures in the economy are likely to get embedded over the next year and elevate future inflation to stay significantly above its 2% target and for longer.
- 11 Financial markets are now pricing in a first increase in Bank Rate from 0.10% to 0.25% in February 2022, but this looks ambitious as the MPC has stated that it wants to see what happens to the economy, and particularly to employment once furlough ends at the end of September. At the MPC's meeting in February it will only have available the employment figures for November: to get a clearer picture of employment trends, it would need to wait until the May meeting when it would have data up until February. At its

May meeting, it will also have a clearer understanding of the likely peak of inflation.

- 12 The MPC's forward guidance on its intended monetary policy on raising Bank Rate versus selling (quantitative easing) holdings of bonds is as follows: -
- Placing the focus on raising Bank Rate as “the active instrument in most circumstances”.
 - Raising Bank Rate to 0.50% before starting on reducing its holdings.
 - Once Bank Rate is at 0.50% it would stop reinvesting maturing gilts.
 - Once Bank Rate had risen to at least 1%, it would start selling its holdings.
- 13 **Covid-19 vaccines.** These have been the game changer which has enormously boosted confidence that life in the UK could largely return to normal during the summer after a third wave of the virus threatened to overwhelm hospitals in the spring. With the household saving rate having been exceptionally high since the first lockdown in March 2020, there is plenty of pent-up demand and purchasing power stored up for services in hard hit sectors like restaurants, travel and hotels. The big question is whether mutations of the virus could develop which render current vaccines ineffective, as opposed to how quickly vaccines can be modified to deal with them and enhanced testing programmes implemented to contain their spread.
- 8 **USA.** The economic position is dealt with in the interest rate forecasts section of this report.
- 9 **Eurozone.** The slow roll out of vaccines initially delayed economic recovery in early 2021 but the vaccination rate has picked up sharply since then. After a contraction in GDP of -0.3% in Q1, Q2 came in with strong growth of 2%, which is likely to continue into Q3, though some countries more dependent on tourism may struggle. Recent sharp increases in gas and electricity prices have increased overall inflationary pressures but the ECB is likely to see these as being only transitory after an initial burst through to around 4%, so is unlikely to be raising rates for a considerable time.
- 10 Following the German general election in September, the CDU/CSU and SPD both having won around 24-26% of the vote, the composition of Germany's next coalition government may not be agreed by the end of 2021. An SPD-led coalition would probably pursue a slightly less restrictive fiscal policy, but any change of direction from a CDU/CSU led coalition government is likely to be small. However, with Angela Merkel standing down as Chancellor as soon as a coalition is formed, there will be a hole in overall EU leadership which will be difficult to fill.

Agenda Item 9

- 11 **China.** After a concerted effort to get on top of the virus outbreak in Q1 2020, economic recovery was strong in the rest of the year; this enabled China to recover all the initial contraction. During 2020, policy makers both quashed the virus and implemented a programme of monetary and fiscal support that was particularly effective at stimulating short-term growth. At the same time, China's economy benefited from the shift towards online spending by consumers in developed markets. These factors helped to explain its comparative outperformance compared to western economies during 2020 and earlier in 2021. However, the pace of economic growth has now fallen back after this initial surge of recovery from the pandemic and China is now struggling to contain the spread of the Delta variant through sharp local lockdowns - which will also depress economic growth. There are also questions as to how effective Chinese vaccines are proving. In addition, recent regulatory actions motivated by a political agenda to channel activities into officially approved directions, are also likely to reduce the dynamism and long-term growth of the Chinese economy.
- 12 **Japan.** 2021 has been a patchy year in combating Covid-19. However, after a slow start, nearly 50% of the population are now vaccinated and Covid-19 case numbers are falling. After a weak Q3 there is likely to be a strong recovery in Q4. The Bank of Japan is continuing its very loose monetary policy but with little prospect of getting inflation back above 1% towards its target of 2%, any time soon: indeed, inflation was negative in July. New Prime Minister Kishida has promised a large fiscal stimulus package after the November general election - which his party is likely to win.
- 13 **World growth.** World growth was in recession in 2020 but recovered during 2021 until starting to lose momentum more recently. Inflation has been rising due to increases in gas and electricity prices, shipping costs and supply shortages, although these should subside during 2022. It is 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 from those in prior decades.
- 14 **Supply shortages.** The pandemic and extreme weather events have been highly disruptive of extended worldwide supply chains. At the current time there are major queues of ships unable to unload their goods at ports in New York, California and China. Such issues have led to mis-distribution of shipping containers around the world and have contributed to a huge increase in the cost of shipping. Combined with a shortage of semi-conductors, these issues have had a disruptive impact on production in many countries. Many western countries are also hitting up against a difficulty in filling job vacancies. It is expected that these issues will be gradually sorted out, but they are currently contributing to a spike upwards in inflation and shortages of materials and goods on shelves.

Interest rate forecasts (as at 6 October 2021)

- 15 The Council’s treasury advisor, Link Asset Services, provided the following forecast on 29 September 2021. Public Works Loan Board (PWLB) rates are the certainty rates, gilt yields plus 180 bps):

Link Group Interest Rate View		29.9.21								
	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	0.25	0.25	0.25	0.25	0.50	0.50	0.50	0.75
3 month ave earnings	0.10	0.10	0.20	0.20	0.30	0.40	0.50	0.50	0.60	0.70
6 month ave earnings	0.20	0.20	0.30	0.30	0.40	0.50	0.60	0.60	0.70	0.80
12 month ave earnings	0.30	0.40	0.50	0.50	0.50	0.60	0.70	0.80	0.90	1.00
5 yr PWLB	1.40	1.40	1.50	1.50	1.60	1.60	1.60	1.70	1.70	1.70
10 yr PWLB	1.80	1.80	1.90	1.90	2.00	2.00	2.00	2.10	2.10	2.10
25 yr PWLB	2.20	2.20	2.30	2.30	2.40	2.40	2.40	2.50	2.50	2.60
50 yr PWLB	2.00	2.00	2.10	2.20	2.20	2.20	2.20	2.30	2.30	2.40

- 16 The coronavirus outbreak has done huge economic damage to the UK and economies around the world. After the Bank of England took emergency action in March to cut Bank Rate to 0.10%, it left Bank Rate unchanged at its subsequent meetings.
- 17 As shown in the forecast table above, one increase in Bank Rate from 0.10% to 0.25% has now been included in quarter 2 of 2022/23, a second increase to 0.50% in quarter 2 of 2023/24 and a third one to 0.75% in quarter 4 of 2023/24.

Significant risks to the forecasts

- 18 Significant risks to the forecasts include:-
- Covid-19 vaccines do not work to combat new mutations and/or new vaccines take longer than anticipated to be developed for successful implementation.
 - The pandemic causes major long-term scarring of the economy.
 - The Government implements an austerity programme that suppresses GDP growth.
 - The MPC tightens monetary policy too early - by raising Bank Rate or unwinding QE.
 - The MPC tightens monetary policy too late to ward off building inflationary pressures.
 - Major stock markets e.g. in the US, become increasingly judged as being over-valued and susceptible to major price corrections. Central banks become increasingly exposed to the “moral hazard” risks of having to buy shares and corporate bonds to reduce the impact of major financial market sell-offs on the general economy.
 - Geo-political risks are widespread e.g. German general election in September 2021 produces an unstable coalition or minority government and a void in high-profile leadership in the EU when Angela Merkel steps down as Chancellor of Germany; on-going global power influence struggles between Russia/China/US.

Agenda Item 9

The balance of risks to the UK economy

- 19 The overall balance of risks to economic growth in the UK is now to the downside, including residual risks from Covid-19 and its variants - both domestically and their potential effects worldwide.

Forecasts for Bank Rate

- 20 Bank Rate is not expected to go up fast after the initial rate rise as the supply potential of the economy has not generally taken a major hit during the pandemic, so should be able to cope well with meeting demand without causing inflation to remain elevated in the medium-term, or to inhibit inflation from falling back towards the MPC's 2% target after the surge to around 4% towards the end of 2021. Three increases in Bank rate are forecast in the period to March 2024, ending at 0.75%. However, these forecasts may well need changing within a relatively short time frame for the following reasons:-
- There are increasing grounds for viewing the economic recovery as running out of steam during the summer and now into the autumn. This could lead into stagflation which would create a dilemma for the MPC as to which way to face.
 - Will some current key supply shortages e.g., petrol and diesel, spill over into causing economic activity in some sectors to take a significant hit?
 - Rising gas and electricity prices in October and next April and increases in other prices caused by supply shortages and increases in taxation next April, are already going to deflate consumer spending power without the MPC having to take any action on Bank Rate to cool inflation. Then we have the Government's upcoming budget in October, which could also end up in reducing consumer spending power.
 - On the other hand, consumers are sitting on around £200bn of excess savings left over from the pandemic so when will they spend this sum, in part or in total?
 - There are 1.6 million people coming off furlough at the end of September; how many of those will not have jobs on 1 October 2021 and will, therefore, be available to fill labour shortages in many sectors of the economy? So, supply shortages which have been driving up both wages and costs, could reduce significantly within the next six months or so and alleviate the MPC's current concerns.

- There is a risk that there could be further nasty surprises on the Covid-19 front, on top of the flu season this winter, which could depress economic activity.
- 21 In summary, with the high level of uncertainty prevailing on several different fronts, it is likely that these forecasts will need to be revised again soon - in line with what the new news is.
- 22 It also needs to be borne in mind that Bank Rate being cut to 0.10% was an emergency measure to deal with the Covid-19 crisis hitting the UK in March 2020. At any time, the MPC could decide to simply take away that final emergency cut from 0.25% to 0.10% on the grounds of it no longer being warranted and as a step forward in the return to normalisation. In addition, any Bank Rate under 1% is both highly unusual and highly supportive of economic growth.

Forecasts for PWLB rates and gilt and treasury yields

- 23 As the interest forecast table for PWLB certainty rates above shows, there is likely to be a steady rise over the forecast period, with some degree of uplift due to rising treasury yields in the US.
- 24 There is likely to be exceptional volatility and unpredictability in respect of gilt yields and PWLB rates due to the following factors: -
- How strongly will changes in gilt yields be correlated to changes in US treasury yields?
 - Will the US Federal Reserve (Fed) take action to counter increasing treasury yields if they rise beyond a yet unspecified level?
 - Would the MPC act to counter increasing gilt yields if they rise beyond a yet unspecified level?
 - How strong will inflationary pressures turn out to be in both the US and the UK and so impact treasury and gilt yields?
 - How will central banks implement their new average or sustainable level inflation monetary policies?
 - How well will central banks manage the withdrawal of QE purchases of their national bonds i.e., without causing a panic reaction in financial markets as happened in the “taper tantrums” in the US in 2013?

Agenda Item 9

- Will exceptional volatility be focused on the short or long-end of the yield curve, or both?

25 The forecasts are also predicated on an assumption that there is no break-up of the Eurozone or EU within our forecasting period, despite the major challenges that are looming up, and that there are no major ructions in international relations, especially between the US and China/North Korea and Iran, which have a major impact on international trade and world GDP growth.

Gilt and treasury yields

26 Since the start of 2021, there has been a lot of volatility in gilt yields, and hence PwLB rates. During the first part of the year, US President Biden's, and the Democratic party's determination to push through a \$1.9trn (equivalent to 8.8% of GDP) fiscal boost for the US economy as a recovery package from the Covid-19 pandemic was what unsettled financial markets. However, this was in addition to the \$900bn support package already passed in December 2020 under President Trump. This was then followed by additional Democratic ambition to spend further huge sums on infrastructure and an American families plan over the next decade which are caught up in Democrat/Republican haggling. Financial markets were alarmed that all this stimulus, which is much bigger than in other western economies, was happening at a time in the US when:-

- A fast vaccination programme has enabled a rapid opening up of the economy.
- The economy had already been growing strongly during 2021.
- It started from a position of little spare capacity due to less severe lockdown measures than in many other countries. A combination of shortage of labour and supply bottle necks is likely to stoke inflationary pressures more in the US than in other countries.
- The Fed was still providing monetary stimulus through monthly QE purchases.

27 These factors could cause an excess of demand in the economy which could then unleash stronger and more sustained inflationary pressures in the US than in other western countries. This could then force the Fed to take much earlier action to start tapering monthly QE purchases and/or increasing the Fed rate from near zero, despite their stated policy being to target average inflation. It is notable that some Fed members have moved forward their expectation of when the first increases in the Fed rate will occur in recent

Fed meetings. In addition, more recently, shortages of workers appear to be stoking underlying wage inflationary pressures which are likely to feed through into CPI inflation. A run of strong monthly jobs growth figures could be enough to meet the threshold set by the Fed of “substantial further progress towards the goal of reaching full employment”. However, the weak growth in August, (announced 3 September 2021), has spiked anticipation that tapering of monthly QE purchases could start by the end of 2021. These purchases are currently acting as downward pressure on treasury yields. As the US financial markets are, by far, the biggest financial markets in the world, any trend upwards in the US will invariably impact and influence financial markets in other countries. However, during June and July, longer term yields fell sharply; even the large non-farm payroll increase in the first week of August seemed to cause the markets little concern, which is somewhat puzzling, particularly in the context of the concerns of many commentators that inflation may not be as transitory as the Fed is expecting it to be. Indeed, inflation pressures and erosion of surplus economic capacity look much stronger in the US than in the UK. As an average since 2011, there has been a 75% correlation between movements in 10 year treasury yields and 10 year gilt yields. This is a significant UPWARD RISK exposure to our forecasts for longer term PWLB rates. However, gilt yields and treasury yields do not always move in unison.

- 28 There are also possible downside risks from the huge sums of cash that the UK populace have saved during the pandemic; when savings accounts earn little interest, it is likely that some of this cash mountain could end up being invested in bonds and so push up demand for bonds and support their prices i.e., this would help to keep their yields down. How this will interplay with the Bank of England eventually getting round to not reinvesting maturing gilts and then later selling gilts, will be interesting to keep an eye on.

The balance of risks to medium to long term PWLB rates

- 29 There is a balance of upside risks to forecasts for medium to long term PWLB rates.

A new era - a fundamental shift in central bank monetary policy

- 30 One of the key results of the pandemic has been a fundamental rethinking and shift in monetary policy by major central banks like the Fed, the Bank of England and the European Central Bank (ECB), to tolerate a higher level of inflation than in the previous two decades when inflation was the prime target to bear down on so as to stop it going above a target rate. There is now also a greater emphasis on other targets for monetary policy than just inflation, especially on ‘achieving broad and inclusive “maximum”

Agenda Item 9

employment in its entirety' in the US before consideration would be given to increasing rates.

- 31 The Fed in America has gone furthest in adopting a monetary policy based on a clear goal of allowing the inflation target to be symmetrical, (rather than a ceiling to keep under), so that inflation averages out the dips down and surges above the target rate, over an unspecified period of time. The Bank of England has also amended its target for monetary policy so that inflation should be 'sustainably over 2%' and the ECB now has a similar policy.
- 32 For local authorities, this means that investment interest rates and very short term PWLB rates will not be rising as quickly or as high as in previous decades when the economy recovers from a downturn and the recovery eventually runs out of spare capacity to fuel continuing expansion.
- 33 Labour market liberalisation since the 1970s has helped to break the wage-price spirals that fuelled high levels of inflation and has now set inflation on a lower path which makes this shift in monetary policy practicable. In addition, recent changes in flexible employment practices, the rise of the gig economy and technological changes will all help to lower inflationary pressures.
- 34 Governments will also be concerned to see interest rates stay lower as every rise in central rates will add to the cost of vastly expanded levels of national debt (in the UK this is £21bn for each 1% rise in rates). On the other hand, higher levels of inflation will help to erode the real value of total public debt.

Treasury Management Strategy and Annual Investment Strategy update

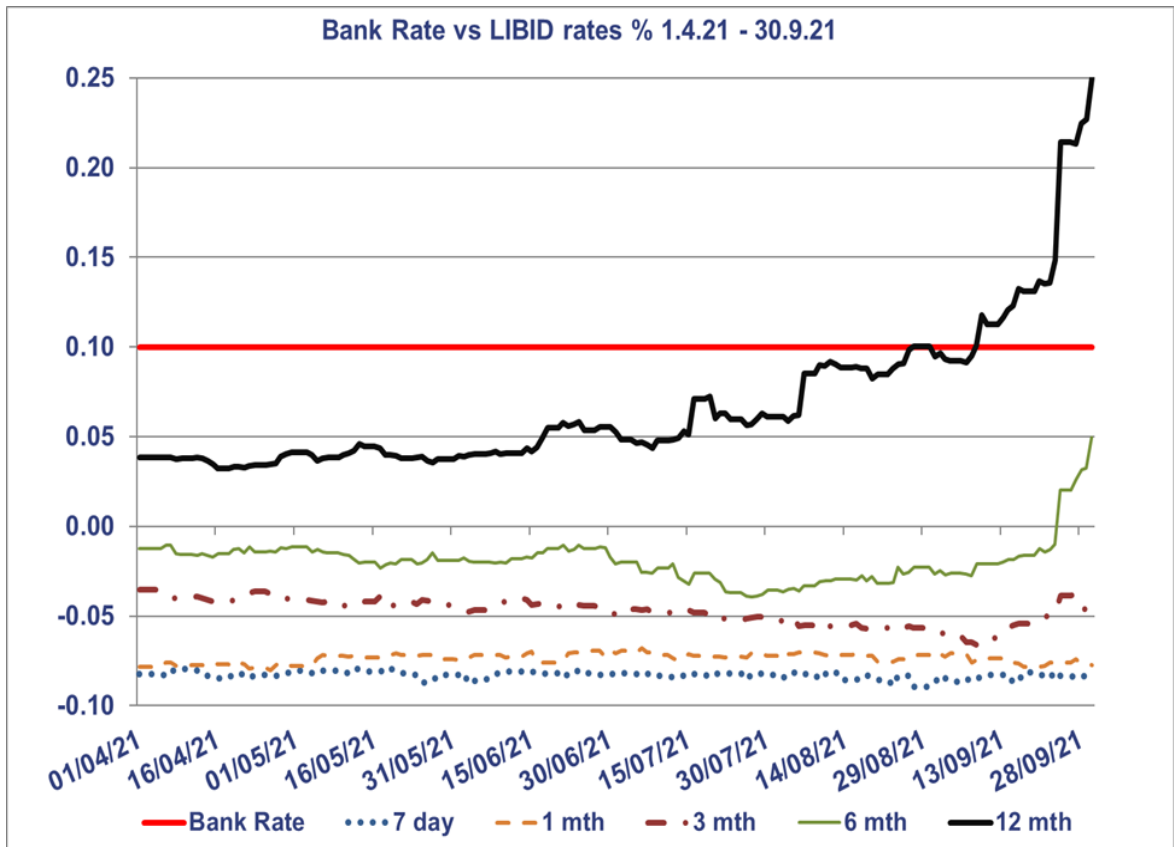
- 35 The Treasury Management Strategy Statement (TMSS) and Prudential Indicators for 2021/22 were approved by the Council on 23 February 2021. There are no policy changes to the TMSS thus far and the details in this report merely update the position in the light of the updated economic position.

Investment portfolio 2021/22

- 36 In accordance with the Code, it is the Council's priority to ensure security of capital and liquidity, and to obtain an appropriate level of return which is consistent with the Council's risk appetite. In the current economic climate it is considered appropriate to keep investments short term to cover cash flow needs, but also to seek out value available in periods up to 12 months with high credit rated financial institutions, using the suggested creditworthiness approach supplied by Link Asset Services, including a minimum sovereign credit rating and Credit Default Swap (CDS) overlay information. As shown by the interest rate forecasts above, it is now impossible to earn the level of interest rates commonly seen in previous decades as all short-term money market investment rates have only risen

weakly since Bank Rate was cut to 0.10% in March 2020 until the MPC meeting on 24 September 2021 when 6 and 12 month rates rose in anticipation of Bank Rate going up in 2022. Given this environment and the fact that Bank Rate may only rise marginally, or not at all, before mid-2023, investment returns are expected to remain low.

- 37 The Council held £27.6m of investments as at 30 September 2021 (£11.050m at 31 March 2021) and the investment portfolio yield for the first six months of the year is 0.11% against 7 Day and 3 Month LIBID benchmarks of -0.08% and -0.05% respectively. A full list of investments held as at 30 September 2021 appears in Appendix A.
- 38 A large proportion of these funds were available on a temporary basis, and the level of funds available was mainly dependent on the timing of precept payments, receipt of grants and progress on the capital programme.
- 39 A comparison of Bank Rate and LIBID rates appears in the graph and table below.



	Bank Rate	7 day	1 mth	3 mth	6 mth	12 mth
High	0.10	-0.08	-0.07	-0.04	0.05	0.25
High Date	01/04/2021	09/04/2021	06/07/2021	01/04/2021	30/09/2021	30/09/2021
Low	0.10	-0.09	-0.08	-0.07	-0.04	0.03
Low Date	01/04/2021	27/08/2021	26/04/2021	08/09/2021	27/07/2021	16/04/2021
Average	0.10	-0.08	-0.07	-0.05	-0.02	0.07
Spread	0.00	0.01	0.01	0.03	0.09	0.22

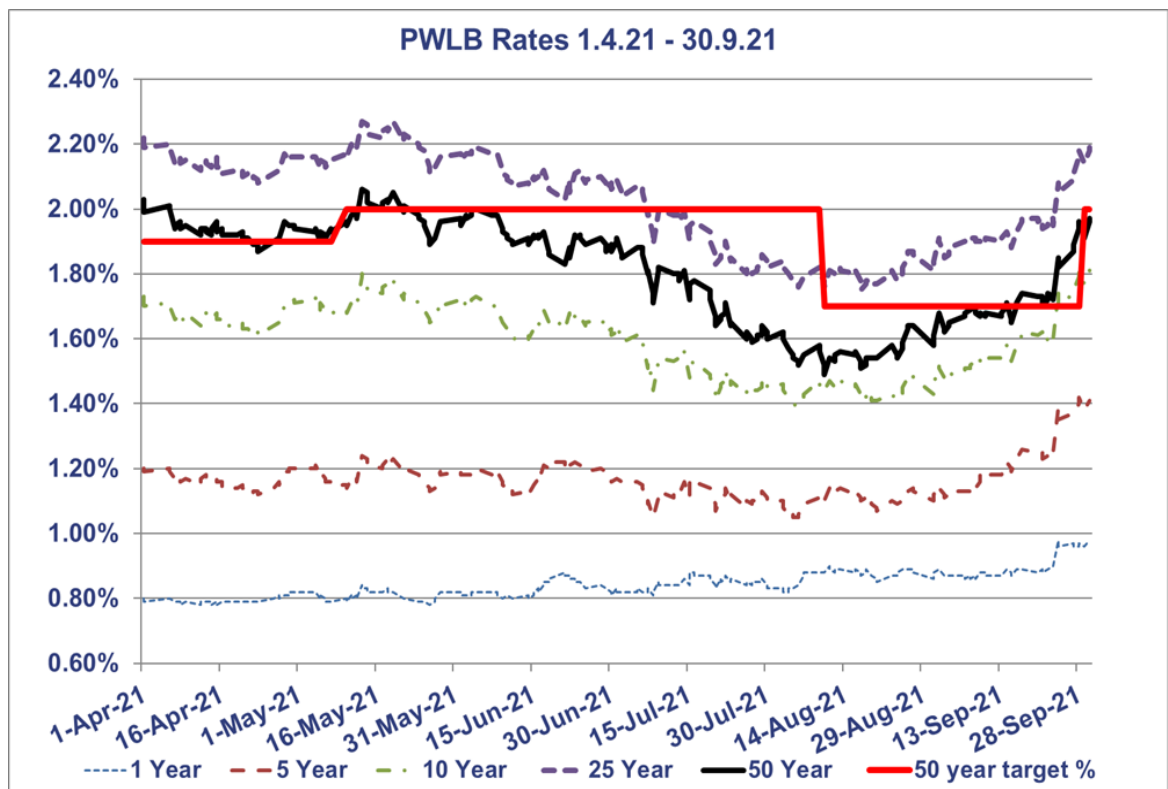
Agenda Item 9

The levels shown above use the traditional market method for calculating LIBID rates i.e. LIBOR-0.125%. Given the ultra-low LIBOR levels this year, this produces negative rates across some periods.

- 40 The approved limits within the Annual Investment Strategy were not breached during the first six months of 2021/22. The current investment counterparty criteria approved in the Treasury Management Strategy Statement is currently meeting the requirements of the treasury management function.
- 41 The Council's budgeted investment return for 2021/22 is £188,000 and performance for the year to 30 September 2021 is approximately £81,000 below budget. This trend is likely to be maintained for the remainder of the financial year in the light of much reduced interest rates resulting from the coronavirus pandemic and lower than anticipated investment balances. The estimated shortfall at year-end is likely to be in the order of £166,000.
- 42 Members have previously expressed their desire to achieve returns closer to or exceeding the rate of inflation and investigations were commenced as to how this can best be realised within the context of the overarching treasury management tenet of "Security, Liquidity and then Yield". Appendix B shows our investment return compared with RPI & CPI in the current financial year.
- 43 The current Treasury Management Strategy allows for the use of alternative investment instruments such as Property, Bond, Equity or Multi-Asset Funds. These appear to achieve returns in excess of inflation, but are intended to be of a long-term nature (5 years or longer) due to large swings in returns from month to month plus the question of entry and exit fees.
- 44 The budgeted investment return for 2021/22 also had an uplift built into it in anticipation of the use of the alternative investment instruments mentioned above.
- 45 Research has been undertaken in consultation with Link Asset Services and specific options have been assessed, as detailed in Appendix C. Members views on a preferred approach are now being sought. The recommendation is that investment into one or more Multi-Asset Funds up to a maximum of £5m in total is undertaken. In order to select the provider most closely aligned to the Council's requirements, it is also recommended that Link Asset Services be engaged to carry out an assessment of Funds available.
- 46 The overriding principle when entering into such investments is that they will be of a long term nature. There is potential for negative returns during the life of the investments but, in the longer term, positive returns are more likely.

Borrowing strategy 2021/22

- 47 As at the end of September 2021 the Council had £4.829m of borrowing, comprising one loan from the Public Works Loan Board (PWLB) for 30 years at 2.66%.
- 48 It is anticipated that further borrowing may be undertaken during this financial year pending Member approval of additional capital schemes.
- 49 The graph and table below show the movement in PWLB certainty rates for the first six months of the year to date. Gilt yields and PWLB rates were on a falling trend between May and August. However, they rose sharply towards the end of September.
- 50 The 50 year PWLB target certainty rate for new long-term borrowing started 2021/22 at 1.90%, rose to 2.00% in May, fell to 1.70% in August and returned to 2.00% at the end of September after the MPC meeting of 24 September.



	1 Year	5 Year	10 Year	25 Year	50 Year
Low	0.78%	1.05%	1.39%	1.75%	1.49%
Date	08/04/2021	08/07/2021	05/08/2021	17/08/2021	10/08/2021
High	0.98%	1.42%	1.81%	2.27%	2.06%
Date	24/09/2021	28/09/2021	28/09/2021	13/05/2021	13/05/2021
Average	0.84%	1.16%	1.60%	2.02%	1.81%
Spread	0.20%	0.37%	0.42%	0.52%	0.57%

Agenda Item 9

Recent treasury management developments

- 51 As shown by the interest rate forecasts above, it is now impossible to earn the level of interest rates commonly seen in previous decades as all investment rates are barely above zero now that Bank Rate is at 0.10%. Given this risk environment and the fact that any significant increases in Bank Rate are unlikely to occur before the end of the current forecast horizon of 31 March 2023, investment returns are expected to remain low.
- 52 As for money market funds (MMFs), yields continue to remain low. Some managers have trimmed fee levels to ensure that net yields for investors remain in positive territory where possible and practical. Investor cash flow uncertainty, and the need to maintain liquidity in these unprecedented times, has meant there is a glut of money swilling around at the very short end of the market. This has seen a number of market operators offer nil or negative rates for very short term maturities. This is not universal, and MMFs are still offering a marginally positive return, as are a number of financial institutions.
- 53 Officers have engaged with the Municipal Bonds Agency with a view to having a borrowing facility in place should the need arise in the future.

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 six months.

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 up to the end of September 2021 is significantly below budget and the shortfall is forecast to increase further by the end of the financial year.

The reductions in Bank Rate during the coronavirus pandemic have had a consequent effect on the level of returns that can be achieved in the market.

The percentage yield on the portfolio is 0.11%, however, as previously noted, inflation has historically outpaced investment returns and attempts are being made to address this.

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

Appendices:

Appendix A - Investment portfolio at 30 September 2021

Appendix B - Investment returns vs RPI/CPI

Appendix C - Proposal for future investment strategy

Background Papers:

[Treasury Management Strategy for 2021/22 - Council 23 February 2021](#)

Adrian Rowbotham

Deputy Chief Executive and Chief Officer - Finance & Trading

This page is intentionally left blank

SEVENOAKS DISTRICT COUNCIL

List of Investments as at:- 30-Sep-21

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.		3,400,000	01-Oct-11			0.01000%	Variable	Direct
	Svenska Handelsbanken AB (Deposit A/C)	AA	Sweden		0	23-Jul-14			0.00000%	Variable	Direct
	Svenska Handelsbanken AB (35 Day Notice A/C)	AA	Sweden		0	01-Sep-16			0.05000%	Variable	Direct
	Aberdeen Standard Liquidity Fund (Money Market Fund)	AAA	U.K.		5,000,000	11-May-12				Variable	Direct
	Insight Liquidity Fund (Money Market Fund)	AAA	U.K.		200,000	11-May-12				Variable	Direct
	BlackRock Liquidity Fund (Money Market Fund)	AAA	U.K.		1,000,000	13-Oct-16				Variable	Direct
	CCLA Public Sector Deposit Fund (Money Market Fund)	AAA	U.K.		5,000,000	08-Oct-18				Variable	Direct
IP1428	Close Brothers Ltd	A-	U.K.		3,000,000	30-Jun-21	0.15000%	29-Oct-21		4 Months	Tradition
IP1431	Close Brothers Ltd	A-	U.K.		2,000,000	07-Sep-21	0.27000%	21-Mar-22		6 Months	Tradition
IP1429	Newcastle Building Society		U.K.		3,000,000	22-Jul-21	0.11000%	24-Jan-22		6 Months	Tradition
IP1430	Thurrock Borough Council		U.K.		2,000,000	09-Aug-21	0.07000%	10-Jan-22		5 Months	RP Martin
IP1432	Thurrock Borough Council		U.K.		3,000,000	09-Sep-21	0.08000%	22-Mar-22		6 Months	RP Martin
Total Invested					27,600,000						

Other Loans

	Sevenoaks Leisure Limited				571,135	02-Mar-18	6.00000%	02-Mar-28		10 Years	Direct
--	---------------------------	--	--	--	---------	-----------	----------	-----------	--	----------	--------

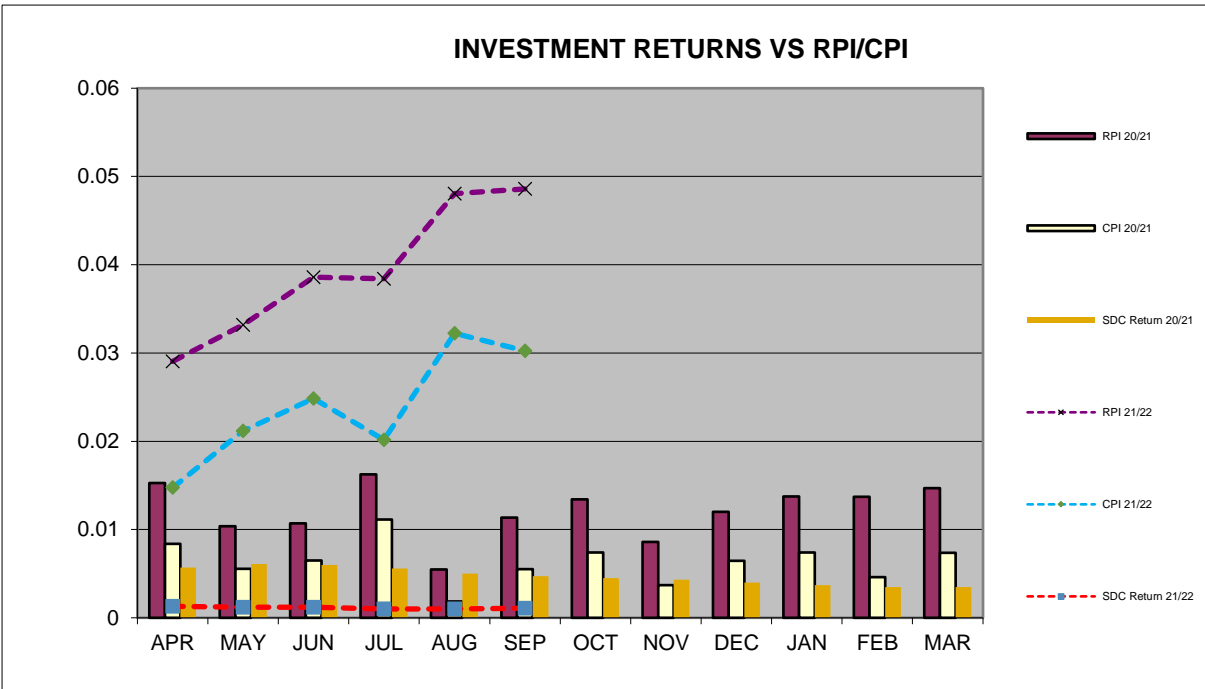
This page is intentionally left blank

INVESTMENT RETURNS VS RPI/CPI

	<i>RPI</i>	<i>CPI</i>	<i>SDC Return</i>	<i>RPI</i>	<i>CPI</i>	<i>SDC Return</i>
	20/21	20/21	20/21	21/22	21/22	21/22
APR	1.5%	0.8%	0.6%	2.9%	1.5%	0.1%
MAY	1.0%	0.6%	0.6%	3.3%	2.1%	0.1%
JUN	1.1%	0.6%	0.6%	3.9%	2.5%	0.1%
JUL	1.6%	1.1%	0.6%	3.8%	2.0%	0.1%
AUG	0.5%	0.2%	0.5%	4.8%	3.2%	0.1%
SEP	1.1%	0.6%	0.5%	4.9%	3.0%	0.1%
OCT	1.3%	0.7%	0.5%			
NOV	0.9%	0.4%	0.4%			
DEC	1.2%	0.6%	0.4%			
JAN	1.4%	0.7%	0.4%			
FEB	1.4%	0.5%	0.4%			
MAR	1.5%	0.7%	0.4%			

N.B. RPI/CPI data is not available until around the 20th of the following month

This page is intentionally left blank



This page is intentionally left blank

Appendix C

Proposal for Future investment strategy.**Introduction and Background**

The Financial landscape in relation to Investment Income has changed significantly in the past 2 years with interest rates falling to record lows and the available level of resources being impacted by wider Council decisions.

This paper seeks to provide members with information on the current position and possible future investment opportunities it may wish to invest in.

- 1 The Council's financial strategy in the past seventeen years has worked towards increasing financial sustainability and it has been successful through the use of a number of strategies such as the 10-year revenue budget.
- 2 The investment income has played a significant role in helping to reach a balance budget position in the 10-year budget increasing from £192,000 in 2010/11 to £300,000 in 2020/21.
- 3 However, the Financial landscape in relation to Investment Income has changed significantly in the past 2 years with interest rates falling to record lows and the available level of resources being impacted by wider Council decisions.
- 4 It is now necessary to refresh our investment strategy to maximise returns and more closely align our approach with the risk appetite of the authority.

Current Position

- 5 Table 1 below sets out both the income budget and actual figures for income from investments for the last 3 years together with the average rate of return

Table 1

	19/20 £	20/21 £	Forecast 21/22 £
Investment Income Budget	200,000	300,000	188,000
Investment Income -Actual	254,295	79,277	22,000

Agenda Item 9

Average % return	0.89%	0.35%	0.11%
------------------	-------	-------	-------

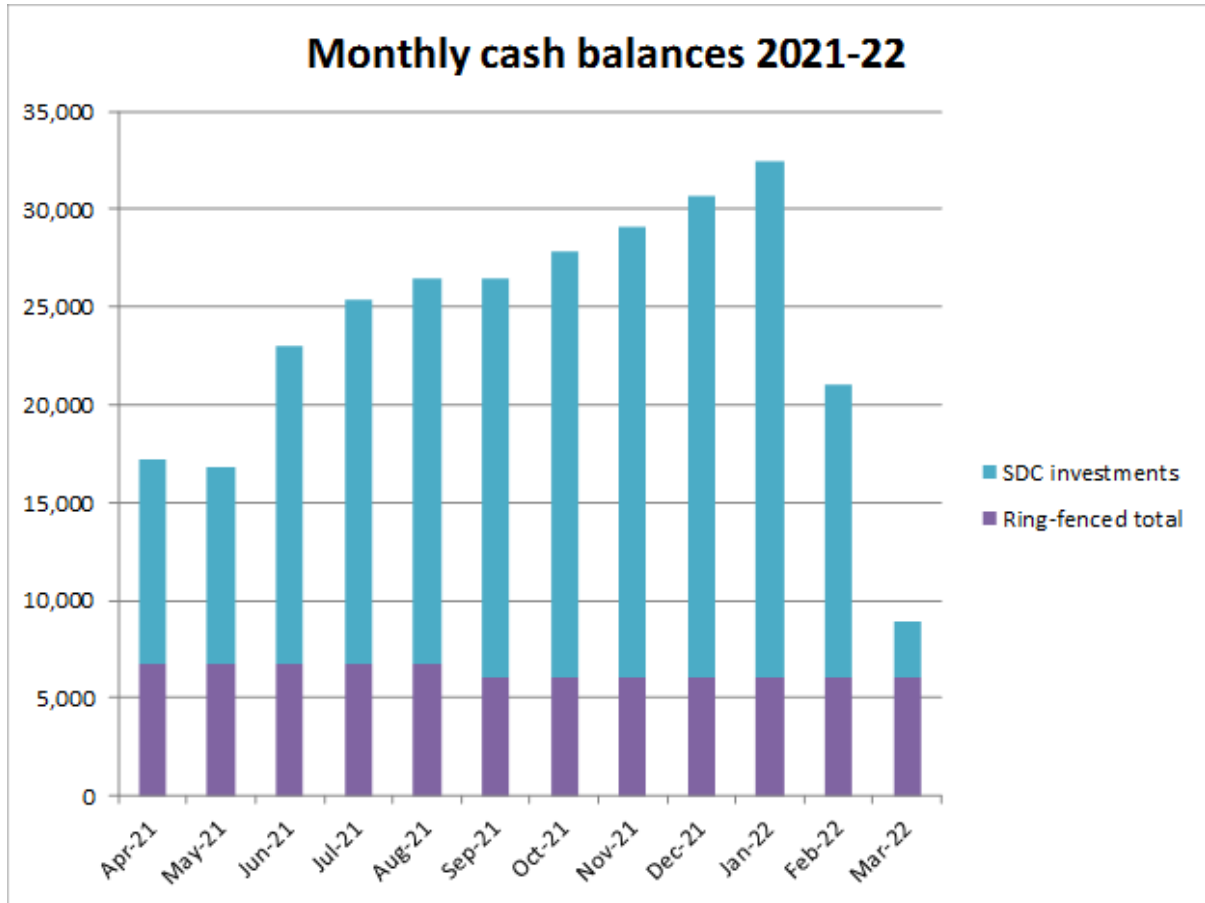
- 6 The table above just shows the interest earned on cash placed with counterparties but that is only part of the picture when looking globally at how our cash has been utilised.
- 7 Sevenoaks DC has provided financing by way of loans and equity to Quercus 7 to facilitate its acquisition of a number of investment opportunities. To date loans of £5.9m have been made to Quercus 7 earning an average of 4.61%. These are reported within the Property Investment Strategy income.
- 8 In addition, as part of the approved capital programme, agreed by members, it was projected that we would borrow £8m externally to part fund the White Oak Leisure Centre construction. To date we have not borrowed but rather funded this capital expenditure through internal borrowing and therefore saved £190,000 a year based on the rate of borrowing when it had initially been planned that the loan would be taken.
- 9 If this information is then reapplied to Table 1 we see a more accurate reflection of the financial impact of the global decisions.

Table 2

	19/20 £	Average percentage	20/21 £	Average percentage	Forecast 21/22 £	Average percentage
Income Budget	200,000		300,000		188,000	
Investment Income	254,295	0.89%	79,277	0.35%	22,000	0.11%
Interest from Loans	138,895	3.34%	224,068	4.93%	307,807	4.76%
Interest saved on not borrowing externally	96,658	2.36%	290,258	2.39%	290,258	2.39%
Total	489,848		593,603		620,065	
Average cash balance	24.9m		22.6m		20.0m	
Average Loan	4.1m		4.5m		6.5m	
Average % return		1.48%		1.51%		1.61%

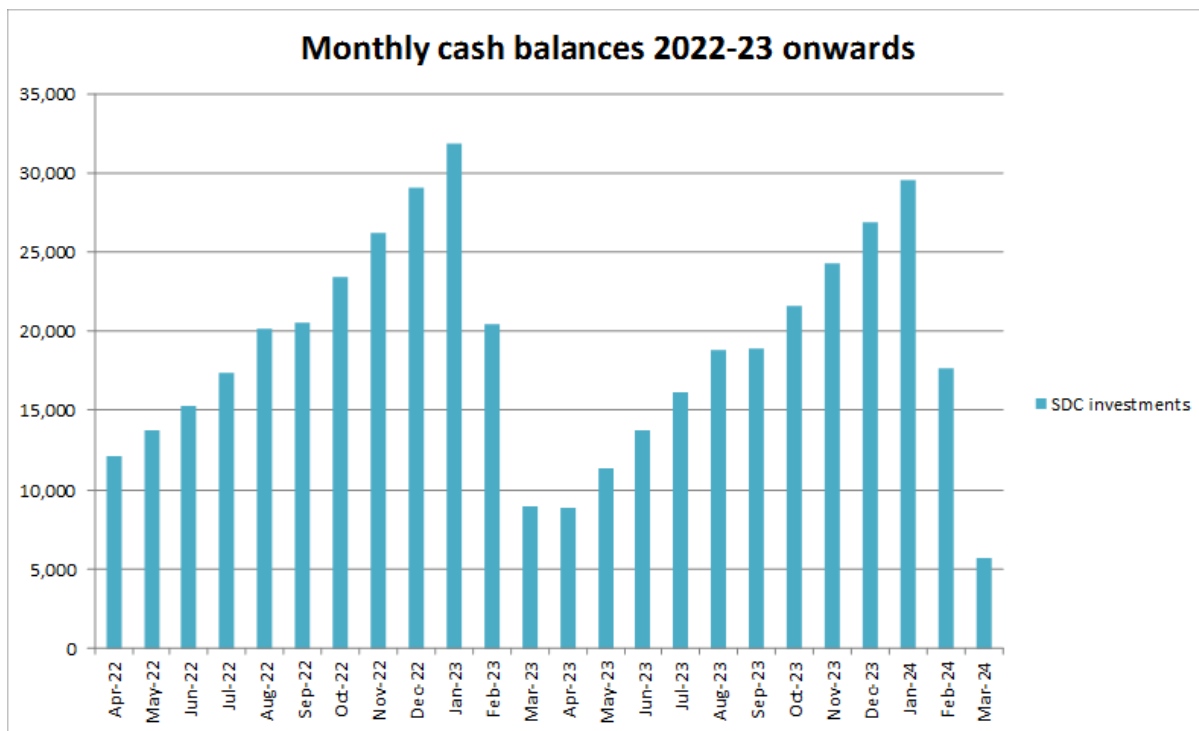
- 10 From the information in Table 2 it can be seen that as the sums invested in cash-based investments drop, those funds are utilised in property-based investment where it achieves higher returns.
- 11 The ability to accurately forecast our cash needs and therefore the ability to either fund acquisitions, capital expenditure or invest for an investment return is central to making sure that we maximise the real return on our available resources.
- 12 Graph 1 below shows the expected cash balances for 21/22 and Graph 2 shows the expected cash balances for 23/23 & 23/24. The data feeding into these graphs is very detailed and includes the current approved capital schemes, NDR & Council Tax receipts, Precept payments as well as receipts from capital disposals and grant funding. The forecasts are updated on a monthly basis to ensure the most accurate and up to date information is used.

Graph 1



13 This graph shows that in March 22 we would be carrying very low cash balances and would be the most likely time that we would need to borrow externally. February and March are months of low cash inflow as Council Tax payments are taken from April to January, but the precept payments are paid in 12 instalments.

Graph 2



- 14 Graph 2 again shows the cash balances recovering from April as the Council Tax payments are received but again these dip in February & March.
- 15 Neither Graph currently shows any external borrowing but this position will change as capital schemes continue in their development.

Future options

- 16 With returns on conventional money markets and inter-authority lending at an all-time low, as well as the requirement for investment returns to perform well in order to help fund the net revenue budget, it is time to look at other investment opportunities.
- 17 Multi-Asset Income Funds (MAIF) are not new to the market and were approved as part of the Treasury Strategy for the last 2 years. The next 3 pages give a summary of MAIF's, including details of fundamentals of MAIF's, the potential returns and volatility of returns over both the short and long term

Fundamentals – Multi-Asset Income Funds (MAIF)

Security

- Pooled Investment vehicle with low entry level.
- Investing in a mixture of assets, such as cash, bonds, property, equity and various other income producing products. Most funds will include non-sterling investments, hedged back to sterling, in portfolio.
- Unrated - look to the quality and process for selecting the underlying assets.
- Risk is diversified via the spread of investments, with 'risk-return efficiency' above average.

Liquidity

- Can be sold on a daily basis, with settlement typically T+3.
- Funds hold variety of extremely liquid assets to meet investor liquidity requirements and dividend payments.

Cost

- Annual management fees typically 75-150bps.

Yield

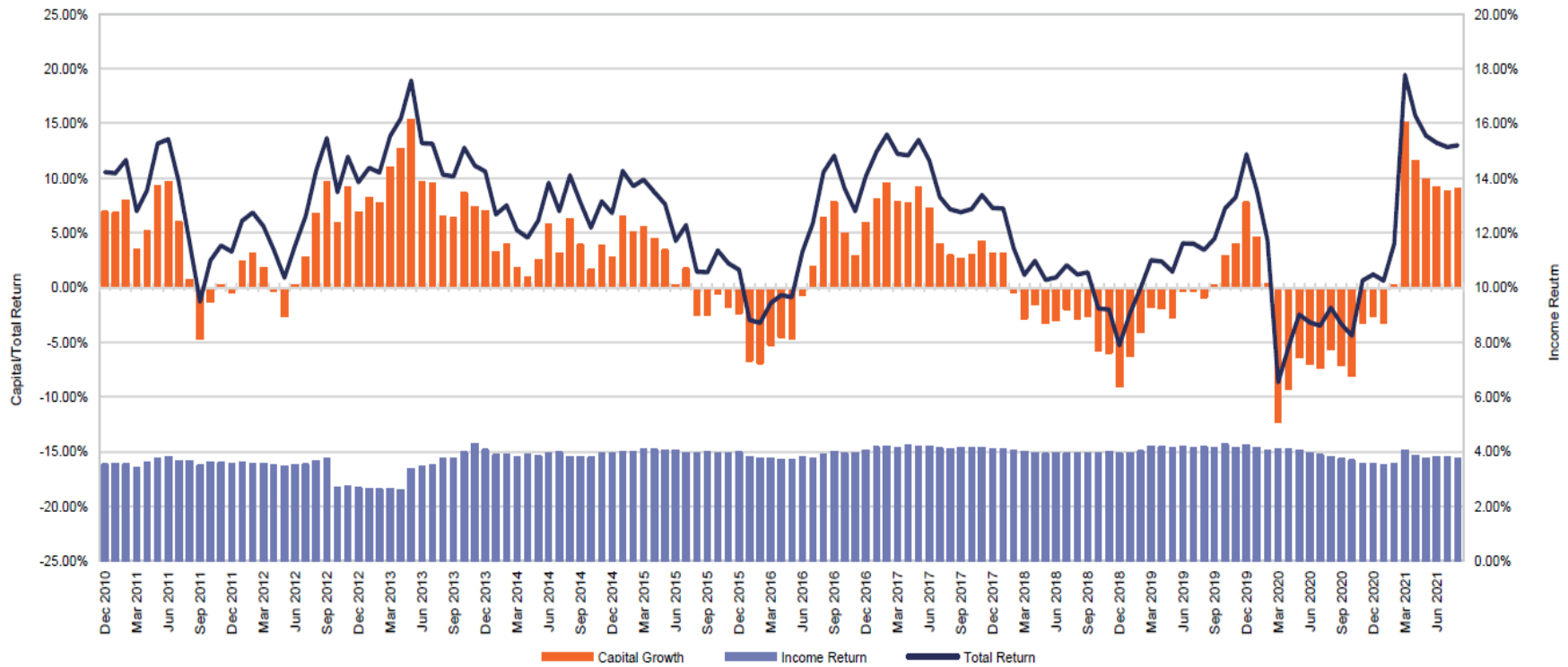
- Variable returns, although diversity in assets aim to give stability to income payments.
- Managers typically aim for 4-6% in yield, but current environment providing lower range.

Consideration

- Increased volatility of performance.
- Lack of council control of underlying investments within the fund.
- Unrated credit, derivatives and other complex instruments are regularly used.
- We would always suggest undertaking a selection process to ensure that the most suitable fund is selected.
- Relatively 'new' products, most fund 5-10 years old.

Performance Split – Income Vs Capital (Average for MAIF)

Rolling Periods	Income Return			Income - Standard Deviation			Capital Growth			Capital - Standard Deviation		
	Average	Max	Min	Average	Max	Min	Average	Max	Min	Average	Max	Min
1 year	3.99%	5.88%	0.52%	0.44%	0.86%	0.14%	1.13%	29.30%	-23.88%	6.16%	9.77%	3.04%
3 years*	4.02%	5.60%	1.48%	0.30%	0.91%	0.03%	0.51%	11.71%	-13.57%	2.24%	5.84%	0.49%
5 years*	4.04%	5.51%	2.27%	0.23%	0.64%	0.03%	0.85%	9.68%	-7.67%	1.42%	4.12%	0.29%



Volatility & Investment Horizons (MAIF)

- Your investment time horizon is key to suitability
- These are suited to long-term investing only
- Typically, 5yrs+ due to higher-risk investments providing high volatility
- Mismatches could produce negative returns, with longer investment periods more likely to produce positive returns
- See below for example of how these perform over a range of rolling time periods

Rolling Periods	Number of Funds	Positive Periods			Total Return			Standard Deviation		
		Average	Max	Min	Average	Max	Min	Average	Max	Min
1 month	16.00	66.91%	78.05%	58.00%	0.47%	15.65%	-15.47%	2.17%	3.33%	1.27%
3 months	16.00	74.56%	92.94%	55.88%	1.41%	16.00%	-23.40%	3.59%	5.17%	2.10%
6 months	16.00	74.90%	87.88%	46.15%	2.77%	25.70%	-19.70%	4.74%	7.13%	2.70%
1 year	16.00	77.70%	95.70%	44.07%	5.22%	35.13%	-20.91%	6.33%	10.00%	3.16%
3 years	16.00	91.40%	100.00%	45.71%	4.53%	16.16%	-9.89%	2.38%	5.93%	1.06%
5 years	15.00	91.93%	100.00%	9.09%	4.86%	14.17%	-2.92%	1.43%	4.20%	0.30%

- 18 Current projection, in line with the capital programme it is anticipated that £10m of external borrowing will be taken in April 2022 as per the cashflow (Graph 2) the year-end cash available for investment never drops below £5m and therefore it is suggested that we should be relatively comfortable tying that amount up over the long term in a Multi-Asset Fund type of investment.
- 19 The average return over the past 9 years the MAIF have been in the mainstream market has been 4.75% but it is important to point out that some showed returns close to 0% and other came out at 9%. This average return is also net of annual fees which are commonly 1% but can be lower. There are also in some cases entry & exit fees dependant on the fund and on average are 1% of the amount invested.
- 20 Using this average of 3.75% the return would be:

Amount Invested	Average annual return 5 years	average annual return 10 years
£5,000,000	£937,500	£1,875,000

Conclusion

- 21 It is clear from the information within this report that if Sevenoaks should wish to invest in a MAIF then this is probably the right time to do so with the current returns from other market options low.
- 22 Members need to be entirely happy with the volatility of this type of investment and the need to commit to the full length of the investment.
- 23 Furthermore members need to satisfy themselves that the initial amount invested is available to be committed for either 5 or 10 years.
- 24 This should be considered to be a pilot with returns being compared to the global investment, i.e investments for traditional funds, loan interest etc.

This page is intentionally left blank

Item 10 - Financial Results 2021/22 to the end of September 2021

The attached report was considered by the Finance & Investment Advisory Committee on 4 November 2021. The relevant Minute extract was not available prior to the printing of this agenda and will follow when available.

This page is intentionally left blank

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

Finance & Investment Advisory Committee - 4 November 2021

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

Status: For Consideration

Also considered by: Cabinet - 11 November 2021

Key Decision: No

This report supports 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 and Investment Advisory Committee:

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

Recommendation to Cabinet:

Cabinet considers any comments from Finance and 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 September 21 was forecast to be an unfavourable variance of £0.095m against a net revenue budget of £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. The claim for the first quarter of 2021/22 is due to be submitted by the end of October.

Agenda Item 10

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 £19,000 below budget. There are currently vacancies within Direct Services, Corporate Services 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 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 September, 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 £12,000 compared to a budget of £93,000 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 the capital programme, Quercus 7 acquisitions and also COVID-19. The interest from Quercus 7 is due to be in excess of £275,000 this year.
- 8 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

- 9 The year-end forecast position is an unfavourable variance of £0.095m (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

- 10 Within Miscellaneous Finance, the forecasted favourable variance of £350,000 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.
- 11 Within Benefits Admin, New Burdens grant was received that was not known at the time the budget was set and this is leading for a favourable variance of £166,000.

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 £190,000 due to enforcement income being lower than budget expectations. In addition, the levels of fee recovery are low as a result of COVID-19.
- 14 Direct Services are forecasting an unfavourable variance of £100,000 due to the additional cost of agency staff and the underachievement of income on trade waste as businesses recover from COVID-19 .

Other Variances

- 15 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 £166,000 being forecast.
- 16 Investment Property Income - The majority of properties held within the Property Investment Strategy continue to achieve the income levels predicted.

Future Issues and Risk Areas

- 17 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.

Agenda Item 10

- 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. Note that the car parking income budget was reduced by 25% in 2021/22.
- 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.

Key Implications

Financial

The financial implications are set out elsewhere in this report.

Legal Implications and Risk Assessment Statement

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

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

Equality Assessment

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

Appendices

Appendix A - September 2021 Budget Monitoring Commentary

Appendix B - September 2021 Financial Information

Background Papers

Adrian Rowbotham

Deputy Chief Executive and Chief Officer - Finance & Trading

This page is intentionally left blank

People and Places	Budget to Date £'000	Forecast Outturn £'000	Actual to end of September 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)
Contain Outbreak Management	0	0	-25	-25			0	External funding received in advance from Kent County Council towards COVID-19 recovery projects
Leisure Contract	41	41	22	-20			0	Waiting for Sencio to sign annual contract in order to release first tranche of funding.
Local Strategic Partnership	0	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	-17	-17	3	20			0	External funding from Kent Police and Crime Commissioner - community safety project spend.
Tourism	22	22	-172	-194			0	Grants received ahead of spend.
West Kent Enterprise Advisor Ne	0	0	41	41			0	Spend ahead of grant claim.
West Kent Kick Start	0	0	-13	-13			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	Forecast difference at year end	Forecast Outturn	Actual to end of September 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)
Development and Conservation									
Building Control Partnership Hub (SDC Costs)	203	0	203	154	-49			0	Variances due to extended decoupling of partnership awaiting data transfer Bills Proposed Virements to Rightsize budgets between Partnership Hub and In House Service.
Building Control	-65	-38	-103	-175	-110		-38	-38	Over Recovery of Income in fees, any continual over recovery transferred to reserves at year end. Variances due to extended decoupling of partnership.
Planning - CIL Administration	-33	0	-33	0	33			0	Underspend due to current vacant position. Profiled CIL Admin income (-£50k) awaiting recovery (to be processed during the current period).
Planning - Development Management	-32	-52	-84	-93	-60		-52	-52	Small number of high fee applications in first two quarters in addition to an uplift in general case numbers.
Planning - Enforcement	153	0	153	167	15			0	Additional Investment in the delivery of the service.
Planning Performance Agreement	0	0	0	24	24			0	PPA are reinvested in the delivery of the service.
Administrative Expenses - Planning Services	18	0	18	50	32			0	Education and Training in addition to IT hardware investment to enable remote working costs (All 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.								

	Budget to Date £'000	Forecast Outturn	Actual to end of September 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
Finance and Investments								
Asset Maintenance Direct Services	21	74	95	74		53	53	Overspend due to depot refurbishment works to be offset by underspends elsewhere.
Benefits Admin	-15	-181	-210	-196		-166	-166	Additional New Burdens funding received that was un budgeted for.
Dartford Rev&Ben Partnership Hub (SDC costs)	1,017	1,017	1,002	-15			0	Surplus grant income received.
Local Tax	-128	62	-116	11	68	122	190	Annual Variance of £100k due to Enforcement Income not in line with budgetted expectation (Current Effect: £50k) as highlighted in High level Commentary. Current Fee recovery levels are low as a result of COVID impact including court availability. These levels are expected to rise but are likely to remain significantly under normal levels by year end.
Misc. Finance	693	343	-92	-785	-350		-350	Covid-19 grants received at the start of the year. This will offset spend on this and other lines. The £350,000 favourable forecast relates to the Government's Sales, Fees and Charges Compensation scheme for quarter 1. The claim is based on losses compared to 2020/21 budgeted income levels but the car parking income budget for 2021/22 had already been reduced by 25% as part of the last budget process.
Administrative Expenses - Finance	18	18	63	46			0	Additional licence requirement for Agresso following licence audit.
Support - Legal Function	129	129	117	-12			0	Current underspend to be offset by additional resource allocated.
Treasury Management	62	62	86	24			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.							

2020/21

	Budget to Date £'000	Forecast Outturn £'000	Actual to end of September 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 and Greener								
Asset Maintenance Argyle Road	39	39	24	-15				0 Spend currently behind profile. Planned works mean there is no variance projected at year end.
Asset Maintenance Other Corporate Properties	17	17	52	35				0 Urgent works to Fircroft residents association hall.
Asset Maintenance Hever Road	20	20	45	25				0 Urgent repair works due to vandalism required pushing spend ahead of profile.
Asset Maintenance Support & Salaries	46	46	32	-14				0 Spend currently behind profile. Planned works mean there is no variance projected at year end.
Car Parks	-755	-755	-485	270				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.
CCTV	138	138	171	33				0 Invoices to partner organisations to be raised to recover costs.
Dartford Environmental Hub (SDC Costs)	359	359	164	-196				0 Proposed Virements to Rightsize budgets between Partnership Hub and In House Service.
Car Parking - On Street	-148	-148	-124	24				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.
EH Commercial	141	146	109	-32		5	5	KCC 28k Test&Trace grant to be spent in line with grant conditions. Potential Carry forward if amounts not fully utilised in year.
EH Animal Control	18	23	-2	-20		5	5	Awaiting Invoicing for Kennel Fees (No bills so far 28k expected for 21/22)
Parking Enforcement - Tandridge DC	-20	-20	-114	-94				0 Income collected on behalf of Tandridge to be paid over.
Estates Management - Buildings	23	23	-6	-30				0 Unbudgeted rates bills for meeting point refunded following demolition.
Estates Management - Grounds	64	64	74	10				0 Spend ahead of profile due to annual charge. No year end variance expected.
Kent Resource Partnership	-164	-164	43	207				0 Funding received ahead of expenditure. The Kent Resource Partnership has transferred to be hosted by Kent County Council. All balances will be transferred leaving no variance at year end.
Licensing Regime	16	16	-25	-41				0 Premises Licences Annual Fees Received earlier than budgetted (In line with prior year levels).
Parks - Greensand Commons Project	0	0	45	45				0 Externally funded project. Spend will be reclaimed.
Parks and Recreation Grounds	67	67	78	11				0 Spend ahead of profile due to works carried out. No year end variance projected.
Refuse Collection	1,482	1,462	1,454	-28		-20	-20	Minor underspend will partially offset depot refurbishment costs.
Street Cleansing	772	739	724	-48		-33	-33	Binfastructure Grant received ahead of spend. Additional income will partially offset depot refurbishment works.
Support - Central Offices	378	378	351	-27				0 Spend currently behind profile. Planned works mean there is no variance projected at year end.
Support - Central Offices - Facilities	134	134	109	-24				0 Underspend due to reduction in staffing and overtime costs offset by office works, forecast under review.
Support - Direct Services	23	23	52	29				0 Overspend against profile on training and staff advertising relating to the restructure.

	Budget to Date £'000	Forecast Outturn £'000	Actual to end of September 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 and Greener								
Direct Services Trading account	-294	-194	99	393	50	50	100	There is currently an overspend on agency staff in this area, which is partially offset by salary underspends. A project team has now bought forward a recruitment drive to reduce this, which comes into effect from November 2021. Although some agency use is required in order to maintain service levels to cover leave and sickness it is anticipated that the budget can be brought under control and the overspend will be offset by vacancies. There is ongoing work on estimation for commercial income at the depot, initial focus has been undertaken on commercial waste. This will enable a greater focus on building up new customers later in the year. It is currently anticipated with the work carried out by the Commercial Operations and Trading Manager and team that there will be a shortfall in income targets of around £50,000.
Future Issues/Risk Areas	Covid-19 continues to have a potential impact on income levels and expenditure.							

	Budget to Date £'000	Forecast Outturn £'000	Actual to September 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	0	-26	-26			0	External funding received in advance from Kent County Council towards COVID-19 recovery projects.
Homeless	209	509	415	206		300	300	Demand for temporary/emergency accommodation saw an increase as a result of eviction ban being lifted and homeless approaches increasing.
Housing Clinically Extremely Vulnerable 21/22	0	0	46	46			0	Expenditure in advance of receiving external grant.
Housing	102	102	25	-77			0	Staff underspend relating to vacant Housing Strategy Manager and Housing Team Leader posts (now recruited to) and as mentioned above, Citizens Advice SLA now signed and funding will be released.
Housing Pathway Co-ordinator	0	0	-58	-58			0	External funding received from MHCLG towards Rough Sleeper Initiative (staffing cost, post currently vacant and being recruited to).
Homelessness Prevention	0	0	24	24			0	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.
Housing Energy Retraining Options (HERO)	66	66	53	-12			0	Staff underspend due to vacant HERO Officer post.
Private Sector Housing	142	142	132	-11			0	Underspend on salaries due to Private Sector Housing Officer vacancy, which is now filled.
Rough Sleepers Initiative (4)	0	0	-38	-38			0	External funding received in advance from MHCLG towards Rough Sleeper Initiative.
Choosing Health WK PCT	0	0	-22	-22			0	External funding received in advance from Kent Public Health on a quarterly basis. This will be offset by staff salaries and spent in quarter.
PCT Initiatives	0	0	14	14			0	External funding received in advance towards various One You Projects (e.g. West Kent One Systems for Health). End of year will be as per budget.
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

	Budget to Date £'000	Forecast Outturn £'000	Actual to September 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	148	148	542	394			0	Spend as per Asset Maintenance Plan.
Corporate Management	537	470	469	-67		-67	-67	It is currently forecast that there will be an underspend within the Corporate Management budget for this year, which includes a revised salary budget and less expenditure on bought-in services
Corporate Projects	36	17	25	-11		-19	-19	Current salary underspend to be offset by overspend elsewhere.
Democratic Services	84	84	73	-11			0	Underspend due to staffing turnover.
Economic Development	26	26	42	16			0	Place campaign to be funded from reserves.
Elections	42	42	201	159			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	115	105	117	2		-10	-10	Year-end variance forecast as expenditure on website support lower than budgeted amount for this year
Land Charges	-58	-38	-58	-1		20	20	Forecast EOY variance based on KCC costs, currently masked by New Burdens funding received for current and future years.
Members	236	223	211	-25		-13	-13	Members allowances lower than budgeted levels due to changes in roles as only one Special Responsibility Allowance is payable.
Register of Electors	124	124	105	-19			0	Delay in the receipt of invoices from suppliers has created the current underspend. The underspend will reduce as these are paid in the coming weeks.
Support - Contact Centre	426	426	374	-53			0	Current underspend due to staffing changes currently under review.
Support - General Admin (Print Shop)	-8	-8	-23	-15			0	Savings in salaries and on expenditure on materials and supplies, accompanied by increased external income from one-off projects has ensured expenditure is better than budget. Internal income remains below profile and is likely to remain a challenge for this financial year.
Support - IT	753	753	770	17			0	Software Licensing renews unevenly throughout the year creating variances to profiled budget.
Support - Human Resources	226	243	240	14		18	18	One off expenditure on South East Employer Annual Membership and upfront Payroll Consultancy Payment. Current overspend offset by underspends elsewhere.
Future Issues/Risk Areas	IT Asset Maintenance spend as per 10 year plan resulting in draw down from reserves in current year. Reduced income on internal Print Charges over the year to date. This will be monitored							

This page is intentionally left blank

Appendix B : Summary

Position as at the end of September 2021	Y-T-D Actual £'000	Annual Budget £'000	ACTUAL Variance £'000	Annual Forecast (including Accruals) £'000	Annual Variance £'000	Annual Variance %
People and Places	134	591	(457)	591	0	0.0
Development and Conservation	506	936	(430)	852	(84)	(9.0)
Finance and Investments	1,524	3,090	(1,566)	2,817	(273)	(8.8)
Cleaner and Greener	3,324	5,685	(2,361)	5,742	58	1.0
Housing and Health	240	988	(748)	1,288	300	30.4
Improvement and Innovation	3,441	5,726	(2,284)	5,669	(57)	(1.0)
Services Total	9,169	17,015	(7,845)	16,958	(57)	(0.3)
Adjustments to Reconcile to amount to be met from reserves: Capital Charges outside the General Fund	(30)	(60)	30	(60)	0	0.0
Adjustments to Reconcile to amount to be met from reserves: Support Services outside the General Fund	(86)	(172)	86	(172)	0	0.0
Redundancy Costs	80	0	80	0		-
NET SERVICE EXPENDITURE	9,134	16,783	(7,649)	16,727	(57)	(0.3)
New Homes Bonus	(578)	(1,155)	578	(1,155)	0	0.0
Retained Business Rates	(1,091)	(2,182)	1,091	(2,182)	0	0.0
Council Tax	(5,722)	(11,443)	5,722	(11,443)	0	(0.0)
Contribution from Collection Fund	9	17	(9)	17	0	0.0
Council Tax	0	(245)	245	(245)	0	
Local Council Tax Support (LCTS)	0	(98)	98	(98)		
Summary excluding Investment Income	1,752	1,677	76	1,620	(57)	(3.4)
Investment Property Income	(761)	(1,372)	611	(1,386)	(14)	(1.0)
Interest Receipts	(12)	(188)	176	(22)	166	(88.3)
OVERALL TOTAL	979	117	863	212	95	81.4
Planned Appropriation to/(from) Reserves	(808)	(1,615)	808	(1,615)	0	
Other Reserve Movements	0	1,498	(1,498)	1,498	0	
Supplementary Estimates	0	0	0	0	0	
(Surplus)/Deficit	172	(0)	173	95	95	

Appendix B : Summary by Service

Position as at the end of September 2021	Y-T-D Actual £'000	Budget to Date £'000	Variance £'000	Annual Budget £'000	Annual For Var £'000	Annual Forecast (including Accruals) £'000	Forecast Annual Variance £'000
People & Places SDC Funded	£'000	£'000	£'000	£'000	£'000	£'000	£'000
All Weather Pitch	(3)	(3)	(0)	(5)	-	(5)	-
Community Safety	71	80	(9)	160	-	160	-
Community Development Service Provisions	(6)	(6)	-	(6)	-	(6)	-
The Community Plan	9	11	(2)	21	-	21	-
Grants to Organisations	163	171	(8)	185	-	185	-
Leisure Contract	22	41	(20)	112	-	112	-
Leisure Development	10	10	(0)	21	-	21	-
Administrative Expenses - Communities & Business	16	10	6	22	-	22	-
Tourism	(172)	22	(194)	30	-	30	-
West Kent Partnership	(19)	(15)	(4)	-	-	-	-
Youth	24	25	(1)	50	-	50	-
Total People & Places SDC Funded	115	346	(231)	591	-	591	-
People & Places Externally Funded	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Compliance & Enforcement	7	-	7	-	-	-	-
Contain Outbreak Management Fund 2021/22	(25)	-	(25)	-	-	-	-
Local Strategic Partnership	12	-	12	-	-	-	-
Partnership - Home Office	3	(17)	20	-	-	-	-
Police & Crime Commissioners (PCCs)	(2)	-	(2)	-	-	-	-
Community Sports Activation Fund	(3)	-	(3)	-	-	-	-
West Kent Enterprise Advisor Network	41	0	41	-	-	-	-
West Kent Kick Start	(13)	-	(13)	-	-	-	-
West Kent Partnership Business Support	(1)	-	(1)	-	-	-	-
People & Places Externally Funded	19	(17)	36	-	-	-	-

Position as at the end of September 2021	Y-T-D Actual £'000	Budget to Date £'000	Variance £'000	Annual Budget £'000	Annual For Var £'000	Annual Forecast (including Accruals) £'000	Forecast Annual Variance £'000
Total People & Places	134	328	(195)	591	-	591	-
Development and Conservation	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Building Control Partnership Members	-	-	-	-	-	-	-
Building Control Partnership Hub (SDC Costs)	154	203	(49)	-	-	-	-
Building Control	(175)	(65)	(110)	(130)	(38)	(168)	(38)
Conservation	69	65	4	130	-	130	-
Dangerous Structures	-	1	(1)	3	-	3	-
Planning Policy	212	216	(5)	483	-	483	-
LDF Expenditure	6	-	6	-	-	-	-
Planning - Appeals	91	83	8	205	6	211	6
Planning - CIL Administration	-	(33)	33	(66)	-	(66)	-
Planning - Counter	-	(3)	3	(6)	-	(6)	-
Planning - Development Management	(93)	(32)	(60)	(50)	(52)	(101)	(52)
Planning - Enforcement	167	153	15	304	-	304	-
Planning Performance Agreement	24	-	24	-	-	-	-
Administrative Expenses - Building Control	0	6	(6)	12	-	12	-
Administrative Expenses - Planning Services	50	18	32	49	-	49	-
Total Development and Conservation	506	613	(107)	936	(84)	852	(84)
Finance and Investments	£'000	£'000	£'000	£'000	£'000	£'000	£'000

Position as at the end of September 2021	Y-T-D Actual £'000	Budget to Date £'000	Variance £'000	Annual Budget £'000	Annual For Var £'000	Annual Forecast (including Accruals) £'000	Forecast Annual Variance £'000
Asset Maintenance CCTV	-	9	(9)	18	-	18	-
Asset Maintenance Countryside	1	4	(4)	9	-	9	-
Asset Maintenance Direct Services	95	21	74	42	53	95	53
Asset Maintenance Playgrounds	3	8	(5)	16	-	16	-
Asset Maintenance Public Toilets	-	8	(8)	16	-	16	-
Benefits Admin	(210)	(15)	(196)	148	(166)	(18)	(166)
Benefits Grants	(13)	(13)	0	(25)	-	(25)	-
Corporate Management	0	-	0	-	-	-	-
Dartford Rev&Ben Partnership Hub (SDC costs)	1,002	1,017	(15)	-	-	-	-
Dartford Audit Partnership Hub (SDC Costs)	111	113	(2)	-	-	-	-
Housing Advances	-	1	(1)	1	-	1	-
Local Tax	(116)	(128)	11	(85)	190	105	190
Misc. Finance	(92)	693	(785)	1,580	(350)	1,230	(350)
Administrative Expenses - Chief Executive	0	7	(6)	20	-	20	-
Administrative Expenses - Finance	63	18	46	26	-	26	-
Administrative Expenses - Revenues and Benefits	-	-	-	-	-	-	-
Administrative Expenses - Strategic Property	4	-	4	-	-	-	-
Support - Rev & Ben Control	112	112	-	224	-	224	-
Support - Counter Fraud	26	26	0	52	-	52	-
Support - Audit Function	100	96	5	196	-	196	-
Support - Exchequer and Procurement	84	75	9	158	-	158	-
Support - Finance Function	121	128	(6)	256	-	256	-
Support - Legal Function	117	129	(12)	259	-	259	-
Support - Procurement	2	3	(2)	7	-	7	-
Support - Property Function	28	26	2	52	-	52	-
Treasury Management	86	62	24	123	-	123	-
Total Finance and Investments	1,524	2,400	(876)	3,090	(273)	2,817	(273)

Position as at the end of September 2021	Y-T-D Actual £'000	Budget to Date £'000	Variance £'000	Annual Budget £'000	Annual For Var £'000	Annual Forecast (including Accruals) £'000	Forecast Annual Variance £'000
Cleaner and Greener	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Asset Maintenance Argyle Road	24	39	(15)	79	-	79	-
Asset Maintenance Other Corporate Properties	52	17	35	35	-	35	-
Asset Maintenance Hever Road	45	20	25	40	-	40	-
Asset Maintenance Leisure	90	95	(5)	190	-	190	-
Asset Maintenance Support & Salaries	32	46	(14)	138	-	138	-
Asset Maintenance Sewage Treatment Plants	-	5	(5)	9	-	9	-
Bus Station	11	9	2	8	-	8	-
Car Parks	(485)	(755)	270	(1,198)	-	(1,198)	-
CCTV	171	138	33	269	-	269	-
Civil Protection	20	26	(7)	49	-	49	-
Dartford Environmental Hub (SDC Costs)	164	359	(196)	-	-	-	-
Car Parking - On Street	(124)	(148)	24	(245)	-	(245)	-
EH Commercial	109	141	(32)	280	5	285	5
EH Animal Control	(2)	18	(20)	22	5	28	5
EH Environmental Protection	180	173	7	369	1	370	1
Emergency	33	41	(7)	81	-	81	-
Parking Enforcement - Tandridge DC	(114)	(20)	(94)	(39)	-	(39)	-
Estates Management - Buildings	(6)	23	(30)	(16)	-	(16)	-
Estates Management - Grounds	74	64	10	128	-	128	-
Housing Other Income	(8)	(7)	(1)	(14)	-	(14)	-
Housing Premises	(11)	(2)	(10)	16	-	16	-
Kent Resource Partnership	43	(164)	207	-	-	-	-
Licensing Partnership Hub (Trading)	10	12	(2)	-	-	-	-
Licensing Partnership Members	-	-	-	-	-	-	-
Licensing Regime	(25)	16	(41)	44	-	44	-
Asset Maintenance Operatives	2	3	(0)	5	-	5	-
Markets	(107)	(106)	(1)	(217)	-	(217)	-
Parks - Greensand Commons Project	45	-	45	-	-	-	-

Position as at the end of September 2021	Y-T-D Actual £'000	Budget to Date £'000	Variance £'000	Annual Budget £'000	Annual For Var £'000	Annual Forecast (including Accruals) £'000	Forecast Annual Variance £'000
Parks and Recreation Grounds	78	67	11	135	-	135	-

Position as at the end of September 2021	Y-T-D Actual £'000	Budget to Date £'000	Variance £'000	Annual Budget £'000	Annual For Var £'000	Annual Forecast (including Accruals) £'000	Forecast Annual Variance £'000
Parks - Rural	85	84	1	171	-	171	-
Public Transport Support	-	0	(0)	0	-	0	-
Refuse Collection	1,454	1,482	(28)	2,913	(20)	2,893	(20)
Administrative Expenses - Direct Services	9	-	9	-	-	-	-
Administrative Expenses - Health	2	2	(0)	5	-	5	-
Administrative Expenses - Licensing	0	3	(3)	7	-	7	-
Administrative Expenses - Property	3	2	1	3	-	3	-
Administrative Expenses - Transport	2	3	(0)	7	-	7	-
Street Cleansing	724	772	(48)	1,540	(33)	1,507	(33)
Support - Central Offices	351	378	(27)	483	-	483	-
Support - Central Offices - Facilities	109	134	(24)	279	-	279	-
Support - General Admin	-	2	(2)	5	-	5	-
Support - General Admin (Post/Scanning)	106	107	(1)	219	-	219	-
Support - Health and Safety	0	4	(4)	8	-	8	-
Support - Direct Services	52	23	29	50	-	50	-
Direct Services Trading account	99	(294)	393	(231)	100	(131)	100
Taxis	1	6	(5)	11	-	11	-
Public Conveniences	26	27	(1)	48	-	48	-
Total Cleaner and Greener	3,324	2,845	479	5,685	58	5,742	58

Position as at the end of September 2021	Y-T-D Actual £'000	Budget to Date £'000	Variance £'000	Annual Budget £'000	Annual For Var £'000	Annual Forecast (including Accruals) £'000	Forecast Annual Variance £'000
Housing and Health	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Contain Outbreak Management Fund 2021/22	(26)	-	(26)	-	-	-	-
Domestic Abuse Duty	3	-	3	-	-	-	-
Gypsy Sites	(8)	(6)	(3)	(10)	-	(10)	-
Health Improvements	23	24	(1)	48	-	48	-
Homeless	415	209	206	429	300	729	300
Housing Clinically Extremely Vulnerable 21/22	46	-	46	-	-	-	-
Housing Register	27	18	8	37	-	37	-
Disabled Facilities Grant Administration	-	-	-	(50)	-	(50)	-
Housing	25	102	(77)	186	-	186	-
Housing Initiatives	29	28	2	55	-	55	-
Next Steps Accommodation Programme	(0)	-	(0)	-	-	-	-
Housing Pathway Co-ordinator	(58)	-	(58)	-	-	-	-
Homelessness Prevention	24	-	24	-	-	-	-
Housing Energy Retraining Options (HERO)	53	66	(12)	130	-	130	-
Private Sector Housing	132	142	(11)	284	-	284	-
Rough Sleepers Initiative (4)	(38)	-	(38)	-	-	-	-
Administrative Expenses - Housing	3	-	3	-	-	-	-
One You - Your Home Project	0	-	0	-	-	-	-
Choosing Health WK PCT	(22)	0	(22)	-	-	-	-
PCT Health Checks	11	11	(0)	-	-	-	-
Homelessness Funding	(412)	(421)	9	(122)	-	(122)	-
PCT Initiatives	14	-	14	-	-	-	-
Total Housing and Health	240	174	66	988	300	1,288	300

Position as at the end of September 2021	Y-T-D Actual £'000	Budget to Date £'000	Variance £'000	Annual Budget £'000	Annual For Var £'000	Annual Forecast (including Accruals) £'000	Forecast Annual Variance £'000
Improvement and Innovation	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Action and Development	1	4	(3)	8	-	8	-
Asset Maintenance IT	542	148	394	296	-	296	-
Civic Expenses	16	17	(1)	17	-	17	-
Consultation and Surveys	10	-	10	4	5	9	5
Corporate Management	469	537	(67)	1,146	(67)	1,079	(67)
Corporate Projects	25	36	(11)	71	(19)	52	(19)
Corporate - Other	-	(2)	2	66	-	66	-
Democratic Services	73	84	(11)	167	-	167	-
Economic Development	42	26	16	38	-	38	-
Economic Development Property	241	242	(1)	442	-	442	-
Elections	201	42	159	125	-	125	-
External Communications	117	115	2	222	(10)	212	(10)
Land Charges	(58)	(58)	(1)	(118)	20	(98)	20
Members	211	236	(25)	473	(13)	460	(13)
Performance Improvement	8	7	1	(0)	-	(0)	-
Register of Electors	105	124	(19)	204	-	204	-

Position as at the end of September 2021	Y-T-D Actual £'000	Budget to Date £'000	Variance £'000	Annual Budget £'000	Annual For Var £'000	Annual Forecast (including Accruals) £'000	Forecast Annual Variance £'000
Administrative Expenses - Corporate Services	3	11	(7)	23	-	23	-
Administrative Expenses - Legal and Democratic	47	53	(6)	72	-	72	-
Administrative Expenses - Transformation and Strategic	2	2	(1)	5	-	5	-
Administrative Expenses - Human Resources	15	6	8	9	10	19	10
Street Naming	1	1	(0)	2	-	2	-
Support - Contact Centre	374	426	(53)	855	-	855	-
Support - General Admin	11	14	(3)	178	-	178	-
Support - General Admin (Print Shop)	(23)	(8)	(15)	(49)	-	(49)	-
Support - IT	770	753	17	1,071	-	1,071	-
Support - Local Offices	0	-	0	-	-	-	-
Support - Nursery	0	-	0	-	-	-	-
Support - Human Resources	240	226	14	397	18	415	18
Total Improvement and Innovation	3,441	3,040	402	5,726	(57)	5,669	(57)
Total SDC	9,169	9,399	(230)	17,015	(57)	16,959	(57)

Appendix B : Salaries

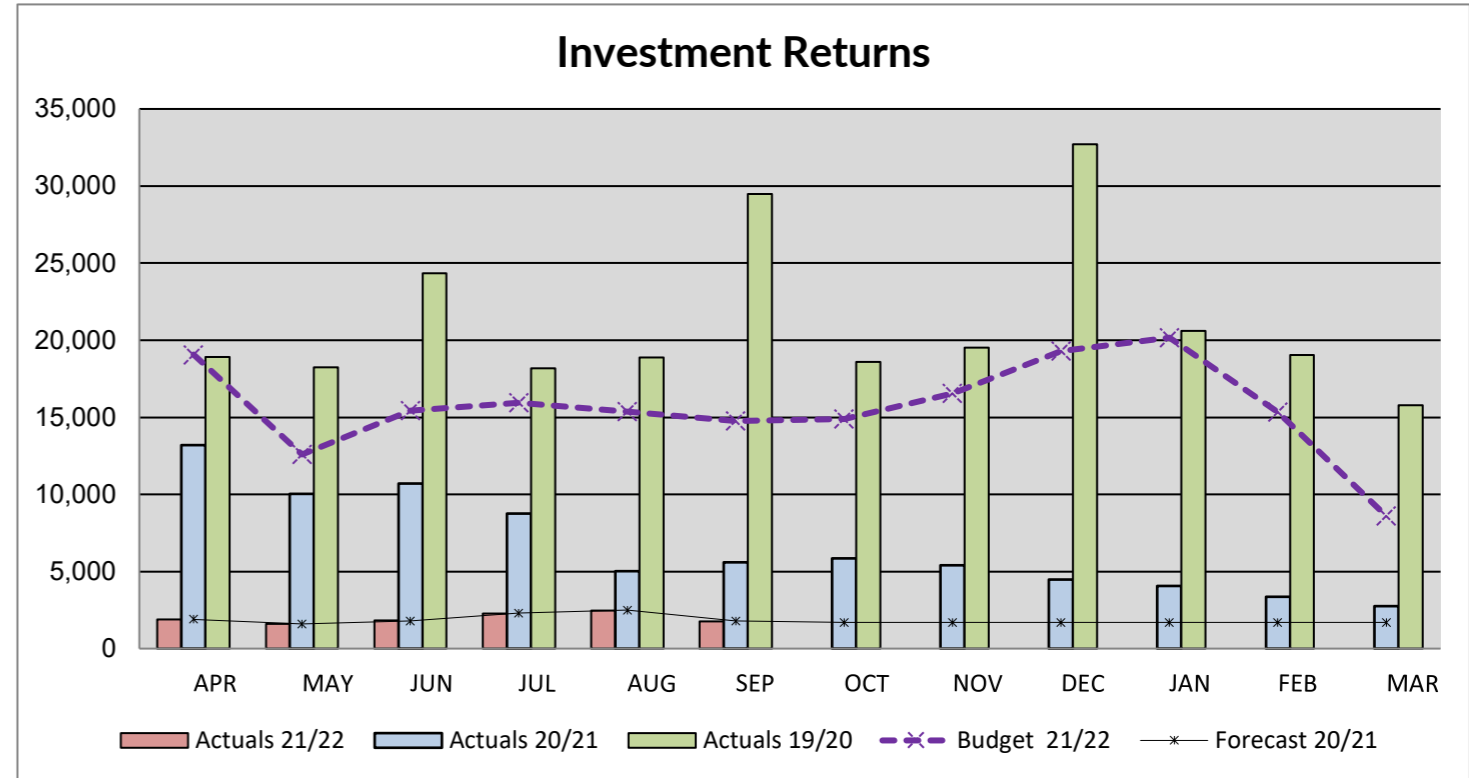
Position as at the end of September 2021	Y-T-D Actual £'000	Annual Budget £'000	Annual Forecast £'000	Annual Variance £'000	Annual Variance %
Development and Conservation					
Building Control	190	381	381	0	0%
Planning Services	1,007	1,942	1,942	0	0%
Total	1,198	2,323	2,323	0	0%
Finance and Investments					
Chief Executive	106	216	216	0	0%
Finance	451	946	946	0	0%
Revenues and Benefits	769	1,660	1,660	0	0%
Strategic Property	261	607	607	0	0%
Total	1,588	3,429	3,429	0	0%
Cleaner and Greener					
Direct Services	1,932	4,382	4,382	0	0%
Health	299	681	681	0	0%
Licensing	224	481	481	0	0%
Property	228	481	481	0	0%
Transport	276	500	500	0	0%
Total	2,958	6,525	6,525	0	0%
Housing and Health					
Housing	391	771	771	0	0%
Total	391	771	771	0	0%
Improvement and Innovation					
Corporate Services	862	1,861	1,842	(19)	-1%
Legal and Democratic	300	628	628	0	0%
Transformation and Strategy	299	660	660	0	0%
Human Resources	195	387	387	0	0%
Total	1,655	3,536	3,517	(19)	-1%
People and Places					
Communities & Business	149	390	390	0	0%
Total	149	390	390	0	0%
Sub Total	7,939	16,974	16,955	(19)	0%
Council Wide - Vacant Posts	0	(78)	(78)	0	0%
Staff Recruitment and Retention	0	73	73	0	0%
TOTAL SDC Funded Salary Costs	7,939	16,969	16,950	(19)	0%
Communities & Business*	227	264	264	0	0%
Direct Services*	20	126	126	0	0%
Housing*	112	149	149	0	0%
Externally Funded Total	359	540	540	0	0%
TOTAL Salary Costs	8,298	17,508	17,489	(19)	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 September 21	Budget FTE*	Staff FTE	Agency FTE	Casual FTE	Total	August 2021 Total
Development and Conservation						
Building Control	8.00	6.00			6.00	6.00
Planning Services	41.47	37.57			37.57	39.27
Finance and Investments						
Chief Executive	1.00	1.00			1.00	1.00
Finance	16.08	15.81			15.81	16.81
Revenues and Benefits	43.33	39.11		0.48	39.59	39.60
Strategic Property	10.00	13.89	1.00		14.89	14.89
Cleaner and Greener						
Direct Services	125.97	108.36	34.23		142.59	132.02
Health	12.57	9.31	1.00		10.31	10.31
Licensing	10.59	10.19			10.19	10.19
Property	6.65	2.65			2.65	2.65
Transport	14.00	16.59			16.59	15.59
Housing and Health						
Housing	15.20	14.32			14.32	14.33
Improvement and Innovation						
Corporate Services	50.75	47.00		0.43	47.43	47.15
Legal and Democratic	7.50	7.00			7.00	7.00
Transformation and Strategy	20.35	17.16			17.16	17.16
Human Resources	8.00	8.81			8.81	8.81
People and Places						
Communities & Business	5.00	4.00			4.00	4.00
Sub Total	396.46	358.77	36.23	0.91	395.91	386.78
Externally Funded						
People & Places	6.08	9.49		0.05	9.54	7.78
People & Places - Housing	4.00	9.11			9.11	6.50
KRP	2.00	0.00			0.00	0.00
Sub total	12.08	18.60	0.00	0.05	18.65	14.28
Total	408.54	377.37	36.23	0.96	414.56	401.06
Number of staff paid in September 2021: 412 permanent, 3 casuals						

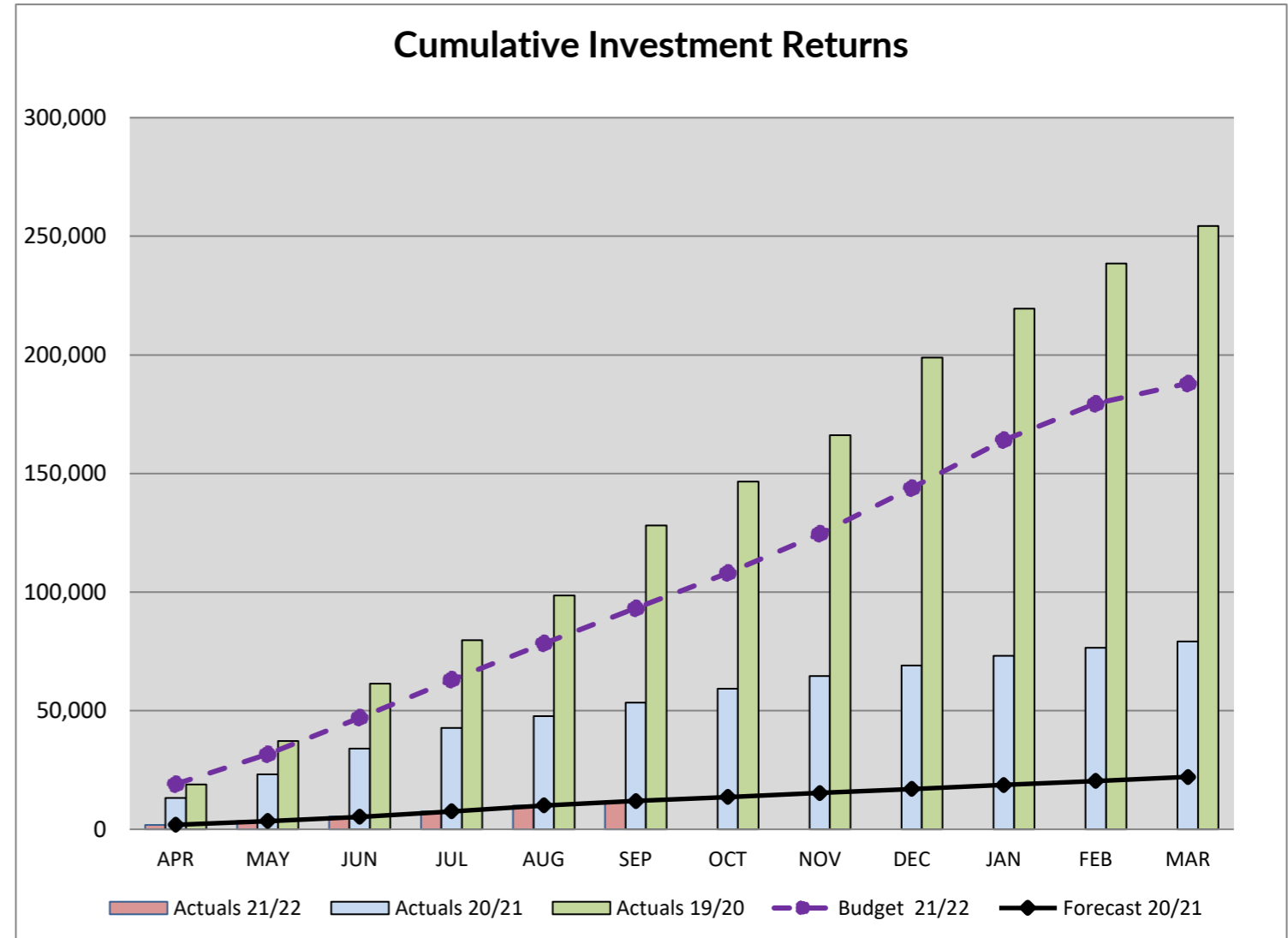
6 Investment Returns

	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	2,261	15,947	-13,686	2,300
AUG	18,891	5,010	2,471	15,365	-12,894	2,500
SEP	29,495	5,612	1,774	14,773	-12,999	1,800
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	11,855	188,000	-81,307	22,100



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	7,610	63,024	-55,414	7,600
AUG	98,549	47,721	10,081	78,389	-68,308	10,100
SEP	128,044	53,333	11,855	93,162	-81,307	11,900
OCT	146,630	59,200		108,051		13,600
NOV	166,150	64,597		124,606		15,300
DEC	198,873	69,081		143,892		17,000
JAN	219,493	73,141		164,058		18,700
FEB	238,527	76,508		179,403		20,400
MAR	254,295	79,277		188,000		22,100



BUDGET FOR 20/21 188,000
FORECAST OUTTURN 22,100

CODE:- YHAA 96900

N.B.

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

Fund Average 0.1065%
7 Day LIBID -0.0800%
3 Month LIBID -0.0467%

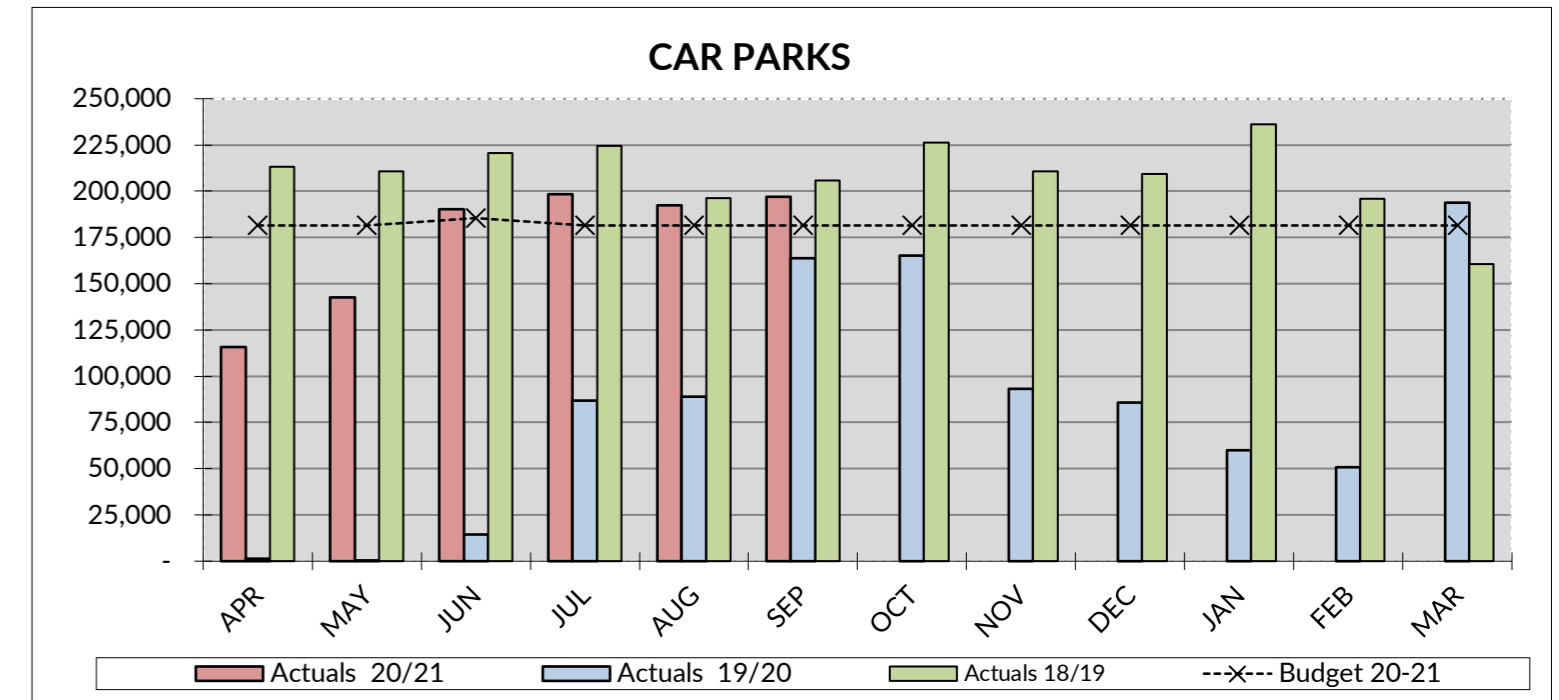
7. Reserves

Position as at the end of September 21	21/22 Opening Balance	£'000	21/22 Cumulative Movement to Date	Position as at the end of September 2021 (Period 202206)
E Earmarked Reserve - Budget Stabilisation		(9,056)	-	(9,056)
E Earmarked Reserve - NNDR Safety Net Deficit Reserve		(8,071)	-	(8,071)
E Earmarked Reserve - Financial Plan		(2,653)	-	(2,653)
E Earmarked Reserve - Carry Forward Items (DAC)		(1,250)	-	(1,250)
E Earmarked Reserve - Capital Expenditure Reserve		(1,000)	-	(1,000)
E Earmarked Reserve - IT Asset Maintenance		(879)	-	(879)
E Earmarked Reserve - Vehicle Renewal (DAA)		(696)	-	(696)
E Earmarked Reserve - Housing & Commercial Growth Fund		(566)	-	(566)
E Earmarked Reserve - DWP Hsg Benefit Subsidy		(550)	-	(550)
E Earmarked Reserve - Pension Fund Valuation Adj.		(441)	-	(441)
E Earmarked Reserve - New Homes Bonus Reserve		(406)	-	(406)
E Earmarked Reserve - Action and Development		(396)	-	(396)
E Earmarked Reserve - Local Plan/LDF		(318)	-	(318)
E Earmarked Reserve - Vehicle Insurance (DAZ)		(258)	-	(258)
E Earmarked Reserve - Property Investment Strategy Maintenance Reserve		(233)	-	(233)
E Earmarked Reserve - Capital Financing		(221)	-	(221)
E Earmarked Reserve - Corporate Project Support Reserve		(212)	-	(212)
E Earmarked Reserve - FTS (DAB)		(206)	-	(206)
E Earmarked Reserve - Community Development Reserve		(204)	-	(204)
E Earmarked Reserve - Community Infrastructure Levy Administration (CIL)		(185)	-	(185)
E Earmarked Reserve - Development Services Reserve		(113)	-	(113)
Total		(27,916)	-	(27,916)
Other Earmarked Reserves (balances <£100k)		(698)	(28)	(726)
Total		(28,614)	(28)	(28,642)
General Fund		(1,500)	-	(1,500)
Total		(30,114)	(28)	(30,142)

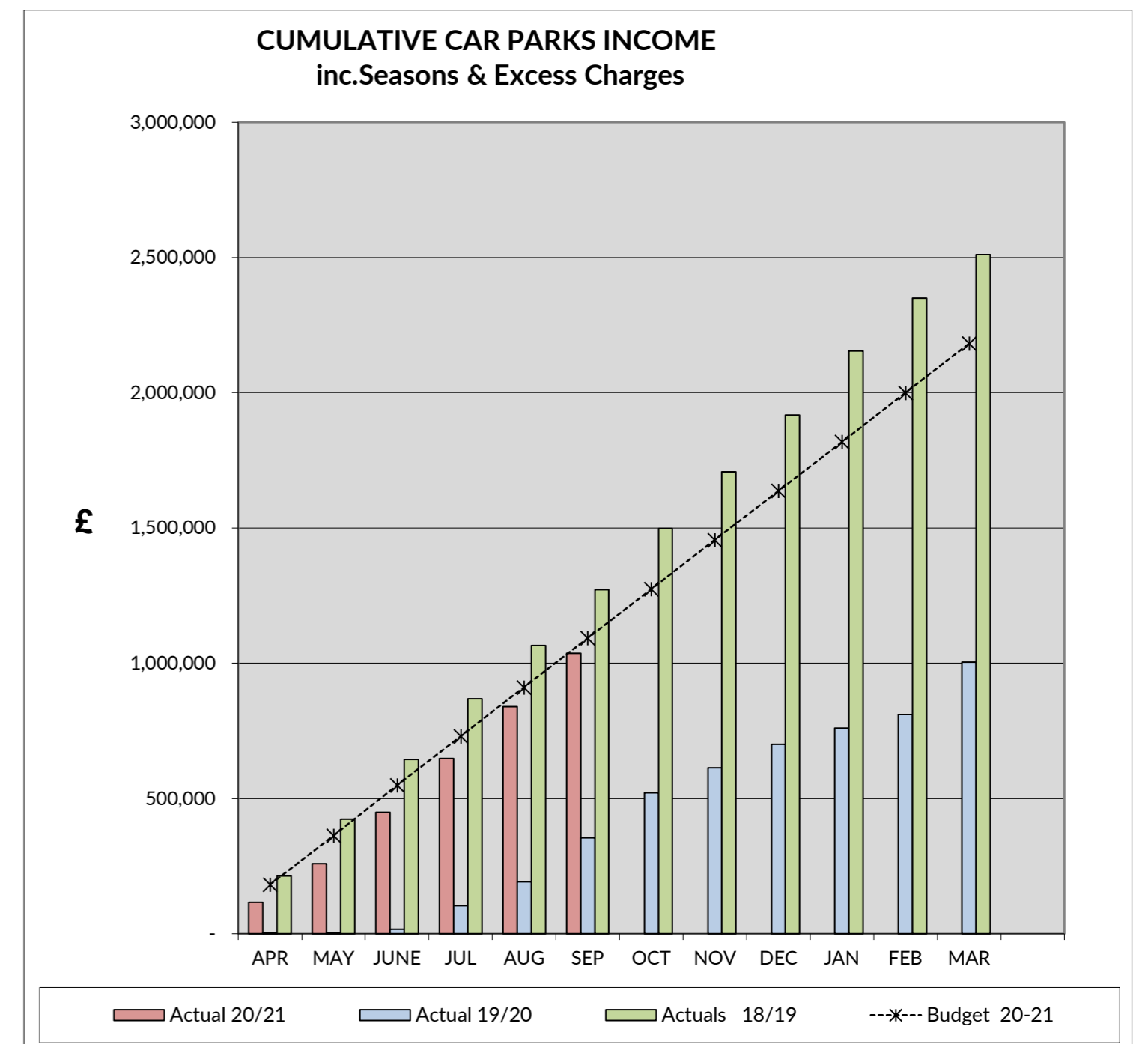
Appendix B : Income Graphs Summary

	ACTUAL	Previous Year comparatives	Budget YTD	Variance YTD brackets show underachieve ment	Annual Budget
Car Parks	1,036,304	355,561	1,092,838	(56,534)	2,181,677
Car Parking - On Street	436,399	170,788	416,310	20,088	832,621
Licensing Regime	88,308	78,197	55,940	32,368	99,148
Taxis	57,787	52,807	72,689	(14,902)	145,377
Land Charges	88,886	70,756	110,387	(21,500)	220,773
Planning - Development Management	562,187	392,121	494,110	68,077	988,220
Building Control	307,603	254,772	251,584	56,019	503,168
Total	2,577,474	1,375,002	2,493,858	83,616	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	198,274	111,516	181,473	16,801	-
AUG	196,164	88,754	192,326	103,572	181,473	10,852	-
SEP	205,737	163,789	196,998	33,209	181,473	15,525	-
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	1,036,303	680,743	2,181,676	(56,536)	-

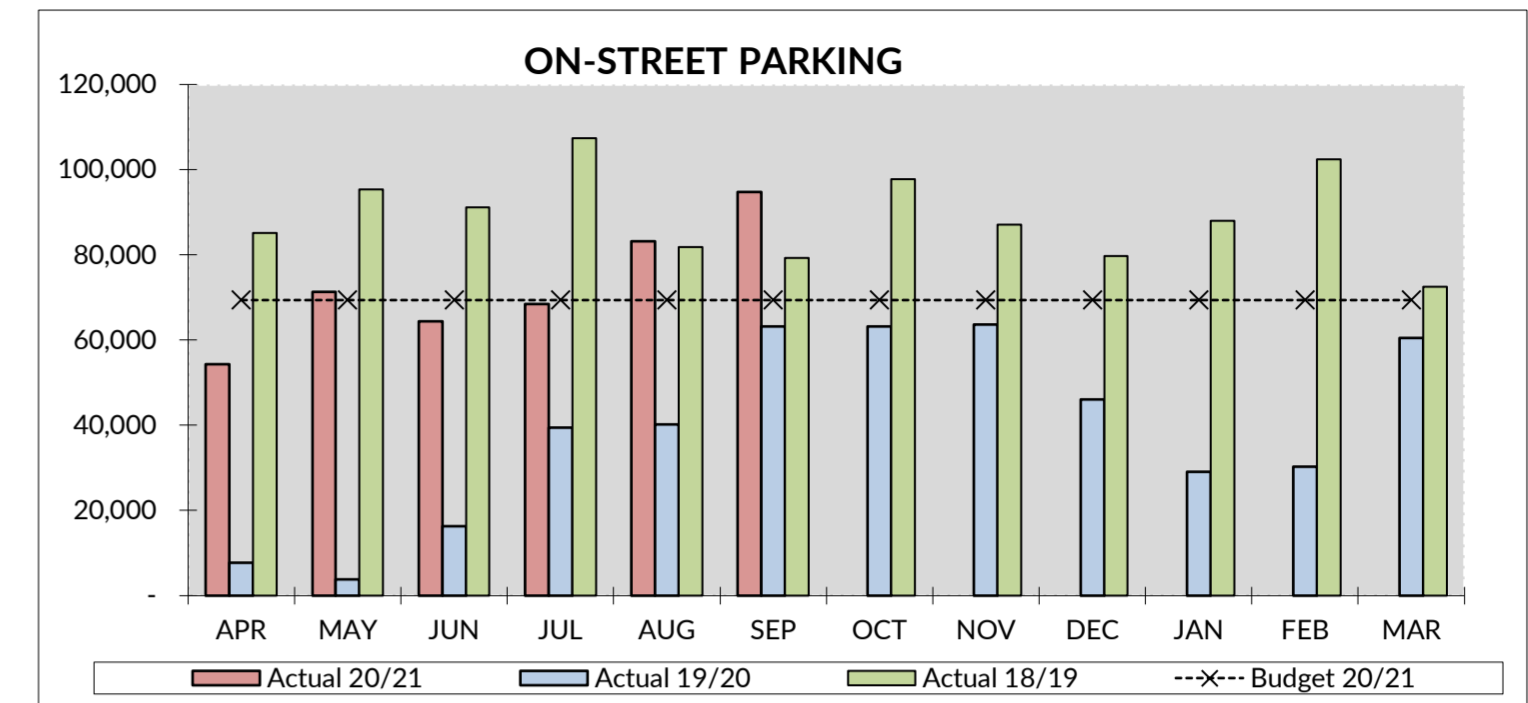


CAR PARKS (CUMULATIVE)	Actuals 19/20	Actuals 20/21	Actuals 21/22	Increase / (decrease) from 20/21 to 21/22	Budget 21/22	Variance (Budget-Actuals)	Manager's Forecast
APR	213,119	1,513	115,730	114,217	181,473	(65,743)	-
MAY	423,932	1,671	258,422	256,750	362,946	(104,525)	-
JUNE	644,570	16,260	448,706	432,446	548,419	(99,713)	-
JUL	869,247	103,018	646,980	543,962	729,892	(82,912)	-
AUG	1,065,411	191,772	839,306	647,534	911,365	(72,060)	-
SEP	1,271,148	355,561	1,036,304	680,743	1,092,838	(56,534)	-
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	-	-

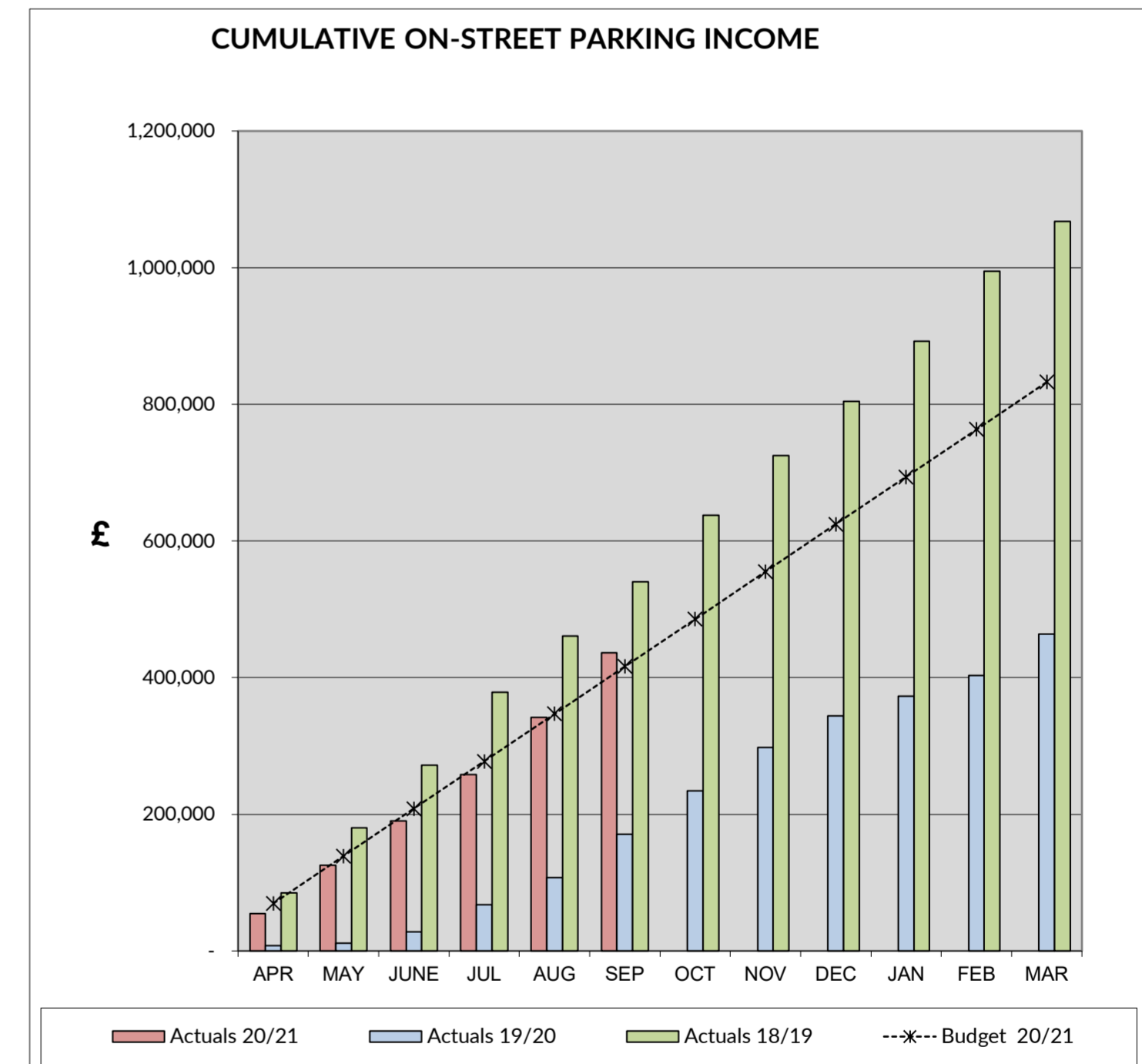


CUMULATIVE BREAKDOWN - HWCARP	Code	Actual (Cumulative)	Budget	(Monthly)
DAY TICKETS	3300	886,433	940,542	173,189
EXCESS / PENALTY CHARGES	***1/**3			
SEASON TICKETS	3310, ***2	139,312	137,432	22,559
SEASON TICKET CAR PARK	3310			
OTHER	9999, 34**	237	3,365	-
WAIVERS	3404			-
RENT	86**	10,322	11,500	1,250
Business Permits	3406 /3408			
Total		1,036,304	1,092,839	196,998

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	68,471	29,010	69,385	(914)	-
AUG	81,797	40,276	83,237	42,961	69,385	13,852	-
SEP	79,308	63,135	94,718	31,583	69,385	25,333	-
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	436,398	265,611	832,620	20,087	-



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	258,443	191,067	277,540	(19,097)	-
AUG	460,743	107,652	341,680	234,028	346,925	(5,245)	-
SEP	540,051	170,787	436,399	265,612	416,310	20,088	-
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	-	-

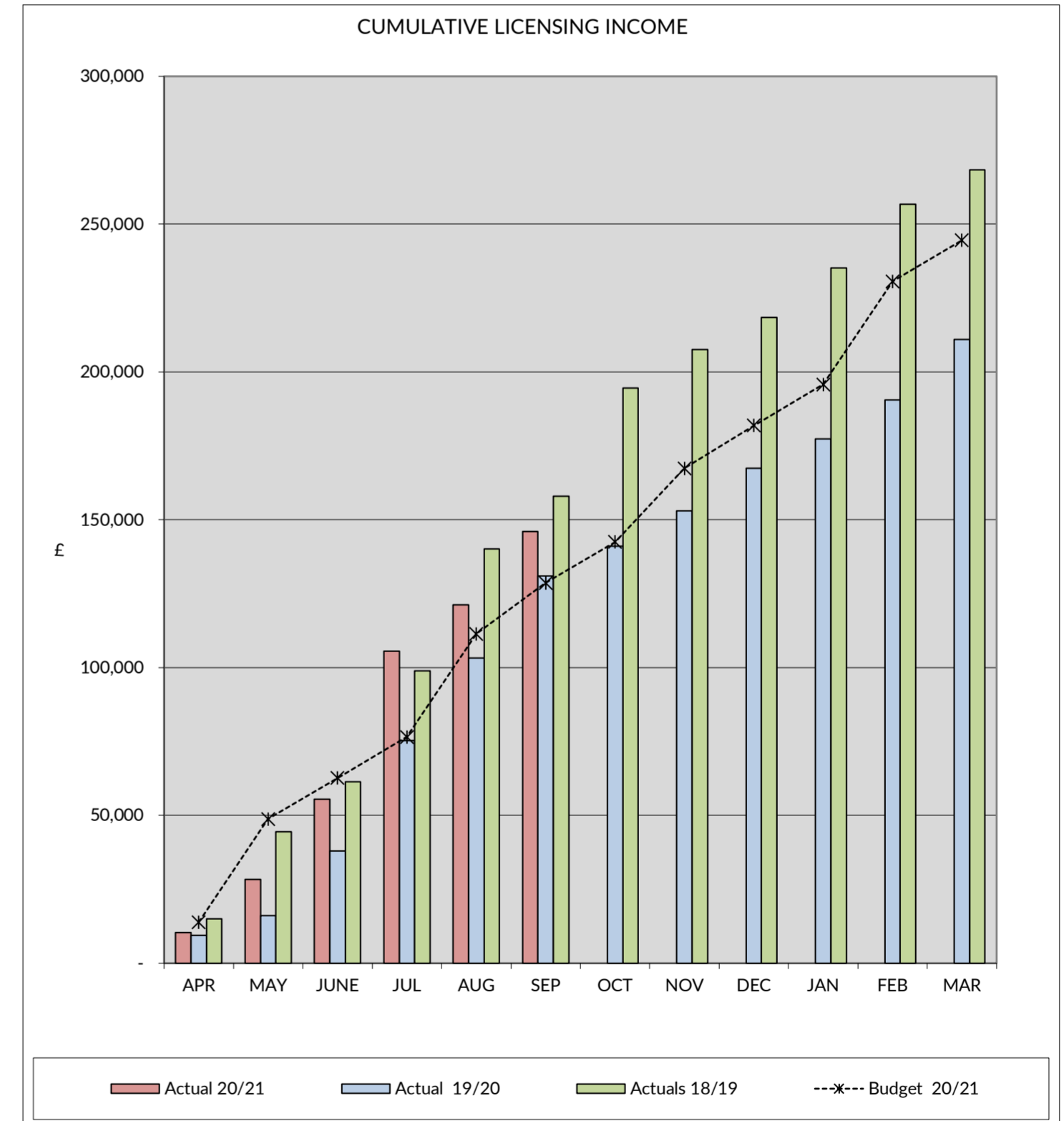
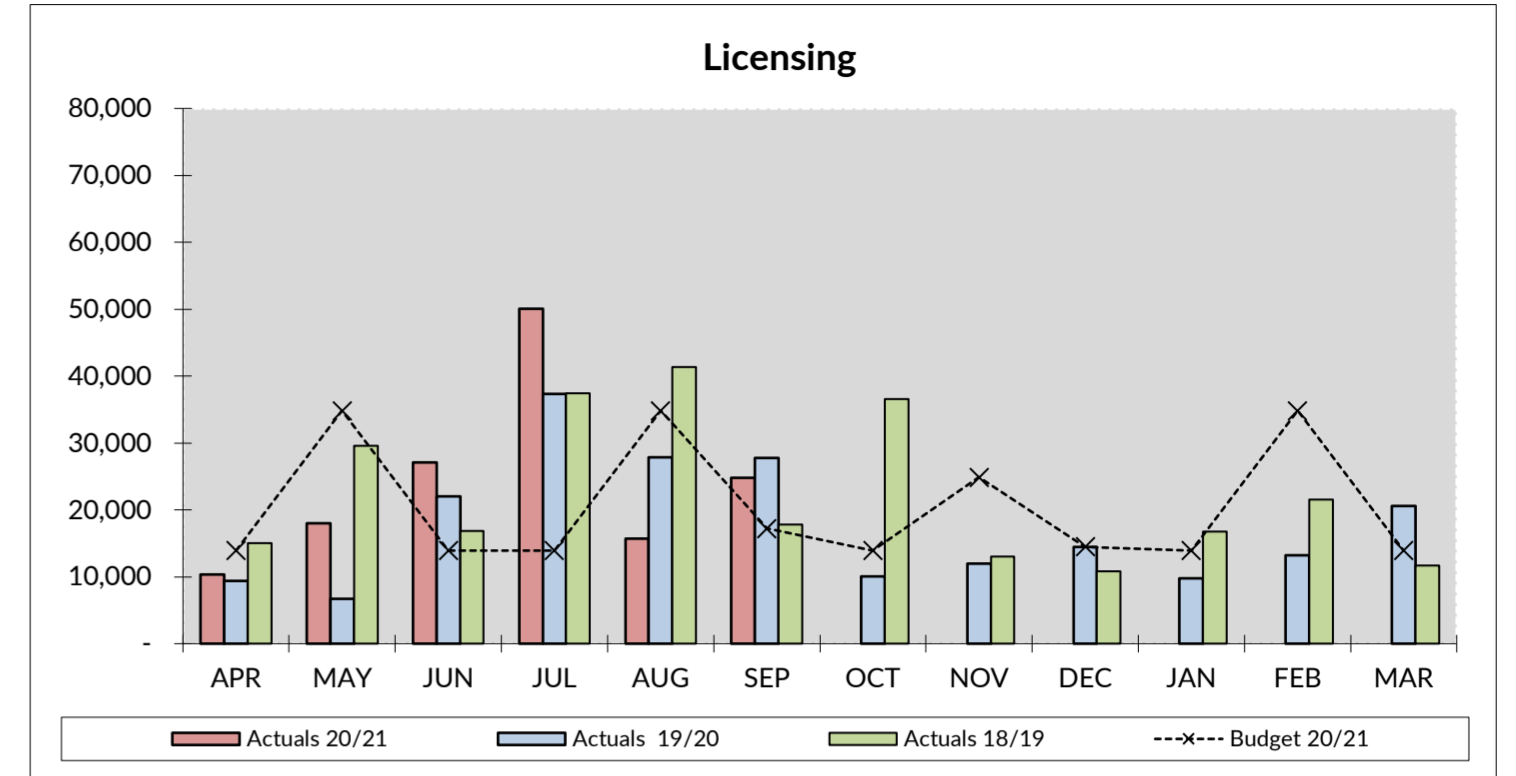


CUMULATIVE BREAKDOWN - HWDCRIM / HWENFORC	Code	Actual (Cumulative)	Budget	(Monthly)
ON STREET PARKING	3300	190,543	214,998	36,566
PENALTY NOTICES	3403	161,598	137,421	47,500
WAIVERS	3404	14,360	5,657	4,233
Driveway Access Protection Lines	3405	990	-	(8)
RESIDENTS PERMITS	3406	45,738	27,154	6,335
BUSINESS PERMITS	3408	2,956	31,080	-
OTHER	9999	20,214	-	92
Total		436,399	416,310	94,718

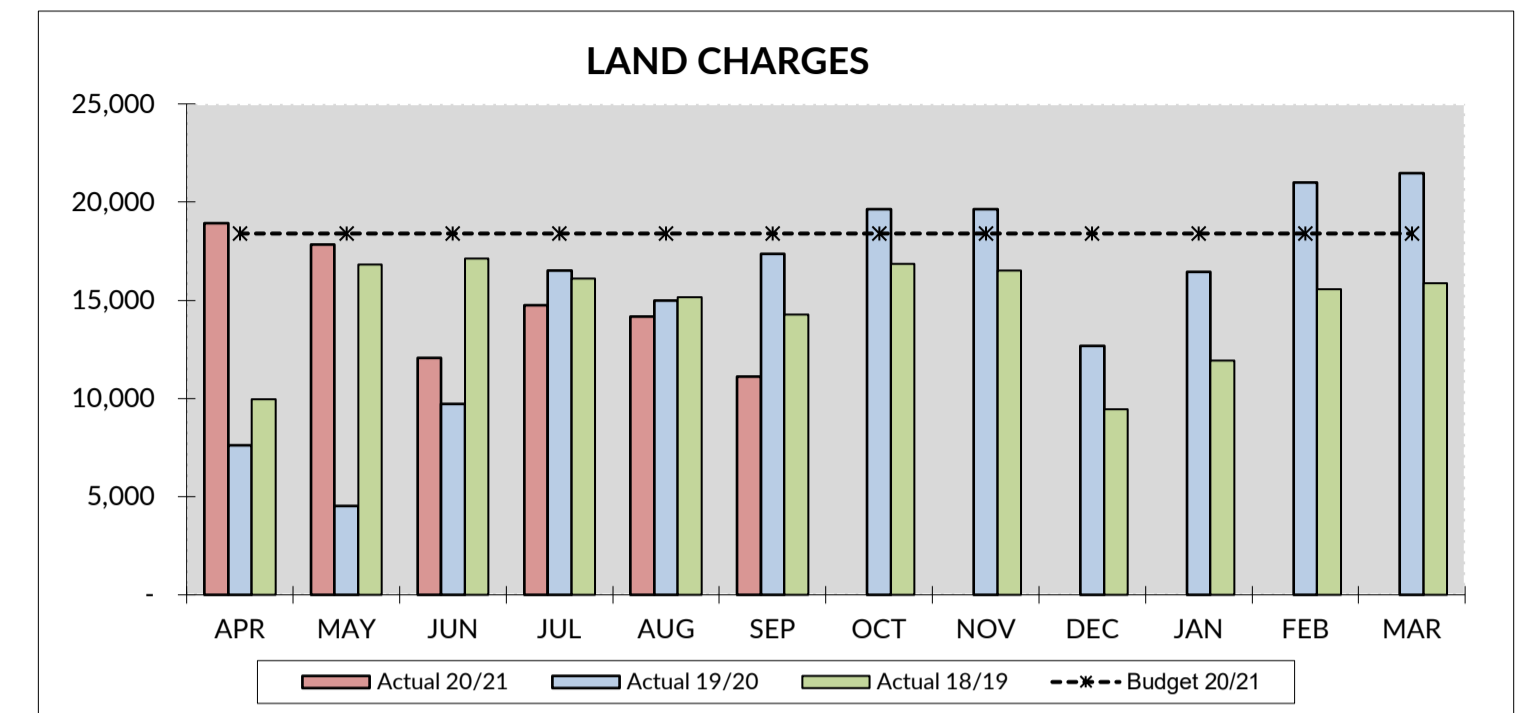
Appendix B: Licensing (EHLICREG & DSTAXIL)				Increase /	Variance	Manager's
	Actuals 19/20	Actuals 20/21	Actuals 21/22	(decrease) from 20/21 to 21/22	(Budget- Actuals)	Forecast
APR	14,991	9,404	10,356	952	13,909	(3,553)
MAY	29,570	6,655	18,021	11,366	34,839	(16,818)
JUN	16,865	21,969	27,128	5,159	13,909	13,219
JUL	37,419	37,346	50,067	12,721	13,909	36,157
AUG	41,305	27,847	15,709	(12,138)	34,839	(19,130)
SEP	17,814	27,783	24,814	(2,969)	17,221	7,592
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	146,095	15,091	244,520	17,467

Licensing (CUMULATIVE)				Increase /	Variance	Manager's
	Actuals 19/20	Actuals 20/21	Actuals 21/22	(decrease) from 20/21 to 21/22	(Budget- Actuals)	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	105,572	30,198	76,568	29,004
AUG	140,150	103,221	121,281	18,060	111,407	9,874
SEP	157,964	131,004	146,095	15,091	128,629	17,466
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	-

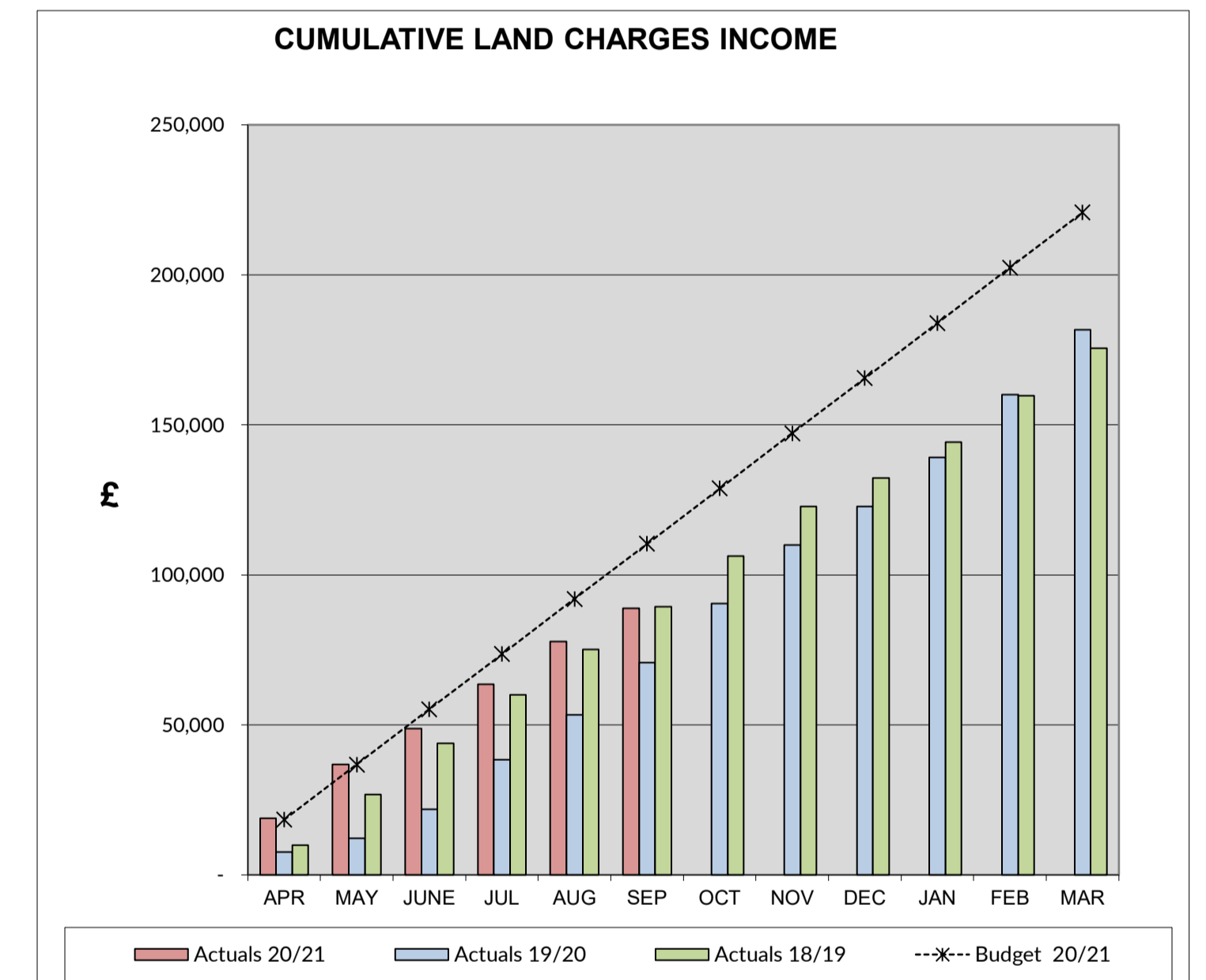
CUMULATIVE BREAKDOWN - EHLICREG/DSTAXIL	Code	Actual (Cumulative)	Budget	(Monthly)
Pre-application advice	EHLICREG/2189	-243	-	-
Personal Licences	EHLICREG/2190	1,320	1,110	201
Premises Licence Annual Fee/Premises New/Premises Variation	EHLICREG/2192/21	78,934	47,360	10,478
Temporary Event Notice	EHLICREG/2193	2,814	2,106	609
Gambling Act Permits/Lottery	EHLICREG/2196/71	3,983	5,365	320
Pavement Licence	EHLICREG/2222	1,500	-	1,000
Scrap Metal Dealers	EHLICREG/2241	0	-	-
Taxi Licensing	94300/DSTAXIL	50,524	72,689	10,568
Other	94300/DSTAXIL/99	7,263	-	1,639
Total		146,095	128,630	24,814



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	12,054	2,337	18,398	(6,344)	-
JUL	16,113	16,500	14,749	(1,751)	18,398	(3,648)	-
AUG	15,149	14,999	14,184	(815)	18,398	(4,213)	-
SEP	14,286	17,377	11,123	(6,254)	18,398	(7,275)	-
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	88,886	18,131	220,776	(21,499)	-

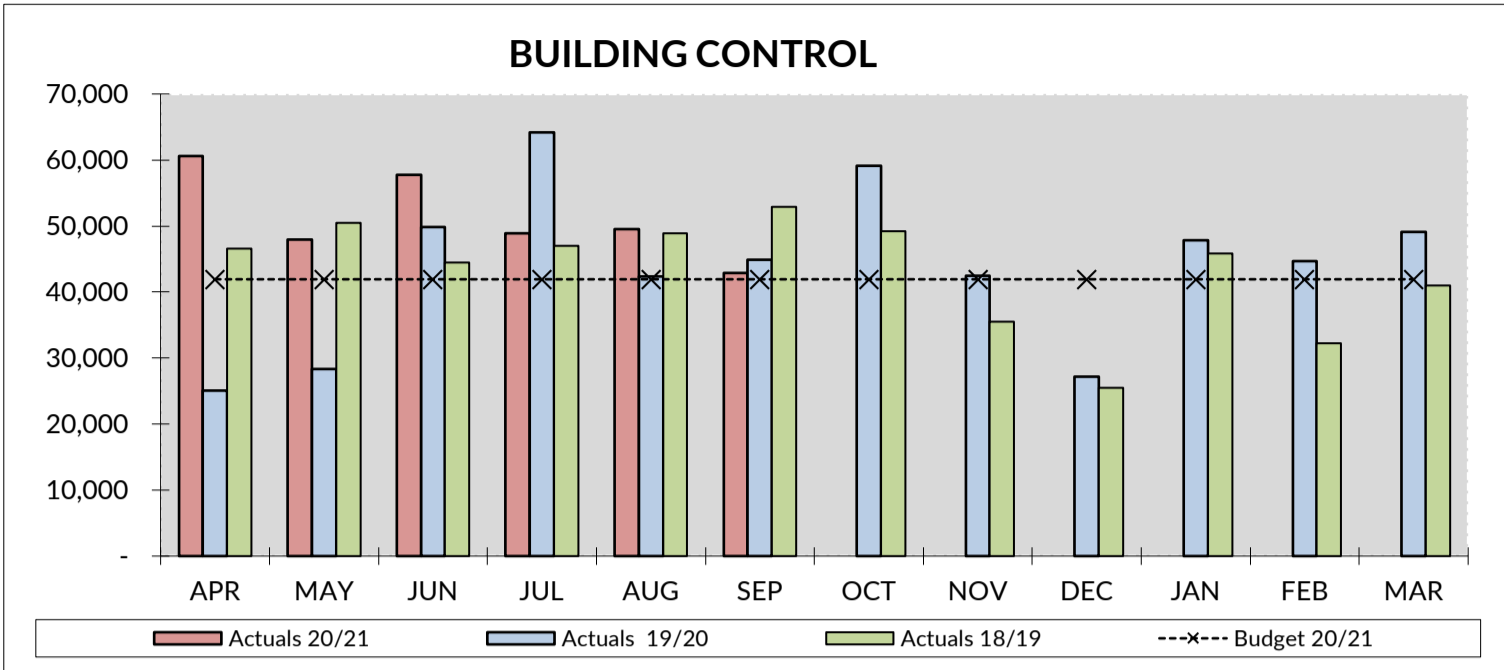


LAND CHARGES (CUMULATIVE)				Increase / (decrease)	Variance (Budget- Manager's		
	Actuals 19/20	Actuals 20/21	Actuals 21/22	from 20/21 to 21/22	Budget 21/22	Actuals)	Forecast
APR	9,967	7,630	18,930	11,300	18,398	532	-
MAY	26,795	12,162	36,776	24,614	36,796	(20)	-
JUNE	43,907	21,879	48,830	26,951	55,193	(6,364)	-
JUL	60,020	38,379	63,579	25,200	73,591	(10,012)	-
AUG	75,169	53,378	77,763	24,385	91,989	(14,225)	-
SEP	89,455	70,755	88,886	18,131	110,387	(21,500)	-
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	-	-

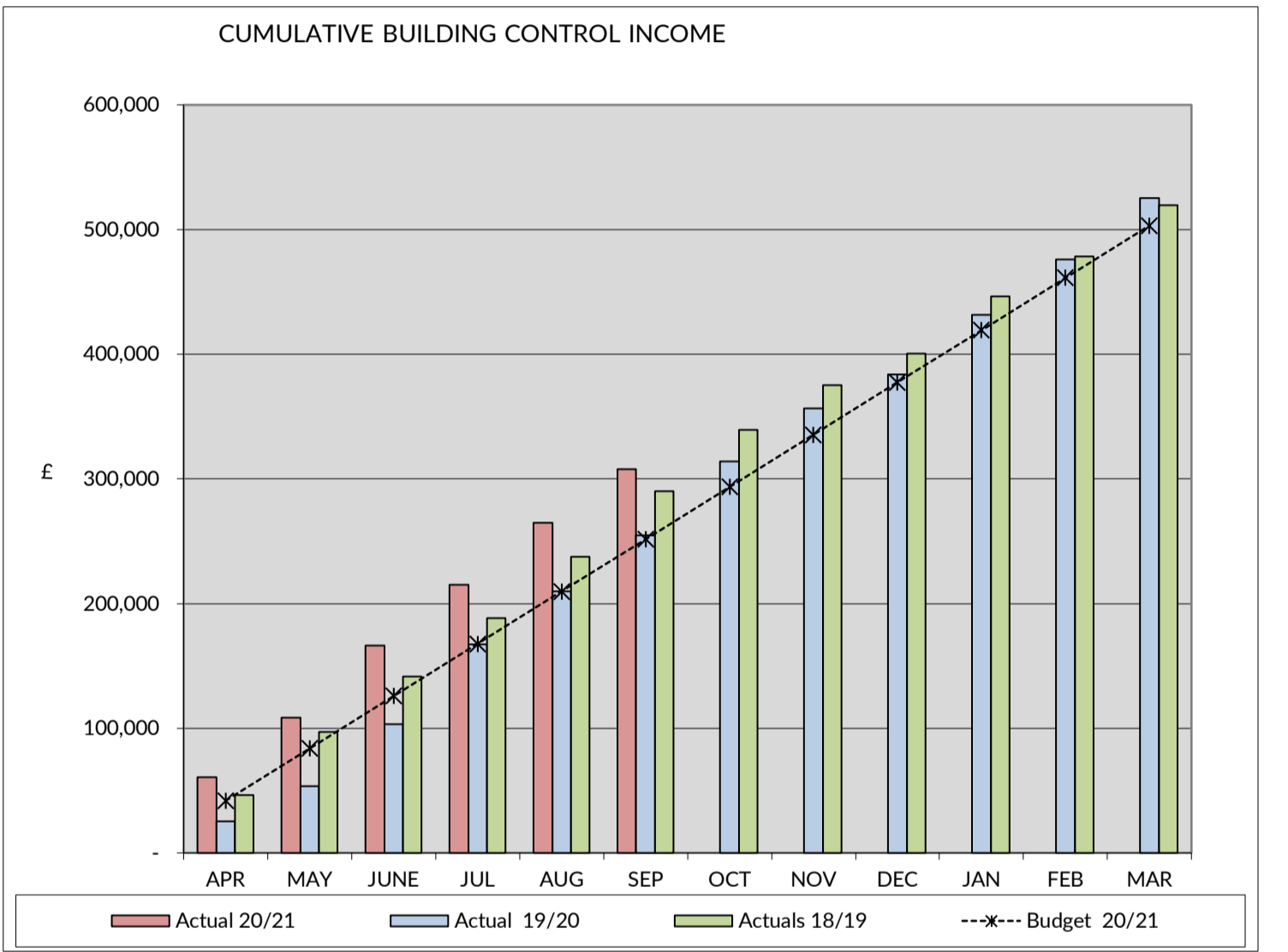


CUMULATIVE BREAKDOWN - LPLNDCH	Received (Month)	Percentage (Month)	Percentage (Month 20/21)	(Cumulative)
Searches Received - Paper	0	%	%	2
Searches Received - Electronic	86	100%	81%	678
Searches Received - Personal	0	%	19%	155
Total	86	100%	100.0%	835

Appendix B: BUILDING CONTROL (DVBCFEE)	Increase / (decrease) from 20/21 to				Variance (Budget-Actuals)	Manager's Forecast	
	Actuals 19/20	Actuals 20/21	Actuals 21/22	Budget 21/22			
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	57,741	7,884	41,931	15,811	-
JUL	47,025	64,205	48,928	(15,277)	41,931	6,997	-
AUG	48,869	42,367	49,476	7,109	41,931	7,545	38,000
SEP	52,900	44,930	42,925	(2,005)	41,931	994	-
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	307,603	52,832	503,172	56,018	38,000

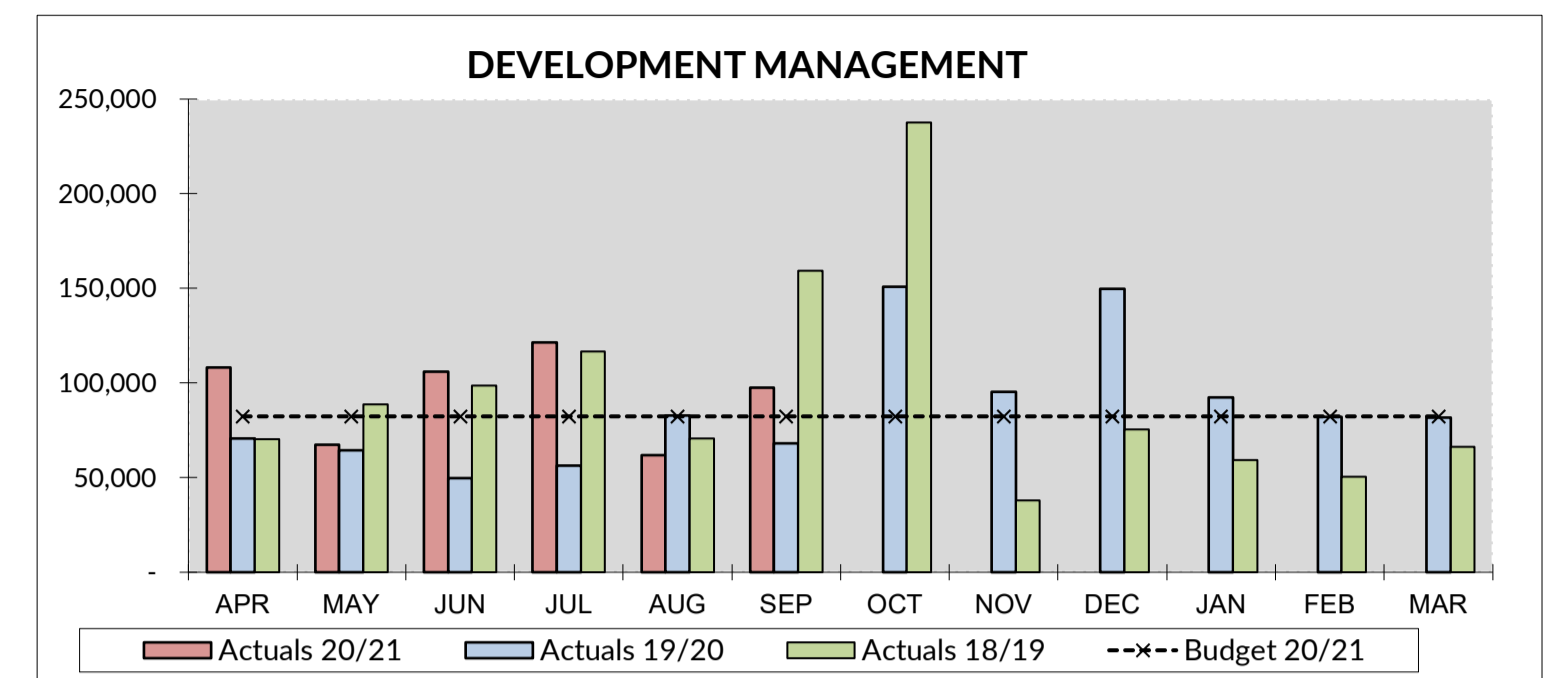


BUILDING CONTROL (CUMULATIVE)	Increase / (decrease) from 20/21 to				Variance (Budget-Actuals)	Manager's Forecast	
	Actuals 19/20	Actuals 20/21	Actuals 21/22	Budget 21/22			
APR	46,552	25,107	60,545	35,438	41,931	18,614	-
MAY	96,979	53,412	108,533	55,121	83,861	24,671	-
JUNE	141,440	103,269	166,274	63,005	125,792	40,482	-
JUL	188,465	167,474	215,202	47,728	167,723	47,479	-
AUG	237,334	209,841	264,678	54,837	209,653	55,024	38,000
SEP	290,234	254,771	307,603	52,832	251,584	56,019	-
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	-	-

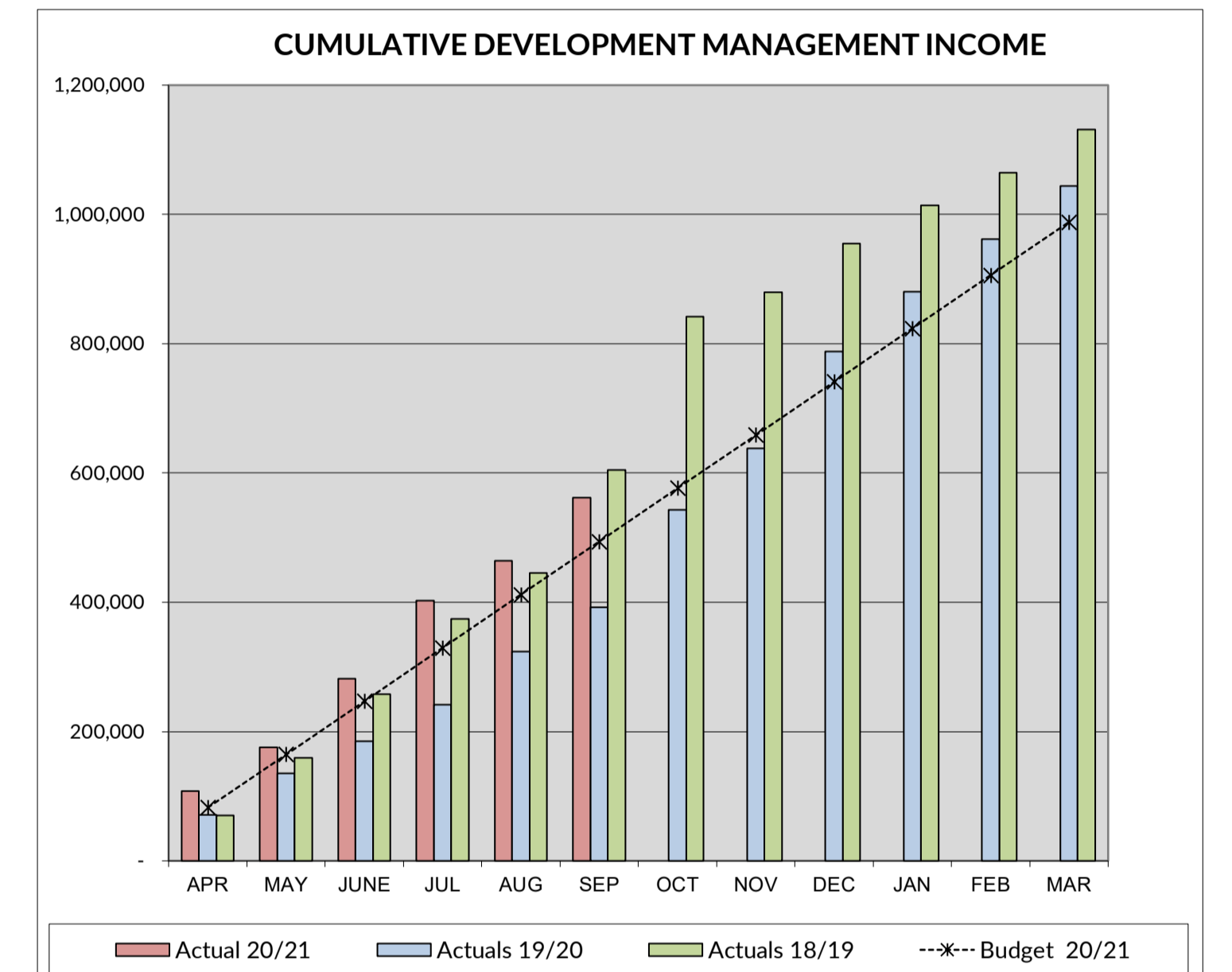


CUMULATIVE BREAKDOWN	Code	Actual (Cumulative)	Budget	(Monthly)
Plan Fee	3066	200,712	156,174	31,988
Inspection Fee	3067	103,741	95,410	9,362
Other	9999	3,150	-	1,575
New Burdens Grant	3905	0	-	-
Total		307,603	251,584	42,925

Appendix B: DEVELOPMENT MANAGEMENT (DVDEVCT/DVDEVRND)	Increase / (decrease) from				Budget 21/22	Variance (Budget-Actuals)	Manager's Forecast
	Actuals 19/20	Actuals 20/21	Actuals 21/22	20/21 to 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	121,474	65,031	82,352	39,122	-
AUG	70,614	82,700	61,771	(20,930)	82,352	(20,581)	51,500
SEP	159,361	68,065	97,539	29,474	82,352	15,187	-
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	562,188	170,066	988,224	68,077	51,500



DEVELOPMENT MANAGEMENT (CUMULATIVE)	Increase / (decrease) from				Budget 21/22	Variance (Budget-Actuals)	Manager's Forecast
	Actuals 19/20	Actuals 20/21	Actuals 21/22	20/21 to 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	402,878	161,522	329,407	73,471	-
AUG	445,015	324,056	464,648	140,592	411,758	52,890	51,500
SEP	604,376	392,121	562,187	170,066	494,110	68,077	-
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	457,560	437,064	88,989
Other	9999	6,303	4,425	-
Planning Performance Agreements	3012	50,000	0	-
Pre-application Fees	8329	2,058	0	800
Pre-application Fees	8330	43,266	46,635	7,750
Monitoring Fees	3106	3,000	5,984	-
RECH-Other A/C'S	98100	-	-	-
Total		562,187	494,108	97,539

This page is intentionally left blank

MID YEAR APPOINTMENTS TO OTHER ORGANISATIONS 2021/22

Cabinet - 11 November 2021

Report of: Deputy Chief Executive and Chief Officer Customer & Resources

Status: For decision

Key Decision: No

Portfolio Holder: Cllr. Peter Fleming

Contact Officer: Charlotte Sinclair, Ext. 7165

Recommendation to Cabinet: That Cllr Carroll be appointed as the official substitute for Parking and Traffic Regulations Outside London Joint Committee (PATROL) for 2021/22.

Introduction and Background

- 1 It is the responsibility of Cabinet to confirm the Council's executive appointments to other organisations.
- 2 An official named substitute for Parking and Traffic Regulations Outside London Joint Committee (PATROL) has been requested.

Key Implications

Financial

Attendance at meetings of Outside Bodies to which an Elected Member has been appointed by the Council constitutes and approved duty and there are costs involved.

Legal Implications and Risk Assessment Statement.

In not appointing to this Outside Body, there is a risk that the Council's designated representation will not be fulfilled if the appointed Member is unable to attend.

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 requested to consider and approve the appointment.

Agenda Item 11

Appendices - None

Background Papers - Annual Council Agenda and Minutes - May 2021

Jim Carrington-West

Deputy Chief Executive and Chief Officer - Customer & Resources

Item 12 - Quercus Housing - Increasing the Delivery of Affordable Housing in the Sevenoaks District

The attached report was considered by the Housing & Health Advisory Committee on 20 October 2021, and will be considered by Finance & Investment Advisory Committee on 4 November 2021. The relevant Minute extract from Housing & Health Advisory Committee is below, and the Finance & Investment Advisory Committee Minute extract will follow.

Housing & Health Advisory Committee (20 October 2021, Minute 24)

The Deputy Chief Executive and Chief Officer - People & Places presented the report which set out the proposal to amend the Quercus Housing Business Plan to enable prudential borrowing to take forward the purchase of Abbey Court in West Kingsdown.

The Deputy Chief Executive and Chief Officer - Finance & Trading set out that the report also sought the approval for the revised 2021/22 Capital Programme, which excluded the Property Investment Strategy Scheme and would give the Council access to Public Works Loan Board (PWLB) borrowing to enable the scheme to progress. A draw-down of a loan from prudential borrowing for up to £1,050,000 would be loaned to Quercus Housing (as the Trading company) in order to progress the capital purchase and refurbishment of Abbey Court, subject to due diligence. In turn this would increase the supply of new affordable homes delivered by Quercus Housing, the Council's affordable housing trading company.

Negotiations were taking place to purchase the former nursing home which could be converted into self-contained units at affordable rent, and be split between Local Housing Allowance and 80% of market rent. The Council's Housing team would use Abbey Court to provide suitable move on accommodation at affordable rent for households currently placed in temporary accommodation, whilst developing its Local Lettings Plan.

An offer of £700,000 to purchase the property had been submitted to the agent, with the estimated cost of refurbishment being £875,000 plus contingency fees. Currently there was insufficient s106 funding to support the refurbishment of the property, and so the draw-down of a loan from the PWLB was vital.

Members were advised that there remained a shortfall between the demand and supply of new affordable homes in the District. The lack of affordable housing had contributed to the rise of homelessness and, as the Council had a statutory responsibility to assist homeless residents that had created a greater financial burden upon the budget. The high cost of land in the District made it difficult for the Council's Registered Provider (RP) partner's to acquire land for building new affordable housing themselves.

Agenda Item 12

Members raised concerns regarding the suitability of the site for tenants including the proximity to suitable transport links, safe entry/exit route from/to the site entrance and robust internal sound proofing between units.

The Deputy Chief Executive and Chief Officer - People & Places assured the committee those suitable residents would be identified after considering the issues identified by members. In addition, the quality of sound proofing would be one issue to be assured within the context of the quality of the whole building to ensure a suitable living environment for future residents.

Public Sector Equality Duty

Members gave consideration to impacts under the Public Sector Equality Duty

Resolved: That it be recommended to Cabinet to recommend to Council that

- a) The revised 2021/22 Capital Programme (Appendix C of the report) that excluded the Property Investment Strategy scheme, that would give SDC access to Public Works Loan Board (PWLB) borrowing to enable the scheme to progress, be approved;
- b) The draw-down of a loan from prudential borrowing (for example, through PWLB) for up to £1,050,000 which would then be loaned to Quercus Housing (as the Trading company) to progress the capital purchase and refurbishment of Abbey Court (West Kingsdown), subject to due diligence, to support the delivery of affordable housing in the district, be approved; and
- c) The terms of the loan be determined at the point of draw down by the Deputy Chief Executive and Chief Officer - Finance and Trading, be agreed.

Item 12 Quercus Housing - Increasing the Delivery of Affordable Housing in the Sevenoaks District

The attached report will be considered by the Finance & Investment Advisory Committee on 4 November 2021. The relevant Minute extract was not available prior to the printing of this agenda and will follow when available.

This page is intentionally left blank

QUERCUS HOUSING - INCREASING THE DELIVERY OF AFFORDABLE HOUSING IN THE SEVENOAKS DISTRICT

Cabinet - 11 November 2021

Report of: Sarah Robson, Deputy Chief Executive, Chief Officer People & Places

Status: For Decision

Also considered by:

- Council - 16 November 2021
- Housing & Health Advisory Committee - 20 October 2021
- Finance & Investment Advisory Committee - 4 November 2021

Key Decision: No

Executive Summary: Reliable access to decent housing is fundamental to improving life chances and reducing dependency on wider social support systems. In Sevenoaks District there is a shortfall between the demand for and supply of new affordable homes. This report sets out a proposal to amend the Quercus Housing Business Plan to enable prudential borrowing to take forward the purchase of Abbey Court in West Kingsdown in order to increase the supply of new affordable homes delivered by Quercus Housing, the Council's affordable housing trading company.

This report supports the Key Aim of: the Council's Housing and Health Strategy.

Portfolio Holder: Cllr. Kevin Maskell

Contact Officer(s): Sarah Robson, Ext 7129

Recommendation to Housing and Health Advisory Committee, and Finance & Investment Advisory Committee:

That comments on recommendations (a) to (d) below are passed to Cabinet.

Recommendation to Cabinet:

That recommendations (a) to (d) below are recommended to Council.

Recommendation to Council:

- a) To approve a revised 2021/22 Capital Programme (Appendix C) that excludes the Property Investment Strategy scheme which will give SDC access to Public Works Loan Board (PWLB) borrowing to enable this scheme to progress.
- b) To approve the draw down of a loan from prudential borrowing (for example, through PWLB) for up to £1,050,000, which it then loans to Quercus Housing (as the Trading company) in order to progress the capital purchase and refurbishment of Abbey Court (West Kingsdown), subject to due diligence, to support the delivery of affordable housing in the district.
- c) To approve for the terms of the loan to be determined at the point of draw down by the Deputy Chief Executive, Chief Officer - Finance and Trading.

Introduction and Background

- 1 Sevenoaks District Council is taking a pro-active approach to ensure and influence the supply of new homes in a sustainable way that protects the character of and improves the fabric and public realm of the district.
- 2 However, there remains a shortfall between the demand and supply of new affordable homes in Sevenoaks District, both in absolute terms as viability issues result in below policy delivery, and in specific specialist tenures especially in the provision of affordable rental housing, older people's housing, specialist accessible housing and social rented housing for large families.
- 3 The lack of affordable housing has contributed to the rise of homelessness and, as the Council has a statutory responsibility to assist homeless residents, this has created a greater financial burden upon the budget.
- 4 Delivery of affordable homes historically has been a planning led approach with the reliance on Planning Obligations, also known as Section 106 (s106) agreements to deliver affordable homes in the district.
- 5 The Council recognises the importance of Rural Exception Sites in providing affordable housing to areas that need them and continues to promote the opportunities they will bring in providing affordable housing to rural areas.
- 6 The Council is already looking at how it can use its own land assets more effectively to deliver additional housing to assist the Council in satisfying the housing demand caused by the failure of the market to deliver in these areas, whilst at the same time retaining asset value and providing greater control of what is built.
- 7 The high cost of land in the District makes it difficult for our Registered Provider (RP) partners to acquire land for building new affordable housing

themselves. To make the most cost effective use of s106 commuted sums, the Council has subsidised new developments that could not proceed without some assistance, for example, we are currently working with West Kent Housing Association to subsidise the delivery of 7 new supported housing flats for rough sleepers, using commuted sums of £200,000 at Vine Court Road. Supporting this proposal through the use of s106 commuted sums is an appropriate use of the funding, particularly as this type of supported housing would not otherwise be delivered by our RP partners.

- 8 Intervening in the housing market through direct delivery also offers opportunities to deliver a wider housing offer in areas and tenures that reduces demand elsewhere on the Council's service provision.
- 9 In 2019, the Council established Quercus Housing, a Local Authority Trading Company, to support the delivery of affordable homes in the district.
- 10 £6 million in s106 commuted sums for affordable housing was allocated to support the delivery of the Quercus Housing Business Plan. The funding has been provided by developers where affordable housing could not be delivered onsite. The funding is used to deliver affordable housing in the district.
- 11 In 2019, Quercus Housing purchased Gladedale House in Westerham. 5 units conform to the new 'genuinely affordable' definition in that they are within the Local Housing Allowance rate and the remaining 4 units are 'intermediate rent', in that they are 80% of market rent and offered to local essential workers. Five of the units have been leased to Quercus 7 for market rent. The total cost of the project was £3.771m, with £2.481m funded from S106 affordable housing contributions and the remainder of the cost, paid for by Quercus 7, for its leasehold properties.
- 12 Quercus Housing has recently completed the final contract stages with a developer at 11-13 High Street, Swanley to purchase the freehold for 15 flats for £3,600,000. The property comprises 12 two bed flats and 3 one bed flats. The development has provided a good opportunity to invest the s106 monies available, assisting affordable housing requirements in a single block investment in an area which is popular with renters.
- 13 Quercus Housing is currently in the negotiation stage to purchase the former nursing home Abbey Court, West Kingsdown, which could be converted into self-contained units at affordable rent, which would be split between Local Housing Allowance and 80% of market rent.
- 14 The Council's Housing team would use Abbey Court to provide suitable move on accommodation at affordable rent for households currently placed in temporary accommodation, but would develop its Local Lettings Plan in consultation with local councillors and the parish council to support residents with a local connection and housing need in West Kingsdown.
- 15 The property is subject to a covenant in terms of its use. The building requires refurbishment and alterations to provide the right mix of shared

Agenda Item 12

accommodation. In planning terms, the use would be a house in multiple occupation (HMO) requiring a change of use.

- 16 An offer of £700,000 has been submitted by Quercus Housing to the agent. Quercus Housing's offer was not the highest, but is considered the most deliverable. There is restrictive covenant for release by separate negotiation to allow for use as an HMO. Solicitors for the Rochester Diocese has agreed a payment of £35,000, plus fees, for a modification to be made to the covenant on the property, which would allow a HMO on the site. Solicitors have been instructed to undertake due diligence in order to properly evaluate the investment property, understand the property's potential and any risks involved in the purchase.
- 17 However, the estimated costs of refurbishment is close to £875,000, plus contingency and fees, which may bring the figure closer to over £1 million. There is currently insufficient s106 funding to support the refurbishment of the property.
- 18 Quercus Housing is attempting to find a way forward and in a realistic timeframe given there is financing, planning and refurbishment required. A financial appraisal has been completed (Appendix B). The appraisal includes an outline of cash-flow, including debt (interest and capital repayment) based on projected income and expenditure from Abbey Court. It should be noted that the floor plans have been updated to offer 19 self-contained units at affordable rent, including a mix of within Local Housing Allowance and 80% of market rent, which suggest a rental income of approximately £150,000 per annum in Year 1 if fully occupied, with an annual rent increase.
- 19 Although Quercus Housing makes a small operating profit, the acquisition of 11-13 High Street, Swanley will be instrumental in supporting any future loan, as it will be fully income producing within 6 months of practical completion. Based on attached cash-flow, both Gladedale House and 11-13 High Street, would need to produce identifiable net positive cash-flow to cover around £60,000 per annum of interest and capital repayments for a £1,050,000 loan over a 20 year period. The effect of different interest rates and loan periods would need to be tested.
- 20 It should be noted that provision has been made for service charges in the appraisal in order to mitigate any risk if a tenant does not pay and the debt is not recovered. However, service charges should not impact the cash flow of the Quercus Housing, as the tenant will be responsible for service charge payments, which will be collected by Leaders Letting and Estate Agents, who also manage the tenant rent accounts.
- 21 At present, Quercus Housing's business model is reliant on receiving s106 commuted sums for affordable housing, which impacts its ongoing financial scope to provide an annual programme of affordable housing delivery in line with its Business Plan.

- 22 At its meeting on 16 September 2021, the Quercus Housing Guarantor Board approved amendments to its Business Plan to enable the company to undertake prudential borrowing via the Council. Any borrowing would be subject to the usual approval mechanisms, including the review of the financial compliance aspects and scheme viability in consultation with the Quercus Housing Guarantor Board.
- 23 Most local authorities opt to borrow from the PWLB at below market rates and then on-lend to their subsidiary companies. There is an exemption from State Aid compliance for non-commercial purposes, thus in the case of Quercus Housing, below market rate lending is possible.
- 24 For example, the Council would draw down a loan from the PWLB, which it then loans to Quercus Housing (as the Trading company) in order to build/establish new affordable housing for rent. Quercus Housing is then responsible for providing this housing to the customers/tenants and recovering rents and service charges. The loan is then repaid to the Council with interest.
- 25 The Quercus Housing Guarantor Board expressed its support to progress Abbey Court and seek alternative funding or borrowing avenues, at its meeting on 8 July 2021, agreeing that although Abbey Court is not straightforward, it does present a rare opportunity to meet a hard to fulfil housing need in the district.

Prudential Borrowing

- 26 The Prudential Borrowing Capital Finance system was introduced in 2004, allowing councils to borrow without Government consent. A council can invest in "any purpose relevant to its functions under any enactment, or for the purposes of the prudent management of its financial affairs". There are Government and CIPFA guidelines which councils must follow and they must adopt an investment strategy on an annual basis. Councils are also required to set aside a minimum revenue provision against any investment. As local authority borrowing contributes to the public sector debt, its overall level of borrowing and future constraints on such have to be considered.
- 27 Note that Prudential Borrowing Guidance is currently being updated to include additional restrictions but it is not anticipated that the changes will impact this scheme.
- 28 Therefore in principle the Council can use prudential borrowing to support affordable housing development. The great advantage is that the Council is able to borrow from Public Works Loans Board (PWLB) at very competitive rates. For the Council, affordable housing can represent a safe return on investment and it can take security over the properties acquired or developed. The Council has to consider the amount it can lend and what bodies it can lend to within the context of its investment strategy and prudential limits.

Agenda Item 12

Other Options Considered and/or Rejected

- 29 The Council could chose not to approve amendments to the Business Plan to include the ability to undertake prudential borrowing. However, this would significantly restrict Quercus Housing's ability to deliver affordable housing in the district and limit its reliance on s106.

Key Implications

Resource (non financial)

None. Utilising existing staff resources.

Financial

New Public Works Loan Board (PWLB) guidance issued in August 2021 specifically mentions that it can be used for housing schemes including on-lending to a wholly owned housing company. The guidance goes on to state: "Housing can include all spending on delivering new homes, maintaining or improving existing homes, and purchasing built homes to deliver housing services. This is the case irrespective of the financial arrangements of the housing project or housing delivery. However, the government expects that the location and value of any housing expenditure be appropriate to meet the local authority's housing needs."

However, due to the 'Property Investment Strategy' scheme currently being included in the capital programme, which is classed as an 'invest for yield' scheme, the Council is unable to borrow from the PWLB for any scheme. Therefore, to enable access to PWLB funding, the 2021/22 capital programme will have to be revised by removing the 'Property Investment Strategy' scheme.

At present, the financial appraisal (Appendix B) assumes Council borrowing at 2%. However, Finance will advise on the PWLB annuity rate over an agreed period in due course.

Finance will advise whether Minimum Revenue Provision may need to be considered to help facilitate the loan.

This borrowing would then be forwarded to Quercus Housing who would repay the Council from the rental income received.

Legal Implications and Risk Assessment Statement

The Quercus Housing Business Plan has been updated and approved by Guarantor Board. The company's Risk Management Strategy and Assessment will continue to be reviewed and updated to incorporate any future risks and mitigation of borrowing. Detailed budget monitoring is completed on a monthly basis where all variances are explained.

Having successfully negotiated the partial release of the Covenant, Abbey Court provides a future property asset to the Council.

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.

Conclusion

Abbey Court presents a rare opportunity to meet a hard to fulfil housing need and presents as a great opportunity for Quercus Housing to deliver additional affordable rented accommodation in the district. The footprint of Abbey Court is substantial and with the agreed release of the Covenant, would provide the Council with a future asset.

The revised 2021/22 Capital Programme excludes the Property Investment Strategy scheme which will give SDC access to Public Loan Works Board (PWLB) borrowing to enable this scheme to progress.

To approve the draw- down of a loan from prudential borrowing (for example, through PWLB) for up to £1,050,000, which it then loans to Quercus Housing (as the Trading company) in order to progress the capital purchase and refurbishment of Abbey Court (West Kingsdown), subject to due diligence, to support the delivery of affordable housing in the district.

To approve for the terms of the loan to be determined at the point of draw down by the Deputy Chief Executive, Chief Officer - Finance and Trading.

Appendices

Appendix A - Abbey Court - draft floor plan

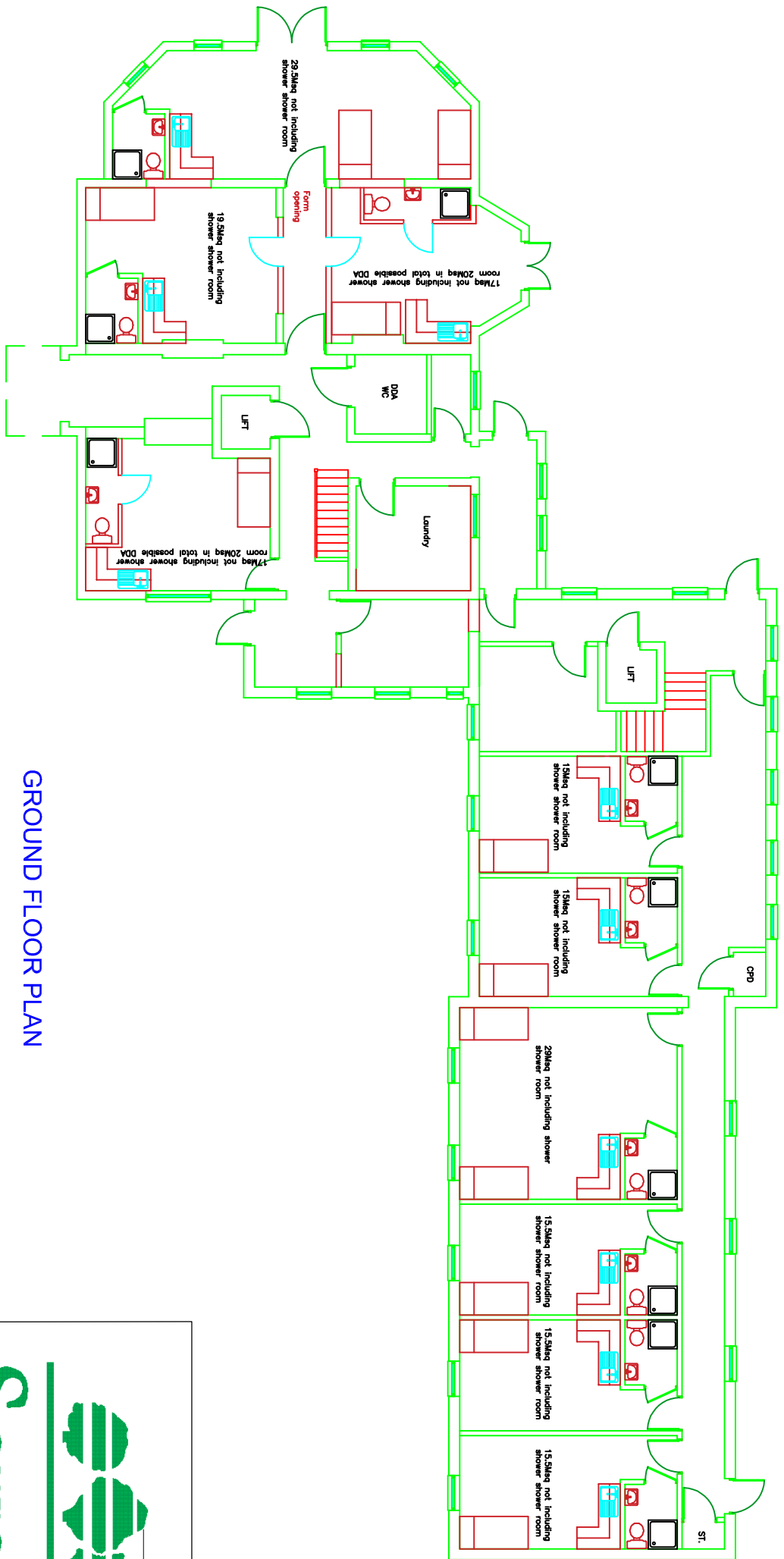
Appendix B - Abbey Court - financial appraisal - EXEMPT

Appendix C - Revised 2021/22 Capital Programme

Background paper

None

This page is intentionally left blank



GROUND FLOOR PLAN



Drawing Title:

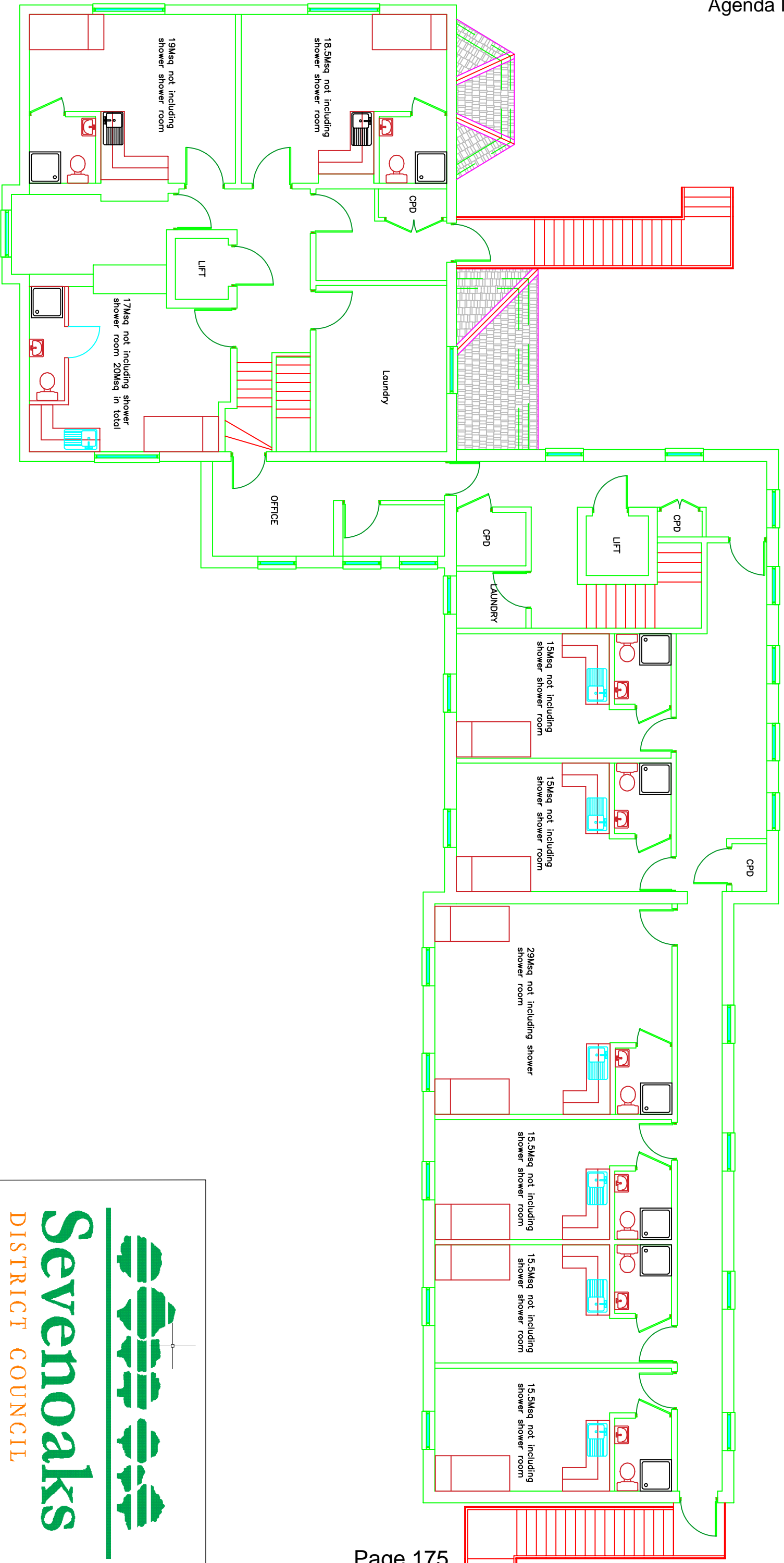
Date:

Scale: Not To Scales

Drawn By: Peter Edmed

Drawing No:

This page is intentionally left blank



FIRST FLOOR PLAN



Drawing Title:

Date:

Scale: Not To Scales

Drawn By: Peter Edmed

Drawing No:

This page is intentionally left blank

Document is Restricted

This page is intentionally left blank

Appendix C

REVISED Capital Programme 2021-24

Scheme	Funding Source	Total approved scheme £000	Previous years spend £000	2020/21	2021/22	2022/23	2023/24	Total over programme period £000
				Forecast	Budget	Budget	Budget	
				£000	£000	£000	£000	
People & Places								
White Oak Leisure Centre	Capital Receipts & External funding, External borrowing	19,870	857	7,091	10,352	1,452	100	19,852
White Oak Leisure centre - Orchards Academy	Capital Receipts	130		30	100			130
Burlington Mews	Capital Receipts				79	8	8	95
27-37 Swanley High street (meeting Point)	Capital Receipts & External funding			800	3,000	1,824		5,624
White Oak Residential	Capital Receipts			50	50			100
Affordable Housing	External Borrowing				1,050			1,050
Bevan Place	Mixed			20	730			750
Edenbridge	Mixed			20	-			20
Sevenoaks Town Centre Regeneration	Mixed			30	300			330
Hollybush	Mixed					350		350
Spitals Cross	Mixed					50		50
Otford Park & Ride	Mixed					200		200
Westerham	Mixed					50		50
Kemsing	Mixed						350	350
Lulingstone	Mixed				20	30		50
Other Feasibility & Due Diligence costs	Mixed				50	150	-	200
Finance and Trading								
Commercial vehicle replacements	Vehicle Renewal Res.	-	-	549	563	563	563	2,238
Disabled Facilities Grants (gross)	Better Care Fund	-	-	1,100	1,100	1,100	1,100	4,400
Property Investment Strategy	Prop. Inv. Reserve	50,300	29,505	5,000				34,505
TOTAL				14,690	17,394	5,777	2,121	70,344

Funding Sources

Capital Receipts	7,021	2,991	3,284	108
Financial Plan Reserve & Cap Receipts				
Vehicle Renewal Reserve	549	563	563	563
Property Investment Strategy ***	5,000	0	0	0
Better Care Fund (KCC)	1,100	1,100	1,100	1,100
Internal Borrowing				
Mixed funding depending on scheme funding	120	2,200	830	350
External Borrowing		9,050		
Grant Funding	900	1,490		
	14,690	17,394	5,777	2,121

*** Part will be funded from Capital Receipts, Reserves, Internal Borrowing and External Borrowing.

This page is intentionally left blank